

5 March 2026

Independent Pricing and Regulatory Tribunal (IPART)	
Submitted via online form	
Dear Local Government Team	
Subject:	Revised Terms of Reference for the Council Reference Group and the Review of the Rate Peg Methodology

Lake Macquarie City Council staff (Council staff) welcome the opportunity to provide feedback on the revised Terms of Reference for IPART’s Council Reference Group (CRG) and the ongoing review of the rate peg methodology.

As one of NSW’s largest and most diverse councils, Lake Macquarie City Council experiences a wide range of cost drivers and service pressures. Our community of more than 220,000 residents relies on infrastructure and services that must keep pace with growth, environmental conditions, regulatory requirements, and rising construction and labour costs.

Council staff recognise the important role of the CRG and strongly supports a methodology review that better reflects the actual financial pressures and operational realities faced by councils across NSW.

The revised Terms of Reference clearly position the CRG as a consultative body, and Council staff acknowledge this structure. However, for the CRG to be truly effective, Council staff believe the following enhancements to be essential:

- a transparent mechanism for IPART to formally respond to CRG recommendations
- clear reporting lines that demonstrate how feedback has influenced methodology decisions
- earlier engagement in the annual rate peg process, avoiding circumstances where councils only become aware of methodological impacts once the rate peg is published
- clear communication with the communities as to the impact from both IPART and CRG

Strengthening these pathways will enhance confidence in the process and ensure the local government sector can meaningfully contribute its operational expertise.

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While this submission is provided on behalf of Lake Macquarie City Council, we strongly support the Terms of Reference requirement for the CRG to represent a broad and diverse cross-section of NSW councils. To ensure the methodology operates fairly across the state, representation should include:

- high-growth metropolitan and urban-fringe councils
- councils managing seasonal population surges driven by tourism
- large regional centres serving as regional service hubs
- remote and rural councils with extensive asset networks, thin labour markets and constrained revenue streams
- councils experiencing significant industrial or environmental change

Lake Macquarie's own mix of urban, coastal, industrial and environmental landscapes reflects the complex pressures faced by many NSW councils. We therefore support a representative CRG that genuinely captures this diversity.

Council continues to experience cost escalations that significantly exceed CPI and are not adequately reflected in the current rate peg model. Key areas requiring reform include:

- **Timelier recognition of cost volatility:** Labour shortages, construction market fluctuations, insurance premiums, compliance demands and materials pricing continue to rise at rates well above the peg. A methodology aligned with real-time financial conditions is essential.
- **Improved use of specific adjustment factors:** Adjustment factors must be responsive rather than retrospective. Councils require clearer eligibility criteria, reduced administrative burden, more practical evidence requirements, and recognition of emerging cost pressures such as climate resilience, cyber security and regulatory reform.
- **Support for long-term sustainability:** Incorporating long-term sustainability principles into the methodology will deliver stronger community outcomes. The peg must align with councils' long-term asset renewal responsibilities. For Lake Macquarie City Council, our \$4+ billion asset base requires sustainable renewal pathways that are not supported under the current rate peg structure.

Lake Macquarie City Council supports the publication of CRG agendas, updates and encourages IPART to further strengthen transparency in its processes. Council recommends the public release of CRG recommendations alongside IPART's responses, clearer explanations of any methodological changes, earlier provision of indicative rate peg forecasts, and more accessible technical documentation for both councils and the wider community. Enhancing transparency in these areas will assist councils in undertaking more effective planning, budgeting and community engagement.

Council staff appreciate IPART's ongoing engagement through the CRG and supports continued improvements to ensure the rate peg methodology remains fair, contemporary and reflective of actual operating environments. A methodology aligned with the lived experience of councils supported by a diverse, empowered and transparent CRG will better enable councils across NSW to sustainably meet the needs of their communities.

Lake Macquarie City Council looks forward to continued collaboration with IPART on this important reform.

Thank you for your consideration of this submission. Should you have any questions about matters raised, Council's Chief Financial Officer, Kelly McGowan, can be contacted on

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Kind regards,

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Karen Partington
Director Planning for the Future