

LACHLAN SHIRE COUNCIL'S SPECIAL VARIATION APPROVED

Tuesday 17 May 2016

The Independent Pricing and Regulatory Tribunal (IPART) has approved Lachlan Shire Council's application to increase general income by more than the rate peg amount of 1.8% from 1 July 2016.

The council applied for an increase of 6.8% in 2016-17 and 7.4% in each of the next three years, 2017-18 to 2019-20, including the rate peg, to be retained permanently in the rate base.

"IPART has decided to approve the special variation in full, allowing Lachlan Shire Council to increase its general income from rates by 6.8% including the rate peg in 2016-17, and a cumulative increase of 32.3% over the four years from 2016-17," IPART Chairman Peter Boxall said.

"Based on Lachlan Shire Council's application, in 2016-17 the average residential rate would increase by \$31, the average business rate by \$35, and the average farmland rate by \$182.

"The increase is estimated to generate an additional \$2.8 million above the rate peg over the next four years to enable the council to fund a program to maintain, renew and upgrade its assets whilst improving financial sustainability."

Lachlan Shire Council indicated it intended to apply for this special variation in its Fit for the Future (FFTF) proposal submitted in June 2015.

IPART Chairman Peter Boxall said the council's application was assessed against the NSW Government's published criteria. All submissions received from ratepayers, community groups and other stakeholders 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.

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 approve the increase.

"Lachlan Shire Council was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, and that it is taking steps to improve productivity and contain costs," he said.

“The impact of the proposed rate increases on ratepayers is reasonable given this is the council’s first application for a special variation and current rate levels are low compared with those in neighbouring and comparable councils.

“Although the council was not always effective in clearly communicating the size and impact of the rate increases, we consider that, on balance, there is sufficient evidence the community was made aware of the purpose and magnitude of the proposed special variation,” Dr Boxall said.

In approving the council’s application, IPART has imposed conditions requiring the additional income be used for the purposes outlined in the application, and that the council report to the community in its Annual Report each year until 2025-26 on the outcomes achieved.

Lachlan Shire Council is one of 12 councils that made an application for a special variation out of the 152 councils in NSW. Another council (Gundagai Shire Council) applied to increase a minimum rate.

IPART approved nine applications in full and one (Clarence Valley Council) was partially approved. No decisions have been announced for applications from a further three councils – Great Lakes Council, Greater Taree City Council and Gundagai Shire Council – as the councils were dissolved under an amalgamation proclamation issued by the Governor on 12 May 2016.

The full report on Lachlan Shire Council’s application is available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

Lachlan Shire Council – special variation summary

Increase in 2016-17 (including rate peg)	6.8%
Increase in the average residential rate 2016-17 (\$)	\$31
Summary of purpose	Fund asset maintenance, renewal and upgrades while improving financial sustainability
Total cumulative increase over 4 years (including rate peg)	32.3%

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