

## **IPART DETERMINES SPECIAL RATE VARIATION APPLICATION BY GILGANDRA SHIRE COUNCIL**

**Embargoed until 10.00am 4 June 2012**

The Independent Pricing and Regulatory Tribunal (IPART) today announced its decision on Gilgandra Shire Council's application to increase its general income (mostly rates income) by more than the rate peg amount of 3.6%.

The council applied to increase its general income under Section 508A of the *Local Government Act 1993*. The proposed increases were 6.8% in 2012/13 and 6.2% in each year from 2013/14 to 2018/19.

The purpose of the increases was to fund infrastructure maintenance and renewals, maintain existing service levels and improve financial sustainability.

IPART Chairman, Dr Peter Boxall said, "After assessing the application against the NSW Government's published criteria, IPART has decided to partially approve the special variation."

"We have allowed a single increase in 2012/13 of 6.8% under section 508(2) of the Act, which will be retained in the council's revenue base permanently. This decision will help the council to fund some priority works. IPART recognises that the council will not be able to fund all of the projects in its application."

Based on the council's application, we estimate that average residential rates will increase by \$31, business rates by \$51 and farmland rates by \$210 in 2012/13 compared with the rates paid in 2011/12. (These increases are indicative only and the council will determine its rating structure consistent with the limit on the council's general income set by this special variation decision.)

Dr Boxall said, "We did not approve the application in full because the council has not demonstrated that it has met all the criteria for a multi-year special variation. While the council demonstrated it needs the additional income to address the quality of its infrastructure and improve its financial sustainability, it did not demonstrate it had community support for the rate increases proposed. Also, it has not yet implemented the Integrated Planning and Reporting Framework, which is a requirement for applications for multi-year increases in council income."

"IPART has attached conditions to its approval of the increase; requiring the council to use the additional income on some of the priority works it outlined in its application and report the outcomes achieved as a result of the special variation in its annual report each year."

"We considered the council's application, including submissions received, and our own assessment of the council's financial capacity and management efforts to make productivity savings."

The council is required to report in its Annual Report for 2012/13 to 2014/15 on the use of the additional funds and the outcomes achieved.

This year, IPART received fewer applications for special variations than in 2011. Of the 152 councils in NSW, IPART received applications for special variations from 14 councils. Seven applications were approved in full, 6 were approved for a lower amount or for fewer years than the council requested. The decision on the 1 remaining application will be made later in June (Blayney Shire Council).

Reports on our decisions are available on the IPART website.

See: [http://www.ipart.nsw.gov.au/Home/Industries/Local\\_Govt](http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt)

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