

RICHMOND VALLEY COUNCIL'S SPECIAL RATE VARIATION APPROVED

3 June 2014

The Independent Pricing and Regulatory Tribunal (IPART) has approved Richmond Valley Council's application to increase general income by more than the rate peg amount of 2.3% to improve local roads, buildings and public spaces.

The council applied for 5 consecutive increases including 12.3% in 2014/15, followed by annual increases of 5.5% in each year from 2015/16 to 2018/19, all including the annual rate peg and to be permanently retained in Richmond Valley's rate base.

The increases will generate an additional \$7.3 million above the rate peg over the next 5 years which will partially fund a planned \$11.5 million capital works program to primarily upgrade roads, parking and riverfront public space.

IPART has imposed conditions on Richmond Valley Council 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 2023/24 on the outcomes achieved.

IPART Chairman 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.

"IPART has decided to approve the special variation in full, allowing Richmond Valley Council to increase its general income from rates by 24% above the rate peg over the next 5 years, and to maintain it 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 and rural lands.

Based on Richmond Valley Council's application, average ordinary residential rates will increase, including the rate peg increase, by \$86 in 2014/15, rural residential rates by \$71, business rates by \$244 and farmland rates by \$140 or 10.1% above the rate peg.

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.

"In making this decision, we are conscious that concerns have been raised both with the council and with IPART about the affordability and equity of the increase, and the level of community consultation," Dr Boxall said.

"Each of these issues has been carefully considered and we have determined that Richmond Valley Council's application meets the criteria for approval of the special variation

by demonstrating a clear need for the additional revenue, that it had appropriately engaged the community about the proposed rate increases, and that it took steps to improve productivity and contain costs.

“In making this assessment, we also considered the council’s long term financial plan and whether the impact of the variation on affected ratepayers is reasonable.

“We are aware that our decision to approve the increase in general income by 39.1% including the rate peg over the next 5 years is among the biggest percentage increases in NSW,” Dr Boxall said.

“But although these increases are significant, we have determined that they are reasonable under the criteria given that current rates are relatively low compared to similar council areas.”

In approving the application, IPART noted that Richmond Valley Council has a hardship policy that allows rate payments to be deferred without interest for a set period of time.

Richmond Valley Council is one of 32 councils that made an application for a special variation of the 152 councils in NSW. Twenty-eight applications were approved in full, 1 was declined and 3 applications were partially approved. IPART also approved 2 applications for increases to minimum rates and 3 applications for Crown Land adjustments.

The full report on Richmond Valley Council’s application is available on the IPART website at www.ipart.nsw.gov.au.

Richmond Valley Council – special rate variation summary

Increase in 2014/15 (including rate peg)	12.3%
Residential rates \$ increase 2014/15	\$86
Summary of reasons	To fund capital improvements, asset maintenance and renewals and improve financial sustainability.
Total cumulative increase over 5 years (including rate peg)	39.1%

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