

IPART's determination to allow Council to maintain rates to June 2031

The Independent Pricing and Regulatory Tribunal (IPART) has approved Central Coast Council's 2022 Special Variation submission to maintain rates at their current levels for an additional seven years, to June 2031, a total of ten years.

FAQs: rates

How does this relate to last year's determination by IPART for ordinary rates?

In May 2021, the Independent Pricing and Regulatory Tribunal (IPART) approved a special variation for a one-off temporary increase of 13% in 2021-22 to remain in the rates base for a period of three years (from July 2021 until June 2024). This is exclusive of the rate peg (the maximum percentage by which Council may increase its general income for the year) as determined by IPART annually. For the 2021-22 period, the rate peg was 2%.

The IPART determination handed down on 10 May 2022 allows Council to maintain rates at these levels past the 2023-24 rating year for a further 7 years to 2030-31 (ten years in total), with the annual increase capped at the rate peg which is determined by IPART each year. This means that the maximum increase in Council's rating income is the annual rate peg from 2022-23 and onwards. For 2022-23 Council's rating income will increase by 1% (0.7% base rate peg plus 0.3% population factor) as determined by IPART. The reduction in rates will be in 2031-32 when the 13% temporary special variation is removed.

The table below shows the average annual rates for a Central Coast resident for the next 10 years assuming the annual rate peg is 2.5% from 2023-24 (in accordance with the IPART SV application assumptions).

Average annual rates	2020-21	2021-22*	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
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Residential	\$1,101	\$1,267	\$1,280	\$1,312	\$1,345	\$1,378	\$1,413	\$1,448	\$1,484	\$1,521	\$1,559	\$1,418
Average annual increase		\$166	\$13	\$32	\$33	\$34	\$34	\$35	\$36	\$37	\$38	(\$141)
Average weekly increase		\$3.20	\$0.24	\$0.62	\$0.63	\$0.65	\$0.66	\$0.68	\$0.70	\$0.71	\$0.73	(\$2.72)

*15% increase (including rate peg) applied in July 2021

How does this May 2022 determination impact my rates?

It is important to note this is a continuation of the rates you currently pay, with the annual increase capped at the rate peg which is determined by IPART each year.

IPART determines the maximum percentage which NSW Councils can increase their rates income each year, which is referred to as the rate peg. For 2022-23 IPART has determined a rate peg of 1% for Central Coast Council. This means the average annual rate increase for residents for 2022-23 is \$13.



Who is IPART and what do they do?

The Independent Pricing and Regulatory Tribunal (IPART) is an independent NSW Government authority that helps NSW residents get safe and reliable services at a fair price. IPART is:

- The independent pricing regulator for water, energy, public transport and local government
- The licence administrator of water, electricity and gas
- The scheme administrator and regulator of the Energy Savings Scheme.

For Local Government IPART determines the annual rate peg and special variations. When a Council applies for a special variation (rates) determination, IPART assesses the application based on the following criteria:

- The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified in the Council's IP&R document
- Evidence that the community is aware of the need for and extent of a rate rise
- The impact on affected ratepayers must be reasonable
- The relevant IP&R documents must be exhibited (where required), approved and adopted by the Council
- The IP&R documents or the Council's application must explain and quantify the productivity improvements and cost containment strategies
- Any other matter that IPART considers relevant

For more information about IPART, go to <https://www.ipart.nsw.gov.au/>.

Was an extended rate rise necessary?

Yes. Securing the current rate income for a further seven years has ensured that current service levels can be maintained, as we continue to find more service efficiencies and pay back emergency loans.

Council has met all milestones and targets in its Financial Recovery Plan that was put in place in late 2020 to address the financial situation of significant accumulation of debt, and to ensure long-term financial sustainability. If Council's current rate income was not maintained beyond June 2024, we would have been forced to significantly reduce or cease many services to reduce expenditure by \$25.8 million each year.



Why were there only two options considered: maintain rates or reduce or cease services?

Other measures were put in place and we are continuing to address the financial situation. We have done everything we can behind the scenes to reduce costs without largely impacting on the services we deliver for the community. These cost management measures made up 70% of what we needed to do to satisfy the external lenders that we were getting Council finances back on track. The other 30% came from the temporary 13% (plus 2% rate peg) rate increase approved by the

Independent Pricing and Regulatory Tribunal (IPART) in May 2021.

In February 2022, Council resolved to proceed with its application to IPART to secure the rate income for a further seven years; in May 2022 IPART approved the application. This means that the current rates will be maintained for a period of 10 years with the annual increase capped at the rate peg which is determined by IPART every year.

If the current rates were not able to be maintained beyond June 2024, Council would have had an average annual income loss of \$25.8 million. This would have resulted in the need to reduce or cease many services.

What are alternative income options to rates?

We are already working on sourcing more income for Council through the financial recovery action of selling underutilised property assets. Even if the community agreed to sell more properties such as community land, this is one-off income only that may help reduce the commercial loans but is not a recurring income stream every year to continue repaying the loans. Council has very limited other options to increase its income such as reviewing fees and charges or finding other revenue sources, such as paid car parking at beaches. We are continuing to investigate other options.

You have a lot of staff. Have you looked at reducing staffing levels?

Yes, we reduced staff by about 25% in 2020-21 so that staff numbers are now less than pre-merger levels.

Can staff be more efficient to help keep delivering services at the same level?

Council has been 'getting its house in order' with implemented measures to manage costs by improving internal systems, processes and managing staff time better to ensure that cost-cutting measures have meant minimal service reductions for the community. Some of these productivity gains will continue to have an ongoing positive impact on improved service delivery and the community will see the benefits year on year. Council also has a Corporate Plan to improve our services across many areas of the organisation.



What is the annual operational budget for Central Coast Council?

Central Coast Council 2021-22 operational budget is \$634.5million.

Is Council allocating money to build new things?

We have capped our capital expenditure to \$175 million, and whilst we will deliver works to renew, maintain and upgrade existing assets, we will not be undertaking construction of new facilities and assets in the near future unless the funding is already in place (e.g., through external funding, collected levies, or restricted funds).

The new Gosford Regional Library – which is due to commence construction in the second half of 2022 - is an example of a new asset being delivered as it has funding secured through special levies, development contributions, asset sale proceeds, and an Australian Government grant.

Can't you get more funding from other levels of Government to help pay for things?

The NSW and Australian Governments provide funding to help build essential infrastructure. Sometimes this is partial funding which means Council must find the rest of the funds to initially deliver, then maintain the infrastructure every year and replace the asset in future years.





How is this different to water, sewerage and stormwater drainage prices?

IPART also regulates the maximum prices that Council can charge for water, sewerage and stormwater drainage services and there is a separate process to set these charges. IPART has its own community consultation about Council's pricing proposal that was submitted to IPART in September 2021 which closed on 14 April 2022. IPART issued draft prices and determination on 14 April 2022 and will release the final determination in May 2022 which will apply from 1 July 2022 to 30 June 2026.

It is important to remember that every dollar that we receive from your water, sewerage and stormwater drainage charges can only be spent on water, sewerage and stormwater drainage services such as water mains renewals, the upgrade of water and sewer treatment plants and stormwater management to ensure the ongoing health of our waterways.

What if I don't pay my rates or can't pay my rates? What will Council do?

Council understands that a rate rise will impact sections of the community harder than others.

Council provides pensioner rebates and hardship assistance for those having trouble paying their rates and encourage the community to refer to Council's Debt Recovery and Hardship Policy which includes pensioner rebates as well as personalised payment plans. Council will engage with its customers in arrears to obtain payment to satisfy their account and prevent avoidable escalation of the debt recovery processes and the use of legal action. This Policy was reviewed March 2021 and available to view online on [Council's policy webpage](#).

FAQs: Council's financial situation

What action has Council taken to remedy its financial situation?

An Administrator was appointed by the NSW Government in October 2020 to oversee Council's financial recovery following the suspension of the Central Coast Councillors.

The outcomes of a Public Inquiry held in October 2021 were released on 17 March 2022. The Central Coast Council Public Inquiry Report can be viewed here: [https://www.parliament.nsw.gov.au/tp/files/81719/Report of Public Inquiry into Central Coast Council.pdf](https://www.parliament.nsw.gov.au/tp/files/81719/Report%20of%20Public%20Inquiry%20into%20Central%20Coast%20Council.pdf).

Council has taken decisive actions in a short space of time since uncovering its financial problems.

We have had a financial recovery plan in place since November 2020 and have delivered on it.

We have implemented measures to manage costs including significant staff reductions, restrictions of spending and reducing capital works programs (such as infrastructure and IT systems); selling property assets and obtained emergency bank loans to reimburse the restricted funds that had been spent unlawfully on projects that the community had benefited from. Productivity improvements are also a continual process. We have done everything we can behind the scenes to reduce costs without largely impacting on the services we deliver for the community.



How are you ensuring that the financial situation doesn't happen in the future?

Council has put in place a number of financial management measures and improved its checks and balances to ensure that Council finances are managed well. Currently Council has an Administrator in place overseeing Council's financial recovery following the suspension, and then termination of the Central Coast Councillors. The NSW Government held a Public Inquiry in October 2021.

Administrator Rik Hart made a submission-in-reply to the Commissioner leading the Public Inquiry and this submission outlined eight recommendations for the Commissioner's consideration and provided a detailed timeline of matters related to the financial situation. You can view this submission on Council's website. Go to the [Administrator page](#) at centralcoast.nsw.gov.au or find the document at this link.

On 17 March 2022, Minister for Local Government, Wendy Tuckerman tabled the report into the Public Inquiry into Central Coast Council. The Central Coast Council Public Inquiry Report can be viewed here: www.parliament.nsw.gov.au.

Administrator Rik Hart also recommended to the Minister for Local Government that the next general election for the Central Coast be conducted in September/October 2022 and be held in conjunction with the Constitutional Referendum, with the results of the Referendum to apply in the 2024 local government elections. The Referendum would ask Central Coast voters to determine the following question: 'Do you favour a reduction in the number of Central Coast Councillors from fifteen to nine? This will result in three Wards with each Ward electing three Councillors'.

The local government election date will be determined in by the Minister for Local Government in consultation with the NSW Electoral Commission.

How long will it take to get Council finances back in order?

Council is tracking well on its financial recovery and is currently forecasting a small operating surplus for the 2021-22 financial year needed for the principal loan repayments. Council is required to repay the commercial loans within 10 years. It is expected that it will take at least 10 years for Council finances to be back in order.



What is the difference between restricted and unrestricted funds?

Restricted funds cannot be used for general purposes because they have some form of legislative or contractual obligation to only be spent on a specific purpose. In a household sense, restricted funds are similar to when a personal savings account is set up to save for something specific (e.g., holiday fund). Unrestricted funds can be used for general purposes and are the household equivalent of your everyday spending account.

What are restricted funds used for?

One example of restricted funds is Development Contributions (also known as Local Infrastructure Contributions). These fees are charged by Council when new development occurs. These contributions fund local infrastructure needed to support an increased number of residents in the area.

This type of local infrastructure typically includes local roads, stormwater and drainage, shared pathways, parks, playspaces or other recreational areas, environmental land and community facilities.

To view details of our region's various contribution plans and infrastructure that is provided within these, go to our webpage on [Development Contributions](#).



The merger (amalgamation) was supposed to improve things, but this does not seem to have happened. What's going on?

Some of the benefits from the productivity improvements of the 2016 merger of Gosford and Wyong Councils have taken longer to be

realised and some actions have taken longer to be implemented.

Council has put renewed focus on achieving these improvements through better management of staff time; purposeful equipment to help staff do their job efficiently; and our technological progression coming to fruition with our staff benefiting from using upgraded technology systems and transitioning manual processes into digital ones. This means we have stopped some clunky and inefficient processes.

These productivity improvements have ensured the necessary cost-cutting measures have meant minimal service reductions for the community. Some of these productivity gains will continue to have an ongoing positive impact on improved service delivery and the community will see the benefits year on year. In a nutshell, we continually strive to be more productive, so we can use those 'saved hours of staff time' to deliver an improved service level for our community, or reduce our costs where needed.

More information is available in the document [Fact Sheet – Productivity Improvements](#).

Related resources

- [Financial Recovery Plan information and further FAQs](#).
- [Maintaining services and rates community consultation](#)

Ask us a question

Please contact us through Council's online [Customer Service Centre](#) (which is also accessible through Council's website centralcoast.nsw.gov.au) or by calling Customer Service on 1300 463 954.

