

MEETING NOTICE

The **Ordinary Meeting** of **Bayside Council**

will be held in the Rockdale Town Hall Auditorium
Level 1, 448 Princes Highway, Rockdale
on **Wednesday 10 February 2021** at **7:00 pm**.

AGENDA

1 ACKNOWLEDGEMENT OF COUNTRY

2 OPENING PRAYER

3 APOLOGIES

4 DISCLOSURES OF INTEREST

5 MINUTES OF PREVIOUS MEETINGS

5.1	Minutes of the Council Meeting - 9 December 2020.....	4
5.2	Minutes of the Extraordinary Council Meeting - 3 February 2021.....	23
5.3	Minutes of the Council Meeting - 8 July 2020.....	27

6 MAYORAL MINUTES

Nil

7 PUBLIC FORUM

Members of the public who have applied to speak at the meeting will be invited to address the meeting. Written submissions which are made by members of the public will be provided to Councillors prior to the meeting.

Any item the subject of the Public Forum will be brought forward and considered after the conclusion of the speakers for that item.

The meeting will be live streamed on Council's Facebook page for the benefit of the public.

8 REPORTS

8.1	Rates Harmonisation - Outcomes of Community Engagement, Approval to Submit an Application to Set the Minimum Rates and gradual harmonisation of rates	39
8.2	Post Exhibition Report - Minor Amendments to Development Control Plans	152

8.3	Crown Land Plan of Management.....	157
8.4	Tender - Cahill Park Cafe	196
8.5	Outdoor Dining Licence to RepubliQ - 1 Cook Park, Brighton Le Sands	201
8.6	Local Roads and Community Infrastructure Program (Phase 2) Grant Opportunity.....	207
8.7	Tender - Cook Park Safety Rails.....	212
8.8	Proposed Optional Clause for Natural Disasters.....	215
8.9	Quarterly Budget Review Statement - December 2020.....	235
8.10	Constitutional Referendum/Poll and Other Electoral Matters	253
8.11	Australian Local Government Association (ALGA) National General Assembly 2021 (NGA) - calling for Notices of Motion and Councillor Attendance	255
8.12	Statutory Financial Report - November 2020	263
8.13	Statutory Financial Report - December 2020	269
8.14	Disclosure of Interest Returns.....	275
8.15	Waste Conference 2021 - Call for Nominations to Attend	277
8.16	Response to Question - Car Hooning in Bayside - Petition from Community Members.....	279
9	MINUTES OF COMMITTEES	
9.1	Minutes of the Sport & Recreation Committee Meeting - 23 November 2020	282
9.2	Minutes of the Bayside Floodplain Risk Management Committee Meeting - 9 December 2020	295
9.3	Minutes of the Bayside Traffic Committee Meeting - 16 December 2020	300
9.4	Minutes of the Arncliffe Youth Centre Working Party Meeting - 28 January 2021.....	306
10	NOTICES OF MOTION	
10.1	Notice of Motion - Sydney Water's Proposed Location for an Odour Control Unit and Potential Impact on Wolli Creek Regional Park	310
10.2	Notice of Motion - Vale Frank Arok	314
10.3	Notice of Motion - Congratulations Mascot Juniors RJFC - 110 Years.....	315
10.4	Notice of Motion - Rockdale RSL Sub-Branch Centenary	316
10.5	Notice of Motion - Bay Vista Dessert Bar and Cafe - 30 Years in Business.....	317

10.6	Notice of Motion - Financial Assistance During COVID-19 Recovery – Further Fee Waiver – Applications for Alterations and Additions to Apartments (Class 2 building types) <\$100K	318
10.7	Notice of Motion - Brighton Memorial Sporting Fields - Minor Works	320
10.8	Notice of Motion - Call on the NSW Government to Overturn the New Toll on the M5 East.....	321
10.9	Notice of Motion - Heslehurst Reserve Playground, Brighton-Le-Sands	322
10.10	Notice of Motion - ANZAC Memorials	323
10.11	Notice of Motion - Dilapidation Reports For Properties Impacted by BATA2.....	324

11 QUESTIONS WITH NOTICE

The meeting will be video recorded and live streamed to the community via Council's Facebook page, in accordance with Council's Code of Meeting Practice.

Meredith Wallace
General Manager

Council Meeting

10/02/2021

Item No	8.1
Subject	Rates Harmonisation - Outcomes of Community Engagement, Approval to Submit an Application to Set the Minimum Rates and gradual harmonisation of rates
Report by	Michael Mamo, Director City Performance
File	SF20/4213

Summary

The purpose of this report is:

- To report back to Council on the outcomes of the community engagement process on rates harmonisation,
- To recommend that Council harmonise the Bayside minimum rate evenly over the next 4 financial years (2021/22 to 2024/25) and submit separate applications to the Independent Pricing and Regulatory Tribunal (IPART) and The Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment by the applicable due dates for reasons outlined in this report.
- For Council to note, in order to meet the legislative uncertainty and ratepayer equity, the draft 2021/22 Operational Plan and budget (including the revenue policy) will be considered by Council in April 2021 for Public Exhibition. If the proposed legislative change has not been passed by the NSW Parliament, the budget will reflect 2 draft rating structures based on:
 - a multi-year rate harmonisation path based on provisions included in the NSW State Government Draft Local Government Amendment (Rates) Bill 2021 (Draft Rates Bill 2021); and
 - a single year rate harmonisation path as per the current legislation

The community engagement for rates harmonisation concluded following a one-month extension to 31 December 2020. The 2 overarching themes arising from the engagement process were:

1. The increase is deemed too large for the former Botany Council residential ratepayers, especially in this time of COVID and existing financial stress; and
2. Any increase should be staged over a number of years as this would soften the impact of any required increase.

In relation to harmonising minimum rates, there are 2 methods available to Council, which are summarised below:

1. Council resolves to submit an application to IPART under section 548 of the Local Government Act 1993 (the Act) to set a transition path over a number of years to harmonise minimum rates; and, or

2. Council resolves to submit an application to The Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment (The Deputy Secretary), utilising the temporary delegation issued by the Minister for Local Government under Section 548 of the Act to determine minimum rates applications for the 2021/22 financial year only for new Councils that were amalgamated in 2016. It is noted that Council's ability to use this form of approval (should it be granted by The Deputy Secretary) to harmonise the minimum rate over multiple years would be subject to the Draft Rates Bill 2021 being legislated by the NSW Parliament prior to 1 July 2021. At this stage, it is anticipated the NSW Parliament will determine before the end of May 2021 on whether the Draft Rates Bill 2021 is or is not to be legislated.

IPART has confirmed that Bayside Council has been granted an extension to submit an application to determine a new Bayside minimum rate and that the last day for IPART to receive a complete application is 12 March 2021, whilst an application to The Deputy Secretary must be submitted by 26 February 2021.

The application to the Deputy Secretary is critical to ensure that the rating burden is shared equitably across all ratepayers. In terms of maintaining Council's financial sustainability, the consequence of not doing the latter and the legislation not being passed would mean those on the minimum rate in the former Rockdale City Council of the LGA would receive a significant decrease but all other ad valorem ratepayers in former Botany and Rockdale would have their rates increased to meet the loss of rates revenue.

Officer Recommendation

1. That Council receive and note the report including the feedback received from the community engagement process around rate harmonisation.
2. That Council submits an application immediately to the Independent Pricing and Regulatory Tribunal (IPART) under section 548 of the Local Government Act 1993 for IPART to consider approving an instrument to be issued to set a transitional minimum ordinary rate from 1 July 2021 for all rating categories which is equivalent to the current minimum ordinary rate for ratepayers in the former Rockdale City Council side of the Bayside Local Government Area (LGA) at \$768.52 (plus the approved IPART rate peg limit in all years during the 4 year transition period). The transitional path to be applied for is to be based on a straight lined 4 year transition as set out in TABLE 1 of this report.
3. That Council also submits an application in accordance with current legislation to the Office of Local Government (OLG), before 26 February 2021, under section 548 of the Local Government Act 1993 for The Deputy Secretary to consider approving an instrument to be issued to set a new minimum ordinary rate for all rating categories which is equivalent to the current minimum rate for ratepayers in the former Rockdale City Council side of the Bayside Local Government Area (LGA) at \$768.52 (plus approved IPART rate peg limit of 2%) effective from 1 July 2021, subject to the following:
 - a) The implementation of this application is dependent on the provisions included in the NSW State Government Draft Local Government Amendment (Rates) Bill 2021 for gradual rate harmonisation being legislated by the NSW Parliament before 1 July 2021 and on this basis Council only implement the new minimum rate on a transitional basis as set out in TABLE 1 of this report.

- b) That as part of the application to be submitted (for reasons outlined in this report) Council request that The Deputy Secretary of the Office of Local Government only issue a decision on Councils application after the outcome of the IPART minimum application (as per recommendation 2 of this report) is known, and only if that is unsuccessful.
4. That Council notes that the draft 2021/22 Operational Plan and budget (including the revenue policy) to be considered by Council in April 2021 for Public Exhibition will, to meet the legislative uncertainty and ratepayer equity, reflect 2 draft rating structures based on:
- a. a multi-year rate harmonisation path based on provisions included in the NSW State Government Draft Local Government Amendment (Rates) Bill 2021 (Draft Rates Bill 2021) utilising the straight lined approach shown in TABLE 2 of this report; and
 - b. a single year rate harmonisation path as per the current legislation
-

Background

A. Rates Harmonisation - Outcome of Community Engagement Process

On 14 October 2020, Council resolved to open community engagement until 30 November 2020. The engagement period was subsequently extended to 31 December 2020.

The consultation process centred on the following:

- A minimum rate will be applied across all rating categories and sub-categories. This will be \$768.52 (plus the IPART rate pegging limit of 2% for the 2021/22 financial year)
- The rating categories and sub-categories to be established are:
 - Residential – Ordinary
 - Business – Ordinary
 - Business – Industrial
 - Business - Port Botany
 - Business – Mall
 - Farmland
- The option, if legislation is changed, to move from a 1 year rate change implementation to a multi-year staged implementation process.

The objective of the engagement process was to provide a widespread awareness program so that all Bayside ratepayers would have the opportunity to have their say. The community engagement process involved the following elements:

- Standalone Rates Harmonisation webpage including FAQ's

- Community Survey
- All ratepayers, both residential and business, received an individual letter with the specific proposed changes to their rates for their property
- Local MP Briefings
- Media releases from council
- Social media campaign
- Incoming correspondence from residents
- Print media coverage
- Council meeting & associated documents
- State Government lower house coverage
- TV coverage on local news outlets
- Rate Harmonisation Customer Service

Outcomes of Consultation Process

Rates Harmonisation Web Page

In total we had 4,047 unique visitors accessed the rates harmonisation Web Page since 15 October 2020, with 5,623 page views. That's an average of around 52 people per day and it was the 10th most popular page on our site over that period.



Rates Calculator

The rates calculator has had 2,546 unique visitors and had been used 5,253 times since it was launched.

Have Your Say Form/Survey

In total 1,673 unique visitors accessed the consultation page, with a total of 2,121 page views. We received 1,086 responses, of which 72% were in favour of a staged (multi-year) implementation.

Further feedback and inquiries

We received 56 telephone calls via Council's call centre along with a high number of phone calls directly to Councillors. We also received 145 written submissions, of which 83 were from owners of parking spaces at the "Park n Fly" car park at the time of finalising this report.

Data Integrity and Multiple Surveys

From the IP address data:

- 871 unique IP addresses made a single submission;
- 70 made 2 submissions;
- 9 made 3 submissions;
- 5 made 4 submissions;
- 1 made 5 submissions;
- 1 made 7 submissions; and
- 2 made 8 submissions.

Engagement Themes:

Out of 1,086 survey responses 857 came from former Botany Council residents and 202 from former Rockdale Council residents. There were 27 responses that did not include a 'former' council. The below table shows the options that each category of responses chose.

Former Council Area	One off Change in 2020/21	Stage Implementation	No Option Chosen	Total Responses
Botany	54	683	120	857
Rockdale	108	88	6	202
Non Provided	0	13	14	27

Residential ratepayer engagement in the consultation process was far greater than that of business ratepayers. There was minimal response from business ratepayers.

In conclusion, there were really 2 overarching themes coming out of the engagement process, these are:

- The increase is deemed too large for the former Botany Council residential ratepayers, especially in this time of COVID and existing financial stress; and
- That any increase should be staged over a number of years and that this would soften the impact of the proposed increase.

B. Setting the Bayside Minimum Rate

Recap of Financial Implications of Harmonising the Minimum Rate

In reiterating the financial implications of setting a minimum rate (as set out in the Council report attached), it's important to outline the core underlying objectives of harmonisation, which is to:

- Develop a rating structure that distributes the rate burden fairly across the amalgamated Local Government Area (LGA); and
- Maintain the same level of rates revenue, while balancing the impact for the majority of rate payers.

It is important to note that through harmonisation, Council will not be increasing its overall rate yield but rather redistributing the rate burden across the LGA. It is to achieve fairness and equity for ratepayers across the LGA that aligns the rating structure to the delivery of core services that are already harmonised across the 2 former LGA's.

In order to maintain the equivalent rates income received and to be financially sustainable, should Council not make any application for the new minimum rate, the following will need to occur:

1. Council will need to reduce the minimum rate paid by ratepayers from the former Rockdale side of the LGA to the same minimum rate as those from the former Botany side of the LGA; and
2. Council will need to increase the rates for all other ratepayers across the whole Bayside LGA (not paying the minimum rate) to an even higher amount to compensate for the rates income lost by not making an application for a new minimum rate.

In addition, the other real impact of setting a minimum rate will be felt on growth in rates revenue that will be realised in future years as population and housing needs grow.

Previous reports have indicated quite clearly the adverse financial impact (i.e. loss of growth in rates) of not moving to harmonise the minimum rate to the higher of the 2 former councils (i.e. Rockdale City Council).

Apart from the loss of future growth in rates revenue, setting a lower minimum rate will shift the rate burden from those ratepayers on the minimum to those on the ad valorem (i.e. rate payers with higher land value will be paying more).

As noted in previous reports and briefing sessions, harmonising the Bayside minimum rate to \$768.52 (plus IPART rate peg) was recommended as it achieves a fair and equitable rating system and protects Councils future financial sustainability such that it can continue to deliver high quality services to the whole of the Bayside LGA.

The full financial implications of a multi-year staged harmonisation can only be modelled once Council has:

- Determined the new minimum rate for Bayside; and
- Determined its preferred options around the phasing strategy to transition to a new minimum rate over a number of years (up to 4 years, should the Draft Rates Bill 2021 be

legislated by the NSW Parliament and, or an approval for a transitional minimum rate is provided by IPART).

In the absence of not knowing whether the Draft Rates Bill 2021 will or will not be legislated by the NSW Parliament, this report recommends that Bayside Council utilise all methods available in order to harmonise the minimum rate over a 4 year period. It is recommended that Council harmonises the minimum rate over a straight lined, 4 year period to be equivalent to the current minimum rate for ratepayers in the former Rockdale City Council side of the Bayside Local Government Area (LGA) at \$768.52 (plus the approved rate peg limit in all years during the 4 year period). The following table sets out the recommended transitional path for the increase to the minimum rate for both ratepayers from former Rockdale City Council and former City of Botany Bay Council (assuming an annual IPART approved rate peg increase of 2%):

TABLE 1 (4 years straight lined):

Year	Rating Year starting 1 July	Assumed annual Rate Peg limit *	former Botany minimum	former Rockdale minimum	Bayside
Current	2020/21	2%	\$ 553.62	\$ 768.52	NA
1	2021/22	2%	\$ 623.62	\$ 783.89	\$ 783.00
2	2022/23	2%	\$ 693.62	\$ 799.57	\$ 799.00
3	2023/24	2%	\$ 763.62	\$ 815.56	\$ 815.00
4	2024/25	2%	\$ 831.87	\$ 831.87	\$ 831.00

** In setting this transitional path, a rate pegging limit of 2% has been assumed for all 4 years. The transition path may change as a result of a different rate pegging limit being approved by IPART over the 4 year period. However, we expect any change to be small and of a minimal amount and will not materially impact the transition path.*

Application methods available to set a new Bayside minimum rate

As previously mentioned in this report, there are 2 methods available to Council in order to harmonise to a new Bayside minimum rate, these are set out in more detail below:

- **IPART minimum rate application process**

Section 548 of the Act allows a council to specify a minimum rate to be levied on each parcel of land. Where a council is proposing to increase the minimum rate above the statutory limit or by more than the rate pegging limit, an application needs to be submitted to IPART for the minimum rate increase.

IPART has the delegation to approve a council to increase the minimum rate on a transitional basis over a number of years. Attached to this report are the Office of Local Government (OLG) "Guidelines for the Preparation of an application to increase minimum Rates above the Statutory Limit" as well as the IPART Application Guide for minimum rate increases.

IPART minimum applications are expected to be determined by 31 May 2021. The determination of the application will be published on IPART's website. The relevant council(s) will also be notified of the outcome of their application.

This report recommends:

- That Council submit an application to IPART before the extended deadline of 12 March 2021 for IPART to issue Council with an instrument which allows for a transitional minimum ordinary rate, which Council can begin implementing from 1 July 2021 for all rating categories as set out in TABLE 1 above.
- **Special Guidelines for The Deputy Secretary to approve minimum rate applications for amalgamated Council (subject to Draft Rates Bill 2021 being legislated)**

On 18 November 2020, the Minister issued a letter to Council detailing the Special Guidelines for new councils that are required to harmonise minimum rates on 1 July 2021. A copy of the Special Guidelines is attached to this report.

The Special Guidelines outline that The Deputy Secretary has been granted a temporary delegation by the Minister for Local Government under section 548 of the Local Government Act 1993 (the Act) to also determine minimum rates applications only for new councils established in 2016 for the 2021-22 financial year.

These Special Guidelines only apply if a new council is seeking to set a harmonised minimum ordinary rate across its new council area that is higher than the current statutory limit of \$554, but no higher than the highest minimum ordinary rate of any one of the former councils or part of a former council area that was previously approved by IPART (plus the 2021-22 rate peg).

A council resolution seeking to utilise the provisions outlined in these Special Guidelines is required to submit an application with supporting documentation directly to Office of Local Government (OLG) by no later than 26 February 2021.

The Deputy Secretary, under delegation from the Minister for Local Government, will determine each application individually, based on its merits and against the assessment criteria.

Applications will be determined within six weeks of receipt, or by 9 April 2021, whichever is the earlier date. The determination of the application will be published on OLG's website. Council will be notified of the outcome of their application, within six weeks of making the application.

Where an application is approved, The Deputy Secretary will issue the council with an Instrument setting out the amount approved.

Under this minimum application method, Council would also require the Draft Rates Bill 2021 to be legislated by the NSW Parliament prior to 1 July 2021 in order to harmonise the minimum rate on a transitional basis over 4 years as set out in TABLE 1 above.

This report recommends in summary:

- That Council also submits an application utilising the Special Guidelines for new councils and the temporary delegation granted to The Deputy Secretary before the deadline of 26 February 2021 to issue Council with an instrument to set a new minimum rate from 1 July 2021 for all rating categories equivalent to the current minimum rate for ratepayers in the former Rockdale City Council side of the Bayside Local Government Area (LGA) at \$768.52 (plus the approved rate peg limit of 2%).

- That subject to the Draft Rates Bill 2021 being legislated by the NSW Parliament, Council apply the new minimum rate on a transitional basis as set out in TABLE 1 of this report.
- That as part of the application to be submitted, Council request that The Deputy Secretary only issue a decision on Councils application after the outcome of the IPART minimum application is known and only if Councils application with IPART is unsuccessful.

Proposed Course of Action

It is noted that the IPART minimum application method is considered the preferred approach for Council, as, if approved by IPART, Council's ability to transition the minimum rate over a number of years is not reliant on the Draft Rates Bill 2021 being passed by the NSW Parliament. However, there is still the small risk that the application may not be approved by IPART.

With regard to the minimum application process using the Special Guidelines for The Deputy Secretary, it has limitations, as if approved by The Deputy Secretary, Council will only be able to transition to the new minimum rates over a numbers years if the Draft Rates Bill 2021 is passed by the NSW Parliament. It is expected this will occur, however this cannot be guaranteed.

As such, this report recommends Council submit an application utilising both methods to ensure all available options remain active for Council as part of the rates harmonisation process. This is proposed to allow Council the greatest opportunity to be able to harmonise rates gradually over multiple years (4 years straight lined). In this regard, it is recommended (based on advice from the OLG) that the application using the Special Guidelines via The Deputy Secretary will clearly state that a determination is to only be issued to Council if the IPART minimum rate application is unsuccessful.

C. Gradual Rate Harmonisation of Ad-Valorem rates (based on provisions in the Draft Rates Bill 2021)

Council has previously considered and been briefed on the provisions in the Draft Rates Bill 2021 relating to the gradual harmonisation of rates for newly merged councils in 2016. Council at its meeting on 3 February 2021, unanimously endorsed a submission on the Draft Rates Bill 2021 to change legislation to allow rates of the former councils to be harmonised over a period of no more than 4 years from 1 July 2021. This is on the basis, that councils who take up this option, ensure that no more than 50% of the change in rates occurs in any one of the 4 financial years.

Councillors have previously been briefed on some options which Council may wish to consider in order to harmonise rates over a 4 year period. The following table is summary of the options presented to Councillors, with the attachment to this report providing examples and further analysis of how ratepayers from each of the former councils would be affected as a result of harmonising rates over a 4 year timeframe:

TABLE 2:

	FY 21/22 (Yr1)	FY 22/23 (Yr 2)	FY 23/24 (Yr 3)	FY 24/25 (Yr 4)
Straight lined	25%	25%	25%	25%
1 Yr deferral	-	33%	33%	34%
2 Yr deferral	-	-	50%	50%

Having regard for the community feedback and the provisions in the Draft Rates Bill 2021, it is proposed that subject to the Draft Rates Bill 2021 being passed by the NSW Parliament, Council harmonise rates over 4 years based on the Straight Lined approach set out in TABLE 2 above. This will provide a smoother and softer transition for those ratepayers who are adversely impacted by this change to their rates.

It is important for Council to note, that any ability to harmonise the ad-valorem rates gradually over a number of years is reliant on the Draft Rates Bill 2021 being passed by the NSW Parliament. Due to the uncertainty of this, it will be necessary for the draft 2021/22 Operational Plan and budget (including the revenue policy) to be considered by Council in April 2021 for Public Exhibition to reflect 2 draft rating structures as follows:

- a multi-year rate harmonisation path based on provisions included in the Draft Rates Bill 2021 utilising the straight lined approach shown in TABLE 2 above; and
- a single year rate harmonisation path as per the current legislation (as per scenario 2, which was used for the community engagement undertaken during October to December 2020)

Financial Implications

- Not applicable
- Included in existing approved budget
- Additional funds required
-

Community Engagement

Should Council approve for a minimum rate application to be submitted to IPART, further public consultation will be undertaken by IPART as part of assessing the application.

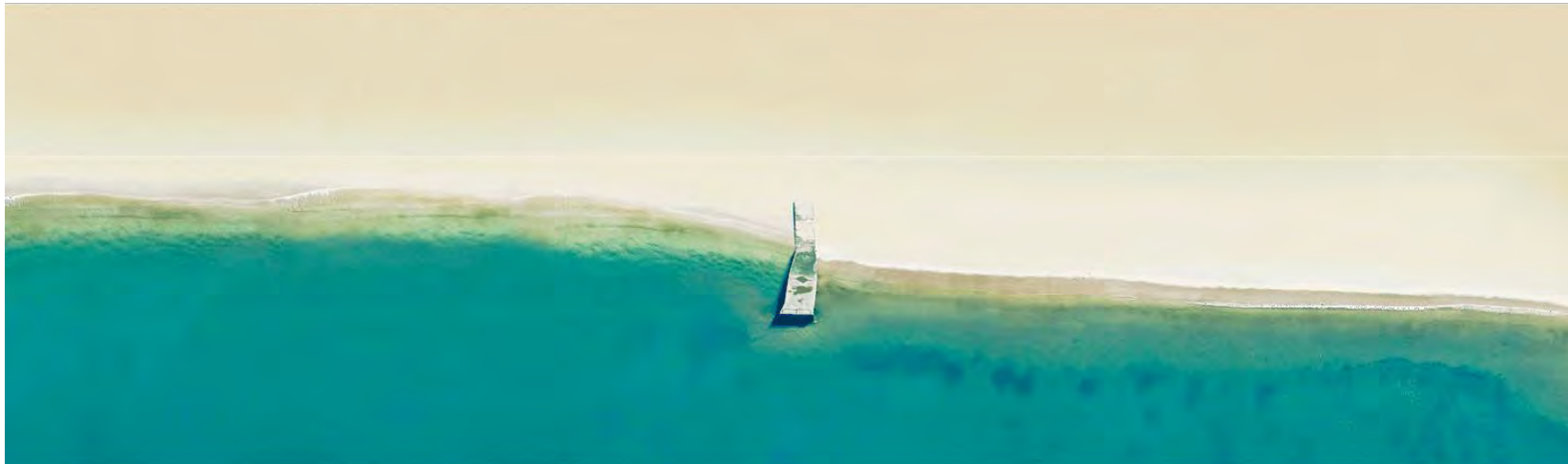
The draft 2021/22 Operational Plan and Budget will need to include 2 rating structures as set out in this report. If approved by Council at its meeting in April 2021, the documents will be placed on Public Exhibition for 28-days' consultation with the community and reported back to Council as part of the June 2021 meeting to consider adopting the 2021/22 Operational Plan, Budget and final rating structure.

Attachments

- 1 Rates Harmonisation - Further Analysis [↓](#)
- 2 OLG Guidelines - Application to Increase Minimum Rates 2021-22 [↓](#)
- 3 IPART Fact Sheet Minimum Rates in 2021-22 [↓](#)
- 4 IPART Information Paper Minimum Rates in 2021-22 [↓](#)
- 5 IPART Application guide for Part B Minimum Rates for 2021-22 [↓](#)
- 6 OLG - Special Guidelines for new councils applying to harmonise minimum rates on 1 July 2021 [↓](#)
- 7 Resolution - Item 8.6 - Rates Harmonisation - Council Meeting 9 September 2020 [↓](#)
- 8 Rates Harmonisation report to 9 September 2020 Council Meeting [↓](#)



Rates Harmonisation – Further Analysis



Events post 14 Oct 2020 Council Meeting



	Date	Event
A	14 Oct 2020	<p>Council resolved to open community consultation till 30 Nov 2020.</p> <ul style="list-style-type: none"> Established rating categories and sub categories; and Set the min. rate across all categories to \$768.52 (+IPART rate peg) Option – (if legislated) implement a multi-year staged implementation.
B	18 Nov 2020	<p>The Minister temporarily delegated her powers to the Deputy Secretary to determine minimum rates applications from those newly merged councils that have yet to harmonise their rates without having to apply to IPART. (Applications close 26 Feb 2021).</p> <p><i>Nb: This will only allow for a single year increase unless the draft legislation is approved by parliament.</i></p>
C	30 Nov 2020	<p>The consultation period in (A) extended to 31 December 2020.</p>
D	22 Dec 2020	<p>Exposure Draft Bill on “local government rating reform” released for public consultation – The draft bill addresses the multi-year staged harmonisation of rates.(Submissions close 5 Feb 2021)</p>
E	31 Dec 2020	<p>Community engagement process concluded.</p>

29



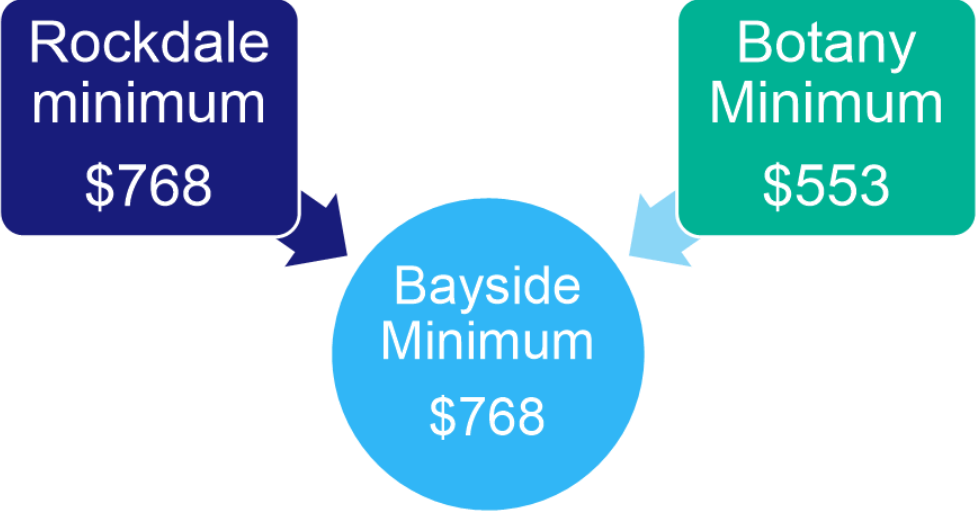
Gradual Harmonisation

- Minimum Rates &
- Ad-valorem Rates



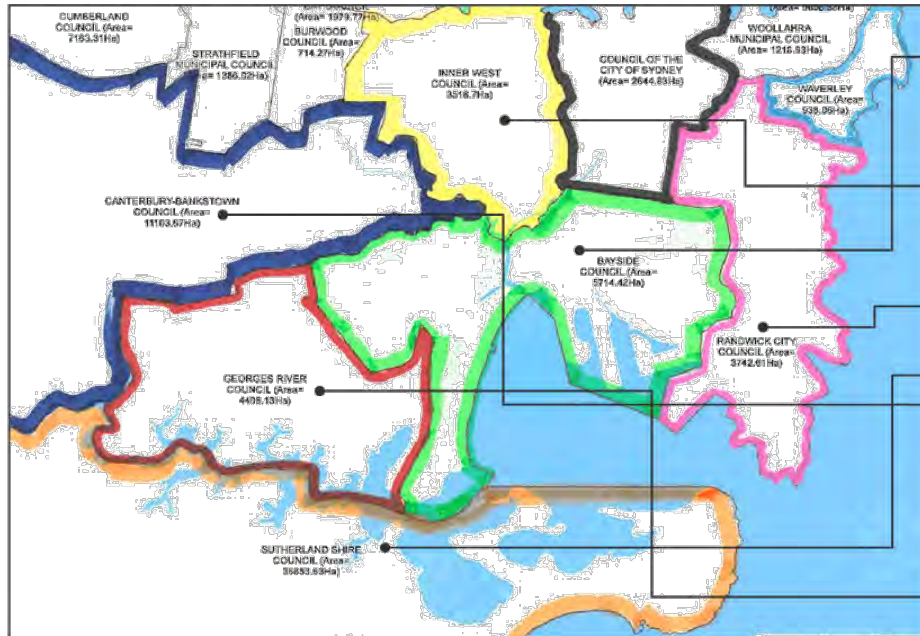


Setting the Bayside Minimum Rate



4

Comparison of Existing Minimum Rates



Former Botany (current average)	\$553
Former Rockdale (current average)	\$768
Proposed Bayside (Harmonised)	\$768

Inner West (Former Leichhardt)	\$686
Inner West (Former Marrickville)	\$710
Inner West (Former Ashfield)	\$727
Inner West (Harmonised)	\$850

Randwick	\$897.08
-----------------	-----------------

Sutherland	\$923.40
-------------------	-----------------

Canterbury Bankstown (Former Canterbury)	\$712.90
Canterbury Bankstown (Former Bankstown)	\$636.80
Canterbury Bankstown (Harmonised)	\$ 728.18 + SRV

Georges River (Former Hurstville)	\$585.72
Georges River (Former Kogarah)	\$966.73
Georges River (Harmonised)	\$ 966.00 + SRV





Minimum Rate – Transition Options

	FY 21/22 (Yr1)	FY 22/23 (Yr 2)	FY 23/24 (Yr 3)	FY 24/25 (Yr 4)
Immediate	100%	-	-	-
Straight lined	25%	25%	25%	25%
1 Yr deferral	-	33%	33%	34%
2 Yr deferral	-	-	50%	50%



Minimum Rate – Transition Options

Straight Lined – 25% each year

Harmonisation strategy (4 years)					
FY	YoY % increase (Harmonisation)	Harmonised Botany Min. (over 4 yrs)	YoY increase in Min. rates (\$) for Botany (Harmonisation + rate peg)	Harmonised Rockdale Min. (over 4 yrs)	YoY increase in Min. rates (\$) for Rockdale (rate peg only)
20/21	n/a	553	n/a	\$ 768	n/a
21/22	25%	623	\$ 70	\$ 783	\$ 15
22/23	25%	693	\$ 69	\$ 799	\$ 16
23/24	25%	763	\$ 71	\$ 815	\$ 16
24/25	25%	831	\$ 68	\$ 831	\$ 16

79

Minimum Rate – Transition Options



Deferred by 1 Year

Harmonisation strategy (4 years)					
FY	YoY% increase (Harmonisation)	Harmonised Botany Min. (over 4 yrs)	YoY increase in Min. rates (\$) for Botany (Harmonisation + rate peg)	Harmonised Rockdale Min. (over 4 yrs)	YoY increase in Min. rates (\$) for Rockdale (rate peg only)
20/21	n/a	\$ 553	n/a	\$ 768	n/a
21/22	0%	\$ 564	\$ 11	\$ 783	\$ 15
22/23	33%	\$ 652	\$ 88	\$ 799	\$ 16
23/24	33%	\$ 740	\$ 88	\$ 815	\$ 16
24/25	34%	\$ 831	\$ 91	\$ 831	\$ 16





Minimum Rate – Transition Options

Deferred by 2 Years

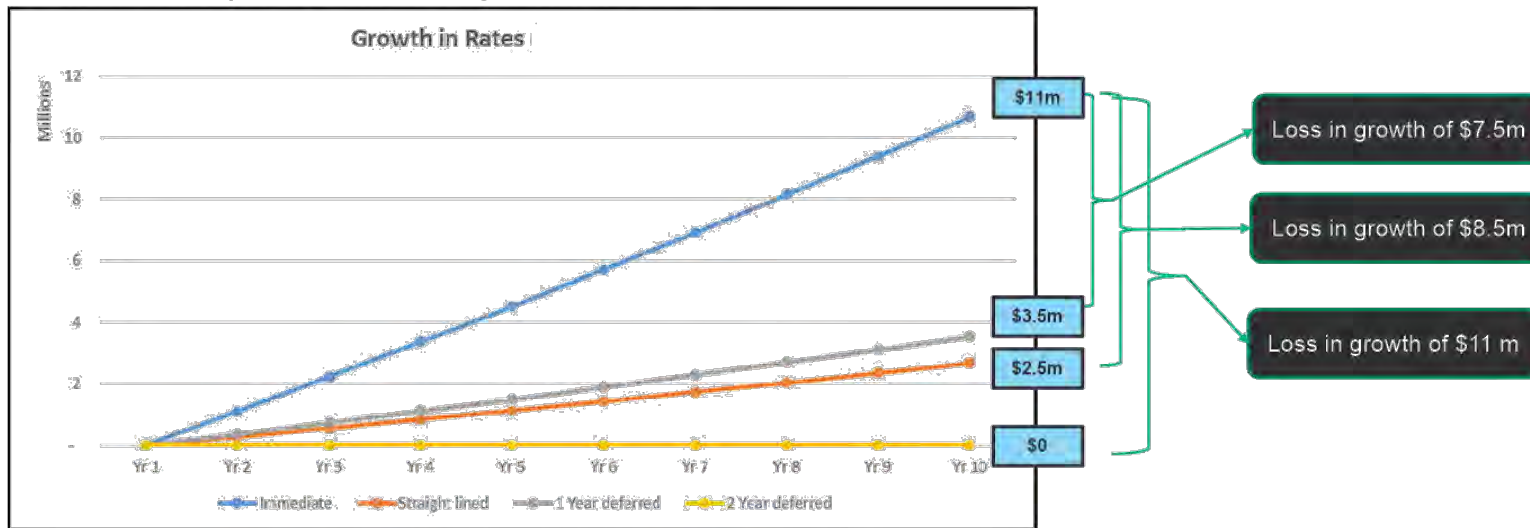
Harmonisation strategy (4 years)					
FY	YoY % increase (Harmonisation)	Harmonised Botany Min. (over 4 yrs)	YoY increase in Min. rates (\$) for Botany (Harmonisation + rate peg)	Harmonised Rockdale Min. (over 4 yrs)	YoY increase in Min. rates (\$) for Rockdale (rate peg only)
20/21	n/a	\$ 553	n/a	\$ 768	n/a
21/22	0%	\$ 564	\$ 11	\$ 783	\$ 15
22/23	0%	\$ 575	\$ 11	\$ 799	\$ 16
23/24	50%	\$ 703	\$ 128	\$ 815	\$ 16
24/25	50%	\$ 831	\$ 128	\$ 831	\$ 16



Min. Rates – Impact on Growth



- The graph below shows the cumulative growth in rates using a future development example under the proposed harmonization options for the ordinary minimum rates.





Options for Gradual Harmonisation – Ad-Valorem Rates (based on draft legislation)

11 

Options for gradual (Multi-year) harmonisation



- The provisions of the “Draft Bill”:
 - Allow *each council formed in 2016 to have the option to **gradually harmonise** new rates for residential and farmland rates from the commencement of 2021-22 **over four years**.*
 - *Councils that take up this option will need to apply **no more than 50%** of the total increase in rates at the rating category level over the period, in any one of the four financial years.*
- This proposed “**no more than 50% in any one year**” cap will ensure that ratepayers are protected against sudden and excessive rate rises in any specific year.

The proposed four-year period is designed to allow for gradual change such that ratepayers are protected against sudden excessive increases in rates, while also setting a reasonable period to limit how long some ratepayers are subsidising others.

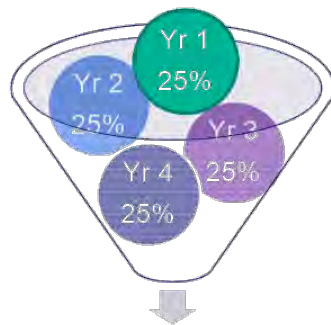
120

Options for gradual (Multi-year) harmonisation

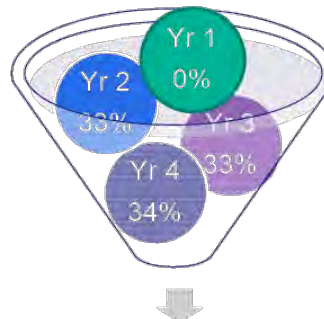


- Harmonisation over 4 years is “broad brushed” and setting the strategy to achieve this is at council’s discretion.
- Modelling the scenarios are complex and costly exercise
- Direction needed from Councillors:

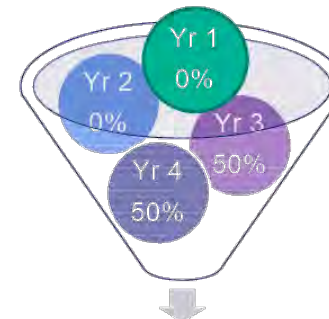
“What types of scenarios of multi-year harmonisation would the Councillors prefer to see?”



Straight Lined



Deferred by 1 year



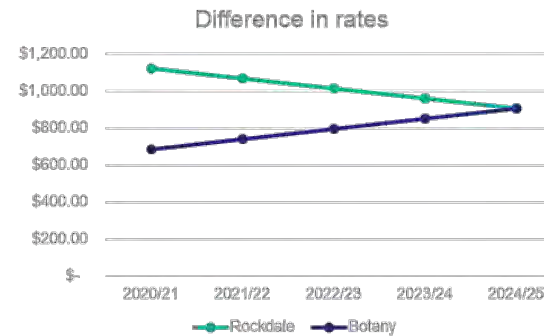
Deferred by 2 years

Options for gradual (Multi-year) harmonisation



Example of what a 4-year straight lined harmonization would look like for a property with a value of \$750k in both former Rockdale and Former Botany.

FY	Rockdale	% Decrease	Botany	% Increase	Difference
2020/21	\$1,123.29		\$685.83		\$437.46
2021/22	\$1,069.24	-5%	\$741.15	8%	\$328.10
2022/23	\$1,015.19	-5%	\$796.46	7%	\$218.73
2023/24	\$ 961.14	-5%	\$851.78	7%	\$109.37
2024/25	\$ 907.09	-6%	\$907.09	6%	\$ -



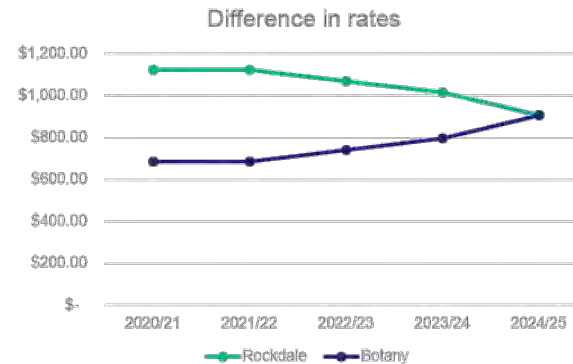
14

Options for gradual (Multi-year) harmonisation



Example of what a 1 Yr Deferral harmonization (over 4 years) would look like for a property with a value of \$750k in both former Rockdale and Former Botany.

FY	Rockdale	% Decrease	Botany	% Increase	Difference
2020/21	\$1,123.29		\$685.83		\$437.46
2021/22	\$1,123.29	0%	\$685.83	0%	\$437.46
2022/23	\$1,069.24	-5%	\$741.15	8%	\$328.10
2023/24	\$1,015.19	-5%	\$796.46	7%	\$218.73
2024/25	\$ 907.09	-11%	\$907.09	14%	\$ -



15

Options for gradual (Multi-year) harmonisation



Example of what a 2 Yr Deferral harmonization (over 4 years) would look like for a property with a value of \$750k in both former Rockdale and Former Botany.

FY	Rockdale	% Decrease	Botany	% Increase	Difference
2020/21	\$1,123.29		\$685.83		\$437.46
2021/22	\$1,123.29	0%	\$685.83	0%	\$437.46
2022/23	\$1,123.29	0%	\$685.83	0%	\$437.46
2023/24	\$1,069.24	-5%	\$741.15	8%	\$328.10
2024/25	\$ 907.09	-15%	\$907.09	22%	\$ -



16

Options for gradual (Multi-year) harmonisation



This table shows the total differential in ord. rates collected under current structure vs a harmonised structure:

Former Council	Former Councils Current		Harmonised \$80m		Difference
	Income Rates \$	Income Rates %	Income Rates \$	Income Rates %	
Rockdale	49,137,221	61%	43,939,266	55%	5,197,995
Botany	31,416,418	39%	36,614,373	45%	(5,197,995)
Total	80,553,639	100%	80,553,639	100%	-

17 

Options for gradual (Multi-year) harmonisation



This table shows YoY subsidy that Rockdale ratepayers will continue to provide under a multi year harmonization strategy:

Harmonisation options:	YoY subsidy provided by Rockdale Ratepayers				Total Subsidy over 4 years
	Y1 – 21/22	Y2 – 22/23	Y3 – 23/24	Y4 – 24/25	
Immediate (1 Jul 2021)	-	-	-	-	-
Straight line	\$3.9m	\$2.6m	\$1.3m	-	\$7.8m
1 Year deferral	\$5.2m	\$3.5m	\$1.8m	-	\$10.5m
2 Year deferral	\$5.2m	\$5.2m	\$2.6m	-	\$13.0m

Nb: The calculations above do not factor in the impacts of rate peg.

Timeline



Events	Dates (2021)
Extraordinary Council meeting - Consider draft submission on rates legislation	3 Feb
Lodge submission on draft legislation with OLG	5 Feb
Ordinary Council meeting - Determine minimum rate application	10 Feb
Lodge Min. rate application with OLG	26 Feb
Lodge Min. rate application with IPART	1 Mar
GM Briefing – Draft budget (inc. rating policy)	24 Mar
Ordinary Council meeting - Draft budget / Rating policy	14 Apr
28 Day consultation - Draft budget / Rating policy	19 Apr
Anticipated decision on draft legislation by NSW State Parliament	30 Apr
IPART Decision – Min. Application	31 May
Ordinary Council meeting - Adopt Budget (inc. rating policy)	9 Jun
Implement rating transition	1 Jul

19



**GUIDELINES FOR THE PREPARATION OF
AN APPLICATION TO INCREASE
MINIMUM RATES ABOVE THE
STATUTORY LIMIT**



ACCESS TO SERVICES

The Office of Local Government is located at:

Levels 1 & 2
5 O'Keefe Avenue
NOWRA NSW 2541

Locked Bag 3015
NOWRA NSW 2541

Phone 02 4428 4100
Fax 02 4428 4199
TTY 02 4428 4209

Email olg@olg.nsw.gov.au
Website www.olg.nsw.gov.au

OFFICE HOURS

Monday to Friday
8.30am to 5.00pm
(Special arrangements may be made if these hours are unsuitable)
All offices are wheelchair accessible.

ALTERNATIVE MEDIA PUBLICATIONS

Special arrangements can be made for our publications to be provided in large print or an alternative media format. If you need this service, please contact us on telephone 02 9289 4000.

DISCLAIMER

While every effort has been made to ensure the accuracy of the information in this publication, the Office of Local Government expressly disclaims any liability to any person in respect of anything done or not done as a result of the contents of the publication or the data provided.

© NSW Office of Local Government 2020
978-1-922001-89-4 Produced by the Office of Local Government



www.olg.nsw.gov.au

Table of Contents

1. Introduction	4
1.2 Minimum rates and the principles of rating	5
1.3 Minimum ordinary rate increases where a council is also making a special variation application	5
1.4 Minimum special rates	5
2. Process for increasing minimum rates above the statutory limit	6
2.1 Application forms	7
2.2 Assessment criteria	7
2.3 Tribunal decision-making	8
Attachment 1 - Minimum rate framework	9
What are minimum rates?	9
Ordinary rate minimums	9
Special rate minimums	10
Minimum rates and the principles of rating	11
Attachment 2 - Minimum rate increase application checklist	13

1. Introduction

Section 548 of the *Local Government Act 1993* (the Act) allows a council to specify a minimum amount of a rate to be levied on each parcel of land. If a council makes an ordinary rate for different categories or sub-categories of land, it may specify a different minimum amount for each category or sub-category.

If a council resolves to adopt a minimum amount of a rate, the minimum amount must not exceed the relevant permissible limits provided for in section 548(3) of the Act and clause 126 of the *Local Government (General) Regulation 2005* (Regulation), unless the Independent Pricing and Regulatory Tribunal (IPART) or the Minister has approved a higher amount by issuing an instrument under section 548(3), or the council is entitled to increase its minimum ordinary rate under section 548(4) and (5) of the Act.

Any council considering applying to increase its minimum rates above the statutory limit should review these guidelines in the first instance. IPART will assess and determine applications by councils to set minimum rates above the statutory limit under powers delegated to it by the Minister for Local Government.¹

A council making a special variation application and proposing increases to its minimum rate in the same rating year/s must submit two separate applications to IPART: one for the special variation and one for the proposed minimum rate increase (Application forms can be accessed on IPART's website [here](#)).

Where a council is currently charging minimum rates at or below the statutory limit, and proposes an increase in minimum rates at the same percentage rate as a special variation application which results in the minimum rate exceeding the statutory limit, the council will need to make an application to IPART for a minimum rate increase.

However, a council currently charging minimum rates above the statutory limit (having previously been granted approval to increase its minimum rate above the statutory limit), may rely on section 548(4) and (5) to increase its minimum amounts by the rate peg percentage or special variation percentage in subsequent years, without the need to make an application to IPART. A council currently charging above the statutory limit

¹ On 6 September 2010, the Minister for Local Government, delegated authority under the following sections of the *Local Government Act 1993*: sections 506, 507, 508(2), 508(3), 508(6), 508(7), 508A, 548(3) and 548(8) to IPART.

will still need to make an application to IPART where it intends to increase its minimum rates by *more* than the rate peg percentage or a special variation percentage.

Additional information regarding minimum rates can be found in Attachment 1.



If a council is considering applying for a minimum rate variation it is strongly recommended to contact IPART to confirm whether or not an application is necessary.

1.2 Minimum rates and the principles of rating

While it is a matter for each council to determine its rating structure, including the level of any minimum rates, councils are encouraged to consider the size of the minimum rate and the proportion of ratepayers paying the minimum rate to ensure that rates are fair and equitable. However, IPART will consider each application for a minimum amount increase on its merits.

1.3 Minimum ordinary rate increases where a council is also making a special variation application

Generally, where a council applies for a special variation and also applies to increase the minimum ordinary rate by the same percentage, IPART will issue an instrument under section 548(3) to permit the council to apply that same increase to its minimum rates. An instrument under section 548(3) is only required if the council is proposing to increase its minimum rates above the statutory threshold.

In some circumstances, it may be necessary for the council to apply a **lower** percentage increase to minimum rates than the requested increase in general income. In that case, the council will only need to apply for a minimum rate instrument where the increase would result in the minimum rate exceeding the statutory threshold.

If a council is seeking to apply a **higher** rate of increase to an existing minimum rate than to its other rates, and the higher minimum rate will exceed the statutory threshold, it must apply to IPART for an increase to minimum rates..

1.4 Minimum special rates

A council must obtain approval on every occasion that it wishes to increase the minimum amount on special rates above the statutory limit of \$2. This applies even if

the increase is by the rate peg percentage or if the council is seeking a special variation increase of the same amount.

2. Process for increasing minimum rates above the statutory limit

A council must apply to IPART for an increase in minimum rates above the statutory limit when:

- it is seeking to increase its **ordinary minimum rates** above the statutory limit **for the first time** with or without increasing its general income above the rate peg limit;
- it is **already** imposing an ordinary minimum rate above the statutory limit and it seeks to increase that rate by **more than the rate peg** or the percentage allowed by a **special variation**; or
- it is seeking to increase the minimum amount of its **special rates** above the statutory limit.

These Guidelines apply to all councils, except in specific circumstances, to new councils yet to harmonise.

Special Guidelines for new councils applying to harmonise minimum rates on 1 July 2021 (Special Guidelines) have been issued to new councils. The Special Guidelines temporarily replace, **in specific circumstances only**, these Minimum Rates Guidelines for **new councils** formed during a council merger process in 2016 and required to harmonise rates on 1 July 2021.

Councils are encouraged to contact IPART if they are unsure whether an application is required.

It is **not** necessary for a council to apply to IPART for an increase in minimum rates when:

- it is seeking to increase its **ordinary minimum rates** to any level at or below the statutory limit (even if the increase is by more than the rate peg); or
- it already has an ordinary minimum rate above the statutory limit, and it is seeking to increase its **ordinary minimum rate** by the rate peg or the percentage allowed by a special variation.



It is the responsibility of councils to ensure their application is compliant and that all relevant information is provided to IPART as part of the application.

2.1 Application forms

In preparing the minimum rates application, councils should note that there are two separate parts to the application:

Part A, which is a Microsoft Excel form that gathers data on the minimum amounts proposed; and

Part B, which is a Microsoft Word form to explain how the application meets the assessment criteria.

Information on the application process and forms is available from the IPART website at the following link:

- <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Councils/Apply-for-a-special-variation-or-minimum-rate-increase>

A signed copy of the certification and any supporting documentation must be in electronic format and submitted online with the application. Supporting documentation should be limited to extracts of the relevant publications, rather than full publications.



Any inquiries relating to the application process should be directed to IPART via phone 02 9290 8400 or email localgovernment@ipart.nsw.gov.au



Councils seeking to apply for a Minimum Rate Variation should **notify IPART as soon as possible** of their intention to apply.

IPART will not accept late applications, unless it grants an extension to a particular council. It is expected that council will hold an extraordinary meeting if necessary to meet the deadline for applications. IPART encourages councils to submit applications as early as possible.

2.2 Assessment criteria

IPART will assess applications for minimum rates above the statutory limit against the following set of criteria (in addition to any other matters which IPART considers relevant):

1. the rationale for increasing minimum rates above the statutory amount,
2. the impact on ratepayers, including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or sub-category, and
3. the consultation the council has undertaken to obtain the community's views on the proposal.

It is the council's responsibility to provide sufficient evidence in its application to justify the minimum rates increase. Where applicable, councils should make reference to the relevant parts of their Integrated Planning and Reporting (IP&R) documentation to demonstrate how the criteria have been met.



Councils are encouraged to discuss their applications with IPART if they are unsure about the level of supporting information to provide and/or the level of consultation they need to undertake regarding their proposal.

2.3 Tribunal decision-making

The Independent Pricing and Regulatory Tribunal comprises three permanent members appointed by the Premier.

Councils should be aware that if they provide all of the required information, this does not guarantee that applications will be approved by IPART. IPART will assess each application on its merits.

IPART will publish on its website a statement of reasons for its decision to approve, either in part or in full, or to not approve an application. Councils will also be notified in a letter from IPART regarding the outcome of their application. Where an application is approved, IPART will issue the council with an Instrument setting out the amount approved.



*IPART will make the **final decision** as to whether the proposed minimum rate variation is approved, partially approved or not approved. This decision is final and IPART will not reassess an application after it has made its decision.*

Attachment 1 - Minimum rate framework

What are minimum rates?

A rate - whether ordinary or special - may, at a council's discretion, consist of:

- a wholly ad valorem amount (i.e. based wholly on land value),
- an ad valorem amount that is subject to a minimum amount, or
- a base amount and an ad valorem amount.

With base amounts, every assessment starts off with the same level of rate, to which an ad valorem component is added.

Under a structure with minimum rates, the ad valorem amount is calculated and then compared with the minimum amount, and the ratepayer is charged the greater amount.

Where a council adopts a minimum rate for a particular category or sub-category, all ratepayers within that category or sub-category will pay at least that minimum amount regardless of their land value. Therefore, in most cases the use of minimum rates will impact ratepayers with relatively lower land values.

Ordinary rate minimums

Under section 548(3)(a) of the Act, the minimum amount of an ordinary rate cannot exceed the statutory limit set in the Regulation (clause 126) unless such a greater amount is determined by the Minister, or where the council is entitled to increase its minimum rate under section 548(4) and (5) of the Act. The Minister has delegated authority to approve minimum rate increases to IPART.

Clause 126 is typically amended each year to increase the statutory limit by the rate peg increase for that year. This amendment ensures that councils can maintain the relative rating burden between those paying the minimum amount and other ratepayers.

Councils are typically advised, at the time the annual rate peg is announced, what the expected minimum amount will be for the forthcoming year.

Special rate minimums

Under section 495(1) of the Act, a council may make a special rate for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken, by the council within the whole or any part of the council's area, other than domestic waste management services.

Under section 495, a council could, for example, make and levy:

- different special rates for different kinds of works, services, facilities or activities, or
- different special rates for the same kind of work, service, facility or activity in different parts of its area.

The amount of a special rate is determined according to the council's assessment of the relationship between the cost or estimated cost of the work, service, facility or activity and the degree of benefit afforded to the ratepayer by providing or undertaking the work, service, facility or activity.

A special rate imposed under section 495 (excepting water supply special rates and sewerage special rates) forms part of a council's total general income and, together with ordinary rates, is subject to the rate peg limit. The structure of a special rate is similar to that of an ordinary rate, in that it can consist wholly of an ad valorem amount, a base amount plus an ad valorem amount, or an ad valorem amount with a minimum rate applying.

Section 548(3)(b) of the Act specifies that the minimum amount of any rate other than an ordinary rate (not being a water supply special rate or a sewerage special rate) may not exceed \$2, unless Ministerial approval (as delegated to IPART) for a higher amount has been granted.

Unlike the minimum amount for an ordinary rate, the Act does not provide the flexibility to increase the special rate limit through an amendment to the Regulation. Rather, a council must obtain approval on *every* occasion (including the application of the rate peg) that it wishes to increase the minimum amount on special rates.

Once a council receives approval to increase a special rate minimum, this increase is ongoing and continuing. However, should a council wish to increase the approved

special rate minimum by the rate peg, by virtue of s 548(3)(b) of the Act, a council must complete an application.

Minimum rates and the principles of rating

Local government rates are a form of taxation. Unlike a charge, there is no direct requirement for a council to return a specific level of service to an individual ratepayer commensurate with the level of rates paid. Rather they are a means for raising general income.

While the Act does not specify that council rates must be levied in a way that is “fair” and “equitable”, one of the accepted principles of taxation is that taxpayers should contribute according to their capacity to pay. The use of land values as a basis for determining rates reflects the view that land values provide a reasonable proxy for “capacity to pay”.

This capacity to pay principle should be balanced, however, with the “benefit principle” – that is, those who receive the greatest benefit from the provision of council services should pay a greater share.

Ultimately it is a matter for councils to develop a rating structure that is perceived by their community as “fair” and “equitable”. The Act allows councils to structure their rates (through ad valorem, base amount and minimums) in such a way as to achieve an appropriate balance. However, there are limits on the extent to which councils can move away from an ad valorem rating system:

- For base amounts, the Act specifies that the base amount is limited to contributing 50% of the total income from a category or sub-category.
- For minimum amounts, the Act and Regulations specify a dollar value limit on the size of the minimum amount.

Councils may impose minimum rates beyond the statutory dollar value limit by obtaining a written instrument from the Minister (or IPART under delegation).

One factor that IPART will consider when deciding whether or not to approve an application for a minimum rate increase is the impact on ratepayers (including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or sub-category).

This consideration reflects the decision in *Sutton v Blue Mountains City Council (1977) 40 LGRA 51*. In that case, the Court found that, under the legislation then in force, councils were impliedly required to set rates primarily and predominantly based on an ad valorem system. The Court held that a council which tried to circumvent that ad valorem system by levying minimum rates on between 76.1% and 100% of ratepayers had exceeded the implied limits on its discretionary rate-setting power.

The Act was amended following *Sutton* to undo the effect of the case by setting a dollar value limit (this system remains today) and by making it clear that a minimum amount or a rate is not invalid because of:

- the size of the minimum amount; or
- the fact that many or all ratepayers are levied at the minimum amount.

IPART will still consider the impact on ratepayers when deciding whether or not to approve an application for a minimum rate increase; however, this is only one of a number of relevant factors and does not necessarily determine the outcome.

Attachment 2 - Minimum rate increase application checklist

- Council has contacted IPART to confirm the need to complete an application and if so, to discuss the information requirements for its particular circumstance.
- Council resolution has been passed to apply for an increase in the minimum rate above the statutory limit.
- Where a minimum rate increase above the statutory limit will result in an increase to general income, Council must pass a resolution and make separate applications for both the special variation and minimum rate increase (refer to Special Variation Guidelines).
- Council has notified IPART of their intention to apply for a minimum rate increase on or before the due date as specified by IPART.
- Council's application includes:
 - the rationale for increasing minimum rates above the statutory amount,
 - evidence of the impact on ratepayers, and
 - evidence of community consultation.
- Council has completed minimum rate increase application forms Part A (excel workbook) & Part B (word document) (available on IPART's website).
 - Part B certification page has been signed by the council's General Manager and Responsible Accounting Officer.
- Council's application includes a copy of the council's resolution(s) to apply for a minimum rate increase.
- Application which includes Part A and B, certification and council resolution and other supporting documentation, is lodged on or before the due date as specified on the OLG Council Circular and on the OLG and IPART websites.

The Year Ahead – Minimum Rates in 2021-22



24 November 2020

WHAT

This fact sheet provides information for councils and ratepayers about the minimum rate (MR) increase application process for 2021-22.

The Office of Local Government (OLG) issues guidelines for councils seeking to increase the MR amount, which set out the criteria IPART uses to assess applications.

OLG has also released *Special guidelines for new councils applying to harmonise minimum rates on 1 July 2021* that apply to newly merged councils in specific circumstances.

IPART's Information Paper *Minimum Rates in 2021-22* provides further details on IPART's MR increase application process.

WHY

This Fact Sheet and associated Information Paper ensures councils and ratepayers are aware of:

- ▼ changes to the OLG MR Guidelines for 2021-22
- ▼ when councils should submit an MR increase application as well as a special variation (SV) application

- ▼ our approach to assessing MR applications.

WHO

This information is relevant for:

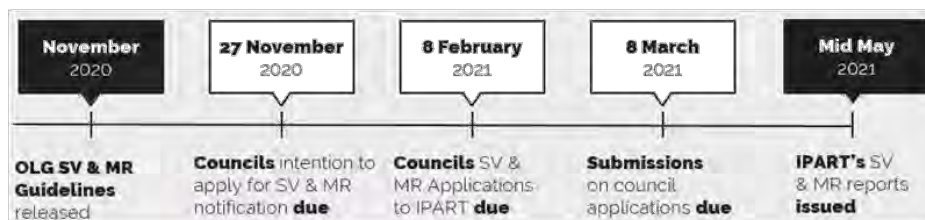
- ▼ councils considering changes to their MR in 2021-22 or in future years
- ▼ ratepayers in these councils.

New councils created by merger in 2016 may apply for an MR increase for 2021-22 (see OLG Circular 19-27).

WHAT NEXT

Councils intending to apply to increase their MR in 2021-22 should:

- ▼ review IPART's Information Paper *Minimum Rates in 2021-22*
- ▼ contact IPART as soon as possible to discuss their MR increase proposal
- ▼ refer to the MR Application Form, MR Application Guide and Information Paper *Community engagement and awareness for SVs*, which are available on IPART's website
- ▼ notify IPART that they intend to apply for an MR increase (and SV, if applicable) by 27 November 2020
- ▼ submit an application for an MR increase by 8 February 2021.





24 November 2020

Ratepayers, particularly those currently paying the MR, of councils proposing to increase their MR in 2021-22 should:

- ▼ expect their councils to be consulting with them and seeking their feedback on the proposed MR increases
- ▼ note IPART will conduct a submission process after councils submit their applications in February 2021.



Minimum Rates in 2021-22

1 The Office of Local Government's Minimum Rates Guidelines – 2021-22 and other recent changes

A council is required to apply for an increase to minimum rates (MR) where:

- ▼ it is planning to increase MRs above the 'statutory limit' for the first time, or
- ▼ it is already above the 'statutory limit', and the council is planning to increase MRs by more than the rate peg or a percentage previously approved under a special variation (SV).

The statutory limits for MR for the 2021-22 rating year are:

- ▼ \$565 for the minimum amount of an ordinary rate.
- ▼ \$2 for the minimum amount of a special rate.

OLG has also released *Special guidelines for new councils applying to harmonise minimum rates on 1 July 2021* that apply to newly merged councils in specific circumstances.

OLG's MR Guidelines recently introduced a significant change for councils proposing an MR increase in conjunction with an SV. In this case, the council must submit both an SV application and an MR increase application. Previously, a council could include an application to increase MRs as part of its SV application. OLG's MR Guidelines also include a section on merged councils.

There is no change to the requirement for a council seeking to increase the minimum amount of a special rate. OLG's MR Guidelines provide that in all cases, the council must submit an application to set a minimum special rate above \$2, even if it just seeks to increase the special rate by the rate peg.

Councils must submit their applications for an increase to MRs to IPART by 8 February 2021, whether or not it is in conjunction with an SV. It is expected that a council will hold an extraordinary general meeting if necessary to meet this requirement.

A timetable for the MR increase application process is presented on the third page of this Information Paper, and is available on IPART's website.

2 Our approach to assessment – what to note for 2021-22 applications

The criteria used to assess MR applications are set out in guidelines released by OLG.

The council's application should provide well-targeted data and research to support its rationale for the MR increase. It should also show the impact on affected ratepayers is reasonable and that it has consulted with the community on the proposal. Where applicable, a council should reference its Integrated Planning and Reporting (IP&R) documents.

The level of community consultation should be commensurate with the size of the proposed rate increases and associated impact on ratepayers. Consultation may include exhibiting the proposal and seeking feedback from affected ratepayers in online forums or surveys.

Minimum Rates in 2021-22

It is a matter for councils to develop a rating structure that is accepted by the community as fair and equitable.

Impact of COVID-19 on Minimum Rate applications for 2021-22

IPART recognises that challenges posed by the ongoing coronavirus (COVID-19) pandemic may impact on councils' abilities to fully meet some of the criteria set out in the OLG's MR Guidelines.

We recommend that councils intending to apply for MR increases for 2021-22 submit an application addressing the criteria to the fullest extent possible.

The OLG's MR Guidelines give IPART flexibility to take into account matters it considers relevant, and to consider particular circumstances of individual councils. Councils should provide information on relevant impacts of COVID-19 in MR increase applications for 2021-22, including consideration of impacts on ratepayer affordability and measures taken to effectively consult with ratepayers under social distancing requirements.

3 Process for MR applications for 2021-22

This section provides information about the application process for councils seeking an increase to minimum rates under section 548(3) of the *Local Government Act 1993* for 2021-22.

All councils considering whether to apply for an MR increase for 2021-22 **should contact IPART as early as possible** to discuss their proposal, and what they need to do to be able to demonstrate they have satisfied the criteria in the MR Guidelines.

Councils intending to submit an application under section 548(3) are urged to notify us of their intention to apply, by Friday 27 November 2020. In the interests of transparency and good governance, it is preferable that the council has resolved to notify IPART that it intends to apply for an MR increase, but this is not a formal requirement.

Councils should use the [Council Portal](#) on IPART's website to notify IPART that they intend to apply for an MR increase, and to submit their application.

If your council is preparing to submit an application for an MR increase for 2021-22 but did not notify IPART of the intention to apply in November 2020, you should contact IPART as soon as possible.

Please phone Sheridan Rapmund, Director, on (02) 9290 8430, or Albert Jean, Principal Analyst, on (02) 9290 8413.

Councils must submit their application by 8 February 2021

IPART encourages councils to submit their applications as early as possible.

IPART will generally not accept late applications unless the council has applied for an extension for circumstances that are beyond the council's control, and IPART has granted it.

Minimum Rates in 2021-22

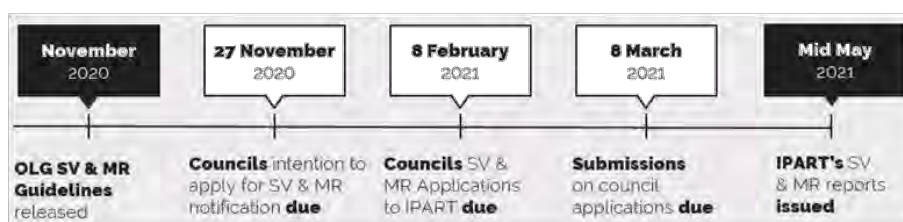
Councils must resolve to submit an application before applying

OLG’s MR Guidelines require the council to have resolved to apply for an MR increase. A copy of the council’s resolution must be submitted with the Application Form. IPART will not commence an assessment of the application unless a copy of the resolution is provided.

It is expected that a council will hold an extraordinary general meeting if necessary to meet this requirement.

Timetable for MRs for 2021-22

The timetable applying to applications for SV and MR increases for 2021-22 is:





APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Guide for Minimum Rate Increase Application Form Part B



Application Guide

December 2020

Local Government

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Enquiries regarding this document should be directed to a staff member:

Sheridan Rapmund (02) 9290 8430

Albert Jean (02) 9290 8413

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Contents

Preparing your application	1
Description and Context Questions	5
Criterion 1: Rationale for increasing minimum rates above the statutory limit	7
Criterion 2: Impact on ratepayers	9
Criterion 3: Consultation on the proposal	11
Criterion 4: Other relevant matters	13
Council certification and contact information	14
List of attachments	15

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Preparing your application

For applications to increase minimum rates (MR) above the statutory limit (MR Increase) for 2021-22 IPART has prepared two separate application forms: a **MR Increase Application Form Part A**, which is in the form of an Excel spreadsheet, and **MR Increase Application Form Part B**. We have also prepared this document, the **Guide for MR Increase Application Form Part B**.

The intention of this guide is to improve the readability of the completed MR Increase Application Form Part B for ratepayers. This Guide is primarily for council officers preparing the Application Form Part B. It provides information about how IPART will assess councils' applications against the criteria in OLG's MR Guidelines,¹ and instructions for completing the MR Increase Application Form Part B.

References are provided to other IPART and OLG publications which contain information and guidance relevant for preparing the council's responses in the MR Increase Application Form Part B. It also cross-references the Minimum Rate Increase Application Form Part A 2021-22 (Excel spreadsheet).

Does the council need to submit an application for a minimum rate increase?

Ordinary rates – minimum amounts

Councils must apply to increase the minimum amount of an ordinary rate above the statutory limit where:

1. The council is currently charging a minimum ordinary rate at or below the statutory limit and is seeking to increase its minimum rate(s) above the statutory limit for the first time.
2. The council is currently charging a minimum ordinary rate at or above the statutory limit and is seeking to increase its minimum rate(s) in 2021-22 by more than the rate peg percentage or the percentage allowed by an SV (i.e. previously approved for 2021-22).
3. The council is currently charging a minimum ordinary rate at or below the statutory limit and, as part of implementing the SV (whether applying a lower, higher or the same percentage increase as the requested SV percentage) the increase would result in minimum rates that are above the statutory limit for the first time.

For new councils (i.e. formed by merger in 2016) where harmonising minimum rates either:

¹ Office of Local Government (OLG), *Guidelines for the preparation of an application to increase minimum rates above the statutory limit*, November 2020 (OLG's MR Guidelines).

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

-
- ▼ Results in an ordinary minimum rate increasing above the statutory limit for the first time
 - ▼ Where one or more of the merged council's existing minimum rates is above the statutory rate and it seeks to increase that rate by more than the rate peg or the percentage allowed by a special variation.

New councils that have more than one existing minimum rate instrument should refer to OLG's *Special guidelines for new councils applying to harmonise minimum rates on 1 July 2021*.

Councils **do not need** to apply for an increase to minimum ordinary rates in the following circumstances, whether or not they are applying for an SV:

- ▼ If the proposed increase (even if it is above the rate peg percentage) would result in minimum rate(s) which were still below the statutory limit.
- ▼ If the minimum rate is already above the statutory limit (having previously been granted approval for the rates to be above the statutory limit) and the council proposes to increase the minimum rate(s) by the rate peg percentage or the percentage allowed by an SV (i.e. which has been approved for 2021-22 by a prior SV instrument).

Special rates – minimum amounts

Council must apply to increase (even by the rate peg percentage) the minimum amount of a special rate above the statutory limit, i.e. whether or not the council is applying for an SV for 2021-22.

Minimum rate increase Application Forms

Councils applying to IPART for a MR increase must complete:

- ▼ Minimum Rate Increase Application Form Part A (Excel spreadsheet)
- ▼ Minimum Rate Increase Application Form Part B (MS Word document)

New councils can apply for a MR Increase for 2021-22. In this case, the councils should complete a different version of Part A:

- ▼ Minimum Rate Increase Application Form Part A – Merged councils 2021-22

Structure of the MR Increase Application Form Part B

The MR Increase Application Form Part B is structured to allow councils to provide the information we consider necessary for us to assess a MR increase application according to the criteria for assessment in OLG's MR Guidelines. The sections of the Application Form are:

- ▼ Description and Context Questions
- ▼ Criterion 1: Rationale

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

- ▼ Criterion 2: Impact on ratepayers
- ▼ Criterion 3: Consultation on the proposal
- ▼ Criterion 4: Other relevant matters
- ▼ Certification and contact information
- ▼ List of attachments

In the sections of the MR Increase Application Form relating to the criteria there are:

Questions – asking for information IPART will take into consideration in assessing whether the council has satisfied the criterion.

Question boxes – asking questions with Yes/No answers or for councils to provide specific data without any commentary.

Text boxes – for councils to insert information. Responses should clearly cross-reference supporting documents.

Tables of Attachments – for councils to list all supporting documents relevant for the questions in each section which are attached to the council's application.

Attaching supporting material

We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the response for the criteria. Responses in the text boxes should clearly cross-reference where the information is located in the supporting documents attached to the council's application.

Confidential content in supporting material

IPART will post all applications (excluding confidential content) on the IPART website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, or a document such as a council working document that does not have formal status, or a document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**.

To protect confidential details in submissions from ratepayers, either redact or submit as a confidential attachment (see List of attachments).

Submitting the application online

Applications must be submitted through IPART's Council Portal by Monday, 8 February 2021.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

- ▼ A file size limit of 10MB applies to the Application Form Part B.
- ▼ For supporting documents (Attachments) a file size limit of 70MB applies to public documents, and another 50MB to confidential documents.

Contact Arsh Suri on (02) 9113 7730 for assistance with using the Council Portal.

Publishing the council's application

Councils should also post their application on their own website for the community to access.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Description and Context Questions

These questions seek general information about the council's application to increase minimum rates.

Question 1: What is the increase to minimum rate(s) the council is applying for?

Complete the **question box**.

The response will provide a high-level summary of the proposal to increase minimum rates. Detailed information about the increase will already have been entered in Worksheet 1 of the MR Increase Application Form Part A, and also Worksheet 5a of the SV Application Form Part A if the proposed MR increase is in conjunction with an SV.

Question 2: What is the key purpose(s) for the requesting to increase minimum rate(s) above the statutory limit?

In the **text box** indicate at the highest level the key purpose(s) of the proposed increase to minimum rates. The purposes could include one, or a combination of:

- ▼ increasing minimum rates by the rate peg percentage
- ▼ maintaining an equitable allocation of the rating burden across the council's rating categories
- ▼ improving the equitable allocation of the rating burden across the council's rating categories
- ▼ matching the level of minimum rates in comparable councils
- ▼ improving financial sustainability, and/or
- ▼ increasing a special rate by the rate peg percentage.

Question 3: Is the council a new council created by merger in 2016?

The NSW Government required new councils created by merger in 2016 to maintain pre-merger rate paths (the 'rate path protection period'). These councils were subject to a 'rate freeze', as they were not eligible to apply for an SV or increase to minimum rates in the rate path protection period. These councils are required to harmonise their rates by 1 July 2021.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

IPART will assess applications for a MR increase from such councils according to the same criteria and in the same way as applications for all other councils. However new councils will need to clearly explain how they meet each of the main criteria in the context of the rate levels and rate paths of all the former councils.

Complete the **question box**.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

**Criterion 1****Rationale for increasing minimum rates above the statutory limit**

Criterion 1 in the MR Increase Guidelines requires IPART to assess applications in light of:

The rationale for increasing minimum rates above the statutory amount.

The MR Increase Guidelines discuss minimum rates in the context of rating principles in Attachment 1. The MR Increase Guidelines state that:

Were applicable, councils should make reference to the relevant parts of their Integrated Planning and Reporting (IP&R) documentation to demonstrate how the criteria have been met.²

IPART expects that councils should be able to provide evidence of how the increase to minimum rates proposal was developed in the context of the council's IP&R framework, and councils should refer to the relevant parts of their IP&R documents.

How to respond for Criterion 1

The council's response providing the rationale for increasing its minimum rate(s) above the statutory limit should be tailored to the specific circumstances of the minimum rate increase, including whether it is part of a proposal for an SV.

If the increase to minimum rates is in conjunction with a proposed SV, the response for Criterion 1 should focus on the aspects directly relevant to the proposed MR increase. It is not necessary to duplicate all the information explaining how the council established financial need which is included in the response for Criterion 1 in the SV Application Form Part B.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

The Application Form asks one question for Criterion 1, and **in the text box** the response should:

- ▼ Explain how the council developed the proposal in the context of its IP&R framework, including the SV proposal, if relevant.
- ▼ Explain why the council considers the increase to minimum rates is necessary.
- ▼ Discuss both the benefits and drawbacks of the proposed changes to the rating structure.

² OLG, MR Increase Guidelines, section 2.2.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Attachments for Criterion 1

In the table provided, list all attachments to the application which the council relies on to demonstrate how it has met Criterion 1. Attachments could include IP&R documents or reports commissioned by the council.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22



Criterion 2

Impact on ratepayers

Criterion 2 in the MR Guidelines requires IPART to assess applications having regard to:

The impact on ratepayers, including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or subcategory.

The criterion requires consideration of two elements:

- ▼ The level of minimum rates for ratepayers whose rates will be increased, and
- ▼ The distribution of the rate burden in the particular category or subcategory between those paying minimum rates and those paying an amount based on the value of their property.

Although it is a matter for each council to determine its rating structure, including the level of minimum rates, for this criterion, IPART will assess the proposal on its merits, but will consider how the proposed minimum rates accord with the principles of rating, by looking at:

- ▼ The absolute and percentage increase in minimum rates proposed for ratepayers paying the minimum amount
- ▼ How the council will manage any adverse impact on ratepayers
- ▼ How the increase in minimum rates affects the equitable distribution of the rate burden among all ratepayers in the category or subcategory.

As the minimum rate is the lowest amount that is paid by ratepayers in any rating category, the impact of the proposed increase to minimum rates may not, of itself, be as significant as the same percentage increase to rate levels above the minimum. Nevertheless, IPART expects that councils will be able to demonstrate how they have considered its affordability and the affected ratepayers' capacity to pay.

IPART will make its own assessment of the affected ratepayers' capacity to pay by reference to evidence provided by the council and our own analysis using socioeconomic indicators, including as they relate to those for comparable councils in the council's OLG grouping.

How to respond for Criterion 2

By completing MR Increase Application Form Part A, councils will provide full details of current and proposed levels of minimum rates and the number of ratepayers affected. The response to the first question for Criterion 2 requires only a summary of this information. Include a table **in the text box** or attach one in a separate document, as appropriate.

If the increase to minimum rates is in conjunction with a proposed SV, the response for the other questions for Criterion 2 should focus on the aspects of the impact on ratepayers and its

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

affordability which are directly relevant to the proposed MR increase. It is not necessary to duplicate all the information providing details included in the response for Criterion 3 in the SV Application Form Part B.

The council's response to the other questions for Criterion 2 should explain the specific circumstances of the minimum rate increase, including whether it applies to an ordinary or special rate and whether it is part of a proposal for an SV, and the characteristics of the ratepayers who will be affected.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

The response to this criterion should refer to matter such as:

- ▼ The extent to which the new minimum rates exceed the equivalent ad valorem rates that would apply in the absence of the minimum rates.
- ▼ The overall impact on ratepayers resulting from the proposed increase.
- ▼ Steps that have been taken to distribute the rate burden equitably.
- ▼ Affected ratepayers' capacity to pay the higher level of rates, overall and by each rating subcategory.
- ▼ How the council plans to address hardship ratepayers may experience in meeting their obligations to pay rates in the future.

In considering capacity to pay, you may also want to consider how the council's socioeconomic profile and other relevant measures of capacity to pay relate to those for comparable councils. IPART will also review various socio-economic indicators, particularly as they relate to those for comparable councils in your OLG grouping.

Attachments for Criterion 2

In the table provided, list all attachments to the application which the council relies on to demonstrate how it has met Criterion 2.

Attachments could include IP&R documents or reports commissioned by the council, the council's hardship policy and any other study or analysis of the impact on ratepayers.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22



Criterion 3

Consultation on the proposal

Criterion 3 in the MR Guidelines requires IPART to assess applications in light of:

The consultation the council has undertaken to obtain the community's views on the proposal.

Information about how the council can engage the community can be found in OLG's *SV Guidelines* and *IP&R manual*, as well as IPART's *Community awareness and engagement – Information Paper*.

The criterion requires IPART to make an assessment on the council's consultation with its community about the proposal to increase minimum rates.

Although this criterion does not specify the various aspects of how the council should conduct consultation on the minimum rate increases, IPART expects that councils should be able to offer evidence to demonstrate that its consultation has been effective. Councils need to utilise appropriate methods to make the community aware of the proposal and afford ratepayers opportunities to provide feedback, and show that the proposed increase is reflected in its IP&R documents.

The breadth and depth of the consultation should be commensurate with the size of the proposed increase in rates, and tailored to the specific circumstances of the minimum rate increase, including whether or not it is part of a proposed SV.

IPART expects that the consultation would:

- ▼ Include the broader community as well as the ratepayers directly affected
- ▼ Explain the rationale for the proposal, and
- ▼ Transparently outline:
 - how the proposed minimum rate increase incorporates the rate peg and/or SV percentage increase
 - the annual increase (rather than just a weekly amount)
 - the full cumulative increase in percentage terms, and the total increase in dollar terms for ratepayers in each affected rating category
 - the impact on other ratepayers in the category who do not pay the minimum rate,
 - any change in the proportion of ratepayers on the minimum rate.

How to respond for Criterion 3

The response for this criterion should demonstrate that the council used an appropriate range of methods to inform the community about the proposed increase to minimum rates and offered opportunities for the community to provide their comments on the proposal.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

In the text box, the council should explain the consultation process, including:

- ▼ How the council has consulted with the community.
- ▼ The forms of consultation used.
- ▼ When consultation occurred.
- ▼ Which groups were consulted.
- ▼ Opportunities for the community to give feedback.
- ▼ A summary of the outcomes and feedback received.
- ▼ Any action taken, or which will be taken, to address issues of common concern within the community about the proposal to increase minimum rates.

Attachments for Criterion 3

In the table provided, list all attachments to the application which the council relies on to demonstrate how it has met Criterion 3.

Attachments could include IP&R documents or reports commissioned by the council

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

**Criterion 4**
Other relevant matters

The MR Increase Guidelines provide that IPART will assess each application based on its merits against the three assessment criteria:

In addition to any other matter which it considers relevant.

The guidelines do not specify examples of such matters.

Consistent with the approach for assessing SV applications, IPART's approach will be to assess each of the three criteria, then make an overall assessment taking into account any other relevant factor.

In its response for this criterion, the council may provide any information in addition to that provided elsewhere in the Application Form which it would like IPART to consider when assessing its proposed SV.

Attachments for Criterion 4

In the table provided, list all attachments to the application which contain information which the council considers IPART should take into account when assessing its proposal to increase minimum rates.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

Council certification and contact information

Certification of application

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer.

Once completed, scan the signed certification and attach it to the council's MR Increase Application Form as a public supporting document.

Council contact information

Councils should provide contact information as requested.

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide details of the primary contact for such inquiries where this person is a council officer who is not the General Manager.

APPLICATION FOR A MINIMUM RATE INCREASE FOR 2021-22

List of attachments

Table 5.1 constitutes a check list such that all relevant documents are submitted to IPART.

Some documents are mandatory for all councils to submit, others only applicable if required by council's specific circumstances and application. Each council can determine which other supporting material to attach. To assist councils, Table 5.1 includes the names of some supporting documents commonly provided.

If the increase to minimum rates is in conjunction with a proposed SV, councils should include in the List of attachments all documents relied on in the application and referred to in Tables 1 to 4. Use the same council-assigned number shown in the SV Application Form List of attachments.

However it is not necessary to submit any document through the Council Portal twice.

IPART will publish on our website the Application Forms and all material submitted as attachments to the application.

Confidential content in supporting material

Councils are asked to redact personal identifying details from all attachments. Such information, including names, addresses and contact details, as well as details which would allow a person to be identified, are commonly found in feedback material received during consultation. Personal details of council officers should be treated in the same way. IPART will check all attachments to ensure such information is not published, but councils should avoid the need for this to happen by reviewing all material and redacting as necessary before documents are submitted.

Councils may also request that a document, or part of a document attached to the application not be made publicly available. This would occur if, for example, it contains commercial-in-confidence material, or is an internal working document and not an adopted policy. In this case, the attachment must be listed in the separate section of Table 5.1.

Completing Table 5.1

To complete Table 5.1 (adding rows as necessary):

1. Assign an identifying number and/or letter to each document, or use the number assigned when the document was attached to the SV Application Form if appropriate.
2. Name each document.
3. Check the box to indicate that it is being submitted with the application.



**Special guidelines for new councils
applying to harmonise minimum rates
on 1 July 2021**



November 2020

ACCESS TO SERVICES

The Office of Local Government is located at:

Levels 1 & 2
5 O'Keefe Avenue
NOWRA NSW 2541

Locked Bag 3015
NOWRA NSW 2541

Phone 02 4428 4100
Fax 02 4428 4199
TTY 02 4428 4209

Email olg@olg.nsw.gov.au
Website www.olg.nsw.gov.au

OFFICE HOURS

Monday to Friday
8.30am to 5.00pm
(Special arrangements may be made if these hours are unsuitable)
All offices are wheelchair accessible.

ALTERNATIVE MEDIA PUBLICATIONS

Special arrangements can be made for our publications to be provided in large print or an alternative media format. If you need this service, please contact us on telephone 02 9289 4000.

DISCLAIMER

While every effort has been made to ensure the accuracy of the information in this publication, the Office of Local Government expressly disclaims any liability to any person in respect of anything done or not done as a result of the contents of the publication or the data provided.

© NSW Office of Local Government 2020
978-1-922001-82-5 Produced by the Office of Local Government



www.olg.nsw.gov.au

Table of Contents

- 1. Introduction.....4**
- 1.1. Application of Special Guidelines 4
- 1.2. Minimum ordinary rates 5
- 1.3. Minimum rates and the principles of rating 5
- 1.4. Minimum ordinary rate increases above a prior approved limit and special variation applications 5
- 2. Process for new councils adopting a minimum rate above the statutory limit..... 6**
- 2.1. Deadlines 6
- 2.2. Application criteria 6
- 2.3. Assessment criteria and decision making..... 7

1. Introduction

1.1. Application of Special Guidelines

Councils must apply to the Minister for Local Government when proposing to harmonise minimum ordinary rates above the statutory limit. The Deputy Secretary, Local Government, Planning and Policy, Department of Planning, Industry and Environment (DPIE) holds a temporary delegation under section 548 of the *Local Government Act 1993* (the Act) to determine minimum rates applications from new councils for 2021-22.

These Special Guidelines temporarily replace, **in specific circumstances only**, the Minimum Rates Guidelines and Independent Pricing and Regulatory Tribunal (IPART) application process for **new councils** required to harmonise rates on 1 July 2021.

These Special Guidelines only apply if a new council is seeking to set a harmonised minimum ordinary rate across its new council area that is higher than the current statutory limit of \$554, but no higher than the highest minimum ordinary rate of any one of the former councils or part of a former council area that was previously approved by IPART (plus the 2021-22 rate peg).

The new councils able to apply under this temporary process are:

New council	Former councils and *parts of former councils
Armidale Regional	Armidale Dumaresq and Guyra
Bayside	Botany and Rockdale
Canterbury Bankstown	Canterbury and Bankstown
Central Coast	Gosford and Wyong
Cumberland	Auburn, Parramatta and Holroyd*
Dubbo Regional	Dubbo and Wellington
Edward River	Conargo and Deniliquin
Federation	Corowa and Urana
Georges River	Hurstville and Kogarah
Hilltops	Boorowa, Harden and Young
Inner West	Ashfield, Leichhardt and Marrickville
Mid-Coast	Gloucester, Great Lakes and Greater Taree
Murrumbidgee	Jerilderie and Murrumbidgee
Northern Beaches	Manly, Pittwater and Warringah
Parramatta City	Parramatta, Hills*, Auburn*, Holroyd* and Hornsby*
Snowy Monaro Regional	Bombala, Cooma Monaro and Snowy River
Snowy Valleys	Tumbarumba and Tumut

1.2. Minimum ordinary rates

Section 548 of the *Local Government Act 1993* (the Act) allows a council to specify a minimum amount of a rate to be levied on each parcel of land. If a council makes an ordinary rate for different categories or sub-categories of land, it may specify a different minimum amount for each category or sub-category.

1.3. Minimum rates and the principles of rating

While it is a matter for each new council to determine its harmonised rating structure, including the level of any minimum rates, councils are encouraged to consider the size of the proposed minimum rate and the proportion of ratepayers that will pay the harmonised minimum rate, and to consult with their communities as appropriate, to ensure that rates are fair and equitable.

1.4. Minimum ordinary rate increases above a prior approved limit and special variation applications

A council applying to use this pathway to vary their minimum rate does not change the process for them applying to IPART for any Special Rate Variation in 2021-22.

Additionally, if a council is considering applying for a minimum rate variation above the highest minimum ordinary rate previously approved by IPART for any of the former council areas these Special Guidelines **do not apply**.

In these instances, the temporary delegation does not apply and council is strongly recommended to contact IPART to confirm whether or not an application is necessary under the *Guidelines for the Preparation of an Application to Increase Minimum Rates Above the Statutory Limit*, and to follow the normal IPART application process.

2. Process for new councils adopting a minimum rate above the statutory limit

Under special delegation arrangements, new councils must seek approval when proposing to harmonise minimum ordinary rates in accordance with these Special Guidelines.

New councils are encouraged to contact the Performance Team at OLG in the first instance if they are unsure whether an application is required.

*It is the **responsibility of councils to ensure their application is compliant and that all relevant information is provided to the Deputy Secretary, Local Government, Planning and Policy as part of the application.***

Councils considering applying for a minimum rate variation that is above the statutory limit and above the highest minimum ordinary rate previously approved by IPART for any of the former council areas or seeking approval of a Special Rate Variation (SRV), should refer to Section 1.4 of these Special Guidelines.

2.1. Deadlines

Councils seeking to utilise the provisions outlined in these Special Guidelines are required to submit their applications and supporting documentation directly to OLG by no later than **26 February 2021**. OLG will not accept late applications unless an extension is granted to a particular council due to exceptional circumstances. It is expected that council will hold an extraordinary meeting if necessary, to meet the deadline for applications. OLG encourages councils to submit applications as early as possible.

*Applications will be determined **within six weeks of receipt, or by 9 April 2021, whichever is the earlier date.***

2.2. Application criteria

In preparing the minimum rates application, councils are required to:

1. Apply to the **Minister for Local Government** by writing to the **Deputy Secretary, Local Government, Planning and Policy** and ensuring that the **application letter**:
 - is signed by the council's General Manager and Responsible Accounting Officer
 - includes the amount of the proposed minimum ordinary rate(s) with the categories and subcategories the proposed minimum ordinary rate(s) will apply to, AND

- includes the names of the former councils, or part(s) of former council areas and the minimum ordinary rate amounts from these former areas that IPART had previously approved.
2. Provide a copy of the council's **Resolution**, ensuring:
 - the Resolution has been passed to clearly apply to the Minister for Local Government to set minimum ordinary rates in the council area for 2021-22 for any rating category or subcategory that is above the statutory limit and it is equal to or below the highest minimum ordinary rates previously approved by IPART for a former council or part of a former council area, AND
 - provide a link to the Resolution on the council's website.
 3. Provide a copy of **all supporting documentation** including:
 - IPART's Instrument(s) relating to the minimum ordinary rates previously approved,
 - details of any community consultation that has been undertaken by Council, AND
 - ensuring documentation is limited to extracts of the relevant publications, rather than full publications.

The letter of application, the council resolution and supporting documentation must be in electronic format and submitted by email to olg@olg.nsw.gov.au.

Any inquiries relating to the application process should be directed to the Performance Team via phone 02 4428 4100 or email olg@olg.nsw.gov.au.

2.3. Assessment criteria and decision making

Applications for minimum rates above the statutory limit will be assessed based on Council's resolution, the application criteria and evidence that the proposed minimum ordinary rates are not higher than the highest one of those previously approved by IPART for a former council or part of former council areas.

The Deputy Secretary, Local Government, Planning and Policy, under delegation from the Minister for Local Government, will determine each application individually, based on its merits and against the assessment criteria.

Councils should be aware that if they provide all of the required information, this does not guarantee that applications will be approved.

The determination of the application will be published on OLG's website. The relevant council(s) will also be notified of the outcome of their application, within six weeks of making the application, in a letter from the Deputy Secretary, Local Government, Planning and Policy.

Where an application is approved, the Deputy Secretary, Local Government, Planning and Policy will issue the council with an Instrument setting out the amount approved.

*The Deputy Secretary, Local Government, Planning and Policy will make the **final decision** as to whether the proposed minimum ordinary rate is approved or not approved. This decision is final, and the Deputy Secretary, Local Government, Planning and Policy will not reassess an application after a decision is made.*

AFR**Council Meeting****9/09/2020**

Item No	8.6
Subject	Rates Harmonisation
Report by	Michael Mamo, Director City Performance
File	SF20/4213

Resolution

Minute 2020/189

Resolved on the motion of Councillors Nagi and Kalligas

- 1 That Council notes that the rates harmonisation process is to be fully implemented by 1 July 2021 as required by current NSW Government legislation (Local Government Act 1993).
- 2 If current legislation is amended prior to 1 July 2021 in relation to the 1-year implementation of rates harmonisation, then Council will consider any alternative multi-year implementation options.
- 3 That Council approves community consultation for the Harmonisation of rates based on Scenario 2 (as shown in attachment 3) and as outlined in this report.
- 4 As part of the rates harmonisation process, the Bayside Ordinary rate is to be based on ad-valorem rating structure with a minimum rate of \$768 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year) to commence from 1 July 2021.
- 5 Unless the current requirements change prior to the end of November 2020, that Council notifies IPART of the intention to apply for a new minimum rate for Bayside.
- 6 That Council endorse the proposed new rating categories and sub-categories as detailed in this report for community consultation.
- 7 That community consultation commence on 14 September 2020 for an 8 week period.
- 8 At the conclusion of the consultation period, a report be submitted back to Council on the outcomes of the community engagement process for Council to make a final determination on the harmonised rating structure to take effect from 1 July 2021.

Item

1



Council Meeting

9/09/2020

Item No	8.6
Subject	Rates Harmonisation
Report by	Michael Mamo, Director City Performance
File	SF20/4213

Summary

In 2016, when the NSW amalgamations were proclaimed, the NSW State Government legislation (Local Government Act 1993) was amended to include section 218CB relating to the maintenance of the pre-amalgamation rating structures for all amalgamated councils. This effectively required all amalgamated councils to maintain the pre-amalgamation rating structures for a period of 4 years.

The current legislation as prescribed under section 218CB (2) of the Act requires all amalgamated councils to harmonise their rating structures by 1 July 2021. It is important to note, that this process of rates harmonisation is a mandated requirement imposed on all amalgamated councils as part of legislation and the timeline to do so is not discretionary.

The NSW State Government legislation does not currently allow any amalgamated council to progressively harmonise their rates over multiple years. Further, it does not recognise the significant dollar differential in the rates paid by ratepayers across former councils of the new amalgamated council. Finally, the legislation does not make provision for the sitting council to reasonably afford compassion to those ratepayers who will be most affected by a sudden and significant change in the amount of rates they are required to pay.

This report outlines the rates harmonisation requirements, along with 2 rates harmonisation scenarios for Council to determine as the preferred scenario for consultation with the community. The recommended scenario for community consultation is scenario 2 (as shown in attachment 3) and outlined in this report, which is summarised as follows:

- The rating categories and sub-categories to be established comprise:
 - ♦ Residential - Ordinary
 - ♦ Business - Ordinary
 - ♦ Business - Industrial
 - ♦ Business - Port Botany
 - ♦ Business - Mall
 - ♦ Farmland
- A minimum rate is to be applied across all rating categories and sub-categories at an amount equivalent to the current former Rockdale City Council minimum rate of \$768.52 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year).
- Only the ordinary rates (approximately \$80 million) are to be harmonised across the above listed rating categories, with the existing special rates (approximately \$13 million)

Item 8.6

120

Council Meeting

9/09/2020

across the former Councils to remain unchanged and only levied on those rating areas currently rated for the relevant special rate.

In determining to set a Bayside Council minimum rate based on the current former Rockdale City Council minimum rate, Council is required to make application to the Independent Pricing & Regulatory Tribunal (IPART) for approval of the minimum rate. In doing so, Council is required to make a Council resolution, resolving to notify IPART before the end of November 2020 of the Council's intention to submit an application to establish the Bayside minimum rate. Subsequently, Council is also required after undertaking community consultation to formally resolve to submit an application to create the Bayside minimum rate before mid-February 2021.

In undertaking the community engagement process, it is important to ensure all ratepayers are given an opportunity to be made aware of the why Council is required to make this change to the way their rates are levied, inform them of the impact of the change on their rates, and to be give the ratepayers an opportunity to provide Council with their feedback.

Officer Recommendation

- 1 That Council notes that the rates harmonisation process is to be fully implemented by 1 July 2021 as required by current NSW Government legislation (Local Government Act 1993).
 - 2 If current legislation is amended prior to 1 July 2021 in relation to the 1-year implementation of rates harmonisation, then Council will consider any alternative multi-year implementation options.
 - 3 That Council approves community consultation for the Harmonisation of rates based on Scenario 2 (as shown in attachment 3) and as outlined in this report.
 - 4 As part of the rates harmonisation process, the Bayside Ordinary rate is to be based on ad-valorem rating structure with a minimum rate of \$768 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year) to commence from 1 July 2021.
 - 5 That Council notifies IPART of the intention to apply for a new minimum rate for Bayside.
 - 6 That Council endorse the proposed new rating categories and sub-categories as detailed in this report for community consultation.
 - 7 That community consultation commence on 14 September 2020 for an 8 week period.
 - 8 At the conclusion of the consultation period, a report be submitted back to Council on the outcomes of the community engagement process for Council to make a final determination on the harmonised rating structure to take effect from 1 July 2021.
-

Item 8.6

121

Background

Rating Introduction

Rates are calculated on land values. The distribution of rates within subcategories is based on the proportionate distribution of land values for the properties in the same subcategory.

For rates purposes, land valuations are calculated every 3 years by the NSW Valuer General. The total rates pool isn't affected by the revaluation, but individual property rates can be affected to a small or large extent because of disproportionate value changes across large and disparate areas.

The latest land revaluation took effect on Council's rating structure on 1 July 2020 with the application of the 2019 valuations. Rates modelling, for the purpose of rates harmonisation, has been prepared based on 2019 land valuations.

Legislative Context

Amalgamation

The Council Amalgamation Proclamation prescribes the responsibilities of the first elected council and includes a requirement that the rating structure must be reviewed within the first council term. The NSW Government amended the Local Government Act which allowed the Minister to require that the former councils rating structures stay in place for 4 rating years, from 1 July 2016 to 30 June 2020. This enabled the government to achieve its policy that there will "be no change to the existing rate paths for newly merged Councils for 4 years".

The NSW Government has subsequently amended the Local Government Act again to provide an optional additional year for amalgamated councils to harmonise rates by 30 June 2021.

Rates Harmonisation - Local Government Act

The legislative framework for setting rates and designing rating structures is set out in the Local Government Act 1993. Growth in Council's overall rates income is restricted by the rate pegging limit or special rate variation percentage as approved by IPART.

Council sets the rating structure to determine how to distribute the rates between categories and subcategories of ratepayers and has the option to charge ordinary rates and special rates within its total allowable rates income.

A rate, whether ordinary or special, may consist of:

- an ad valorem amount (which may be subject to a minimum amount), or
- a base amount to which an ad valorem amount is added.

Setting a Revenue Policy

At the expiry of the 'rates freeze period' (30 June 2021) all councils are required to have rates and revenue policies that comply with the Local Government Act. This requires the preparation of one rating structure to cover the new local government area.

Council Meeting

9/09/2020

In order to set a new rating structure, Council needs to formulate a view on major revenue and rating principles and set their revenue strategy objectives. Key considerations include:

- long term revenue requirements to meet the financial sustainability criteria
- mix of revenue from rates, annual charges and user fees and charges
- relative similarities and differences in current rating structures and how changes will impact ratepayers
- the principles of equity, simplicity and efficiency for a new revenue strategy.

Rating Principles

Rating income is typically used to fund (or partly fund) infrastructure and services that are characterised as public goods or mixed goods where direct cost recovery is not practical or appropriate and where there are social reasons to distribute the cost of service provision across the community.

Council's decisions about the rating structure determines the share of rates contributed by each category and subcategory of ratepayer but does not influence the total amount of money that is raised, meaning that a reduction provided to any category must be borne by an increase to other ratepayers. Key considerations when determining a new rating policy must include the following considerations:

- Equity;
- The benefit or user pays principle;
- The capacity to pay principle;
- Intergenerational equity;
- Simplicity; and
- Efficiency.

Comparison of Rating Structures

Introduction

As a result of the requirement to merge its revenue policy, Bayside Council is required to revisit the principles in setting a fair and equitable rating structure across the new local government area. In doing so, Council has the difficult challenge of attempting to minimise the number of assessments that experience large and sudden changes because of harmonising the two current rating structures.

Current Rating Structure

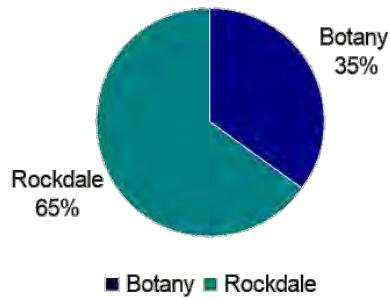
When combined across the new local government area, the share of rates burden compared with land ownership within each former area is somewhat aligned. It is noted, the former

Item 8.6

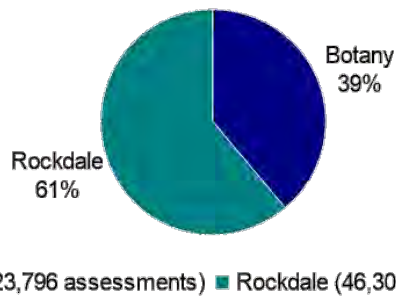
123

Botany area is contributing a similar income percentage as there is less land value in comparison with the former Rockdale area.

Former Council's Share of Rates

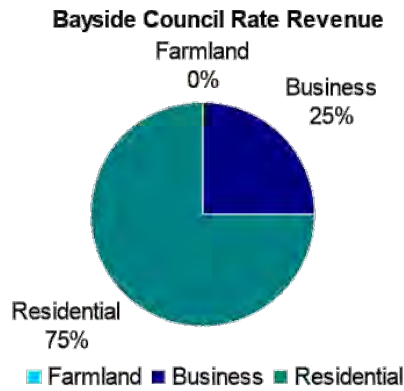


Former Council Land Values

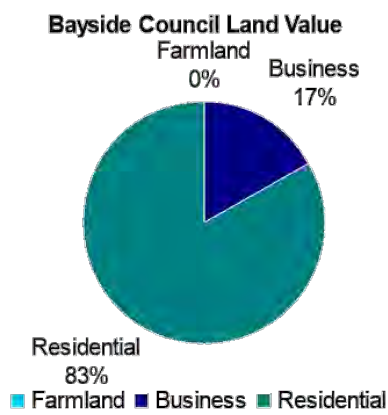


Within each of the current rating structures, the former councils have followed different philosophies for categorisation with the current rating structures incorporating different levels of contribution from the business, residential and farmland rating categories.

When combined, as shown below, the total rates contribution from residential ratepayers is 75%, business ratepayers contribute 25%, while farmland contributed less than 1%.



Compared with property ownership, the business proportion of rates is 8% more than their proportionate percentage of total land value, with residential rates approximately 8% less than the proportionate land ownership, with farmland rates revenue aligned with the land value.



Within the two current rating structures, the relative rate contributions from residential, business and farmland ratepayers are different.

The following table provides a snapshot of the two existing rating structures, illustrating the historic determinations of the former councils to share the rates burden between the four rating categories.

Category	Number of Assessments	% Land Value	% Rates
Rockdale			
Farmland	5	0.0%	0.1%
Residential	44,435	92.0%	88.9%
Business	1,862	8.0%	11.0%
Sub-total	46,302	100.0%	100.0%

Council Meeting

9/09/2020

Category	Number of Assessments	% Land Value	% Rates
Botany			
Residential	21,228	68.0%	47.8%
Business	2,568	32.0%	52.2%
Sub-total	23,796	100.0%	100.0%
Bayside Council			
Farmland	5	0.0%	0.0%
Residential	65,663	82.6%	74.5%
Business	4,430	17.4%	25.5%
Total	70,098	100.0%	100.0%

The following table is a summary of the current rating structures across the former Botany and Rockdale Local Government Area's (LGA's) for the 2020/21 financial year. It provides a summary of the different rating categories and the difference in the proportion of rates revenue collected plus the categories the revenue is collected from:

	Total Rates Income (\$m)		Total Rates Income (%)	
	Rockdale	Botany	Rockdale	Botany
Residential				
General rates	43.8	14.9		
Infrastructure levy	11.1	-		
Community safety levy	0.4	-		
	55.3	14.9	89%	47%
Business				
General Rates	5.2	16.7		
Infrastructure Levy	0.8	-		
Community safety levy	0.1	-		
Local area levy	0.5	0.2		
	6.6	16.9	11%	53%
Total	61.9	31.8		
Bayside Total	93.7			

Special Rates:

The above table highlights that only the former Rockdale side of the LGA collects special rates for an infrastructure levy (\$11.9 million) and community safety levy (\$0.5 million). This is an obvious difference in the funding structure between the 2 former Councils.

Business Rates:

The other noticeable difference is the proportion of revenue collected by residential rates versus business rates across the 2 former Councils. In the former City of Botany Bay Council, businesses pay 53% of the \$31.8 million in rates collected from the Botany rate base, compared to 11% for the former Rockdale Council.

Item 8.6

126

Minimum Rates:

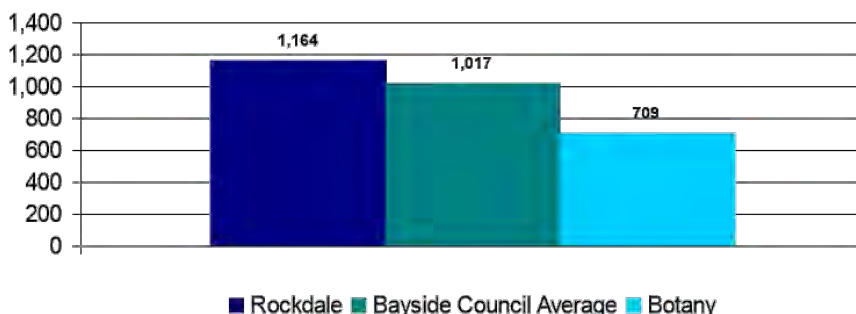
Shown in the table below is a comparison of the minimum rates applied across the 2 former LGA's for the 2020/21 financial year:

2020/21	Rockdale	Botany	\$ difference	% difference
Minimum rate	\$768.52	\$553.62	\$214.90	39%

Currently, the minimum rate for ratepayers from the former Rockdale Council is \$768.52, compared to \$553.62 for ratepayers from the former Botany Council. This represents a difference of around \$215 (39%).

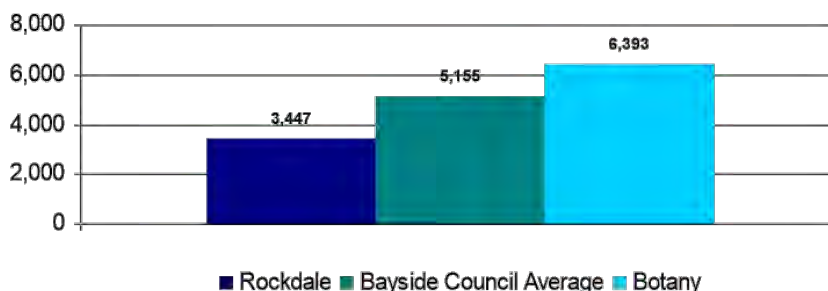
The graph below compares the average general residential rates under the current rating structures. The former Rockdale average residential rate is higher (\$1,164) than the Bayside Council average of \$1,017, whereas former Botany is lower (\$709). Further to this, the current residential rating structures in the former Botany consists of residential 1 and residential 2 as a sub-categorisation.

Average Residential Rates Gap



The following graph compares the average general business rate assessments between the current rating structures. There are 1,862 business assessments in the former Rockdale area paying \$3,447 on average, a significantly lower rate on average; while, the former Botany businesses are paying \$6,393 on average, \$1,238 more on average comparatively to the Bayside Council average.

Average Business Rates Gap



Council Meeting

9/09/2020

Proposed Harmonised Rating Structure:Introduction

In setting a new harmonised revenue policy, Council is required to determine how rates will be distributed between the rating categories. Rates modelling was prepared to analyse the impact of different rates structures with options for different percentage contribution from the three categories including calculations based on:

- the benefits model - estimating Council's costs for the provision of services that proportionally benefit each category of ratepayer
- the ability to pay model - based on the current level of rates that are paid by each category of ratepayer

Objectives

- Rates Harmonisation deadline 1st July 2021 with:
 - ♦ No further extension
 - ♦ No transition options
 - ♦ Compliance with current legislation
- Develop an equitable rating structure that distributes the rates burden fairly across the new Local Government Area
- Balanced with the need to reduce the extent of a sudden, unexpected impact for the majority of ratepayers
- Maintain rates yield forecast (LTFP)

Use of a Minimum for Ordinary Rates Harmonisation

Most NSW metropolitan councils use minimum rate structures in high density areas, resulting in a high proportion of ratepayers paying the same minimum amount. The two rating structures for former Rockdale and Botany have minimum amounts as their fixed charge component, and both former councils were applying minimum amounts across all categories and subcategories.

The analysis undertaken has been based on continuing with the minimum rate structure for the whole Bayside Local Government Area.

Harmonised Rating Scenarios

During the rating review process two scenarios have been developed in determining a harmonised rating structure. Provided in attachment 3 to this report is a copy of the detailed rating structure for each scenario:

Scenario 1 includes the following:

Item 8.6

128

Council Meeting

9/09/2020

- The Ordinary Rates (approximately \$80 million) are harmonised across both Botany & Rockdale
- Setting the minimum rate across all rating categories and sub-categories at an amount equivalent to the current former Rockdale City Council minimum rate of \$768.52 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year)
- The existing Rockdale Special Rates (approximately \$13 million) (Infrastructure Levy & Community Safety Levy) are harmonised across both Botany & Rockdale.

Scenario 2 (recommended) includes the following:

- Only the Ordinary Rates (approximately \$80 million) are harmonised across both Botany & Rockdale
- Setting the minimum rate across all rating categories and sub-categories at an amount equivalent to the current former Rockdale City Council minimum rate of \$768.52 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year)
- The existing Rockdale Special Rates (approximately \$13 million) (Infrastructure Levy & Community Safety Levy) continue to only be levied on former Rockdale ratepayers.

The table below summarises these different scenarios using the existing rating income for the whole LGA.

Former Council	Former Councils Current			Harmonised \$80 mill		Scenario1 \$93m	Scenario2 \$80m
	Income Rates \$	Income Rates %	Land Value %	Income Rates %	Income Rates \$		
Rockdale + Levy	61,471,587					51,727,490	56,273,442
Rockdale	49,137,221	61%	61%	55%	43,939,266		
Botany	31,416,418	39%	39%	45%	36,614,466		36,614,466
Botany + Levy						41,160,418	
Total		100%	100%	100%	80,553,732	92,887,908	92,887,908

The table above shows that currently, former Rockdale ratepayers pay 61% and former Botany ratepayers pay 39% of the total ordinary rates (approximately \$80 million). When harmonised, former Rockdale ratepayers pay 55% and former Botany ratepayers pay 45% of the total ordinary rates (approximately \$80 million).

In comparison, for scenario 1, when the existing special rates (Infrastructure Levy & Community Safety Levy) of around \$13 million for former Rockdale ratepayers is also harmonised, the percentage proportion of rates paid is the same at 55% for former Rockdale ratepayers and 45% for former Botany ratepayers. The difference in scenario one is that the amount of rates to be paid in this scenario by former Botany ratepayers has increased from \$36.6 million to \$41.2 million. Compared to what former Botany ratepayers pay currently (\$31.4 million), this would represent an increase in rates to be paid of around \$9.7 million or 31%. Whereas former Rockdale ratepayers would pay around \$9.7 million less or 15%.

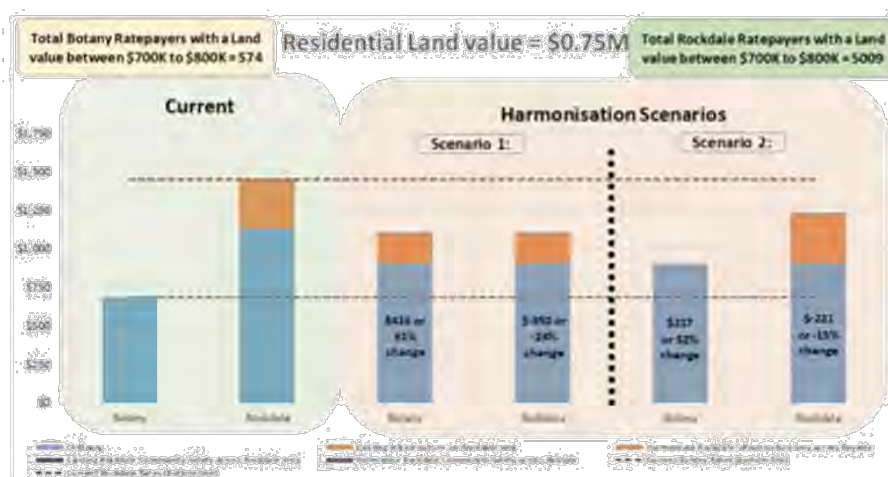
Item 8.6

129

When assessing scenario 2, where the existing special rates (Infrastructure Levy & Community Safety Levy) of around \$13 million for former Rockdale ratepayers continue to only be paid by former Rockdale ratepayers the following movements occur. In scenario 2, former Botany ratepayers continue to pay 39% of the total rates and former Rockdale ratepayers pay 61% of the total rates. In scenario 2, former Botany ratepayers would be paying \$36.6 million, which is an increase of \$5.2 million or 17% on what former Botany ratepayers currently pay. Whereas, former Rockdale ratepayers would be paying \$56.3 million, which is a decrease of \$5.2 million or 8% on what former Rockdale ratepayers currently pay.

It is important to note, that given the significant differential in rates paid by ratepayers in both of the former Council's and the current limited provisions in the NSW rating legislation, all former Botany ratepayers are likely to experience an increase in rates and all former Rockdale ratepayers are likely to experience a decrease in rates. Scenario 2 as modelled above, attempts as much as possible to minimise the magnitude of the increases and decreases across both of the former Council ratepayers.

To illustrate this, the graph below shows what a ratepayer would currently be paying with a residential land value of \$750,000 and then what a ratepayer would pay in Scenario 1 & 2. As shown below, under scenario 1, the former Botany ratepayer experiences an increase of \$416 or 61%, whilst the former Rockdale ratepayer experiences a decrease of \$350 or minus 24%. Whereas under scenario 2, the former Botany ratepayer experiences an increase of \$217 or 32% and the former Rockdale ratepayer experiences a decrease of \$221 or 15%.



Council Meeting

9/09/2020

Recommended Rates Harmonisation Model (scenario 2):

The following table is a summary of the rating categories, sub-categories and rating options (Ad Valorem with minimums or Base Rates) for scenario 1 and 2.

Category	Subcategories	Scenario 1	Scenario 2	
		\$ 93 million	Option1	Option 3
Residential	Ordinary	Minimum at \$769 + SR Base amount \$79.50	Higher Rockdale Minimum at \$769	Base amount
Business	Ordinary, Port Botany, Industrial and Mall			
Farmland	Ordinary			

This report recommends Council harmonise rates based on scenario 2 as provided in attachment 3 to this report, which is a rating structure as follows:

- The rating categories and sub-categories to be established comprise:
 - ♦ Residential - Ordinary
 - ♦ Business - Ordinary
 - ♦ Business - Industrial
 - ♦ Business - Port Botany
 - ♦ Business - Mall
 - ♦ Farmland
- A minimum rate is to be applied across all rating categories and sub-categories at an amount equivalent to the current former Rockdale City Council minimum rate of \$768.52 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year).
- Only the ordinary rates (approximately \$80 million) are to be harmonised across the above listed rating categories,
- The existing special rates (approximately \$13 million) levied across the former Councils are to remain unchanged and only levied on those rating areas currently rated for the relevant special rate.

In determining to set a Bayside Council minimum rate based on the current former Rockdale City Council minimum rate, Council is required to make application to the IPART for approval to set the minimum rate of \$768.52 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year). In doing so, Council is required to make a Council resolution, resolving to notify IPART before the end of November 2020 of the Council's intention to submit an application to establish the Bayside minimum rate. Subsequently, Council is also required after undertaking community consultation to formally resolve to submit an application to create the Bayside minimum rate before mid-February 2021.

Item 8.6

131

Council Meeting

9/09/2020

Timeline for Implementation of Rates Harmonisation by 1 July 2021:

9 September 2020

- Council to determine preferred rates harmonisation structure for Community consultation
- Council resolves to notify IPART of intention to apply to set the minimum rate for Bayside Council

14 September to 14 November 2020 (8 weeks)

- Community consultation

9 December 2020

- Feedback from community consultation reported back to Council
- Council determines the final rates harmonisation structure to be implemented for 1 July 2021
- Council determines whether or not to lodge an application with IPART to set the minimum rate for Bayside Council.

February 2021

- Subject to Council's decision, IPART application submitted for the minimum rate to be set

April 2021

- Draft Operational Plan 2021-22, including the budget and harmonised rating structure to be considered by Council for public exhibition

May 2021

- IPART determination received for setting the minimum rate

June 2021

- Council considers and feedback received during the public exhibition period for the draft Operational Plan 2021-22 and determines whether to adopt the Operational Plan for 2021-22 including the budget and ratings structures.

Financial Implications

- | | | |
|--------------------------------------|-------------------------------------|--|
| Not applicable | <input type="checkbox"/> | |
| Included in existing approved budget | <input type="checkbox"/> | |
| Additional funds required | <input checked="" type="checkbox"/> | Funding for costs associated in analysing the harmonisation options, development of scenarios and community consultation and |

Item 8.6

132

Council Meeting

9/09/2020

engagement activities is to be included in the September 2020 quarterly budget review.

Community Engagement

The community consultation process that will be undertaken will start on 14 September 2020 and end on 14 November 2020. Council will use a range of channels to ensure that all residents across the LGA are informed and made aware of the changes to their rates as of 1 July 2021. The strategy of the engagement process will be an INFORM campaign to ensure all residents are aware and informed about the upcoming changes to their rates.

The communications collateral and engagement tools used during this engagement will include the following elements:

- Councils Have Your Say website;
- Media releases;
- Newsletters to all residents & rates brochures;
- Letter box drops and information in upcoming rates notices/instalment mail outs;
- Dedicated email address; and
- Dedicated customer service representatives.

Attachments

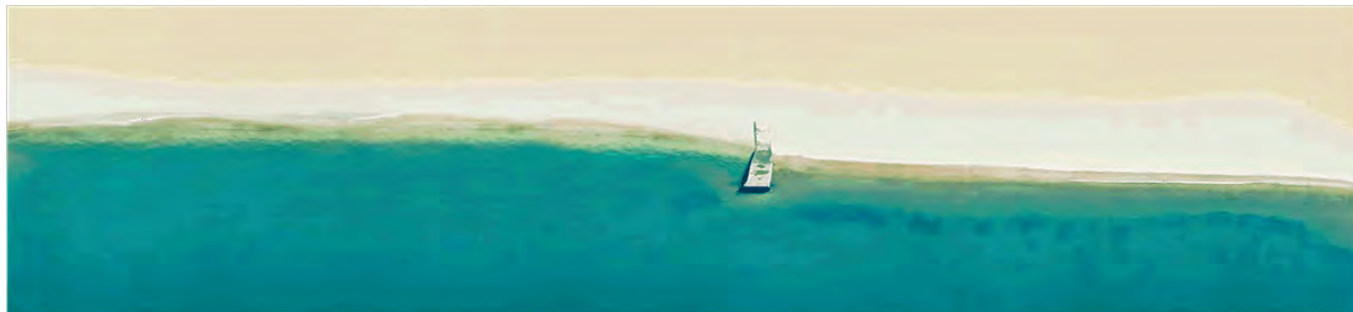
- 1 Attachment 1 - Rates Harmonisation summary [↓](#)
- 2 Attachment 2 - Rates Harmonisation Briefing Paper (under separate cover)
- 3 Attachment 3 - Harmonised rating scenarios [↓](#)

Item 8.6

133



Rates Harmonisation summary



Agenda:



1. Rates Harmonisation
2. Communications & Engagement
3. Rates Harmonisation timeline



1. Rates Harmonisation



1. Rates Harmonisation



▶ Legislated requirements from amalgamation

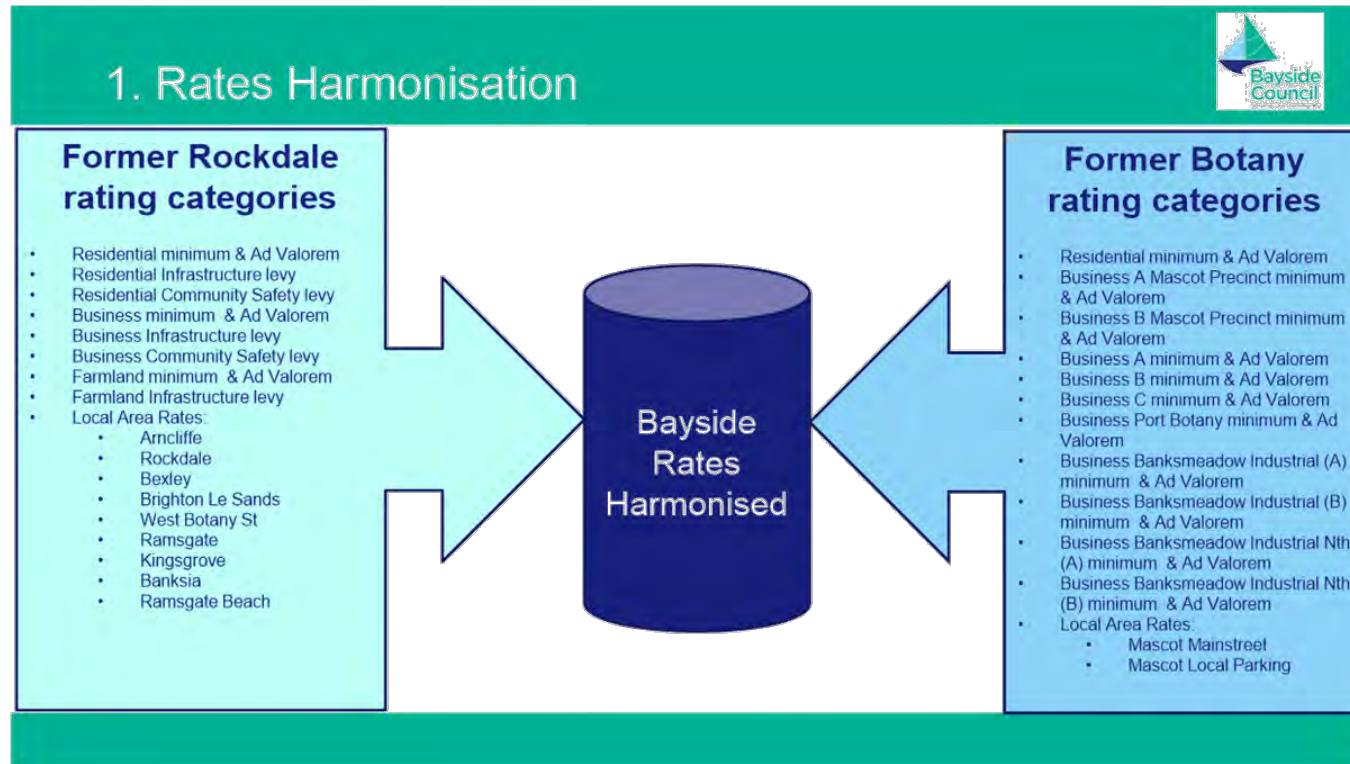
- ▶ NSW amalgamations proclaimed in 2016 - Bayside Council (9 September 2016)
- ▶ All amalgamated councils were required to maintain the pre-amalgamation rate path for a period of 4 years (Rate Freeze)
- ▶ 1st elected Council to review and harmonise the rating structures of the former councils
- ▶ Rate review must be completed during the 2020/21 FY
- ▶ One rating structure to be implemented by 1 July 2021.

1. Rates Harmonisation



▶ Challenges and constraints

- ▶ Differences in rating structure
 - ▶ Minimum rates
 - ▶ Infrastructure Levy
 - ▶ Community Safety Levy
 - ▶ Local Area rates
 - ▶ Business sub-categories
 - ▶ Proportion of rates collected from Business v Residential
- ▶ Limited options available
- ▶ The Act does not currently allow for a transition period (must harmonise all rates in one year)



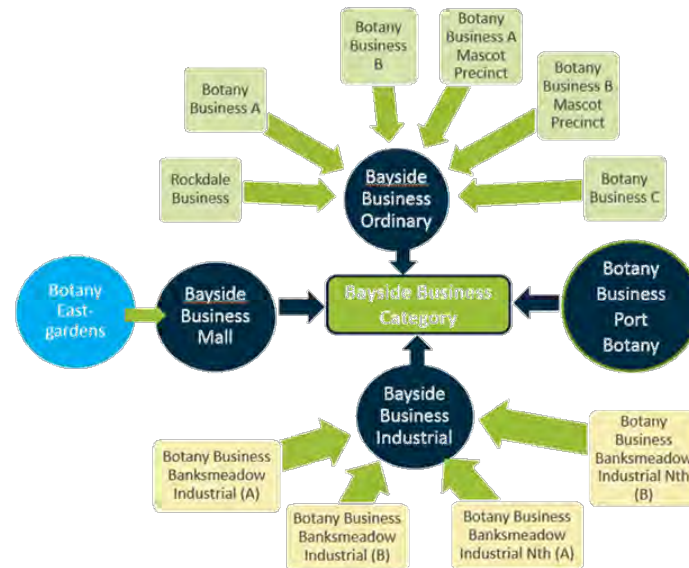
1. Rates Harmonisation



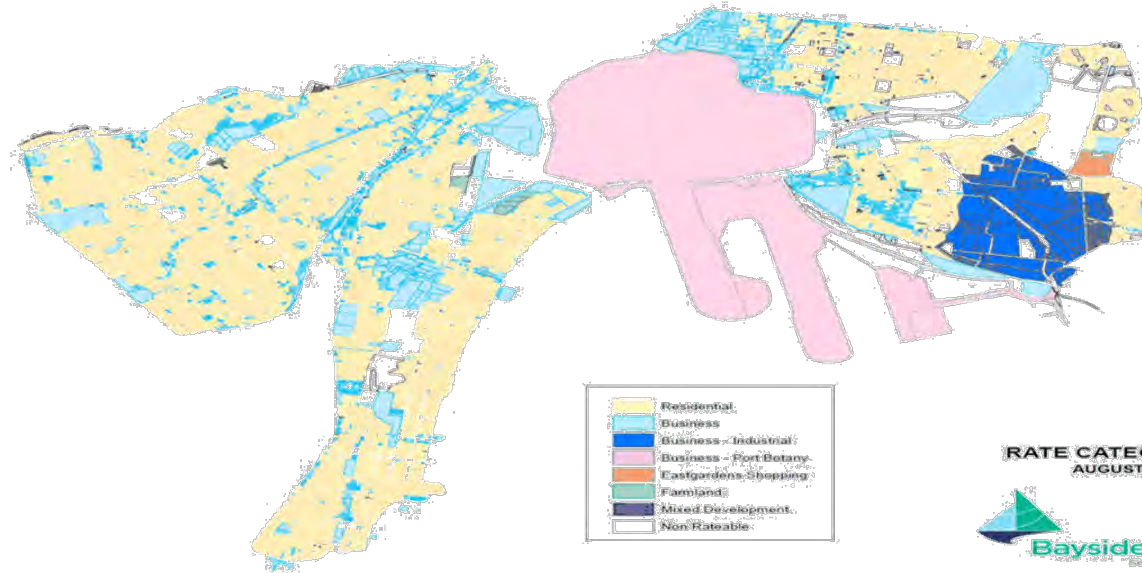
Residential and farmland category



1. Rates Harmonisation



1. Rates Harmonisation



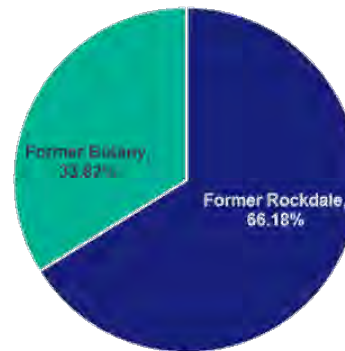
RATE CATEGORIES
AUGUST 2020



1. Rates Harmonisation



Current Rates collection by former LGA's
(\$93.73 million in 2020/21)



■ Former Rockdale ■ Former Botany

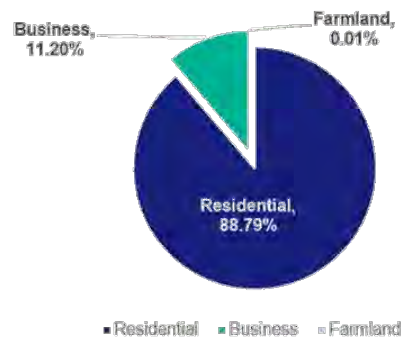
1. Rates Harmonisation



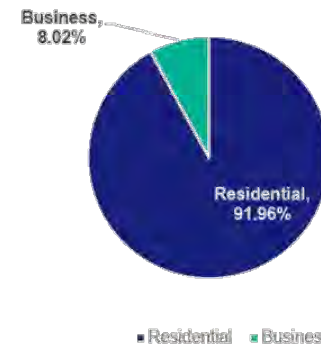
Former Rockdale City Council

(comparison rates collected by rating category v unimproved land values)

Rates Revenue
(\$62.02 million in 2020/21)
[46,302 rate assessments]



Unimproved Land Values



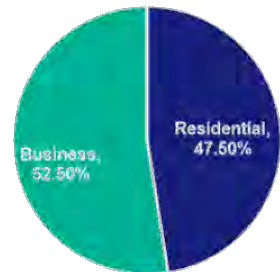
1. Rates Harmonisation



Former City of Botany Bay Council

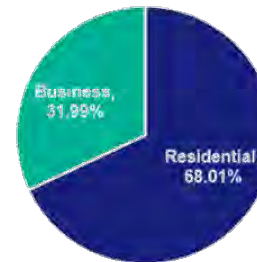
(comparison rates collected by rating category v unimproved land values)

Rates Revenue
(\$31.7 million in 2020/21)
[23,796 rate assessments]



■ Residential ■ Business ■ Farmland

Unimproved Land Values



■ Residential ■ Business

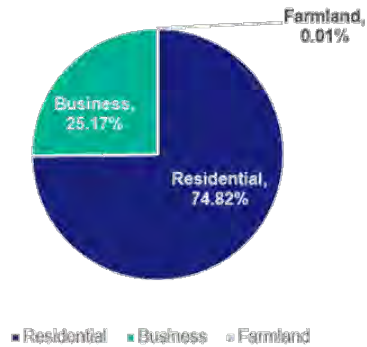
1. Rates Harmonisation



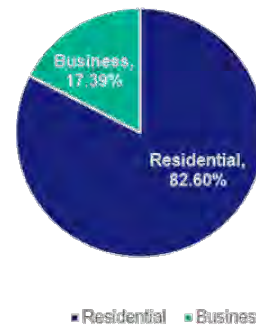
Bayside Council

(comparison rates collected by rating category v unimproved land values)

Rates Revenue
(\$93.73 million in 2020/21)
[70,098 rate assessments]



Unimproved Land Value



1. Rates Harmonisation

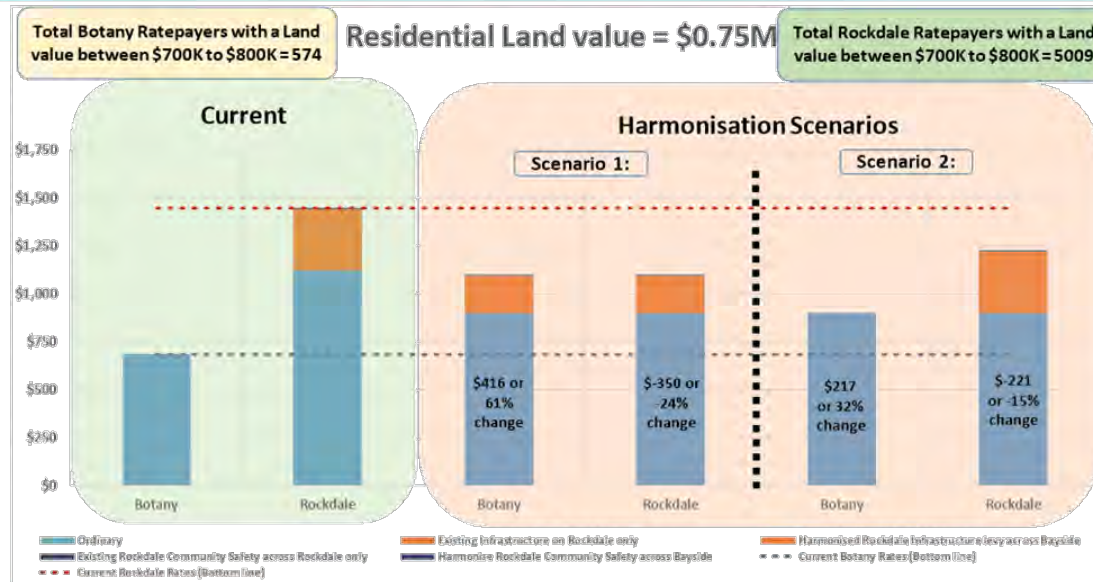


Rates collected by rating category:

	Rockdale	Botany	Total Bayside:
Residential			
Ordinary	\$ 43,947,058	\$ 15,059,091	\$ 59,006,149
Community Safety Levy	\$ 438,699		\$ 438,699
Infrastructure Levy	\$ 10,682,825		\$ 10,682,825
Total - Residential:	\$ 55,068,582	\$ 15,059,091	\$ 70,127,673
Business			
Ordinary	\$ 5,099,810	\$ 16,416,289	\$ 21,516,099
Community Safety Levy	\$ 29,427		\$ 29,427
Infrastructure Levy	\$ 1,288,688		\$ 1,288,688
Local Area Rates	\$ 527,781	\$ 227,102	\$ 754,883
Total - Business:	\$ 6,945,706	\$ 16,643,391	\$ 23,589,097
Farmland			
Ordinary	\$ 7,393		\$ 7,393
Community Safety Levy	\$ 47		\$ 47
Infrastructure Levy	\$ 1,585		\$ 1,585
Total - Farmland:	\$ 9,025	\$ -	\$ 9,025
Total Rates:	\$ 62,023,313	\$ 31,702,482	\$ 93,725,795



1. Rates Harmonisation (scenario examples):



1. Rates Harmonisation



Harmonisation scenarios:

▶ Scenario 1:

- Harmonise the ordinary rates (\$80 million) and former Rockdale special rates (\$13 million) across all Bayside ratepayers

▶ Scenario 2:

- Harmonise only the ordinary rates (\$80 million) across all Bayside ratepayers
- Retain the former Rockdale special rates (\$13 million) against former Rockdale ratepayers
 - ☐ Infrastructure Levy
 - ☐ Community Safety Levy

Rates Harmonisation - Residential Scenario 2 (\$80M)



Rate Change Analysis for former Botany		
Rate change range	Number of assessments	% of assessments
Decrease > \$400	-	0
Decrease from \$400 to \$250	-	0
Decrease from \$250 to \$0	-	0
Increase from \$0 to \$250	16,137	75.8
Increase from \$250 to \$400	4,858	22.8
Increase > \$400	296	1.4
	21,291	100

Rate Change Analysis for former Rockdale		
Rate change range	Number of assessments	% of assessments
Decrease > \$400	402	.9
Decrease from \$400 to \$250	10,459	23.6
Decrease from \$250 to \$0	33,521	75.5
Increase from \$0 to \$250	-	0
Increase from \$250 to \$400	-	0
Increase > \$400	-	0
	44,382	100

Rates Harmonisation - Residential Scenario 1 (\$93M)



Rate Change Analysis for former Botany		
Rate change range	Number of assessments	% of assessments
Decrease > \$400	-	0
Decrease from \$400 to \$250	-	0
Decrease from \$250 to \$0	-	0
Increase from \$0 to \$250	-	0
Increase from \$250 to \$400	14,801	69.5
Increase > \$400	6,490	30.5
	21,291	100

Rate Change Analysis for former Rockdale		
Rate change range	Number of assessments	% of assessments
Decrease > \$400	8,153	18.4
Decrease from \$400 to \$250	10,312	23.2
Decrease from \$250 to \$0	25,913	58.4
Increase from \$0 to \$250	4	0
Increase from \$250 to \$400	-	0
Increase > \$400	-	0
	44,382	100

1. Rates Harmonisation



► Comparison of average rates:

Rank:	Name of Council:	Average Residential Rate:
1	Sydney City	\$ 702.67
2	Former Botany (current average)	\$ 709.00
3	Bayside (former Botany -scenario 2)	\$ 904.28
4	Inner West (former Marrickville)	\$ 956.00
5	Georges River (former Hurstville)	\$ 1,059.05
6	Bayside (combined - scenario 1)	\$ 1,069.38
7	Waverley	\$ 1,150.26
8	Bayside (former Rockdale -scenario 2)	\$ 1,154.59
9	Georges River (former Kogarah)	\$ 1,199.04
10	Woollahra	\$ 1,230.45
11	Former Rockdale (current average)	\$ 1,239.00
12	Randwick	\$ 1,278.45
13	Inner West (former Leichhardt)	\$ 1,326.29
14	Burwood	\$ 1,383.23
15	Inner West (former Ashfield)	\$ 1,425.96

Rank:	Name of Council	Average Business Rate:
1	Georges River (former Hurstville)	\$ 2,923.97
2	Former Rockdale (current average)	\$ 3,730.00
3	Georges River (former Kogarah)	\$ 3,824.17
4	Woollahra	\$ 3,826.42
5	Inner West (former Marrickville)	\$ 4,223.75
6	Bayside (former Botany -scenario 2)	\$ 5,011.78
7	Bayside (combined - scenario 1)	\$ 5,366.15
8	Waverley	\$ 5,404.18
9	Bayside (former Rockdale -scenario 2)	\$ 5,719.68
10	Inner West (former Ashfield)	\$ 6,165.99
11	Burwood	\$ 6,380.75
12	Former Botany (current average)	\$ 6,481.00
13	Randwick	\$ 6,665.24
14	Inner West (former Leichhardt)	\$ 7,248.10
15	Sydney City	\$ 12,156.74

1. Rates Harmonisation



► Comparison of minimum rates:

Rank:	Name of Council:	Minimum Residential Rate:
1	Former Botany (current average)	\$ 553.00
2	Georges River (former Hurstville)	\$ 585.72
3	Sydney City	\$ 586.50
4	Waverley	\$ 660.90
5	Inner West (former Leichhardt)	\$ 686.00
6	Inner West (former Marrickville)	\$ 710.00
7	Inner West (former Ashfield)	\$ 727.00
8	Proposed Bayside (Harmonised)	\$ 768.00
9	Former Rockdale (current average)	\$ 768.00
10	Randwick	\$ 897.08
11	Sutherland	\$ 923.40
12	Georges River (former Kogarah)	\$ 966.73

Rank:	Name of Council:	Minimum Business Rate:
1	Waverley	\$ -
2	Inner West (former Marrickville)	\$ -
3	Former Botany (current average)	\$ 553.00
4	Georges River (former Hurstville)	\$ 588.72
5	Inner West (former Leichhardt)	\$ 686.00
6	Sydney City	\$ 750.95
7	Proposed Bayside (Harmonised)	\$ 768.00
8	Former Rockdale (current average)	\$ 768.00
9	Inner West (former Ashfield)	\$ 820.00
10	Sutherland	\$ 923.40
11	Georges River (former Kogarah)	\$ 966.73
12	Randwick	\$ 1,445.61

2. Communication & Engagement



- ▶ High profile communication & engagement program
- ▶ Objective is to provide ratepayers with a simplified message
- ▶ Designed to be **COVID 19 restrictions** safe
- ▶ Extent of engagement dependent on Rates Harmonisation & SRV Options chosen
- ▶ Multiple important components:
 - ▶ Inform and raise awareness and encourage comment/feedback
 - ▶ **Have Your Say Project Page** - Wide community engagement – 8 week campaign
(Doubling the 28 day legislated exhibition period)
 - ▶ **Micromex Survey** - Research - statistically representative survey (SRV only)
 - ▶ **IPART** – complies with IPARTs “Community awareness and engagement for Special Variations”

2. Communication & Engagement



▶ Proposed Elements include;

- ▶ Web site/Have Your Say page with key narrative/ messages, Rate Options, fact sheets, FAQs page, rates assistance link, LGA wide survey
- ▶ Online Community Information Session - hosted by GM and Director City Performance
- ▶ Video – A message from the GM/Director outlining project and asking residents to Have Your Say
- ▶ Video – Rates Explained - Animated video suitable versions for Have Your Say Page/website and social media
- ▶ Rates Calculator (current & future)
- ▶ Communications campaign (Ratepayers letter, social media, e-newsletter, web updates, business card)
- ▶ Micromex survey
- ▶ Councillor information pack
- ▶ Staff - On hold customer service message , email signature banner, and Banners in customer service centres
- ▶ Manned Hotline and dedicated email
- ▶ Talking Bayside Advisory Panel - Online meetings x 3, determine scope, input on elements & narrative

3. Rates Harmonisation timeline



Harmonised rating scenarios (Attachment 3):

Scenario 1*:

Category	Rate	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
Residential	Residential Ordinary	2.12%	200000	60473	2,623,974	764.52	40,972,260	33,364,319,112	4,607,940,848	27,202,212	3,643,530	-	29,845,682
Business	Business Ordinary	3.56%	200000	7339	3,643,34	764.52	3,504,99	33,070,919,606	4,674,606,690	75,772,994	3,197,596	-	32,878,590
Business	Business Non-Business	0.32%	200000	14	3,611,924	764.52	1,400	3,612,192,850	3,610,900	2,879,980	3,147	-	2,881,113
Business	Business Industrial	3.14%	200000	89	2,328,833	764.52	174,88	4,888,871,883	58,544,999	4,869,311	3,852,818	-	3,864,511
Business	Business Retail	2.02%	200000	3	2,199,937	764.52	1,198	3,131,112,860	1,909,934	3,096	-	3,011,880	
Business	Business Farm/land	2.12%	200000	8	3,497,939	764.52	-	3,498,000	-	3,092	-	3,093	
Business	Business Residential Ordinary	2.12%	200000	60,473	4,047,908	764.52	-	4,047,908	-	3,402,648	3,233,904	168,744	
Business	Business Ordinary	0.46%	200000	73,392	6,962,906	764.52	-	6,962,906	-	866,637	866,637	1,318,267	
Business	Business Non-Business	0.32%	200000	14	3,611,909	764.52	-	3,611,909	-	28,681	28,681	76,251	
Business	Business Industrial	2.4%	200000	89	4,047,908	764.52	-	4,047,908	-	2,344,827,497	1,427,545	8,67,940	
Business	Business Retail	0.52%	200000	3	2,199,937	764.52	-	2,199,937	-	19,946	19,946	14,841	
Business	Business Farm/land	0.32%	200000	8	3,497,939	764.52	-	3,497,939	-	499	499	1,331	
Business	Business Total	600.00%	200000	130,865	17,067,906	764.52	42,789	39,880,227,432	4,412,22,845	54,514,150	32,402,248	11,927,959	
SURPLUS													92,382,448

- * It is noted that scenario 2 is based on:
- The Ordinary Rates (approximately \$80 million) is harmonised across both Botany & Rockdale
 - Setting the minimum rate across all rating categories and sub-categories at an amount equivalent to the current former Rockdale City Council minimum rate of \$768.52 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year)
 - The existing Rockdale Special Rates (approximately \$13 million) (Infrastructure Levy & Community Safety Levy) are harmonised across both Botany & Rockdale.

Scenario 2 (recommended) ^:

Category	Rate	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change	2020/21	2021/22	Change
Residential	Residential Ordinary	2.12%	200000	60473	4,013,14	764.52	40,972,260	33,364,319,112	4,607,940,848	27,202,212	3,643,530	-	29,845,682
Business	Business Ordinary	3.56%	200000	7339	2,024,854	764.52	1,346,30	4,074,919,632	1,48,899,932	32,152,969	5,497,546	-	32,933,516
Business	Business Non-Business	0.32%	200000	14	3,611,924	764.52	1,400	3,612,192,850	3,610,900	2,879,980	3,147	-	3,011,880
Business	Business Industrial	3.14%	200000	89	2,328,833	764.52	174,88	4,888,871,883	58,544,999	4,869,311	3,852,818	-	3,864,511
Business	Business Retail	2.02%	200000	3	2,199,937	764.52	1,198	3,131,112,860	1,909,934	3,096	-	3,011,880	
Business	Business Farm/land	2.12%	200000	8	3,497,939	764.52	-	3,498,000	-	3,092	-	3,093	
Business	Business Residential Ordinary	2.12%	200000	60,473	4,047,908	764.52	-	4,047,908	-	3,402,648	3,233,904	168,744	
Business	Business Ordinary	0.46%	200000	73,392	6,962,906	764.52	-	6,962,906	-	866,637	866,637	1,318,267	
Business	Business Non-Business	0.32%	200000	14	3,611,909	764.52	-	3,611,909	-	28,681	28,681	76,251	
Business	Business Industrial	2.4%	200000	89	4,047,908	764.52	-	4,047,908	-	2,344,827,497	1,427,545	8,67,940	
Business	Business Retail	0.52%	200000	3	2,199,937	764.52	-	2,199,937	-	19,946	19,946	14,841	
Business	Business Farm/land	0.32%	200000	8	3,497,939	764.52	-	3,497,939	-	499	499	1,331	
Business	Business Total	600.00%	200000	130,865	17,067,906	764.52	42,789	39,880,227,432	4,412,22,845	54,514,150	32,402,248	11,927,959	
SURPLUS													86,387,448

- ^ It is noted that scenario 2 is based on:
- Only the Ordinary Rates (approximately \$80 million) is harmonised across both Botany & Rockdale
 - Setting the minimum rate across all rating categories and sub-categories at an amount equivalent to the current former Rockdale City Council minimum rate of \$768.52 (plus the IPART rate pegging limit to be determined for the 2021/22 financial year).
 - The existing Rockdale Special Rates (approximately \$13 million) (Infrastructure Levy & Community Safety Levy) continues to only be levied on former Rockdale ratepayers.

MINUTES

of the **Ordinary Meeting** of
Bayside Council
held in the Rockdale Town Hall Auditorium
448 Princes Highway, Rockdale
on **Wednesday 10 February 2021** at **7:17 pm**.

Present

Councillor Joe Awada, Mayor
Councillor James Macdonald, Deputy Mayor
Councillor Liz Barlow
Councillor Ron Bezic
Councillor Christina Curry
Councillor Petros Kalligas
Councillor Ed McDougall
Councillor Scott Morrissey
Councillor Michael Nagi
Councillor Vicki Poulos
Councillor Dorothy Rapisardi
Councillor Bill Saravinovski
Councillor Paul Sedrak
Councillor Andrew Tsounis

Also Present

Meredith Wallace, General Manager
Peter Barber, Director City Futures
Michael Mamo, Director City Performance
Colin Clissold, Director City Presentation
Debra Dawson, Director City Life
Jourdan DiLeo, Manager Property
Matthew Walker, Chief Financial Officer
Christine Stamper, Communications & Events Lead
Bruce Cooke, Coordinator Governance & Risk
Suhradham Patel, IT Technical Support Officer
Lauren Thomas, Governance Officer

The Mayor opened the meeting at 7:17 pm.

The Mayor informed the meeting, including members of the public, that the meeting is being video recorded and live streamed to the community via Council's Facebook page, in accordance with Council's Code of Meeting Practice.

That the matter be deferred until after the public school has re-opened.

The Amendment was lost.

RESOLUTION

Minute 2021/014

Resolved on the motion of Councillors McDougall and Poulos

That speed humps be installed in Jacobson Avenue, between Bestic Street and Beehag Street.

Councillor Barlow asked that it be recorded in the Minutes that she was against the Motion.

8 Reports

8.1 Rates Harmonisation - Outcomes of Community Engagement, Approval to Submit an Application to Set the Minimum Rates and Gradual Harmonisation of Rates

RESOLUTION

Minute 2021/015

Resolved on the motion of Councillors Tsounis and Barlow

- 1 That Council receives and notes the report including the feedback received from the community engagement process around rate harmonisation.
- 2 That Bayside Council does not agree with the mandatory rate harmonisation, imposed by the State Government, that will result in a rate increase for some of our residents. However, given the current legislative requirements, Council resolves the following:
 - a. That Council submits an application immediately to the Independent Pricing and Regulatory Tribunal (IPART) under section 548 of the Local Government Act 1993 for IPART to consider approving an instrument to be issued to set a transitional minimum ordinary rate from 1 July 2021 for all rating categories which is equivalent to the current minimum ordinary rate for ratepayers in the former Rockdale City Council side of the Bayside Local Government Area (LGA) at \$768.52 (plus the approved IPART rate peg limit in all years during the 4 year transition period). The transitional path to be applied for is to be based on a straight lined 4-year transition as set out in TABLE 1 of this report.
 - b. That Council also submits an application in accordance with current legislation to the Office of Local Government (OLG), before 26 February 2021, under section 548 of the Local Government Act 1993 for The Deputy Secretary to consider approving an instrument to be issued to set a new

minimum ordinary rate for all rating categories which is equivalent to the current minimum rate for ratepayers in the former Rockdale City Council side of the Bayside Local Government Area (LGA) at \$768.52 (plus approved IPART rate peg limit of 2%) effective from 1 July 2021, subject to the following:

- i. The implementation of this application is dependent on the provisions included in the NSW State Government Draft Local Government Amendment (Rates) Bill 2021 for gradual rate harmonisation being legislated by the NSW Parliament before 1 July 2021 and on this basis Council only implement the new minimum rate on a transitional basis as set out in TABLE 1 of this report.
 - ii. That as part of the application to be submitted (for reasons outlined in this report) Council request that The Deputy Secretary of the Office of Local Government only issue a decision on Councils application after the outcome of the IPART minimum application (as per recommendation 2 of this report) is known, and only if that is unsuccessful.
- c. That Council notes that the draft 2021/22 Operational Plan and budget (including the revenue policy) to be considered by Council in April 2021 for Public Exhibition will, to meet the legislative uncertainty and ratepayer equity, reflect 2 draft rating structures based on:
- i. a multi-year rate harmonisation path based on provisions included in the NSW State Government Draft Local Government Amendment (Rates) Bill 2021 (Draft Rates Bill 2021) utilising the straight lined approach shown in TABLE 2 of this report; and
 - ii. a single-year rate harmonisation path as per the current legislation.

DIVISION

Division called by Councillors Tsounis and Barlow

For: Councillors Sedrak, Nagi, Kalligas, Tsounis, Barlow, Bezic, Macdonald and Poulos

Against: Councillors Curry, Morrissey, Rapisardi, Saravinovski, McDougall and Awada

The division was declared carried

8.2 Post Exhibition Report - Minor Amendments to Development Control Plans

RESOLUTION

Minute 2021/016

Resolved on the motion of Councillors Barlow and Bezic

- 1 That Council acknowledges the submissions received during the Public Exhibition of the amendments to the Rockdale Development Control Plan 2011