

IPART seeks response in relation to the following:

1. What council costs increase as a result of population growth? How much do these costs increase with additional population growth?

Population growth places increased burden on Council's capital and operational budgets alike, with construction of infrastructure and community assets required to deliver equitable access to new residents. This may be in the form of local recreational and community assets to service new residential communities or increased capacity of regional assets intended to service broader populations, with new or renewed and upgraded assets increasing depreciation funding requirements and operational maintenance costs.

In addition, to infrastructure and community asset management, a greater number of residents increased Council's administrative and customer service points of contact. Currently, Council's staff to resident ratio is 1:110.

How much increased population increased is difficult to quantify, suffice to say it impacts activity across the organisation and is often dependent on level of service experience of residents and their expectation of service levels in their new local government area. Generally speaking, it is observed that residents expect at least equal levels of service to the area they came from, which can be problematic for regional and rural councils, when the resident's previous location was metropolitan.

2. How do costs change with different types of population growth?

Demographics and cultural background play a significant role in terms of the impact of population growth on Council's resources, with population groups such as the aged, those with disabilities, families with young children and those from culturally diverse backgrounds typically drawing on increased service levels.

Many councils including Clarence Valley Council resource and employ specialist community service/development staff to address specific population needs.

3. What costs of population growth are not currently funded through rate peg or developer contributions? How are they currently recovered?

Developer contributions do not fund all of the capital costs for additional community infrastructure. Our experience at Clarence Valley Council is that developer contributions only cover approximately 50% of the capital costs with the balance to be funded either by government grants or ratepayers via council rates. The ongoing operational costs of public infrastructure (roads, footpaths, stormwater systems, open space/parks, water and sewer infrastructure) that is dedicated to Council from increased development are not funded by rate peg or developer contributions. Council currently has to fund these additional costs via productivity improvements or adjustments to Council's service levels.

4. Do you have any views on the use of supplementary valuation process to increase income for growth, and whether this needs to be accounted for when incorporating population growth in the rate peg?

Supplementary valuations are a source of increased income for Councils but they are not a measure for population growth. Supplementary valuations should not be factored into population growth for the rate peg calculation.

5. Are there sources of population data we should consider, other than the ABS historical and DPIE projected growth data?

Department of Planning's population growth for the Clarence Valley Council from 2019 showed stagnating growth/decline to 2041. Council has since engaged consultants to provide population and demographic forecasts for the Clarence Valley which shows growth in population from 52,000 (2021) to 60,735 by 2041 which represents an average annual growth of 0.65%. Yes other sources of data that informs population growth are related to building development, specifically building approvals.

6. Is population data the best way to measure the population growth councils are experiencing, or are there better alternatives (number of rateable properties or development applications, or other)?

The population data is certainly a guide but Council suggests that the number of building certificates/construction certificates issued by Council is a better guide than development applications (DA) as DA's only indicate that a development is approved but doesn't actually have to be actioned/implemented by the applicant.

7. Do you think the population growth factor should be set for each council, or for groups of councils with similar characteristics? How should these groups be defined?

Council is of the view that the population growth factor should be set for groups of "like councils". For example councils located on the coast should have their population growth assessed separately to councils located west of the great divide and metropolitan councils who should be grouped together along with Wollongong, Newcastle and the Central Coast.

8. Should we set a minimum threshold for including population growth in the rate peg?

100% of the population growth factor should be included in the rate peg calculation.

9. What is your view on the calculation of the growth factor – should we consider historical, projected with true-up, blended factor or another option?

The population growth factor should be a combination of the historical growth plus projected population forecasts and growth based on development/building approvals.

10. How should the population growth factor account for council costs?

The current local government cost index (LGCI) used to inform the rate peg each year is a measure of the increase in council costs. The population growth factor should be in addition to the LGCI and represent a % increase of the rate peg amount.

11. Do you have any comments on how population growth could be accounted for?

The population growth factor should be a combination of the historical growth plus projected population forecasts and growth based on building approvals which is then factored into the Rate Peg calculation.

12. Do you have any comments on our proposed review process and timeline?

The proposed review process and timeline seems reasonable and if possible the population growth factor should be included in the “Rate Peg” determination by IPART for the 2022/23 financial year.

Regards

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