



30 April 2021

Our Reference
Contact

Independent Pricing and Regulator Tribunal
Via Portal

Dear Sir/Madam

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

On behalf of Council I thank IPART for the issues paper and the opportunity to provide a submission. Council is very supportive of the amendments to the rate peg to enable increases in rates income due to cost impost of population growth that is currently unfunded. Please find attached our detailed submission addressing the questions raised in "Review of the rate peg to include population growth".

Cumberland City Council aims to provide quality and consistent services and renewed infrastructure to support economic growth and prosperity, so the support from all tiers of government and our rates base needs to reflect that.

Cumberland 2030: Our Local Strategic Planning Statement (LSPS) provides the strategic land use vision for Cumberland City. It is informed by population, household, and dwelling growth data, as well as a structure plan to accommodate growth in housing and jobs. The LSPS also identifies opportunities to balance growth with infrastructure capacity, community facilities and environmental amenity.

Importantly, these initiatives rely on funding from rates and grants to ensure that the community continues to have access to these services. Developer contributions are unable to be used to cover the costs of these services and maintain infrastructure.

The cost incurred by Cumberland City over the 3-year period from 2016-2019 was \$12m higher when applying the percentage increase from the rate peg. The average cost increase per annum was 3.32% whilst, the rate peg was only 2.27%. Therefore, it is reasonable to say 1.05% per annum is the cost impost due to not allowing for population growth.

The local government index does not track the actual cost and focuses only on the weighted average of various price indices. A price index is one of the factors but not the largest factor in determining costs. This is further demonstrated in fact the total state of NSW Councils (126 councils) had growth in costs in the financial statements 2017/18 and 2019/20 of 5.6% per annum whilst the rate cap was 2.3%.

Further, Council cannot recover all the money to cover major expenditure gaps but the function of population index will be to gradually provide funds to cover the operational costs of population growth.

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Welcome *Belong* Succeed

Important information

This letter contains important information. If you do not understand it please ask a relative or friend to translate it or come to Council and discuss this letter with Council's staff using the Telephone Interpreter Service.

If you need help understanding this document, please call the Translating and Interpreting Services (TIS National) on 131 450 and ask them to call Cumberland City Council on 02 8757 9000.

English

重要信息

本信函包含重要信息。如果您看不懂，请让亲友为您翻译出来，或者找市议会，通过电话传译服务与市议会工作人员讨论这封信。

如果您在理解本文件时需要帮助，请致电131 450联系翻译与传译服务（TIS National），然后要求他们接通Cumberland市议会电话02 8757 9000。

Simplified Chinese

معلومات مهمة

تحتوي هذه الرسالة على معلومات مهمة. وإذا لم تفهم محتواها، اطلب أحد الأقارب أو الأصدقاء ترجمتها لك أو اتصل بالمجلس لمناقشة هذه الرسالة مع أحد موظفي المجلس بالاستعانة بمرجع شفهي عبر الهاتف. إذا كنت بحاجة إلى مساعدة في فهم هذا المستند، اتصل بخدمة الترجمة التحريرية والشفهية (TIS National) على الرقم 131 450 واطلب منهم الاتصال بمجلس مدينة كمبرلاند على الرقم 02 8757 9000.

Arabic

중요한 정보

본 문서에는 중요한 정보가 포함되어 있습니다. 문서가 이해되지 않으시면 친척이나 친구에게 번역을 부탁하시거나 아니면 카운슬에 연락하여 전화 통역 서비스를 이용해 카운슬 직원에게 물어보시기 바랍니다.

이 문서를 이해하는 데 도움이 필요하신 분은 통번역 서비스(TIS National) 131 450번에 전화해서 컴벌랜드 시 카운슬 전화 02 8757 9000번으로 연결을 요청하시면 됩니다.

Korean

Önemli bilgiler

Bu mektup önemli bilgiler içermektedir. Eğer mektubu anlamazsanız, lütfen bir akrabanızdan veya arkadaşınızdan onu tercüme etmesini isteyin veya Belediye'yi bulun ve Telefonla Tercüme Servisi'ni kullanarak bu mektup hakkında Belediye görevlileriyle konuşun.

Bu belgeyi anlamak için yardıma ihtiyacınız varsa, lütfen Yazılı ve Sözlü Çeviri Servisi'ni (TIS National) 131 450 numaralı telefondan arayın ve 02 8757 9000 numaralı telefondan Cumberland Kent Belediyesi'ni aramalarını isteyin.

Turkish

معلومات مهم

این نامه شامل معلوماته مهمی است. اگر آن را نمی فهمید لطفاً از یکی از اقوام یا دوستان خود بخواهید که آن را برایتون ترجمه کونه یا با کونسل در تماس شوید تا با استفاده از خدمات ترجمانی تلفونی این نامه را با کارکنان کونسل در میان بگذارید. اگر برای فهمیدن این سند نیاز به کمک دارید، لطفاً با خدمات ترجمانی شفاهی و کتبی (TIS National) به شماره 131 450 زنگ بزنید و از آنها بخواهید با شماره تلفون 02 8757 9000 به کونسل کمبرلند تماس بگیرند.

Hazaraghi

اطلاعات مهم

این نامه حاوی اطلاعات مهم می باشد. چنانچه آن را درک نمی کنید، لطفاً از یکی از بستگان یا دوستان بخواهید که آن را برای شما ترجمه کند یا شورای شهر را پیدا کرده و با استفاده از خدمات ترجمه تلفنی، در مورد این نامه با کارمندان شورای شهر صحبت کنید. چنانچه برای درک کردن این سند نیاز به کمک دارید، با خدمات ترجمه کتبی و شفاهی (TIS National) به شماره 131 450 تماس گرفته و از آنها بخواهید با شورای شهر کامبرلند به شماره 02 8757 9000 تماس بگیرند.

Persian

Thông tin quan trọng

Bức thư này có thông tin quan trọng. Nếu đọc không hiểu, quý vị hãy nhờ người thân hoặc bạn bè dịch giúp hoặc liên lạc với Hội đồng Thành phố và thảo luận bức thư này với nhân viên Hội đồng Thành phố, sử dụng Dịch vụ Thông dịch viên qua Điện thoại.

Nếu cần trợ giúp để hiểu tài liệu này, quý vị hãy gọi điện cho Dịch vụ Thông Phiên dịch (TIS National) qua số 131 450 và yêu cầu họ gọi cho Hội đồng Thành phố Cumberland qua số 02 8757 9000.

Vietnamese

முக்கியமான தகவல்

இந்தக் கடிதத்தில் முக்கியமான தகவல்கள் உள்ளன. உங்களுக்கு அந்தத் தகவல்கள் புரியவில்லை என்றால், அவற்றை மொழிபெயர்த்து அறிந்துகொள்வதற்கு தயவுசெய்து உங்களுடைய உறவினரிடம் அல்லது நண்பரிடம் கேளுங்கள் அல்லது சபையினை அணுகி தொலைபேசி உரைபெயர்ப்பாளர் சேவையைப் பயன்படுத்தி சபையின் ஊழியர்களுடன் இந்தக் கடித்தைப் பற்றி விவாதிப்பீர்கள்.

இந்த ஆவணத்தைப் புரிந்துகொள்ள உங்களுக்கு உதவி தேவைப்பட்டால், தயவுசெய்து 131 450 இல் மொழிபெயர்ப்பு மற்றும் உரை பெயர்ப்பு சேவைகளை (TIS National) அழைத்துக் கம்பலாந்து சபையினை 02 8757 9000 என்ற எண்ணில் அழைக்கும்படி அவர்களைக் கேளுங்கள்.

Tamil

In summary, whilst Council is very supportive of the proposed changes, Council still needs additional funding for additional large infrastructure issues around open space and recreation, community facilities and community wellbeing.

Should you wish to discuss this matter further, please feel free to contact Council's Director Finance and Governance, Mr Richard Sheridan, on [REDACTED]

[REDACTED]

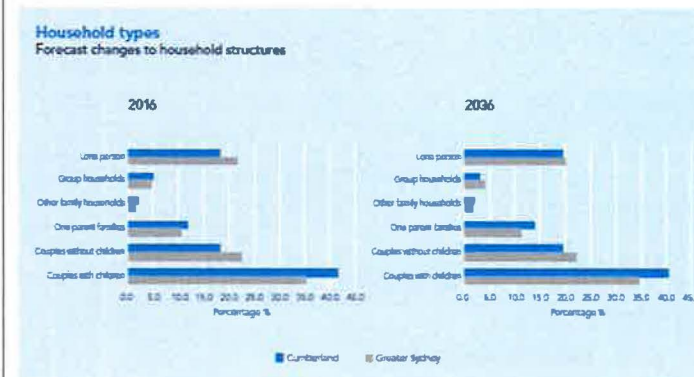
/ ACTING GENERAL MANAGER

	<p>Council has another example that needs to be discussed as the solution and impact to Community are large.</p> <p>The targets to grow the population has resulted in 5000 new units in Merrylands City Centre. To allow for development the stormwater system current open air needs to be upgraded. The asset is owned by Sydney Water and they do not plan to upgrade this for 30+ years. As a result, Council has now committed 30m by low cost loan to do the work.</p> <p>Council cannot recover this money through rates so the LGA is short-changed \$30m which could have gone into frontline services. While an increase for population is supported there also needs to be a way where Council does a business case or special application to increase rates for these situations. We note that a special levy application can be made to IPART but it is also complex to justify the benefits of expanding infrastructure due to a policy of another level of government.</p>
<p>2. How do council costs change with different types of population growth?</p>	<p>Cumberland 2030: Our Local Strategic Planning Statement (LSPS) provides the strategic land use vision for Cumberland City. https://www.cumberland.nsw.gov.au/sites/default/files/inline-files/cumberland-2030-our-local-strategic-planning-statement.pdf</p> <p>It is informed by population, household, and dwelling growth data, as well as a structure plan to accommodate growth in housing and jobs. The LSPS also identifies opportunities to balance growth with infrastructure capacity, community facilities and environmental amenity.</p> <p>Information from the LSPS on growth forecasts and household types is outlined below. Significantly, Cumberland City has experienced and is expected to have a strong growth in population, with an additional 40,000 people between 2021 and 2036. In terms of household types, Cumberland City has a higher proportion of one parent families and couples with children</p>

compared to Greater Sydney. These factors have a key influence in how Council can maintain financial sustainability while ensuring that service delivery continues.

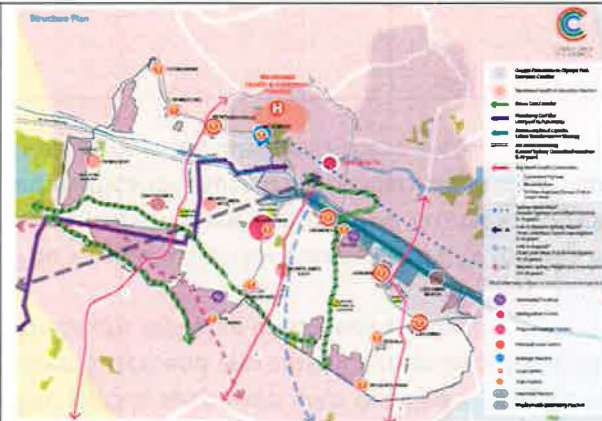
Cumberland growth forecasts

	Historical		Forecast			
	2011	2016	2021	2026	2031	2036
Population	203,181	226,052	260,173	279,636	293,373	304,811
Households	63,721	71,366	82,078	88,926	94,107	98,574
Dwellings	67,208	72,991	84,211	91,401	96,827	101,510



The LSPS is supported with detailed strategies and plans, including housing, open space and recreation, community facilities and community wellbeing. These are available on Council's website

The structure plan for Cumberland City focuses most of the housing and jobs growth in existing centres and strategic corridors/precincts. Lower scale intensification, such as secondary dwelling or dual occupancy development, is also occurring outside of these areas.



The services and costs impacted by population are:

Services Impacted	
Library costs	Govt Waste Levy
Parks maintenance (not able to be covered by s711)	Fire safety regulation costs
General maintenance of infrastructure (not able to be covered by S711)	Food inspections
Population growth vs pay increases/staff resourcing	Parking complaints, policing
Additional pension subsidy	Noise pollution
Increase in Emergency Services Levy (to confirm if there is a link)	Environmental enforcement
Companion animals (enforcement and management)	Street cleaning
Crime costs (e.g. graffiti removal)	Strategic planning
Development assessment	Increased congestion
Reduction in quality of life in the LGA	Aged Care and Children Services

	<p>Importantly, these rely on funding from rates and grants to ensure that the community continues to have access to these services. Developer contributions are unable to be used to cover the costs of these services and maintain infrastructure.</p>
<p>3. What costs of population growth are not currently funded through the rate peg or developer contributions? How are they currently recovered?</p>	<p>From an operating cost perspective, it is Cumberland City Council's view that there is no population impact funded by the rate peg; the reason being that the rate peg does not equally weigh the volume and price indicators to calculate the total costs. The rate peg is only focused on the theoretical price index. In Question 1, we can see this misses the mark with NSW councils between 1-3% per annum.</p> <p>From a capital perspective, the Cumberland Local Infrastructure Contributions Plan 2020 outlines the growth infrastructure required to accommodate the projected population, including local roads and transport, open space and recreation, community facilities and public domain. At the time of the Plan, the contributions to be collected were estimated to cover 76% of the total cost of infrastructure identified in the Plan. This leaves a funding shortfall of over \$100m for this infrastructure.</p> <p>Capital costs will flow into future operational costs. Once a facility is upgraded, the cost to manage the new facility is significantly higher due to the size for population and new building requirements. There are no allowances in the current system to fund the operational aspects of the capital improvement. These costs over 10 years are higher than the amount provided to construct the facility.</p> <p>For a State Government Policy Perspective Council is also severely impacted by the service provision due to the intensity of service provisions around</p> <ul style="list-style-type: none"> • The highest level of government provided housing which requires us to offer additional services. This is always growing due to refugee resettlement that occurs in our LGA.

	<ul style="list-style-type: none"> The affordable housing targets required to be met due to local housing policy and associated background papers on affordable housing study. https://www.cumberland.nsw.gov.au/sites/default/files/inline-files/cumberland-local-housing-strategy-2020.pdf
<p>4. Do you have any views on the use of the supplementary valuation process to increase income for growth, and whether this needs to be accounted for when incorporating population growth in the rate peg?</p>	<p>When councils model their rates and calculate notional yield for a new year, the information used is based on rates current data with predicted growth factored in.</p> <p>Rates modelling for the new year should be calculated on the current data and not factor growth. Any income generated from growth throughout the new year (supplementary valuations) should be added to modelled permissible yield amount.</p> <p>That is, growth income through supplementary valuations should not be restricted, capped, or limited to the rates pegged permissible yield, and should not be incorporated in the rates peg itself.</p> <p>Councils should be entitled to receive growth income to meet growth expenses.</p>
<p>5. Are there sources of population data we should consider, other than the ABS historical growth and DPIE projected growth data?</p>	<p>Overall, the profile.id page for Cumberland is the standard for statistics, although it is based on 2016 census data. https://profile.id.com.au/cumberland </p> <p>In terms of migration, the population.gov.au page is a good indicator of net migration and forecasts: https://population.gov.au/data-and-forecasts/data-and-forecasts-dashboard-lga.html </p>

	<p>Social disadvantage overall (taking in many factors including migration) information is located via profile.id, and we are in the bottom three in Greater Sydney (lower score = higher disadvantage): https://profile.id.com.au/cumberland/seifa-disadvantage</p> <p>Forecasts for dwellings (and their size, which will decrease): https://forecast.id.com.au/cumberland/population-households-dwellings</p> <p>Maintaining a Register of Development Application Consents would identify granny flats created on properties.</p> <p>Maintaining a Register through the creation of new properties process in the system, based on the plans provided and the number of bedrooms.</p> <p>Through the Supplementary process, include searching on submitted plans to identify the number of bedrooms.</p>
<p>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)?</p>	<p>While population growth is key measure used to capture growth, household size provides a further input that can better capture intensity of growth in a local area. As an example, the average household size in Cumberland City is 3.2, compared to an NSW average of 2.6. The higher household size places greater pressure on existing infrastructure and services and is unable to be fully covered through developer contributions or the like.</p> <p>In large councils, there may be a large distance of area between suburbs and different family dynamics. For example, multi-generations under the one dwelling to unit dwelling which may consist of 1 to 2 persons.</p>
<p>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?</p>	<p>Population growth factors should be set for each council, reflecting the needs and characteristics of each area. Council suburbs have different characteristics, infrastructure, dining, etc. and should be based on the council needs.</p>

8. Should we set a minimum threshold for including population growth in the rate peg?	Above 1.0% or perhaps a base rate to ensure that it will meet essential services.
9. What is your view on the calculation of the growth factor – should we consider historical, projected, projected with true-up, a blended factor or another option?	The calculation of the growth factor should be using a blended approach, considering historical and projected growth. This factor can be reviewed annually to ensure that it best aligns with the latest information available.
10. How should the population growth factor account for council costs?	<p>Cumberland City Council is concerned the true cost of population by far exceed the % population and there needs to be a fairer way to determine the cost impact from current dwelling growth targets set. The reasons for this are further outlined below</p> <p>Council costs are also a blend of the following:</p> <ul style="list-style-type: none"> • Changes in activity/volume • Changes in legislation (e.g. Health Act) • Changes in price indicators • Offset by efficiency savings <p><u>Current strategies for Council to address costs:</u></p> <ol style="list-style-type: none"> 1) Rate cap looks to target the changes in price indicators as a proportion of the total costs. 2) Integrated Planning looks to address the changes in services and efficiency by using resource planning and long-term sustainability planning. They have access to Special Rate Variations (SRV) if there are significant changes. 3) S711 addresses the change in population from a capital funding perspective.

	<p>4) Local Government Act allows waste cost to be based on the cost of delivering the service.</p> <p><u>Absent strategies for Council that are required to manage costs:</u></p> <p>At present, Council must use the SRV process as the only option to address the following factors:</p> <ol style="list-style-type: none"> 1) Population increases that contribute to the demand for services increasing disproportionate to normal. 2) Increases in population can arise from duplexes to additional 600 multi-unit dwellings. The impact to Council costs is very different under each scenario. There is no one-size-fits-all for understanding the impact to demand for Council services. 3) The funding shortfall arising from proportionate allocation of developer funds results in utilisation of Council's general fund as we cannot replace part to cater for increased population, or the cost to replace the asset is more efficient against refurbishing an asset as expansion was not considered in the original design.
<p>11. Do you have any other comments on how population growth could be accounted for?</p>	<p>The method proposed will alleviate the current issues causing a decline in financial sustainability for the local government sector. We should have full autonomy over setting the percentage increase based on price and population.</p> <p>Alternatively, if this is not possible, the best plan B is to add an additional population percentage increase (above 1%) to the rate cap percentage to fund the issues raised above.</p> <p>It should also be considered that transparency in the way all councils report on the cost of services must include a full cost absorption method including all overheads.</p>

	<p>Additionally, there should be a policy around defining 'services' and 'businesses' run by Council. It is our view that services are funded from rates and annual fees, and businesses are funded from user fees and charges and other income. If this is done consistently, there will be a high level of transparency with regards to whether the services of Council or the businesses of Council are cross-subsidising each other.</p>
<p>12. Do you have any comments on our proposed review process and timeline?</p>	<p>The timeline is appropriate. The real challenge is understanding the Government response so this can be included in the rate cap announcement for 2021. Often these reviews do not see the light of day and this would be a great lost opportunity. The industry is desperate for a solution to this problem.</p>