

Media release

Tuesday, 9 May 2017

BYRON SPECIAL RATE VARIATION APPROVED

The Independent Pricing and Regulatory Tribunal (IPART) has approved Byron Shire Council's application to increase general income by more than the rate peg of 1.5% from 1 July 2017.

The council has received approval to permanently increase its general revenue by 7.5% for each of the next four years, including the rate peg, to reduce its infrastructure backlog and improve financial sustainability. The cumulative increase of 33.55% is 24.24% more than the assumed rate peg increase over the four-year period to 2020-21.

IPART Chair Dr Peter Boxall said special variations are designed to give councils the flexibility to generate additional income above the rate peg to meet their specific needs, with an independent process to assess the increase.

"Byron Shire Council was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, that they had appropriately engaged the community about the proposed rate increases, and that they are taking steps to improve productivity and contain costs." Dr Boxall said.

The council intends to use the additional \$11.7 million to be generated over the next four years to fund asset maintenance and renewal, and reduce the local infrastructure backlog.

The application was assessed by IPART against the NSW Government's published criteria, taking into account the council's financial need for the additional revenue, its community consultation on the proposed changes and the capacity and willingness of ratepayers to pay the requested increase.

Submissions received directly from ratepayers, community groups, business groups and other stakeholders were also considered.

"Based on the council's application, the average residential rate will increase by \$83 in 2017-18 or by \$377 over four years. Average business rates will rise by \$241 in the first year, while farmland rates will go up by an average of \$95," Dr Boxall said.

"We consider the impact of the increase is substantial but reasonable given current average rate levels, the community's capacity to pay, and the council's financial sustainability and current infrastructure backlog.

"Our conclusion is supported by socio-economic indicators for Byron Shire when compared to similar and neighbouring councils, and the council's consideration of affordability."

IPART has attached conditions to the approval requiring the additional income to be used for the purposes outlined in the application, and that the council reports to the community each year about how the additional revenue is spent.

Media Contact: Julie Sheather ☎ 02 9290 8403 📠 0409 514 643

More information is available at ipart.nsw.gov.au

Byron Shire Council is among 8 councils across NSW (of a total of 128) to make a special variation application to increase rates for 2017-18. IPART approved 4 applications in full, declined 2 applications and 2 applications were partially approved.

The full reports on the councils' applications are available on IPART's website <<http://www.ipart.nsw.gov.au>>.

Byron Shire Council – special variation summary

Requested special variation	33.55% cumulative increase over 4 years to be retained permanently in the rate base.
Approved increase (including rate peg)	Approved in full.
Increase in the average residential rate 2017-18 (\$)	\$83
Summary of purpose	Reduce infrastructure backlog and improve financial sustainability.

Note: All percentages include the 1.5% rate peg applicable to all NSW councils in 2017-18, and the rate peg in subsequent years.