

## UPPER HUNTER SHIRE COUNCIL SPECIAL RATE VARIATION APPROVED

**10.00am, Tuesday 11 June 2013**

The Independent Pricing and Regulatory Tribunal (IPART) has approved Upper Hunter Shire Council's application to increase its general income by more than the rate peg amount of 3.4% over the next 3 years.

The council applied for increases of 2.5% above the rate peg each year, 5.9% in 2013/14 and 5.5% in the following 2 years. These increases will generate an additional \$1.3 million above the rate peg over that period that will be used to finance repayment of loans for renewing assets. The council has received an interest subsidy under Round 1 of the NSW Government's Local Infrastructure Renewal Scheme (LIRS), and has applied for a subsidy under Round 2. The loans will fund a program of capital works to replace bridges and renew rural roads and town streets.

IPART Chairman, Dr Peter Boxall said the council's application was assessed against the NSW Government's published criteria.

"IPART has approved the special variation in full. Upper Hunter Shire Council may increase its general income from rates by 8.17% above the rate peg over the next 3 years, and maintain its general income at this new base level in the future," Dr Boxall said.

"This is a modest increase over 3 years. The council's integrated planning identified some asset backlogs, and the additional funds will allow the council to accelerate its program to bring its road and bridges network up to a condition more acceptable to the community.

"Our assessment shows that the council's alternative funding options are limited and the proposal takes advantage of interest subsidies under LIRS and some grant funding."

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 Upper Hunter's Shire's application, we estimate that the average residential rate will increase by \$38 in the first year, including the rate peg and by a total of \$116 by 2015/16.

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.

"Upper Hunter 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," Dr Boxall said.

"We also considered the council's long term financial plan, and whether the impact of the variation on affected ratepayers is reasonable.

“Some in the community raised concerns about the council’s proposal to increase rates, however we are satisfied that the council has specifically addressed their concerns.

“In approving the council’s application, IPART has imposed conditions, requiring that the additional income is used only 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.”

Upper Hunter 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 Upper Hunter 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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