

WYONG SHIRE COUNCIL SPECIAL RATE VARIATION PARTIALLY APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has determined that Wyong Shire Council can increase its general income by more than the rate peg amount over the next 4 years.

Wyong Shire Council applied for annual increases of 6.9% for 7 years to improve its financial sustainability and help to reduce its asset backlog.

IPART Chairman Dr Peter Boxall said annual increases of 6.9%, including the rate peg, have been approved for the next 4 years only, due to concerns about the council's financial planning.

"As a result of this decision, Wyong Shire Council can increase its general income from rates by 30.6% over 4 years, including the rate peg, and maintain its general income at this new base level in the future," Dr Boxall said.

The approved increases will generate \$25.6 million in additional rate revenue over the next 4 years, or 17.6% more than the council would have received with just the rate peg available to all councils.

Dr 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.

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 Wyong Shire Council's application, we estimate that the average residential rate will increase by \$58 in the first year, and by a total of \$263 by 2016/17. The average residential rate is likely to rise from \$868 in 2012/13 to \$1,131 in 2016/17," he 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.

"Wyong Shire Council was able to meet most of the criteria for approval of the special variation. The council demonstrated a need for the additional revenue in the short-term, 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.

"Our assessment shows that the need to address the asset backlog and improve the council's financial position is clear. However, we were not convinced that the council's financial planning was sufficiently detailed to demonstrate that the requested increases over

7 years are warranted, and recommend that the council reviews its progress and plans after 4 years, in line with the council's 4-year planning cycle.

"There are some concerns in the community about affordability of the rate increases requested, and our decision allows the council to engage again with the community after 4 years rather than 7."

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.

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

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