

LG Submission Form 2021-2022 - notifications

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IPART Special Variation Submission Form

Industry	Local Government
Review	(LG) Special Variations & Minimum Rates 2021-2022
Document Reference	
Council	Canterbury-Bankstown Council, Application Notification Letter

Please leave your comments in the comment box below.

I have many concerns about the proposed SRV Canterbury Bankstown Council is seeking, the attached PDF fully explains the concerns/issues.

1/ I had a meeting with 4 Council Managers about the SRV and was not able to find out how or where Council determined the community had requested an uplift to some services and modernize some other services, the request to uplift Services appears to be a Council creation.

2/ The SRV is unaffordable - 24% of Rate payers are Pensioners - see attached PDF for details.

3/This SRV is for the same or similar as past SRVs that were granted and Rate Payers were advised would provide sustainability.

4/ I'm told by Council past SRVs had no success

criteria to be judged against, “previous SRVs did not require progress or milestone reporting” that would indicate if they had met the requirement for which a SRV was granted. Therefore without measuring SRVs delivering against milestones Rate payers & Government have no way of asserting governance on Councils use of the SRV process. Therefore, there is no consequence management for underachievement. The current process promotes Council’s ongoing reliance to SRVs.

5/ The Canterbury Bankstown merger has increased the range of property values across the LGA from Earlwood & Ashbury in the east to Villawood and Milperra in the west. The current SRV proposal will increase the gap between the minimum rate and average residential rates in real \$ values across the LGA. I have requested Council to assess implementing a Base + ad valorem amount to flatten the Rate curve across the LGA. Council simply responded that the Rates will be calculated as a ad valorem with a minimum rate.

6/ After meeting with Council the SRV financial justification - is past errors prior financial mismanagement, an unfunded decision to change financial strategy, State Government cost shifting and a long-term speculative reliance on Government grants that have not materialized. The details of these are fully explored in the attached PDF.

If there must be a Rate increase I strongly commend to IPART Council introduce a BASE RATE + AD VALOREM and a move to it even if there is not a SRV as it has both user pays and potential affluence aspects to it. Rate Payers in the East of the LGA are already significantly disadvantaged by the current Rate system.

David Reynolds



If you have attachments you would like to include with your feedback, please attach them below.

[Canterbury Bankstown Council SRV - David Reynolds submission.pdf](#)

Your Details

Are you an individual or organisation?

Individual

If you would like your submission or your name to remain confidential please indicate below.

Publish - my submission and name can be published (not contact details or email address) on the IPART website

First Name

David

Last Name

Reynolds

Organisation Name

Position

Email



IPART's Submission Policy

I have read & accept IPART's Submission Policy



A Funded Future



SPECIAL RATE VARIATION 2021/22
COMMUNITY ENGAGEMENT
DECEMBER 2020 - JANUARY 2021

DAVID REYNOLDS SUBMISSION - 16TH JANUARY 2021

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NOTES FROM MEETING WITH CANTERBURY BANKSTOWN COUNCIL MANAGERS

On Tuesday 12th January I had a meeting with 4 Council managers in the Campsie Council offices to discuss the proposed Canterbury Bankstown Special Rate Variation (SRV) of 36.9% increase over 5 years.

- Council attendees were
 - Andrew Smithwick – Manager City plan,
 - John Maunder – Manager Finance,
 - Ken Manoski – Director Corporate,
 - James Carey – Director Corporate (also Acting General Manager).
- I would like to thank all for an open, frank & cordial meeting where there was free & open exchange of views and information. At the conclusion of our meeting of an hour and 15 minutes, we agreed the proposed SRV is “\$31 million was to maintain current service levels and address the infrastructure maintenance backlog. \$4 million to uplift some services and \$5 million to modernise some other services”.
- I commented at the time this is similar to or the same as previous SRVs and I advised I will be putting in a submission about the affordability of any Rate increase. This was warmly welcomed.

COMMUNITY CONSULTATION

The meeting agreed that the time for Community consultation on the SRV was:

- Brief and over the 2020/2021 Christmas / New year period.
- The Council meeting that agreed to the SRV was held on 24th November 2020. Community consultation to inform Rate payers of the SRV had to take place prior to the 8th February IPART deadline for SRV submissions required an expedited community consultation.
- It was noted that the letterbox drops to Rate Payers omitted to advise of any of the December [Community Consultation sessions](#), details about these were only available via the web site, 5 pages in from the front landing page.
- I’m aware of 2 emails sent out on 2nd & 16th December with the details of the December Community Contact sessions.
- I note that council is required to exclude 20th December thru to 10th January (inclusive) from any Community Consultation period for Development Applications under the [NSW Environment Planning and Assessment Act](#). While this Act does not cover IPART community consultation, Rate payers view both consultation periods as equally important.

PREVIOUS SPECIAL RATE VARIATIONS OUTCOMES

I queried past Canterbury Council SRVs to see if they had achieved the outcome they were granted for:

- There was no detail about the 2001/02 (6.92%) SRV so it was not possible to assess its success other than noting that there was another Infrastructure Levy SRV shortly after.
- I was informed the 2004/05 (11% for 15-year Infrastructure levy) SRV did not require progress reporting that would indicate if it had met the requirement for which it was granted. I was further informed that by 2019 the \$5 million annual revenue from this SRV was considered as essential income to maintain infrastructure ongoing. Council considered the end of the 2004/05 11% for 15-year Infrastructure levy as a funding loss rather than the end of a planned stream of funding. The current SRV communication to Rate payers conflated the loss of this funding stream with the annual revenue from the 2014 SRV increases as being only \$5 million when the 2014 SRV income was now closer to \$10 million. I noted that the SRV process requires assessment of expiring SRVs when applying for new SRVs – this would have been the case for the 2014 SRV application.

I was further advised newly combined Canterbury Bankstown Council decided not to proceed with several cost saving & funding measures the former Canterbury Council had committed to in the 2014 SRV application.

- This decision incurred an additional \$5 million expenditure and
- The Canterbury infrastructure backlog has not been addressed.

COUNCIL'S BALANCE SHEET

Factors that negatively impacted Council's balance sheet are:

- Depreciation accounting issues in both the Bankstown & Canterbury Council which meant significant costs that needed to be added to the balance sheet since amalgamation.
- State Government had imposed a Rate freeze as part of the merger of Canterbury & Bankstown Councils. Meaning the \$5 million revenue from the 2004/05 11% 15-year SRV could not be re-applied for. However, this was limited to SRV increases and not well understood by Rate payers refer to the linked article [1.5% IPART Rate increase was added in 2017](#), IPART increases were added in subsequent years compounding to a 14.9% increase by 2020. Noting the Canterbury 24% 2014 SRV Rate increase +IPAR Rate Peg by 2020 = 38.9% increase on 2014 levels - less the Infrastructure Levy ending in 2019. This does not factor in the higher Canterbury Land Value growth.
- A \$17 million annual funding shortfall from the former Bankstown Council had been realised (in part due to omitted depreciation costs) despite all the efficiencies and cost savings achieved in merging the two Councils. The \$17 million SRV identified in the 2015 Bankstown Fit for the future assessment had ultimately not been "obviated".

I'm advised this added up to an annual shortfall of about \$35 million.

GOVERNMENT COST SHIFTING

Cost shifting and reduction in Grants from the Federal & NSW Governments as noted in Council [24th Nov 2020 Agenda](#) were discussed.

Examples of activities passed on to Council without funding were

- crime prevention,
- private swimming pool inspections,
- underground petroleum inspections,
- Public Library minimum standards and
- The handover of the Dunc Gray Velodrome at Georges Hall to Council for ongoing management & maintenance of around \$34 million annually as
- The ongoing reduction in Federal NSW Government grants of \$4.5 Million (compared to amounts received 2010/11) also no.

The accumulated value of this was estimated around \$39 million annually.

COUNCIL RATE STRUCTURE

In the meeting I challenged the inability of Council's to vary the Rate structure as noted in the 24th November Council meeting agenda.

- I referred to an option available in the [NSW Local Government Act to use a Base rate](#) up to 50% of Rates revenue to flatten out the contribution curve per property. It was conceded that there is an option to introduce a Base Rate + ad valorem Rate based on Property Value.
- I was advised it is Councils Policy position "Rates shall be levied on the basis of a valorem valuation of land and minimum rate levies determined by Council". In short Council was not going to shift to a Base Rate + ad valorem valuation of land valuation.

I maintain my view that the Base Rate + ad valorem is still the most equitable way of flattening out the Rates across the LGA where property values vary greatly, as they do between "Earlwood to Villawood". This form of Rate calculation strikes a more equitable balance between the user pays & affordability.

FINANCIAL IMPACT OF SRV ON RATE PAYERS

The meeting discussed the size of the Rate increase and the impact

- Rate payers that do not expect a 7.5% increase in their income for each of the 4 years of the proposed SRV.
- I noted the relatively low socio-economic levels in the LGA (in the bottom 23rd percentile of SEIFA measure of social advantage)
- 24% of all Rate payers in the LGA are Pensioners.
- I drew particular attention to some Pensioners case studies in my local area with relatively high land valuations.
- Council encourages property owners who are suffering hardship to use the Council's hardship process where rates could be deferred (plus interest) till either they sold the property or it could be recovered from their estate. Capacity to pay was not apparent in Council's deliberations on the size of the required SRV.
- There was surprise on the face of some people in the meeting when I explained the SRV will mean a \$700 annual Rate increase for the pensioner that lives across the cul-de-sac from me.

MEETING SUMMARY

In summary the principal points of my meeting with Council Managers were:

1. Prior Special Rate Variations had no success criteria to be judged against, “previous SRVs did not require progress or milestone reporting” that would indicate if they had met the requirement for which a SRV was granted.
2. Without measuring SRVs delivering against milestones Rate payers & Government have no way of asserting governance on Councils use of the SRV process. Therefore, there is no consequence management for underachievement. The current process promotes Council’s ongoing reliance to SRVs.
3. This SRV is to fund the same or similar items listed in previous SRVs.
4. The current SRV is claimed to be required because of prior financial mismanagement, an unfunded decision to change financial strategy, State Government cost shifting and a long-term speculative reliance on Government grants that have not materialized.
5. Council has constructed the SRV with a view of what Council needs to fund without regard to Rate payer’s capacity to pay.
6. Council has not provided the community with any information on what a lower increase would look like.
7. Council is aware of the financial impact on the 24% of Rate payers that are pensioners and will encourage them to utilize Council’s hardship provisions of deferring Rates plus interest to be collected when they either sell their homes or it will be deducted from their estate when they die.
8. Council is not willing to use the Base Rate + ad valorem valuation Rating formula to flatten out the Rate curve across the LGA.

DETAILED REVIEW OF CANTERBURY BANKSTOWN 2021/22 SRV

On the surface the 2020 SRV proposal appears polished and reasonable, however after reviewing the Canterbury Bankstown Council 24th November 2020 meeting [Agenda](#) & [Minutes](#), [2014 Canterbury Council IPART SRV determination](#), reviewing the Bankstown Council 2015 Fit for the future [Assessment Summary](#) documented prior to the Council amalgamations. The statements made in these submissions and the claims made in the 2020 SRV communication to Rate Payers are at odds when reviewed side-by-side. The following explores the inconsistencies and the capacity to pay issue.

The proposed rate increases for the former Canterbury Council area will be greater in the ad valorem rate and \$Dollar\$ value than those proposed for the Bankstown council area. Compounding this is the land value differences between the Eastern suburbs of the merged LGA. Additionally, the SRV is blind to a Rate payer's capacity to pay, noting that 24% of all rate payers are Pensioners.

Relevant to this discussion is the recent history of Canterbury Council having SRVs, in 2001/02 (6.92%), again in 2004/05 (11% for 15 years), then the permanent 2014/15 24.2% Rate increases.

I have trouble reconciling the proposed SRV with regard to

1. Transparent Review of SRV
2. Previous 2014 Canterbury Council SRVs that covers the same deliverable = "Strategy for a Sound Financial Future/Sustainability Levy"
3. Bankstown Council "Fit for the Future" assessment stated a SRV would be obviated if Council was merged with Canterbury Council
4. 2020 Canterbury Bankstown SRV review & assessment
5. Quantum of 2020/21 to 2025/26 SRV increases – capacity to pay
6. SRV will increase the gap between the minimum rate and land value rates across the LGA – fairness
7. Preferred equitable options for all rate payers

TRANSPARENT REVIEW OF SRV

On the 24th November Council resolved to go with SRV Option 3 and that community consultation was required to “inform” Rate payers the details of option 3 prior the SRV being submitted to IPART by February 8th 2021 deadline. I have concerns about the brevity of the community consultation period for the SVR being just 21 Business days over the Christmas/New year period (14th Dec 2020 to 14th Jan 2021), 34 days when weekends and public holidays are included.

I take issue with the letterbox drop I received in December 2020 identified only 7 January community consultation opportunities for residents, there were an additional 10 community sessions for residents in Dec 2020 not listed in my letterbox drop. This does not appear to align with the [NSW Environment Planning and Assessment Act](#) Community participation requirements that require at least 28 days and “Exclusion of Christmas/New Year period. The period between 20 December and 10 January (inclusive) is excluded from the calculation of a period”. I note the Environment Planning & Assessment Act do not cover IPART SRV community engagement, however Rate payers would view Development Applications and Special Rate Variations as the equivalent Council communications as they both significant.

I note there has been no Community input to the 3 options considered by Council or the final determination on which option to go with. Additionally, there is no information in the Council publicity that explains the impact of a no SRV/ IPART approval.

The Canterbury Bankstown Council [Agenda for the Ordinary Meeting of Council held on 24 November 2020](#) shows that 3 Options have been under consideration on how to address the revenue shortfall, they are...

1. Harmonisation Only
2. Harmonise and Increase Minimum Rates
3. Harmonisation and Special Rate Variation

The 24th November Council meeting resolved among other things in the [minutes...](#) “*Section 7. Council commence a detailed and comprehensive community engagement program to inform its final decision on the matter and notify IPART accordingly, as required.*” This statement makes it clear that nothing Rate payers can do will change what is going to be submitted to IPART by 8th February 2021.

The letterbox drops in mid-December and limited consultation options I believe have limited community scrutiny of the SRV.

I would appreciate any assistance to ensure an open and transparent review of the Canterbury Bankstown Council 2021/22 SRV and particularly with reference to the 9 requests below.

1. The SRV review is public & transparent (submissions & responses published on Councils web site).
2. Inconsistencies with previous financial statements are fully explained, easily available to the public and publicised.
3. Further examination of the merged Council projected efficiencies..., why did they not cover the known \$17 million Bankstown Council financial annual shortfall as predicted in the 2015 Bankstown Council Fit for the future assessment?

4. An explanation of why previous SRVs required subsequent SRVs to address the same issues. That is, why is the IPART system not working and what confidence should ratepayers have that there will not be another SRV in 2026?
5. Rates being sought are consistent with or less than comparable councils, noting [Parramatta council amalgamation](#) and [Liverpool Council rates](#)/profiles are much closer comparisons (SEIFA/OLG) than the 10 provided online in the “One Rate System” as comparable LGAs. The 10 comparisons were misleading.
6. Any Rate increase on ratepayers is compassionately assessed noting the socio-economic (SEIFA – bottom 23 percentile of socio-economic advantage) incomes of this LGA compared to similar LGAs. Specifically, capacity to pay. The burden of rates should also better align to a user-pays basis equally distributed across the LGA (Base Rate + ad valorem).
7. Noting the impact of COVID 19 on employment and the economy, any Rate increase is deferred till economic activity in the LGA has returned to pre-COVID 19 levels.
8. Canterbury Bankstown Council is operating at par or better than comparable councils in all aspects of financial management.
9. Ensuring my 4 preferred equitable options for Rate payers at the end of this document are assessed and given due consideration and reasoning why each should not be implemented published to the public for review & comment.

PREVIOUS SRVs ADDRESS SAME ISSUES

Previous 2014 Canterbury Council SRVs that cover the same deliverable = “Strategy for a Sound Financial Future/Sustainability Levy”

I’m advised the proposed 2020/21 SRV will be another 36.85% increase on top of the most recent 2014 SRV 24.2% increase.

Proposed % increase (inc. rate peg)

	2021/22	2022/23	2023/24	2024/25	2025/26
Total	2.0	7.8	7.8	7.8	7.1
IPART	2.0	2.5	2.5	2.5	2.5
SRV	0	5.3	5.3	5.3	4.6

Council has advised they will be requesting IPART approve the Total percentage increase each year so Council will not increase Rates by the annual Rate Peg increase till 2026/27.

I wrote to Canterbury Council in early 2014 and tried to challenge the proposed 2014/15/16/17 increases noting the Council Rate increases due to property valuation increases without success. The services at the core of the 2020 SRV were the core of the 2014 SRV and detailed in the satisfactory 2015 Bankstown Council IPART “Fit for the Future” assessment.

Adding to the 2014 SRV increase was the Valuer Generals valuations where the net impact on my rates went up 71% from \$1633.05 in 2008/09 to \$2,798.05 2017/18, another 36% increase is difficult to reconcile while incomes have not increased anywhere near the rates in the SRV.

One Special Rate Variation increase is conscionable, a 2nd to address the same issues is unconscionable.

2014 CANTERBURY COUNCIL SRV

The 2014 SRV was promoted as a “**Strategy for a Sound Financial Future**” and would address existing financial shortfalls.

IPART detailed the estimated income in the determination.

Canterbury Council SRV income above rate peg (\$000) – from table A.1 IPART determination

2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	Total
2,850	5,589	8,608	8,886	9,132	9,406	9,668	9,979	10,278	10,587	84,982

These values are significantly higher than the “..raising approximately \$5 million per annum” claimed in the 2020 SRV publication. 12/01/2021 - Council confirmed to me that they conflated the end of the 2004/05 (11% for 15 year) SRV income stream and the revenue stream from the 2014 SRV. I note the NSW Govt Guidelines require that “*the impact of an expiring special variation on permissible general income in a special variation application*”, thus the expiring 2004/05 11% SRV would have been required to be fully detailed and known in the 2014 SRV, it should not have been considered lost income in 2019.

Below I have copied relevant sections of the 2014 SRV determination.

REASONABLE IMPACT ON RATEPAYERS

We consider that the impact of the special variation will be significant because Canterbury is a low socio-economic area.

2011/12

☐ The council has a SEIFA ranking of 51/153

☐ Average annual household income in 2011/12 was \$40,629 compared to the Group 3 average of \$52,899 and the NSW average of \$44,140

☐ Residential rates a percentage of household income are 2.1% compared to the Group 3 and NSW averages of 1.6%.

(2018/19

☐ Average annual household income in 2018/19 was \$52,103 compared to the Group 3 average of \$73,744

☐ Revenue \$333,476,000 OLG Group 3 average \$234,830,00

☐ Expenses \$319,476,000 OLG Group 3 average \$190,913,000)

Our (IPART) assessment of impact on ratepayers

In assessing the reasonableness of the impact of the special variation on ratepayers, we examined the council’s special variation history.

We found that since 2000/01 the council has been granted 2 special variations:

☐ 6.92% in 2001/02 – temporary s508(2) for 3 years

☐ 11.13% in 2004/05 – temporary s508(2) for 15 years.

Historically, the council has had high residential rates. Average residential rates in 2011/12 were \$860, compared to the Group 3 average of \$790 and NSW average of \$685.10 The council has applied for an average residential rate increase of \$231.05 over 3 years and an average business rate increase of \$1,015.75 over 3 years.

We note that while the rate increases are high, they are reasonable given the need for the variation. The special variation is required to bring the council's operating balance into surplus and to ensure adequate asset maintenance and renewals. It is also consistent with the community priorities to maintain service levels, identified in the community strategic plan and through consultation on the special variation. The council has also used debt to partly fund expenditure to reduce the impact on ratepayers.

2015 BANKSTOWN COUNCIL FIT FOR THE FUTURE ASSESSMENT

The assessment was “Positive Outlook” and satisfied all criteria – Scale and capacity, and most importantly all Financial criteria.

Noted in the assessment and relevant to this SRV are the two highlighted points below.

SUSTAINABILITY – satisfies

☑ The council meets the criterion for sustainability as it is forecast to meet the benchmarks for the operating performance ratio, building and infrastructure asset renewal ratio and own source revenue ratio by 2019-20.

☑ In its proposal, the council relies on the successful application for and adoption of a special variation from 2017-18, which we estimate to be 34.7% cumulative over 5 years (21.5% above the rate peg).

☑ The council provided evidence that the cost savings from a merger with a neighboring council would obviate the need for the special variation.

☑ The council provided further evidence that a significant portion of their community supported a merger with Canterbury City Council instead of a rate increase

2021/22 CANTERBURY BANKSTOWN SRV

This SRV fails to explain why previous SRVs did not sustainably address the same issues requiring this SRV. After reading the Canterbury Bankstown Council [Agenda for Ordinary Meeting of Council held on 24 November 2020](#) I became aware of the 3 options Council has for Rate Harmonisation & Financial Sustainability.

The reasoning for \$31 mil in this SRV is to maintain the same services as identified in the 2014 SRV and the 2015 Bankstown Fit for the Future assessment.

\$9 mil has been identified for covering new or enhanced services / facilities. I'm having trouble reconciling the add-on extras as not being a core part of what Council is already doing as noted in the 2013 Canterbury Council community consultation ranking of the Council activity/facility detailing community expectations.

2020 SRV	2013 Community consultation	2013 Ranking of importance
Cleaning your town centres, streets, parks and waterways	Garbage/Recycling/Green waste collection services	1
Addressing illegal dumping	Clean up street litter & dumped rubbish	5
Promotion, upkeep and support of your town centres	Encouraging local industry & jobs	8
Cleaning your town centres, streets, parks and waterways	Maintenance of Public toilets & rest areas	9
	Condition of the Cooks River	10
	Graffiti removal	27
Modern & diverse leisure and aquatic centres	Maintenance of public swimming pools	30
A broad range of recreational and community facilities	Fitness centres & programs	37

The SRV identifying these as new and enhanced services to address modern community expectations is at best a stretch. I'm unable to assess the proposed "Improvements to your industrial centres" or "Incorporating innovation and technology into your services" as the terms are too general to know what exactly they refer to. However, they also appear to be a Business-as-usual activity for Council. The additional \$9 million value argument has not been achieved.

In Council's 24th November [Agenda & Minutes](#) I've noted references to the end of the temporary 11.13% in 2004/05 –s508(2) 15-year Infrastructure Levy. Council management confirmed to me that by 2019 the \$5 million annual revenue from this SRV was considered as essential ongoing income to maintain infrastructure. This is why Council considered the end of the 2004/05 11% for 15-year Infrastructure levy as a funding loss rather than the end of a planned stream of funding. Apparently, the intended outcome of this Infrastructure 15-year Levy had not been achieved because the backlog of Infrastructure maintenance remains after the combined Council decided not to proceed with the former Canterbury Council 2014 SRV cost saving & funding plans, thus the Canterbury Infrastructure maintenance backlog remains.

noting that each of these increases is larger than CPI and increases in median incomes in the LGA

On page 58 of the [Agenda for the Ordinary Meeting of Council held on 24 November 2020](#) there is a statement “*LGNSW estimates cost shifting from State Government onto CBCity to be around \$34M per annum*”, separately I’ve been advised this is for services like crime prevention, private swimming pool inspections, underground petroleum inspections, Public Library minimum standards and the handover of the Dunc Gray Velodrome at Georges Hall to Council for ongoing management & maintenance. This appears to be a hefty charge for these services which I believe there could be some form of cost recovery aspect to them. In the same document it is noted that the Federal Government’s Financial Assistance Grant program changes have negatively impacted Council around \$4.5M per annum compared to grant levels received in 2010/11.

Based on the [Agenda for the Ordinary Meeting of Council held on 24 November 2020](#) , the current Rate base would appear to be sufficient for Council needs and it is the cost shifting from State Government to Local Government that is at issue.... However, comparing Government grant levels from 2010/11 to current Grant levels as a reduction to current income I think is a dubious accounting practice.

Council may find a better reception from Rate Payers if they identified exactly what and how much Government cost shifting is being passed on to Rate payers. Canterbury Bankstown LGA has a six NSW MPs that represent Rate Payers. Again, a full accounting of what the cost shifting is would better enable Rate Payers to contact their State MP to lobby on behalf of Council. Therefore, the argument for this revenue shortfall has not been made.

KEEPING COSTS DOWN

The SRV lists the top [10 most expensive council rates in Sydney & NSW](#) as a comparison, in short the variation in 2016 SEIFA ratings and OLG types makes comparisons imperfect and therefore unreliable. Only the Hunters Hill Council area is in the Sydney Metropolitan Area and is the 10th most advantaged LGA in Australia.

The table below shows the SRV examples with OLG grouping, Average Rates & 2016 SEIFA NSW Rank/Decile/Percentile

Council	Narrabri (11)	Mid-Coast (5)	Blue Mountains (7)	Wollondilly (6)	Hunters Hill (2)	Wingecarribee (4)	Kiama (4)	Wollongang (5)	Lithgow (4)	Shellharbour (5)
Residential average	\$2,811.90	\$1,843.33	\$1,747.22	\$1,810.29	\$1,736.25	\$1,637.29	\$1,489.24	\$1,468.88	\$1,464.11	\$1,462.76
SEIFA	44/4/34	24/2/19	110/9/84	109/9/84	124/10/95	106/9/81	117/9/90	86/7/66	19/2/15	69/6/53

Other Councils in the Sydney Metropolitan Area and average residential Rates for comparison.

Council	Canterbury (3)	Bankstown (3)	Cumberland (3)	Liverpool (3)	Strathfield (2)	Parramatta (3)	The Hills Shire (7)	Auburn (3)	Hornsby (7)	Holroyd (3)
SEIFA	29/3/23	29/3/23	26/2/20	41/4/32	1103/8/79	107/9/82	125/10/96		121/10/93	
Rate Year	2020	2020	2018/19	2018/19	2018/19	2020	2020	2020	2020	2020
Residential average	\$1,172.73 Value \$650K	\$1,054.93 Value \$500K	\$961.68	\$1,122.05 Value \$500K	\$785.13	\$942.57	\$1,021.19	\$687.00	\$1,136.43	\$860.75
Harmonize variation	\$431.52	\$220.89	-	-	-	-\$33.00	\$22.00	\$172.00	-\$46.00	-\$119.00

Please note the Councils within the red box have been amalgamated into Parramatta Council and the impact of the current [proposed Rate harmonization](#).

Office of Local Government (OLG) group reference table

OLG Group	Council Type
1	Sydney CBD Metropolitan
2	Medium Metropolitan
3	Large Metropolitan
4	Regional Town/City
5	Large Regional Town/City
6	Medium Metropolitan Fringe
7	Large Metropolitan Fringe
8	Small Rural
9	Medium Rural
10	Large Rural
11	Very Large Rural

EFFICIENCIES

In the “[Efficiencies](#)” section on page 14 of the attached One Rate System publication there are a couple of statements that clearly conflict with prior IPART documented statements (highlighted above) and understates the Canterbury Council 2014 SRV calculated income noted in the 2014 IPART determination document.

Efficiencies

Prior to the merger of the Bankstown and Canterbury Councils in 2016, both former Councils identified in their Fit for the Future proposals that to be financially sustainable, reform would be required. Canterbury Council required the continuation of the existing Special Rate Variation (SRV), raising approximately \$5 million per Annum (check forecast income values in 2014 IPART determination/approval – 24.2%), and Bankstown Council required a new SRV of around \$17 million per annum to address immediate needs. (“obviated” if merged with Canterbury Council)

Bankstown was one of only seven Sydney Metropolitan Councils that was determined to be fit to stand alone based on Scale and Capacity criteria as well as Financial Sustainability, Infrastructure and Service Management and Efficiency criteria (subject to \$17 million increase to annual rates income). (“obviated” if merged with Canterbury Council) When brought together, IPART anticipated that the amalgamated Council would save around \$5 million every year.

Claimed efficiencies appear insincere against a backdrop where the Canterbury Bankstown Council General Manager is paid 25% more than the NSW Premier...

Canterbury-Bankstown General Manager	NSW Premier
Matthew Stewart	Gladys Berijiklian
Salary: \$519,262	Salary: \$407,980

QUANTUM OF 2020 TO 2025 SRV INCREASES

- Canterbury Bankstown Rate revenue per year \$170 mil (2019/20 annual report)
- Additional revenue being sought by the SRV is an additional \$40 mil per year.
- The cumulative impact of the SRV & IPART 2.5% rate increases compounding on each other 36.85% over 5 years

Based on the estimated 2020 Council rate annual revenue of \$170 mil * 36.85% = \$63 million increase on 2020 after 5 years.

% increase on per \$100 of Rate

\$100.00	SRV%	IPART%	Compound			SRV only	IPART only
			SRV \$	IPART\$	Total		
2020	0.00%	0.00%	N/A	N/A	\$100.00	\$100.00	\$100.00
2021	0.00%	2.00%	\$0.00	\$2.00	\$102.00	\$100.00	\$102.00
2022	5.30%	2.50%	\$5.41	\$2.55	\$109.96	\$105.30	\$104.55
2023	5.30%	2.50%	\$5.83	\$2.75	\$118.53	\$107.93	\$107.16
2024	5.30%	2.50%	\$6.28	\$2.96	\$127.78	\$110.63	\$109.84
2025	4.60%	2.50%	\$5.88	\$3.19	\$136.85	\$113.40	\$112.59

Impact on Council Rate income in million \$ based on 2020 income

2020 \$170	SRV%	IPART%	Compound			SRV only	IPART only
			SRV \$	IPART\$	Total		
2020	0.00%	2.60%	\$0	\$6	\$170	\$0	\$169
2021	0.00%	2.00%	\$0	\$3	\$173	\$0	\$173
2022	5.30%	2.50%	\$9	\$4	\$187	\$183	\$177
2023	5.30%	2.50%	\$10	\$5	\$202	\$192	\$181
2024	5.30%	2.50%	\$11	\$5	\$217	\$202	\$186
2025	4.60%	2.50%	\$10	\$5	\$233	\$212	\$191
Total			\$40	\$23	\$63	\$29	\$18

Note: the quantum if the Rate increase will be larger than a flat 36.85% because a Rate increase from the current minimum Rate to the new minimum rate of \$990 is more than 36.85%.

The relatively low socio-economic status of the Canterbury Bankstown LGA means any increase will have a materially higher impact on Rate Payers than the Sydney LGA averages or the examples provided in Councils on-line fact sheet discussed in the previous section. Additionally. Noting that 24% of Canterbury Bankstown Rate Payers are Pensioners, therefore this SRV will have a significantly higher impact on them than other Rate Payers.

	Canterbury (3)	Bankstown (3)
SEIFA 2018	29/3/23	29/3/23
NSW Rank/Decile/Percentile		
Residential average	\$1,172.73 Value \$650K	\$1,054.93 Value \$500K
Harmonise variation	\$431.52	\$220.89

The 80-year-old Pensioner with a 55-year-old disabled son across the cul-de-sac from me will be required to pay about \$700 more per year = slightly less than a fortnights pension which is not indexed to go up at the same rate. On this LGA any increase from already relatively high rates will drive people deeper into poverty (Valuer General assessment \$1,070,000, - for a 487 Sq metre block). A Council rate charge of \$2,14.78 - \$290.00 will require roughly 10% of her pension to pay her Rates.

SOME RATE PAYERS WILL BE DISPROPORTIONATELY DISADVANTAGED BY THE SRV

(SRV will increase the gap between the minimum rate and land value rates across the LGA – fairness)

The Canterbury Bankstown merger has increased the range of property values across the LGA from Earlwood & Ashbury in the east to Villawood and Milperra in the west. The current SRV proposal will increase the gap between the minimum rate and average residential rates in real \$ values across the LGA. This will result in an increased share of costs being met by those paying more than the minimum rate.

To demonstrate the imbalance, 30 units in 17 Stanley Street Bankstown, Valuer General property valuation of \$3,130,000 / 30 units = \$104,333.33 Property Value per unit. I'm assuming these units would each be paying the Bankstown minimum \$636.80 = \$375,641.00 Valuer General land valuation. There is no difference to the Council services they receive to what I receive, yet I pay more than 3 times what these units pay in Rates based on property value. There are 2 people in my home, now a single income after COVID 19.

To put it another way, currently my land value with 1 dwelling valued at \$1,190,000 will pay \$2,198 for my property and a single unit at 17 Stanley Street Bankstown will pay \$636.80 or 29% of what I pay for the same Council services. The 36.5% SRV will exacerbate this imbalance further noting the minimum rate will be increased by the SRV to \$990. After the rate variation on the same property values my rate will be \$3,000.27 and the unit will be \$990.00. The current difference \$1,561.2 between the rates will increase to a difference of \$2,010.27 after the proposed SRV, a further disparity of \$449.07 for the same Council Services. As property values across the LGA will increase in value, higher gains in the eastern quarter the inequity will continue to grow.

The NSW Government is already cognisant that properties with higher valuations are being used as a 'golden goose' to pay higher rates each year while Council provides the same service to them as to those with significantly lower valuations/Rates. This Rate structure subsidises one area by another regardless of the capacity to pay and lacks fairness.

I note in Councils the Canterbury Bankstown Council [Agenda for the Ordinary Meeting of Council held on 24 November 2020](#) confirms 24% of rate payers are Pensioners entitled to a maximum of a \$290 reduction in Council Rates. This large segment of the Rate Payers will be disproportionately disadvantaged by the proposed SRV. The 80-year-old pensioner that lives across the cul-de-sac from me in is facing an additional ~\$700 year in rates by 2025/26, this is equal to a fortnights pension on the current rate? The Pension discount & Council subsidy will only amount to 10% of Council Rates. This Rate increase will drive Pensioners further into poverty.

IPART has previously noted the fairness of a rating structure should be constructed using two principles:

- that those who receive the benefits of council's services also pay for those services (beneficiary pays principle); and
- the extent to which those who pay for services have the ability to pay (ability to pay principle).

The SRV ignores both of these principals and exacerbates the existing imbalance .

On Page 73 of the Canterbury Bankstown Council [Agenda for the Ordinary Meeting of Council held on 24 November 2020](#) the following paragraph appears:

“As mentioned previously, the sole determining factor in calculating rates for each individual property is based on land values. Put simply, properties with a higher land value will be required to pay a greater portion of rates than those with lower land values. Council has no discretion vary or alter this – it’s a requirement of the Local Government Act.”

I intensely disagree with the statement *“Council has no discretion vary or alter this – it’s a requirement of the Local Government Act”*.

1. Liverpool Council charges a Base Rate + a Land Value component which is different to a Land Value rate with a minimum. Furthermore, the Base Rate can better reflect a user-pays charge and a smaller Land Value charge would allow Council facilitate a more equitable balance between beneficiary and ability to pay.
2. The [NSW Local Government Act](#) explicitly allows this type of Rate structure...

Part 1 An overview of rates and charges,

497 What is the structure of a rate?

A rate, whether an ordinary rate or a special rate, may, at a council’s discretion, consist of—
(a) an ad valorem amount (which may, in accordance with section 548, be subject to a minimum amount of the rate), or

(b) a base amount to which an ad valorem amount is added.

498 The ad valorem amount

(1) The ad valorem amount of a rate is an amount in the dollar determined for a specified year by the council and expressed to apply—

(a) in the case of an ordinary rate—to the land value of all rateable land in the council’s area within the category or sub-category of the ordinary rate, or

(b) in the case of a special rate—to the land value of all rateable land in the council’s area or such of that rateable land as is specified by the council in accordance with section 538.

(2) The ad valorem amount of a rate is to be levied on the land value of rateable land, except as provided by this or any other Act.

(3) An ad valorem amount specified for a parcel of land may not differ from an ad valorem amount specified for any other parcel of land within the same category or subcategory unless—

(a) the land values of the parcels were last determined by reference to different base dates, and
(b) the Minister approves the different ad valorem amounts.

Note—

Land value is defined in the Dictionary for this Act. Generally, it is a value determined specially for rating purposes by the Valuer-General under the Valuation of Land Act 1916.

A value other than land value may be used, for example, under section 127 of the Heritage Act 1977.

499 The base amount

(1) A council may, in a resolution making a rate, specify a base amount of the rate, or a base amount for a category or sub-category of an ordinary rate.

(2) The base amounts so specified may be the same or different amounts.

(3) The appropriate base amount so specified is to form part of the rate levied on each separate parcel of rateable land subject to the rate.

(4) A base amount specified for a parcel of land may not differ from a base amount specified for any other parcel of land within the same category or subcategory unless—

(a) the land values of the parcels were last determined by reference to different base dates, and
(b) the Minister approves the different base amounts.

Additionally, the [NSW DEPARTMENT OF LOCAL GOVERNMENT COUNCIL RATING AND REVENUE RAISING MANUAL](#) details exactly what a Base Rate is to be used for. And as such can be levied on a User Pays basis.

9.1 Base amounts

A base amount, equitably determined, can enable council (should it so desire) to charge all properties subject to the rate (or the category or sub-category of the rate) a sufficient levy to cover the cost of common services, as well as basic general administration costs. **A base amount can be used successfully to "flatten" out the**

incidence of rates across ratepayers where, for example, land values vary greatly within categories of ratepayers or there is disproportionate variations in valuations arising from a new valuation.

Finally, in 2020 very few properties are purchased in the LGA for less than \$500,000 (including Units), but all residential properties have a similar consumption of Council services per resident.

PREFERRED EQUITABLE OPTIONS FOR ALL RATE PAYERS

NO SRV INCREASE

Rate payers are required to live within their means, Council needs to do the same.

Thus, no Special Rate Variation.

24% of Rate payers being pensioners & the SEIFA ranking 29, decile 3, percentile 23 shows this LGA is least able to afford this SRV.

In the 9th September 2017 NSW Local Government Elections no candidate mentioned a SRV as part of their platform, a 36.8% increase over 5 years should be a deliberation in the September 2021 elections.

INTRODUCE A BASE RATE + AD VALOREM

I strongly commend this option if there must be a Rate increase and a move to it even if there is not a SRV as it has both user pays and potential affluence aspects to it.

[Charge a Base Rate plus a Land Value component as done by Liverpool City Council comparable \(2016 SEIFA 41/4/32, population 227K\).](#)

This process is transparent and equitable (user pays) and the Land Value components will generate revenue potentially from Rate Payers who might be able to better afford a slightly higher rate.

Liverpool Council example on a \$500K property

Land Value \$500K * 0.001152	\$576.00 (Currently CID Canterbury 0.00180159/Bankstown 0.00207229, both would be reduced)
Base Amount	\$583.00
Environment Levy \$500K * 0.0000436	\$21.80
Domestic Waste Management Annual Charge	\$486.00
Storm Water Management Annual Charge	\$25.00
Total Rates payable	\$1,673.80

Council should re-visit their SRV Option 2 and tweak to incorporate an appropriate Base Rate. Below are some random examples from across the LGA.

Address	VG \$ Value	Zone	Square Meters	VG \$ per Sqr Mtr	Land Value only CCC 0.001801159 BCC 0.00207299	Base Rate \$300.00 + Land Value 0.001152	Base Rate \$600.00 + Land Value 0.001152	Base Rate \$990.00 + Land Value 0.001152
85 Johnston Rd, Bass Hill NSW 2197	\$523,000	R2	556.4	\$939.97	\$1084.17	\$902.50	\$1,202.50	\$1,592.50
8 Warlencourt Ave, Milperra NSW 2214	\$578,000	R2	562.8	\$929.28	\$1,198.18	\$965.86	\$1,265.86	\$1,655.86
17 Belar Ave, Villawood NSW 2163	\$595,000	R3	803	\$740.97	\$1,233.42	\$985.44	\$1,285.44	\$1,675.44
7 Harcourt Ave, East Hills NSW 2213	\$652,000	R2	581.7	\$1,120.85	\$1,351.59	\$1,051.10	\$1,351.10	\$1,741.10
50 Eynham Rd, Milperra NSW 2214	\$578,000	R2	557.4	\$1,036.95	\$1,198.19	\$965.86	\$1,265.86	\$1,655.86
Unit @ 17 Stanley St, Bankstown NSW 2200	\$104,333 [^]	B4	N/A	N/A	\$215.59 [#]	\$420.19	\$720.19	\$1,110.19
123 Ashby Ave, Yagoona NSW 2199	\$563,000	R2	546.2	\$1,030.77	\$1,167.09	\$948.58	\$1,248.58	\$1,638.58

28 Stephenson St, Birrong NSW 2143	\$528,000	R2	516.5	\$1,022.27	\$1,094.54	\$908.26	\$1,208.26	\$1,598.26
10 Lees Ave, Croydon Park NSW 2133	\$837,000	R2	689.9	\$1,213.21	\$1,507.57	\$1,264.22	\$1,564.22	\$1,954.22
8 Coorilla Ave, Croydon Park NSW 2133	\$1,070,000	R3	486.9	\$2,197.58	\$1,927.24	\$1,532.64	\$1,832.64	\$2,222.64
5 Coorilla Ave, Croydon Park NSW 2133	\$1,190,000	R3	619.7	\$1,920.28	\$2,143.37	\$1,670.88	\$1,970.88	\$2,360.88
51 Wardell Rd, Earlwood NSW 2206	\$1,020,000	R2	657.5	\$1,551.33	\$1,837.18	\$1,475.04	\$1,775.04	\$2,165.04
32 Melville St, Ashbury NSW 2193	\$1,170,000	R2	585.4	\$1,998.63	\$2,107.35	\$1,947.84	\$1,947.84	\$2,247.84

Notes:

- A Coorilla Ave Croydon Park property is owned/occupied by an 80-year-old aged pensioner with a disabled son – ability to pay is missing from all options.
- Addresses in the east of the new Canterbury Bankstown LGA area have been disadvantaged by the land value only Rate calculation, a part user pays calculation moderates the impact.
- ^ Assumed unit property value is VG land value / number of units
- # Minimum Residential Rate would be charged 2020/21 \$636.80

The basis of charging rates solely on land valuations works well when the area being charged is relatively similar and valuations do not vary greatly. The property value per square meter is relatively similar and the varying lot sizes captured in the VG valuation, thus larger properties pay proportionately more which is appropriate. However, when the value per square meter is significantly different the equity of the Land Value only assessment is significantly diminished. The higher value per square meter properties is disadvantaged by the Land Value only assessment. The Rates being charged for higher value properties does not alter the services being received, in this way there is an inequity in the Rates being charged. Noting that the [NSW Local Government Act](#) explicitly allows for a Base Rate + ad valorem type of Rate structure...

FORMER COUNCIL AREAS FUND SEPARATE SRV TO ACHIEVE SUSTAINABILITY

Noting in the Canterbury Council 2014 SRV determination “Historically, the council has had high residential rates...”. If the forced Council amalgamation did not achieve the required turn-around in the Bankstown Council’s finances that former Canterbury Council residents should not be required to make up the shortfall.

Any sustainability shortfall should come from the former Bankstown Council rate payers and the NSW State Government until sustainability is achieved at comparable rates for similar LGAs. Noting that there was an estimated \$17 million annual rate increase identified in the Bankstown Fit for the Future report prior to the forced amalgamation of the two council areas. The assessment noted that the need for this SRV would be “obviated” if Bankstown was to merge with Canterbury Council.

If this is not possible then a de-merger should be considered.

INCREASE MINIMUM RATES TO \$990 IMMEDIATELY

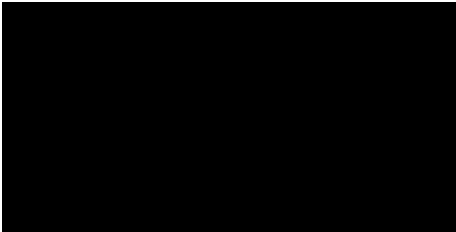
Immediately increase the minimum Rate across both Council areas to \$990 for both Residential & Business properties and adjust the Land Value component to a lower factor, future Rate increases also increase the minimum Rate (beneficiary pays principle).

The rationale for a minimum rate increase is to improve financial sustainability and reduce the gap between rates paid by houses and units/apartments. Then harmonise the Rate to Valuation calculation over the following 4 years.

If this approach is adopted then the quantum of the required SRV increase will need to be revised down.

If anyone would like any clarification on the information in this submission or would like to discuss it, please do not hesitate to contact me.

David Reynolds



LG Submission Form 2021-2022 - notifications

Submission date: **9 February 2021, 8:33AM**
Receipt number: **4106**
Related form version: **3**

IPART Special Variation Submission Form

Industry	Local Government
Review	(LG) Special Variations & Minimum Rates 2021-2022
Document Reference	
Council	Canterbury-Bankstown Council, Application Notification Letter

Please leave your comments in the comment box below.

The attached document is an addendum to my 16th January 2021 submission for the Canterbury Bankstown 2021/22 Special Rate Variation (SRV). This document focus is specifically to address the statements made in the Agenda & attachment B for the Extraordinary Council Meeting 4th February 2021 where Council is being asked to approve the SRV for submission to IPART by 8th February 2021.

If you have attachments you would like to include with your feedback, please attach them below.

[Canterbury Bankstown Council SRV 4th Feb 2021 Council Meeting - David Reynolds IPART submission.pdf](#)

Your Details

Are you an individual or organisation?	Individual
--	------------

If you would like your submission or your name to remain confidential please indicate below.

Publish - my submission and name can be published (not contact details or email address) on the IPART website

First Name

David

Last Name

Reynolds

Organisation Name

Position

Email

[REDACTED]

IPART's Submission Policy

I have read & accept IPART's Submission Policy



A Funded Future



**SPECIAL RATE VARIATION 2021/22
COMMUNITY ENGAGEMENT
4th FEBRUARY 2021 EXTRAORDINARY COUNCIL MEETING**

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This document is an addendum to my 16th January 2021 submission for the Canterbury Bankstown 2021/22 Special Rate Variation (SRV). This document focus is specifically to address the statements made in the Agenda & attachment B for the Extraordinary Council Meeting 4th February 2021 where Council is being asked to approve the SRV for submission to IPART by 8th February 2021.

COUNCIL'S CURRENT FINANCIAL POSITION.

COUNCIL STATEMENTS CONTRADICTED BY CONTEMPORARY DOCUMENTS.

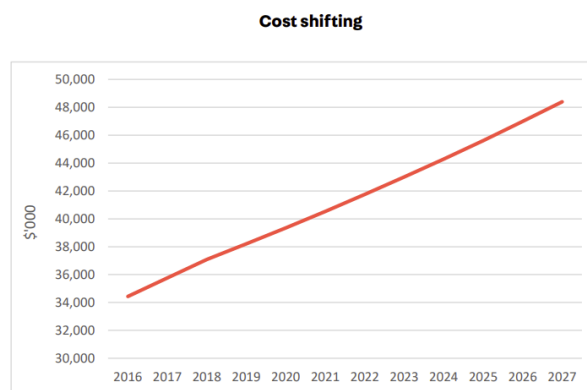
I disagree with the statement in the Agenda for the 4th Feb meeting where it states "Bankstown Council foreshadowed an SRV \$17 million per annum, this was noted that it would be "obviated" if there was a merger with Canterbury Council.

The Canterbury Councils Fit for the Future assessment summary did not mention "significant financial reform was required". The assessment found all 3 Financial criteria of Sustainability, Infrastructure and Service Management & Efficiency as "Satisfies" the criteria. The only criteria Canterbury Council did not satisfy was the Scale and Capacity criteria and the preferred option was to merge with Hurstville, Kogarah and Rockdale Councils.

The Canterbury Council's Fit for the Future assessment summary did not mention "the need to retain their Infrastructure Renewal Levy). Additionally; morphing the end of the 2004/5 11% 15-year Infrastructure Levy into "lost income" is misleading as the Levy was approved for a specific period and purpose. Stating the revenue stream is still required requires a proper explanation if the temporary levy did not achieve the required outcome, or why it is now an ongoing revenue requirement, noting there was a 2014 SRV that permanently increased Canterbury Council Rates by 24% for "a Sound Financial Future". Now a further 39.6% SRV increase for non-minimum Canterbury Council residential Rate payers.

COST SHIFTING

There are various references to cost shifting from State & Federal Government to Council that lack sufficient detail to quantify exactly what is happening other than accepting Council's financial statements. Something I did notice is the 2021 value of cost shifting is equal to the value of the SRV being asked for.



(Source: 2020 Canterbury Bankstown "A Funded Future" publication)

AQUATIC AND LEISURE IMPROVEMENT FUNDING

The SRV includes an ask for \$5 million annual funding increase to service loans for Aquatic and Leisure Improvements, surely this should be for a fixed term to cover the loans and not an ongoing revenue stream. Council Management responded to council in the 4th February Extraordinary Council meeting that this stream of funding will be required for further upgrades yet to be planned. I am still unable to reconcile this logic with the explanation of what this \$5 million SRV funding is being sought.

HOW DID WE GET HERE?

- State Government forced amalgamation of Councils.
- A decision taken that contradicts the Canterbury Council Fit for the Future preferred merger option that reduced the projected cost saving from \$172 million over 20 years to just \$86 million over 20 years.
- State & Federal government cost shifting.
- Financial mis-management by the former Canterbury Council detailed in Council meeting agendas
- Bankstown Council depreciation under valuations called out to me in 12th January meeting with CBCity Council Managers.
- Unfunded changes to the Canterbury Council 2014 SRV strategy by CBCity.

These issues have some impact on the Council Balance sheet; however, it is difficult to reconcile the actual cost of each of them and if the cost is a one off, or an ongoing cost. This is compounded by the disproportionate Rate burden carried by the Canterbury ward of the LGA which will be exacerbated by the SRV is discussed later in this document in the Alternate Rate Structure section.

Rate Payers are effectively the debtor to pay for State & Local Government decisions with no regard for their capacity to pay, or their desire to fund the decisions.

COMMUNITY ENGAGEMENT

LEVEL OF ENGAGEMENT

Council provided many avenues for Rate Payers to engage with them on the Rate Harmonisation & Special Rate Variation. While I applaud the many options to engage, I'm profoundly disappointed in the number of Ratepayers that engaged with Council.

Reviewing the response rate to 114,500 letters to Rate payers & 7,884 letters to Businesses, Newspaper/Print, Digital/Online of only 147 submissions indicate one of, or a combination of the following

- I. Rate Payers understand and agree the Rate Harmonisation & SRV is good value and are providing passive agreement to proceed (unlikely).
- II. Residents of Units most with the highest percentage increase are accepting the increase without comment (unlikely).
- III. Rate Payers only understood the Rate harmonisation and did not grasp the quantum of the SRV (possible).
- IV. Rate Payers were not effectively engaged by Council's communications efforts (possible).
- V. Rate Payers at best skimmed Council's communications material and missed the 2nd last bullet point of the IMPORTANT NOTE clarifying the values given excluded the domestic waste charge and other levies which misinformed them to believe the values in the table were the total Rate bill, not just a component. Thus, incorrectly assuming the difference to what Rate Payers are paying now is not much (probable).
- VI. A very low percentage of people took the time to delve into SRV content and challenge it (demonstrated).

Council advised that approximately 650 Rate Payers had direct communication with Council which is about 0.5% of Households & Business or 0.0017% of the LGA population. This converted to 147 submissions to Council about the Rate Harmonisation and SRV. Numbers this low cannot be used to support an argument of effective Community Engagement.

Again, I note other aspects of the communication consultation strategy that are areas that could be improved.

- Letter box drops to residents omitted details about December Community Consultation dates/locations.
- Digital/Online content was 5 pages inside the CBCity website = not obvious/easily accessible.
- A consultation period over the Christmas /New Year period reduced community awareness.

EFFECTIVENESS OF THE COMMUNICATION

The "One Rate System because we are one city" letterbox drop to highlight the two components of the Rate change – that is

1. Rate Harmonisation across the LGA and
2. Special Rate Variation increase in Rates.

When consulting my neighbours, a common theme was the embedding of the SRV within the "One Rate System because we are one city" message led Rate payers not to comprehend the SRV was something separate to the Rate Harmonisation.

My neighbours skimmed the pamphlet for their current property value and went across to the 25/26 column to see what the increase will be, knowing what they are currently paying. Without exception the tables were consistently misunderstood. All of my neighbours assumed 25/26 final rate included the Waste Service Levy and Storm Water Levy. Light skimming meant people did not read the last 2nd last bullet point of the IMPORTANT NOTES: under the "What this means for you" tables.

A table included in the 4th Feb Council Agenda would have better called Rate Payers attention to the quantum of the SRV Rate increase per rateable property, copied below.

Cumulative increase 2021/22 to 2025/26	Former Bankstown				Former Canterbury			
	Residential min.	Residential non-min.	Business min.	Business non-min.	Residential min.	Residential non-min.	Business min.	Business non-min.
Rate peg	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%
Harmonisation	12.35%	-6.97%	0.00%	-5.66%	0.00%	6.91%	9.26%	12.19%
Special Rate Variation	30.19%	15.89%	19.11%	26.89%	30.19%	16.85%	19.11%	30.19%
Total cumulative 5yr change	63.34%	22.08%	33.58%	34.52%	45.69%	39.60%	45.70%	62.19%

I note the Agenda for this meeting included a Survey of 895 people prior to the One Rate System community engagement commenced. It is difficult to assess the value of this survey as the respondents had no information about the quantum of the Rate Harmonisation or SRV being sought. I note that this number is not included in the “One Rate System” consultation totals.

CBCITY 2028 STRATEGY

I am advised by Council the CBCity 2028 strategy was created from community input. I have not been able to establish there has been Community Engagement for the strategy that included financial information. That is, has the Community approved the Rate increases required to fund the strategy? I am not aware of a CBCity Community Consultation nor am I able to locate any reference to it on Council’s web site.

I fear Council consulted many Community Groups for what they wanted without circling back with the Community to confirm the cost is acceptable. All parents know you do not ask your children “What do you want for Christmas” without putting limits on it.

If the CBCity 2028 Strategy has been developed based on minimum standards required by State Government, that is one thing. Funding Community aspirations without explicit, financially informed Community consent is another.

With regard to intergenerational equity for the current Rate payers of the LGA. I am keen to understand how much the current generation is being burdened “... *to ensure generations to come are well placed to both benefit and enjoy living in Canterbury Bankstown*”.

ACCESS TO SOURCE DOCUMENTS

When I tried to find out more about CBCity 2028 via Councils web site, specifically the link to reports on the Strategic Plan – CBCity 2028 <https://www.cbcity.nsw.gov.au/council/policies-plans/measuring-performance>, I get the an error message “[Sorry, this item hasn't been shared with you](#)”. Additionally, I was unable to access the Attachments referenced in the 4th Feb Agenda

- Attachment B – One Rate Submission Table.
- Attachment C – Community Engagement Portfolio.

COMMUNITY IMPACT

There are a number of assumptions made in the Community Impact section of the Feb 4th Agenda document that need to be challenged...

Extraordinary Meeting of Council held on 4 February 2021

Page 14

This included an understanding of the SEIFA Index of Disadvantage, Household Income and housing tenure across Canterbury Bankstown. While SEIFA and Household Income are an important measure it is recognised that many on the lower household incomes are either in government assisted housing or renting or other tenure and are not direct owners of properties who pay rates. Council has around 4,000 rateable properties with Housing NSW and other PBI's reflecting around 20,000 of our most vulnerable community members that will not be impacted by any changes made.

The assumption that many of the lower household incomes are either in government assisted housing or renting or other tenure and are not direct owners of properties who pay rates is simply breathtaking in its scope and minimisation of impact.

- There is no direct correlation between Government assisted housing and current income.
- Renters (Business & Residential) have leases that Landlords will pass on Rate increases in full to tenants. They will be able to incorporate these increases well in advance because of the forward notice Council is required to give of Rate increases. It is most unlikely NCAT as the umpire for excessive Rent increases will decide against any Landlord when IPART have already approved a Rate increase to a Council.
- Similarly, Boarding house tenants will have increased Council Rates added to their regular boarding house charge.
- As of Dec 2020, 24,892 people in the LGA are on the 'JobSeeker' payment and therefore most likely in a Rent or Boarding hose arrangement and least able to afford a Rate increase.
- In the Nov 24 Council Agenda 24% of the LGA are pensioners and likely on fixed incomes.

Of the 57% of Home owners, almost half are paying off a mortgage (28.7% fully owned, 28.2% paying off) and will be most impacted by the Rate increase, particularly if household income has been impacted by COVID-19.

Similarly, the statement “...this indicates that Council’s average rates are comparably lower to similar councils “is misleading.



At current levels they do, they will not after the SRV is applied.

- Average Rates are similar in Bayside, Georges River, Inner West & Liverpool Council areas.
- Rate payers pay less in Strathfield, Cumberland & Fairfield Council areas
- Only Burwood & Sutherland currently have higher average rates.

A comparison to other LGAs in the Sydney metropolitan area (3) needs to be with similar SEIFA rated LGAs. This would-be Cumberland & Fairfield LGAs as the closest SEIFA ratings. The Residential Cumberland & Fairfield Council Average rates (\$961.68 & \$788.17 respectively) are materially less than Canterbury Bankstown Council average rates of \$1,101.44 (2018/19 comparison figures), adding 39.6% to this average = \$ 1,537.61. This will put the Canterbury Bankstown LGA into the same band of Rates as Hunters Hill Council, an LGA that is ranked as one of the top 98 percentile and Canterbury Bankstown in the bottom 24 percentile of social economic advantage across Australia. The Canterbury Bankstown area’s capacity to pay is significantly less than residents in the Hunters Hill LGA.

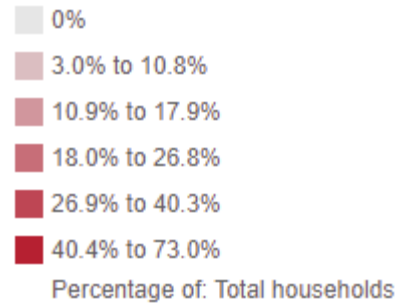
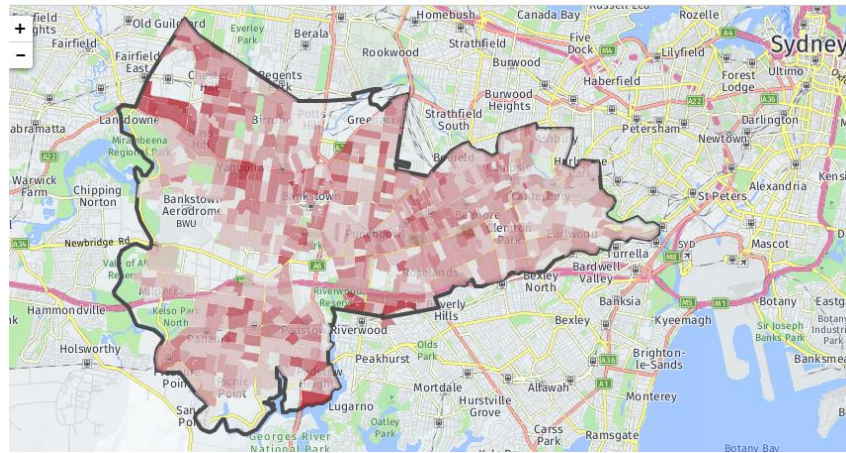
Quite simply, the statement “Rates compare well to surrounding Council Areas” is misleading.

IMPACT ON PENSIONERS AND HOUSEHOLDS IN FINANCIAL STRESS

I note Council has taken on Community feedback regarding the impact of the SRV and will review Council’s hardship provisions. I also note the observation that the subsidy has not been indexed since it was introduced and request the NSW Govt to review this. However, there is no evidence to suggest the State Government will increase the subsidy.

Use of the hardship policy only defers the day Rates need to be paid and will have incurred interest charges on the deferred Rates. Noting that only 328 Pensioners have taken up the option to defer Rates (less than 1% of Pensioners). I believe the view my 80-year-old neighbour is not uncommon, that is, it would reduce what she can leave her 4 children (one who is 55 years old, disabled, still at home). It is better for her to go without than leave her children what amounts to a Death Tax to pay. Her opinion appears to be common for her generation. However, if all eligible Pensioners took advantage of deferring Rates, Council will fall of a fiscal cliff very quickly.

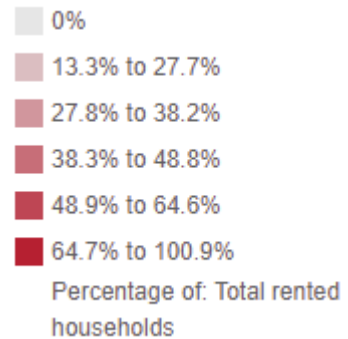
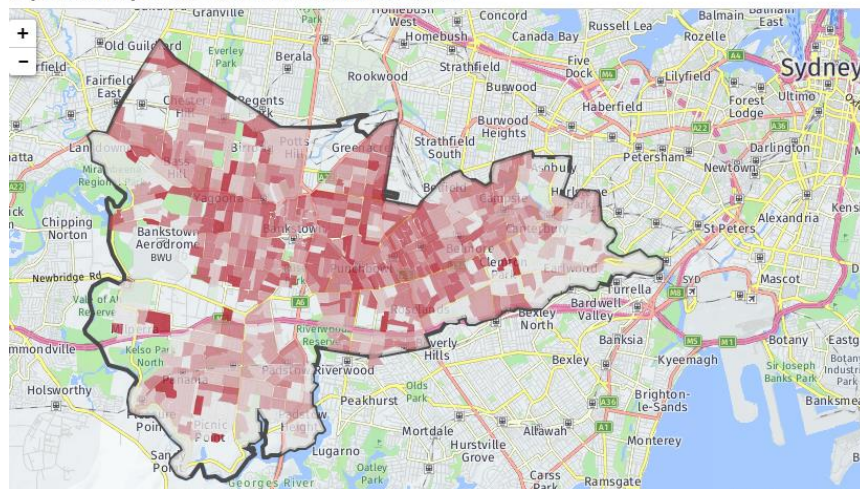
City of Canterbury Bankstown, Low income households (less than 650 per week), 2016, Enumerated



not change the impact on “Low-income households” with less than \$600 per week income.

Council’s response to queries about “Capacity to pay” is a deflection, introducing increases over 5 years does

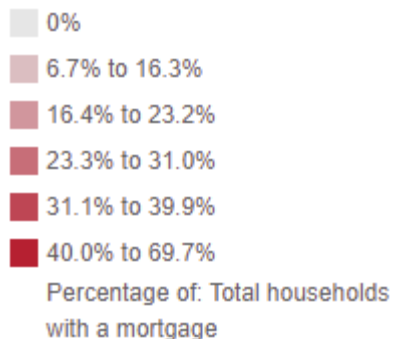
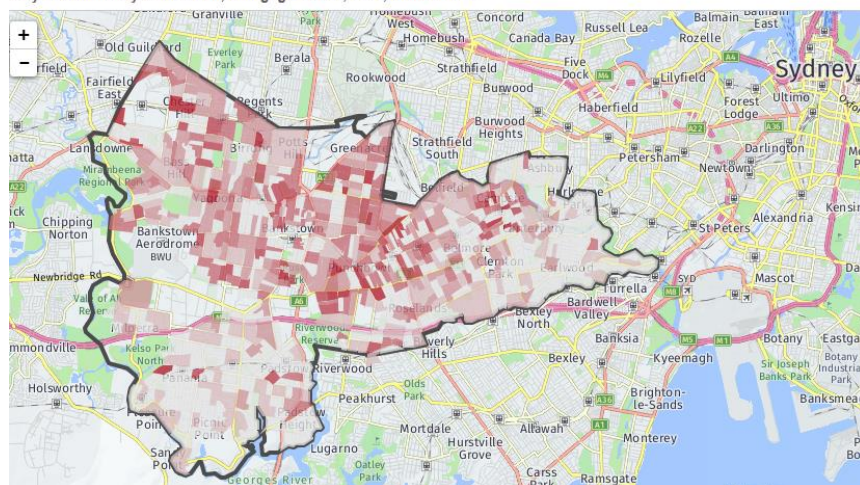
City of Canterbury Bankstown, Rental stress, 2016, Enumerated



does not change the impact on Rental households already experiencing Rental stress.

Council’s response to queries about “Capacity to pay” is a deflection, introducing increases over 5 years

City of Canterbury Bankstown, Mortgage Stress, 2016, Enumerated



does not change the impact on Rental households already experiencing Mortgage stress.

Council’s response to queries about “Capacity to pay” is a deflection, introducing increases over 5 years

(Source: Australian Bureau of Statistics, Census of Population and Housing, 2016).

ALTERNATE RATING STRUCTURE

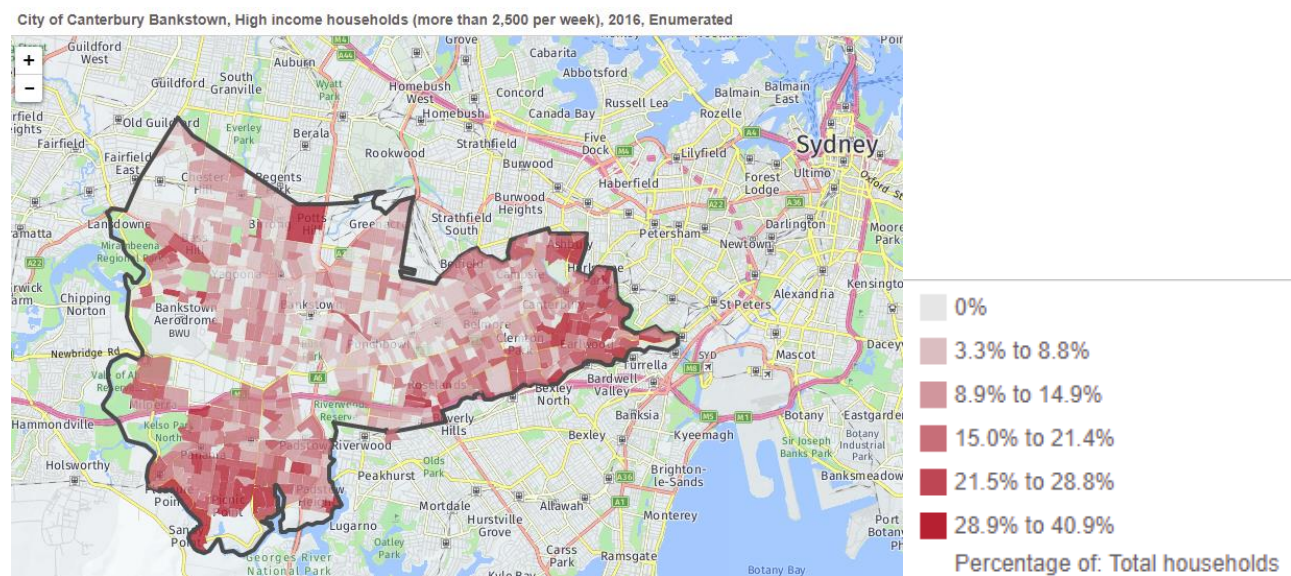
Properties in the Canterbury Ward of the LGA are paying almost THREE times the Rates for similar properties in the rest of the LGA for the same Council services. The amalgamation of the two Council areas with a East/ West orientation has created a LGA that has a lopsided property valuation profile. Properties closer to the Sydney CBD have materially higher property values but consume the same Council services as those in the rest of the LGA. Other areas of the LGA have similar capacity to pay.

The One rate system does not bring about fairness for all ratepayers as claimed in Council's publicity. The SRV will exacerbate the current imbalance in contributions between the Canterbury Ward and other Wards of the LGA while not producing a commensurate benefit to the Canterbury Ward.

I have noted the response to the proposal of an alternate Rate structure and still maintain *"the Base Rate + ad valorem is still the most equitable way of flattening the Rate across the LGA where the property values vary greatly"* A Rate system that is an equitable balance between two principals:

- that those who receive the benefits of Council's services also pay for those services (beneficiary pays principle); and
- the extent to which those who pay for services have the ability to pay (ability to pay principle).

I'm fairly confident in my assumption that when the Valuer General property Value ad valorem Rate structure was developed it was intended to apply to properties of a similar value per square meter, I.E., larger properties would pay more. The amalgamation of the two Council areas has voided this basic concept of the Rating structure.



The distribution of households earning more than \$2,500.00 a week is distributed across the LGA.

The table on the next page shows the differences between properties in the West, South & East of the LGA. The table also calculates what specific property Rates could be in 2025/26 assuming the SRV is approved using current property values, percentage & dollar changes are included.

The last 3 columns calculate rates using the Base Rate + ad valorem factor of 0.0013116.

This shows that the East's disproportionate Rate charges can be reduced from a factor of THREE times the Rates in the rest of the LGA to merely TWICE what properties elsewhere in the LGA pay for similar sized property.

Address	Valuer General Property Value	2020/21	2025/26	Increase in \$	% increase	Base Rate + ad valorem	Increase in \$	Base Rate + ad valorem
		CCC 0.001801159 BCC 0.00207299	Min Rate \$990.00 Land Value			\$990.00	0.0013116	% increase
85 Johnston Rd, Bass Hill NSW 2197	\$523,000	\$1,084.17	\$1,315.24	\$231.07	21.31%	\$1,675.96	\$591.79	54.58%
8 Warlencourt Ave, Milperra NSW 2214	\$578,000	\$1,198.18	\$1,453.55	\$255.37	21.31%	\$1,748.10	\$549.92	45.90%
17 Belar Ave, Villawood NSW 2163	\$595,000	\$1,233.42	\$1,496.31	\$262.89	21.31%	\$1,770.40	\$536.98	43.54%
7 Harcourt Ave, East Hills NSW 2213	\$652,000	\$1,351.59	\$1,639.65	\$288.06	21.31%	\$1,845.16	\$493.57	36.52%
50 Eynham Rd, Milperra NSW 2214	\$578,000	\$1,198.19	\$1,453.55	\$255.36	21.31%	\$1,748.10	\$549.91	45.89%
123 Ashby Ave, Yagoona NSW 2199	\$563,000	\$1,167.09	\$1,415.83	\$248.74	21.31%	\$1,728.43	\$561.34	48.10%
28 Stephenson St, Birrong NSW 2143	\$528,000	\$1,094.54	\$1,327.81	\$233.27	21.31%	\$1,682.52	\$587.98	53.72%
801 Henry Lawson Dr, Picnic Point NSW 2213	\$752,000	\$1,558.89	\$1,891.13	\$332.24	21.31%	\$1,976.32	\$417.43	26.78%
35 Burns Rd, Picnic Point NSW 2213	\$708,000	\$1,467.68	\$1,780.48	\$312.80	21.31%	\$1,918.61	\$450.93	30.72%
Unit @ 17 Stanley St, Bankstown NSW 2200	\$104,333	\$636.80	\$990.00	\$353.20	55.46%	\$1,126.84	\$490.04	76.95%
Unit @ 68 Ninth Ave, Campsie NSW 2194	\$275,000	\$713.90	\$990.00	\$276.10	38.67%	\$1,350.69	\$636.79	89.20%
10 Lees Ave, Croydon Park NSW 2133	\$837,000	\$1,507.57	\$2,104.89	\$597.32	39.62%	\$2,087.80	\$580.23	38.49%
8 Coorilla Ave, Croydon Park NSW 2133	\$1,070,000	\$1,927.24	\$2,690.84	\$763.60	39.62%	\$2,393.40	\$466.16	24.19%
5 Coorilla Ave, Croydon Park NSW 2133	\$1,190,000	\$2,143.37	\$2,992.61	\$849.24	39.62%	\$2,550.79	\$407.42	19.01%
51 Wardell Rd, Earlwood NSW 2206	\$1,020,000	\$1,837.18	\$2,565.10	\$727.92	39.62%	\$2,327.82	\$490.64	26.71%
32 Melville St, Ashbury NSW 2193	\$1,170,000	\$2,107.35	\$2,942.32	\$834.97	39.62%	\$2,524.56	\$417.21	19.80%
102 Crinan St, Hurlstone Park NSW 2193	\$1,380,000	\$2,485.60	\$3,470.42	\$984.82	39.62%	\$2,799.99	\$314.39	12.65%

The determination of a suitable Base Rate should be sufficient to cover the cost of common services, as well as basic general administration costs, to which an ad valorem amount can be added to cover above core Council activities.

I ask IPART to consider requiring Council to consider this Rate structure to lessen the significant distortion of the Rating system that imposes a disproportionate financial burden on the Canterbury ward of the LGA.

FUTURE ANNUAL REPORTING REQUIREMENTS

I was glad to see Council will include in its IPART submission annual reporting requirements to transparently report the use of funds and outcomes of expenditure to the community. In addition to the measures listed in the Agenda for the 4th Feb meeting I'd like to see ongoing year on year performance details on the reduction of the Infrastructure back log. An example of the requirement is detail is below.

Item	Infrastructure Backlog			
	Current value	% change on previous year	Value change on previous year	
			\$ New/added	\$ Removed
Roads				
Road pavement				
Footpaths				
Bridges				
Kerb and gutter				
Street furniture				
Traffic management devices				
Ground level car parks				
BUILDING AND OTHER STRUCTURES				
Sporting fields and irrigation				
Lighting				
Park furniture				
Playgrounds				
STORMWATER				
Drainage conduits				
Drainage structures				
Water quality devices				

This would also require explanatory notes for unforeseen increases and variations from expected movements. This would also require a statement of what is an acceptable value/duration of the backlog.

FOOTNOTE

Professor Graham Sansom, who led the Independent Local Government Review Panel's (ILGRP) inquiry into NSW local government reform in 2013, is quoted in a 20th July 2016 article ["the merger process was "seriously flawed" and "I'm sure people will look back on this as a very sad and damaging episode in the history of NSW local government,"](#)

This is followed up by a 16th February 2017 article ["It's a well-earned epithet in this case, I think you can say with some fairness that pretty much everything they could get wrong they did get wrong,"](#) and goes on to say ["The merger process has unquestionably been a disaster."](#)