

4 July 2023

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
SYDNEY NSW 1240
Sent via email: ipart@ipart.nsw.gov.au

To whom it may concern

Submission – Review of the rate peg methodology

Thank you for the opportunity to provide a submission to IPART's review of the rate peg methodology draft report.

Please find following Council's responses to the specific questions that are posed in the draft report.

1. What are your views on using one of the following options to measure changes in employee costs in our Base Cost Change model? How can we manage the risks associated with each option when setting the rate peg?
 - a. Use annual wage increases prescribed by the Local Government (State) Award for the year the rate peg applies, adjusted to reflect any change in the superannuation guarantee rate.
 - b. Use the Reserve Bank of Australia's forecast change in the Wage Price Index from the most recent Statement on Monetary Policy (averaging the changes over the year to June and December for the year the rate peg applies), adjusted to reflect any change in the superannuation guarantee rate.

Council Response:

Council supports the measurement of changes in employee costs being captured by the changes prescribed by the Local Government (State) Award (the Award) as referenced in option (a) above.

For periods when the Award is being reviewed, and its determination is not known at the time that the rate-peg is due to be calculated, Council supports IPART's proposal to apply of the Wage Price Index as outlined in option (b) above. In instances where the Wage Price Index is applied, consideration should be given to allowing a catch-up in the following year to recoup any shortfall that may exist between the determined increase from the Award and the Wage Price Index that was used.

2. Are there any alternative sources of data on employee costs we should further explore?

Reference: AJ:RD:16.00004

Enquiries: Mr Aaron Jones [REDACTED]
230704_IPART Rate Methodology.docx

Council Response:

Not that Council is aware of.

3. Do you support releasing indicative rate pegs for councils in September, and final rate pegs that are updated for councils' Emergency Services Levy contributions in May?

Council Response:

Council supports the proposed timing of the announcement of the rate peg in September. However, Council does not support an updated rate peg being announced in May.

As Council's suite of Integrated Planning and Reporting Publications are usually placed on public exhibition over the April/May period, any adjustments arising from an updated rate peg which is announced during the exhibition period is likely to create unrest from our community. This would be a heightened issue in years where a general revaluation of local government areas are undertaken, as there is a greater focus on rate levy amounts in those years, and hence "late" changes to rate levy amounts will create additional enquiries and concerns from our ratepayers.

As an alternative to including the ESL in the LGCI calculation, Council would like to propose for consideration that the ESL be removed from the LGCI calculation and that councils be provided with the appropriate authority to implement a levy equivalent to a special rate permitted under Sec 495 of the Act, or a charge equivalent to those permitted under Sec 501 of the Act. Under this scenario, a council could set the levy or charge to ensure full cost recovery of the ESL, with any adjustments (over or under) being incorporated into the following year's levy/charge calculations.

Given the nature of the service(s) that are being funded by the ESL, the proposed levy/charge should be applied to all properties in the council LGA, and not just only those properties that are rateable.

4. Do you have further information on arrangements between councils to share Emergency Services Levy (ESL) contribution bills including:
- what these arrangements cover (including whether they cover matters other than ESL contributions), and
 - whether they apply to Rural Fire Service, Fire and Rescue NSW and NSW State Emergency Service ESL contributions, or contributions for only some of those services?

Council Response:

Whilst Council is in a shared zone for the provision of Rural Fire Services, being the Chifley Lithgow Command, Council is not in any shared arrangement for the payment of the ESL that issued by Revenue NSW.

5. Would councils be able to provide us with timely information on the actual ESL contribution amounts they pay including contribution amounts paid to the:
- Rural Fire Service

- b. Fire and Rescue NSW
 - c. NSW State Emergency Service?
- For example, by providing us with a copy of any cost sharing agreement that sets out the proportion that each council pays.

Council Response:

Council is not a party to a cost sharing agreement for the payment of the ESL.

6. Would you support IPART establishing a process to develop adjustment factors for groups of councils to increase the rate peg to cover specific external costs?

Council Response:

Yes, Council supports this consideration, although recommends that it would need to be at the council level, as opposed to groups of councils, as each individual council would experience, and need to manage, differing external costs.

7. Would you support measuring only residential supplementary valuations for the population factor?

Council Response:

Council does not support the use of only residential supplementary valuations for measuring the population factor. Other categorisations, such as business and farmland, contribute to population movements and need to be included if this approach is to be considered.

8. If you supported using residential supplementary valuations, what data sources would you suggest using?

Council Response:

This proposal is not supported by Council.

9. What implementation option would you prefer for the changes to the rate peg methodology?

Council Response:

Council supports the recommended changes to commence in full from the 2024/25 financial year, and include a "true-up" as proposed.

Should you require any further information please do not hesitate to contact me on the telephone number below.

Yours faithfully


A Jones

**DIRECTOR
CORPORATE SERVICES & FINANCE**