

## **GUNNEDAH SHIRE COUNCIL SPECIAL RATE VARIATION APPROVED**

**10.00am, Tuesday 11 June 2013**

The Independent Pricing and Regulatory Tribunal (IPART) has approved Gunnedah Shire Council's application to increase its general income by more than the rate peg amount of 3.4% to improve financial sustainability and fund debt associated with its capital works program.

The council applied for increases of between 4.5% and 6.5% above the rate peg for the 4 years from 2013/14 to 2016/17. This will generate an additional \$5.8 million above the rate peg over the next 4 years, which the council will use to help improve its financial position and fund loans to address renewals and upgrades of roads, plant, swimming pool, kerb and guttering and public buildings.

IPART Chairman Dr Peter Boxall said the council's application was assessed against the NSW Government's published criteria. Submissions received directly from ratepayers, community groups, business groups and ratepayer associations were also considered.

"After assessing the application, IPART has decided to approve the special variation in full, allowing Gunnedah Shire Council to increase its general income from rates by 26.7% above the rate peg over the next 4 years and to maintain its general income 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 Gunnedah Shire Council's application, we estimate that average residential rates across the shire will increase by between \$26 and \$53 in 2013/14, with total increases of between \$118 and \$238 by 2016/17.

"Including the rate peg amount, we estimate that the average residential rate is likely to rise from \$660 in 2012/13 to \$880 in 2016/17."

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.

"Gunnedah 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."

This decision involved IPART making a judgment, taking into account the financial need of the council and the capacity and willingness of ratepayers to pay the requested increase. Although some community members were opposed to the increase, the council provided evidence to indicate general community support.

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.

Gunnedah 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 Gunnedah Shire Council application is available on the IPART website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

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