

# Councils intending to apply for a higher rate cap

**02 February 2016**

## *Local government*

The Essential Services Commission today published a list of councils that have notified the Commission of their intention to apply for a rate increase higher than the cap of 2.5 per cent set by the Minister for Local Government Natalie Hutchins under the Fair Go Rates System.

In submitting their notifications, Councils were not required to specify the rate increase they will be seeking. Some councils have indicated they may not proceed with their applications, instead, limiting their rate increases to within the 2.5 per cent rate cap (with the final decision of whether to submit an application remaining subject to a formal council decision).

Councils proceeding with an application for rate increases in excess of the rate cap now have until 31 March 2016 to submit their applications to the Commission. Applications will be published on the Commission's website upon receipt.

As required by the Local Government Act 1989, councils' applications will need to specify details of the rate increase they are seeking. The application must demonstrate:

- the **reasons** for which the Council seeks the higher cap
- how the **views of ratepayers and the community** have been taken into account in proposing the higher cap
- how the higher cap is an efficient use of Council resources and represents **value for money**
- whether **consideration** has been given to reprioritising proposed expenditures and alternative

funding options and why those options are not adequate

- that the assumptions and proposals in the application are **consistent** with the Council's long term strategy and financial management policies set out in the Council's planning documents and annual budget.

The Commission will endeavour to notify councils of its decision in respect of an application within two months of receipt. All Commission decisions will be made public, including a statement of reasons explaining the decision. The Commission anticipates all decisions being completed by 31 May 2016.

## For media enquiries

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