IPART seeks comment:

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

The volume of services that need to be provided to service the population increases The increased usage of local infrastructure creates additional maintenance expense.

Demand for non-development contingent infrastructure increases.

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

No. of people

Capital and ongoing costs associated with increased demand for/usage of existing infrastructure/services.

Rateable properties growth

Capital and ongoing costs associated with extension/upgrading of infrastructure to service additional properties. Likely to be accompanied by an increase in number of people.

Land subdivision

Capital and ongoing costs associated with extension of infrastructure/services to service additional properties.

Capital and ongoing costs associated with increased usage of existing infrastructure/services.

Likely to be accompanied by increases in number of people and rateable properties.

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

Maintenance costs associated with extension of infrastructure/services to service additional properties.

Capital and ongoing costs associated with increased demand for/usage of existing infrastructure/services.

Currently covered by grant funding wherever possible or by diverting funds from other areas. In some cases the work is simply not carried out because of insufficient funding

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

As identified by IPART *“there are limitations of this system which result in most councils receiving less income from rates for each new resident compared to existing residents. There are also some types of development such as granny flats which result in increases to a council’s population but do not trigger supplementary valuations, and therefore councils do not receive additional income to service the additional residents.”*

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

Actual number of rateable properties.

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)?

It is possible to have a situation where the number of rateable properties increases, yet the population does not increase by a proportional amount due to a change in the number of people per household.

An increase in the number of properties that is not accompanied by population growth will still result in increased costs to council.

Accordingly it is considered that there should be more than one measure of growth with the highest result being used when calculating the rate increase.

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?

The population growth factor should be set for each council so that individual Councils don’t suffer/benefit as a result of changes in other councils.

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

No.

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?

Historical.

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

100% of the population growth factor should be applied to the rate peg calculation

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

No.

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

No.