

SINGLETON COUNCIL'S SPECIAL VARIATION APPROVED

Tuesday 17 May 2016

The Independent Pricing and Regulatory Tribunal (IPART) has approved Singleton 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 9.75% in each year from 2016-17 to 2019-20, to be retained permanently in the rate base. The council indicated it intended to apply for this special variation in its Fit for the Future proposal submitted to IPART in June 2015.

"IPART has approved the special variation, allowing Singleton Council to increase its general income from rates by 9.75% each year from 2016-17 to 2019-20, a cumulative increase of 45.1% over the four years," IPART Chairman Peter Boxall said.

"However, over the four years the total increase on current rates will be 39.8% not the full 45.1%, as a special variation currently being paid by ratepayers will expire in June 2017," Dr Boxall said.

The increases are estimated to generate an additional \$13.0 million above the rate peg over the next four years to enable Singleton Council to fund a shortfall in expenditure on asset renewal and improve its overall financial sustainability.

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.

"In assessing Singleton's application, we have considered its 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.

"In making this decision, we are conscious that some in the community raised concerns both with the council and with IPART about the affordability of the increases. We recognise the increases are significant, but we consider them to be reasonable, given current average rate levels in Singleton compared with other councils, and the community's capacity to pay," Dr Boxall said.

“Based on Singleton Council’s application, in 2016-17 the average residential rate would increase by \$51, the average business rate by \$332 and the average farmland rate by \$152”, Dr Boxall said.

Dr Boxall said that the special variation will make the council more financially sustainable in the future, and the council also showed it carefully considered the community’s capacity to pay and other concerns with the proposal before applying.

In approving the council’s application, IPART has imposed conditions requiring the additional income to 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.

Singleton 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 Singleton Council’s application is available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

Singleton Council – special variation summary

Increase in 2016-17 (including rate peg)	9.75%
Increase in the average residential rate 2016-17 (\$)	\$51
Summary of purpose	Renew assets and improve financial sustainability
Total cumulative increase over 4 years (including rate peg)	45.1%

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