

RIVERINA AND MURRAY REGION LOCAL COUNCIL RATE APPLICATIONS APPROVED

19 May 2015

The Independent Pricing and Regulatory Tribunal (IPART) has approved applications from Deniliquin Council, Greater Hume Shire Council, Jerilderie Shire Council and Wakool Shire Council to increase general income above the rate peg of 2.4% from 1 July 2015.

IPART has also approved Gundagai Council's application to increase the minimum amount of its Town Improvement District special rate by the rate peg.

The 5 councils in south-western NSW are among 22 of the 152 councils across NSW that made a special variation application for successive rate increase from 2015-16. We approved 21 applications in full and 1 application was partially approved.

Deniliquin Council has received approval for a temporary increase of 4.49% in 2015-16, including the rate peg, to be retained in its rates base for 3 years.

IPART has approved Greater Hume Shire Council's application for 3 consecutive increases of 7.21% (2015-16), 7.46% (2016-2017), and 7.15 (2017-18). These increases also include the rate peg and will be retained permanently.

Jerilderie Shire Council has received approval for 2 consecutive increases of 10.0%, including the rate peg, in both 2015-16 and 2016-17 to be retained permanently in its rates base.

Wakool Shire Council has received approval for an increase in 2015-16 of 7%, including the rate peg, to be retained permanently in its rates base.

Gundagai Council did not apply to increase its general income above the rate peg in 2015-16. It applied for, and IPART has approved, an increase to the minimum amount of its Town Improvement District special rate by the rate peg of 2.4% from 1 July 2015.

In approving the special variation applications of Deniliquin, Greater Hume, Jerilderie and Wakool Shire Councils, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in their applications, and that each council report to the community on the outcomes achieved. Deniliquin will report for the 3 years the special variation is in place, and the other councils will report for a period of 10 years.

IPART Chairman Peter 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.

Applications are assessed by IPART against the NSW Government's published criteria, with submissions received directly from ratepayers, community groups, business groups and ratepayer associations also considered.

"In making these assessments, we have considered each council's long term financial plan, taking into account the financial need of the council and the capacity and willingness of ratepayers to pay the requested increase," Dr Boxall said.

"All of these councils were able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, that they had appropriately engaged the community about the proposed rate increases, and that they are taking steps to improve productivity and contain costs.

"Although their communities were divided about the increases, the councils have demonstrated that they have provided opportunity for input and considered the impact on ratepayers."

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 different ratepayer categories such as residential, business, farmland and mining.

Deniliquin Council

Deniliquin Council applied to increase its income by 4.49% in 2015-16 including the rate peg, and to retain this increase in its rates base for 3 years.

The decision to approve the council's application will generate an additional \$278,000 above the rate peg over the next 3 years to promote the Deniliquin Shire and improve the level of business activity through tourism and investment.

The business community in the shire will be the main beneficiaries of spending from the additional funds raised through the special variation. Deniliquin Council has therefore decided to only increase its business rates to raise these funds. Residential and farmland rates will increase in line with the rate peg.

"Based on the council's application, average residential rates would increase by \$21 in 2015-16, business rates by \$244, and farmland rates by \$40," Dr Boxall said

"Deniliquin Council was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, that it had appropriately engaged the business community about the proposed rate increases, and that they are reasonable given that the additional revenue will be used to help businesses address economic decline."

Greater Hume Shire Council

Greater Hume Shire Council will be able to increase rates by a cumulative 23.45% including the rate peg over the next 3 years. This increase will be retained permanently. The decision enables the Council to generate an extra \$9.7 million over 10 years to improve local roads and council's financial position.

"Based on the council's application, we estimate that in 2015-16, average residential rates would increase by \$64, business rates by \$64 and farmland rates by \$94," Dr Boxall said.

"While these increases will impact on the community, we believe they are reasonable against the criteria, given the clear need for the increased income for road maintenance and renewal, the appropriate consultation council has undertaken about the proposed rate increases, and that it is taking steps to improve productivity and contain costs."

Dr Boxall also noted that the Council has a hardship policy in place for ratepayers requiring assistance.

Jerilderie Shire Council

Jerilderie Shire Council's application for a special variation allowing for 2 consecutive increases between 2015-16 and 2016-17, permanently increasing general income by 21%, including the rate peg, has been approved in full.

"The Council is now able to adopt a budget including the special variation that will generate an additional \$2.78 million over 10 years to help council improve local roads," Dr Boxall said.

Based on the council's application, on average, residential rates would increase by \$27 in 2015-16, business rates by \$45, and farmland rates by \$278.

"Jerilderie Shire Council was able to meet the criteria for approval of the special variation by demonstrating a need for the additional revenue, and that it had appropriately engaged the community about the proposed rate increases.

"As 1 of the smallest councils in NSW, Jerilderie has limited alternative sources of revenue to renew its road infrastructure," Dr Boxall said.

In approving the application, IPART noted that the minimal to moderate rate increases proposed by council will benefit all ratepayers, particularly farmland ratepayers, since almost all of the spending will go to improving rural roads.

Riverina region councils – special variation summary

| Council | Increase in 2015-16 (including rate peg) | Increase in average residential rates 2015-16 (\$) | Summary of purpose | Total cumulative increase (including rate peg) |
|---|--|--|--|--|
| Deniliquin Increase over 1 year retained for 3 years | 4.49% | \$21 Average increase to business rate is \$244 | Promote Deniliquin and improve the level of business activity through tourism and investment | 4.49% |
| Greater Hume Increases over 3 years retained permanently | 7.21% | \$64 | Improve local roads and council's financial position | 23.45% |
| Jerilderie Increases over 2 years retained permanently | 10% | \$27 | Improve local roads | 21% |
| Wakool Increases over 1 year retained permanently | 7% | \$40 | Maintain local roads, bridges, parks and public spaces | 7% |

Gundagai Council – minimum rate summary

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| Town Improvement District (TID) special rate increase 2015-16 | \$4.85 |
| Summary of purpose | To ensure the TID maintains its relativity with the general rates. |