

GLOUCESTER SHIRE COUNCIL'S SPECIAL RATE VARIATION APPROVED

19 May 2015

The Independent Pricing and Regulatory Tribunal (IPART) has approved Gloucester Shire Council's application to increase general income by more than the rate peg amount of 2.4% in 2015-16 to improve local roads and infrastructure.

The council applied for 3 consecutive increases of 13% each year from 2015-16 to 2017-18, all including the rate peg, to be retained permanently in its rates base. The increases will generate an additional \$2.77 million above the council's assumed rate peg over the 3-year period which will be used to improve and maintain local roads and reduce infrastructure backlogs.

In approving the council's application, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in the application, and that the council report to the community in its Annual Report each year until 2024-25 on the outcomes achieved.

IPART Chairman Peter Boxall said the council's application was assessed by IPART against the NSW Government's published criteria, with submissions received directly from ratepayers, community groups, business groups and also considered.

"IPART has decided to approve the special variation in full, allowing Gloucester Shire Council to increase its general income from rates by around 10.5% above the current and assumed rate peg increases over the next 3 years, and to maintain it at this new base level in the future," Dr Boxall said.

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 their different ratepayer categories, such as residential, business, farmland and mining.

Based on Gloucester Shire Council's application, average residential rates will increase by \$119 in 2015-16, business rates by \$136, farmland rates by \$300 and mining rates by \$5,961.

Dr 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.

"In making this decision, we are conscious that concerns have been raised both with the council and with IPART about affordability of the increase," Dr Boxall said.

