



CUMBERLAND
CITY COUNCIL

4 August 2021

Our Reference	8968571
Contact	Richard Sheridan
Telephone	

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
SYDNEY NSW 1240

Dear Sir/Madam

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

Please find attached Council's detailed submission addressing the questions raised in the 'Review of the rate peg to include population growth' Draft Report.

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 need to reflect that.

The 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.

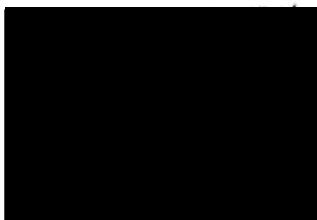
These initiatives rely on funding from rates and grants to ensure that the community continues to have access to these services. Developer contributions are unable to be used to cover the costs of these services and maintain infrastructure.

In regard to the methodology for calculating the change in population for 2022-23 (page 6 of the Draft Report), the use of 2019 and 2020 is artificially low due to COVID-19 restrictions on migration. It also means that population growth immediately prior to this is not captured, meaning that Council is further behind in catching up to cover costs. As an example, Cumberland City Council has a population growth difference of 1,221 in the proposed measurement period using the ABS data proposed (242,674 in 2020 compared to 241,453 in 2019), while there is a greater population growth difference of 4,854 if the earlier two years are used (241,453 in 2019 compared to 236,599 in 2018).

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Welcome *Belong* Succeed

Should you wish to discuss this matter further, please do not hesitate to contact Council's Director Finance and Governance, Mr Richard Sheridan, on [REDACTED]



Peter J Fitzgerald
ACTING GENERAL MANAGER

ENCL.



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Submission – IPART ‘Review of the rate peg to include population growth’ Draft Report June 2021

IPART Questions	Comments
<p><i>Should our methodology be re-based after the census every five years to reflect actual growth?</i></p>	<p>Yes, historically we have had large adjustments in population due to increase in density per premises and increase in unit accommodation. The adjustment in 2016 was 10%.</p> <p>Council has the option to phase in increases where there is a large change to population and would recommend a total cap of 8% per annum so there is not a large annual increase without community consultation.</p> <p>Using historical census data is good as it will assist in determining the number of services required by Council to provide to the community. In particular, it will also assist in scenarios where multi-generational families are residing under the one title and rates are calculated only on the one land value.</p>
<p><i>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?</i></p>	<p>It is a reasonable approach that % increases above the cap outlined above should require community consultation and an application to IPART to outline the need for an increase above the cap in that year.</p> <p>If the calculation is an indication of actual growth, then an IPART application should not be required for this is the purpose. Anything above the rate peg calculation would require community consultation and IPART approval.</p>
<p><i>Do you have any other comments on our draft methodology or other aspects of this draft report?</i></p>	<p>In regard to the methodology for calculating the change in population for 2022-23 (p. 6 of the draft report), the use of 2019 and 2020 is artificially low due to COVID-19 restrictions on migration. It also means that population growth immediately prior to this is not captured, meaning that Council is further behind in catching up to cover costs.</p> <p>As an example, Cumberland City Council has a population growth difference of 1,221 in the proposed measurement period using the ABS data proposed (242,674 in 2020 compared to 241,453 in 2019), while there is a greater population growth difference of 4,854 if the earlier two years</p>

	<p>are used (241,453 in 2019 compared to 236,599 in 2018).</p> <p>It is suggested that the comparison period for the 2022-23 methodology uses the period between 2018 and 2020 to more accurately reflect population growth in the recent past and revert to the recommended methodology in subsequent years.</p>
Section 2.1 Council sources of income	
<p>There is some concern about the consideration of other sources of income. Council is required to deliver additional services outside of the traditional services. These services are not voluntary and generate a subsidy \$28m. The rates generated by council need to fund these services as well.</p>	<p>Attachment A lists the services Cumberland City Council operates which generate income. As some of the services have statutory fees that are capped or service requirements that cannot be recharged, they are a source of subsidy that Council must fund.</p> <p><u>Actions</u></p> <ul style="list-style-type: none"> • Review the ability for additional funding to be generated for services such as Library, NSW Health or Development as they are critical community services. • Report on the costs of these service across NSW as they are hidden in local government budgets.
Stakeholder concerns	
<p>Supporting the discussion in Section 4 of the Report. NSW councils are under constant financial pressure due to the cost and burden being pushed down from the State Government. In addition to housing targets, no capital improved land value, rates exemption and rate capping which has limited the rates income we can levy, there are additional costs which councils are paying and cannot be compensated for.</p>	
Environmental Service Levy	<p>It is obvious that the recent increases in this cost have highlighted the challenges for Council to fund this. There are currently short-term grants in place to offset these costs. These grants are not guaranteed and Cumberland City submission on this is to implement the following:</p> <p><u>Actions</u></p> <ul style="list-style-type: none"> • s501A annual charge outside general income, then disbursed to Government; and • Levy cost of \$40 per property to recover the costs similar to stormwater charges.
Pensioners	<p>Council has approved an additional \$100 rebate per pensioner in addition to the \$250 per annum statutory rebate. This was decided due to the fact that the \$250 rebate has not increased in over 30 years, which means in real value it is \$400. Secondly, pensioners are struggling to pay their</p>

	<p>rates and increases in waste costs. This cost should be funded from State Government GST revenue.</p> <p><u>Actions</u></p> <ul style="list-style-type: none"> • Increase the \$250 by CPI annually. • Consider a \$100 increase in year 1 to catch up on 30 years of no increase. • Increase the subsidy provided to Council (or cover 100% of the burden in line with other states, to enable Council to allocate funds to essential service delivery.)
Exempt rates incomes	<p>There is a burden placed on ratepayers as some properties can obtain an exemption, as described below.</p> <ul style="list-style-type: none"> • Second dwellings – granny flats. No change to the title of the property, but Council should notify NSW Land Registry Services of the changes of use to a property to capture through the revaluation process once an Occupation Certificate is issued. • Community Housing while housing commission are assessable. These properties are exempted due to the owner holding being a Public Benefit Institution s556(1(h), resulting in all other ratepayers having to cover the rates on these properties. NSW Housing continue to transfer their properties to Community Housing or a similar housing co-op to manage to reduce their liability. Urgent changes are required to make this a fair system of rating. • Large title properties that do not subdivide, noting these already have high land values and are paying higher rates. • State-owned enterprises that operate for a profit (e.g. Sydney Water). These should be included in the calculation methodology and not exempt. <p><u>Actions</u></p> <ul style="list-style-type: none"> • Rates should be allowed on the number properties, not the title. • Reduction in exemption available as per the IPART Report.

Attachment A

			Net Cost including Corporate recharges
Services	Income	Expenses	
Urban Strategy & Planning	13,575	3,147,503	3,133,928
Development Management	3,355,285	9,188,443	5,833,158
Development Compliance	521,603	3,391,767	2,870,164
Environmental Health	604,737	4,475,525	3,870,788
Libraries	1,168,445	8,118,587	6,950,142
Swim centres	1,854,200	4,959,843	3,105,643
Environment Management	888,783	2,981,954	2,093,171
	8,406,628	36,263,622	27,856,994

Services	Description
Urban Strategy & Planning	This service provides strategic planning and development services to ensure developments, are well coordinated and land is used in the best way for the entire community.
Development Management	above
Development Compliance	above
Environmental Health	This service regulates and enforces health and safety standards across Cumberland by enforcing local laws, regulations, policies and guidelines to safeguard the health and safety of all residents.
Libraries	This service provides a network of eight modern and well-resourced libraries to promote community learning with educational, recreational and development programs.
Swim centres	This service provides world-class recreational facilities to promote the health and wellbeing of the community, including aquatic centres, swim programs, sporting events and family leisure activities.
Environment Management	This service provides a wide range of waste education and environmental initiatives to ensure the long-term sustainability of Cumberland's natural environment as well as engaging children and families in community-focused education programs.