

Richmond Valley Council's special rate variation approved

The Independent Pricing and Regulatory Tribunal (IPART) has approved Richmond Valley Council's application to increase its general income by 23.9% over the next four years.

This includes a 5.5% rise from 1 July 2019, followed by further 5.5% per year increases in each of the next three years.

The additional revenue of \$3.9 million over the next four years will fund the maintenance of existing services, infrastructure and community facilities, allow for the renewal of infrastructure, and enhance the Council's 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.

IPART Chair Dr Paul Paterson said whilst the percentage increase is significant, the Council was able to clearly demonstrate its financial need.

"Richmond Valley Council currently has average residential rates at \$960, which is lower than the average rates charged by similar councils," Dr Paterson said.

Twelve submissions, including two petitions with 360 and 289 signatures each, were received opposing the increase based on concerns about the Council's financial management and affordability for ratepayers.

"Despite this, Richmond Valley was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue," Dr Paterson said.

"Although we noted some shortcomings in the Council's consultation with its community and Integrated Planning and Reporting documents, we assessed these overall to be sufficient. We also found that the impact on ratepayers would be reasonable, and the Council is taking steps to improve productivity and contain costs."

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

"If adopted by the Council, the variation would result in average residential rates increasing by \$54 in 2019-20 and by \$238 over four years. Average business rates would rise by \$170 in the first year, while farmland rates will go up by an average of \$94," Dr Paterson said.

Requested special variation	23.9% cumulative increase over four years to be retained permanently in the rate base.
Outcome	Approved in full
Estimated increase in the average residential rate (including rate peg)	<ul style="list-style-type: none"> • \$54 in 2019-20 • \$238 total cumulative increase over four years
Summary of purpose	Fund operating and capital expenditure for key community assets and infrastructure and enhance financial sustainability.

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 about how the additional revenue is spent.

Richmond Valley Council is one of 13 councils across NSW (of a total of 128) to make a special variation application to increase rates for 2019-20. IPART approved eight applications in full, three applications were approved in part, and two were not approved.

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

Note: All percentages include the 2.7% rate peg applicable to all NSW councils in 2019-20, and an estimated rate peg in subsequent years.

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