



**W A V E R L E Y**  
COUNCIL

**COUNCIL MEETING**

**ADDITIONAL BUSINESS**

**7.00 PM, TUESDAY 15 NOVEMBER 2022**

Waverley Council  
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**ADDITIONAL BUSINESS**

**5. Confirmation and Adoption of Minutes**

**CM/5.3/22.11 Adoption of Minutes - Waverley Traffic Committee Meeting - 27 October  
2022 .....3**

**7. Reports**

**CM/7.13/22.11 IPART Rate Peg Methodology Review - Submission .....13**

## CONFIRMATION AND ADOPTION OF MINUTES CM/5.3/22.11



**Subject:** Adoption of Minutes - Waverley Traffic Committee Meeting - 27 October 2022

**TRIM No:** SF21/6066

**Author:** Al Johnston, Governance Officer

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### RECOMMENDATION:

That Part 1 of the minutes of the Waverley Traffic Committee Meeting held on 27 October 2022 be received and noted, and that the recommendations contained therein be adopted.

### Introduction/Background

The Waverley Traffic Committee (WTC) is not a committee of Council. The WTC operates under delegation from Transport for NSW (TfNSW), an agency of the NSW Government. It is advisory-only and has no decision-making powers.

The purpose of the WTC is to make recommendations and provide advice to Council on the technical aspects of proposals to regulate traffic on local roads in Waverley. The recommendations of the WTC must be adopted by Council before they can be implemented.

Part 1 of the minutes of WTC meetings must be submitted to Council for adoption in accordance with clause 18 of the Waverley Traffic Committee Charter.

Council has the opportunity to 'save and except' any of the recommendations listed in Part 1 of the minutes for further consideration in accordance with clause 18.1 of the Charter.

### Attachments

1. Waverley Traffic Committee Minutes - 27 October 2022 .

**MINUTES OF THE WAVERLEY TRAFFIC  
COMMITTEE MEETING HELD AT WAVERLEY  
COUNCIL CHAMBERS, CNR PAUL STREET AND  
BONDI ROAD, BONDI JUNCTION ON  
THURSDAY, 27 OCTOBER 2022**



**Voting Members Present:**

Cr P Masselos	Waverley Council – Chair
Sgt A Leeson	NSW Police – Eastern Suburbs Police Area Command – Traffic Services
Mr V Le	Transport for NSW – Network and Safety Services Manager
Mr P Pearce	Representing Marjorie O'Neill, MP, Member for Coogee
Ms J Zin	Representing Gabrielle Upton, MP, Member for Vacluse

**Also Present:**

Mr S Ghosh	Transport for NSW – Network and Safety Officer
Cr L Fabiano	Waverley Council – Deputy Chair
Mr C Hutcheson	Waverley Council – Service Manager, Traffic and Transport
Mr M Almuhanha	Waverley Council – Senior Traffic Engineer
Mr K Magistrado	Waverley Council – Traffic Engineer
Ms B Wang	Waverley Council – Professional Engineer, Traffic and Development
Mr T Williams	Waverley Council – Manager, Urban Design and Heritage

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*At the commencement of proceedings at 10.05 am, those present were as listed above.*

**Apologies**

Apologies were received from Cr T Kay (Deputy Chair) and Mr N Zervos (Executive Manager, Infrastructure Services).

**Declarations of Pecuniary and Non-Pecuniary Interests**

The Chair called for declarations of interest and none were received.

**Adoption of Previous Minutes by Council - 29 September 2022**

The recommendations contained in Part 1 – Matters Proposing that Council Exercise its Delegated Functions – of the minutes of the Waverley Traffic Committee meeting held on 29 September 2022 were adopted by Council at its meeting on 18 October 2022.

**ITEMS BY EXCEPTION**

The following items on the agenda were dealt with together and the Council Officer's Proposal for each item was unanimously supported by the Committee:

- TC/C.01/22.10 27 Salisbury Street, Waverley – Construction Zone.
- TC/C.02/22.10 3 Boonara Avenue, Bondi – Construction Zone.
- TC/C.03/22.10 1 Belgrave Street, Bronte – Construction Zone
- TC/C.04/22.10 Hewlett Street, Bronte Public School - Timed Mobility Parking Space.
- TC/C.05/22.10 Busby Lane, Bronte – No Parking Zone.
- TC/C.06/22.10 Cuthbert Street and Isabella Street, Queens Park – 'No Stopping' Zone at Intersection.
- TC/C.07/22.10 Spring Street, Bondi Junction – Loading and Truck Zone Changes.
- TC/V.01/22.10 4 Blake Street, Rose Bay – Construction Zone.
- TC/V.02/22.10 40 and 42 Hastings Parade, North Bondi – 'P Motor Bikes Only' Zone.
- TC/V.03/22.10 Arthur Street and Military Road, Dover Heights – 'No Stopping' Zones at Intersection.
- TC/V.04/22.10 Simpson Street and Hall Street, Bondi Beach – 'No Stopping' Zones.
- TC/V.05/22.10 Hardy Street, Rose Bay Secondary College, Rose Bay – Shorten Kiss and Ride Zone (Pick-up/Drop-off Zone).

**PART 1 – MATTERS PROPOSING THAT COUNCIL EXERCISE ITS DELEGATED FUNCTIONS**

**NOTE: The matters listed under this part of the agenda propose that Council either does or does not exercise the traffic related functions delegated to it by TfNSW. The recommendations made by the Committee under this part of the agenda will be submitted to Council for adoption.**

**TC/C STATE ELECTORATE OF COOGEE****TC/C.01/22.10 27 Salisbury Street, Waverley - Construction Zone (A03/2514-04)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Installs a 10 metre 'No Parking 7 am–5 pm Mon–Fri, 8 am–3 pm Saturday Council Authorised Vehicles Excepted' construction zone outside the frontage of 27 and 25 Salisbury Street, Waverley, and part of the frontage of 25A Salisbury Street.
2. Notifies residents in the vicinity of the construction zone prior to it being installed.
3. Delegates authority to the Executive Manager, Infrastructure Services, to adjust the length and duration of, or remove, the construction zone, as necessary.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Coogee, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/C.02/22.10 3 Boonara Avenue, Bondi - Construction Zone (A03/2514-04)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Installs a 9 metre 'No Parking 7 am–5 pm Mon–Fri, 8 am–3 pm Saturday Council Authorised Vehicles Excepted' construction zone outside the frontage of 3 Boonara Avenue, Bondi.
2. Notifies residents in the vicinity of the construction zone prior to it being installed.
3. Delegates authority to the Executive Manager, Infrastructure Services, to adjust the length and duration of, or remove, the construction zone, as necessary.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Coogee, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/C.03/22.10            1 Belgrave Street, Bronte - Construction Zone (A03/2514-04)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Installs a 15 metre 'No Parking 7 am–5 pm Mon–Fri, 8 am–3 pm Saturday Council Authorised Vehicles Excepted' construction zone outside 1 Belgrave Street, Bronte, at the street frontage facing Dickson Street.
2. Notifies residents in the vicinity of the construction zone prior to it being installed.
3. Delegates authority to the Executive Manager, Infrastructure Services, to adjust the length and duration of, or remove, the construction zone, as necessary.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Coogee, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/C.04/22.10            Hewlett Street, Bronte Public School - Timed Mobility Parking Space (A20/0534)****COUNCIL OFFICER'S PROPOSAL:**

That Council installs a mobility parking space (8.30 am–4.00pm School Days Only) in front of Bronte Public School east of 11 Hewlett Street, Bronte.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Coogee, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/C.05/22.10            Busby Lane, Bronte - No Parking Zone (A14/0145)****COUNCIL OFFICER'S PROPOSAL:**

That Council installs a 12.3 metre 'No Parking' zone on the northern side of Busby Lane, Bronte, south of 33 Chesterfield Parade.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Coogee, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/C.06/22.10 Cuthbert Street and Isabella Street, Queens Park - 'No Stopping' Zone at Intersection (A14/0145)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Installs a 6.7 metre 'No Stopping' zone on the northern side of Cuthbert Street west of Isabella Street, Queens Park.
2. Reduces the length of the existing 'No Stopping' zone on the northern side of Cuthbert Street east of Isabella Street from 7.4 metres to 4 metres.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Coogee, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/C.07/22.10 Spring Street, Bondi Junction - Loading and Truck Zone Changes (A04/0696)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Approves a six-month trial replacement of the existing 'Loading Zone' and 'Truck Zone' restrictions on Saturdays and Sundays with '1/2P Meter Registration, 6.30 am–6 pm Sat–Sun' restrictions in Spring Street between Newland Street and Bronte Road, Bondi Junction, as shown in Figures 3–5 of the report.
2. Delegates authority to the Executive Manager, Infrastructure Services, to adjust the length of the proposed '1/2P', reinstating either 'Loading Zones' or 'Truck Zones', as necessary.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Coogee, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*



**TC/V STATE ELECTORATE OF VAUCLUSE****TC/V.01/22.10 4 Blake Street, Rose Bay - Construction Zone (A03/2514-04)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Installs a 9 metre 'No Parking 7 am–5 pm Mon–Fri, 8 am–3 pm Saturday Council Authorised Vehicles Excepted' construction zone outside the frontage of 4 Blake Street, Rose Bay.
2. Notifies residents in the vicinity of the construction zone prior to it being installed.
3. Delegates authority to the Executive Manager, Infrastructure Services, to adjust the length and duration of, or remove, the construction zone, as necessary.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Vacluse, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/V.02/22.10 40 and 42 Hastings Parade, North Bondi – 'P Motor Bikes Only' Zone (A21/0065)****COUNCIL OFFICER'S PROPOSAL:**

That Council installs a 2.9 metre 'P Motor Bikes Only' zone between the driveways to 40 and 42 Hastings Parade, North Bondi.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Vacluse, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/V.03/22.10 Arthur Street and Military Road, Dover Heights – 'No Stopping' Zones at Intersection (A14/0145)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Installs an 11.7 metre 'No Stopping' zone on the western side of Arthur Street, Dover Heights, north of Military Road.
2. Installs a 12 metre 'No Stopping' zone on the eastern side of Arthur Street, north of Military Road.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Vacluse, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/V.04/22.10 Simpson Street and Hall Street, Bondi Beach - 'No Stopping' Zones (A14/0145)**

**COUNCIL OFFICER'S PROPOSAL:**

That Council installs 'No Stopping' signs on all legs to the intersection of Hall Street with Simpson Street, Bondi Beach, to reinforce the existing 'No Stopping' zone that is currently delineated by yellow line marking.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Vacluse, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/V.05/22.10 Hardy Street, Rose Bay Secondary College, Rose Bay - Shorten Kiss and Ride Zone (Pick-up/Drop-off Zone) (A14/0145)**

**COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Reduces the length of existing 62 metre 'Kiss and Ride, No Parking 8.00 am–9.00 am, 2.30 pm–4.00 pm, School Days Only' zone on the western side of Hardy Street, Rose Bay (outside Rose Bay Secondary College), by 21 metres.
2. Extends the existing 73 metre 'Bus Zone 8.00 am–9.00 am, 2.30 pm–4.00 pm, School Days Only' zone on the western side of Hardy Street (outside Rose Bay Secondary College) by 21 metres.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted.

*Voting members present for this item: Representative of the Member for Vacluse, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/V.06/22.10 Brighton Boulevard, North Bondi - Kerb buildout at Campbell Parade (A20/0069)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Installs a kerb buildout on the southern side of Brighton Boulevard, North Bondi, just west of Campbell Parade in accordance with the drawing attached to the report.
2. Delegates authority to the Executive Manager, Infrastructure Services, to modify the design should on-site circumstances warrant changes.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted subject to the addition of a new clause such that the recommendation now reads as follows:

That Council:

1. Installs a kerb buildout on the southern side of Brighton Boulevard, North Bondi, just west of Campbell Parade in accordance with the drawing attached to the report.
2. Retains the parklet in its existing location on Brighton Boulevard.
3. Delegates authority to the Executive Manager, Infrastructure Services, to modify the design should on-site circumstances warrant changes.

*Voting members present for this item: Representative of the Member for Vacluse, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/V.07/22.10 Clyde Street, North Bondi - Angle Parking Review (DA-314/2021)****COUNCIL OFFICER'S PROPOSAL:**

That Council:

1. Undertakes a survey of residents in Clyde Street (west of Hardy Street) and Oakes Place, North Bondi, for their views on the angle parking that has recently been installed and provision of passing bays in the narrow section of Clyde Street.
2. Reports the outcomes of the survey with any recommendations to the Waverley Traffic Committee for consideration.

**WTC RECOMMENDATION (UNANIMOUS SUPPORT):**

That the Council Officer's Proposal be adopted subject to an amendment to clause 1 and the addition of a new clause 3 such that the recommendation now reads as follows:

That Council:

1. Undertakes a survey of residents in Clyde Street (east of Hardy Street) and Oakes Place, North Bondi, for their views on the angle parking that has recently been installed and provision of passing bays in

the narrow section of Clyde Street.

2. Reports the outcomes of the survey with any recommendations to the Waverley Traffic Committee for consideration.
3. Monitors compliance of existing angle parking spaces concerning the length of vehicles parked in those spaces.

*Voting members present for this item: Representative of the Member for Vacluse, NSW Police representative, TfNSW representative and Waverley Council representative (Chair).*

**TC/CV      ELECTORATES OF COOGEE AND VAUCLUSE**

Nil.

**THE MEETING CLOSED AT 10.27 AM.**

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**SIGNED AND CONFIRMED**  
**MAYOR**  
**15 NOVEMBER 2022**

**REPORT**  
**CM/7.13/22.11****Subject:** IPART Rate Peg Methodology Review - Submission**TRIM No:** A08/1245**Author:** Tara Czinner, Director, Corporate Services**Director:** Tara Czinner, Director, Corporate Services

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**RECOMMENDATION:**

That Council approves the submission to IPART attached to the report (Attachment 1) on the rate peg methodology review.

**1. Executive Summary**

Earlier this year, the Minister for Local Government asked the Independent Pricing and Regulatory Tribunal (IPART) to review its methodology for setting the annual rate peg for NSW councils. Local Government NSW (LGNSW) will be providing a submission and has asked councils to write to IPART and advise that each council relies upon and supports the LGNSW submission as being the position of its council.

Attached is a draft submission on behalf of Council responding to each of the questions asked by IPART in its Issues Paper, as well as other relevant factors that are important considerations in the context of the rate peg review, generally supporting the view that the current rate peg system and methodology for rate revenue is neither fair nor financially sustainable.

**2. Introduction/Background**

The rate peg has been set annually by IPART since 2010 and limits the total amount by which councils can increase revenue from rates each year. Under the current methodology, IPART considers annual changes in the average costs faced by an 'average council' in NSW with reference to the most up-to-date ABS data. The main flaw with this method is that there is a two-year lag between the time that price changes are measured over to when councils can recover these price changes by applying the rate peg to their rates income. This lag may not be a significant concern in periods when inflation is relatively stable. However, when inflation is more volatile, the lag leads to material differences between council's general income and cost of providing services. This lag then creates a permanent and growing deviation between council's expenditure profile and its general revenue, which then compounds further in future years. As there is no mechanism under the current methodology for catch-up adjustments, the only option for councils seeking to bridge this gap is through an onerous process of applying to IPART for a 'special rate variation' (SRV).

**3. Relevant Council Resolutions**

Nil.

**4. Discussion**

IPART (under instruction from the Minister) is now reviewing their methodology to address this problem and are therefore seeking input from stakeholders during the process. On 29 September 2022, IPART announced the rate peg for the 2023-24 financial year as 3.7% plus a population factor for each council. On

the same day, IPART released its Issues Paper on the Review of the Rate Peg Methodology, seeking feedback and submission from stakeholders.

The issues paper seeks feedback from stakeholder across 20 individual questions addressing a number of concerns that have been raised in respect of the existing rate peg methodology.

Waverley's response was drafted based mostly on the draft submission and position of LGNSW plus additional references from draft submissions from Bayside Council, Albury Council and Canberra Joint Region. Refer to Attachment 2.

Furthermore, the United Services Union (USU) commissioned a report by Professor Brian Dollery (University of New England, Education and Research) regarding assessment of rate peg methodology and responses to questions for review. Refer to Attachment 3.

## **5. Financial impact statement/Time frame/Consultation**

The deadline for submissions was 4 November 2022. However, an extension was sought and granted for Council until Wednesday, 16 November 2022.

## **6. Conclusion**

Waverley welcomes the opportunity to contribute to the Independent Pricing and Regulatory Tribunal (IPART) Review of the Rate Peg Methodology. Waverley welcomes the review as a response to the realisation that the current methodology fails to cope with economic volatility and relies upon and supports the LGNSW submission as being the position of Council.

Council, like all of local government, is under sustained financial stress. This is a result of the compounding impacts of rate pegging, demands on services and infrastructure from communities inside and outside of the local government area (LGA), increased responsibilities, cost-shifting from the Federal and State governments and declining Commonwealth Financial Assistance Grants (in real terms). Waverley welcomes the Government's commitment to review the rate peg methodology.

## **7. Attachments**

1. Rate Peg Methodology Review - Draft Waverley submission [↓](#)
2. Rate Peg Methodology Review - LGNSW/Bayside/Albury/Canberra Joint Region submission [↓](#)
3. Professor Brian Dollery, Rate Capping in New South Wales Local Government: Addressing the Questions Raised in the IPART 2022 Review of Rate Peg Methodology - Issues Paper and Further Recommendations for Improvement [↓](#) .

## IPART RATE REVIEW METHODOLOGY 2022 QUESTIONS – WAVERLEY SUBMISSION

### INTRODUCTION

Waverley Council (Waverley) operates within the boundaries of its Local Government Area (LGA), covering 9km<sup>2</sup> along Sydney's eastern suburbs of Bronte, Tamarama and Bondi, north to Dover Heights and Rose Bay, west to Queens Park, Bondi Junction and Charing Cross, and south to Bronte. Since 2016, our community has grown from around 72,000 to of 74,280, with annual growth decreasing to under 1% over the last three years. Located on Sydney's eastern seaboard, Waverley is just a few kilometres from the city centre and a must-see destination for visitors and with three famous beaches - Bondi, Bronte and Tamarama attracts visitors in excess of 1.5 million per year.

Waverley welcomes the opportunity to contribute to the Independent Pricing and Regulatory Tribunal (IPART) Review of the Rate Peg Methodology. Waverley welcomes the review as a response to the realisation that the current methodology fails to cope with economic volatility and relies upon and supports the LGNSW submission as being the position of Waverley Council.

This was clearly demonstrated in both the Local Government Cost Index (LGCI) determination of 0.7% for 2022-23, (later adjusted to 2.5% after introduction of a one off Additional Special Variation), but with councils now facing an inflation rate of 8% in the subject year. This shock came after a decade or more of relatively low and stable prices and wages that had not tested the LGCI.

Waverley Council, like all Local Government is under sustained financial stress. This is a result of the compounding impacts of rate pegging, demands on services and infrastructure from communities inside and outside of the LGA, increased responsibilities, cost shifting from the Federal and State governments and declining Commonwealth Financial Assistance Grants (in real terms). Waverley welcomes the Government's commitment to review the Rate Peg methodology.

### Cost Index

1. **To what extent does the Local Government Cost Index (LGCI) reflect changes in councils' costs and inflation? Is there a better approach?**
2. **What is the best way to measure changes in councils' costs and inflation, and how can this be done in a timely way?**

**WAVERLEY response to Q1 & 2:** The Local Government Cost Index (LGCI) does not adequately reflect the actual movements in council costs. The LGCI index is a lagged or "rearward" facing index – whilst other sectors adjust their pricing to reflect the forecasted economic whereas the LGCI uses historical data only. The LGCI is a one size fits all model, applying a standard basket of goods and an average weighting of these items across all councils.

Waverley council supports the view and submission of LGNSW that the LGCI needs to be re-designed as a more forward-facing index – involving the use of more timely data and/or forecast indicators.

3. **What alternate data sources could be used to measure the changes in council cost?**

**WAVERLEY response to Q3:** Waverley council supports the view and submission of LGNSW that additional accurate data that reflects actual cost movements rather than applying proxy indices. In particular, as wage costs are the single largest component of council expenditure one change would

be to use the NSW Local Government (State) Award as opposed to NSW Public Sector Wage Cost Index. Additionally other examples of actual costs including actual auditing costs and actual audit committee costs.

### Population Growth

4. Last year we included a population factor in our rate peg methodology. Do you have any feedback on how it is operating? What improvements could be made?

**WAVERLEY response to Q4:** Waverley council supports the view and submission of LGNSW to improve the population factor may be to base it solely on population and removing the adjustment for supplementary valuations. As Waverley council is 9.2 square kilometres, growth in rateable properties is largely through high/medium density dwellings (i.e., apartment units) which can accommodate 2-4 individuals. Which means that the percentage growth in population does not have a direct correlation to the percentage growth in rates from supplementary valuations. The revenue generated by supplementary valuations should not be discounted from the population indexed rate peg. Furthermore, Waverley has an aging population which generates a higher proportion of pensioner rate rebates and that demographic has increasing demands on council services.

### Productivity

5. How can the rate peg methodology best reflect improvements in productivity and the efficient delivery of services by councils?

**WAVERLEY response to Q5:** Waverley council supports the view and submission of LGNSW that productivity improvements should be removed from the rate peg methodology. Any productivity gains made by councils should be retained to invest in maintaining services or infrastructure maintenance and renewal.

### External Factors

6. What other external factors should the rate peg methodology make adjustments for? How should this be done?

**WAVERLEY response to Q6:** Waverley council supports the view and submission of LGNSW that predictable costs, that apply to the whole sector such as election expenses and increases in superannuation guarantee contributions should continue. Waverley Council submits that any rate peg calculation method must embody “forward facing” elements, especially with respect to inflationary pressures.

### Historical Rate Peg, Cost Increases, Revenue & Expense

7. Has the rate peg protected ratepayers from unnecessary rate increases?

**WAVERLEY response to Q7:** Waverley council supports the view and submission of LGNSW that there is no evidence to suggest the rate peg has protected ratepayers from “unnecessary” rate increases. Electoral accountability protects ratepayers from excessive rate rises. Deferral of needed rate increases, and budgetary constraints can deprive communities of services and infrastructure.



**8. Has the rate peg provided councils with sufficient income to deliver services to their communities?**

**WAVERLEY response to Q8:** Waverley council supports the view and submission of LGNSW that the number of Special Rate Variations (including by Waverley Council) evidences that the rate peg has been inadequate to provide Councils with sufficient income to deliver services to their communities.

**9. How has the rate peg impacted the financial performance and sustainability of councils?**

**WAVERLEY response to Q9:** Waverley council supports the view and submission of LGNSW that the rate peg generally undermines financial sustainability. Rate revenue funds approximately 32.7% of Waverley's operating expense or 34.3% of the operating income in 2021-22.

**10. In what ways could the rate peg methodology better reflect how councils differ from each other?**

**WAVERLEY response to Q10:** Waverley council supports the view and submission of LGNSW that historical modelling be undertaken to establish whether there are significant differences.

**11. What are the benefits of introducing different cost indexes for different council types?**

**WAVERLEY response to Q11:** Waverley council supports the view and submission of LGNSW that it would improve the cost reflectiveness of the index and improve financial sustainability outcomes.

**Volatility and Lags**

**12. Is volatility in the rate peg a problem? How could it be stabilised?**

The initial rate peg determination for 2022-23 of 0.7% clearly demonstrated that the volatility is a major problem where there are significant cost movements.

**13. Would councils prefer more certainty about the future rate peg, or better alignment with changes in costs?**

In the presence of volatility, the peg needs to better reflect actual cost movements.

**14. Are there benefits in setting a longer term rate peg, say over multiple years?**

**WAVERLEY response to Q12, 13 and 14:** Waverley council supports the view and submission of LGNSW that the initial rate peg determination for 2022-23 of 0.7% clearly demonstrated that the volatility is a major problem where there are significant cost movements. Additionally, there is volatility between the expected rate cap and actual proclaimed rate cap. A better approach to improving the accuracy of the rate peg to the year it is applied would be to apply a forward-looking forecast.

**15. Should the rate peg be released later in the year if this reduced the lag?**

**WAVERLEY response to Q15:** There are potential advantages as would better reflect actual costs but then impacts forward planning. Waverley supports the release of an indicative peg and later releases of final peg with further data.

### Efficient Labour Costs

#### 16. How should we account for the change in efficient labour costs?

**WAVERLEY response to Q16:** Waverley supports the adoption of the NSW Local Government (State) Award which would be reflective of the minimum labour costs councils face.

### Funding New Services & Activities

#### 17. Should external costs be reflected in the rate peg methodology and if so, how?

#### 18. Are council-specific adjustments for external costs needed, and if so, how could this be achieved?

**WAVERLEY response to Q17 and 18:** Waverley supports the submission that external costs be reflected in the rate peg methodology. In particular compliance costs such as Audit and ARIC committee costs. Each council has different costs reflected in the community demands for example Waverley includes Bondi Beach and the demands on the infrastructure and services are beyond the demands of the resident community.

#### 19. What types of costs which are outside councils' control should be included in the rate peg methodology?

**WAVERLEY response to Q19:** Waverley supports the position that costs outside control should be considered including the escalating depreciation expenses associated with increasing input costs for renewal and replacement of assets; costs shifting from differing levels of government without compensating funding for example, Waverley has approximately 73,000 residents in its nine square kilometre LGA however with its iconic beaches has numbers exceeding **1.5m (TBC)** visitors placing huge demands on its infrastructure and services including roads; waste; lifeguards and other services.

### Simplifying the Rate Peg

#### 20. How can we simplify the rate peg calculation and ensure it reflects, as far as possible, inflation and changes in costs of providing services?

**WAVERLEY response to Q20:** Where possible LGCI should be future facing and using actual data from forward looking known variables.

**IPART QUESTIONS – COMBINED RESPONSES LGNSW/BAYSIDE/ALBURY/CANBERRA REGION JOINT****Cost Index****1. To what extent does the Local Government Cost Index (LGCI) reflect changes in councils' costs and inflation? Is there a better approach?**

The submission concludes that the LGCI in itself does not adequately reflect actual movements in council costs. Additional costs need to be included and there needs to be provision for adjustments for cohorts of councils and individual councils.

- The LGCI index is a one size fits all model, applying a standard basket of goods to all councils and applying an average weighting of these items across all councils. At best this provides an approximate indication of aggregate local government cost movements and there may be large variations between the peg and the actual outcome for individual councils or cohorts of councils. It does not recognise that different councils or council cohorts may have significantly different cost structures or “baskets of goods”.
- The LGCI is a lagged or “rearward” facing index. A deficiency that IPART itself acknowledges. Furthermore, it is effectively a two year lag, meaning that there can be a large difference between the LGCI and the actual cost increases councils are facing in the budget year in which it is applied. This is clearly demonstrated in both the LGCI of 0.7% for 2022-23, (later adjusted to 2.5% after introduction of a one off Additional Special Variation), but now facing an inflation rate of over 7% in the subject year.
- LGNSW supports the view that the LGCI needs to re-designed as a more forward facing index. This could involve the use of more timely data and/or forecast indicators. State and Federal Governments use forecasts in developing budgets.
- Many have recommended the introduction of several indexes for different council cohorts or categories e.g.: metro, coastal, regional city, regional, rural remote. LGNSW supports the introduction of multiple indices in principle if it can be demonstrated that there is or can be material differences. This needs to be subjected historical modelling and adopted if material differences are evident.
- LGNSW is open to the view proposed by the NSW Revenue Professionals (FN), along with Dollery & Drew (FN) and others who recommend that the indexes be determined as a 3 year moving average. This would reduce volatility. However, this should again be subject to historical modelling to better understand what impacts this may have.

**Bayside Council response to question 1 & 2:**

It is widely known and accepted that the current method for calculating the Local Government Cost Index (LGCI) does not accurately capture the true changes in the cost of services for NSW councils let alone being an appropriate gauge in determining the adequacy of revenue. All other major sectors set their pricing to reflect the forecasted economic indexes while and having regard to historical trends whereas the LGCI uses historical data only.

In addition to being a lagging indicator of changes in cost profile, the inputs to the LGCI as are also significant flawed (for example: Instead of factoring in the agreed NSW Local Government award to measure changes to employee costs, the LGCI uses the NSW Public Sector wage index which is almost always lower than the NSW Local Government





















































































































































