

6 August 2021

Tribunal Members  
Independent Pricing and Regulatory Tribunal  
PO Box K35 Haymarket Post Shop,  
Sydney NSW 1240

Our Ref: 2021/250003

Dear Sir / Madam

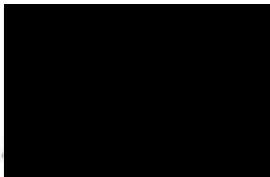
**Review of the rate peg to include population growth**

Northern Beaches Council welcomes the opportunity to provide a submission to the IPART on the Draft Report into the Review of the Rate Peg to include Population Growth.

Please find attached our comments on the report.

Should you require any further information or assistance in this matter, please contact my office on [REDACTED]

Yours faithfully



David Walsh  
Chief Financial Officer

# IPART Review of Rate Peg to include Population Growth

## Northern Beaches Council Submission - IPART Draft Report

2021/250003 – August 2021

Discussion Paper Question	Northern Beaches Council Response
1. Should our methodology be re-based after the census every five years to reflect actual growth?	<p>As noted by IPART the ABS population data, although backward looking, is an estimate and the data is updated to reflect actual growth after the census every 5 years.</p> <p>Accordingly, we believe it is appropriate to re-base the population factor in the rate peg every 5 years following the census to reflect actual growth.</p> <p>Currently, IPART has stated that they may consider on a case-by-case basis whether an adjustment to the council's population factor is required.</p> <p>We would contend that even though IPART has found that for most councils the impact is minimal, that only potentially considering such an adjustment on a case-by-case does not provide Councils with the appropriate certainty there needs to be able to undertake meaningful long term financial planning and the maintenance of financial sustainability.</p> <p>Given this, it will be important that the re-basing does not result in a reduction in rates income as Council would have already committed expenditure in relation to this income to maintain service levels.</p>
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?	<p>In the absence of a true-up we would generally support this. We would need to understand IPART's understanding of what would represent a materiality threshold.</p>
3. Do you have any other comments on our draft methodology or other aspects of this draft report?	<p><b>Supplementary valuations percentage – financial year</b></p> <p>We understand Council's will need to apply their supplementary valuations percentage to derive their rate peg for the 2022/23 financial year based on the 2021/22 adjustments and notional general income. However, as this information is not finalised until the end of the financial year, it would not be possible to calculate the rate peg by 30 June 2022 for Council to set the rates for the new year.</p> <p>Given the population factor is based on growth to 2020, we suggest basing the supplementary valuations percentage on the 2020/21 financial year adjustments and notional general income.</p>

Discussion Paper Question	Northern Beaches Council Response
	<p><b>Supplementary valuations percentage – adjustment</b>  The supplementary valuations percentage will also capture adjustments to non-residential properties. However, the drivers of growth in properties like businesses (jobs, visitors, etc) is not included in the population adjustment.</p> <p><b>‘Out of scope’ issues</b></p> <ul style="list-style-type: none"> <li>• Minimum rates - Minimum rates are an integral component of future growth income and the completion of this review is necessary to ensure an appropriate level of rates revenue is collected from these properties.</li> <li>• Emergency Services Levy and Stormwater Management Services Charge – While out of scope of this review, these are significant costs to Council and should be reviewed in the near future to prevent the further erosion of general income.</li> <li>• Special Rate Variations - We appreciate that IPART has recognised that the draft methodology will reduce, but not eliminate, the need for special variations. We noted that IPART is reviewing its special variation process to simplify and streamline the process which is appropriate given the administrative costs associated with the current process.</li> <li>• Infrastructure Contributions - As noted in our submission on the Issues Paper, the link to the current changes to the rate peg and the infrastructure contributions changes proposed needs to be considered. The rate peg change alone will not address these issues in providing, maintaining, and renewing the infrastructure required to support development.</li> </ul>