

3rd May 2021

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

Online submission

Review of the rate peg to include population growth – Issues Paper

To whom it may concern

I write in relation to the *Review of the rate peg to include population growth – Issues Paper* (the Issues Paper) placed on public exhibition by the Independent Pricing and Regulatory Tribunal NSW (IPART), for comment until 3rd May 2021.

The Urban Taskforce, on behalf of our members, has been advocating to Government for the need reform the existing rating system so that Councils are incentivised, rather than disadvantaged, to support and accommodate growth.

The current rate pegging system has meant that Councils with growing populations have seen costs outstripping revenue. This has resulted in decades of costs being pushed through s7.11 fees, VPAs and affordable housing levies onto developers and new home buyers - often young people entering the market for the first time who can least afford these extra costs.

The policy change to allow councils to seek rate rises in response to population growth is **strongly supported** as it will incentivise councils to accept additional growth and increased density and give local government the ability to respond to increasing expectations for its role as a community service provider.

Additional population creates an increased demand on Council facilities and services. In light of this, Urban Taskforce is bemused that a mechanism to align population growth to the setting of rates wasn't automatically included in the original rate-pegging framework and is concerned that IPART has not advocated for such a change at a much earlier time.

Urban Taskforce is advised by members (including Councils) that the current process of councils seeking regulatory approval from IPART for special rate variations process is time consuming, bureaucratic and ultimately, many have suggested, is not worth pursuing. This will have to change in the delivery of the reformed rate peg proposal.

Urban Taskforce is concerned that IPART is now undertaking an extraordinarily long time to implement the local government rating reforms. These delays only add to our concerns around IPART's propensity for creating worthy (but largely ignored) reports which delay the implementation of obvious policy imperatives.

Urban Taskforce recommends that the rate-peg be removed entirely. Rate pegging has seen the burden for local infrastructure and council facilities progressively shifted towards the developers of new homes and ultimately onto purchaser. The Urban Taskforce is disappointed that IPART hasn't been at the forefront of the calls to change this disastrous system.

To enable the efficient commencement and on-going operation of a reformed rate peg **Urban Taskforce recommends the population growth calculation is kept as simple as possible.** For example, census data is collected and published every five years and household occupancy data can be used to inform typical population numbers for dwellings approved between census periods.

In light of the long standing problems of the current rating system and the progressive cost shifting to new home providers, and ultimately first home buyers, the option of special variations should continue to exist – at least in the short term to medium term.

Urban Taskforce recommends that opportunities should also be provided for those Councils where population growth has been evident over the last 15 years to seek a supplementary adjustment to rates.

Table 1 summarises all Urban Taskforce recommendations on the Issues Paper.

The Urban Taskforce would welcome the opportunity to expand on the matters raised and to provide a development industry perspective on the reforms as proposed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish extending from the end.

Tom Forrest
Chief Executive Officer

Table 1:
Summary of Urban Taskforce recommendations

	Urban Taskforce recommendation
1.	<i>Urban Taskforce recommends that the rate-peg be removed entirely.</i>
2.	Urban Taskforce recommends the population growth calculation is kept as simple and efficient as possible.
3.	Urban Taskforce recommends that opportunities should also be provided for those Councils where population growth has been evident over the last 15 years to seek a supplementary adjustment to rates.