



Burwood
Inc.1874

SUBMISSION TO IPART – REVIEW OF THE RATE PEG TO INCLUDE POPULATION GROWTH

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Stakeholder Feedback		
Question	Page	Burwood Council Comments
1. Should our methodology be re-based after the census every five years to reflect actual growth?	17	We support the review of the methodology within a 5 year period. This allows for actual population time series data to be substituted for the estimates, thereby reflecting actual growth.
2. In the absence of a true-up, should we impose a materiality threshold to trigger whether an adjustment is needed on a case-by-case basis to reflect actual growth?	17	As with any new methodology, the input factors should be monitored and outcomes recalculated on actuals data. If there are any changes to data that increases rates revenue in-line with population growth, then that increase should be passed onto the Council – that is the aim of the methodology.
3. Do you have any other comments on our draft methodology or other aspects of this draft report?	N/A	<p>We agree that population growth drives costs growth which in turn drives Community expectations. Population growth and community expectation is clearly resulting in increases to Burwood Council's costs in several areas.</p> <p>Areas of particular concern are Council's Assets (Parks, footpaths, roads, park recreational equipment/facilities, and sporting fields). All these require additional maintenance through increased usage (wear and tear) culminating in the reduction in the useful life cycle of these assets if not maintained with sufficient resources.</p> <p>With increased population comes the need for additional Open Space and Community facilities, which in Burwood's case requires additional funding to procure and maintain these additional facilities.</p> <p>Council has also experienced cost growth due to a busier CBD and the related expectations deriving from a night time economy, such as the need for additional cleaning and extended hours of service.</p> <p>So we welcome and support the notion that the population growth factor plays a significant role.</p> <p>Yet the <i>Population factor</i> in your proposed formula is constrained by the <i>supplementary</i></p>

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		<p><i>valuations percentage</i>, that is, the formula contras population growth against supplementary income growth.</p> <p>Our own draft calculations suggest that Burwood's supplementary growth, on average, outweighs population growth, so therefore Burwood does not get an increase in the rate peg.</p> <p>The population factor, <u>excluding</u> any supplementary valuations percentage, for the past 4 years is 1.9%, 1.4% 1.8% and 1.0%.</p> <p>If we were to add the actual rate peg for those corresponding year to the above, Burwood's Population Rate Peg would be: 3.9%, 4.0%, 4.5% and 3.3%</p> <p>These figures compare favorably when contrasted against our current median Special Rates Variation of 4.5%</p> <p>Perhaps a simpler approach to the formula results in a fairer outcome.</p>