

INVERELL SPECIAL RATE VARIATION APPROVED

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

The council applied for an increase of 6.25% in 2017-18 followed by increases of 7.25% in both 2018-19 and 2019-20. This cumulative increase of 22.21% will be retained permanently in the rate base.

IPART Chair Dr Peter Boxall said the special variation would enable the council to fund the maintenance and renewal of its infrastructure assets and improve financial sustainability.

"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," Dr Boxall said.

"In the case of Inverell Shire Council, we are satisfied the council has demonstrated the need for additional revenue, that the community was aware of the need for, and extent of, the rate rise, and that it is taking steps to improve productivity and contain costs."

The rate increases are estimated to generate an additional \$3.3 million of revenue over the next three years to enable greater expenditure on roads and other assets.

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 stakeholders were also considered.

"Based on the council's application, we estimate that in 2017-18, the average residential rate will increase by between \$26 and \$58 depending on location, with an average cumulative impact over three years of \$137," Dr Boxall said.

The impact on individual ratepayers will vary due to land valuations and the decisions made by the council about how to allocate rate changes amongst its community.

"The impact of the rate increases over the three years is significant, but reasonable taking into account the need and purpose of the special variation, the community's preferred service levels, the differential rating structures, and the council has not previously applied for a special variation."

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.

Inverell 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>>.

Inverell Shire Council – special variation summary

Requested special variation	22.21% cumulative increase over 3 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 (\$)	Between \$26 and \$58, depending on location
Summary of purpose	To maintain and renew infrastructure, reduce the 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.