
Federation Council – Ratepayer Summary

Federation Council (the council) has considered the development of Corowa Aquatic Centre for over 25 years. During this period, the council has consulted the community on a variety of different proposals and associated funding options. The construction of the pool was funded by a combination of an external capital grant and ratepayer funds, and it is expected to open in April 2021.ⁱ To fund its ongoing operation, the council has applied to IPART to permanently increase its general income, through a special variation (SV) of 8% (inclusive of the rate peg) for 2021-22.ⁱⁱ

IPART has approved the SV application in full.

Impact on council's income

Purpose

- ▼ To fund the ongoing operating expenditure of the new Corowa Aquatic Centre

\$5.5m

Additional income
above the rate peg over
the next ten years

The council is required to implement a single rating system across the former Corowa and Urana shire areas. The council will apply the SV as a fixed amount following the rates harmonisation process, meaning the percentage increase experienced by ratepayers will not be uniform.

Impact on rates



Residential



Business



Agriculture

Corowa Shire

+11.8%

+7.2%

+7.7%

Urana Shire

+21.8%

+11.1%

+3.6%

We assessed the council's application against the Guidelines issued by the Office of Local Government and determined that it largely demonstrated the criteria.

Financial Need

Even with the special variation, the council's financial position will be significantly challenged. The council's operating result is in deficit and will continue to deteriorate.



Community awareness

The council used a wide range of consultation methods. The council considered and responded to community feedback on the proposed special variation.



Reasonable impact on ratepayers

The council compared economic indicators and showed that ratepayers could afford the increases. The council also conducted surveys to establish the community's willingness to pay for the aquatic centre.



IP&R documentation

The council did not revise its Delivery Program to include the proposed special variation. The council did not publicly exhibit its revised Long Term Financial Plan in a timely manner.



Productivity Improvement and Cost Containment

The council has realised savings through a number of initiatives over recent years. The council also proposed productivity improvement and cost containment strategies for the next three years.



Response to 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.

IPART received 7 submissions with 3 opposed to the SV. We considered all the concerns and issues raised in these submissions, and our responses to the most common ones are outlined below.

Stakeholders considered that the services to be funded by the SV are not required by all ratepayers

The purpose of the SV is to fund the council's ongoing operating expenditure on the Corowa Aquatic Centre. The provision of this new swimming pool was widely supported by the community. Three-quarters of its construction cost was funded by a grant from the NSW Government. While not all ratepayers will use the new pool, that is true of other facilities and services provided by the council, such as libraries and parks.

Stakeholders were concerned that the rate increase is not affordable, particularly for farmland ratepayers

We acknowledge that some ratepayers might find it difficult to afford the proposed rate increases. However, even with these increases, the council's proposed average residential and business rates will be lower than the average for neighbouring councils and councils with similar socioeconomic characteristics. Its proposed farmland rates will be only slightly higher than the average for neighbouring and similar councils. On balance, we consider the impact of the SV on ratepayers is largely reasonable. We note the council has a hardship policy to assist ratepayers experiencing financial hardship.

Stakeholders considered that the council should work within its current capacity and be more financially responsible

We acknowledge that the council's financial performance can be improved. However, we found that it has taken steps to improve its efficiency and reduce its costs over recent years and plans further efficiency measures over the SV period. Despite its past and forecast savings, the council has a clear financial need for additional revenue to fund the operating costs of the Corowa Aquatic Centre.

ⁱ Federation Council, *Application Part B*, pp 7-8 and pp 22-24.

ⁱⁱ Federation Council, *Application Part A*, Worksheet 1.