



IPART Independent
Pricing and Regulatory
Tribunal | NSW

Rate peg review update

Country Mayors Assoc - 26 May 2023

Carmel Donnelly PSM, IPART Chair

Review timeline



Consultation so far



96

submissions to our
Issues Paper



11

stakeholder workshops



2,881

respondents to
resident/ratepayer
survey



Meetings eg CMA meeting
Nov 2022

Information provided by
stakeholders



515

respondents to business
ratepayer survey



44

ratepayer focus groups

(Plus: over 1800 submissions on 17 concurrent SV applications)

Council feedback

- Many advocated for abolishing the rate peg

- Current rate peg/SV model not supporting council financial sustainability

- Build on & align with IP&R

- Labour cost changes should be based on the NSW LG (State) Award

- Rate peg does not accurately reflect changes in asset costs

- Include costs driven by external changes, outside of councils' control

- Diversity of councils and their ratepayer communities

- Remove productivity factor or keep at zero & adjust population factor

- ESL and red fleet issues

Ratepayer submissions

- Affordability & cost of living

- Councils' financial management and efficiency

- Council spending should reflect community preferences/priorities

- Rate peg has not helped ratepayers enough (large special variation increases, individual rate increases, cross-subsidies via exemptions)

- Support for keeping the rate peg

- Why is the rate peg not based on CPI?

- Population factor - prison populations

Early findings: residential ratepayer survey

- ORIMA Research surveyed 2,881 residential ratepayers and renters across NSW.

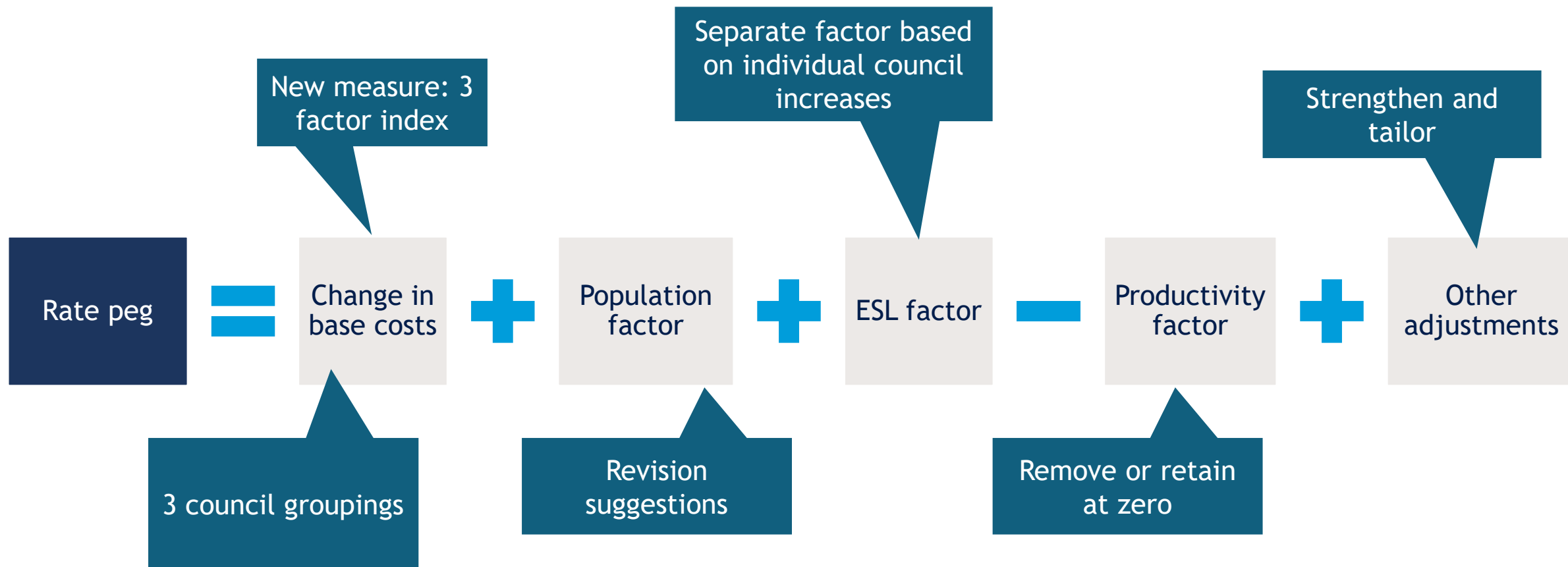
- Affordability of rates is the most important consideration.

- Respondents generally have positive views about the services provided by their council.

- Two thirds preferred for councils' rates to change by different amounts to suit their needs.

- Ratepayers and community should have a high level of influence in deciding council rate increases.

OLG, LGNSW & council technical workshops



Key options as we prepare draft report

- More timely, accurate cost measurement - Labour, assets, other costs

- Council groupings

- Separate ESL factor based on actual y-o-y increase per council

- Minor adjustment to the population factor

- Productivity factor remaining at zero

- Costs driven by external changes, outside of councils' control, to be captured by strengthened tailored adjustment factor

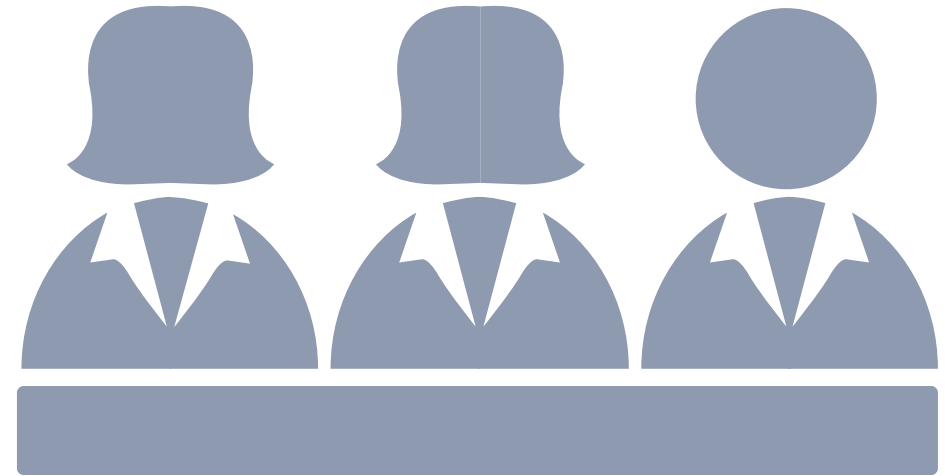
- Regular review of method plus implementation reference group

- Wider issues raised by stakeholders - more work needed

Next steps



Discussion



[Review of the rate peg methodology | IPART \(nsw.gov.au\)](https://www.ipart.nsw.gov.au/review-of-the-rate-peg-methodology)