

WAGGA WAGGA CITY COUNCIL'S SPECIAL VARIATION APPROVED

Tuesday 17 May 2016

The Independent Pricing and Regulatory Tribunal (IPART) has approved Wagga Wagga City Council's application to increase general income by more than the rate peg amount of 1.8% from 1 July 2016 to partly fund an upgrade to the city's flood levee system.

IPART approved a temporary increase of 5.63% in 2016-17, to remain in the council's rate base for five years to 2020-21.

"IPART has decided to approve the 2016-17 special variation in full", IPART Chairman Peter Boxall said. "After five years, rates will fall to the level they would have been if only the rate peg increases had applied."

The increase is estimated to generate \$7.8 million over the next five years. The council will use this extra revenue to improve flood protection provided by the Main City levee and the North Wagga levee. Increasing the height of the flood levee has been on the community agenda for a number of years and has wide community support.

Wagga Wagga City Council indicated it intended to apply for this special variation in its Fit for the Future (FFTF) proposal submitted to IPART 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.

"The council demonstrated the need for the additional revenue, that the community was aware of the need for, and extent of, the rate rise, and that it is taking steps to improve productivity and contain costs," he said.

"The increases are modest, and the council has reduced the impact on farmland ratepayers due to hardship being experienced by these ratepayers as a result of drought."

The extra revenue above the rate peg will help fund the cost to return the Main City levee to a 1:100 year flood level, and the North Wagga levee to a 1:20 year flood level.

In addition to the extra rate revenue from the special variation, the council requires \$15.5 million in State and Commonwealth grant funding to meet the estimated \$23.3 million cost of the levee upgrade. The council has already secured a \$2 million floodplain management grant from the NSW Government for works on Stage 1 of the Main City levee.

The council will update its floodplain management plan in December 2016, and the scope of works for the North Wagga levee can then be determined.

“We note that in its application, the council committed to reducing the revenue collected by the special variation if the levee upgrade does not proceed, or is reduced in scope”, Dr Boxall said.

In approving the council’s application, IPART has imposed conditions requiring that 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 2020-21 on the outcomes achieved.

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

Wagga Wagga City Council – special variation summary

Increase in 2016-17 (including rate peg)	5.63%
Increase in the average residential rate 2016-17	\$58
Summary of purpose	To partly fund the cost of upgrading the Main City and North Wagga levee banks

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