

## **SPECIAL VARIATION APPLICATIONS APPROVED FOR YASS VALLEY COUNCIL AND WINGECARRIBEE SHIRE COUNCIL**

**Tuesday 17 May 2016**

The Independent Pricing and Regulatory Tribunal (IPART) has approved applications from Wingecarribee Shire Council and Yass Valley Council to increase income above the rate peg of 1.8% from 1 July 2016.

IPART has approved Wingecarribee Shire Council's application for 8.55% in 2016-17, 9.25% in 2017-18 and 2018-19, and 12.15% in 2019-20. These increases include the rate peg and will be retained permanently in the rate base.

Yass Valley Council has received approval for four consecutive increases of 8.5% including the rate peg, from 2016-17 to 2019-20, to be retained permanently in the rate base. IPART also determined that the council may apply the same percentage increases to its minimum rates.

IPART Chairman Peter Boxall said applications are assessed by IPART 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 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.

"Wingecarribee Shire and Yass Valley councils were able to meet the criteria for approval of the special variation by demonstrating a 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 some members of their communities held different views about the increases, the councils have demonstrated that they have provided opportunity for input and considered the impact on ratepayers."

Both councils indicated they intended to apply for special variations in their proposals for becoming 'Fit for the Future' (FFTF) which they submitted to IPART in June 2015.

## **Wingecarribee Shire Council**

Wingecarribee Shire Council applied to increase its income by a cumulative 45.3% including the rate peg over the next four years, to be retained permanently in the rate base. The increase in 2019-20 includes making permanent a special variation for the environmental levy which is already being paid by ratepayers. This means that the cumulative increase for ratepayers over the four years will be 40.7%.

The decision to approve the council's application is estimated to generate an additional \$27.2 million above the rate peg over the next four years to enable the council to fund a program of infrastructure maintenance, renewal and upgrades while improving financial sustainability, and permanently continue environmental sustainability measures in the council's Our Future Environment program.

"Based on the council's application, the average residential rate will increase by \$108 in 2016-17, the average business rate by \$373, and the average farmland rate by \$222," Dr Boxall said.

In approving the application, IPART noted that the council had considered the community's capacity and willingness to pay by consulting with ratepayers and assessing the socioeconomic indicators for the community. Wingecarribee Shire Council concluded that, overall, its ratepayers have the capacity to pay the proposed rate increases

## **Yass Valley Council**

Yass Valley Council will be able to increase rates by a cumulative 38.6% including the rate peg over the next four years, and to permanently retain this increase. The decision to approve the application is estimated to generate an extra \$5.3 million over the next four years to improve its financial sustainability.

The council will use the additional revenue to fund essential renewal for roads, bridges and other assets and more community projects, while maintaining services at current levels.

Although the council's FFTF proposal included a special variation, IPART assessed it as 'Not Fit' after the council advised that it intended to defer considering a special variation for at least a year. The special variation will allow the council to improve its performance against the FFTF financial benchmarks.

"Based on the council's application, we estimate that in 2016-17, the average residential rate will increase by \$63, the average business rate by \$183 and the average farmland rate by \$178," Dr Boxall said.

"Yass Valley Council has not applied for an increase in rates since it was formed in 2004, and it was able to show community awareness of the need for, and extent of, the rate increases.

“While the percentage increase is significant, the council carefully considered the community’s willingness to pay, and affordability for its ratepayers. We assess the increases are reasonable given the clear need to improve financial sustainability, current rate levels that are comparable with councils in the surrounding region, and socioeconomic indicators for residents of Yass Valley,” Dr Boxall said.

Wingecarribee Shire and Yass Valley councils are among 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 the councils’ applications are available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

#### **Wingecarribee Shire and Yass Valley councils – special variation summary**

<b>Council</b>	<b>Increase in 2016-17 (including rate peg)</b>	<b>Increase in average residential rates 2016-17 (\$)</b>	<b>Summary of purpose</b>	<b>Total cumulative increase (including rate peg)</b>
Wingecarribee Shire Increases over 4 years retained permanently	8.55%	\$108	Fund infrastructure maintenance, renewal and upgrades while improving financial sustainability	45.3%
Yass Valley Increases over 4 years retained permanently	8.5%	\$63	Renew roads, bridges and other assets, fund community projects and maintaining services at current levels	38.6%

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