

Media release

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BELLINGEN AND PORT MACQUARIE-HASTINGS COUNCILS SPECIAL RATE VARIATIONS APPROVED

The Independent Pricing and Regulatory Tribunal (IPART) has approved applications from Bellingen Shire and Port Macquarie-Hastings councils to increase general income above the 1.5% rate peg from 1 July 2017.

Bellingen Shire Council has received approval to permanently increase its general revenue by 6%, including the rate peg, to fund a sealed roads renewal program, reduce its infrastructure backlog and improve the council's financial sustainability.

Port Macquarie-Hastings Council has had its application for a permanent increase of 5.39% approved, replacing an existing special variation expiring on 30 June 2017. The additional revenue, which includes the rate peg, will fund ongoing road network maintenance and renewal.

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.

Applications are assessed by IPART against the NSW Government's published criteria, with submissions received directly from stakeholders also considered.

"In making these assessments, we have considered each 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," Dr Boxall said.

"Although both communities were divided about the increases, the councils have demonstrated they have provided opportunity for input and considered the impact on ratepayers."

Through the rate peg and special variation process, IPART determines the allowable increases to councils' general income. Councils decide how to allocate the increase among different ratepayer categories, such as residential, business, farmland and mining.

Bellingen Shire Council

Dr Boxall said Bellingen 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.

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

“Based on the council’s application, the average residential rate will increase by \$63 in 2017-18, average business rates will rise by \$65, while farmland rates will go up by an average of \$144,” Dr Boxall said.

“We consider the impact of the proposed rate rises on ratepayers is modest given the council’s existing rate levels, its history of special variations, the purpose of the special variation, indicators of the community’s capacity to pay and the socio-economic position of ratepayers.”

Port Macquarie-Hastings Council

IPART has approved a new permanent special variation to replace an expiring special variation granted in 2012 to fund operating maintenance and capital improvements to the council’s road network.

Dr Boxall said the decision means that Port Macquarie-Hastings Council’s general income will increase in line with the 1.5% rate peg.

“Based on the council’s application, we estimate in 2017-18, the average residential rate will increase by \$17, average business rates will rise by \$56 and farmland rates will go up by \$28 on average,” Dr Boxall said.

IPART has attached conditions to the approvals requiring the additional income to be used for the purposes outlined in the application, and that councils report to their communities about how the additional revenue is spent.

Bellingen and Port Macquarie-Hastings councils are 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>>.

Bellingen Shire Council – special variation summary

Requested special variation	6% single year increase to be retained permanently in the rate base.
Approved increase (including rate peg)	Approved in full.
Increase in the average residential rate 2017-18 (\$)	\$63
Summary of purpose	Fund a sealed roads renewal program, reduce the infrastructure backlog and improve the council’s financial sustainability.

Port Macquarie-Hastings Council – special variation summary

Requested special variation	5.39% single year increase to be retained permanently in the rate base to replace an expiring special variation.
Approved increase (including rate peg)	Approved in full.

Increase in the average residential rate 2017-18 (\$)	\$17
Summary of purpose	Replace an expiring special variation to continue funding operating maintenance and capital improvements to the council's road network.

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