
with the person or persons listed in (2) are to establish a solution that includes a best and final offer with a view to entering into a contract in relation to the subject matter of the tender.

5. Delegate to the General Manager the authority to proceed with the negotiations and report to Council the outcome of the negotiations.

Min.869 C12/19-321 Rates Harmonisation Update - December 2019

Motion (Cummings/Sarkis)

That Council:

1. Note the information and options presented in the report.
2. Commence community consultation on option 2 in the report.

Amendment (Zaiter/Saha)

That Council:

1. Note the information and options presented in the report.
2. Commence community consultation regarding the following two combination of options, noting these options would require IPART approval:
 - i) Option 1: 5 year transition with the application of a minimum rate and Option 5: Increase in the rate cap over 5 years by \$10m.
 - ii) Option 1: 5 year transition with the application of a minimum rate and Option 3: Harmonisation of rates over 5 years.
3. Advocate to the Minister for Local Government in relation to this matter, and organise a deputation to the Ministers Office along with other Council's in the same position as Cumberland.
4. Ensure the consultation is available in various languages.

The Amendment moved by Councillor Zaiter seconded by Councillor Saha on being Put was declared CARRIED on the voices.

The Amendment moved by Councillor Zaiter seconded by Councillor Saha then became the motion.

The motion moved by Councillor Zaiter seconded by Councillor Saha on being Put was declared CARRIED to become the resolution of Council (as shown in the amendment). A division was called, the result of the division required in accordance with Council's Code of Meeting Practice is as follows:

Councillor(s) For the Motion: Attie, Campbell, Christou, Cummings, Garrard, Elmore, Hamed, Huang, Lake, Rahme, Saha, Sarkis, Zaiter and Zreika.

Councillor(s) Against the Motion: Nil

-
- iv) Business – Shopping Centre Rate
 - v) Business – Industrial Rates
5. Adopt in principle a gradual transition of rates, noting current legislation has not been amended to allow this. Council does have a Plan B, as outlined in this report, to achieve a gradual transition of rates without any loss of \$8m in rates income at risk.
 6. Write to the Minister of Local Government and Local Government NSW (LGNSW) in support of new amendments to legislation that allow Council to opt-in into a maximum period of 5 years for a gradual transition to the new Cumberland rate. Outlining that Cumberland supports the ratepayers whom have a lower capacity and want to avoid a 40% increase in one year.
 7. As per IPART guidelines, inform all ratepayers of the expected impact to ratepayers and businesses over five years and one year using gradual transition and single year transition options.
 8. Note that the gradual transition plan will be included in the annual Operational Plan pending amendments to the *Local Government Act*.

Carried Unanimously

**C10/20-583 Finalisation of Laneway off Church Street, Lidcombe
Proposed Road Closure**

This item was dealt with earlier in the meeting.

C10/20-584 Investment Report - September 2020

This item was dealt with earlier in the meeting.

**C10/20-585 Report on Variations to Development Standards
Approved Under Delegation - July to September 2020 Quarter**

This item was dealt with earlier in the meeting.

**Min.886 C10/20-589 Local Government NSW Annual Conference 2020 -
Determination of Voting Delegates**

Motion (Attie/Zreika)

That Council determine the following 10 Councillors to be registered as voting delegates for the Local Government NSW Annual Conference 2020:

1. Councillor Attie
2. Councillor Christou
3. Councillor Cummings
4. Councillor Garrard
5. Councillor Lake
6. Councillor Rahme
7. Councillor Saha

8. Councillor Sarkis
9. Councillor Zaiter
10. Councillor Zreika

Amendment (Lake/Elmore)

That points 1-10 be replaced with the following Councillors:

1. Councillor Campbell
2. Councillor Christou
3. Councillor Cummings
4. Councillor Elmore
5. Councillor Garrard
6. Councillor Hamed
7. Councillor Huang
8. Councillor Lake
9. Councillor Saha
10. Councillor Sarkis

The Amendment moved by Councillor Lake seconded by Councillor Elmore on being Put was declared LOST.

A division was called, the result of the division required in accordance with Council's Code of Meeting Practice is as follows:

Councillor(s) For the Amendment: Campbell, Elmore, Hamed, Huang, Lake and Saha.

Councillor(s) Against the Amendment: Attie, Christou, Garrard, Rahme, Sarkis, Zaiter and Zreika.

The Motion moved by Councillor Attie seconded by Councillor Zreika on being Put was declared CARRIED.

A division was called, the result of the division required in accordance with Council's Code of Meeting Practice is as follows:

Councillor(s) For the Motion: Attie, Christou, Garrard, Rahme, Sarkis, Zaiter and Zreika.

Councillor(s) Against the Motion: Campbell, Elmore, Hamed, Huang, Lake and Saha.

**Min.887 C10/20-586 Audit, Risk & Improvement Committee - Chairpersons
Annual Report 2019/20**

Resolved (Lake/Elmore)

That Council receive the Audit, Risk and Improvement Committee Annual Report.

Carried Unanimously

Item No: C09/19-214

RATES HARMONISATION UPDATE

Responsible Division: Finance & Governance
Officer: Director Finance & Governance
File Number: HC-19-01-6/02
Community Strategic Plan Goal: *Transparent and accountable leadership*

SUMMARY

This report provides Council with an update regarding the issues surrounding rates harmonisation.

RECOMMENDATION

That Council:

1. **Note the information and options for rates harmonisation.**
2. **Take the maximum 4 years allowed in section 218CB of the *Local Government Act 1993* to implement the new rates. The implementation date will be by June 2021.**
3. **Make an application to the Minister for Local Government for a variation to section 218CB, outlining a solution that no increases in residential rates for 2020-2021 be implemented in the former Holroyd City Council area to reduce the overall impact on rates harmonisation.**
4. **Write to the Minister for Local Government and the Independent Pricing and Regulatory Tribunal in relation to the loss of business rates of \$5.0m per annum from the former Auburn City Council area, highlighting the financial sustainability issue this has created and requesting approval to make an application to increase the rates cap from 2020-2021.**

REPORT

Context

Following the amalgamation of the three Councils, it was determined by proclamation and the subsequent amendment to the *Local Government Act 1993* ("the Act") that Council would need to have one rating system by June 2020 (three months before the Council Election in September 2020). To alleviate this issue, on 14 June 2019 a Bill was approved by Parliament to amend s218CB of the Act to allow Council a timeframe of four years. Council is required to opt in if they wish to implement rates harmonisation after three years.

Furthermore, a rate freeze was passed by NSW Parliament to amend the *Local Government Act*. This amendment was to freeze the rates for a period including the structure of rates, the categorisation or subcategorisation of land for rating purposes, the calculation of the new council's notional general income for rating purposes, the treatment of any variation of a former council's notional general income under that would have been applicable had the amalgamation effected by the relevant proclamation not occurred to the determination of rates and charges for land within the new area.

Therefore, Cumberland Council has been maintaining all rates structures, six rate pools that total to one rate cap. In the budget approved by Council in June 2019, the following are the six rate pools Council maintains:

Residential	Auburn City Council (Auburn)	Parramatta City Council (Parramatta)	Holroyd City Council (Holroyd)	Total
Total Advolerum	16,698,462	10,285,973	39,821,548	66,805,983
Minimum	595.20	690.14		
Base Charge			511.51	
Rate Increase 2.7%	450,858	277,721	1,075,182	1,803,762

Business	Auburn	Parramatta	Holroyd	Total
Total Advolerum	9,392,885	4,290,878	17,872,268	31,556,031
Minimum	595.20	690.14 & 704.52	1,206.68	
Rate Increase 2.7%	253,608	115,854	482,551	852,012
Total Rates	26,091,347	14,576,851	57,693,816	98,362,014

On 21 June 2019, the Minister for Local Government approved IPART's Review of the Local Government Rating System and released the report for final consultation on 13 September 2019. At the Ordinary Meeting of Council held on 4 September 2019, Council resolved to make a submission on IPART's report.

Whilst the IPART changes have not yet been legislated, Council supports the proposed gradual implementation method as it will reduce the impact to residential ratepayers.

The following outlines Council's proposed process for rates harmonisation:

Stage 1 Process before Election 2020



Stage 2 Process after Election 2020



Work Undertaken to Date

In May 2019, Council carried out an independent assessment of Council rates and rates harmonisation issues. The study included:

- Four options including implementing a Base Rate or 3 different levels of minimum rates
- An analysis on the ability to pay
- Recalculation of the rates of 70,000 ratepayers under all four options
- Further analysis of each option divided by percentile bands 10 to 90 to determine impacts for the different groups.

Outcomes

The residential ratepayers options modelled include:

- Option 1: Minimum rate – Auburn rate path has a minimum of \$595.20
- Option 2: Base Rates – Holroyd rate path has a base rate set at 50% of total rates
- Option 3: Minimum rate – Parramatta rate path has a minimum of \$690.14
- Option 4: Minimum rate – New option to increase minimum to \$900.

The calculations are based on 2018-2019 rates values based on unimproved land value.

The results presented from the options are extremely varied. In cases where there is a low impact on Auburn, there is generally a larger reduction in Holroyd. There is no option through which Holroyd rates do not decrease.

It should be noted that these are all hypothetical calculations made to find a solution to rates harmonisation. Calculations are for demonstration purposes only.

Options verses current rates Increase / (decrease)	Auburn %	Holroyd %	Parramatta %
Avg Difference Option 1	22.3	(8.5)	18.4
Min Difference	0.0	(2.0)	(19.0)
Max Difference	37.1	(27.9)	34.4
Range Differences	37.1	25.9	53.1
Avg Difference Option 2	20.8	(9.7)	14.8
Min Difference	(21.4)	(6.8)	(19.3)
Max Difference	45.3	(14.0)	35.1
Range Differences	66.7	7.2	54.4
Avg Difference Option 3	7.5	(20.9)	(4.1)
Min Difference	1.9	(37.8)	(0.2)
Max Difference	16.0	9.3	(10.7)
Range Differences	17.9	47.1	10.5
Avg Difference Option 4	18.9	(9.9)	3.1
Min Difference	(18.6)	(37.3)	(20.2)
Max Difference	51.2	34.1	22.4
Range Differences	69.8	71.4	42.6

Issues

- Council will need to choose one method, either a base rate or minimum rate. When modelling changing from minimums to the base rate, there is an increase in rates by 25% for those ratepayers with a land value near the middle and a reduction for ratepayers at the upper end. Therefore, it has been observed that there is a redistribution of rates through changing the method used. Further, when adding rates harmonisation on top of this, there is a potential for large increases for a large portion of residents.
- All the proposed changes to rates for residents do not increase rate income across Cumberland. Income is being redistributed therefore there is significant disruption for no increase in rates income nor services.
- The Act currently only allows one Advolerum rate. There is a provision within IPART's report, recommendations 10 and 11, which allow Council to have residential sub-categories. This could be a difficult proposition for Council as former rates boundaries do not align with ward boundaries. Further to this, determining how different services are measured is something Council needs to consider.

- Rate Cap – If Council could increase the rate cap by 10% over 5 years (2% per annum), this would avoid the issue of the rates of former Holroyd ratepayers decreasing. The former Holroyd rate path has recently finished a Special Rate Variation to fund additional services and the community was happy pay the higher rates as long as the services remain the same. This process will undo all the work and potentially create negativity around Council service levels.
- Community Consultation – The harmonisation options highlight the issues identified in the former council's Boundary Commission submission. At the time of amalgamation, the community already disagreed with the boundary alignment and now they are going to be directly impacted by it.

During the NSW Boundaries Commission review with the former councils, it was identified that boundary changes would reduce the business rates collected by Cumberland Council by \$4.1m, equal to the business rates collected in 16/17 for the area north of the M4. Business rates act as a subsidy for residents due to the increased ability of business to pay rates, coupled with a lower consumption of traditional services. Therefore, the remaining rates income from businesses subsidises the services relied upon more heavily by residential rate payers.

This was identified by former Auburn City Council in their submission to the Boundaries Commission, which showed that the total impact of the increased proportion in residential rate income (due to the significant reduction in business rate income and the significant increase in the number of residents) would be estimated to cost the new Council between \$4m to \$12m per annum.

Michael Bullen of the NSW Boundaries Commission confirmed that "*over one-third of submissions (37) identified issues against financial factors*". Bullen relied on forecasts provided by KPMG stating that there would be sufficient income from the former Woodville Ward now within Cumberland Council.

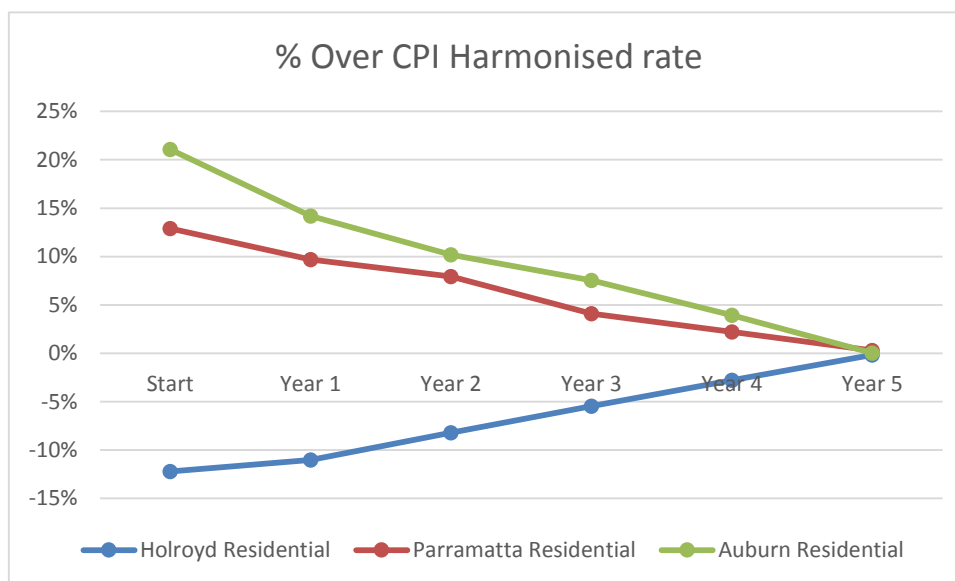
- The 4 year extension will further increase the difference in rates, as the amendment to the Act does not allow for redistribution between rate paths. The recalculated redistribution of rates is \$1.5m per annum from former Holroyd to Auburn and Parramatta areas.
- The IPART report has been released and there is the issue of Capital Improved Value that will substantially impact the calculation of rates. Cumberland has 35% of ratepayers in a strata arrangement paying very low rates.
- Land revaluation is due in June 2020, which will make the recalculation of rates complex.
- The areas requiring the largest increase in rates include groups of residents with some of the lowest ability to pay within the Sydney metropolitan area. These are the same residents that were impacted by the loss of business rates through the boundary change.

- The current rating system in Cumberland is inefficient as the highest average land values currently pay the lowest rates due to unimproved land values being the basis for rate calculations.

Solutions

- Implement a gradual transition of rates. As outlined above, Council has discovered that residents' rates without gradual harmonisation could either decrease by 25% or increase by 51%, with the net difference as high as 76%, which is unequitable.

Below is current plan that sees the highest increase in rates being 9% (6.5% above CPI). The cap proposed by IPART was 10% above CPI.



- An interim increase in Rate Cap to ensure Holroyd rates do not decrease (see table above). Council faces a financial sustainability challenge and this would be an opportune time to correct the \$5m shortfall created by the loss of business rates from the boundary changes in the amalgamation.
- The Minister for Local Government is required to approve Council's proposal that no increase be applied to the former Holroyd residential rates in 2020-2021. The table on page 2 identifies that this would be \$1.1m in rates that could be redistributed as Council can commence the harmonisation earlier and look to reduce the period from 5 years to 4 years, which aligns to one Council term.
- Council's position is to implement Capital Improved Value at the same time as rate harmonisation, which will address the ability to pay as Council could fairly distribute rates. The attached *Capacity to Pay Report* identifies the issues faced by Cumberland in relation to equity.

COMMUNITY ENGAGEMENT

Substantial community consultation is required in relation to rates harmonisation. The timing of consultation is vital as Council requires a high level of certainty regarding future legislation to ensure that the most relevant options are presented to the community.

POLICY IMPLICATIONS

Whilst this is not a policy of Council, there will be changes to legislation that will impact the process.

RISK IMPLICATIONS

There are significant political, reputational, social, financial and operational risks associated with the final strategy to harmonise rates.

FINANCIAL IMPLICATIONS

There is a large financial risk in that Council is looking to increase rates in areas where there is large disadvantage, which will put a strain on Council's cash flow.

CONCLUSION

The range of issues and outcomes identified are varied; Council wants to allow ample time to consult with the community regarding the impacts. IPART's proposed changes to all gradual equalisation will reduce the immediate impacts. It is important for Council to understand the legal framework before proceeding further with community consultation, which is anticipated to occur from March 2020.

ATTACHMENTS

1. Independent Review Rates Harmonisation [↓](#) 
2. Capacity to Pay [↓](#) 

Item No: C12/19-321

RATES HARMONISATION UPDATE - DECEMBER 2019

Responsible Division: Finance & Governance
Officer: Director Finance & Governance
File Number: HC-19-01-6/02
Community Strategic Plan Goal: *Transparent and accountable leadership*

SUMMARY

This report provides Council with an update regarding the issues surrounding rates harmonisation.

RECOMMENDATION

That Council:

- 1. Note the information and options presented in the report.**
- 2. Commence community consultation regarding the following preferred combination of options, noting these options would require IPART approval:**
 - i) Option 1: 5 year transition with the application of a minimum rate; and**
 - ii) Option 5: Increase in the rate cap over 5 years by \$10m.**

REPORT

Context

At the Ordinary Meeting of Council held on 18 September 2019, Council considered the issue of rates harmonisation (Min. 697, Item No: C09/19-214) and resolved as follows:

- “1. Note the information and options for rates harmonisation.*
- 2. Take the maximum 4 years allowed in section 218CB of the Local Government Act 1993 to implement the new rates. The implementation date will be by June 2021.*
- 3. Make an application to the Minister for Local Government for a variation to section 218CB, outlining a solution that no increases in residential rates for 2020-2021 be implemented in the former Holroyd City Council area to reduce the overall impact on rates harmonisation.*
- 4. Write to the Minister for Local Government and the Independent Pricing and Regulatory Tribunal in relation to the loss of business rates of \$5.0m per annum from the former Auburn City Council area, highlighting the financial sustainability*

issue this has created and requesting approval to make an application to increase the rates cap from 2020-2021.”

The full report from this meeting is attached to provide context to the issues of rates harmonisation.

The following events have transpired since Council resolved the above:

- On 21 October 2019, the Office of Local Government (OLG) updated the 2016 Ministerial Determination which permits merged councils to make a Special Variation (SV) application to IPART from the 2020/2021 financial year.

This addresses Item 4 in Minute 697 Item No: C09/19-214, meaning that if Council wished to recover the lost rates identified at the meeting of 18 September 2019, an application would need to be made to IPART to do so. Such an application would need to be made to IPART by November 2020. This process is detailed in this report.

- On 14 November 2019, the OLG wrote to Council advising that any changes to the former council rate paths will need to be approved by IPART following an s508a application to implement any gradual harmonisation of rates.

This correspondence addresses Item 3 in Minute 697 Item No: C09/19-214. If Council wishes to proceed with no increases being applied to the rates for properties in the former Holroyd City Council, approval would need to be sought from IPART to do so. The process for the seeking of such approval is identical to that outlined in the point above.

In May 2019, Council engaged Morrison Low to conduct an independent assessment of the options available with respect to harmonising rates. The scope of this exercise included:

- Consideration of four options to harmonise rates, including the implementation of a Base Rate or 3 different levels of minimum rates.
- An analysis on the ability to pay.
- Recalculation of the rates for 70,000 rateable properties under all four options.
- Further analysis of each option divided by percentile bands 10 to 90 to determine the impacts of each option for the different groups of ratepayers.

Rates Revenue Policy

Council's *Revenue Policy* is included with the publication of the Annual Operational Plan and Fees and Charges. This Policy is based on the following principles:

- Efficiency - means to ensure that resources are devoted to the most valuable ends as determined by Council, whilst using as few resources as possible. It generally relates to the cost at which services and facilities desired by the community are delivered or provided.
- Effectiveness relates to the satisfaction of stated objectives so that outcomes of decisions and the needs and demands of consumers are taken into

consideration. Achievement is demonstrated by the provision of service standards that meet the needs of Council's customers.

- Equity refers to ensuring that services are provided to those who need them, even though they may be unable to pay for the particular service. This document provides pricing policies for rates, annual charges and fees for specific services provided by Council.

Proposed Outcomes

Following recent Councillor Workshops and briefings, this matter has now progressed to the stage where Council should engage the community regarding the issue of rates harmonisation. This report outlines five potential options and makes recommendation on two options that, if applied in tandem, will achieve the most equitable option for all ratepayers.

To further understand the impact of the proposed changes it is important to compare the additional rates increases as a percentage of the total household budget. The average weekly rates including the waste charge for Cumberland rate assessments is \$27 per week, which represents 2% of the average household weekly costs (this ranges between 1% and 5%). Below are ABS statistics for different categories:

Total average ABS Household Expenditure is \$1,425 per week and this is further broken down by the following groups within Cumberland's population:

- Single under 35 \$849 (17% of Households)
- Couples \$1,572 (60% of Households)
- Pensioner couples \$ 879 (Pensioners make up 15% of Household)
- Pensioner Singles \$ 461

The impact of the proposed changes on the path to rates harmonisation will result in increases of between from \$0 to \$1.50 per week (up to a maximum of \$80 per year) under a five year transition plan and changes to minimum rates. This shows that as a proportion of current weekly household expenditure, these increases are not significant and those most affected would be pensioners and singles under 35.

Transition Issues

a) Federal Assistance Grant

Following the advice received from the NSW Local Government Grants Commission 2019, Council's grant is unable to be increased despite a loss of income over 3 years of between \$3m to \$4.5m as at 30 June 2019. Due to the impact of the loss of Income Council needs to maintain a sustainable budget position and review other sources of income. In most cases this will be looking at an SRV to increase rates.

b) Affordability

The largest rate increases are projected in the South Granville and Regents Park Wards. These Wards have had significantly lower rates than the rest of the LGA while benefiting from a similar range and level of services. We have observed that these Wards contain some of the most disadvantaged locations within Council's LGA and will likely be adversely affected by the rate increase.

c) Options

Upon initial assessment of the possible scenarios, the below options represent the most viable means for Council to harmonise rates:

- 1) Option 1: Implementation of an increased minimum rate for all of the LGA. This needs to be approved by IPART.
 - Year 2020-2021, apply to IPART for a minimum rate of \$700
 - Year 2021-2022, apply to IPART for a minimum rate of \$770
 - Year 2022-2023, apply to IPART for a minimum rate of \$840
 - Year 2023-2024, apply to IPART for a minimum rate of \$900

The benefits of implementing a minimum rate are:

- The current calculation of rates relies upon the unimproved land value, so ratepayers in a unit dwelling pay significantly less than a ratepayer in a house dwelling (due to much lower land value). The difference however, in the property value, is not as significant as it is when measuring the difference in unimproved land value. To achieve equity, the application of a minimum rate presents the fairest way to achieve equity until such time as clarity is provided about the use of Capital Improved Value (CIV) as the basis for land valuation.
- If CIV was approved as the basis for land valuation, 24,000 rate assessments would increase by 10% per year until the end of the transition period. It therefore makes more sense for Council to utilise the rates harmonisation process to achieve both the current requirement to harmonise rates, as well as to start addressing the issue of inequity in land valuations which arises from the basis for calculating rates.
- Currently Council receives additional rates income when new properties are created. As all of this growth comes from new units or multi-dwellings, having the current rate structure means that the potential for growth in rates income is minimal. By increasing the minimum rate for units, when this additional income on new properties is calculated, Council is better able to generate a higher rate cap than is currently the case. The potential difference in what could be generated by increasing the minimum rate for units is \$610,000 per annum. IPART has stated that the use of CIV as the basis for land valuations is more equitable because it better reflects the benefits that a ratepayer receives from council services (page 30, *Review of the Local Government Rating System*).

The net effect of increasing the minimum rate is that most properties will be harmonised after a five year period.

- 2) Option 2: Implement immediate harmonisation in 2020-21

If Council were to harmonise rates in one year, the average impact would be as follows:

	\$ Net Charge	%	Highest impact	Lowest Impact	Average impact
Residential					
Holroyd Rates	(4,749,583)	(12)	(170)	(60)	(129)
Parramatta Rates	1,288,827	13	320	10	113
Auburn Residential	3,460,755	21	450	10	165
Business					
Holroyd Rates	(2,000,377)	(12)			
Parramatta Rates	(366,359)	(9)			
Auburn Residential	2,366,359	24			

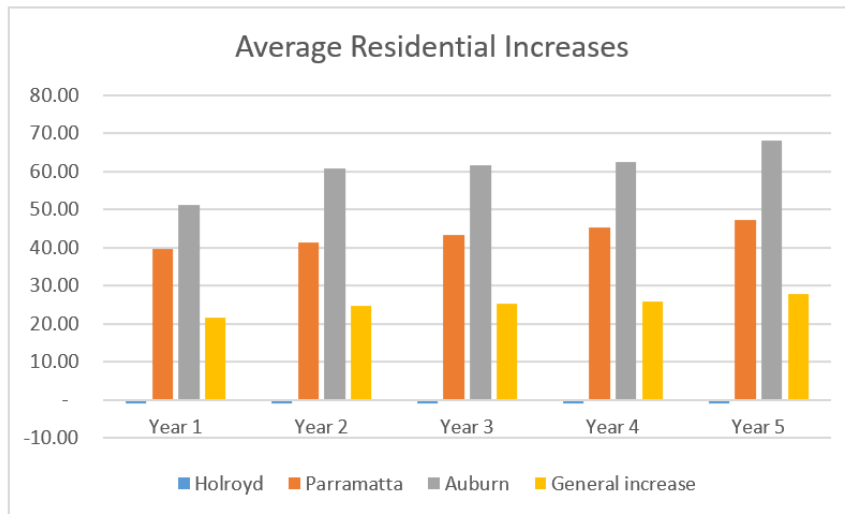
- 3) Option 3: Implement rates harmonisation over a period of five years commencing from 2020-21

Under this option the former Holroyd Rates would have a minor decrease every year and not pay the 2.5% CPI increase that they would normally pay if rates harmonisation was not being implemented. The net effect is 13% reduction over 5 years.

The average annual increase, in percentage terms, per rateable property per annum under this method is:

	Year 1	Year 2	Year 3	Year 4	Year 5
Residential					
Holroyd	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Parramatta	4.50%	4.50%	6.79%	4.50%	4.50%
Auburn	6.50%	7.25%	5.53%	6.50%	6.67%
General Increase	2.30%	2.50%	2.50%	2.50%	2.50%
Business					
Holroyd	0.00%	0.00%	0.00%	0.00%	0.00%
Parramatta	1.00%	1.00%	1.00%	1.00%	1.00%
Auburn	7.00%	7.00%	7.00%	7.00%	7.00%
General Increase	2.30%	2.50%	2.50%	2.50%	2.50%

The impact in actual dollars per rateable property per annum is shown below.



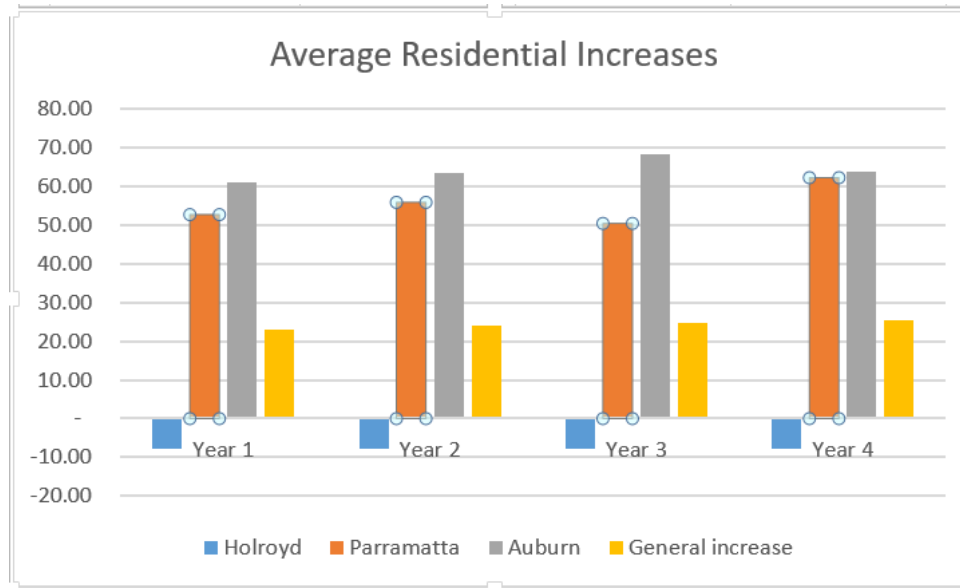
- 4) Option 4: Implement rates harmonisation over a period of four years commencing from 2020-21

Under this option the former Holroyd Rates would have decreased 0.75% per annum for 4 years and not pay the 2.5% CPI increase that they would normally pay if rates harmonisation was not being implemented. The net effect is 13% reduction over 5 years.

The average annual increase, in percentage terms, per rateable property per annum under this method is as follows:

	Year 1	Year 2	Year 3	Year 4
Residential				
Holroyd	-0.75%	-0.75%	-0.75%	-0.75%
Parramatta	6.00%	6.00%	5.11%	6.00%
Auburn	7.75%	7.47%	7.49%	6.53%
General increase	2.42%	2.49%	2.50%	2.50%
Business				
Holroyd	-1.00%	-1.00%	-1.00%	-1.00%
Parramatta	1.00%	1.00%	1.00%	1.00%
Auburn	9.00%	9.00%	9.00%	9.00%
General increase	2.26%	2.35%	2.45%	2.55%

The impact in actual dollars per rateable property per annum is shown below:

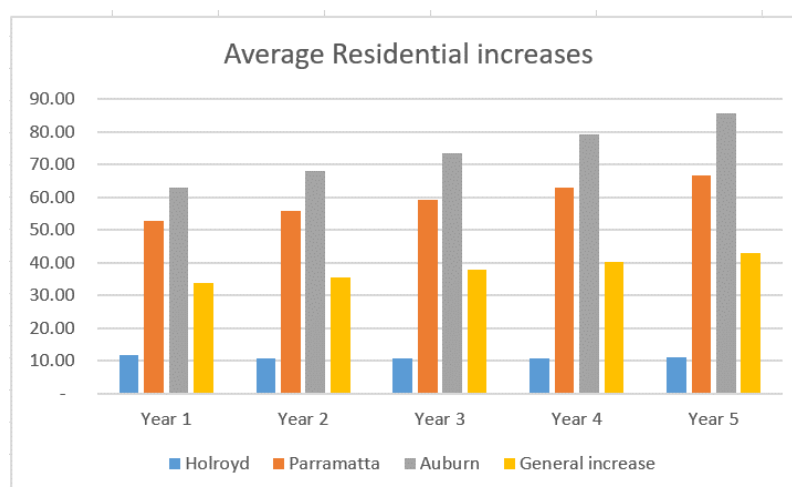


- 5) Option 5: Rates harmonisation over 5 years commencing from 2020-2021, plus the collection of an additional \$10m over this period to recover income lost as a result of amalgamation.

This option would require the application of an additional increase of 2% in the first year only. The compounding effect of this initial increase over the five years produces the result of an additional \$10m in income of that period.

Under this option, the rates for the former Auburn and Parramatta properties would increase by both the amounts required for harmonisation as well as the additional. Properties in the former Holroyd would only increase by the additional 1.5 % (increase 1% instead of decrease 0.5%) each for this period, which is still less than the increases that would have applied as a result of CPI for those properties.

The average increase in dollar terms per rateable property per annum under this scenario is shown below:



IPART Process

Some Councils which were created by merger in 2016 will be applying for an SRV for 2020-21 as part of their process of harmonising rates across the former council areas.

IPART will expect these councils to meet the same requirements for presenting information as all other councils.

The base-level scenario for a merged council will be more complex because the rate structures and rate levels in the former council areas vary. Therefore, merged councils must take extra care in the way they communicate with their community about the proposed SRV and ensure that they explain the rationale for the proposed SV, and quantify the impact it will have on rates to be paid by the different categories of ratepayers in each of the pre-merged council areas.

The situation in each merged council will have unique features.

New councils are encouraged to contact IPART when they are preparing their consultation materials to discuss how to communicate with their ratepayers and present information about the proposed SRV in the most effective way.

The IPART criteria is as follows:

1. The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified in the council's IP&R documents.
2. Evidence that the community is aware of the need for and extent of a rate rise.
3. The impact on affected ratepayers must be reasonable.
4. The relevant IP&R documents must be exhibited (where required), approved and adopted by the council.
5. The IP&R documents or the council's application must explain the productivity improvements and cost containment strategies.
6. Any other matter

Based on this long list of criteria, it is appropriate to align any application to IPART with the new Council Operational Plan. While an application to vary the minimums will need to be made, this is still achievable early in the next term of Council.

The best course of action for Council is to focus on community consultation regarding rates harmonisation, as well as the criteria 5 productivity and cost containment strategies.

COMMUNITY ENGAGEMENT

Council is required to undertake consultation to obtain the community's views on rates harmonisation, or any other impacts to their rates from changes in minimum or increased rates via a SRV.

POLICY IMPLICATIONS

Council will require a Council Resolution and updated Operational Plan to endorse an application to IPART. This will need to occur in the new term of Council.

RISK IMPLICATIONS

There are significant political, reputational, social, financial and operational risks associated with the final strategy to harmonise rates.


FINANCIAL IMPLICATIONS

This is an information report and does not have a financial impact. Following consultation with the community, there will be a report to Council. Dependent upon the outcomes of the consultation, additional income may be collected.

CONCLUSION

There are a range of options that can be undertaken. Council must strategically consider the potential perception in relation to equity if one ratepayer was to receive a reduction in rates whilst, at the same time, another receives large increases. Options 1 to 4 in rates harmonisation do not increase rates income but simply redistribute based on the revenue policy selected. The recommendations in this report are designed to reduce the impact and reinforce the principles of equity to Cumberland's rates system.

ATTACHMENTS

1. Rates Harmonisation Update - 18 September 2019 [↓](#) 

Item No: C10/20-582

RATES HARMONISATION

Responsible Division: Finance & Governance
Officer: Director Finance & Governance
File Number: 8464685
Community Strategic Plan Goal: *Transparent and accountable leadership*

SUMMARY

This report provides a rates harmonisation update to Council following the conclusion of the community consultation period and presents a summary of the submissions received. Further, this report outlines the next steps required in the rates harmonisation process.

RECOMMENDATION

That Council:

- 1. Note the outcome of the community engagement undertaken on the options for rates harmonisation.**
- 2. Adopt option 1 no SRV increase as per community consultation feedback.**
- 3. Register with IPART for a single minimum rate for Cumberland. The residential minimum will commence at \$650, increase by 10% for four years; the business rates minimum will be \$1,200 and increase by CPI.**
- 4. Approve the rates structure for consultation with ratepayers:**
 - i) Single minimum rates residential ratepayers**
 - ii) Ordinary residential rates**
 - iii) Business – Commercial Rate**
 - iv) Business – Shopping Centre Rate**
 - v) Business – Industrial Rates**
- 5. Adopt in principle a gradual transition of rates, noting current legislation has not been amended to allow this. Council does have a Plan B, as outlined in this report, to achieve a gradual transition of rates without any loss of \$8m in rates income at risk.**
- 6. Write to the Minister of Local Government and Local Government NSW (LGNSW) in support of new amendments to legislation that allow Council to opt-in into a maximum period of 5 years for a gradual transition to the new Cumberland rate. Outlining that Cumberland supports the ratepayers whom have a lower capacity and want to avoid a 40% increase in one year.**

7. **As per IPART guidelines, inform all ratepayers of the expected impact to residents over five years and business for one year using gradual transition and single year transition options.**
8. **Note that the gradual transition plan will be included in the annual Operational Plan pending amendments to the *Local Government Act*.**

REPORT

1. Context

At the Ordinary Meeting of Council held on 18 September 2019, Council considered the issue of rates harmonisation (Item No: C09/19-214) and resolved (Min. 697) as follows:

- “1. Note the information and options for rates harmonisation.*
- 2. Take the maximum 4 years allowed in section 218CB of the Local Government Act 1993 to implement the new rates. The implementation date will be by June 2021.*
- 3. Make an application to the Minister for Local Government for a variation to section 218CB, outlining a solution that no increases in residential rates for 2020-2021 be implemented in the former Holroyd City Council area to reduce the overall impact on rates harmonisation.*
- 4. Write to the Minister for Local Government and the Independent Pricing and Regulatory Tribunal in relation to the loss of business rates of \$5.0m per annum from the former Auburn City Council area, highlighting the financial sustainability issue this has created and requesting approval to make an application to increase the rates cap from 2020-2021.”*

The following events have transpired since Council resolved the above:

- On 21 October 2019, the Office of Local Government (OLG) updated the 2016 Ministerial Determination which permits merged councils to make a Special Variation (SV) application to IPART from the 2020/2021 financial year.

This addresses Item 4 in Minute 697, Item No: C09/19-214, meaning that if Council wished to recover the lost rates identified at the meeting of 18 September 2019, an application would need to be made to IPART to do so. Such an application would need to be made to IPART by November 2020. This process is detailed in this report.

- On 14 November 2019, the OLG wrote to Council advising that any changes to the former Council rate paths will need to be approved by IPART following a s508a application to implement any gradual harmonisation of rates.

This correspondence addresses Item 3 in Minute 697, Item No: C09/19-214. If Council wishes to proceed with no increases being applied to the rates for properties in the former Holroyd City Council, approval would need to be sought from IPART to do so. The process for the seeking of such approval is identical to that outlined in the point above.

In May 2019, Council engaged Morrison Low to conduct an independent assessment of the options available with respect to harmonising rates. The scope of this exercise included:

- Consideration of four options to harmonise rates, including the implementation of a Base Rate or 3 different levels of minimum rates.
- An analysis on the ability to pay.
- Recalculation of the rates for 75,000 rateable properties under all four options.
- Further analysis of each option divided by percentile bands 10 to 90 to determine the impacts of each option for the different groups of ratepayers.

At the Ordinary Meeting of Council held on 18 December 2019, Council considered the issue of rates harmonisation (Item No: C12/19-321) and resolved (Min. 869) as follows:

“That Council:

- 1. Note the information and options presented in the report.*
- 2. Commence community consultation regarding the following two combination of options, noting these options would require IPART approval:*
 - i) Option 1: 5 year transition with the application of a minimum rate and Option 5: Increase in the rate cap over 5 years by \$10m.*
 - ii) Option 1: 5 year transition with the application of a minimum rate and Option 3: Harmonisation of rates over 5 years.*
- 3. Advocate to the Minister for Local Government in relation to this matter, and organise a deputation to the Ministers Office along with other Council’s in the same position as Cumberland.*
- 4. Ensure the consultation is available in various languages.”*

The following events have transpired since Council resolved the above:

- On 20 March 2020, Council issued a press release advising all residents of the up and coming rates harmonisation.
- On 7 April 2020, the rates harmonisation group agreed to pause the consultation due to the increasing attention on COVID-19.
- On 3 July 2020, Council relaunched the rates harmonisation consultation via Have Your Say and a direct letter to ratepayers alongside their 2020-21 rates notices.
- The consultation period ran until 30 September, with a community survey conducted in the week commencing 14 September.
- The community consultation was targeted towards the two options approved and included in December 2019 Council report.
- Consultation material is listed below and the data gathered is included in this report. This addresses Items 2 and 4 of Minute 869, Item No: C12/19-321.
 - Video on Council’s website and in the Customer Service Centres;
 - Flyer in 4 alternative languages;
 - Online form on Have Your Say;

- Letters to Council;
 - Online Frequently Asked Questions;
 - Letter to all ratepayers;
 - Facebook posts;
 - Eventbrite one-on-one consultation sessions;
 - Promotion in the community newsletter and on Council's website.
- On 25 August, the OLG responded to Council's request for an update on rates harmonisation (see attached). This letter informed Council that the Minister has no authority to approve gradual transition plans. This would require an Act of Parliament, noting there is no intention to introduce a Bill for that purpose. This addresses Item 3 of Minute 869, Item No: C12/19-321.

It should also be noted that Council had requested to undertake early implementation in the 2020-21 year. The OLG had advised that the Accounting Code and legislation does not permit this.

- On 17 September 2020, Council was granted a meeting with the Minister for Local Government to discuss the gradual transition of rates. Council provided the reports from Morrison Low to provide context regarding the challenges facing Cumberland. This addresses Item 3 of the resolution to the best of Council's ability in the current circumstances (Min. 869, Item No: C12/19-321).

2. Update on Rates Harmonisation

a) Other Actions Underway

- On 13 August 2020, Council's Director Finance and Governance met with IPART to discuss the requirement to align the minimum rates. It was agreed at this meeting that Council could make an application for multi-years to increase minimums.

The following matters were also discussed:

- 1) IPART's view is that Council's new minimum requires approval as the statutory cap is being exceeded. Some councils have obtained legal advice stating that the proclamation permits the selecting of a minimum rate (e.g. Parramatta is \$708.08) from the former councils. IPART does not agree and advises Council to make an application.
- 2) Council must inform the community of the financial impact of the new minimum rate. This is normal practice for a minimum rate application. For rates harmonisation, this is a challenge as there is no legislation allowing Cumberland to use a gradual transition method; therefore, Council will need to include two options when informing ratepayers of the impact or run the risk that the process may be invalid. IPART is a regulator and can only apply the law as it is now. This is likely to be resolved before final submission is due in February 2021.

The tables Council would provide to ratepayers are attached.

3) Attached is the Guideline for 2020-21.

<https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/local-government-special-variations-applications-for-special-variations-2020-21-special-variation-documents/application-guide-for-part-b-minimum-rate-increases-2020-21.pdf>

- On 8 September 2020, the OLG met with General Managers to discuss the opportunity to advance legislation for a gradual transition as outlined in IPART's report and supported by the Minister in June 2020. OLG advised that the intention is to have the legislation passed by the end of this financial year.

The State Government's response to this was that "*IPART's recommendations regarding residential rates equalisation and gradual harmonisation of rates is integral to this process.*" (See Page 9 of the attached *IPART Review of the Local Government Rating System – Government Response*).

This is another variation which was unexpected and most of the merged councils are hopeful that this legislation can be approved in time.

It should be noted that this occurred a fortnight after the letter from OLG advising there is no plan to promote such legislation. Based on this, it is expected that there will be future challenges and changes in the next 9 months.

b) Rates Harmonisation Legislation

The legislative framework for setting rates and designing rating structures is set out in the *Local Government Act 1993* (the Act). Growth in Council's overall rates income is restricted by the rate pegging limit or special rate variation percentage as approved by IPART. Increases in land value do not increase the total value of rates but can impact the way rates are distributed.

Council sets the rating structure to determine the distribution of 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.

c) 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 Act. This requires the preparation of one rating structure to cover the new local government area.

In order to set a new rating structure, Council needs to formulate a view on major revenue and rating principles and set 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.

3. Proposed Harmonised Rating Structure – Transition Plan

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 ability-to-pay model based on the current level of rates that are paid by each category of ratepayer.

a) Objectives:

- Rates harmonisation deadline 1 July 2021 with:
 - No further extension
 - No transition options (there is Plan B)
 - Compliance with current legislation.
- Develop an equitable rating structure that distributes the rates burden fairly across the new Local Government Area.
- Balance the need to reduce the extent of a sudden, unexpected impact for the majority of ratepayers.
- Maintain rates yield forecast (LTFF).

b) 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 Auburn and Parramatta have minimum amounts, while former Holroyd had a base amount. The analysis undertaken has been based on continuing with the minimum rate structure for the whole Cumberland Local Government Area.

From a rates levied perspective, 36.5% of ratepayers in the LGA are minimum residential ratepayers. The minimum ratepayers should at least contribute 30% (currently 24%) of the rates, which represents a rate of \$860 per ratepayer by 2024.

The reason for not going any further is to recognise comments in the submissions that not all unit dwellings are new units; there are a portion of older unit dwellings that are not supportive of paying large increases.

IPART advised councils that a benefit to the minimum rate for growing population is the rate cap will be (\$0.7m in our circumstances) higher every year than if the statutory cap is applied. This is because Council receives a supplementary value for additional ratepayers on what they pay and all our growth is likely to be via additional unit dwellings.

Minimums have also been endorsed by the State Government in their response to the IPART report, as it removes the unfairness from unimproved land value and moves towards the rate that would be paid under a capital improved model. The report is attached for information.

c) Final Rating Recommendations – Transition Plan

The following table provides the proposed rates based on land data from July 2020. The final rates will be included in the Operational Plan 2021-22. Council recognises rates will always move and this is indicative to the current data.

i) Residential Rates

Former area	2021-22	2022-23	2023-24	2024-25	2025-26
Cumberland Min Rate (proposed)	650	715	785	860	860
<u>Ad valorem</u>					
Auburn	0.00167	0.00172	0.00180	0.00190	Merged
Holroyd	0.00227	0.00221	0.00213	0.00202	Merged
Parramatta	0.00216	0.00214	0.00208	0.00202	Merged
Cumberland	0.00207	0.00205	0.00202	0.00196	0.00202
Residential Rates Yield					
Auburn	19,212,433	20,194,055	21,477,716	22,965,131	23,900,128
Holroyd	40,342,976	40,261,791	40,145,408	39,605,732	39,594,470
Parramatta	10,287,309	10,425,369	10,429,311	10,438,877	10,435,798
Cumberland	69,842,719	70,881,214	72,052,435	73,009,739	73,930,396

ii) Commercial Business Rates and Industrial Rates

The former Councils of Auburn and Holroyd had one business rate category, and the former Parramatta Council had a Business General and Industrial Rate. In 2017, Council undertook an exercise to analyse the 4,400 businesses as part of Fire Services Levy; this was also supported by IPART (see section 8.3.1 of IPART's report). Council is now in a good position to utilise this information to roll out a business rate that is more equitable.

The creation of commercial rate provides an increase in equity by introducing a rate that is 2.0 times the residential rate. The industrial rate is 3 times the residential rate. Council has future flexibility in setting these rates and will gradually transition to these rates. The other recommendation from IPART was to set a specific rate over multi-level shopping centres as they are a centre of activity.

Former area	2021-22	2022-23	2023-24	2024-25	2025-26
Cumberland Min Rate	1,200	1,224	1,250	1,275	1,300
Commercial ad valorem					
Auburn	0.0037	0.0042	0.0039	0.0040	Merged
Holroyd	0.0045	0.0042	0.0042	0.0040	Merged
Parramatta	0.0060	0.0055	0.0055	0.0048	Merged
Cumberland	0.0044	0.0040	0.0039	0.003913	0.00375
Industrial ad valorem					
Auburn	0.0040	0.0045	0.0050	0.0055	Merged
Holroyd	0.0051	0.0052	0.0055	0.0056	Merged
Parramatta	0.0075	0.0070	0.0065	0.0060	Merged
Cumberland	0.0048	0.0052	0.0055	0.00567	0.0060
<u>Yield</u>					
Commercial Yield (includes Shopping Centres)					
Auburn	5,019,215	5,554,867	5,343,533	5,131,569	5,359,308
Holroyd	5,243,843	4,819,682	4,728,151	4,600,317	4,785,842
Parramatta	1,721,646	1,594,030	1,406,039	1,290,426	1,242,030
Cumberland	11,984,704	11,968,578	11,477,723	11,022,311	11,387,180
Industrial Yield					
Holroyd	14,064,082	14,338,634	15,990,672	16,542,969	17,204,127
Auburn	5,527,316	6,218,105	6,908,895	7,599,685	8,622,041
Parramatta	2,131,485	2,134,125	2,079,857	1,911,222	1,925,453
Cumberland	21,722,883	22,690,864	24,979,424	26,053,876	27,751,621
Total	33,707,586	34,659,441	36,457,146	37,076,187	39,138,802

iii) Commercial Shopping Centre

The creation of a commercial rate will provide a benefit to multistorey shopping complexes. Therefore, Council will introduce this rate to three properties that meet this criteria. It is proposed to use the same rate as the Industrial Rate.

d) Plan B

If the proposed legislation is unsuccessful and Council was to implement harmonisation in one year, there would be an additional financial risk of non-payment of rates as the areas impacted have been identified in the Morrison Low analysis as the ratepayers with a lower capacity to make additional payments. Council's responsibility is to recommend a legally compliant rates structure in April/May Operational Plan for 2021-22.

Therefore, officers have developed a Plan B which, although presenting additional complications as it is complex, can be implemented in the case that Council does not have access to new legislation. This process will utilise existing special rates approved under s495 of the Act, as Council will prepare a capital works schedule for the former Council areas and increase and decrease rates in compliance with the Act.

This is not the desired option, but provides Council with a legally compliant method of implementing a gradual transition if required. The details of this Plan will be brought to a future workshop if the legislation does not progress to the timeline.

e) Next Steps

Council has completed three major steps as per below and is currently at the point marked in yellow.



Detailed Plan Going Forward

October 2020

- Council to determine the preferred rates harmonisation structure for the IPART Minimum Application.
- Council resolution to notify IPART of the intention to apply to set the minimum rate for Cumberland City Council 1 December to 31 January 2020 (8 weeks).

December 2020 /January 2021

- Council will distribute information to ratepayers to inform them of the impacts for each of the former Councils under the transition plan or a potential one-year plan. Merged councils are not required to record community submissions as a new rate needs to be adopted.

February 2021

- Council determines whether or not to lodge an application with IPART to set the minimum rate for Cumberland City Council.
- Subject to Council's decision, IPART application submitted for the minimum rate to be set.

April 2021

- New legislation is due in this month or Council will need to present Plan B.

May 2021

- Draft Operational Plan 2021-22, including the budget and harmonised rating structure, to be considered by Council for public exhibition. May be an extraordinary meeting, depending on legislation timeline.
- IPART determination received for setting the minimum rate.

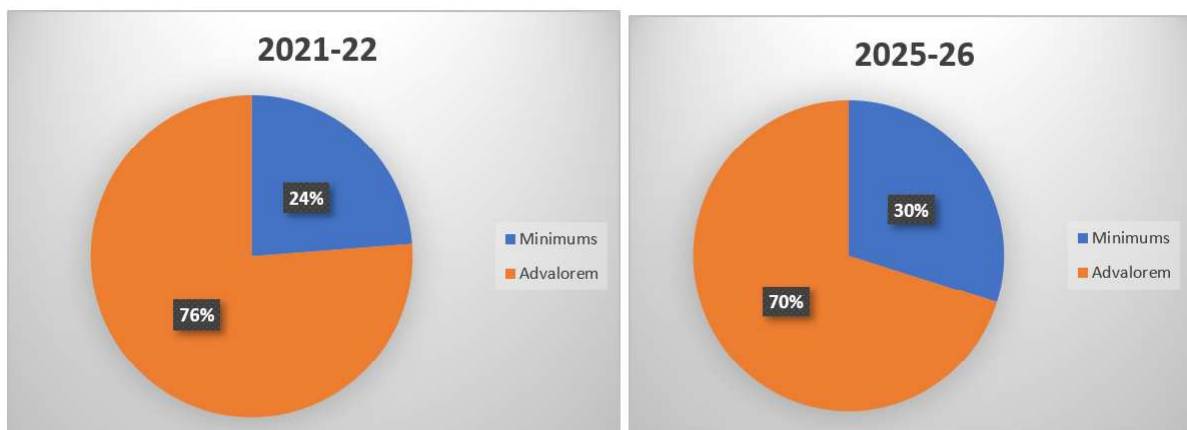
June 2021

- Council considers 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.

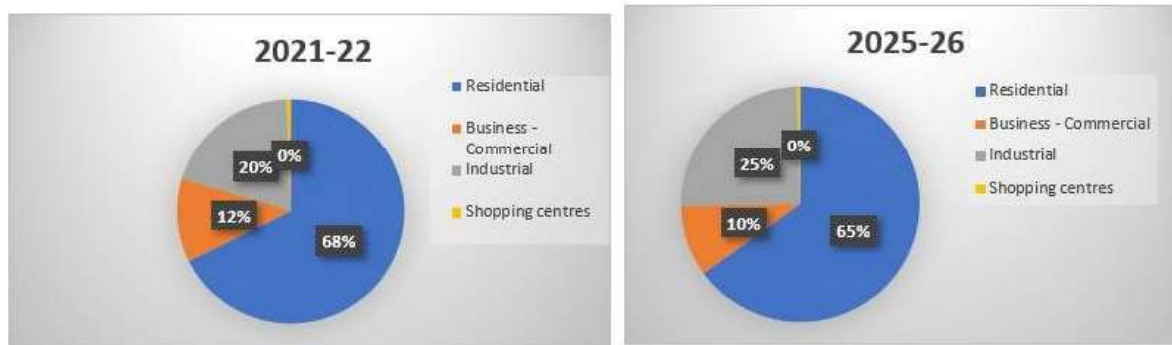
f) Rates Structure

Based on realignment of the rates to allow for consistent reporting, the below is a graphical representation.

Residential Structure (minimums versus ad valorem)



Total Rates Structure



COMMUNITY ENGAGEMENT

Council publicly exhibited the rates harmonisation options from 20 March 2020 to 30 September 2020 (noting the pause for COVID-19 from April to July).

During the public exhibition period, the following community engagement activities were undertaken:

- The rates harmonisation options were distributed via:
 - Letter to all 76,000 ratepayers, including a flyer in four languages.
 - Community survey of 600 people.
 - E-news 7 July edition with rates harmonisation article was sent to 5,112.
 - Facebook post reached 8,571 people, with an engagement of 1,138.
 - 23 online consultation sessions booked through Eventbrite.
 - Rates harmonisation webpage on Council's website, which received 1,425 visits.
 - The printed quarterly newsletter was distributed to 73,057 households LGA wide.
- Rates harmonisation had a dedicated Have Your Say webpage and was displayed as a banner on Council's website.
- The rates harmonisation flyer was made available at Council libraries, staffed Community Centres and Customer Service Centres. The rates video ran in all Customer Service waiting areas.
- Public notice of the exhibition period and press release was reported in the Auburn Review and Parramatta Advertiser on 22 March 2020.

Council received 1,700 visits to the 'Have Your Say' webpage during the public exhibition period and 550 submissions per the attached 'Rates Harmonisation Submissions Summary' document. Option 1 received 65% support.

Council undertook a community survey, which indicated the following:

- 85% were at least somewhat satisfied with Council's performance and 81% were at least somewhat satisfied with the Council-provided community assets.
- 79% of residents were at least somewhat supportive of Council introducing the single rate over five years to ensure the impact to residents is less than 10% per year.
- Prior to contact, 20% of residents were already aware of the proposed SRV.
 - 63% of residents selected Option 1 (rate peg only) as their first preference.
 - 37% of residents selected Option 2 (SRV option) as their first preference.

POLICY IMPLICATIONS

There are no policy implications for Council associated with this report.

RISK IMPLICATIONS

There are no risk implications for Council associated with this report.

FINANCIAL IMPLICATIONS

There will be an additional cost of \$50,000 to distribute a letter box drop to all residents. Council will include this in the Quarterly Budget Review Statement.

CONCLUSION

This report addresses the resolution of Council (Min. 869, Item No: C12/19-321), resolved 18 December 2019, noting that community consultation has indicated that 65% of the community are in support of Option 1. The next steps in the process are outlined, with the journey mapped out and the decision Council is required to make also detailed.

ATTACHMENTS

1. State Government Response to IPART Report [↓](#)
2. Letter from OLG September 2019 [↓](#)
3. OLG Letter August 2020 [↓](#)
4. Residential Rates 5 year transition [↓](#)
5. Business Rates Harmonisation [↓](#)
6. Rates Harmonisation Submissions Summary [↓](#)
7. Micromex Community Consultation report [↓](#)

DOCUMENTS
ASSOCIATED WITH
REPORT C10/20-582

Attachment 1
State Government Response to
IPART Report



IPART REVIEW OF THE LOCAL GOVERNMENT RATING SYSTEM

GOVERNMENT RESPONSE

JUNE 2020

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Executive Summary

The NSW Government understands the need to provide local councils with a flexible rating system, whilst ensuring rates are applied fairly and more equitable to local communities.

Any review of the rating system, like any taxation system, inevitably results in strong, often opposing views from various stakeholder groups.

IPART provided the Government with a substantial [final report](#) that recommends significant reforms addressing a number of complex issues, including the current structure of the rating system. IPART's recommendations, if implemented in full, would substantially change our system of local government and impact directly upon communities. Having consulted extensively with the sector and the community, and carefully considered IPART's findings and recommendations at length, the Government has decided on the following way forward:

Position on recommendations	Total Number
Support	13
Support in principle	6
Support in part	1
Noted	21
For further consideration and analysis	1

A complete list of IPART's recommendations and the Government's response can be found at Table 1 at the end of this document.

The Government has already ruled out, in its interim response of 21 June 2019, implementing major recommendations made by IPART related to pensioner concessions and rating exemptions where these would adversely impact vulnerable members of the community or have a substantial financial impact upon taxpayers or the broader community.

The Government also remains unconvinced of the merits of moving to a system of valuation based on Capital Improved Value (CIV) at this time, given the significant potential impact to local residents, substantial implementation costs and the inconclusiveness of extensive public consultation. Feedback received indicates both support and opposition to such a change. Additionally, it is unclear how the introduction of CIV may unfairly impact particular groups of ratepayers or result in unintended, real-life consequences for families and businesses.

The Government will focus on providing greater flexibility in the current rating system through the creation of additional rating categories and sub-categories, and ensuring councils can align income growth with population growth.

Through the Office of Local Government, the Government will make the current rating system easier for councils to navigate, highlighting the variety of mechanisms already available to councils in designing a fairer and more equitable rating structure for their local government area (LGA).

We look forward to working with the Local Government sector and the community to deliver fairer, and more equitable rates to residents and business.

Background

In NSW, council rates generate over \$4.3 billion each year. This equates to around 38 per cent of the annual operating revenue for all NSW councils although, in general, councils in metropolitan areas have larger rating bases and receive more of their income from rates. Even though rates are commonly considered a fee for service, they are in fact a form of taxation.

Under the *Local Government Act 1993*, a rate may consist of:

- » an ad valorem amount (i.e. a percentage – which may be subject to a minimum amount)
- » a base amount to which an ad valorem amount is added.

In NSW, an ad valorem amount is a variable charge set as a proportion of the unimproved land value of the property – that is, the value of the property without any buildings, houses or other capital investments.

A minimum amount, where applied, is a flat charge which applies instead of the ad valorem amount, when it is greater than the ad valorem amount. A base amount, where applied, is a fixed

charge that is levied equally against all rateable properties within a given rate category, or subcategory of land use.

Councils may vary the way they calculate rates for different categories of property. For example, they can use a different percentage of the unimproved land value to calculate the ad valorem amounts, apply different minimum amounts, or add different base amounts.

The *Local Government Act 1993* sets out a process regulating the amount by which councils increase their general income, the main component of which is rates revenue from ordinary and special rates.

Each year, the Independent Pricing and Regulatory Tribunal (IPART), determines the maximum percentage by which a council may increase its general income in the coming year, known as the 'rate peg'. The rate peg does not apply to stormwater, waste collection, water and sewerage charges.

The rate peg is based on the Local Government Cost Index measured by IPART, which measures price changes over the previous year for the goods and labour an average council will use, adjusted for any improvements in productivity.

Once the rate peg is known, councils set their rates for each rating category so that their annual general income does not increase in percentage terms by more than the rate peg for that year. This gives councils some flexibility to vary the increase in rates across categories (e.g. to increase residential rates by a higher percentage than farmland rates), as long as the total increase in revenue does not exceed the rate peg.

Councils can apply to IPART for a 'special rate variation' to allow them to increase general income above the rate peg for a range of reasons. OLG sets guidelines for this process, but the process is administered independently by IPART.

The Review Process

In 2013, the Independent Local Government Review Panel recommended the Government commission IPART to undertake a further review of the rating system focused on:

- » options to reduce or remove excessive exemptions and concessions that are contrary to sound fiscal policy and jeopardise councils' long-term sustainability (recommendation 6.2); and
- » more equitable rating of apartments and other multi-unit dwellings, including giving councils the option of rating residential properties on Capital Improved Values, with a view to raising additional revenues where affordable (recommendation 6.3).

On 18 December 2015, the (then) Premier, the Hon. Mike Baird MP provided IPART with terms of reference for the Review, framing it as a key component of the Government's Fit for the Future reforms. The two broad aims of the Review were to:

- » explore options to redistribute the rating burden within council boundaries to develop recommendations to improve the equity and efficiency of the rating system. in order to enhance councils' ability to implement sustainable fiscal policies over the long term; and
- » explore options for a legislative or regulatory approach to support the Government's rates path freeze policy.

The Terms of Reference specifically excluded consideration of the rates peg.

IPART carried out significant public and stakeholder consultation during conducting the Review, including public hearings in Sydney and Dubbo between April and October 2016. A draft report was released for comment in August 2016. IPART received over 300 submissions in relation to this Review.

IPART delivered its final report to the (then) Minister for Local Government in December 2016, which was publicly released on 21 June 2019 together with an interim Government response. IPART made 42 recommendations in total. The Office of Local Government (OLG) undertook further public consultation on 28 of these recommendations. Consultation feedback was open for 12 weeks and closed on 13 September 2019. A total of 110 submissions were received.

OLG released a summary of submissions on 28 February 2020.

The final report of the Review restates the major proposals outlined in the draft report, with some minor adjustments. IPART's key proposals are that:

- » councils be allowed to shift to a Capital Improved Value (CIV) system of calculating rates, which considers the value of capital improvements (in contrast to the current system which uses the unimproved value of the land);
- » exemptions from the rating system be based on the use of land rather than the ownership (for example, that aged care facilities owned by charitable organisations would pay the same rates as their commercial competitors);
- » changes to pensioner rate concessions enable rate payments to be deferred and recouped from the pensioner's estate at a later date; and
- » restrictions on council differential rating powers be lifted to enable improved rates harmonisation across council areas.

Interim Response

The Government released an interim response concurrently with the release of the three IPART reports on 21 June 2019. In it, the Government has ruled out accepting recommendations that have adverse impacts on vulnerable members of the community, affect regional jobs and economies, and/or substantially increase costs for taxpayers and the broader community.

In NSW, rate exemptions are based on a mix of land ownership and land use. Changes to the rating exemptions framework would redistribute the rating burden within a community and removal or change will be sensitive with many interest groups, such as charities, not for profit social housing providers, churches, schools and universities.

During IPART's public consultation process the issue of rating exemptions prompted significant public and stakeholder comment. Most exemptions still have a strong and abiding public interest and concern remains about the significant impact removal of exemptions may have on the operations of these entities.

The *Local Government Amendment Act 2019* was assented to on 24 June 2019 and several provisions came into effect on 25 June 2019. This included amending the *Local Government Act 1993* to enable the Minister to extend the rates path freeze for an additional 12 months for those councils formed in 2016 that need more time to consult with communities about rating harmonisation. This may also allow some of those councils to factor in the Government's response to the Review when developing their rates harmonisation strategy – some recommendations deal specifically with rates harmonisation.

Theme 1: Use of the CIV valuation method to levy council rates

Current situation

Currently, NSW councils are required to use the unimproved land value (UV - the value of the land without improvements) of a property to calculate rates. This is the value of the property without any buildings, houses or other capital investments.

What IPART recommends

IPART recommends that the Government mandates the use of Capital Improved Value (CIV) for metropolitan councils while retaining it as an option for non-metropolitan councils.

IPART recommends a gradual transition to CIV entailing an annual limit of 10 per cent above the rate peg to any rates increase resulting from a move to CIV. Individual rating amounts may still increase beyond 10 per cent depending on the impact of other factors such as changes in land valuations.

Government response

The NSW Government continues to strongly support rate pegging for local councils across NSW. It believes this is the best model to ensure that councils keep a focus on efficiency and ensuring that residents are not paying more rates than necessary. The Special Rate Variation framework enables councils to make the case for a larger rise than the current rate peg to their community and then to IPART.

The NSW Government notes that many local government stakeholders support the introduction of CIV. However, it also notes that many residents and property owners do not support any change.

Introducing CIV within the current rate pegging framework will bring about a redistribution of the rating burden rather than an increase in rates and therefore council income. It will also come with significant disruption and because there is no overall database of CIV data within NSW, it is not possible to model the impacts on different types of property owners. Implementation would take several years before a potential improvement to the equitable distribution of rating revenue would be evident.

Given the unclear distributional impacts along with the high cost of implementation and prolonged transition timeframes, the NSW Government does not believe there is a clear case in support of implementation and further development of CIV at this time.

The Government will focus on providing greater flexibility in the current rating system through the creation of additional rating categories and sub-categories, and ensuring councils can align income growth with population growth, in order to improve the distribution of the rating burden at significantly less cost, and low impact to the community.

Use of minimum rate

Many councils use minimum rate amounts in relation to apartments and other strata complexes to more accurately reflect the use of council services because the UV of individual apartments is often very low. However, this can mean that most apartments in a council area are paying a very similar rate amount irrespective of the property value. An example of the use of minimum rates is Sutherland Council below.

Example – Sutherland Council

Sutherland Council applied to IPART to increase its general income by 8.76 per cent in 2019-20, including the rate peg, which is to be applied to minimum ratepayers only, through an increase in the minimum rate from \$602.30 in 2018-19 to \$900.00 in 2019-20. This increase will be retained permanently in the rate base, affecting around 25 per cent of the ratepayers in Sutherland and bringing their rates closer to the average residential rate charged across the LGA.

Based on the Council's application, ratepayers on the minimum rate will have a rate increase of \$298 in 2019-20, while rates for ratepayers who are not on the minimum will increase by the 2.7 per cent rate peg, reducing the gap between rates paid by minimum ratepayers and other ratepayers to better reflect equity in the services received.

The previous minimum rate (\$602.30) was 59.2 per cent lower than the average residential rate of ratepayers who were paying above the minimum (\$1,476). According to IPART, the new minimum rate is the 9th highest residential minimum rate compared to the current minimum rate charged by other councils in the Sydney metropolitan area and 14.5 per cent higher than the estimated average (\$786) of councils in the Sydney metropolitan area.

It is recognised that not all metropolitan councils could apply a similar process due to differences in housing mix and socio-economic factors. However, the Government believes that councils should be willing to explore different options to improve the equity of their rating distribution, in consultation with their communities.

Differential residential rating subcategories

The NSW Government supports the potential to enable greater use of differential rating within urban residential rating.

This issue is further discussed below.

Theme 2: Allow councils' general income to grow as the communities they serve grow

Current Situation

In NSW, councils are subject to a rate peg that determines the maximum percentage amount by which a council may increase its total general income for the year. The main component of general income is rates revenue. IPART is responsible for determining the rate peg each year. As long as the total general income remains within the set maximum increase, councils have discretion to determine how to allocate the rate peg increase between different rating categories. Councils can seek additional increases in general income beyond the annual rate peg by applying to IPART for a special rate variation (SRV).

The increase in income generated by a supplementary valuation process using UV ("growth outside the rate peg") often does not allow councils to maintain current service levels due to increasing demand for council services and the upfront costs of new residential developments. IPART contends that current ratepayers are shouldering an unfair proportion of the rating burden compared to new residents.

What IPART recommends

IPART examined options to assist councils experiencing high levels of population growth to more equitably fund services to these new ratepayers, and made the following recommendations:

- » using a CIV-based formula to calculate increases to council general income outside the rate peg that is proportional to the increase in costs of providing services;

- » introducing a new type of special rate for joint delivery of infrastructure projects. Income raised from this special rate would be on top of general income within the rate peg and would not require approval from IPART. Such a special rate category would make it clear that councils could co-fund infrastructure or services that are the responsibility of state or federal government, as long as the projects benefit the local community; and
- » removing minimum rates

Government response

With the Government decision not to support a move to CIV at this time, the NSW Government will implement recommendations to facilitate council income growth outside the rate peg, while preserving the policy objectives of the rate capping system. This will include better aligning council income growth with population growth and reforms to the infrastructure contributions framework to enhance councils' ability to implement sustainable fiscal policies over the long term.

This reflects that for many councils one of the key challenges they face is population growth, which often is not easily captured within the existing rate pegging framework.

The NSW Government, in conjunction with the broader work around developer contributions, will examine options to establish an equitable and effective funding framework for infrastructure associated with development. It is important that as communities grow, they have adequate and effective infrastructure to support that growth.

Theme 3: Give councils greater flexibility when setting residential rates

Current Situation

Councils levy rates using four different categories depending on the primary use of the land: residential, farmland, mining and business. These categories can be further split into subcategories.

A long-standing issue with the current rates framework is the difficulty of metropolitan councils to set different residential rates. This is due to the requirement for councils to set equal rates across the one "centre of population". Non-metropolitan councils can do this based on the different townships in their area but for metropolitan councils with a single contiguous population centre, the current legal framework is difficult to apply with certainty. This can result in potential cross subsidies where demand for services may vary across an LGA but only a single ad valorem amount applies to all residential properties.

What IPART recommends

IPART recommends adding a fifth rating category, 'environmental land', which they define as land that cannot be developed due to geographic or regulatory restrictions. They also recommend introducing the following changes to increase flexibility when determining council rating structures:

- » 'commercial' or 'industrial' subcategories for business land;
- » a vacant land subcategory option for residential, business and mining land;
- » the ability to subcategorise farmland based on geographic location; and
- » allowing councils to determine which rating category should act as the 'residual' category.

IPART argues that providing more flexibility will allow councils to be more responsive to local needs and enable a more equitable and efficient distribution of the rating burden, while also encouraging urban renewal.

To facilitate rates harmonisation, particularly for metropolitan councils, IPART proposes to remove the "centre of population" requirement for residential rates and instead have councils equalise rates based on separate towns or villages or "residential areas". An LGA could have multiple residential areas using geographic markers to define their boundaries.

Government response

The NSW Government recognises the challenges that come from the current legal framework and the limited capacity to apply a differential rating structure. However, it is also cognisant of the view of some stakeholders that they are paying higher rates than they should, with councils effectively using them as a 'golden goose'.

This emphasises the importance of councils undertaking strong and effective community consultation when they implement and modify their rating framework. It is also important that the NSW Government, when expanding the ability to establish differential rating structures, builds in effective safeguards to ensure that the community retains confidence in the local government rating system.

Rates Harmonisation

The NSW Government is currently supporting new councils created in 2016 during the forthcoming rates harmonisation process, to be implemented at the end of the rates path protection in either mid-2020 or mid-2021 (depending on the choice of the individual council).

As part of this process, in addition to practical implementation support, the NSW Government is assisting new councils identify options specific to their LGA to undertake rates harmonisation following the end of the rates path protection. IPART's recommendations regarding residential rates equalisation and gradual harmonisation of rates is integral to this process.

Theme 4: Better target rate exemption eligibility

Current Situation

In NSW, rate exemptions are based on a mix of land ownership and land use. There are numerous exemptions from paying local council rates such as for land owned by charities, not for profit social housing providers, churches, schools and universities.

Consideration needs to be given to the public benefits that some exempt landowners provide. Most exemptions still have a strong and abiding public interest and concern remains about the significant impact removal of exemptions may have on the operations of these entities.

What IPART recommends

The central recommendation is to amend the *Local Government Act 1993* so that exemptions are based on land use only rather than ownership. In addition, all land used for commercial activities or residential purposes should be rateable, unless it is explicitly exempted. In this regard, IPART recommends private hospitals be exempted in the same way public hospitals are. Conversely, IPART recommends the removal of exemptions for land owned by a number of entities, including certain residential care facilities, certain sporting and cultural organisations and certain water utilities, and land subject to a conservation agreement.

Government response

In its interim response, the Government has already ruled out implementing recommendations related to exemptions, where these would adversely impact vulnerable members of the community or have a substantial financial impact upon taxpayers or the broader community.

The NSW Government does not support wholesale reform of the exemptions framework as it considers the abiding public interest is to keep the existing exemptions framework largely in place, with anomalies being addressed on a case by case basis.

The NSW Government, after considering feedback from stakeholders and the community, will undertake further work on the existing conservation rating exemption.

Land subject to a conservation agreement

Traditionally, most conservation agreements have been entered into in relation to environmental issues under section 69C(1)(a) and (e) of the *National Parks and Wildlife Act 1974 (NPW Act)*. The use of conservation agreements for these environmental purposes has now largely been replaced by the provisions for Conservation Agreements, Wildlife Refuge Agreements and Biodiversity Stewardship Agreements under the *Biodiversity Conservation Act 2016 (BC Act)*. Some programs established under the BC Act provide funding to assist with conservation efforts while others do not. For example, landholders who are successful under the Conservation Management Program are eligible for annual conservation management payments to undertake agreed conservation management activities such as pest and weed control, and fencing. However, there remain a number of agreements which exist in perpetuity and for which funding is not provided.

Conservation agreement provisions in the NPW Act remain a significant mechanism for conserving Aboriginal cultural heritage and historic heritage of national significance that is located on privately owned land. Unlike for environmental conservation, there are very limited other financial incentives available to private landholders to act to conserve and protect Aboriginal Cultural Heritage or nationally significant historic heritage on private land.

Given the issues above, further consultation and assessment will occur to ensure that the issues associated with protection of Aboriginal cultural heritage and historic conservation agreements are adequately considered and addressed, while recognising there may be potential to address anomalies with the existing exemption brought about by the introduction of the BC Act.

Theme 5: Assistance to pensioners

Current Situation

Under the *Local Government Act 1993*, eligible pensioners are provided concessions on their ordinary rates and domestic waste management services charge. The cost of providing these concessions is shared between the State Government (55 per cent) and local councils (45 per cent). Councils can provide concessions above the regulated amount, but this must be funded by the council alone.

What IPART recommends

IPART recommended the implementation of a rate deferral scheme to be operated by the NSW Government. This would allow new and existing eligible pensioners to defer payment of ordinary council rates up to \$1,000 per annum and indexed to CPI, or any other amount as determined by the NSW Government (becoming due when ownership changes). This would be mandatory for new pensioners and would be optional for existing pensioners (who could choose to defer or opt for the existing concession).

Government response

The NSW Government has made it clear that it will not take any action that would disadvantage pensioners in its response to the IPART Rating Review.

Given this, and the experience of other jurisdictions that have established a rate deferral scheme where take up is reportedly low, the Government does not believe the case for wholesale change to the existing rates concession framework has been made. Therefore, the NSW Government will not support the introduction of a state-wide rate deferral framework.

Theme 6: Recovery of council rates

Current Situation

NSW councils collect rates and charges each year in line with relevant provisions of the *Local Government Act 1993*. Councils receiving funds on time are in a better position to be financially sustainable and continue to deliver the services and facilities local communities need and expect. The volume of overdue rates and charges across NSW councils varies markedly primarily based on circumstances within individual councils and communities.

Likewise, unpaid debt also places an unreasonable burden on both the community and potentially the local court system. There are a range of existing powers available to councils under the *Local Government Act 1993*.

What IPART recommends

IPART suggested several changes to the practice of councils and the regulatory framework to improve the management and processing of overdue and unpaid rates and charges. The goal of such changes is to improve the efficiency and effectiveness of local government debt management and therefore removing undue burden on local councils and ultimately local courts.

Government response

The NSW Government released the [Debt Management and Hardship Guidelines](#) in November 2018 for local councils to provide best practice advice on how to manage debt recovery and hardship within their community.

The Guidelines assist councils to develop proactive measures to ensure prompt payment, minimise default, follow up ratepayers, recover debts fairly, assess hardship claims and monitor debt. Each council should adopt robust, fair and transparent policies and procedures outlining how they will communicate with ratepayers, collect monies owing, assess hardship claims and, where necessary, recover overdue payments to manage debt.

The Guidelines, which are part of the NSW Government's Civil Justice Strategy, have been issued by the Office of Local Government under Section 23A of the *Local Government Act 1993*. This means all NSW councils must take them into account when developing and implementing debt management and hardship policies and procedures.

The NSW Government is committed to local councils having best practice debt management and hardship policies and frameworks for the recovery of all debts, including rates. Also, NSW councils can now use the Revenue NSW to recover their debts should they elect to do so.

The Government will continue to monitor the effectiveness of the Guidelines and associated regulatory and legislative framework.

Table 1: List of Recommendations and Government Response

	Recommendation	Government Response
1	The <i>Local Government Act 1993</i> should be amended to mandate Capital Improved Value (CIV) as the basis for setting ad valorem rates in the metropolitan council areas defined in Box 3.1.	Noted. Given the lack of a clear case in support of introducing CIV, the significant implementation costs involved and the strong stakeholder views, the Government will not implement CIV as a basis for setting ad valorem rates at this time.
2	The <i>Local Government Act 1993</i> should be amended to allow non-metropolitan councils to choose between the Capital Improved Value and Unimproved Value (UV) methods as the basis for setting ad valorem rates at the rating category level.	Noted.
3	The <i>Local Government Act 1993</i> should be amended to facilitate a gradual transition of rates to a Capital Improved Value method.	Noted.
4	Section 497 of the <i>Local Government Act 1993</i> should be amended to remove minimum amounts from the structure of a rate, and section 548 of the <i>Local Government Act 1993</i> (NSW) should be removed.	Noted.
5	The <i>Local Government Act 1993</i> should be amended so that the growth in rates revenue outside the rate peg is calculated using the formula based on changes in CIV, defined in Box 4.1.	Noted.
6	The NSW Government fund the NSW Valuer General for the upfront cost of establishing the database to determine Capital Improved Values.	Noted.
7	The NSW Government fund the cost for a non-metropolitan council to set up a Capital Improved Value database for the purposes of implementing our recommended formula for calculating growth in rates revenue outside the rate peg, where the Unimproved Value method for setting rates is maintained.	Noted.

Recommendation	Government Response
<p>8 The <i>Local Government Act 1993</i> should be amended to allow councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government. This special rate should be permitted for services or infrastructure that benefit the community, and funds raised under this special rate should not:</p> <ul style="list-style-type: none"> » form part of a council's general income permitted under the rate peg, nor » require councils to receive regulatory approval from IPART. 	<p>Support.</p> <p>The Government will examine how this recommendation can complement current reforms being made to the infrastructure contributions framework.</p>
<p>9 Section 511 of the <i>Local Government Act 1993</i> should be amended to reflect that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Variation) in a year, within the following 10-year period, the council can set rates in a subsequent year to return it to the original rating trajectory for that subsequent year.</p>	<p>Support (already adopted).</p>
<p>10 The <i>Local Government Act 1993</i> should be amended to remove the requirement to equalise residential rates by 'centre of population'. Instead, the <i>Local Government Act 1993</i> should allow councils to determine a residential subcategory, and set a residential rate, by:</p> <ul style="list-style-type: none"> » separate town or village, or residential area. 	<p>Support in principle</p>

	Recommendation	Government Response
11	<p>The <i>Local Government Act 1993</i> should outline that:</p> <ul style="list-style-type: none"> » A 'residential area' is an area within a contiguous urban locality that has, on average, different access to, demand for, or costs of providing council services or infrastructure (relative to other areas in that locality). <p>Councils could use geographic markers to define the boundaries for a residential area, including postcode boundaries, suburb boundaries, geographic features (eg, waterways, bushland) and/or the location of major infrastructure (eg, arterial roads, railway lines).</p>	Support in principle
12	<p>The <i>Local Government Act 1993</i> should be amended so, where a council uses different residential rates within a contiguous urban locality, it should be required to:</p> <ul style="list-style-type: none"> » ensure the highest rate structure is no more than 1.5 times the average rate structure across all residential subcategories (ie, so the maximum difference between the highest and average ad valorem rates and base amounts is 50%), or obtain approval from IPART to exceed this maximum difference, and » publish the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers. 	Support in principle

Recommendation	Government Response
<p>13 At the end of the 4-year rate path freeze, new councils determine whether any pre-merger areas are separate towns or villages, or different residential areas.</p> <ul style="list-style-type: none"> » In the event that a new council determines they are separate towns or villages, or different residential areas, it should be able to continue the existing rates or set different rates for these pre-merger areas, subject to metropolitan councils seeking IPART approval if they exceed the 50% maximum differential. It could also choose to equalise rates across the pre-merger areas, using the gradual equalisation process outlined below. » In the event that a new council determines they are not separate towns or villages, or different residential areas, or it chooses to equalise rates, it should undertake a gradual equalisation of residential rates. The amount of rates a resident is liable to pay to the council should increase by no more than 10 percentage points above the rate peg (as adjusted for Special Variations) each year as a result of this equalisation. The <i>Local Government Act 1993</i> should be amended to facilitate this gradual equalisation. 	<p>For further analysis and consideration, as part of the development of a rates harmonisation framework.</p>

	Recommendation	Government Response
14	<p>Sections 555 and 556 of the <i>Local Government Act 1993</i> should be amended to:</p> <ul style="list-style-type: none"> » exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and » ensure land used for residential and commercial purposes is rateable unless explicitly exempted. 	<p>Noted.</p> <p>As per the interim Government response, the Government has ruled out implementing recommendations that would adversely impact vulnerable members of the community, such as pensioners or charities, or have a substantial financial impact upon taxpayers or the broader community.</p> <p>The Government will continue to examine exemptions over time to address clear anomalies and inequities.</p>
15	<p>Land that is used for residential care as defined in Section 41-3(1) of the <i>Aged Care Act 1997 (Cth)</i> be proportionally rateable according to the share of places whose maximum Refundable Accommodation Deposit is above the level set by the Minister for Health and Aged Care (currently \$550,000).</p>	<p>Noted.</p>
16	<p>Section 556(1)(i) of the <i>Local Government Act 1993</i> should be amended to include land owned by a private hospital and used for that purpose.</p>	<p>Noted.</p>

Recommendation	Government Response
<p>17 The following exemptions be removed:</p> <ul style="list-style-type: none"> » land that is vested in, owned by, or within a special or controlled area for, the Hunter Water Corporation, Water NSW or the Sydney Water Corporation (<i>Local Government Act 1993</i> section 555(1)(c) and section 555(1)(d)) » land that is below the high water mark and is used for the cultivation of oysters (<i>Local Government Act 1993</i> section 555(1)(h)) » land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim (<i>Local Government Act 1993</i> section 556(1)(g)), and <p>land that is managed by the Teacher Housing Authority and on which a house is erected (<i>Local Government Act 1993</i> section 556(1)(p)).</p>	<p>Noted.</p> <p>As per the interim Government response, the Government has ruled out implementing recommendations that would adversely impact vulnerable members of the community, such as pensioners or charities, or have a substantial financial impact upon taxpayers or the broader community.</p> <p>The Government will continue to examine exemptions over time to address clear anomalies and inequities.</p>
<p>18 Section 555(1)(b1) of the <i>Local Government Act 1993</i> should be amended to remove the current rating exemption for land that is the subject of a conservation agreement and instead require it to be rated using the Environmental Land category.</p>	<p>Support in part.</p> <p>Subject to further consultation on implementation issues with respect to the range of agreements in force and the preservation of environmental, historical and Aboriginal cultural heritage outcomes.</p>

Recommendation	Government Response
<p>19 The following exemptions not be funded by local councils and hence should be removed from the Local Government Act and Regulation:</p> <ul style="list-style-type: none"> » land that is vested in the Sydney Cricket and Sports Ground Trust (<i>Local Government Act 1993</i> section 556(1)(m)) » land that is leased by the Royal Agricultural Society in the Homebush Bay area (<i>Local Government (General) Regulation 2005</i> reg 123(a)) » land that is occupied by the Museum of Contemporary Art Limited (<i>Local Government (General) Regulation 2005</i> reg 123(b)), and » land comprising the site known as Museum of Sydney (<i>Local Government (General) Regulation 2005</i> reg 123(c)). <p>The NSW Government should consider whether to fund these local rates through State taxes.</p>	<p>Noted.</p> <p>As per the interim Government response, the Government has ruled out implementing recommendations that would adversely impact vulnerable members of the community, such as pensioners or charities, or have a substantial financial impact upon taxpayers or the broader community.</p> <p>The Government will continue to examine exemptions over time to address clear anomalies and inequities.</p>
<p>20 Where a portion of land is used for an exempt purpose and the remainder for a non-exempt activity, only the former portion should be exempt, and the remainder should be rateable.</p>	<p>Noted.</p> <p>As per the interim Government response, the Government has ruled out implementing recommendations that would adversely impact vulnerable members of the community, such as pensioners or charities, or have a substantial financial impact upon taxpayers or the broader community.</p> <p>The Government will continue to examine exemptions over time to address clear anomalies and inequities.</p>

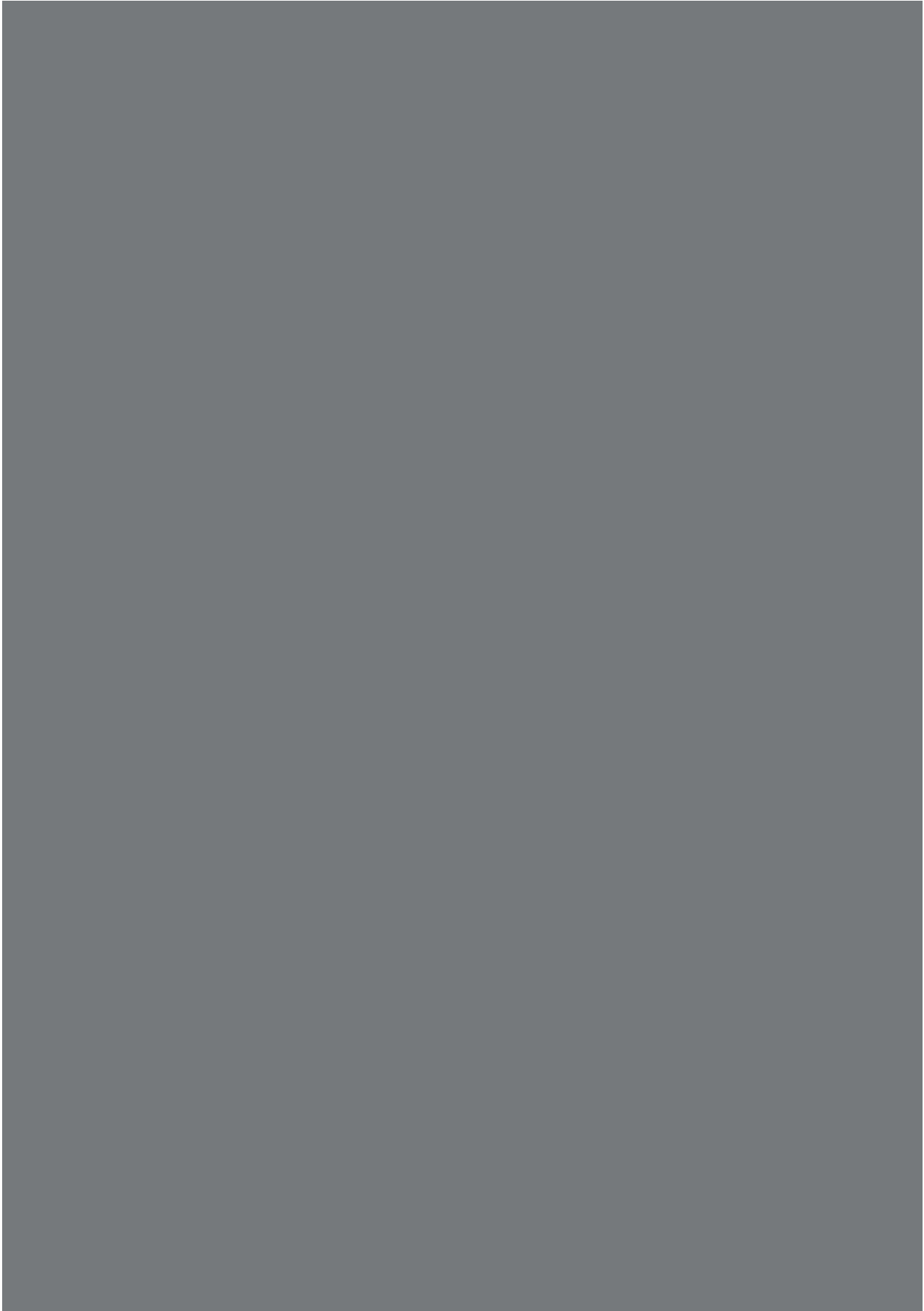
	Recommendation	Government Response
21	Where land is used for an exempt purpose only part of the time, a self-assessment process should be used to determine the proportion of rates payable for the non-exempt use.	<p>Noted.</p> <p>As per the interim Government response, the Government has ruled out implementing recommendations that would adversely impact vulnerable members of the community, such as pensioners or charities, or have a substantial financial impact upon taxpayers or the broader community.</p> <p>The Government will continue to examine exemptions over time to address clear anomalies and inequities.</p>
22	A council's maximum general income not be modified as a result of any changes to exemptions from implementing our recommendations.	Noted.
23	<p>A council may apply to IPART for a Special Variation to take account of the changes in exemptions using a streamlined process in the year that our recommended exemption changes come into force. The council would need to demonstrate:</p> <ul style="list-style-type: none"> » it satisfies the first criteria for Special Variation applications in the OLG guidelines relating to the need for and purpose of a different revenue path for the council's General Fund, and » that any subcategory rating structure applied to previously exempt properties is no greater than the average rate structure across the relevant rating category. 	Noted.

	Recommendation	Government Response
24	The <i>Local Government Act 1993</i> should be amended to remove the current exemptions from water and sewerage special charges in section 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates in a similar manner as occurs under section 558(1).	Support.
25	At the start of each rating period, councils calculate the estimated value of rating exemptions within the council area. This information should be published in the council's annual report or otherwise made available to the public.	Support.
26	For new and existing eligible pensioners, introduce a rate deferral scheme operated by the NSW Government, where: <ul style="list-style-type: none"> » eligible pensioners would be allowed to defer payment of ordinary council rates up to \$1,000 per annum and indexed to CPI, or any other amount as determined by the NSW Government. 	Noted.
27	Give existing eligible pensioners the option to access, either: <ul style="list-style-type: none"> » the current pensioner concession, or » the rate deferral scheme, as defined in Recommendation 26. 	Noted.
28	Funding pensioner assistance: <ul style="list-style-type: none"> » the current pensioner concession funding arrangements would continue. » the rate deferral scheme (defined in Recommendation 26) would be funded by the NSW Government. The loan should be charged interest at the NSW Government's 10-year borrowing rate, and could become due when property ownership changes 	Noted.

	Recommendation	Government Response
29	<p>Section 493 of the <i>Local Government Act 1993</i> should be amended to add a new environmental land category and a definition of 'environmental land' should be included in the <i>Local Government Act 1993</i>.</p> <p>Land subject to a state conservation agreement is categorised as 'environmental land' for the purposes of setting rates.</p>	<p>Support in principle.</p> <p>Refer to recommendation 18.</p>
30	<p>Section 529(2)(d) of the <i>Local Government Act 1993</i> should be amended to allow business land to be subcategorised as 'industrial' and or 'commercial' in addition to centre of activity.</p>	<p>Support.</p>
31	<p>Sections 493, 519 and 529 of the <i>Local Government Act 1993</i> should be amended to add an optional vacant land subcategory for residential, business and mining land.</p>	<p>Support.</p>
32	<p>Section 529 (2)(a) of the <i>Local Government Act 1993</i> should be replaced to allow farmland subcategories to be determined based on geographic location.</p>	<p>Support in principle.</p> <p>Subject to further consultation and analysis with respect to implementation and potential unintended consequences.</p>
33	<p>Section 518 of the <i>Local Government Act 1993</i> should be amended to reflect that a council may determine by resolution which rating category will act as the residual category.</p> <ul style="list-style-type: none"> » the residual category that is determined should not be subject to change for a 4-year period. » if a council does not determine a residual category, the business category should act as the default residual rating category. 	<p>Support.</p>

	Recommendation	Government Response
34	Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties.	Support.
35	Councils have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges.	Support. Already adopted.
36	The existing legal and administrative process to recover outstanding rates be streamlined by reducing the period of time before a property can be sold to recover rates from five years to three years.	Support.
37	All councils adopt an internal review policy, to assist those who are late in paying rates, before commencing legal proceedings to recover unpaid rates.	Support. Already adopted.
38	The <i>Local Government Act 1993</i> should be amended or the Office of Local Government should issue guidelines to clarify that councils can offer flexible payment options to ratepayers.	Support. Already adopted.
39	The <i>Local Government Act 1993</i> should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats, eg, via email.	Support. Already adopted.
40	The <i>Local Government Act 1993</i> should be amended to remove section 585 and section 595, so that ratepayers are not permitted to postpone rates as a result of land rezoning, and councils are not required to write-off postponed rates after five years.	Support in principle.

	Recommendation	Government Response
41	<p>The valuation base date for the Emergency Services Property Levy and council rates be aligned.</p> <p>» The NSW Government should levy the Emergency Services Property Levy on a Capital Improved Value basis when Capital Improved Value data becomes available state-wide.</p>	Noted.
42	<p>After the NSW Valuer General has established the database to determine Capital Improved Values for rating purposes, councils be given the choice to directly buy valuation services from private valuers that have been certified by the NSW Valuer General.</p>	Noted.





**DOCUMENTS
ASSOCIATED WITH
REPORT C10/20-582**

Attachment 2

Letter from OLG September 2019



Office of
Local Government

5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541

Our Reference: A675604
Your Reference: HC-19-01-2/04
Contact: [REDACTED]
Phone: [REDACTED]

Clr Steve Christou
Mayor
Cumberland Council
PO Box 42
MERRYLANDS NSW 2160

By email: [REDACTED]

Dear Clr Christou

Thank you for the letters of 25 September 2019 from your (then) Mayor, Clr Greg Cummings, to the Minister for Local Government, the Hon. Shelley Hancock MP, and the Office of Local Government (OLG) regarding a special rate variation (SRV) for rates harmonisation.

We note your request seeking approval to make an application for a SRV under section 508A of the *Local Government Act 1993* (the Act), and your modelling of options should the Act be amended to facilitate the gradual harmonisation of rates.

Under the varied Ministerial Determination (published in the Gazette on 21 October 2019) councils formed in 2016 are now eligible to apply for a SRV or Minimum Rate (MR) Variation to take effect in the 2020/21 financial year. Cumberland Council may now apply for a SRV if it determines, in the course of undertaking its integrated planning and reporting (IP&R) obligations, that a SRV is needed to assist in the transition from the rate paths protections. This applies notwithstanding the rate path protection requirements in clauses (1) and (5) of the varied Ministerial Determination. SRV applications will be at the council's discretion and through the normal application process to the Independent Pricing and Regulatory Tribunal (IPART).

A new SRV, if granted, would apply to Cumberland Council's general income as a whole. That is, if the Independent Pricing and Regulatory Tribunal (IPART), as the Minister's delegate, were to approve Cumberland Council a SRV for the 2020/21 rating year, the council's maximum general income for that year would be the sum of the notional general income for the previous year for each of the council's former areas (calculated under section 509(2) of the Act and clause 5 of the varied Ministerial Determination) varied by the percentage applicable under any new SRV.

The varied Ministerial Determination includes limitations on changes to rating structures (see clause 1). The varied Ministerial Determination does not, however, stipulate how the additional income from a new SRV is to be spread across the former council areas. In practice, we expect councils will propose how to do this in their SRV application and explain why this will assist with the transition from the rate path protection. If a SRV is granted, IPART (as the Minister's delegate) may impose conditions with respect to the SRV.

T 02 4428 4100 F 02 4428 4199 TTY 02 4428 4209
E olg@olg.nsw.gov.au W www.olg.nsw.gov.au ABN 44 913 630 046



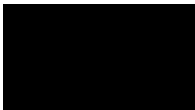
2

Additionally, the *Local Government Code of Accounting Practice and Financial Reporting - Special Schedules* clearly necessitates the independent calculation of the nominal general incomes and the application of the rate peg in each former council area until the end of the protection period.

The IP&R framework underpins decisions on the revenue required by each council to meet the community needs and demands, and in particular, whether the council requires a special variation to meet those needs.

I trust this information is of assistance.

Yours sincerely



Tim Hurst
Deputy Secretary
Local Government, Planning and Policy


14/11/19

**DOCUMENTS
ASSOCIATED WITH
REPORT C10/20-582**

**Attachment 3
OLG Letter August 2020**

From: [OLG Office of Local Government Mailbox](#)
To: [Richard Sheridan](#); [Richard Sheridan](#)
Subject: Correspondence from the Office of Local Government (Our Ref: A711864) - NC
Date: 25 August 2020 12:56:19 PM

Doc ID: A711864
Contact: Policy
Phone: 02 4428 4100

Richard Sheridan


Dear Richard,

Thank you for your email of 17 July 2020 to me, and your email of 23 July 2020 to Sonja Hammond, about Cumberland City Council and rates harmonisation.

I have noted the attachments in your email, including the report put to Council in December 2019 and the flyer Council has prepared for its ratepayers. I have also noted Council's intention to allow for rates harmonisation implementation over a five-year period to create a smoother transition for ratepayers.

In 2019 the *Local Government Act 1993* (Act) was amended to extend a transitional provision that required newly formed councils to maintain their pre-amalgamation rate paths. This amendment permits councils to harmonise their rating structures after five years rather than four years – that is, from 1 July 2021 rather than 1 July 2020. Most new councils, including Cumberland City Council chose to harmonise their rates from 2021 and the Minister for Local Government approved those arrangements as requested.

The Act does not provide the Minister for Local Government with the power to approve an arrangement that would extend rates harmonisation, including in a phased approach, past 1 July 2021. To obtain such a power would require an Act of Parliament and I understand there is no intention to introduce a Bill for that purpose.

I note your references to the increasing cost pressures Council is facing and I encourage Council to utilise the Integrated Planning and Reporting framework to determine a way set its rating structure that meets the community's needs and demands, takes into account statutory obligations and, as you are already doing, considering the community's capacity to pay.

In relation to Council's intention to apply to the Independent Pricing and Regulatory Tribunal (IPART) to increase the minimum rate and for a potential Special Rate Variation, I can advise that IPART provides a range of information on its website for councils considering or preparing to apply for a [Special Variation or Minimum Rate application](#). If you have not already done so, I encourage Council to contact IPART as early as possible in the process to discuss your plans and any potential issues you have.

If you have any further queries, please contact OLG's Policy Team on 02 4428 4100.

Yours sincerely

Melissa Gibbs
Director, Policy and Sector Development

Office of Local Government | Department of Planning, Industry and Environment
T 02 4428 4100 | E olg@olg.nsw.gov.au
5 O'Keeffe Ave, NOWRA NSW 2541
www.olg.nsw.gov.au



The Department of Planning, Industry and Environment acknowledges that it stands on Aboriginal land. We acknowledge the traditional custodians of the land and we show our respect for elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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DOCUMENTS
ASSOCIATED WITH
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Attachment 4
Residential Rates 5 year
transition

Residential rates by former Council					\$ Diff				\$ Diff				Transition 23-24 yr3				Transition 24-25 yr4				Transition 25-26 yr5			
Land Value	Current rates 20-21	Harmonised 21-22 Yr1	Transition 21-22 Yr1	Transition 22-23 yr 2	Current to Harmonised	Current to Transition	% Change Harmonised	% Transition	\$ Diff	%	\$ Diff	%	\$ Diff	%	\$ Diff	%	\$ Diff	%	\$ Diff	%				
Parramatta																								
15.00% 10th	72,500	766	650	650	(116.14)	(116.14)	-15.16%	-15.16%	700.92	50.92	7.83%	708.00	7.08	1.01%	716.85	8.85	1.25%	721.89	5.04	0.70%				
20.00% 20th	104,500	770	650	650	(119.55)	(119.55)	-15.54%	-15.54%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
30.00% 30th	167,323	791	650	650	(141.02)	(141.02)	-17.83%	-17.83%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
40.00% 40th	290,714	806	650	650	(155.93)	(155.93)	-19.35%	-19.35%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
50.00% 50th	457,000	824	958	891	133.71	67.04	16.23%	8.13%	904.86	13.71	1.54%	914.00	9.14	1.01%	925.43	11.43	1.25%	931.93	6.51	0.70%				
60.00% 60th	513,000	853	1,075	1,000	221.71	146.87	25.98%	17.21%	1,015.74	15.39	1.54%	1,026.00	10.26	1.01%	1,038.83	12.83	1.25%	1,046.13	7.30	0.70%				
70.00% 70th	535,000	894	1,121	1,043	227.65	149.60	25.47%	16.74%	1,059.30	16.05	1.54%	1,070.00	10.70	1.01%	1,083.38	13.38	1.25%	1,090.99	7.62	0.70%				
80.00% 80th	572,000	949	1,199	1,115	249.55	166.10	26.29%	17.50%	1,132.56	17.16	1.54%	1,144.00	11.44	1.01%	1,158.30	14.30	1.25%	1,166.44	8.14	0.70%				
90.00% 90th	617,000	1,016	1,293	1,203	277.42	187.40	27.31%	18.45%	1,221.66	18.51	1.54%	1,234.00	12.34	1.01%	1,249.43	15.43	1.25%	1,258.21	8.78	0.70%				
95.00% 95th	688,000	1,112	1,442	1,342	330.41	230.03	29.72%	20.69%	1,362.24	20.64	1.54%	1,376.00	13.76	1.01%	1,393.20	17.20	1.25%	1,402.99	9.79	0.70%				
Total increase/(decrease)							0.20%	-6.74%			3.38%			3.04%			3.30%			0.52%				
Auburn																								
10.00% 10th	101,321	594.62	650	650	55.38	55.38	9.31%	9.31%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
20.00% 20th	169,422	594.62	650	650	55.38	55.38	9.31%	9.31%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
30.00% 30th	221,796	594.62	650	650	55.38	55.38	9.31%	9.31%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
40.00% 40th	274,000	594.62	650	650	55.38	55.38	9.31%	9.31%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
50.00% 50th	458,000	718.25	960	756	241.67	37.45	33.65%	5.21%	801.50	45.80	6.06%	870.20	68.70	8.57%	893.10	22.90	2.63%	933.97	40.87	4.58%				
60.00% 60th	547,000	834.14	1,146	903	312.31	68.41	37.44%	8.20%	957.25	54.70	6.06%	1,039.30	82.05	8.57%	1,066.65	27.35	2.63%	1,115.46	48.81	4.58%				
70.00% 70th	590,000	899.71	1,237	974	336.87	73.79	37.44%	8.20%	1,032.50	59.00	6.06%	1,121.00	88.50	8.57%	1,150.50	29.50	2.63%	1,203.15	52.65	4.58%				
80.00% 80th	666,000	1,015.61	1,396	1,099	380.26	83.29	37.44%	8.20%	1,165.50	66.60	6.06%	1,265.40	99.90	8.57%	1,298.70	33.30	2.63%	1,358.13	59.43	4.58%				
90.00% 90th	770,000	1,174.20	1,614	1,271	439.64	96.30	37.44%	8.20%	1,347.50	77.00	6.06%	1,463.00	115.50	8.57%	1,501.50	38.50	2.63%	1,570.21	68.71	4.58%				
95.00% 95th	885,000	1,349.57	1,855	1,460	505.30	110.68	37.44%	8.20%	1,548.75	88.50	6.06%	1,681.50	132.75	8.57%	1,725.75	44.25	2.63%	1,804.72	78.97	4.58%				
Total increase/(decrease)							28.09%	4.04%			7.32%			8.97%			4.92%			3.00%				
Holroyd																								
10.00% 10th	112,640	662	650	650	(11.84)	(11.84)	-1.79%	-1.79%	715.00	65.00	10.00%	785.00	70.00	9.79%	833.69	48.69	6.20%	839.55	5.86	0.70%				
20.00% 20th	153,333	718	650	650	(67.78)	(67.78)	-9.44%	-9.44%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
30.00% 30th	216,000	804	650	650	(153.93)	(153.93)	-19.15%	-19.15%	715.00	65.00	10.00%	785.00	70.00	9.79%	860.00	75.00	9.55%	860.00	0.00	0.00%				
40.00% 40th	361,000	1,003	757	863	(246.64)	(140.47)	-24.58%	-14.00%	824.89	(37.91)	-4.39%	785.00	(39.89)	-4.84%	860.00	75.00	9.55%	860.00	0.00	0.00%				
50.00% 50th	464,000	1,145	972	1,109	(172.35)	(35.89)	-15.05%	-3.13%	1,060.24	(48.72)	-4.39%	988.32	(71.92)	-6.78%	939.60	(48.72)	-4.93%	946.21	6.61	0.70%				
60.00% 60th	497,000	1,190	1,042	1,188	(148.55)	(2.38)	-12.48%	-0.20%	1,135.65	(52.19)	-4.39%	1,058.61	(77.04)	-6.78%	1,006.43	(52.18)	-4.93%	1,013.50	7.08	0.70%				
70.00% 70th	531,000	1,237	1,113	1,269	(124.03)	32.14	-10.03%	2.60%	1,213.34	(55.76)	-4.39%	1,131.03	(82.31)	-6.78%	1,075.28	(55.76)	-4.93%	1,082.83	7.56	0.70%				
80.00% 80th	574,000	1,296	1,203	1,372	(93.02)	75.80	-7.18%	5.85%	1,311.59	(60.27)	-4.39%	1,222.62	(88.97)	-6.78%	1,162.35	(60.27)	-4.93%	1,170.52	8.17	0.70%				
90.00% 90th	664,000	1,420	1,392	1,587	(28.11)	167.18	-1.98%	11.78%	1,517.24	(69.72)	-4.39%	1,414.32	(102.92)	-6.78%	1,344.60	(69.72)	-4.93%	1,354.05	9.45	0.70%				
95.00% 95th	760,000	1,552	1,593	1,816	41.14	264.66	2.65%	17.06%	1,736.60	(79.80)	-4.39%	1,618.80	(117.80)	-6.78%	1,539.00	(79.80)	-4.93%	1,549.82	10.82	0.70%				
Total increase/(decrease)							-7.96%	3.57%			-1.61%			-2.81%			-1.17%			0.50%				

**DOCUMENTS
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**Attachment 5
Business Rates Harmonisation**

Business Rates by Former Council				Harmonised Transition					Current to Harm			Transition			Transition			Transition			Transition		
Land Values	Current Rates	Harmonised Rates 1 year	Transition 5 year 1	\$ Diff		% Change		Diff to options	\$ Diff		% Change	\$ Diff		% Change	\$ Diff		% Change	\$ Diff		% Change			
				Current to Harmonised	Current to Transition	Transition 22-23 Y2	Current to Transition		Transition 23-24 Y3	Current to Transition		Transition 24-25 Y4	Current to Transition		Transition 25-26 Y5	Current to Transition							
Parramatta																							
10th	73,382	768	1,200	1,200	432	432	56.18%	56.18%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2%	1,301	26	2%		
20th	96,000	774	1,200	1,200	426	426	55.08%	55.08%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2%	1,301	26	2%		
30th	168,467	1,105	1,200	1,200	95	95	8.56%	8.56%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2%	1,301	26	2%		
40th	213,810	1,604	1,200	1,200	(404)	(404)	-25.18%	-25.18%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2%	1,301	26	2%		
50th	388,500	2,569	1,200	2,982	(1,369)	413	-53.29%	16.07%	-69.36%	1,224	(1,758)	-58.95%	1,250	26	2.12%	1,275	25	2%	1,301	26	2%		
60th	512,000	3,306	1,404	3,568	(1,902)	262	-57.53%	7.92%	-65.45%	2,860	(708)	-19.83%	2,860	0	0.00%	2,496	(364)	-13%	1,950	(546)	-22%		
70th	607,000	4,224	2,151	4,768	(2,074)	543	-49.09%	12.86%	-61.95%	3,766	(1,002)	-21.01%	3,537	(229)	-6.07%	3,228	(309)	-9%	2,920	(308)	-10%		
80th	1,010,000	6,599	3,339	7,344	(3,260)	745	-49.41%	11.29%	-60.70%	5,841	(1,503)	-20.46%	5,786	(55)	-0.95%	5,088	(698)	-12%	4,412	(676)	-13%		
90th	1,900,000	12,299	7,136	14,430	(5,163)	2,131	-41.98%	17.33%	-59.31%	11,224	(3,206)	-22.22%	10,599	(625)	-5.57%	9,638	(960)	-9%	8,406	(1,233)	-13%		
95th	4,030,000	28,375	14,911	31,242	(13,465)	2,867	-47.45%	10.10%	-57.56%	25,121	(6,121)	-19.59%	23,650	(1,471)	-5.86%	21,732	(1,918)	-8%	19,449	(2,283)	-11%		
Auburn																							
10th	122,826	594.62	1,200.00	1,200	605	605	101.81%	101.81%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2.04%	1,301	26	2.04%		
20th	188,312	740.48	1,200.00	1,200	460	460	62.06%	62.06%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2.04%	1,301	26	2.04%		
30th	278,710	983.30	1,200.00	1,200	217	217	22.04%	22.04%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2.04%	1,301	26	2.04%		
40th	425,000	1,520.24	1,200.00	1,332	(320)	(188)	-21.07%	-12.38%	-8.68%	1,512	180	13.51%	1,404	(108)	-7.14%	1,440	36	2.38%	1,350	(90)	-6.41%		
50th	628,000	2,251.26	2,041.20	2,420	(210)	169	-9.33%	7.50%	-16.83%	2,723	303	12.50%	2,629	(94)	-3.45%	2,700	71	2.62%	2,779	79	3.00%		
60th	832,000	2,951.90	3,078.00	3,208	126	256	4.27%	8.67%	-4.40%	3,641	434	13.51%	3,666	25	0.68%	3,852	186	5.11%	3,822	(30)	-0.82%		
70th	1,070,000	3,769.89	4,180.00	4,070	410	300	10.88%	7.96%	2.92%	4,620	550	13.51%	4,680	60	1.30%	4,960	280	6.06%	5,034	74	1.58%		
80th	1,530,000	5,477.01	6,325.00	5,809	848	332	15.48%	6.06%	9.42%	6,594	785	13.51%	6,630	36	0.55%	7,160	530	8.04%	7,260	100	1.51%		
90th	3,040,000	10,954.02	12,320.00	12,040	1,366	1,086	12.47%	9.91%	2.56%	13,545	1,505	12.50%	14,547	1,002	7.40%	15,125	578	4.27%	14,963	(163)	-1.12%		
95th	6,200,000	22,726.04	27,197.50	24,330	4,471	1,604	19.68%	7.06%	12.62%	27,284	2,954	12.14%	29,275	1,992	7.30%	30,598	1,323	4.85%	31,211	614	2.10%		
Holroyd																							
10th	134,286	1,271	1,200	1,200	(71)	(71)	-5.56%	-5.56%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,250	0	0%	1,301	51	4%		
20th	167,955	1,286	1,200	1,200	(86)	(86)	-6.68%	-6.68%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2%	1,301	26	2%		
30th	242,273	1,304	1,200	1,200	(104)	(104)	-7.99%	-7.99%	0.00%	1,224	24	2.00%	1,250	26	2.12%	1,275	25	2%	1,301	26	2%		
40th	350,000	1,821	1,200	1,540	(621)	(281)	-34.10%	-15.43%	-18.68%	1,470	(70)	-4.55%	1,513	43	2.89%	1,470	(43)	-3%	1,388	(83)	-6%		
50th	539,000	2,644	1,845	2,576	(798)	(68)	-30.20%	-2.58%	-27.61%	2,470	(106)	-4.11%	2,520	50	2.04%	2,516	(4)	0%	2,430	(86)	-3%		
60th	765,000	3,701	2,905	3,580	(796)	(121)	-21.51%	-3.27%	-18.24%	3,532	(48)	-1.34%	3,570	38	1.07%	3,520	(50)	-1%	3,498	(22)	-1%		
70th	998,700	4,807	4,645	4,952	(162)	145	-3.36%	3.02%	-6.38%	4,888	(64)	-1.29%	5,143	255	5.21%	5,160	18	0%	5,291	131	3%		
80th	1,570,000	7,691	7,480	7,835	(211)	144	-2.74%	1.87%	-4.61%	7,728	(107)	-1.36%	8,127	399	5.16%	8,124	(3)	0%	8,640	516	6%		
90th	3,660,000	17,593	16,492	18,137	(1,101)	544	-6.26%	3.09%	-9.35%	17,640	(497)	-2.74%	18,260	620	3.51%	18,260	0	0%	18,660	400	2%		
95th	7,518,500	36,140	36,900	38,360	759	2,220	2.10%	6.14%	-4.04%	38,948	588	1.53%	41,195	2,247	5.77%	41,200	5	0%	42,362	1,163	3%		

DOCUMENTS
ASSOCIATED WITH
REPORT C10/20-582

Attachment 6
Rates Harmonisation
Submissions Summary



Rates Harmonisation – Summary of Submissions Received

Overview

In total, 550 written submissions were received during the period 20 March – 30 September 2020. The submissions have been outlined herein and are summarised below.

Preferred Option	Number of Submissions	Detail
1	362	Council will transition to a single rates structure for all ratepayers across the LGA, over a five year period, commencing from 1 July 2021, but does not generate any additional income over and above the mandatory rate peg.
2	126	Council will adjust rates over 5 years across the whole Local Government Area, starting from 1 July 2021, with an additional special rate variation of 2% on top of the annual rate increase, for the first year only.
Other / Not Specified	62	Respondent did not support Option 1 nor Option 2, suggested an alternative, raised enquiries, or did not specify their preference.

A summary of the submissions received in relation to rates harmonisation and Council's responses are outlined in the following table.

Theme	Number of Submissions Received	Comments / Suggestions	Council's Response
Financial concerns	146	<ul style="list-style-type: none"> • COVID-19 has financially impacted ratepayers and residents. Given the pandemic and recession, it is not the time to increase rates. • Low income / tight budget and cannot afford a rates increase. • Retirees and pensioners cannot afford a rates increase. • Cost of living pressures are increasing. • High levels of socio-economic disadvantage in the LGA. 	Council notes the feedback. The financial recovery from the inequity inherited during amalgamation will be addressed by Council's cost efficiency program.
Do not want to pay more / support increase	118	<ul style="list-style-type: none"> • Rates are high already and do not want to pay more. • Rates have already increased (valuation and/or changes in service charges). • Former Holroyd ratepayers have been paying more over the years; do not want to pay more. 	Under Option 1, the highest ratepayers of the former council area of Holroyd will see no increase for five years as other areas catch up. This will not impact the core services provided by Council.



CUMBERLAND
CITY COUNCIL

Cost reductions / budget	62	<ul style="list-style-type: none"> • Council should reduce costs and minimise expenditure. • Council should review service levels. • Council should consider revenue generation opportunities and investments. • Insufficient information provided regarding budget, and income versus expenditure. 	<p>Council notes the feedback. In the financial year 2019/20, Council reduced costs by 5% and plans to continue to reduce costs in 2020/21.</p> <p>Council adopted this approach in May 2020 and has implemented 50% of the proposed savings reported to Council in July 2020. This will be reflected in the Quarterly Business Review Statement.</p>
Increased rates unlikely to benefit my local area / unsatisfied with current state of local area	53	<ul style="list-style-type: none"> • Rates increase unlikely to benefit residents and improve my local area. • Former Holroyd ratepayers have been paying higher rates without additional benefits seen. • Infrastructure, facilities and services have declined over time whilst rates have increased. • Concern that funds will not be spent on matters such as overcrowding, parking and safety. • New projects are not in my local area / will not benefit me. 	<p>Council notes the feedback, and has addressed these concerns above.</p>
Population increases	40	<ul style="list-style-type: none"> • Increased population should produce additional rates income for Council. • Population increases should be limited via appropriate planning controls. If population increases are unsustainable, limit approval of medium and high density dwellings. • Unclear why financial pressures increase as a result of population increases. • Costs should be passed on to developers who contribute to population increases. • Increased population and dwellings, along with current rates, should cover future improvements. 	<p>Council notes the feedback. Ratepayers would not see the cost of upgrading infrastructure, such as stormwater and roads. For example, the Merrylands CBD drainage project will cost approx. \$30m and benefit 5,000 additional dwellings. This is a cost of \$6,000 per dwelling not included in s711 contributions. As development increases, these will be realised. In addition to these costs, there is an undersupply of open space and community facilities. Council will continue to communicate with residents to keep them informed on these issues.</p>
Amalgamation	31	<ul style="list-style-type: none"> • Amalgamation should have produced cost savings. • Council should be held accountable for finding cost savings post-amalgamation. • Did not support amalgamation and do not support increased rates as a result of the financial impacts. • High rated areas were lost during amalgamation; shortfall in revenue should be covered by the State Government. • Amalgamation should have delivered economies of scale. 	<p>Council notes the feedback. It has been previously reported that Cumberland was under-resourced from amalgamation. The loss of business rates of \$4.5m and the increase in FTE of 130 in the first three years has cost Council's budget millions. This is outlined in Council's Economic Statement. Following the COVID-19 financial crisis, Council is now implementing a financial recovery plan that will take 12-18 months to complete.</p>

**DOCUMENTS
ASSOCIATED WITH
REPORT C10/20-582**

**Attachment 7
Micromex Community
Consultation report**





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Background & Methodology

Why?

- Identify the community's overall level of satisfaction with Council performance and the quality of community assets provided by Council
- Measure levels of support and preference for different SRV options
- Measure awareness levels and information received about the SRV

How?

- Telephone survey (landline and mobile) to N=605 residents
- 123 acquired through previous number harvesting (no new number harvesting was conducted for this project due to COVID-19 social distancing rules)
- We use a 5 point scale (e.g. 1 = not at all supportive, 5 = very supportive)
- Greatest margin of error +/- 4.0%

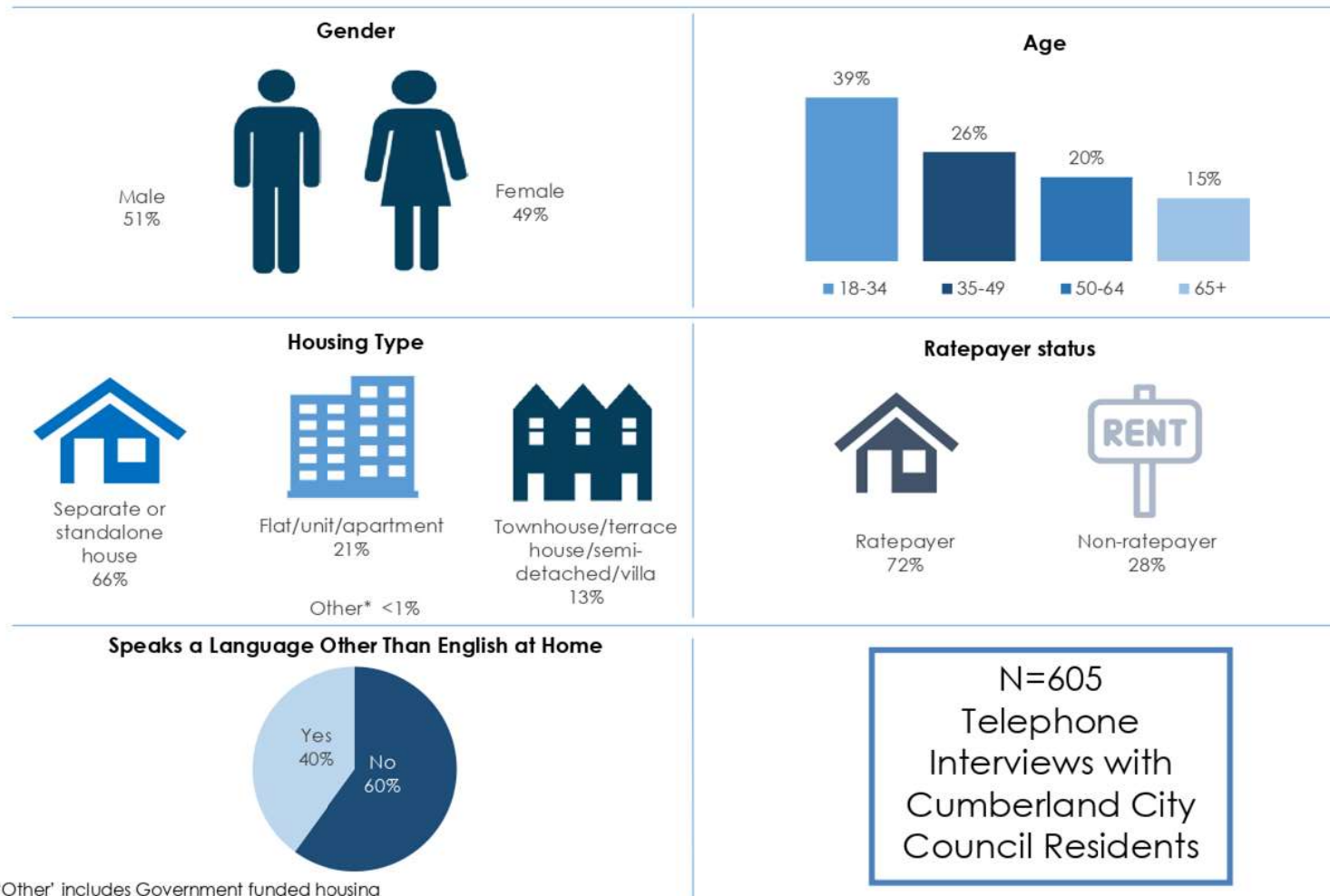
When?

- Implementation 14th – 22nd September 2020



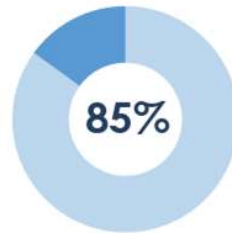
Sample Profile

The sample was weighted by age and gender to reflect the 2016 ABS community profile of Cumberland City Council.

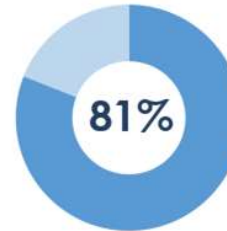




Key Findings - Summary



85% of Cumberland residents are at least somewhat satisfied with Council's performance over the last 12 months



81% of residents are at least somewhat satisfied with the quality of Council-provided community assets



71% of residents are at least somewhat supportive of Council introducing a single, consistent minimum rate across the whole Council area



79% of residents are at least somewhat supportive of Council introducing the single rate over 5 years

20% of residents were aware that Council was exploring community sentiment towards a Special Rate Variation



Information brochure or questionnaire mailed out by Council

Was the most common way to be informed of the SRV

Key Findings - Summary

First Preference



Reasons for preferring the **Rate Peg** option



Most affordable option in the current climate/cannot afford an increase



Do not trust that Council will spend the money wisely/more information needed as to where the money will go

Reasons for preferring the **Increase** option

Additional/improved infrastructure/services/facilities are needed in the area



Beneficial for the growth/sustainability of the area







Minimum Rate

Detailed Results

- 1. Minimum Rate**
2. Awareness of SRV
3. SRV Options
4. Satisfaction with Council

Minimum Rate – Concept Statement



Rates are calculated using land value. Councils have what is called a 'minimum rate', which is the lowest rate that can be charged to a household - this minimum rate usually applies to apartments because there are numerous apartments on the one block of land. This means standalone houses, townhouses, etc. tend to pay more than the minimum rate because there are fewer dwellings on a block of land. Ratepayers in units pay an average rate of \$678 per annum – whereas those in houses pay an average of \$1,210 per annum. This means there is a 78% difference in the rates paid.

To provide greater fairness and consistency across the Cumberland Council area, Council proposes to introduce a single, standardised minimum rate for all property owners. This will increase from \$594.62 and \$708.08 for former Auburn and Parramatta Council rate payers, to \$700 in 2021/22, and then to \$900 in 2024/25 for all Cumberland Council residential rate payers.

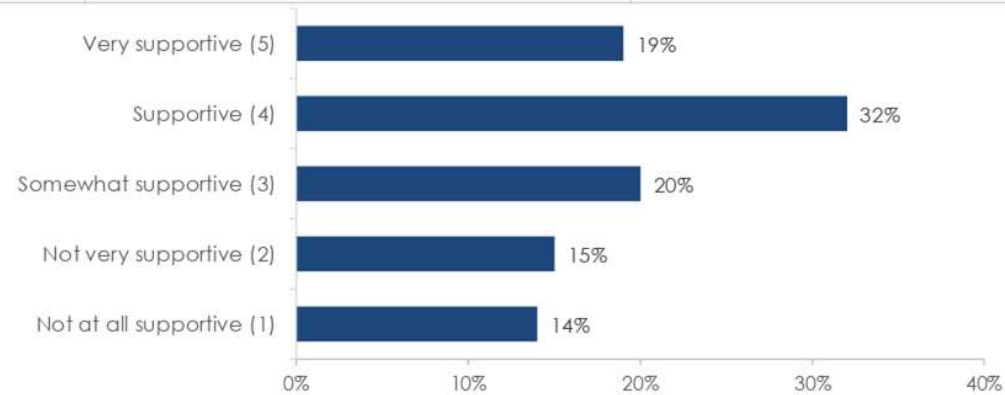
Support for Single, Consistent Minimum Rate Across the Whole Council Area

The introduction of a single, standardised minimum rate for all property owners means some residents' rates will increase and some will decrease due to the current difference between what ratepayers are paying.

Q3a. How supportive are you of Council introducing a single, consistent minimum rate across the whole Council area?

	Overall 2020	Male	Female	18-34	35-49	50-64	65+
Mean ratings	3.28	3.23	3.34	3.47▲	3.18	3.01▼	3.34
Base	605	311	294	238	158	120	89

	Ratepayer Status		Aware of the SRV	
	Ratepayer	Non-ratepayer	Yes	No
Mean ratings	3.28	3.30	3.36	3.26
Base	438	167	120	485



Base: N=605

Note: Please see Appendix B for results by suburb

▲ ▼ = A significantly higher/lower level of satisfaction (by group)

71% of residents are at least somewhat supportive of Council introducing a single, consistent minimum rate across the whole Council area. Those aged 18-34 were significantly more supportive of this option.

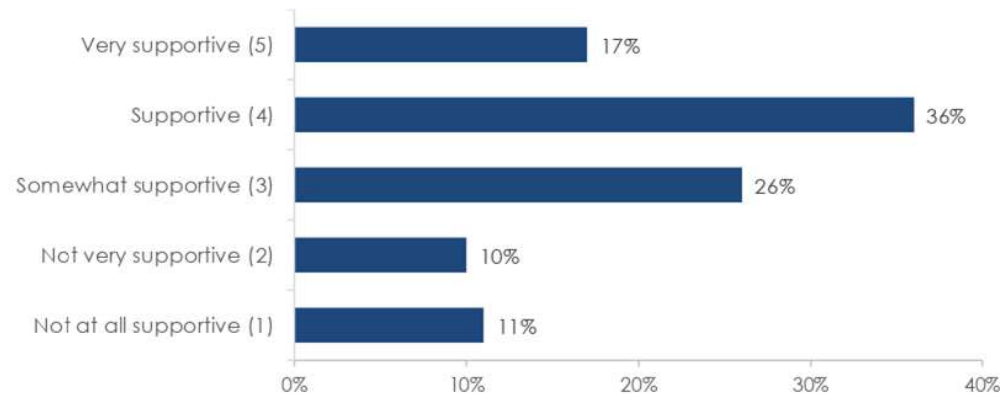
11

Support for a Single Rate Over 5 Years

Q3b. How supportive are you of Council introducing the single rate over five years to ensure the impact to residents is less than 10% per year?

	Overall 2020	Male	Female	18-34	35-49	50-64	65+
Mean ratings	3.39	3.33	3.45	3.52	3.45	3.03▼	3.43
Base	605	311	294	238	158	120	89

	Ratepayer Status		Aware of the SRV	
	Ratepayer	Non-ratepayer	Yes	No
Mean ratings	3.40	3.37	3.14	3.45▲
Base	438	167	120	485



Base: N=605

Note: Please see Appendix B for results by suburb

▲ ▼ = A significantly higher/lower level of satisfaction (by group)

79% of residents were at least somewhat supportive of Council introducing the single rate over five years to ensure the impact to residents is less than 10% per year. Those that were not aware Council was exploring community sentiment towards a special rate variation were significantly more supportive of this option.

12



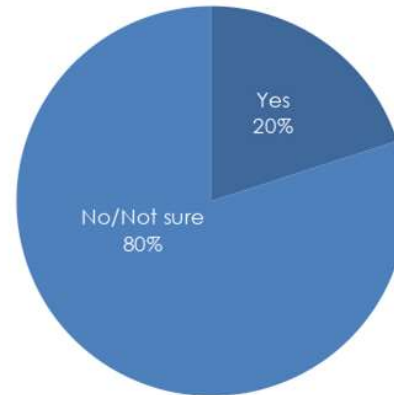
Awareness of SRV

Detailed Results

1. Minimum Rate
- 2. Awareness of SRV**
3. SRV Options
4. Satisfaction with Council

Awareness of SRV

Q6a. Prior to this call, were you aware that Council was exploring community sentiment towards a Special Rate Variation?



Base: N=605

	Overall 2020	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Yes %	20%	23%▲	16%	14%▼	13%▼	27%▲	37%▲	22%▲	13%
Base	605	311	294	238	158	120	89	438	167

Note: Please see Appendix B for results by suburb

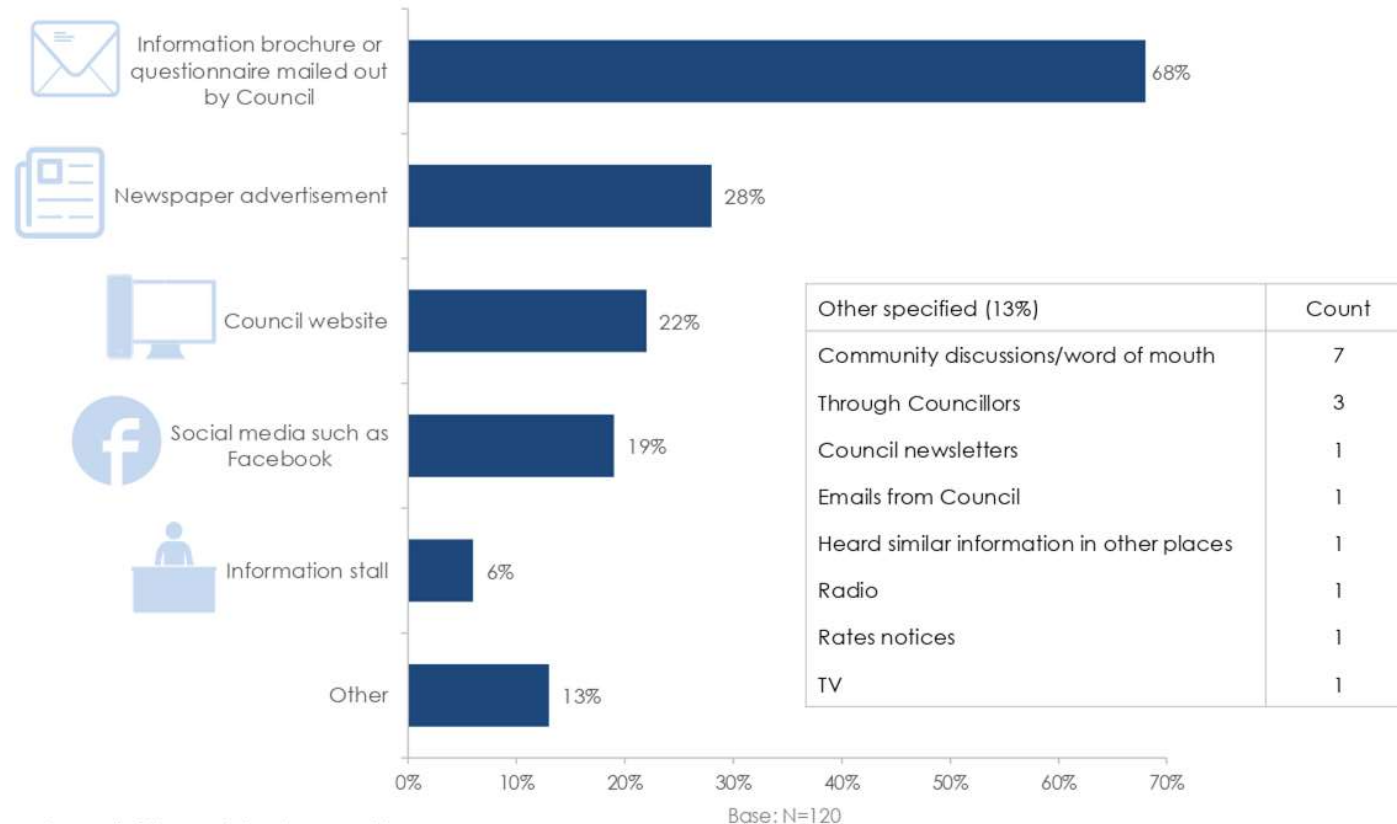
▲▼ = A significantly higher/lower percentage (by group)

Possibly impacted by Covid, 20% of residents currently aware that Council was exploring community sentiment towards a Special Rate Variation. Males, ratepayers and older residents (50+) were significantly more likely to be aware of the Special Rate Variation.

14

Being Informed of the SRV

Q6b. (If yes on Q6a), How were you informed of the Special Rate Variation?



Please see Appendix B for results by demographics

For those that were aware of the SRV, the most common way to be informed was information brochures or questionnaires mailed out by Council (68%). Younger residents (under 50) were significantly less likely to be informed via information brochures in the mail and males were significantly more likely to be informed via newspaper advertisements and Council's website.



SRV Options

Detailed Results

1. Minimum Rate
2. Awareness of SRV
- 3. SRV Options**
4. Satisfaction with Council

SRV Options– Concept Statement



Currently Cumberland Council delivers a broad range of services such as roads and rubbish collection, parks and playgrounds, cultural facilities and events, libraries, swimming pools, environmental protection and much more.

At present, Council's revenue is regulated by the NSW Independent Pricing and Regulatory Tribunal (IPART). IPART limits the amount by which councils can increase rates from one year to the next. At the moment, that amount, known as the rate peg, is an annual increase of around 2.5%.

Council is facing the challenge of balancing community expectations with future financial sustainability. There is a growing gap between the cost of providing services and facilities and the available funding to meet those costs. Put simply, costs are rising more than the 2.5% rate peg.

Over recent years, Council has implemented a range of productivity savings and reduced costs across operations, but there are no easy solutions to addressing this increasing funding gap. If Council does not address this gap now, our community assets will deteriorate. To address this situation, councils are able to apply for rate increases above the rate peg. This is called a Special Rate Variation (SRV).

Council acknowledges that any rate increase may adversely impact some rate payers. Council has a Hardship Policy and alternative payment options to assist ratepayers should they have difficulty keeping up with their rate payments.

Cumberland Council is considering applying for a permanent SRV, which will apply to the 2021/22 financial year.

There are essential 2 options which I would like you to consider. Each option will have varying impacts on the services and facilities that Council can deliver.



Option 1: Rate Peg

This option would essentially continue the status quo with rates increasing by the assumed rate peg amount of 2.5% in 2020-21. The average residential ratepayer currently paying \$986 in 2020/21 would pay an additional \$24 more per annum in the 2021-22 financial year, for a total cost of \$1,010 in 2021/22.

Under this option while Council would generate \$2.5mill in 2021/22, it will not be able to increase expenditure over the next ten years on important infrastructure including roads, footpaths and community buildings and therefore the impact of a growing population would result in a further reduction in community services.

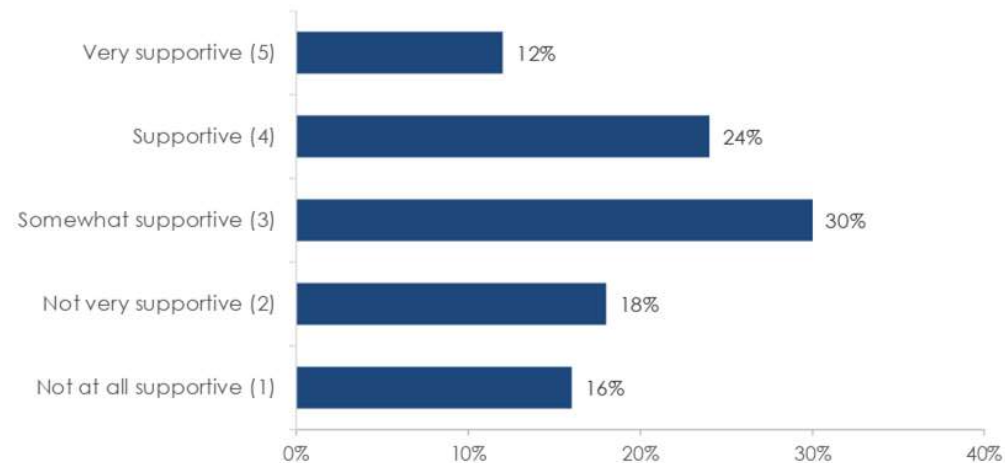


Support for Option 1: Rate Peg

Q4a. How supportive are you of Council proceeding with the rate peg option?

	Overall 2020	Male	Female	18-34	35-49	50-64	65+
Mean ratings	2.98	2.99	2.97	3.06	2.96	2.88	2.95
Base	605	311	294	238	158	120	89

	Ratepayer Status		Aware of the SRV	
	Ratepayer	Non-ratepayer	Yes	No
Mean ratings	2.91	3.18▲	3.06	2.96
Base	438	167	120	485



Base: N=605

Note: Please see Appendix B for results by suburb

▲ ▼ = A significantly higher/lower level of satisfaction (by group)

66% of residents were at least somewhat supportive of Council proceeding with the rate peg option. Non-ratepayers are more supportive of this option.

19

Option 2: Increase – Financially Sustainable Option



This option would essentially add a permanent 2% increase in rates on top of the rate peg amount of 2.5% in 2021-22. As such in 2021/22 the total increase would be 4.5%. Under this option average residential ratepayer currently paying \$986 in 2020/21 would pay \$1032 in 2021/22.

Under this option Council would generate \$4.5mill in 2021-22. The SRV will allow Council to increase expenditure by \$32m over the next ten years on important local infrastructure including road, footpaths and community buildings due to significant increases in a growing population.

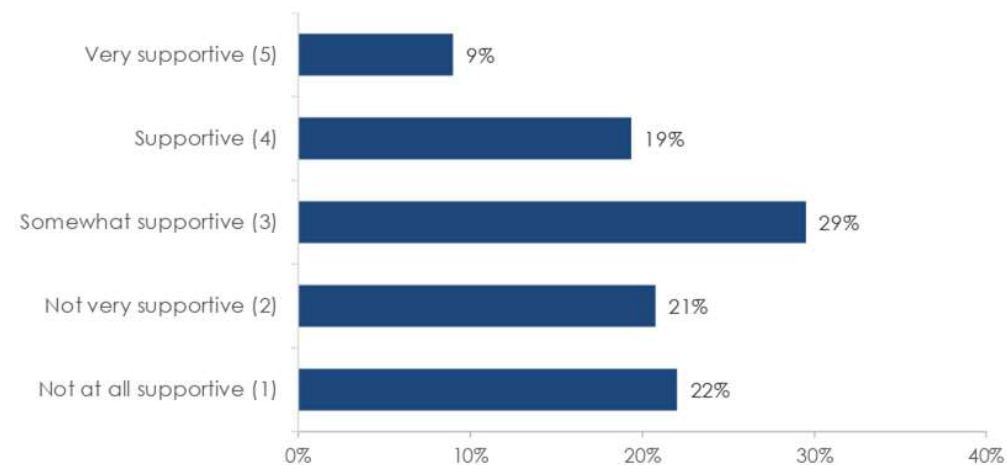


Support for Option 2: Increase

Q4b. How supportive are you of Council proceeding with the increase option?

	Overall 2020	Male	Female	18-34	35-49	50-64	65+
Mean ratings	2.71	2.78	2.64	2.97▲	2.74	2.37▼	2.44▼
Base	605	311	294	238	158	120	89

	Ratepayer Status		Aware of the SRV	
	Ratepayer	Non-ratepayer	Yes	No
Mean ratings	2.56	3.11▲	2.79	2.70
Base	438	167	120	485



Base: N=605

Note: Please see Appendix B for results by suburb

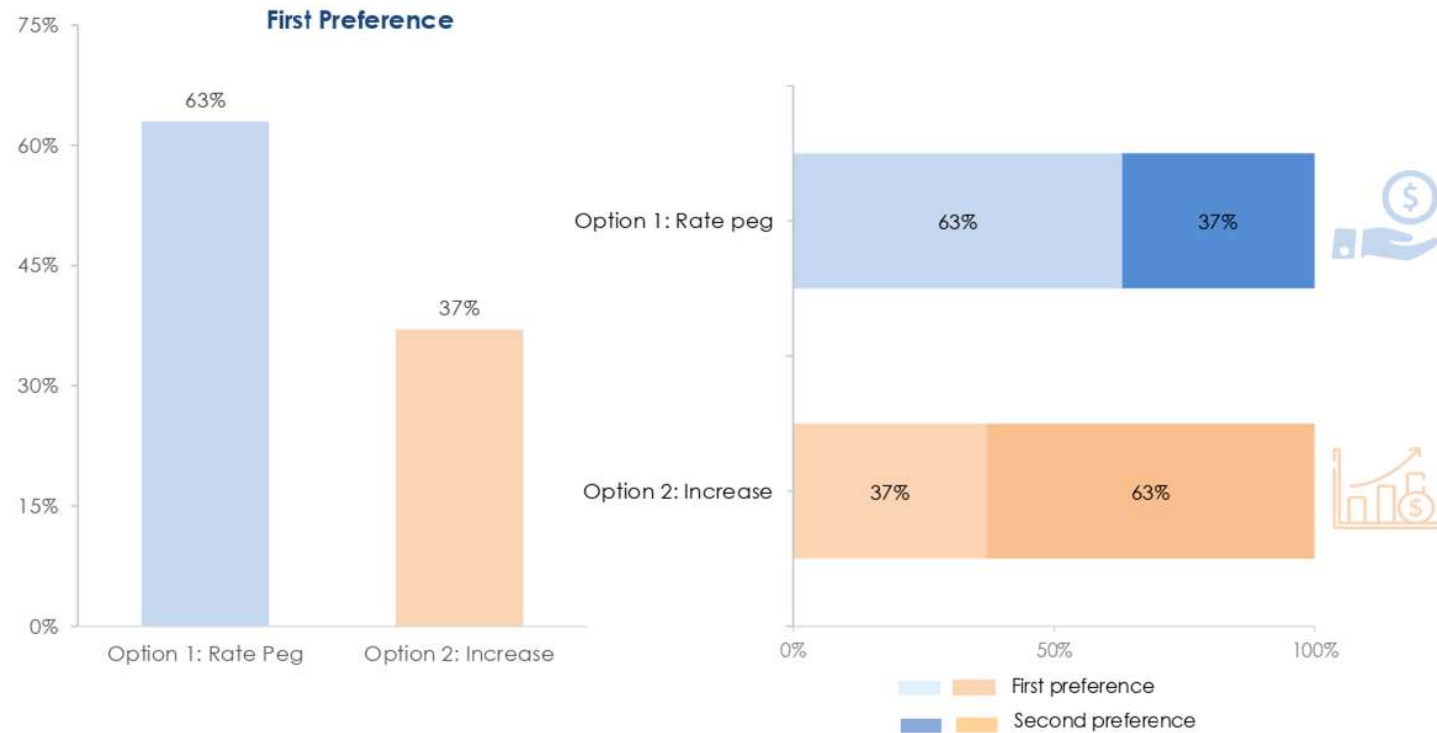
▲ ▼ = A significantly higher/lower level of satisfaction (by group)

Support for option 2 (increase) was slightly lower than option 1 (rate peg), with 57% of residents being at least somewhat supportive. Non-ratepayers, and those aged 18-34 were more supportive of this option.

21

Preferences for SRV Options

Q5a. Please rank the 2 options in order of preference. Which is your first preference?



Option 1 (rate peg) was the preferred choice for residents, with 63% giving this as their first preference.

22

Preferences for SRV Options – By Demographics

Q5a. Please rank the 2 options in order of preference. Which is your first preference?

First Preference

	Overall 2020	Male	Female	18-34	35-49	50-64	65+
Option 1: Rate Peg	63%	58%	68%▲	52%	59%	77%▲	79%▲
Option 2: Increase	37%	42%▲	32%	48%▲	41%	23%	21%
Base	603	310	293	238	157	120	88

	Ratepayer Status		Aware of the SRV	
	Ratepayer	Non-ratepayer	Yes	No
Option 1: Rate Peg	68%▲	50%	59%	64%
Option 2: Increase	32%	50%▲	41%	36%
Base	436	167	120	484

▲ ▼ = A significantly higher/lower percentage (by group)

Females, older residents (aged 50+) and ratepayers were more likely to have option 1 (rate peg) as their first preference, whilst males, 18-34 year old's and non-ratepayers were more likely to prefer option 2.

23

Reasons for Preferring Option 1: Rate Peg

Q5a. Please rank the 2 options in order of preference. Which is your first preference?

Q5b. What is your reason for choosing that option as your highest preference?

	Option 1: Rate peg (63%)	N=602	
"Cannot afford any increases to the rates as we are pensioners"	Most affordable option in the current climate/cannot afford an increase	36%	"We want it to be affordable for everyone"
"Increase option is not affordable"	Do not trust that Council will spend the money wisely/more information needed as to where the money will go	19%	"The residents here would not be able to afford the increase as many are international students"
"People will struggle to pay their mortgage"	More beneficial to the whole community	6%	
"No trust in Council with their expenditure"	Rates are already too high	6%	"At this time with lots of people struggling financially due to COVID-19, Council rates shouldn't be going up at all"
"Due to coronavirus we should not be increasing rates"	There are other ways for Council to make money other than increasing rates	3%	
"I don't think it's fair. Lots of hardships out there due to COVID-19"	Happy with the current standard of services and infrastructure	2%	"I don't want to spend money on things I don't use"
	I personally would not benefit from the increase	2%	
	Unhappy with the Council merge/amalgamation was meant to save money	2%	"We already pay too much"
	Don't know/nothing	3%	

The main reason for preferring the rate peg option was affordability, with 36% of residents suggesting it's the 'most affordable option in the current climate/cannot afford an increase'. Residents also preferred this option over option 2 as they do not trust that Council will spend the money wisely (19%).

24

Reasons for Preferring Option 2: Increase

Q5a. Please rank the 2 options in order of preference. Which is your first preference?

Q5b. What is your reason for choosing that option as your highest preference?

	Option 2: Increase (37%)	N=602	
"A lot of infrastructure needs to be improved so the increase will help e.g. lack of public parks, poor roads, poor quality parks and no youth activities"	Additional/improved infrastructure/services/facilities are needed in the area	22%	"Not jumping up by too much but still providing better community services in the area"
"Need the increase to help fix and maintain the roads"	Beneficial for the growth/sustainability of the area	7%	"Prices have to increase to spend money on community services"
"Increase in rates isn't that drastic compared to the rate peg"	It is an affordable increase	5%	"This option will allow for more infrastructure to be developed in the area which is needed due to the growing population"
"The option is affordable"	Council needs more funding	2%	"Do not wish to see services deteriorate"
"Best to take action now rather than wait for the area to deteriorate"	Supportive of the increase as long as it is evenly distributed across the LGA	1%	"Better for the community and growing population"
	Would like more information regarding where the money will go	1%	
	Do not feel the increase in rates will improve our services/we already pay enough	1%	
	Council has to keep up with the increasing cost of services	<1%	
	Believe the environment will be better looked after with this option	<1%	
	Don't know/nothing	3%	

For residents preferring the increase option, the main reason was that increased and improved infrastructure is required in the area (22%). 7% also suggested that the increase is affordable.

25



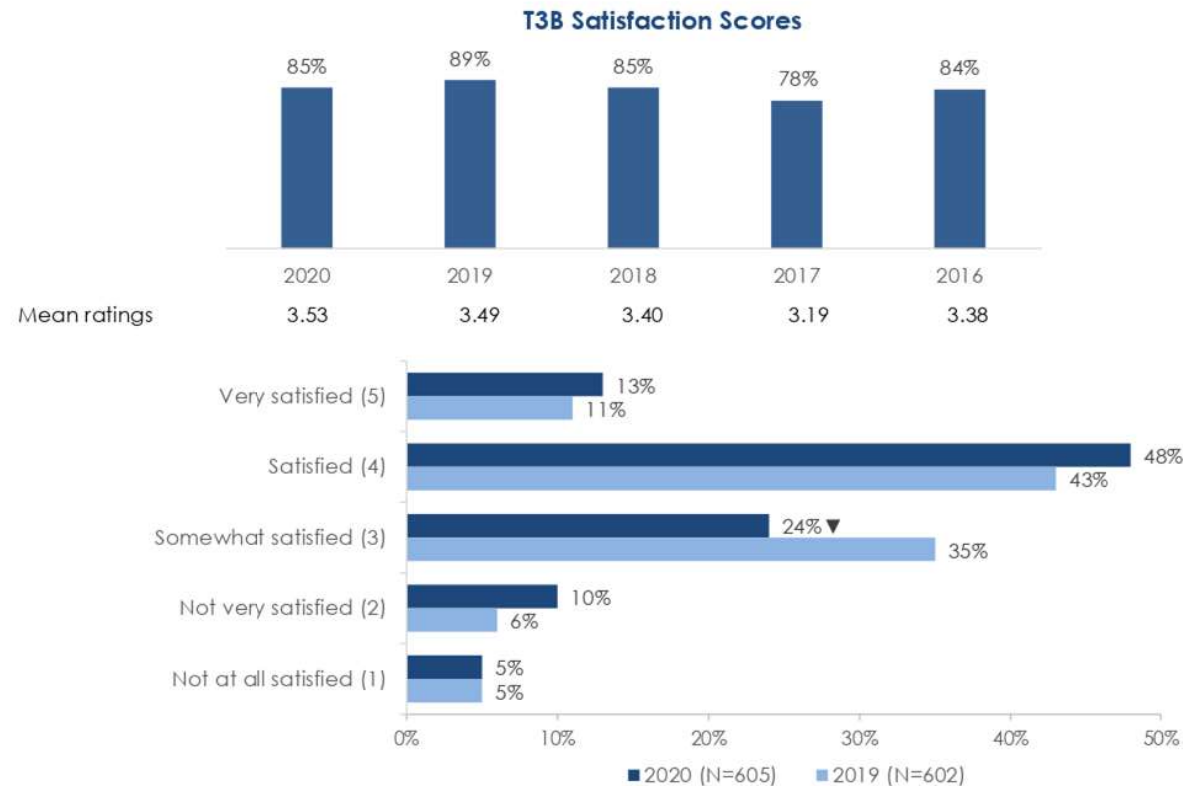
Satisfaction with Council

Detailed Results

1. Minimum Rate
2. Awareness of SRV
3. SRV Options
- 4. Satisfaction with Council**

Overall Satisfaction

Q2a. Overall, for the last 12 months, how satisfied are you with the performance of Council, not just on one or two issues but across all responsibility areas?



85% of residents are at least somewhat satisfied with Council's performance over the last 12 months, a slight decrease from 2019, however results are on par with 2018 and 2016.

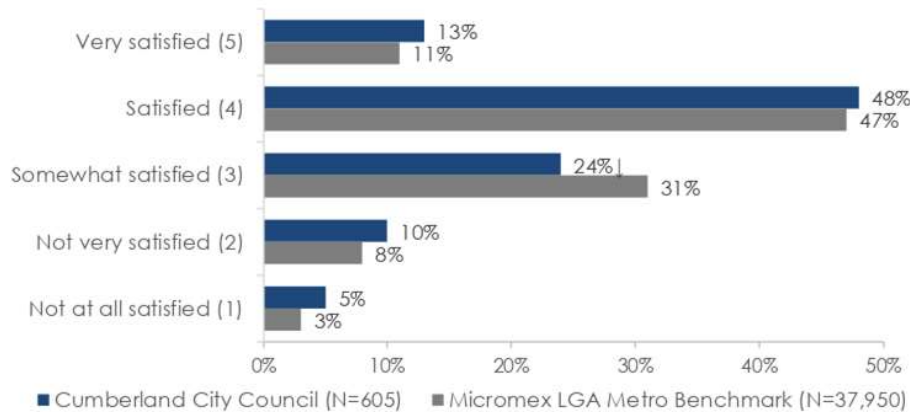
27

Overall Satisfaction

Q2a. Overall, for the last 12 months, how satisfied are you with the performance of Council, not just on one or two issues but across all responsibility areas?

	Overall 2020	Overall 2019	Male	Female	18-34	35-49	50-64	65+
Mean ratings	3.53	3.49	3.51	3.55	3.68▲	3.52	3.33▼	3.41
Base	605	602	311	294	238	158	120	89

	Ratepayer Status		Aware of the SRV	
	Ratepayer	Non-ratepayer	Yes	No
Mean ratings	3.41	3.86▲	3.46	3.55
Base	438	167	120	485



	Cumberland City Council	Micromex LGA Benchmark - Metro
Mean ratings	3.53	3.55
T3 Box %	85%	89%
Base	605	37,950

Scale: 1 = not at all satisfied, 5 = very satisfied

▲ ▼ = A significantly higher/lower level of satisfaction (by group)

↑ ↓ = A significantly higher/lower percentage (compared to the Metro benchmark)

Note: Please see Appendix B for results by suburb

Cumberland City Council's mean rating is on par with our Metro benchmark norms. The younger demographic and non-ratepayers were more satisfied with Council's performance over the last 12 months.

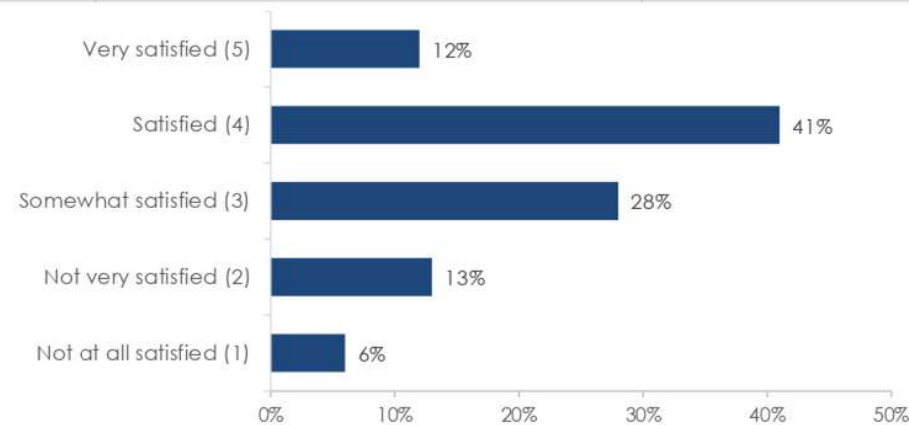
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Satisfaction with the Quality of Community Assets

Q2b. Thinking generally about community assets provided by Council, which include local roads, footpaths, cycleways, parks and playgrounds, public buildings, public toilets, libraries, etc. Overall, how satisfied are you with the quality of community assets currently provided by Council?

	Overall 2020	Male	Female	18-34	35-49	50-64	65+
Mean ratings	3.40	3.38	3.42	3.45	3.47	3.25	3.33
Base	605	311	294	238	158	120	89

	Ratepayer Status		Aware of the SRV	
	Ratepayer	Non-ratepayer	Yes	No
Mean ratings	3.30	3.65▲	3.20	3.45
Base	438	167	120	485



Base: N=605

Note: Please see Appendix B for results by suburb

Scale: 1 = not at all satisfied, 5 = very satisfied

▲▼ = A significantly higher/lower level of satisfaction (by group)

81% of residents are at least somewhat satisfied with the quality of Council-provided community assets, with non-ratepayers being significantly more satisfied.

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Next Steps

Summary

85% were at least somewhat satisfied with Council's performance and 81% were at least somewhat satisfied with the Council-provided community assets.

79% of residents were at least somewhat supportive of Council introducing the single rate over five years to ensure the impact to residents is less than 10% per year.

Prior to contact 20% of residents were already aware of the proposed SRV.

- 63% of residents selected Option 1 (Rate peg only) as their first preference,
- 37% of residents selected the SRV option as their first preference.

Recommendations

If Council wishes to increase community support for the proposed SRV it will need to:

1. Clearly articulate tangible benefits that the proposed SRV will provide to the Cumberland community, and that any SRV funding will be equitably allocated across the whole LGA
2. Demonstrate that it has already achieved budgetary efficiencies, and that it is being fiscally responsible
3. Address the hardship/affordability concerns of residents





Background & Methodology

Sample selection and error

482 of the 605 respondents were chosen by means of a computer based random selection process using the electronic White Pages and SamplePages. The remaining 123 respondents were 'number harvested' via face-to-face intercept at several locations around the Cumberland City Council LGA. Due to COVID-19 social distancing rules, no new number harvesting was conducted in 2020 however, previous number collection sheets were utilised.

A sample size of 605 residents provides a maximum sampling error of plus or minus 4.0% at 95% confidence. This means that if the survey was replicated with a new universe of N=605 residents, 19 times out of 20 we would expect to see the same results, i.e. +/- 4.0%.

For the survey under discussion the greatest margin of error is 4.0%. This means, for example, that an answer such as 'yes' (50%) to a question could vary from 46% to 54%.

The sample was weighted by age and gender to reflect the 2016 ABS Census data for Cumberland City Council.

Interviewing

Interviewing was conducted in accordance with the AMSRS (Australian Market and Social Research Society) Code of Professional Behaviour.

Prequalification

Participants in this survey were pre-qualified as being over the age of 18, and not working for, nor having an immediate family member working for, Cumberland City Council.

Data analysis

The data within this report was analysed using Q Professional.

Within the report, ▲ ▼ are used to identify statistically significant differences between groups, i.e., gender, age, ratepayer status, and awareness of the SRV.

Significance difference testing is a statistical test performed to evaluate the difference between two measurements. To identify the statistically significant differences between the groups of means, 'One-Way Anova tests' and 'Independent Samples T-tests' were used. 'Z Tests' were also used to determine statistically significant differences between column percentages.



Background & Methodology

Ratings questions

The Unipolar Scale of 1 to 5 was used in all rating questions, where 1 was the lowest level of support/satisfaction and 5 the highest level of support/satisfaction.

This scale allowed us to identify different levels of support and satisfaction across respondents.

Top 3 (T3) Box: refers to the aggregate percentage (%) score of the top three scores for satisfaction or support. (i.e. somewhat satisfied, satisfied & very satisfied and somewhat supportive, supportive & very supportive)

We refer to T3 Box Satisfaction in order to express moderate to high levels of satisfaction in a non-discretionary category.

Percentages

All percentages are calculated to the nearest whole number and therefore the total may not exactly equal 100%.

Micromex LGA Benchmark

Micromex has developed Community Satisfaction Benchmarks using normative data from over 60 unique councils, more than 130 surveys and over 75,000 interviews since 2012.



Demographics

QA2. Which suburb do you live in?

	N=605		N=605
Auburn	19%	Merrylands West	2%
Greystanes	17%	Pemulwuy	2%
Merrylands	11%	Regents Park	2%
Guildford	10%	South Wentworthville	2%
Lidcombe	10%	Wood Park	2%
Granville	4%	Homebush West	1%
Westmead	4%	Mays Hill	1%
Girraween	3%	Pendle Hill	1%
Wentworthville	3%	Toongabbie	1%
Berala	2%	Smithfield	<1%
Guildford West	2%	South Granville	<1%
Holroyd	2%		



Demographics

Q1a. Which of these age groups do you fit into?

	%
18-34	39%
35-49	26%
50-64	20%
65+	15%

Base: N=605

Q1b. Gender

	%
Male	51%
Female	49%

Base: N=605

Q7b. Which of the following best describes the home where you are currently living?

	%
I/We own/are currently buying this property	72%
I/We currently rent this property	28%

Base: N=605

Q7a. What type of home do you currently live in?

	%
Separate or standalone house	66%
Flat/unit/apartment	21%
Townhouse/terrace house/semi-detached/villa	12%
Other	1%

Base: N=605

Q7c. Do you speak a language other than English at home?

	%
Yes	60%
No	40%

Base: N=604





Support for Single, Consistent Minimum Rate Across the Whole Council Area

Q3a. How supportive are you of Council introducing a single, consistent minimum rate across the whole Council area?

Results by Suburb

	Overall 2020	Auburn	Greystanes	Merrylands/ Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween/ Pendle Hill/ Toongabbie
Mean ratings	3.28	3.26	3.30	3.76▲	3.40	3.08	3.41	2.27▼	3.01
Base	605	113	101	77	73	74	27	24	32

	Wentworthville/ South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Mean ratings	2.83	2.62	3.63	3.58	4.18▲	3.17	4.41
Base	27	13	13	10	12	5	5

Scale: 1 = not at all supportive, 5 = very supportive
▲ ▼ = A significantly higher/lower level of support (by suburb)



Support for a Single Rate Over 5 Years

Q3b. How supportive are you of Council introducing the single rate over five years to ensure the impact to residents is less than 10% per year?

Results by Suburb

	Overall 2020	Auburn	Greystanes	Merrylands/ Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween/P endle Hill/ Toongabbie
Mean ratings	3.39	3.23	3.39	3.82▲	3.36	3.27	3.64	2.91	3.18
Base	605	113	101	77	73	74	27	24	32

	Wentworthville /South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Mean ratings	3.14	3.13	3.43	3.43	4.29▲	3.76	4.41
Base	27	13	13	10	12	5	5

Scale: 1 = not at all supportive, 5 = very supportive
▲▼ = A significantly higher/lower level of support (by suburb)



Awareness of SRV

Q6a. Prior to this call, were you aware that Council was exploring community sentiment towards a Special Rate Variation?

Results by Suburb

	Overall 2020	Auburn	Greystanes	Merrylands/ Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween/ Pendle Hill/ Toongabbie
Yes %	20%	13%	31%▲	25%	21%	17%	7%	17%	39%▲
Base	605	113	101	77	73	74	27	24	32

	Wentworthville /South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Yes %	15%	6%	6%	12%	14%	0%	0%
Base	27	13	13	10	12	5	5

▲ ▼ = A significantly higher/lower level of awareness (by suburb)



Being Informed of the SRV

Q6b. (If yes on Q6a), How were you informed of the Special Rate Variation?

Results by Demographics

	Overall 2020	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non- ratepayer
Information brochure or questionnaire mailed out by Council	68%	61%	78%	58%	64%	70%	79%	70%	58%
Newspaper advertisement	28%	39%▲	9%	36%	18%	28%	25%	23%	49%
Council website	22%	29%▲	11%	30%	39%	15%	9%▼	13%	63%▲
Social media such as Facebook	19%	23%	13%	30%	36%	11%	6%▼	11%	55%▲
Information stall	6%	7%	5%	11%	10%	4%	1%	1%	32%▲
Other	13%	11%	14%	16%	15%	8%	13%	13%	10%
Base	120	72	47	34	20	33	33	98	21

▲ ▼ = A significantly higher/lower percentage (by group)



Being Informed of the SRV

Q6b. (If yes on Q6a), How were you informed of the Special Rate Variation?

Results by Suburb

	Auburn	Greystanes	Merrylands/ Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead
Information brochure or questionnaire mailed out by Council	48%	77%	68%	60%	63%	100%	80%
Newspaper advertisement	17%	11%▼	57%▲	44%	60%▲	0%	0%
Council website	2%▼	11%	42%▲	23%	54%▲	0%	0%
Social media such as Facebook	23%	20%	17%	0%	50%▲	0%	0%
Information stall	0%	0%	19%▲	0%	23%▲	0%	0%
Other	20%	11%	8%	25%	0%	0%	20%
Base	14	31	20	15	13	2	4

	Girraween/ Pendle Hill/ Toongabbie	Wentworthville/ South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield
Information brochure or questionnaire mailed out by Council	60%	100%	100%	0%	100%	100%
Newspaper advertisement	11%	12%	0%	0%	0%	0%
Council website	13%	23%	0%	0%	100%	0%
Social media such as Facebook	17%	35%	0%	0%	0%	0%
Information stall	0%	23%	0%	0%	0%	0%
Other	13%	0%	0%	100%	0%	0%
Base	12	4	1	1	1	2

▲ ▼ = A significantly higher/lower percentage (by group)



Support for Option 1: Rate Peg

Q4a. How supportive are you of Council proceeding with the rate peg option?

Results by Suburb

	Overall 2020	Auburn	Greystanes	Merrylands /Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween/ Pendle Hill/ Toongabbie
Mean ratings	2.98	3.21 ▲	2.90	3.15	2.86	2.85	2.78	3.17	2.90
Base	605	113	101	77	73	74	27	24	32

	Wentworthville /South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Mean ratings	3.09	2.96	2.31 ▼	2.80	2.53	3.36	3.76
Base	27	13	13	10	12	5	5

Scale: 1 = not at all supportive, 5 = very supportive
▲▼ = A significantly higher/lower level of support (by suburb)



Support for Option 2: Increase

Q4b. How supportive are you of Council proceeding with the increase option?

Results by Suburb

	Overall 2020	Auburn	Greystanes	Merrylands /Merrylands West	Guildford / Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween /Pendle Hill /Toongabbie
Mean ratings	2.71	2.69	2.69	2.97	2.63	2.83	2.82	2.53	2.46
Base	605	113	101	77	73	74	27	24	32

	Wentworthville /South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Mean ratings	2.82	2.51	2.41	2.68	2.21	2.84	3.11
Base	27	13	13	10	12	5	5

Scale: 1 = not at all supportive, 5 = very supportive
 ▲▼ = A significantly higher/lower level of support (by suburb)



Preferences for SRV Options

Q5a. Please rank the 2 options in order of preference. Which is your first preference?

Results by Suburb

First Preference

	Overall 2020	Auburn	Greystanes	Merrylands/ Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween/ Pendle Hill/ Toongabbie
Option 1: Rate peg	63%	64%	72%▲	61%	55%	58%	47%	70%	77%
Option 2: Increase	37%	36%	28%	39%	45%	42%	53%	30%	23%
Base	603	113	101	77	71	73	27	24	32

	Wentworthville /South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Option 1: Rate peg	58%	64%	68%	52%	47%	100%	80%
Option 2: Increase	42%	36%	32%	48%	53%	0%	20%
Base	27	13	13	10	12	5	5

▲▼ = A significantly higher/lower percentage (by suburb)



Overall Satisfaction

Q2a. Overall, for the last 12 months, how satisfied are you with the performance of Council, not just on one or two issues but across all responsibility areas?

Results by Suburb

	Overall 2020	Auburn	Greystanes	Merrylands/ Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween/ Pendle Hill/ Toongabbie
Mean rating	3.53	3.45	3.45	3.92▲	3.47	3.56	3.19	3.53	3.57
Base	605	113	101	77	73	74	27	24	32

	Wentworthville/ South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Mean rating	3.57	3.66	2.41▼	3.49	3.94	4.09	4.00▲
Base	27	13	13	10	12	5	5

Scale: 1 = not at all satisfied, 5 = very satisfied
▲▼ = A significantly higher/lower percentage (by suburb)



Satisfaction with the Quality of Community Assets

Q2b. Thinking generally about community assets provided by Council, which include local roads, footpaths, cycleways, parks and playgrounds, public buildings, public toilets, libraries, etc. Overall, how satisfied are you with the quality of community assets currently provided by Council?

Results by Suburb

	Overall 2020	Auburn	Greystanes	Merrylands/ Merrylands West	Guildford/ Guildford West	Lidcombe/ Berala/ Rookwood	Granville/ South Granville	Westmead	Girraween/ Pendle Hill/ Toongabbie
Mean ratings	3.40	3.39	3.40	3.47	3.32	3.43	3.67	3.31	3.16
Base	605	113	101	77	73	74	27	24	32

	Wentworthville/ South Wentworthville	Regents Park	Pemulwuy	Holroyd	Wood Park/ Smithfield	Mays Hill	Homebush West
Mean ratings	3.46	2.88	3.01	3.71	3.82	3.76	4.00▲
Base	27	13	13	10	12	5	5

Scale: 1 = not at all satisfied, 5 = very satisfied
▲ ▼ = A significantly higher/lower level of satisfaction (by suburb)





Cumberland Council
Community Survey – Special Rate Variation
2020

Good morning/afternoon/evening, my name is..... from Micromex Research and we are conducting a survey on behalf of Cumberland Council on a range of local issues. The survey will take about 10 or so minutes, would you be able to assist us please?

QA1. And do you or an immediate family member work for Cumberland Council?

- Yes (Terminate)
 No

QA2. Which suburb do you live in?

- Auburn*
 Berala
 Chester Hill*
 Fairfield*
 Girraween
 Granville*
 Greystanes
 Guildford
 Guildford West
 Holroyd
 Homebush West*
 Lidcombe*
 Mays Hill*
 Merrylands
 Merrylands West
 Penrith
 Penrith West
 Prospect*
 Regents Park*
 Rookwood
 Smithfield*
 South Granville
 South Wentworthville
 Toongabba*
 Wentworthville*
 Westmead*
 Wood Park
 Yennora*

* Crosses LGA

Q1a. Which of these age groups do you fit into? Prompt

- 18-34
 35-49
 50-64
 65+

Q1b. Gender (determine by voice):

- Male
 Female

Q2a. Overall, for the last 12 months, how satisfied are you with the performance of Council, not just on one or two issues but across all responsibility areas? Prompt

- Very satisfied
 Satisfied
 Somewhat satisfied
 Not very satisfied
 Not at all satisfied

Q2b. Thinking generally about community assets provided by Council, which include local roads, footpaths, cycle ways, parks and playgrounds, public buildings, public toilets, libraries, etc. Overall, how satisfied are you with the quality of community assets currently provided by Council? Prompt

- Very satisfied
 Satisfied
 Somewhat satisfied
 Not very satisfied
 Not at all satisfied

Minimum Rate - Concept statement

Rates are calculated using land value. Councils have what is called a 'minimum rate', which is the lowest rate that can be charged to a household - this minimum rate usually applies to apartments because there are numerous apartments on the one block of land. This means standalone houses, townhouses, etc. tend to pay more than the minimum rate because there are fewer dwellings on a block of land. Ratepayers in units pay an average rate of \$678 per annum - whereas those in houses pay an average of \$1,210 per annum. This means there is a 78% difference in the rates paid.

To provide greater fairness and consistency across the Cumberland Council area, Council proposes to introduce a single, standardised minimum rate for all property owners. This will increase from \$594.62 and \$708.08 for former Auburn and Parramatta Council rate payers, to \$700 in 2021/22, and then to \$900 in 2024/25 for all Cumberland Council residential rate payers.

Q3a. How supportive are you of Council introducing a single, consistent minimum rate across the whole council area? Prompt

- Very supportive
 Supportive
 Somewhat supportive
 Not very supportive
 Not at all supportive

The introduction of a single, standardised minimum rate for all property owners means some resident's rates will increase and some will decrease due to the current difference between what rate payers are paying

Q3b. How supportive are you of Council introducing the single rate over five years to ensure the impact to residents is less than 10% per year?

- Very supportive
 Supportive
 Somewhat supportive
 Not very supportive
 Not at all supportive

SRV Options - Concept statement:

Currently Cumberland Council delivers a broad range of services such as roads and rubbish collection, parks and playgrounds, cultural facilities and events, libraries, swimming pools, environmental protection and much more.

At present, Council's revenue is regulated by the NSW Independent Pricing and Regulatory Tribunal (IPART). IPART limits the amount by which councils can increase rates from one year to the next. At the moment, that amount, known as the rate peg, is an annual increase of around 2.5%.

Council is facing the challenge of balancing community expectations with future financial sustainability. There is a growing gap between the cost of providing services and facilities and the available funding to meet those costs. Put simply, costs are rising more than the 2.5% rate peg.

Over recent years, Council has implemented a range of productivity savings and reduced costs across operations, but there are no easy solutions to addressing this increasing funding gap. If Council does not address this gap now, our community assets will deteriorate. To address this situation, councils are able to apply for rate increases above the rate peg. This is called a Special Rate Variation (SRV).

Council acknowledges that any rate increase may adversely impact some rate payers. Council has a Hardship Policy and alternative payment options to assist ratepayers should they have difficulty keeping up with their rate payments.

Cumberland Council is considering applying for a permanent SRV, which will apply to the 2021/22 financial year.

There are essential 2 options which I would like you to consider. Each option will have varying impacts on the services and facilities that Council can deliver.

Let's look at the options in more detail.

Flip (ab/ba) Q3a/b to offset order effect

Rate Peg

This option would essentially continue the status quo with rates increasing by the assumed rate peg amount of 2.5% in 2020-21. The average residential ratepayer currently paying \$986 in 2020/21 would pay an additional \$24 more per annum in the 2021-22 financial year, for a total cost of \$1,010 in 2021/22.

Under this option while Council would generate \$2.5mill in 2021/22, it will not be able to increase expenditure over the next ten years on important infrastructure including roads, footpaths and community buildings and therefore the impact of a growing population would result in a further reduction in community services.

Q4a. How supportive are you of Council proceeding with this option? Prompt

- Very supportive
- Supportive
- Somewhat supportive
- Not very supportive
- Not at all supportive

Increase – Financially Sustainable Option

This option would essentially add a permanent 2% increase in rates on top of the rate peg amount of 2.5% in 2021-22. As such in 2021/22 the total increase would be 4.5%. Under this option average residential ratepayer currently paying \$986 in 2020/21 would pay \$1032 in 2021/22.

Under this option Council would generate \$4.5mill in 2021-22. The SRV will allow Council to increase expenditure by \$32m over the next ten years on important local infrastructure including road, footpaths and community buildings due to significant increases in a growing population.

Q4b. How supportive are you of Council proceeding with this option? Prompt

- Very supportive
- Supportive
- Somewhat supportive
- Not very supportive
- Not at all supportive

Q5a. Please rank the 2 options in order of preference. Which is your first preference? *Prompt*

	1 st preference	2 nd preference
Option 1 Rate peg	<input type="radio"/>	<input type="radio"/>
Option 2 Increase	<input type="radio"/>	<input type="radio"/>

Q5b. What is your reason for choosing that option as your highest preference?
.....

Q6a. Prior to this call, were you aware that Council was exploring community sentiment towards a Special Rate Variation?

- Yes
 No (Go to Q6a)
 Not sure (Go to Q6a)

Q6b. How were you informed of the Special Rate Variation? Please answer yes or no as I read each one. *Prompt*

- Information brochure or questionnaire mailed out by Council
 Council website
 Newspaper advertisement
 Social media such as Facebook
 Information stall
 Other (please specify).....

Demographics

The following information is used for demographic purposes only.

Q7a. What type of home do you currently live in?

- Separate or standalone house
 Townhouse/terrace house/semi-detached/villa
 Flat/unit/apartment
 Other (please specify).....

Q7b. Which of the following best describes the home where you are currently living? *Prompt*

- I/We own/are currently buying this property
 I/We currently rent this property

Q7c. Do you speak a language other than English at home?

- Yes
 No

Council may wish to conduct some further research with residents in the coming weeks to discuss this issue in more detail.

Q8a. Would you like to receive updates on the outcome of this consultation and other important communication from Cumberland Council?

- Yes
 No

Q8b. Please provide relevant contact details.

Name:.....
 Email:.....
 Phone:.....
 Postcode:.....

Thank you for your time and assistance. This market research is carried out in compliance with the Privacy Act, and the information you provided will be used only for research purposes. Just to remind you, I am calling from Micromex Research on behalf of Cumberland Council.

(If respondent wants more details about Council's proposed SRV or Minimum Rate, refer to Council.)

The information contained herein is believed to be reliable and accurate, however, no guarantee is given as to its accuracy and reliability, and no responsibility or liability for any information, opinions or commentary contained herein, or for any consequences of its use, will be accepted by Micromex Research, or by any person involved in the preparation of this report.



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