

28 June 2023

IPART
2-24 Rawson Place,
Sydney NSW 2000

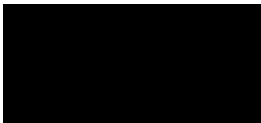
Dear Sir/Madam,

RE: Wingecarribee Shire Council Rate Peg Methodology Submission

Thank you for the opportunity to comment on the Rate Peg Methodology. Please find enclosed Wingecarribee Shire Council's submission in relation to the review of the Rate Peg.

If you should have any queries please do not hesitate to contact me on [REDACTED] or via email at [REDACTED] wsc.nsw.gov.au.

Yours sincerely,



Lisa Miscamble
General Manager

We're with you

Executive Summary

Wingecarribee Shire Council would like to thank IPART for the opportunity to comment on the Review of the Rate Peg Methodology (Draft Report) published in June 2023. Council acknowledges the time and effort that has gone into developing this report and for the opportunity to participate in the workshop feedback which has been captured in this draft report. Council supports both draft recommendations proposed by IPART and acknowledges the meaningful attempt to align the rate peg to Local Government cost factors. IPART's recommendation to commission and independent review into the broader issues raised throughout the engagement process is welcomed as several of these issues continue to plague the Local Government sector, and have significant impact on Councils' ability to operate in a strategic manner and ensure financial sustainability.

As outlined in our submission, Council supports the majority of the draft decisions tabled within the report, noting that some of the timeframes outlined by IPART for providing a final rate peg (May each year) are not practical due the requirement for Councils to publicly exhibit the Operational Plan, Budget, and Revenue Policy to the community in April and May each year, and adopt these by 30 June each year.



Response to questions presented in the IPART 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.*

The preference would be to use the award increase as this is more specific to how Council builds its Long-Term Financial Plan. Where the award information is not available when the rate peg is released, the Reserve Bank of Australia's forecast in the Wage Index approach should be used as a fall back. Council also suggests that if the latter is used as a fall back, an adjustment provision should enable IPART to update the rate peg (in the following year) to correct any variances between both approaches.

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

No. The approach outlined in Question 1 of this submission is Council's preferred option.

- 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 does not support this option. The Operational Plan and Budget (including Council's Revenue Policy) is required to be publicly exhibited in April or early May each year for 28 days. Providing a final rate peg in May will not provide sufficient time for Councils to incorporate the final rate peg into the Operational Plan and Budget and then publicly exhibit these. Whilst Council acknowledges that IPART is attempting to eliminate the lag in recovering the payment of the Emergency Service Levy, unless there are changes to legislation that will enable a revised rate to be set by Council without public exhibition period, this option will not be viable. Council would also like IPART to consider retrospectively applying this change to incorporate the recent large increases in the Emergency Service Levy and reduction in Emergency Services Subsidy not covered by the 2023/24 rates peg.



- 4) Do you have further information on arrangements between councils to share Emergency Services Levy (ESL) contribution bills including:
- a) what these arrangements cover (including whether they cover matters other than ESL contributions), and
 - b) 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 does not have any arrangements in place with other Council's relating to the Emergency Service Levy.

- 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:
- a) 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.

The 2023/24 Council Contribution Assessment Notice is dated 28 April 2023 and has been attached as a part of this submission.

- 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 supports this approach, as it provides a more meaningful approach in determining specific costs that impact the Local Government industry with similar demographics. In supporting this approach, it is crucial that IPART establishes a communication channel for Council's or Joint Organisations to discuss trending or impending cost escalations within reason. Where an event occurs after the rate peg is determined or during a financial year (and is temporary in nature), IPART should consider retrospectively adjusting the rate peg to allow Council's to cover the costs incurred in previous years.

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

Council does not support this proposed measure. Council welcomed the additional rates revenue generated from the population growth factor. The additional rates revenue generated by population growth factor has been used to partially fund the expanded services levels (attributed to growth) but is still inadequate to fund the growing demands on Council services and an expanding asset base. The methodology goes some way to



funding expanded services levels and asset bases, but as infrastructure depreciates, and higher levels of intervention maintenance is required on aged infrastructure, Council's will eventually experience funding shortfalls to maintain these assets in the medium and longer term. This is also compounded by the lag effect receiving the full benefit of the population growth, where the growth factors are currently lag indicators.

Further improvements to consider could be related to:

- Population growth based on the number of expected occupants rather than number of supplementary values.
- Reduce the timing difference between when subdivisions (supplementary values) occur, and population increases.

Other alternate options could see a change to the valuation where the Capital Improved Values (CIV) replaces the existing valuation system to reflect the uplift and gentrification of an area.

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

Not applicable.

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

Council's preferred option would be to implement all changes in the 2024-25 rate peg and include a true up. This preferred option is dependent on ensuring that the suggested Local Government reference group has adequate timeframes to ensure the changes can be implemented in a meaningful manner.





Council Contribution Assessment Notice

Contribution amounts in this notice have been assessed by the Emergency Services Minister for the 2023/24 Tax Year

Issue Date 28 April 2023
Enquiries 1300 241 869 (8.30am - 5.00pm)
Website www.revenue.nsw.gov.au

WINGECARRIBEE SHIRE CNCL
PO Box 141
MOSS VALE NSW 2577

Council ID	[REDACTED]
Correspondence ID	[REDACTED]

Assessment details

Total Council Annual Contribution (Combined RFS, SES & F&RNSW)	Amount Due \$ 1,327,786.68
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Individual Contribution Assessment Totals	
NSW RURAL FIRE SERVICE	Amount Due \$ 917,245.00
NSW STATE EMERGENCY SERVICE	Amount Due \$ 242,406.68
FIRE AND RESCUE NSW	Amount Due \$ 168,135.00

Instalment details

Pay in four instalments	Payment Reference	Due Date	Amount Due
FIRST INSTALMENT	[REDACTED]	30/09/2023	\$ 331,946.67
SECOND INSTALMENT	[REDACTED]	31/12/2023	\$ 331,946.67
THIRD INSTALMENT	[REDACTED]	31/03/2024	\$ 331,946.67
FOURTH INSTALMENT	[REDACTED]	30/06/2024	\$ 331,946.67

You can find information on the current rate of interest at www.revenue.nsw.gov.au.

If your payment is not received by the due date, the instalment will be in arrears and collection activity will commence.

For information on how to set up a direct debit arrangement refer to the back of this notice.

For questions about the calculation of your assessment for the quarters specified, contact the relevant emergency services department. Their contact information is on the back of this notice.

Scott Johnston
Chief Commissioner of State Revenue

Contribution Assessment matters other than payment

Revenue NSW is responsible for:

- Issuing the Council Contributions Assessment and Instalment Notices
- Collecting Emergency Service Levy Council Contribution payments

For questions about the calculation of your assessment contact the relevant Emergency Services using the details below:



NSW Rural Fire Service

Contact your local NSW RFS District Manager

www.rfs.nsw.gov.au



NSW State Emergency Services

Contact the Finance Helpdesk
Email: finance@ses.nsw.gov.au

Or the SES Finance Manager
Phone: 02 4251 6576

www.ses.nsw.gov.au



Fire and Rescue NSW

Contact the Finance Helpdesk
Email: financialstrategy@fire.nsw.gov.au
Phone: 02 9265 2951

www.fire.nsw.gov.au

Important Information

Revenue NSW prefers Council Contribution payments by client initiated direct debit. Set up a new Direct Debit arrangement or edit an existing payment arrangement via the Revenue NSW webpage www.revenue.nsw.gov.au.

- Use your council specific login access the secure web portal service
- Nominate your account details prior to the quarterly instalment due date

If you are unable to pay your quarterly instalment, contact TaxDebt@revenue.nsw.gov.au.

Property Levies Team contact details



For more information and services visit www.revenue.nsw.gov.au



1300 241 869



Phone enquiries
8.30am - 5.00pm, Mon to Fri



ESL@revenue.nsw.gov.au