

## **NORTH COAST LOCAL COUNCIL RATE APPLICATIONS APPROVED**

**19 May 2015**

The Independent Pricing and Regulatory Tribunal (IPART) has approved applications from Ballina Shire Council, Coffs Harbour City Council and Kyogle Council to increase income above the rate peg of 2.4% from 1 July 2015.

The 3 councils in the north coast region are among 22 of the 152 councils across NSW that have made a special variation application for successive rate increase from 2015-16. We approved 21 applications in full and 1 application was partially approved.

Ballina Shire Council has received approval for 2 consecutive increases of 5.41% (2015-16) and 5.34% (2016-17), including the rate peg, to be retained permanently in its rates base.

IPART has approved Coffs Harbour City Council's application for 2 consecutive increases of 8.14% (2015-16) and 7.75% (2016-17). These increases also include the rate peg and will be retained permanently.

Kyogle Council has received approval for 5 consecutive increases of 12.43% (2015-16), 5.43% (2016-17), 5.43% (2017-18), 5.44% (2018-19) and 5.44% (2019-20), including the rate peg, to be retained permanently in its rates base.

In approving each councils' application, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in their applications, and that each council report to the community for a period of 10 years on the outcomes achieved.

IPART Chairman 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 assessment process to approve the increase.

Applications are assessed by IPART against the NSW Government's published criteria, with submissions received directly from ratepayers, community groups, business groups and ratepayer associations also considered.

"In making these assessments, we have considered each council's long term financial plan, taking into account the financial need of the council and the capacity and willingness of ratepayers to pay the requested increase," Dr Boxall said.

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

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

### **Ballina Shire Council**

Ballina Shire Council applied to increase its income by a cumulative 11.04% including the rate peg over the next 2 years, to be retained permanently in its rates base.

The decision to approve the council's application will generate an additional \$1.6 million above the rate peg over the next 2 years to redevelop the Ballina and Alstonville swimming pool complexes.

"Based on the council's application, average residential rates would increase by \$43 in 2015-16, business rates by \$141, and farmland rates by \$68," Dr Boxall said.

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

### **Coffs Harbour City Council**

Coffs Harbour City Council will be able to increase rates by a cumulative 16.52% including the rate peg over the next 2 years. This increase will be retained permanently. The decision enables the Council to generate an extra \$6.56 million over the 2 years to reduce infrastructure backlogs.

"Based on the council's application, we estimate that in 2015-16, average residential rates would increase by \$87, business rates by \$280 and farmland rates by \$183," Dr Boxall said.

In 2014, IPART approved a special rate variation for Coffs Harbour City Council for only 1-year, rather than the 3 years it applied for. This was because the council did not adequately communicate the proposed rate increases to ratepayers.

"Over the past year, Coffs Harbour City Council has consulted with its community about the proposed rate increases and while these increases will have an impact, we believe this application is reasonable given the clear need for additional revenue to maintain and renew infrastructure, Dr Boxall said.

### **Kyogle Council**

Kyogle Council applied for 5 consecutive increases between 2015-16 and 2019-20 to remain permanently in its rates base. This includes an increase of 0.01% for a crown land adjustment and 1.98% to introduce a new Stormwater and Flood special rate to replace its Stormwater Management charge. This increase in general income of 38.94% including the rate peg, has been approved in full.

"The decision to approve the special variation will generate an additional \$11 million for Kyogle Council over 10 years," Dr Boxall said.

“This will help the council to enhance its financial sustainability and improve roads, bridges and stormwater management.”

Based on council’s application, average residential rates would increase by \$129 in 2015-16, business rates by \$181 and farmland rates by \$144.

In approving the application, IPART noted that the council had considered the community’s concerns about affordability by applying for a lower increase than some of the increases it had consulted the community on.

Table 1 summarises the special variations for the North Coast councils.

The full reports on each council’s application are available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

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**Table 1 North Coast councils – special variation summary**

<b>Council</b>	<b>Increase in 2015-16 (including rate peg)</b>	<b>Increase in average residential rates 2015-16 (\$)</b>	<b>Summary of purpose</b>	<b>Total cumulative increase (including rate peg)</b>
<b>Ballina</b> Increases over 2 years retained permanently	5.41%	\$43	Redevelop the Ballina and Alstonville swimming pool complexes.	11.04%
<b>Coffs Harbour</b> Increases over 2 years retained permanently	8.14%	\$87	Reduce infrastructure backlogs	16.52%
<b>Kyogle</b> Increases over 5 years retained permanently	12.43%	\$129	Improve roads, bridges, stormwater management and financial sustainability.	38.94%