It is welcomed that the Minister for Local Government has initiated an investigation to respond to cost pressures upon local government within NSW. While the objective to investigate if population is the causation of these cost increases is creditable it does not address the historical infrastructure maintenance backlog that exists within councils with smaller population sizes, nor consider the impact on council faced with a largely transient population attributed to tourists and significant construction projects and corresponding non-residential workforce.

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

Logically, you would think council’s costs increase with population increases. The incremental cost increase of providing services due to population increase, assuming this is attributable to new housing or occupying vacant housing, tends to create higher activity in certain areas of council processing development applications, land transfers and rating changes. Other non-rateable services will increase such as water, waste and sewer but for the purpose of the response it will be assumed these can be recovered through non pegged fee increases.

If the population remains the same, or more importantly decreases, then all services will be higher simply assuming CPI increase or using an average cost to ratepayer basis. If cost of services become too high for council to provide then this will lead to lower levels of service to the community as the community is less likely to accept special variations continuously.

With a transient population, those that work or visit within council but don’t live here, create a significant increase in usage of council infrastructure and facilities and compliance services without a mechanism to recover costs. COVID-19 has seen unprecedented tourist activity across summer and predicted winter snow season increasing the volume of traffic on roads, volume through tourist centres, usage and damage to community facilities and playgrounds and increase monitoring of illegal camping. A significant temporary workforce associated with Snowy Hydro 2.0 brings small business opportunity but at the expense of those who can no longer find or afford increase accommodation costs. Council is actively trying to support affordable housing which was a cost never included in Councils operating plan and is not something that is difficult to resolve in the short term and further exacerbated by the construction boom and shortage of available resources.

1. ***How do council costs change with different types of population growth?***

There can be demographic specific factors that can impact different services across council such as an aging population could result in demand for higher community services such as aged care, community transport and council sponsored medical services. Younger population changes are likely to create demand for playgrounds, ovals, community buildings and libraries.

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

The increase degradation of council infrastructure related to population growth will not be able to be maintained within the current rate peg regulatory framework. There is no mechanism to recovery costs of transient population growth and use of council infrastructure and facilities.

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

For councils that are likely to have existing higher population number, then the population growth factor seems reasonable to modify the rate peg calculation.

However, for those councils that expect their population to be stagnant, or widespread in small communities, or even reductions then population growth factor won’t be a useful method to recognize the increase costs to council to maintain existing infrastructure and services.

Rate peg methodology should take into account the value of infrastructure to be maintained by council and the amount of backlog required to meet the OLG benchmark.

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

No comment.

1. ***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 proposed population growth measurement sources don’t take into account transient population movements, construction projects or tourists.

1. ***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?***

I believe each council faces different emerging issue whether related to current events or historical decisions. Population growth factors may be relevant to those councils with higher density population ratios and could be grouped for the purposes of analyzing the outcome of a rate peg including the population growth factor. However, councils with lower density population ratios will be unfairly treated and therefore a different factor should be included into the rate peg.

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

This questions is difficult to understand because it would purposely disadvantage smaller population councils.

1. ***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 population growth factor should include data on transient population which is not evident in the proposed methods. If this element was included then I would suggest a projected true-up method would be fair.

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

Population growth factor should be one element among a number of factors to be built into the overall rate peg. If the OLG has recommended benchmarks for council to aim for “Fit for the Future” then the aim should be aimed at how best to get Councils to meet the minimum benchmark. As suggested before the maintenance backlog and infrastructure valuation may be more equitable factors to include within the rate peg.

1. ***Do you have any other comments on how population growth could be accounted for?***

No Comment.

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

No details are provided on where the public hearings are going to be undertaken, it would be recommended that at least one regional centre be included.