

Submission from Ku-ring-gai Council

on the IPART's Draft Report on the review of the rate peg to include population growth.

Council's comments/submission to IPART's Draft Report are provided below.

IPART Recommendation:

Each council's general income on a per capita basis should be maintained as its population grows. The rate peg for each council should be increased by a population factor equal to the annual change in its residential population, using Australian Bureau of Statistics data, with an adjustment for income derived through supplementary valuations.

Ku-ring-gai Council comment: Agree

IPART seeks feedback on the issues listed below:

1. Should our methodology be re-based after the census every five years to reflect actual growth?

Ku-ring-gai Council comment: *The methodology should be re-based for a council area if it would result in a material increase in income. Adjustments should not be made if it would lead to a decrease in income as this would introduce uncertainty into future revenue budgets and planning for service provision.*

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?

Ku-ring-gai Council comment: *Council supports an adjustment based on a materiality threshold.*

3. Do you have any other comments on our draft methodology or other aspects of this draft report?

Ku-ring-gai Council comment: *In response to Section 4.3.2 Making effective use of infrastructure contributions (Draft Report)*

- *"...Councils should use infrastructure contributions to fund infrastructure needed to service development. To ensure contributions plans are used most effectively, councils should regularly review and update their contributions plans."*

IPART's statement above is inconsistent with proposed changes to the development contributions regime in NSW. While it will be financially beneficial to councils if rates are allowed to increase in proportion to population, proposed changes to development contributions would be highly detrimental and significantly outweigh any benefits.