

RIVERINA REGION LOCAL COUNCIL RATE APPLICATIONS APPROVED

3 June 2014

The Independent Pricing and Regulatory Tribunal (IPART) has approved applications from Gundagai Shire Council and Junee Shire Council to increase general income above the rate peg of 2.3% from 1 July 2014.

The 2 Riverina Region councils are among 32 councils across NSW that made a special variation application to increase rates for 2014/15. Twenty-eight applications were approved in full, 1 was declined and 3 applications were partially approved.

Gundagai Shire Council has received approval for a one-off special variation of 15.12% to apply from 1 July 2014 and to maintain this increase for 10 years.

IPART has also approved Junee Shire Council's application for three consecutive increases of 11.9% (2014/15), 9.5% (2015/16) and 9% (2016/17) to be retained permanently in its rates base. These increases include the annual rate peg and make permanent an existing temporary special variation of 9.6% which is due to expire on 30 June 2014.

In approving Gundagai and Junee councils' applications, 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 each year while the Special Variation is in place on the outcomes achieved.

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.

"Gundagai and Junee 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."

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, farmland and mining.

Gundagai Shire Council

Gundagai Shire Council applied to temporarily increase its general income from 1 July 2014 by 15.12% including the rate peg, and to maintain this increase for the next 10 years.

The decision to approve the council's application will generate an additional \$3.89 million above the rate peg over the next 10 years to fund the Main Street Redevelopment project, which will help reduce the infrastructure backlog.

"Based on the Council's application, we estimate that average ordinary residential rates across the shire will increase by \$116, business rates by between \$224, and farmland rates by \$209 in 2014/15," Dr Boxall said.

"While these increases are significant, and there has been some opposition to them, we have determined that they are reasonable under the criteria given that average ordinary rates in Gundagai Shire are below the regional average and that the increase will be applied at different levels across the council's ratepayer categories to address the concerns of farmland ratepayers and improve equity."

IPART noted that the decision about how rates are applied to different ratepayer categories is a matter for the council as long as the overall impact is consistent with IPART's determination.

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

Junee Shire Council

Junee Shire Council will be able to increase rates by a cumulative 33.6% including the rate peg over the next 3 years, and to permanently keep this increase following IPART's approval. The decision enables the Council to generate an extra \$1.47 million, above the rate peg, over the 3 years to improve its financial position, maintain services and help fund road improvements.

Dr Boxall said today's decision means that rates across the shire will increase largely in line with the rate peg from 1 July 2014 because ratepayers are already paying for a levy of 9.6% above the rate peg that expires on 30 June.

"Based on the Council's application, we estimate that in 2014/15, average ordinary residential rates across the shire will increase by between \$16, business rates by \$40, and farmland rates by \$54," Dr Boxall said.

"The increases in the following two years will be more substantial, ranging from \$61 for residential rates in 2014/15 to \$209 for farmland rates in 2016/17 reflecting the ongoing increases of approximately 6% above the rate peg forecast by council.

"While the percentage increase appears large, and the impact on ratepayers is significant, it is reasonable under the criteria given the clear need for the additional funds to maintain

services and improve the council's financial sustainability, the extensive consultation undertaken and limited alternative options available to the council."

Dr Boxall noted that council had reduced its proposed increase from 13.2% to 11.9% for 2014/15 in recognition of the community's capacity and willingness to pay, had frozen domestic waste and sewerage charges for 3 years, and has a hardship policy in place.

The full reports on each council's application are available on the IPART website at www.ipart.nsw.gov.au.

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

Riverina Region – Special rate variation summary

Council	Increase in 2014/15 (including rate peg)	Residential rates \$ increase 2014/15	Summary of reasons	Total cumulative increase (including rate peg)
Gundagai Single increase in 2014/15 retained temporarily for 10 years	15.12%	\$116	To fund the Main Street Redevelopment project.	15.12%
Junee Increases over 3 years retained permanently	11.9%	\$16	To improve financial sustainability, maintain services and improve roads.	33.6% - over 3 years