

COBAR SHIRE COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has approved Cobar Shire Council's application to increase its general income by more than the rate peg amount of 3.4% to help improve the council's financial sustainability, maintain services and manage assets.

The council applied to increase its general income in 2013/14 by 25%, including the rate peg of 3.4%. The extra 21.6% above the rate peg will generate additional rate revenue of \$584,055 in 2013/14. Just under half of the extra funds will help meet the shortfall in operating expenses of community services and facilities such as the swimming pool and airport. The remainder will be spent on renewing roads in the Shire.

IPART Chairman Dr Peter Boxall said the council's application was assessed against the NSW Government's published criteria.

"After assessing the application, IPART has decided to approve the special variation in full, allowing Cobar Shire Council to increase its general income from rates by 21.6% above the rate peg, and to maintain its general income at this new base level in the future," Dr Boxall said.

"Our assessment shows that the council is facing financial challenges, with a very small rates base and heavy reliance on external funding. This special variation will be an important means of improving the council's financial sustainability.

"While this is a large percentage increase, existing rates are comparatively low and there is community support for an increase that enables the council to maintain services and improve roads."

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.

"Based on Cobar Shire Council's application we estimate that the average residential rate will increase by \$99 to be \$527 in 2013/14 as a result of our decision."

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 determine if the increase is realistic, justifiable and affordable.

"Cobar Shire Council was able to meet the criteria for approval of the special variation and demonstrated 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," he said.

“We also considered the council’s long term financial plan, and whether the impact of the variation on affected ratepayers is reasonable.”

In approving the council’s application, IPART has imposed conditions requiring that the additional income is used for the purposes outlined in the application, and that the council reports to the community in its Annual Report each year until 2023 on the outcomes achieved.

Cobar Shire Council’s application is one of 23 applications for special variations IPART received from NSW’s 152 councils this year. IPART also received an application from Gundagai Shire Council to increase a minimum rate. Twenty-one applications were approved in full and 3 applications were partially approved.

The full report on the Cobar Shire Council application is available on the IPART website at www.ipart.nsw.gov.au.

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