

GWYDIR SHIRE COUNCIL'S SPECIAL VARIATION APPROVED

Tuesday 17 May 2016

The Independent Pricing and Regulatory Tribunal (IPART) has approved Gwydir Shire Council's application to increase general income by more than the rate peg amount of 1.8% from 1 July 2016.

The approved increase of 30% in 2016-17 can be retained permanently in the council's rate base. Last year Gwydir Shire Council applied for an increase of 15% in each of 2015-16 and 2016-17. IPART approved only a temporary increase of 15% for 2015-16, that has to be removed from 1 July 2016.

"IPART has decided to approve the 2016-17 special variation in full. The actual increase in rates in 2016-17 will be 15.7% on 2015-16 levels, after accounting for the expiring temporary special variation approved in 2015-16," IPART Chairman Peter Boxall said.

"Based on Gwydir Shire Council's application, the average residential rate would increase by \$95 in 2016-17, the average business rate by \$228, and average farmland rate by \$729" Dr Boxall said.

The increase is estimated to generate an additional \$1.6 million above the rate peg over the next four years, which will assist the council in becoming financially sustainable. All additional revenue above the rate peg, along with cost savings the council will make, will be used to achieve operating surpluses whilst maintaining services for the community at acceptable levels.

IPART Chairman Peter Boxall said the council's application was assessed against the NSW Government's published criteria. All submissions received from ratepayers, community groups and other stakeholders were also considered.

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 and farmland.

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.

"Gwydir Shire Council was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, and that it is taking steps to improve productivity and contain costs," Dr Boxall said.

"We consider that the increase is reasonable given historically low rate levels, and the council's hardship policy to assist ratepayers with payment difficulties."

Dr Boxall said last year's application did not adequately satisfy the criterion for community engagement and awareness.

"The 2016-17 application has rectified the issues identified in the council's 2015-16 application, including conducting an on-line survey and convening a panel of local residents to deliberate on the proposal," he said.

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 2025-26 on the outcomes achieved.

Gwydir Shire Council is one of 12 councils that made an application for a special variation out of the 152 councils in NSW. Another council (Gundagai Shire Council) applied to increase a minimum rate.

IPART approved nine applications in full and one (Clarence Valley Council) was partially approved. No decisions have been announced for applications from a further three councils – Great Lakes Council, Greater Taree City Council and Gundagai Shire Council – as the councils were dissolved under an amalgamation proclamation issued by the Governor on 12 May 2016.

The full report on Gwydir Shire Council's application is available on IPART's website <<http://www.ipart.nsw.gov.au>>.

Gwydir Shire Council – special variation summary

Increase in 2016-17 (including rate peg)	30%
Increase in the average residential rate 2016-17 (\$)	\$95
Summary of purpose	Improve financial sustainability and maintain service levels.

Media contact: Julie Sheather (02) 9290 8403 or 0409 514 643