

## **IPART DETERMINES SPECIAL RATE VARIATION APPLICATION BY TAMWORTH REGIONAL COUNCIL**

**Embargoed until 10.00am 4 June 2012**

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

The council applied for an increase of 20.6% mainly to fund additional infrastructure maintenance and renewal work on a permanent basis.

IPART Chairman, Dr Peter Boxall said, "After assessing the application against the NSW Government's published criteria, we decided to approve a special variation, but for a lower amount than the council requested.

"We have allowed the council to increase its income in 2012/13 by 14.6% and to permanently retain the income in its rates base. This will allow the council to fund a significant amount of additional maintenance – including bridge, road resealing, building and swimming pool works."

Based on the council's application, we estimate that average residential rates will increase by \$114 in 2012/13 compared with the rates paid in 2011/12. (This increase is 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 "This decision involved a judgment taking into account the financial need of the council and the capacity and willingness of ratepayers to pay the requested increase.

"The main reason for allowing an increase is that the council demonstrated that it met most of the criteria. It has taken a responsible approach to planning its financial and asset needs.

"The council demonstrated a need for additional income for asset maintenance and renewal work, which is a high priority of the community. Rates are an appropriate source of funding for this purpose. We observed that average rate levels in the Tamworth region currently are lower than other comparable council areas."

"The main reason that the requested 20.6% increase was not approved in full was that we considered that such a large increase in a single year would likely disadvantage some ratepayers and a more moderate increase was more reasonable.

"IPART has attached a number of conditions to our decision, including that the council uses the income from the increase above the rate peg to fund its proposed infrastructure program, and that it report on the outcomes from this program each year in its annual report.

“We considered the council’s application, submissions received directly from ratepayers and our own assessment of the council’s financial capacity and management efforts to make productivity savings.”

The council will be required to report in its Annual Report from 2012/13 to 2021/22 on the use of the additional funds.

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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