

PARKES SHIRE COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has approved Parkes 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.

The council applied for increases of 13% (around 10% above the rate peg) for each of the next 4 years. The increases will generate an additional \$9 million in rate revenue over the next 4 years. The extra funds will be used to improve the council's financial position and allow it to reduce the infrastructure backlog.

IPART Chairman Dr Peter Boxall said the council's application was assessed against the NSW Government's published criteria. Submissions received 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 Parkes Shire Council to increase its general income from rates by 50% above the rate peg over 4 years, and to maintain its general income at this new base level in the future," Dr Boxall said.

"Our assessment shows that while this is a large percentage increase, existing residential and farmland rates are comparatively low, the need for the increase has been well established and there is community support for a rise that enables the council to maintain services."

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 the application submitted by Parkes Shire Council, we estimate that the average residential rate will increase by \$72 in the first year, and by a total of \$365 by 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.

"Parkes Shire Council was able to meet the criteria for approval of the special variation and demonstrated the 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 a judgment taking into account the financial need of the council and the capacity of ratepayers to pay the requested increase. Although some community members oppose the increase in rates the council was able to provide evidence of community support for the special variation, and that they had considered the community’s capacity to pay.”

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

Parkes 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 Parkes Shire Council application is available on the IPART website at www.ipart.nsw.gov.au.

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