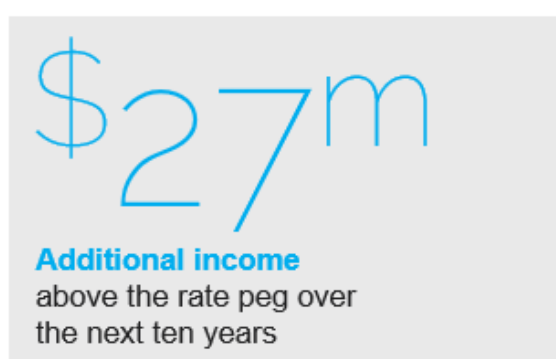

Cootamundra-Gundagai Regional Council – Ratepayer Summary

Cootamundra-Gundagai Regional Council’s (the council) operating results, excluding grants, have been in deficit and will continue to decline. Without further funding, the council will be financially unsustainable and will be unable to maintain current service levels or undertake asset renewal in the longer term. Following a review of its financial sustainability, the council has applied to increase its general income through a special variation (SV) over 4 years of 20%, 16%, 5% and 5% (including the rate peg). It has proposed to retain the cumulative increase of 53.5% permanently in its rate base.ⁱ

IPART has approved the SV increase proposed by the council, to apply to its general income from 2021-22.

Impact on council's income



Purpose

- ▼ Improve financial sustainability
- ▼ Maintain delivery of existing services

We consider that the council’s application has demonstrated a need for additional income. In addition to increasing its revenue through the SV, the council has realised savings through operating more efficiently and reducing its costs. We note that the council harmonised its rates in 2019-20,ⁱⁱ prior to submitting its SV application. As a result, the illustration below captures only the impact of the proposed SV on the council’s post-merger rates and does not include impacts from harmonisation.

Impact on rates from 2021-22 to 2024-25



Residential

+53.5%



Business

+53.5%

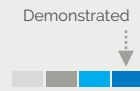


Agriculture

+53.5%

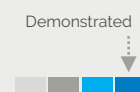
We assessed the council's application against the Guidelines issued by the Office of Local Government (OLG) and determined that it has met the criteria for a special variation.

Financial Need



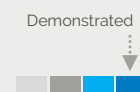
Without the special variation, the council's financial position will continue to deteriorate. The council will be unable to renew its assets, which will impact on its ability to deliver existing services.

Community awareness



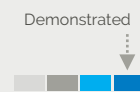
The council used a wide variety of consultation methods to communicate the proposed rate increases. It clearly communicated the need for, purpose of and impact of the rate rise to its ratepayers.

Reasonable impact on ratepayers



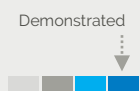
The council considered the impact on its ratepayers. It compared economic indicators and considered that ratepayers could afford the proposed rates. The council's average rates will be comparable to neighbouring and similar councils.

IP&R documentation



The council exhibited, approved and adopted relevant documents showing it had planned for the special variation and considered alternatives.

Productivity Improvement and Cost Containment



Through a series of initiatives, the council has realised annual savings. The council has also proposed future cost reduction strategies.

Response to the concerns raised in submissions

Councils applying for additional funding through an SV process are required to undertake community engagement. As part of our process, IPART also accepts submissions from stakeholders.

We considered all the concerns and issues raised in submissions. Our responses to the most common ones are outlined below.

Stakeholders were concerned that the rate increases are too high and not affordable

The council's proposed rate increases are significant. Currently, its average residential rates are relatively low. By the end of the SV period (30 June 2025), these rates will still be comparable to the average rates of neighbouring councils and lower than other NSW councils with similar socioeconomic characteristics to the Cootamundra-Gundagai area. This suggests the proposed increases are reasonable and generally affordable for most ratepayers.

We note that the council has a hardship policy to assist ratepayers experiencing financial hardship. We also note that most of the submissions we received were on the council's original proposal of a 62.6% increase over 5 years, whereas we have approved its revised proposal of a 53.5% increase over 4 years.

Stakeholders considered that the council should look at ways of becoming more efficient and find savings before increasing rates

The council has looked at alternative ways to meet its financial needs. It has taken steps to improve its productivity and contain its costs in recent years which has reduced its operating expenses by around \$6 million. In 2020, it conducted a thorough review of its financial sustainability and operational efficiency to identify further cost saving opportunities. Its planned efficiency measures over the SV period are expected to generate further savings.

Stakeholders considered that the council should work within its current capacity

Despite its efforts to improve its financial position, the council has clearly demonstrated a financial need for the SV to maintain its financial sustainability. Without the SV, we found that council will not be able to meet its expenses with its limited income. Further, its deteriorating financial position will hinder its ability to maintain and renew the infrastructure used to provide its services to the community, which would continue to decline.

ⁱ Cootamundra-Gundagai Regional Council, *Application Part A, Worksheet 1*.

ⁱⁱ Rate harmonisation is the process of setting and adopting one rating system across the newly merged council.