



MINIMUM RATE INCREASE APPLICATION FORM PART B FOR 2021-22

BAYSIDE COUNCIL



Application Form
Local Government

December 2020

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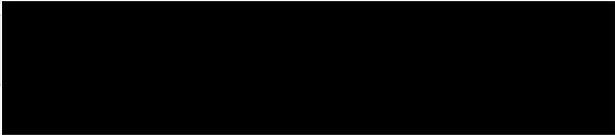
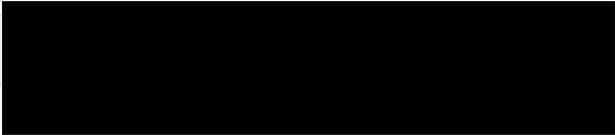
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Council information

Council name	Bayside Council
Date submitted to IPART	1 March 2021
Primary Council contact person	Michael Mamo
Primary Council contact phone	
Primary Council contact email	

About this application form

IPART has revised the Application Form to be completed by councils applying to IPART for an increase to a minimum rate (MR) under s 548(3) of the *Local Government Act 1993*, above the statutory limit for 2021-22. The application form is in two parts:

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

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

Councils can apply for a minimum rate increase (MR increase) either in conjunction with a special variation (SV) under s 508(2) or s 508A of the *Local Government Act 1993*, or as a stand-alone adjustment (i.e. without also seeking an increase to general income above the rate peg).

Councils applying for an MR increase in conjunction with an SV should complete the MR Increase Application Form Part B *as well as* completing the SV Application Form Part A and SV Application Form Part B. These councils are **not** required to complete the MR Increase Application Form Part A as all the details about the MR increase required by IPART in order to assess the application will be contained in the SV Application Form Part A spreadsheet.

Note there is a different version of the MR Increase Application Form Part A for use by newly merged councils only.

The MR Increase Application Form Part B consists of:

- ▼ Description and Context Questions
- ▼ Criterion 1: Rationale for increasing minimum rates above the statutory limit
- ▼ Criterion 2: Impact on ratepayers
- ▼ Criterion 3: Consultation on the proposal
- ▼ Criterion 4: Other relevant matters
- ▼ Council certification and contact information
- ▼ List of attachments

When completing this Application Form, councils should refer to the following:

- ▼ [IPART's Application Guide for MR Increase Application Form Part B](#).
- ▼ [OLG's MR Guidelines issued in November 2020](#).

Description and Context

To complete these questions, refer to the discussion in IPART's Application Guide for MR Increase Application Form Part B, Description and Context.

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

If the increase applies to an ordinary rate, complete this section

Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time? Yes No

Which rates will the increases apply to? Residential Business Farmland Mining

If the increase will apply to only some subcategories, specify which:

Not applicable - the increase in minimum rates applies to all of the categories selected above, namely residential, business and farmland. Bayside Council does not have any assessments that fall within the mining rating category.

Through this application, Council will not be increasing its overall rate yield, but rather redistributing the way it's collected across various rating categories and sub-categories.

Does the council propose to increase the minimum amount of its ordinary rate(s) by:

The rate peg percentage

The special variation percentage

A different percentage

Multi-year increase (each year with percentage increase e.g. 2021-22 - 10.3)

Refer table 1 below that shows the proposed 4-year harmonisation path for the minimum ordinary rates of the 2 former councils (Rockdale City Council and City of Botany Bay).

Over the 4-year harmonisation period, the year on year minimum ordinary rate for ratepayers from the former Rockdale City Council will only increase by the annual IPART rate peg whereas the minimum ordinary rate for the ratepayers of the former City of Botany Bay Council will increase (year on year) at a higher rate over and above the rate peg (as show in the table below) such that in the 2024/25 financial year, the minimum rates for both former councils will be the same (harmonised) single minimum rate.

Table 1 | Proposed multi-year harmonisation path for minimum ordinary rates

NB: The ordinary minimum rates noted in this table will apply to all rating categories.

Rating Year (Starting 1 July)	Annual Rate Peg Limit*	Minimum	\$ Increase	% Increase	Minimum	\$ Increase	% Increase
		Rate - Former Botany Bay	to Minimum Rates - Former Botany Bay	to Minimum Rates - Former Botany Bay	Rate - Former Rockdale	to Minimum Rates - Former Rockdale	to Minimum Rates - Former Rockdale
2020/21	2.0%	\$ 553.62	N/A	N/A	\$ 768.52	N/A	N/A
2021/22	2.0%	\$ 626.26	\$ 72.64	13.1%	\$ 783.89	\$ 15.37	2.0%
2022/23	2.5%	\$ 698.89	\$ 72.64	11.6%	\$ 803.49	\$ 19.60	2.5%
2023/24	2.5%	\$ 771.53	\$ 72.64	10.4%	\$ 823.57	\$ 20.09	2.5%
2024/25	2.5%	\$ 844.16	\$ 72.64	9.4%	\$ 844.16	\$ 20.59	2.5%

* For the purposes of this application, the transitional path to harmonise the minimum ordinary rates of the former Councils has assumed a rate peg of 2.5% for financial years 2022/23 onwards, based on a clarification received from IPART subsequent to the Bayside Council meeting on 10 February 2021. For this reason, the transition path per this application differs slightly from the transition path that was referenced in the report Council resolved on at its 10 February 2021 ordinary meeting where an assumed rate peg of 2% was applied to the calculations. It is important to note that the principle of a "straight-lined transition" resolved by Council still forms the basis for this application. Additionally, for consistency, the same rate peg limits per Table 1 above have been applied to Councils Long Term Financial Plan (LTFP) from financial years 2022/23 and onwards.

What will the minimum amount of the ordinary rate(s) be after the proposed increase?

For multi-year increases, please specify the proposed minimum rate for each year.

The table below shows the proposed 4-year harmonisation path for the minimum ordinary rates of the 2 former councils (Rockdale City Council and City of Botany Bay Council).

Rating Year (Starting 1 July)	Minimum Rate - Former Botany Bay	Minimum Rate - Former Rockdale
2020/21	\$ 553.62	\$ 768.52
2021/22	\$ 626.26	\$ 783.89
2022/23	\$ 698.89	\$ 803.49
2023/24	\$ 771.53	\$ 823.57
2024/25	\$ 844.16	\$ 844.16

The transitional path set out in the table above is based on an assumed rate peg of 2.5% for financial years 2022/23 onwards. The actual transition path may vary based on the actual rate peg for the respective financial periods (2022/23 - 2024/25).

For further details, refer to table 1 in the response to the previous question.

If the increase applies to a special rate, complete this section

Does the council propose to increase the minimum amount of a special rate above the statutory limit? Yes No

~~Does the council propose to increase the minimum amount of its ordinary rate(s) by:~~

~~The rate peg percentage~~

~~The special variation percentage~~

~~A different percentage _____ (%)~~

~~Multi-year increase (each year with percentage increase e.g. 2021-22 – 10.3%, 2022-23 – 5.8%) _____w~~

What will the minimum amount of the special rate be after the proposed increase? \$ _____

For multi-year increases, please specify the proposed minimum rate for each year.

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

In the text box summarise at the highest level the council’s key purpose(s) for requesting an increase in minimum rates above the statutory limit.

Application Objective

It should be noted that this application is necessary as part of the legislative requirement for councils established in 2016 to harmonise its rating structures. The purpose of this application is to set a single minimum ordinary rate across all rating categories applicable to the Bayside Council LGA. Through this application, Council will not increase its overall rate yield, but is rather seeking to establish a rating structure where the distribution of the rates burden is fair and equitable across the whole Bayside LGA.

Background

Bayside Council was proclaimed by amalgamation on 9 September 2016. This was 4 months after the NSW Government had previously amalgamated a number of other Councils. Bayside Council was formed via the amalgamation of former City of Botany Bay Council and former Rockdale City Council.

At the time of the amalgamation, the legislation was amended requiring all amalgamated Councils to maintain the rate path for the former Councils for a period of 4 years. This was termed as the “Rate Freeze”.

The “Rate Freeze” meant that the rating structures for former City of Botany Bay Council and the former Rockdale City Council were to stay in place during the 4-year period, with rates to only increase by the approved IPART rate pegging limit each year.

The amalgamation brought its own unique challenges for the newly formed Bayside Council together with the constraints around the rates legislation. The newly formed Council needed to standardise service delivery across the amalgamated Local Government Area (LGA) while still maintaining the different rate structures of the former Councils.

Since amalgamation, Bayside has had to overcome a number of challenges, which include:

- Rebranding the organisation.

- Merging and restructuring its operations while guaranteeing the ongoing employment for all the employees of the former councils.
- Aligning the delivery of services across 2 former LGAs so that the same level of service is delivered across the combined LGA.
- Consolidating its financial records and re-strategising long-term fiscal management.
- Rectifying and correcting the impact of fraud and mismanagement of the former City of Botany Bay Council.

The abovementioned challenges and legal constraints meant that most potential synergies and cost savings that would normally be expected out of mergers were rendered non-existent.

“Rate Freeze” Expiration

At the expiry of the ‘rates freeze period’ (30 June 2021 - *as amended*) all newly amalgamated councils are required to have a rates and revenue policy that complies with the Local Government Act.

As Council approaches the end of the “rate freeze” period, it is required (under current legislation) that the first elected Council undertake a review of its current rating structure with the objective of establishing one rating structure to be implemented across the Bayside LGA by 1 July 2021.

Bayside Council is now seeking to harmonise its rating structure across the entire LGA with the objectives of:

- Complying with relevant legislation;
- Ensuring that the rate burden is being distributed in a fair and equitable way across the entire LGA;
- Minimising the number of years over which certain ratepayers subsidise others due to the inconsistent rating structure of the former councils;
- Maintaining the same level of rates revenue, while balancing the impact for the majority of ratepayers; and
- Ensuring Bayside Councils on-going long term financial sustainability.

The current legislation as prescribed under the Local Government Act 1993 (the Act) requires all amalgamated councils to harmonise their rating structures by 1 July 2021 and does not allow amalgamated councils to progressively harmonise their rates over multiple years.

There is however an Exposure Draft of the Local Government Amendment (Rating) Bill 2020 (the Draft Bill), which has been prepared by the Office of Local Government (OLG) which is to be presented in parliament in April 2021. The Draft Bill allows for gradual harmonisation of rates over a 4-year period.

While the proposed Draft Bill does provide relief to amalgamated councils by allowing rate harmonisation to occur over a number of years, it still needs to be approved in parliament for the legislation to take effect before the provisions can be utilised by amalgamated councils.

Therefore, the IPART minimum application method is considered the preferred approach for Council, as, if approved by IPART, Council’s ability to transition the minimum rate over a number of years is not reliant on the Draft Bill being passed by the NSW Parliament. It is noted though, that Council will only be able to gradually harmonise the ad-valorem rates (i.e. those not paying the minimum rate) over multiple years if the Draft Bill is legislated by the NSW parliament.

Key Assumptions:

For the purpose of this application, the financial modelling prepared in Part A of this application and referenced throughout Part B, assumes the Draft Bill will be legislated, more specifically to allow for

the clauses relating to the gradual harmonisation of rates over multiple years up to a maximum of 4 years.

Additionally, this application also assumes that should this application to IPART be unsuccessful, the alternate minimum rate from 1 July 2021 for Bayside Council will be equivalent to the current minimum rate paid by ratepayers from the former Rockdale City Council indexed by the annual rate peg limit. This is on the basis that Council is concurrently applying to the Minister of Local Government using the special guidelines for new councils applying to harmonise the minimum rates on 1 July 2021 to be equivalent to the current minimum rate paid by ratepayers from the former Rockdale City Council indexed by the annual rate peg limit. The key assumption being that the application to the Minister of Local Government will be approved only if Council's IPART application is unsuccessful.

To reiterate, this application is to only harmonise the minimum ordinary rate across the Bayside LGA and is not intended to increase the overall rate yield of Council.

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

Refer also to OLG's SV Guidelines Section 4.

Is the council a new council created by merger in 2016?

Yes

No



Criterion 1

Rationale for increasing minimum rates above the statutory limit

Criterion 1 in the MR Increase Guidelines is:

The rationale for increasing minimum rates above the statutory amount.

To complete the question for Criterion 1: Rationale for increasing minimum rates above the statutory limit, refer to IPART's Application Guide for MR Increase Application Form Part B, Criterion 1.

Refer also to the IPART publications:

- ▼ *The Year Ahead - Minimum Rates in 2021-22* - Fact sheet
- ▼ *Minimum Rates in 2021-22* - Information Paper
- ▼ *Community awareness and engagement for special variations* - Information Paper

If the increase to minimum rates is **in conjunction with a proposed SV**, the response for Criterion 1 should focus on the aspects directly relevant to the proposed MR increase.

1. What is the council's rationale for increasing minimum rates above the statutory limit?

a) Why the council is seeking to introduce or increase minimum rates above the statutory limit.

Background - Why now?

At the expiry of the "rates freeze period" (30 June 2021), all amalgamated councils are required to have rates and revenue policies that comply with the Local Government Act.

As Council approaches the end of the "rate freeze" period, it is required (under current legislation) that the first elected Council undertake a review of its rating structure with the objective of establishing one rating structure to be implemented across the Bayside LGA by 1 July 2021.

Council is therefore seeking to harmonise its rating structure across the entire LGA with the primary objective of complying with legislation.

Rating structures of former councils

At the time of amalgamation, the Former City of Botany Bay Council maintained an ordinary rate structure, whereas the former Rockdale City Council maintained an ordinary and special rate structure (infrastructure levy & community safety levy).

The current ordinary rating structure of the 2 former Council areas for the 2020/21 financial year are as follows:

Rating Category (s514-518)	Name of sub-category	Number of Assessments	Ad Valorem Rate (cents)	Minimum Amount	Number on Minimum	Land Value	Land Value of Land on Minimum	Notional General Income	
Botany Bay									
Residential		21,893	0.0914	553.62	14,731	10,749,526,789	2,786,845,390	15,436,662	
Business	Business A	2,191	0.2630	553.62	988	2,013,626,258	45,142,618	5,724,260	
Business	Business B	70	0.2780	553.62	6	1,348,823,232	736,232	3,751,610	
Business	Business C	1	0.1041	553.62	0	6,000,000	0	6,243	
Business	Business A Mascot	94	0.1281	553.62	65	213,608,397	13,661,978	292,213	
Business	Business B Mascot	34	0.1288	553.62	30	83,495,194	4,575,194	118,236	
Business	Port Botany	16	0.8130	553.62	1	354,382,500	20,500	2,881,517	
Business	Industrial A	128	0.3580	553.62	2	237,635,980	148,980	851,311	
Business	Industrial B	16	0.3601	553.62	0	456,950,000	0	1,645,468	
Business	Industrial A North	3	0.1152	553.62	0	32,840,000	0	37,820	
Business	Industrial B North	134	0.4419	553.62	12	252,808,600	870,800	1,120,040	
Rockdale									
Residential		44,901	0.1498	768.52	24,177	22,508,671,894	5,125,622,174	44,615,253	
Business		1,911	0.2480	768.52	673	1,927,842,015	101,522,896	5,046,178	
Farmland		5	0.1498	768.52	0	4,936,000	0	7,393	
					Total				
					Rateable				
Total Assessments:		71,397			Land Value:	40,191,146,859	Sub-Total:	81,534,203	

NB: The table above does not include any special rates or annual charges.

Proposed Changes

As part of the rate harmonisation process, Council is seeking to implement a single rating structure across the whole LGA of Bayside Council with consistent rating categories and through this application, establish a harmonised minimum ordinary rate across all rating categories and subcategories.

A. Establishment of harmonised rating categories and sub-categories:

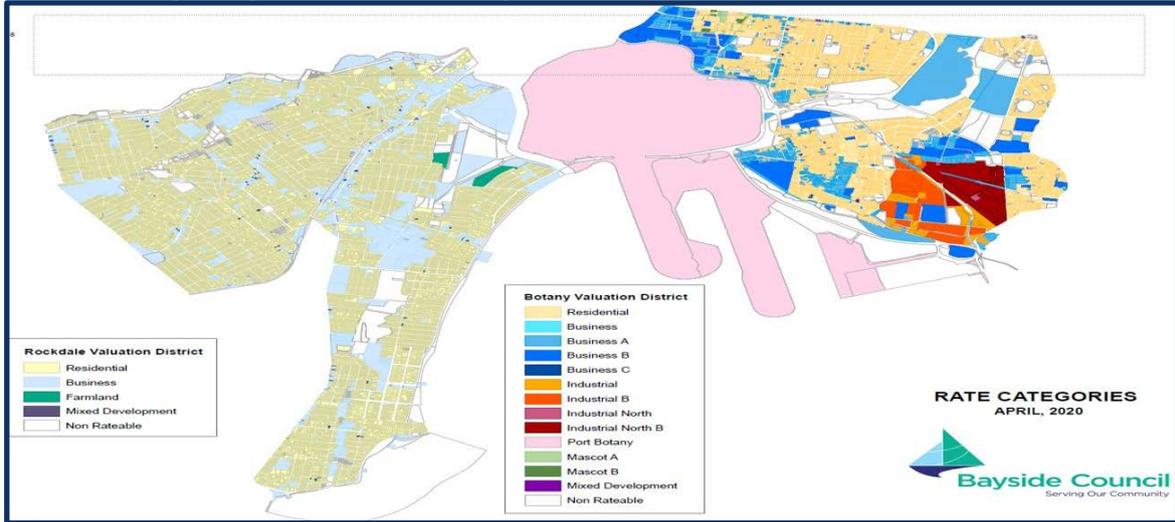
The current business and residential rating structures of the former Councils are different. While both former Councils have a single residential rating category, the former City of Botany Bay Council has multiple business subcategories compared to former Rockdale City Council which has a single ordinary business rating category.

In order to simplify and streamline the rating categories, the following new rating categories and sub-categories are to be established as part of the rates harmonisation process:

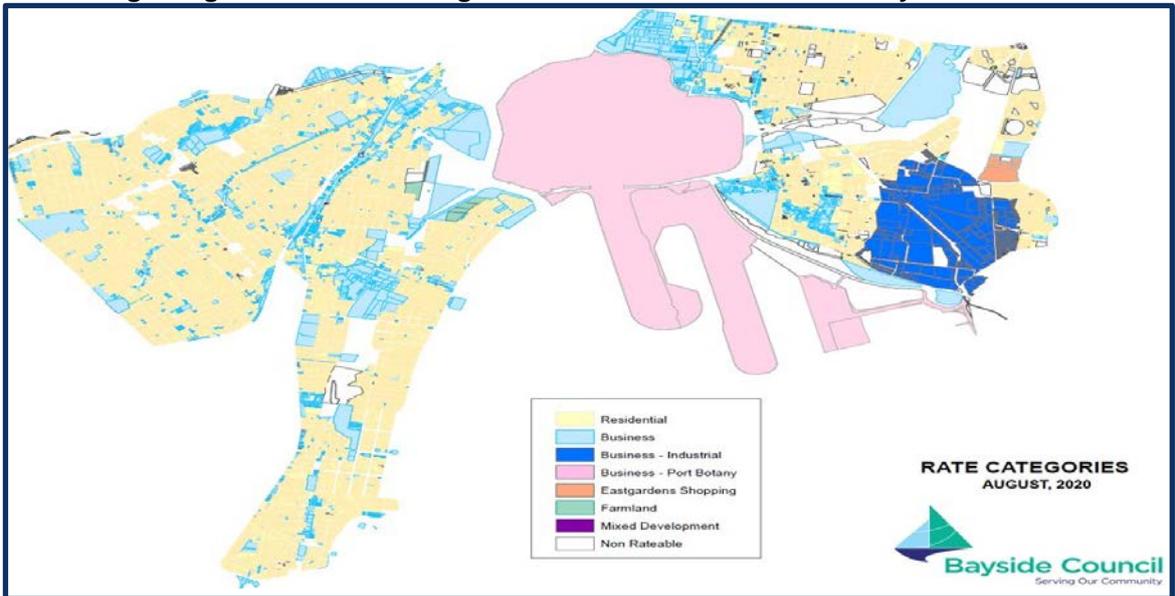
- Residential - Ordinary
- Business - Ordinary
- Business - Industrial
- Business - Port Botany
- Business - Mall
- Farmland

The following maps depict the current rating categories and sub-categories compared to the new rating categories and sub-categories to be established from 1 July 2021.

Current rating categories and sub-categories:



New rating categories and sub-categories to be established from 1 July 2021



B. Establishment of harmonised minimum ordinary rate (all categories):

Currently, the 2020/21 minimum rate for ratepayers for former Rockdale City Council is \$768.52, compared to \$553.62 for ratepayers from the former City of Botany Bay Council. This represents a difference of around \$215 (39%).

As part of Council's harmonisation strategy, Council is seeking to gradually increase the current Botany minimum rate of \$553.62 (over 4 years) up to the Rockdale minimum rate of \$768.52 (plus IPART rate peg) such that the minimum rates of the former councils are harmonised at the start of the 2024/25 financial year (i.e. 1 July 2024) across ordinary rating categories and sub-categories as shown in the table below.

Rating Year (Starting 1 July)	Minimum Rate - Former Botany Bay	Minimum Rate - Former Rockdale
2020/21	\$ 553.62	\$ 768.52
2021/22	\$ 626.26	\$ 783.89
2022/23	\$ 698.89	\$ 803.49
2023/24	\$ 771.53	\$ 823.57
2024/25	\$ 844.16	\$ 844.16

Over the 4-year harmonisation timeline, the year on year minimum ordinary rate for the former Rockdale City Council will only increase by the annual IPART rate peg whereas the minimum ordinary rate for the former City of Botany Bay Council will increase (year on year) at a higher rate over and above the rate peg (as show in the table above) such that in the 2024/25 financial year, the minimum rates for both former councils are the same (harmonised).

Rationale for increasing the former City of Botany Bay Council Minimum to the Rockdale City Council Minimum

Many NSW metropolitan councils use minimum rate structures in high density areas, resulting in a high proportion of ratepayers paying the same minimum amount in rates. The two rating structures for former Rockdale City Council and City of Botany Bay Council utilise a minimum plus ad-valorem rating structure for the purpose of levying ordinary rates. Both former Councils were applying this rating structure across all categories and sub-categories.

In rationalising a minimum ordinary rate that is above the statutory limit, consideration needs to be given to the rating principles.

Key considerations when determining a rating policy must include the following considerations:

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

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

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

Currently, the 2020/21 minimum rate for ratepayers from the former Rockdale City Council is \$768.52, compared to \$553.62 for ratepayers from the former City of Botany Bay Council. This represents a difference of around \$215 (39%).

The proposal to harmonise to the higher Rockdale minimum rate is based on:

- Ensuring that there is fairness and equity in the way rates are levied and collected across the combined LGA;
- Improving the relativity of the level of minimum rates to that of comparable neighbouring councils; and
- Ensuring that Council is well placed to meet its Long Term Financial Planning (LTFF) objectives and to continue delivering high quality services to a growing population, referencing the rating principles of intergenerational equity.

As part of considering the options for rate harmonisation, Council also reviewed the relativities of the minimum rates compared to other neighbouring councils. The following tables show this comparison for a single year transition based on the current 2020/21 financial year. By comparison, it shows that even after harmonisation, the minimum rates for Bayside Council are lower than most neighbouring councils.

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

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

The table below shows the number of rateable assessments currently paying the minimum rates as a proportion of total rateable assessments versus the ordinary rates collected from minimums as a proportion of total ordinary rates.

2020/21 Financial Year

Former Council Areas	Number of Assessments	Total Ordinary Rates Collected	Number of assessments on Minimum	Percentage of assessments on Minimum	Current Minimum Rate	Ordinary Rates Collected from Minimums	% of Ordinary Rates Collected from Minimums
Former Botany	24,580	\$ 31,865,379	15,835	64%	\$ 554	\$ 8,766,556	28%
Former Rockdale	46,817	\$ 49,668,824	24,849	53%	\$ 769	\$ 19,097,045	38%
Total Bayside	71,397	\$ 81,534,203	40,684	57%		\$ 27,863,601	34%

The table below shows the same analysis as above but for the 2024/25 financial year where the ordinary minimum rates for both former Councils are harmonised.

2024/25 Financial Year

Former Council Areas	Number of Assessments	Total Ordinary Rates Collected	Number of assessments on Minimum	Percentage of assessments on Minimum	Current Minimum Rate	Ordinary Rates Collected from Minimums	% of Ordinary Rates Collected from Minimums
Former Botany	24,580	\$ 40,713,981	16,111	66%	\$ 844	\$ 13,600,428	33%
Former Rockdale	46,817	\$ 48,838,975	27,736	59%	\$ 844	\$ 23,413,440	48%
Total Bayside	71,397	\$ 89,552,956	43,847	61%		\$ 37,013,868	41%

In the current 2020/21 year, it can be seen that across former Botany, 64% of ratepayers currently pay the minimum rate however these ratepayers only contribute 28% of total ordinary rates. This means that the remaining 36% of ratepayers on the ad-valorem contribute 72% of ordinary rates revenue. Comparatively, across former Rockdale, 53% of ratepayers currently pay minimum rates which represents a 38% contribution towards total ordinary rates. The remaining 47% of ratepayers on the ad-valorem contribute 62% towards total ordinary rates.

When combined across Bayside for the 2020/21 financial year, ratepayers on the minimum rate contribute approx. 34% of total ordinary rates. However, when compared to the 2024/25 financial year under Council’s harmonisation strategy where the ordinary minimum rates are equal for both former Councils, those on the minimum contribute 7% more towards total ordinary rates (i.e. 41% under a harmonised scenario compared to 34% under the current structure).

The 2024/25 financial year analysis also shows that there are 3,163 more ratepayers paying the minimum rates in a harmonised scenario compared to the current structure. This further demonstrates the shift towards the equity and benefit or user pays principles. This is reflective of metropolitan councils that are experiencing large growth through brownfield development.

NB: While the above comparison does show a level of inequity in the distribution of the rating burden, it should be noted that large business and industrial ratepayers contribute higher rates compared to residential and small business ratepayers due to land value. This is particularly prevalent in the former Botany LGA.

NSW Productivity Commission

The current NSW rating system does not allow for increased rate revenue in line with increased population growth. If councils need to increase rates revenue (over and above the annual rate peg limit) to cover the cost of delivering services to a growing population, councils need to make an application to IPART for a special rate variation (SRV).

Further to this, the recent recommendations of the NSW Productivity Commission review into infrastructure contributions support a shift to rate revenue growth in line with population growth. The report further notes that the average rates per capita in NSW (\$591 in 2019) which is significantly lower than the average for all other states (\$835 per capita).

Bayside Council's per capita ordinary rate (based on most recent population data) amounts to \$457 which is 30% below the State average. When adjusted to account for the heavy industrial and Port Botany rates, this rate per capita drops to \$420, and whilst the harmonisation of the minimum ordinary rates itself will not result in an increase to Councils overall rate yield, the impact of a higher minimum rate will affect the amount of rates collected from future growth in dwellings linked to population growth.

Setting a lower minimum rate will result in loss of rates revenue from future growth and financial modelling has shown that this will have a detrimental effect on Councils ability to deliver quality services to a growing population in future years.

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

This adds further merit to Bayside Councils harmonisation strategy with the proposal to harmonise the former Botany Bay LGA minimum rates up to the level of former Rockdale minimum over a 4-year period. A higher minimum rate will not only provide fairness and equity to ratepayers across the combined LGA but also links directly to the rating principles of the benefit or user pays principle and intergenerational equity.

b) How the proposed minimum rates are to be applied.

As part of Council's harmonisation strategy, Council is seeking to gradually increase the current City of Botany Bay Council minimum rate of \$553.62 (over 4 years) up to the Rockdale City Council minimum rate of \$768.52 (plus IPART rate peg) such that the minimum rates of the former Councils are harmonised at the start of the 2024/25 financial year (i.e. 1 July 2024) as shown in the table below.

Rating Year (Starting 1 July)	Minimum Rate - Former Botany Bay	Minimum Rate - Former Rockdale
2020/21	\$ 553.62	\$ 768.52
2021/22	\$ 626.26	\$ 783.89
2022/23	\$ 698.89	\$ 803.49
2023/24	\$ 771.53	\$ 823.57
2024/25	\$ 844.16	\$ 844.16

Over the 4-year harmonisation period, the year on year minimum ordinary rate for ratepayers from the former Rockdale City Council will only increase by the annual IPART rate peg whereas the

minimum ordinary rate for the ratepayers of the former City of Botany Council will increase (year on year) at a higher rate over and above the rate peg (as show in the table below) such that in the 2024/25 financial year, the minimum rates for both former councils will be the same (harmonised) single minimum rate.

It should be noted that this application is necessary as part of the legislative requirement for councils established in 2016 to harmonise its rating structures. The purpose of this application is to set a single minimum ordinary rate across all rating categories applicable to the Bayside Council LGA. Through this application, Council will not increase its overall rate yield, but is rather seeking to establish a rating structure where the distribution of the rates burden is fair and equitable across the whole Bayside LGA.

Further details of the impact of the above transition path is included in Part A of this Application.

c) What benefits and drawbacks of the proposed changes to the rating structure have been identified?

In setting a harmonised minimum rate through this application, Bayside Council is trying to achieve the following objectives for all ratepayers across the LGA;

- Fairness and equity across all services and the payment for these services in rates. e.g.: The bordering suburbs of Banksia and Mascot (which are part of former Rockdale City Council and City of Botany Bay Council LGAs respectively) pay substantially different levels of rates but receive the same delivery and standard of service.
- A simplified, streamlined and more efficient rating structure;
- Provide relief to ratepayers by applying for a 4-year transition period toward the new minimum for the former City of Botany Bay Council ratepayers such that the impact is softened and spread over a longer timeframe. This is specifically in response to the overwhelming feedback received as part of the consultation of a single year increase being too large over 1 year; and
- Ensuring that high growth areas contribute an appropriate level of rates up to the proposed minimum levels in order to ensure there is no material loss in new revenue which would inhibit Council in keeping up with service demands of a growing population.

In summary, the major benefits of the proposed changes are that the minimum rates across both former Council areas will be aligned such that there is greater equity for the access to services, elimination of the cross subsidisation of services by some ratepayers and protecting Council's long term financial health.

Conversely, the major drawback is in that the harmonisation of the minimum rate is deemed too large for some ratepayers to bear in a single year increase. The community feedback indicates that whilst the ratepayers deem the increase to be too large for a single year, a gradual multi-year harmonisation will be more acceptable and will soften the year on year impacts.



Attachments for Criterion 1

List attachments relevant to your response for Criterion 1 in **Table 1.1**. Use the council assigned number shown in Table 5.1. If the document is also attached to the council's SV Application Form Part B, use the number assigned in that application.

Table 1.11 Attachments relevant to response for Criterion 1

Council- assigned number	Name of document	Page references ^a
1a	Council Meeting excerpt - 9 September 2020 - 8.6 Rates Harmonisation Report	120
1b	Council Meeting Minute excerpt - 9 September 2020 - 8.6 Rates Harmonisation Report - Council Resolution	8
2a	Council Meeting excerpt - 14 October 2020 - Rescission Motion & Notice of Motion - Rates Harmonisation	460
2b	Council Meeting Minute excerpt - 14 October 2020 - Rescission Motion & Notice of Motion - Rates Harmonisation	6
7a	Council Meeting excerpt - 10 February 2021 - 8.1 Outcome Community Engagement, Approval for IPART application	39
7b	Council Meeting Minute excerpt - 10 February 2021 - Outcome Community Engagement, Approval for IPART application - Council Resolution	8
16	Long Term Financial Plan 2021-2031	

^a If document only relevant in part.



Criterion 2 Impact on ratepayers

Criterion 2 in the MR Increase Guidelines is:

The impact on ratepayers, including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or subcategory. To complete the questions for Criterion 2: Impact on Ratepayers refer to IPART's Application Guide for MR Increase Application Form Part B, Criterion 2 and if applicable, to IPART's Application Guide for SV Application Form Part B, Criterion 3: Impact on ratepayers, Refer also to the IPART publications:

- ▼ *The Year Ahead - Minimum Rates in 2021-22 - Fact sheet*
- ▼ *Minimum Rates in 2021-22 - Information Paper*
- ▼ *Community awareness and engagement for special variations - Information Paper*

If the increase to minimum rates is **in conjunction with a proposed SV**, the response for Criterion 2 should focus on the aspects directly relevant to the proposed MR increase.

2.1 What are the current and proposed levels of minimum rates, and the number of ratepayers on the minimum rate

By completing MR Increase Application Form Part A, councils will provide full details of current and proposed levels of minimum rates and the number of ratepayers affected.

In the text box summarise the information, in table form if appropriate. Alternatively, the information can be presented in an attachment.

The table below shows:

- The current ordinary minimum rate for all categories across the former Council areas (i.e. Red Box).
- The proposed harmonised ordinary minimum rate for all categories and sub-categories across Bayside at the start of the 2024/25 financial year (i.e. Orange Box)
- The green arrow on the right shows the 4-year minimum ordinary rates transition path commencing at the start of FY2021/22 that achieves a harmonised ordinary minimum rate at the start of FY2024/25.

	Rating Year (Starting 1 July)	Minimum Rate - Former Botany Bay	Minimum Rate - Former Rockdale	
Current >>	2020/21	\$ 553.62	\$ 768.52	
	2021/22	\$ 626.26	\$ 783.89	
	2022/23	\$ 698.89	\$ 803.49	
	2023/24	\$ 771.53	\$ 823.57	
Proposed >>	2024/25	\$ 844.16	\$ 844.16	

Over the 4-year harmonisation timeline, the year on year minimum ordinary rate for the former Rockdale City Council will only increase by the annual IPART rate peg whereas the minimum ordinary rate for the former City of Botany Bay Council will increase by approx. \$72 per annum¹ such that in the 2024/25 financial year, the minimum ordinary rates for both former Councils are the same (harmonised).

¹ Noting that this amount will vary depending on the actual rate peg limit approved by IPART in each of the relevant financial years.

The table below shows the number of rateable assessments currently paying the minimum rates during the 2020/21 financial year.

Rating Category (s514-518)	Name of sub-category	Minimum Ordinary Rate (\$)	Number of assesments on Minimum
Botany Bay			
Residential	N/A	\$ 553.62	14,731
Business	Business A	\$ 553.62	988
Business	Business B	\$ 553.62	6
Business	Business C	\$ 553.62	0
Business	Business A Mascot	\$ 553.62	65
Business	Business B Mascot	\$ 553.62	30
Business	Port Botany	\$ 553.62	1
Business	Industrial A	\$ 553.62	2
Business	Industrial B	\$ 553.62	0
Business	Industrial A North	\$ 553.62	0
Business	Industrial B North	\$ 553.62	12
Total Botany			15,835
Rockdale			
Residential	N/A	\$ 768.52	24,177
Business	N/A	\$ 768.52	673
Farmland	N/A	\$ 768.52	0
Total Rockdale			24,849
Total Bayside			40,684

Comparatively, the table below shows the number of rateable assessments that will be paying the minimum rates during the 2024/25 financial year, when the ordinary minimum rates are harmonised. It can be seen that in a harmonised scenario, an additional 3,163 properties (i.e. individual assessments) will be paying the minimum rate.

Rating Category (s514-518)	Name of sub-category	Minimum Amount	Number on Minimum
Botany Bay			
Residential	n/a	844.16	14,870
Business	Port Botany	844.16	2
Business	Business	844.16	973
Business	Industrial	844.16	258
Business	Mall	844.16	8
Total Botany			16,111
Rockdale			
Residential	n/a	844.16	27,063
Business	n/a	844.16	673
Farmland	n/a	844.16	0
Total Rockdale			27,736
Total Bayside			43,847

Further details of the impact of the above transition path is included in Part A of this Application.

2.2 What will be the impact on ratepayers of the proposed increase in minimum rates?

In the text box set out the increase in dollar and percentage terms for each category and subcategory of ratepayers affected by the proposed MR increase, in table form if appropriate. Alternatively, the information can be presented in an attachment.

The tables per attachment 13 to this application set out the increase in dollar and percentage terms for each category and subcategory of ratepayers affected by the proposed minimum rate increase. It also shows how the former business subcategories of the former City of Botany Bay are being reclassified to the new simplified business subcategories under the harmonised rating structure to be implemented from 1 July 2021.

2.3 How does the proposed increase affect the distribution of the rating burden among ratepayers

In the text box explain the action, if any, the council took in response to feedback from the community.

MINIMUM RATE INCREASE APPLICATION FORM PART B FOR 2021-22

The following series of tables shows how the proposed increase in minimum rates affect the distribution of the rating burden among rating categories over the 4-year harmonisation period.

(A) This table shows the proposed rating structure assuming there is no harmonisation of the minimum rates of former Councils. The year on year increases are limited to rate peg limits.

Former Council	Category	Subcategory	Current 2020/2021	Rate Projection (per category) based on "No harmonisation"			
				2021/2022	2022/2023	2023/2024	2024/2025
Rockdale City Council	Residential	n/a	44,615,161	45,506,005	46,642,131	47,806,636	49,000,217
	Business	n/a	5,046,177	5,147,101	5,275,778	5,407,673	5,542,864
	Farmland	n/a	7,393	7,540	7,729	7,922	8,120
City of Botany Bay Council	Residential	n/a	15,436,662	15,745,395	16,139,030	16,542,506	16,956,068
	Business	Port Botany	2,881,517	2,939,147	3,012,626	3,087,941	3,165,140
	Business	Business	8,235,312	8,400,018	8,610,019	8,825,269	9,045,901
	Business	Industrial	5,076,524	5,178,055	5,307,506	5,440,194	5,576,199
	Business	Mall	235,364	240,071	246,073	252,225	258,530
Council's overall rate yield			81,534,110	83,163,332	85,240,892	87,370,366	89,553,039
Year-on-Year Increase				1,629,222	2,077,560	2,129,474	2,182,673
Year-on-Year Increase (%) rate peg only				2.0%	2.5%	2.5%	2.5%

(B) This table shows the proposed rating structure assuming Council's proposed 4-year harmonisation of the minimum ordinary rates of former Councils. It is important to note that under the harmonised scenario, Council's overall rate yield is no different to its current yield pathway under the "unharmonised scenario" shown in **(A)** above. The year on year increases are in line with annual rate peg limits.

Former Council	Category	Subcategory	Current 2020/2021	Rate Projection (per category) based on "Harmonisation"			
				2021/2022	2022/2023	2023/2024	2024/2025
Rockdale City Council	Residential	n/a	44,615,161	44,179,177	43,922,204	43,624,749	43,284,970
	Business	n/a	5,046,177	5,147,813	5,277,245	5,409,928	5,545,946
	Farmland	n/a	7,393	7,540	7,729	7,922	8,120
City of Botany Bay Council	Residential	n/a	15,436,662	17,104,033	18,924,163	20,824,647	22,808,329
	Business	Port Botany	2,881,517	2,939,147	3,012,626	3,087,941	3,165,140
	Business	Business	8,235,312	8,394,997	8,599,730	8,809,450	9,024,282
	Business	Industrial	5,076,524	5,150,742	5,251,508	5,354,097	5,458,532
	Business	Mall	235,364	239,883	245,687	251,632	257,720
Council's overall rate yield			81,534,110	83,163,332	85,240,892	87,370,366	89,553,039
Year-on-Year Increase				1,629,222	2,077,560	2,129,474	2,182,673
Year-on-Year Increase (%) rate peg only				2.0%	2.5%	2.5%	2.5%

(C) This table shows the movement of total rates collected from the various rating categories under a the proposed 4 year harmonisation strategy **(B)** compared to an unharmonised scenario **(A)**

Former Council	Category	Subcategory	Current 2020/2021	Movement within rating categories ⁽¹⁾			
				2021/2022	2022/2023	2023/2024	2024/2025
Rockdale City Council	Residential	n/a	-	- 1,326,828	- 2,719,927	- 4,181,887	- 5,715,247
	Business	n/a	-	712	1,467	2,255	3,082
	Farmland	n/a	-	-	-	-	-
City of Botany Bay Council	Residential	n/a	-	1,358,638	2,785,133	4,282,141	5,852,261
	Business	Port Botany	-	-	-	-	-
	Business	Business	-	- 5,021	- 10,289	- 15,819	- 21,619
	Business	Industrial	-	- 27,313	- 55,998	- 86,097	- 117,667
	Business	Mall	-	- 188	- 386	- 593	- 810
Movement in overall rate yield			-	-	-	-	
(1)	Positive values indicate an increase in rates collected from this category Negatives indicate a decrease in rates collected from this category						

It is important to note that under both scenarios, Council is not increasing its overall rate yield but rather redistributing the rating burden across the various categories and subcategories with the biggest impact being on the shift from the ordinary rates of the former Rockdale City Council residential ratepayers to the ordinary rates collected from the former City of Botany Bay residential ratepayers.

The overall increase to rate yields are in line with annual forecast rate peg limits as advised by IPART.

2.4 How has the council considered affordability and the affected ratepayers' capacity to pay higher rates, including measures to address hardship?

In the text box explain how the council considered whether the rate increases would be affordable for the affected ratepayers, including any socioeconomic data referred to in making its assessment, and any measures the council proposes to use to reduce the impact, if necessary.

Assessment of Ability to Pay

Council engaged Morrison Low to undertake an Assessment of Ability to Pay as well as a Rates Benefit & Service Pricing Report in June 2020. These documents are attached to this application as listed below.

Rates Benefit and Service Pricing Report

Council also engaged Morrison Low to undertake a Rates Benefit and Service Pricing Analysis. The purpose of the report was to consider challenges and issues that need to be addressed in developing Council's Revenue Policy. The objective of undertaking a high-level rates benefit assessment was to better understand the benefits ratepayers received from the rates they pay. The analysis was based on a high-level assessment of the allocation of net service costs (benefit) to each of the rating categories, using the agreed apportionment assumptions contained in the rates benefit model, refer to attached document for detail.

Comparison of Average Residential & Business Rate with Neighbouring Councils

As part of considering the options for rate harmonisation, Council also reviewed the relativities of the average rates compared to other neighbouring councils. The following tables show this comparison for a single year transition based on the current 2020/21 financial year. By comparison, it shows that even after harmonisation, the average rates for Bayside Council are lower than most neighbouring councils.

Rank:	Name of Council:	Average Residential Rate:	Rank:	Name of Council	Average Business Rate:
1	Sydney City	\$ 702.67	1	Georges River (former Hurstville)	\$ 2,923.97
2	Former Botany (current average)	\$ 709.00	2	Former Rockdale (current average)	\$ 3,730.00
3	Bayside (harmonised)	\$ 904.28	3	Georges River (former Kogarah)	\$ 3,824.17
4	Inner West (fomer Marrickville)	\$ 956.00	4	Woollahra	\$ 3,826.42
5	Georges River (former Hurstville)	\$ 1,059.05	5	Inner West (fomer Marrickville)	\$ 4,223.75
6	Waverley	\$ 1,150.26	6	Bayside (harmonised)	\$ 5,011.78
7	Georges River (former Kogarah)	\$ 1,199.04	7	Waverley	\$ 5,404.18
8	Woollahra	\$ 1,230.45	8	Inner West (former Ashfield)	\$ 6,165.99
9	Former Rockdale (current average)	\$ 1,239.00	9	Burwood	\$ 6,380.75
10	Randwick	\$ 1,278.45	10	Former Botany (current average)	\$ 6,481.00
11	Inner West (former Leichhardt)	\$ 1,326.29	11	Randwick	\$ 6,665.24
12	Burwood	\$ 1,383.23	12	Inner West (former Leichhardt)	\$ 7,248.10
13	Inner West (former Ashfield)	\$ 1,425.96	13	Sydney City	\$12,156.74

Council Hardship Policy

Council's adopted hardship policy allows Council to provide rates relief to residents encountering difficulty/hardship due to an event/change in circumstance.

Under the adopted hardship policy, Pensioner ratepayers are allowed to defer payment without legal action and also received relief from interest charges where they maintain instalments according to their agreed payment plan.

Most pertinent in the current economic climate with over 20,000 jobs having been impacted by the COVID-19 global pandemic Council's COVID-19 hardship policy allows residents impacted by the pandemic to enter into flexible formal arrangements that supports their current situation, without incurring interest charges.



Attachments for Criterion 2

List attachments relevant to your response for Criterion 2 in **Table 2.1**. Use the council-assigned number shown in Table 5.1. If the document is also attached to the council's SV Application Form Part B, use the number assigned in that application.

Table 2.11 Attachments relevant to response for Criterion 2

Council-assigned number	Name of document	Page references ^a
3	Morrison Low Report - Rates Harmonisation Briefing Paper - Bayside Council - Final Revised	
4	Morrison Low Report - Bayside Council - Capacity to Pay Report - Draft (Confidential)	
5	Morrison Low Report - Bayside Council - Rates Benefit and Service Pricing Model (Confidential)	
8	Rates Hardship Policy 19 June 2019	
9a	Council Meeting excerpt - 8 April 2020 - 8.1 Rate Relief for Ratepayers Impacted by COVID-19	24
9b	Council Meeting Minutes excerpt - 8 April 2020 - Rate Relief for Ratepayers Impacted by COVID-19	9
1a	Council Meeting excerpt - 9 September 2020 - 8.6 Rates Harmonisation Report	120
1b	Council Meeting Minute excerpt - 9 September 2020 - 8.6 Rates Harmonisation Report - Council Resolution	8
13	Impact of Min. Ordinary Rate Increase on Rating Categories & Sub-categories	

1. If document only relevant in part.



Criterion 3

Consultation on the proposal

Criterion 3 in the MR Increase Guidelines is:

The consultation the council has undertaken to obtain the community's views on the proposal To complete the question for Criterion 3: Consultation on the proposal refer to IPART's Application Guide for MR Increase Application Form Part B, Criterion 3 and to IPART's Application Guide for SV Application Form Part B, Criterion 2.

Refer also to the IPART publications:

- ▼ *The Year Ahead - Minimum Rates in 2021-22 - Fact sheet*
- ▼ *Minimum Rates in 2021-22 - Information Paper*
- ▼ *Community awareness and engagement for special variations - Information Paper*

If the increase to minimum rates is **in conjunction with a proposed SV**, the response for Criterion 3 should focus on the aspects directly relevant to the proposed MR increase

3.1 How did the council consult the community about the proposed increases to minimum rates?

a) The consultation methods used to make ratepayers aware of the proposal and provide opportunities for feedback from them.

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

- Standalone Rates Harmonisation webpage including FAQ's
- Community Survey
- All ratepayers, both residential and business, received an individual letter with the specific proposed changes to their rates for their property (approx. 68,000 individual letters with specific property rating details)
- Local MP Briefings
- Media releases from council
- Social media campaign
- Incoming correspondence from residents
- Print media coverage
 - <https://www.theleader.com.au/story/7110954/bayside-council-considers-its-submission-on-changes-to-rates-legislation/>

- <https://www.theleader.com.au/story/7099114/time-for-say-on-proposed-changes-to-council-rates/>
- Council meeting & associated documents - as attached
- State Government lower house coverage
 - Please see below the Hansard links to Private Members' Statements by Ron Hoenig MP, Member for Heffron, regarding Rates Harmonisation at Bayside Council.
 - <https://www.parliament.nsw.gov.au/Hansard/Pages/HansardResult.aspx#/docid/HANSARD-1323879322-114303/link/97> - Ron Hoenig MP Private Members' Statement
 - <https://www.parliament.nsw.gov.au/Hansard/Pages/HansardResult.aspx#/docid/HANSARD-1323879322-113696/link/97> - Ron Hoenig MP Private Members' Statement
 - <https://www.parliament.nsw.gov.au/Hansard/Pages/HansardResult.aspx#/docid/HANSARD-1323879322-112278/link/97> - Ron Hoenig MP Private Members' Statement
- TV coverage on local news outlets - 11 September 2020 Channel 9
- Rate Harmonisation Customer Service Desk

b) When the consultation occurred.

The community engagement for rates harmonisation started on 15 October 2020 and was scheduled to be completed by 28 November 2020. It was decided to extend the consultation period for a further month to 31 December 2020 to encourage residents to have their say on the proposed rates harmonisation that has been proposed.

c) Which groups were consulted.

The objective of the consultation process was to inform all ratepayers (Approx. 70,000 residential and business ratepayers) of the impact of rate harmonisation. Every ratepayer received an individualised letter for their property(s) showing the exact impact of the 1-year rate harmonisation change, as per current legislation.

d) The way the proposed change to minimum rates was presented to the community.

The consultation process centred on the following:

1. A minimum rate will be applied across all rating categories and sub-categories. This will be \$768.52 (plus the IPART rate pegging limit of 2% for the 2021/22 financial year)
 2. The simplified rating categories and sub-categories to be established are:
 - Residential – Ordinary
 - Business - Ordinary
 - Business - Industrial
-

- Business - Port Botany
- Business - Mall
- Farmland

3. The option, if legislation is changed, to move from a 1-year rate change implementation to a multi-year staged implementation process.

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

The overall objective of our website was to provide every rate payer the opportunity to input their property details and then view the impact of this minimum rate change on their general rate they currently pay. We did this by showing their total rates bill for the current financial year (2020/2021) compared to what is being proposed as at 1 July 2021. This is shown in table for on our website and can be viewed below.

Example 1: 1-year change for a former Rockdale City Council Ratepayer

Your property

██████████ SANS SOUCI NSW 2219

Current category: Residential

New harmonised category: Residential

Land value: \$739,000

[Back](#)

Your harmonised rates

Charges	Current 2020/21	Harmonised 2021/22
General rates	\$1,106.82	\$893.78
Local area rates	\$0.00	\$0.00
Stormwater Levy	\$25.00	\$25.00
Waste fees	\$495.45	\$505.36
Special Levies	\$324.10	\$338.65
Other	\$0.00	\$0.00
Total	\$1,951.37	\$1,762.79

Example 2: 1-year change for a former City of Botany Bay Ratepayer

Your property

[REDACTED] MASCOT NSW 2020

Current category: Residential

New harmonised category: Residential

Land value: \$999,000

[Back](#)

Your harmonised rates

Charges	Current 2020/21	Harmonised 2021/22
General rates	\$913.53	\$1,208.24
Local area rates	\$0.00	\$0.00
Stormwater Levy	\$25.00	\$25.00
Waste fees	\$538.70	\$549.47
Special Levies	\$0.00	\$0.00
Other	\$0.00	\$0.00
Total	\$1,477.23	\$1,782.71

In anticipation of a change to the rates legislation Council then also provided a calculator that residents could use to calculate the proposed change in their rates over a number of years, in this case here was a maximum of 5 years. This also allowed the rate payer to adjust the % change for each year.

An example of this can be seen below using the harmonised rate of \$1,782.71.

This calculator will help you understand the impact of a phased implementation on your rates.

You can adjust the percentage of change that gets implemented each year by typing into the percentage column. The total amount across 5 years should equal 100%:

Year	Percentage	Total amount
2021/22	<input type="text" value="25%"/>	\$1,561.68
2022/23	<input type="text" value="25%"/>	\$1,635.36
2023/24	<input type="text" value="25%"/>	\$1,709.03
2024/25	<input type="text" value="25%"/>	\$1,782.71
2025/26	<input type="text" value="0%"/>	\$1,782.71

We also undertook a simple survey to gauge feedback on the minimum rate proposal as was presented to Council before the consultation process started. Council meetings of 9 September 2020 & 14 October 2020. Ratepayers were asked the following;

1. What is your former Council?
2. What is your suburb?
3. What option do you prefer? (one or multiple years)
4. How many years should a staged transition take?
5. Ability to leave a free comment

The online rates calculator can be viewed at:

- <https://www.bayside.nsw.gov.au/compare-my-rates>

FAQs

Council also developed a set of frequently asked questions (FAQs). These FAQs were updated and amended during the consultation period to reflect responses to questions and queries received from the community. Refer attachment 13.

e) What feedback was received.

Outcomes of Consultation Process

Rates Harmonisation Web Page

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



Rates Calculator

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

Have Your Say Form / Survey

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

Facebook Posts Insights

In total there were 5 Facebook posts that reached a total of 49,801 people from 26 October 2020 to 22 January 2021. Details & links to these posts are contained in Attachment 4. Council also paid for further boosting of our posts to reach a broader audience. The reach and insights of each post are detailed below. Refer to further details in attachment 10.

Post	Date	People Reached	Engagements	Boosted	Link Clicks	Comments	Shares
1	26 Oct 20	7,608	1,559	No	1,582	54	9
2	6 Nov 20	3,067	1,282	No	545	26	1
3	19 Nov 20	16,408	3,158	Yes	227	92	11
4	7 Dec 20	10,902	636	Yes	302	39	9
5	22 Jan 21	11,816	2,029	Yes	1,200	11	4

Further feedback and inquiries

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

Data Integrity and Multiple Surveys

From the IP address data:

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

Engagement Themes

Out of 1,086 survey responses 857 came from former Botany Council residents and 202 from former Rockdale Council residents. There were 27 responses that did not

include a 'former' council. The below table shows the options that each category of responses chose.

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

Residential ratepayer engagement in the consultation process was far greater than that of business ratepayers. There was minimal response from business ratepayers. In conclusion, there were really 2 overarching themes coming out of the engagement process, these are:

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

Rate Harmonisation

COMING IN 2021

ROGDARH NSW 2217

28 October 2020

Dear Ratepayer,

As mandated by the NSW State Government, Bayside Council is required to harmonise its current rating structures into one single structure in readiness for the 2021/22 financial year.

What does that mean?

In 2016 when the NSW State Government merged a number of councils across Sydney, including Bayside, they imposed a four year rate freeze on the newly formed council. This means, your rates, over the past four years have been calculated using the same formula devised by either the former Rockdale or Botany Councils depending on where your property is located.

Rate harmonisation means Council is now legally required to develop and introduce a single 'fair and equitable' system for all Bayside ratepayers by 1 July 2021.

This process does not allow Council to increase the amount of revenue collected from rates. It simply means that from 1 July 2021 all rates will be assessed using the same formula. For example, when rates are harmonised, a property with an unimproved land value of \$750,000, regardless of what suburb it is located in, will be assessed using the same formula and pay the same rates.

PLEASE TURN OVER >>>

Property Address:	[REDACTED] BANGS BUSH NSW 2219	
Unimproved Land Value:	\$1,120,000	
Former Council Area:	Rockdale City Council	
Rating Category	CURRENT RATES 2020/21	PROPOSED FOR 2021/22
Rating Category	Residential	Residential
Cruciform Rate	\$187,145	\$7,354.58
Scale of Levies*	\$450.15	\$459.69
Stormwater Charge	\$25.00	\$25.00
Domestic Waste	\$495.45	\$495.16
Personnel Rebate	\$0.00	\$0.00
TOTAL	\$2,649.65	\$7,354.96

Includes the IPART approved Rate Peg increase of 2% for 2021/22.
*Special Levies apply to former Rockdale City Council properties such as Community Safety and Infrastructure Levies.

Rate Harmonisation

COMING IN 2021

ROCKDALE NSW 2216

13 November 2020

Dear Ratepayer,

As mandated by the NSW State Government, Bayside Council is required to harmonise its current rating structures into one single structure in readiness for the 2021/22 financial year.

What does that mean?

In 2016 when the NSW State Government merged a number of councils across Sydney, including Bayside, they imposed a four year rate freeze on the newly formed Council.

This means, your rates, over the past four years have been calculated using the same formula devised by either the former Rockdale or Botany Councils depending on where your property is located.

Rate harmonisation means Council is now legally required to develop and introduce a single 'fair and equitable' system for all Bayside Ratepayers by 1 July 2021.

PLEASE TURN OVER >>>

Property Address:	[REDACTED] BEXLEY NSW 2207	
Unimproved Land Value:	\$421,000	
Former Council Area:	Rockdale City Council	
Rating Category	CURRENT RATES 2020/21	PROPOSED FOR 2021/22
Rating Category	Business	Business - Ordinary
Ordinary Rate	\$694.48	\$1,315.00
Special Levies*	\$549.11	\$299.77
Local Area Rate	\$332.06	\$338.70
Stormwater Levy	\$53.00	\$55.00
Commercial Waste	\$848.25	\$865.22
Personnel Rebate	\$0.00	\$0.00
TOTAL	\$2,573.36	\$2,566.69

Includes the IPART approved Rate Peg increase of 2% for 2021/22.
*Special Levies apply to former Rockdale City Council properties such as Community Safety and Infrastructure Levies.

e) How the council responded to any issues of concern raised in feedback from the community.

Council responded to all incoming correspondence that was received via normal council channels and provided further feedback to ratepayers that requested further information. Council considered the community engagement report at their Council meeting of 10 February 2021 and adopted the recommendation to note and accept the engagement report.

Council also updated the standalone Rate Harmonisation website with further details and information as questions were received from the community. Council also updated and added to the list of FAQ's on the website.

In response to community feedback, Council made representations to the Minister for Local Government, strongly advocating on behalf of the residents to provide relief from the single year harmonisation increase and spread the increase over a number of years to reduce the burden on impacted ratepayers.

This has resulted in action from the Minister and the Office of Local Government in preparing a Draft Bill to be presented in parliament that allows for a multi-year gradual harmonisation of rates.



Attachments for Criterion 3

List attachments relevant to your response for Criterion 3 in **Table 3.1**. Use the council-assigned number shown in Table 5.1. If the document is also attached to the council's SV Application Form Part B, use the number assigned in that application.

Table 3.11 Attachments relevant to response for Criterion 3

Council-assigned number	Name of document	Page references ^a
7a	Council Meeting excerpt - 10 February 2021 - 8.1 Outcome Community Engagement, Approval for IPART application	39
7b	Council Meeting Minute excerpt - 10 February 2021 - Outcome Community Engagement, Approval for IPART application - Council Resolution	8
10	Facebook Posts and Insights	
11a	Media Releases	
11b	Community Newsletter	6&7
11c	Direct mail out to residential ratepayers	
11d	Direct mail out to business ratepayers	
14	Website FAQs	

^a If document only relevant in part.



Criterion 4 Other relevant matters

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

In addition to any other matter which it considers relevant.

To complete the questions for Criterion 4: Other relevant matters refer to IPART's Application Guide for MR Increase Application Form Part B, Criterion 4.

In **the text box** the council **may** provide information in addition to that provided elsewhere in the Application which it would like IPART to consider when assessing its proposed increase to minimum rate(s).

Exposure Draft Bill on the Local Government Rating Reform

In late December 2020, the NSW Government released an exposure draft Bill on the local government rating reform (the Draft Bill). The provision of the exposure draft bill allows for the possibility for merged councils to gradually harmonise its rates over a 4-year period. To become legislation, the bill is expected to be tabled in parliament for approval in April 2021.

Council has submitted its feedback on the Draft Bill. Council agrees with the proposed 4-year staged approach to implementing the rates harmonisation process.

A copy of Council's submission on the Draft Bill has been attached to this application.

In making this application and compiling the supporting financial modelling data that is included in Part A of this application, Council has made the assumption that in line with the proposed 4-year harmonisation provision of the Draft Bill, Council will be able to harmonise the minimum rates as well as the ad-valorem rates over the 4-year period.

NSW Productivity Commission

The current NSW rating system, which does not allow for increased rate revenue in line with increased population growth. Should councils need to increase its rates revenue (over and above the annual rate peg limit) to cover the cost of delivering services to a growing population, councils need to make an application to IPART for a special rate variation (SRV).

Further to this, the recent recommendations of the NSW Productivity Commission review into infrastructure contributions support a shift to rate revenue growth in line with population growth. The report further notes that the average rates per capita in NSW (\$591 in 2019) are significantly lower than the average for all other states (\$835 per capita).

Bayside Council's per capita ordinary rate (based on most recent population data) amounts to \$457 which is 30% below the State average. This adds further merit to Bayside Council's harmonisation strategy with the proposal to harmonise the former Botany Bay LGA minimum rates up to the level of former Rockdale minimum rates over a 4-year period.

Application to the Minister for Local Government using the Special Guidelines

At Council's ordinary meeting on 10 February 2021, Council also resolved to submit an application in accordance with current legislation to the Office of Local Government (OLG), before 26 February 2021, under section 548 of the Local Government Act 1993 for The Deputy Secretary to consider approving an instrument to be issued to set a new minimum ordinary rate for all rating categories which is equivalent to the current minimum rate for ratepayers in the former Rockdale City Council side of the Bayside Local Government Area (LGA) at \$768.52 (plus approved IPART rate peg limit of 2%) effective from 1 July 2021, subject to the following:

- a) The implementation of this application is dependent on the provisions included in the NSW State Government Draft Local Government Amendment (Rates) Bill 2021 for gradual rate harmonisation being legislated by the NSW Parliament before 1 July 2021 and on this basis Council only implement the new minimum rate on a transitional basis as set out in TABLE 1 of this report.
- b) That as part of the application to be submitted (for reasons outlined in this report) Council request that The Deputy Secretary of the Office of Local Government only issue a decision on Councils application after the outcome of the IPART minimum application (as per recommendation 2 of this report) is known, and only if that is unsuccessful.

Attachments 7a & 7b - The Council Report and minutes from the meeting on 10 February 2021 is attached to this application for reference purposes.



Attachments for Criterion 4

List attachments relevant to your response for Criterion 4 in **Table 4.1**. Use the council-assigned number shown in Table 5.1. If the document is also attached to the council's SV Application Form Part B, use the number assigned in that application.

Table 4.11 Attachments relevant to response for Criterion 4

Council-assigned number	Name of document	Page references ^a
6a	Council Meeting excerpt - 3 February 2021 - 7.1 Submission on Draft Changes to Rates Legislation	4-7 & 80-87
6b	Council Meeting Minute excerpt - 3 February 2021 - Submission on Draft Changes to Rates Legislation	3
7a	Council Meeting excerpt - 10 February 2021 - 8.1 Outcome Community Engagement, Approval for IPART application	39
7b	Council Meeting Minute excerpt - 10 February 2021 - Outcome Community Engagement, Approval for IPART application - Council Resolution	8
15	Application to Office of Local Government (OLG) - Harmonise Minimum Ordinary Rate on 1 July 2021	
12	Relevant extracts from Delivery Program / Operational Plan	24

^a If document only relevant in part.

Council certification and contact information

To prepare the Council certification and provide council information refer to IPART's Application Guide for MR Increase Application Form Part B, Certification and contact information.

Certification of application

Prepare a document in the form indicated below, sign, scan and attach as a public supporting document.

Application for a Minimum Rate Increase

To be completed by General Manager and Responsible Accounting Office

Name of council: Bayside Council

We certify that to the best of our knowledge the information provided in this application is correct and complete.

General Manager (name): Meredith Wallace

Signature and Date: X

Responsible Accounting Officer (name): Matthew Walker

Signature and Date: X

Council contact information

Provide council contact information below.

Council contact information

General Manager	Meredith Wallace
General Manager contact phone	0414 980 612
General Manager contact email	meredith.wallace@bayside.nsw.gov.au
Primary council contact	Michael Mamo
Council contact phone	0400 223 706
Council contact email	michael.mamo@bayside.nsw.gov.au
Council email for inquiries about the MR Increase application	michael.mamo@bayside.nsw.gov.au

List of attachments

To prepare the List of attachments, refer to IPART's Application Guide for MR Increase Application Form Part B, List of attachments.

Table 5.1 is the list of all attachments to the council's MR Increase Application Form Part B.

To complete Table 5.1 (adding rows as necessary):

1. Assign an identifying number and/or letter to each document. If the document is also attached to the council's SV Application Form Part B, use the number assigned by the council in that Application Form.
2. Name each document.
3. Check the box to indicate that it is being submitted with the application.

Table 4.2 List of Attachments to the council's application

Council-assigned number	Name of Attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
7b	Council resolution to apply for the for the minimum rate increase variation - Council Report Minutes 10 Feb 2021	<input checked="" type="checkbox"/>
	Certification	<input checked="" type="checkbox"/>
Public supporting material (ie, to be published on IPART's website)		
	Community Strategic Plan - Relevant extracts	<input type="checkbox"/>
12	Delivery Program - Relevant extracts	<input checked="" type="checkbox"/>
10, 11a, 11b, 11c, 11d	Consultation material	<input checked="" type="checkbox"/>
7a	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
	Willingness to pay study (if applicable) NOT APPLICABLE	<input type="checkbox"/>
8	Hardship Policy	<input checked="" type="checkbox"/>
1a	Council Meeting excerpt - 9 September 2020 - 8.6 Rates Harmonisation Report	<input checked="" type="checkbox"/>
1b	Council Meeting Minute excerpt - 9 September 2020 - 8.6 Rates Harmonisation Report - Council Resolution	<input checked="" type="checkbox"/>
2a	Council Meeting excerpt - 14 October 2020 - Rescission Motion & Notice of Motion - Rates Harmonisation	<input checked="" type="checkbox"/>

Council-assigned number	Name of Attachment	Is the document included in the application as submitted?
2b	Council Meeting Minute excerpt - 14 October 2020 - Rescission Motion & Notice of Motion - Rates Harmonisation	<input checked="" type="checkbox"/>
3	Morrison Low Report - Rates Harmonisation Briefing Paper - Bayside Council - Final Revised	<input checked="" type="checkbox"/>
6a	Council Meeting excerpt - 3 February 2021 - 7.1 Submission on Draft Changes to Rates Legislation	<input checked="" type="checkbox"/>
6b	Council Meeting Minute excerpt - 3 February 2021 - Submission on Draft Changes to Rates Legislation	<input checked="" type="checkbox"/>
7a	Council Meeting excerpt - 10 February 2021 - 8.1 Outcome Community Engagement, Approval for IPART application	<input checked="" type="checkbox"/>
9a	Council Meeting excerpt - 8 April 2020 - 8.1 Rate Relief for Ratepayers Impacted by COVID-19	<input checked="" type="checkbox"/>
9b	Council Meeting Minutes excerpt - 8 April 2020 - Rate Relief for Ratepayers Impacted by COVID-19	<input checked="" type="checkbox"/>
10	Facebook Posts and Insights	<input checked="" type="checkbox"/>
12	2018-2021 Delivery Program and 2020-2021 Operational Plan	<input checked="" type="checkbox"/>
13	Impact of Min. Ordinary Rate Increase on Rating Categories + Sub-categories-V1	<input checked="" type="checkbox"/>
14	Website FAQs	<input checked="" type="checkbox"/>
15	Application to Office of Local Government (OLG) - Harmonise Minimum Ordinary Rate on 1 July 2021	<input checked="" type="checkbox"/>
16	Long Term Financial Plan 2021-2031	<input checked="" type="checkbox"/>
Other public supporting material		
11a	Media Releases	<input checked="" type="checkbox"/>
11b	Community Newsletters	<input checked="" type="checkbox"/>
11c	Direct mail out to residential ratepayers	<input checked="" type="checkbox"/>
11d	Direct mail out to business ratepayers	<input checked="" type="checkbox"/>
Confidential supporting material (ie, not to be published on IPART's website)		
4	Morrison Low Report - Bayside Council - Capacity to Pay Report (Confidential)	<input checked="" type="checkbox"/>
5	Morrison Low Report - Bayside Council - Rates Benefit and Service Pricing Model (Confidential)	<input checked="" type="checkbox"/>
	Long Term Financial Plan 2021-2031 Excel version (Confidential)	<input checked="" type="checkbox"/>

Important information for completing and submitting the Minimum Rate Increase Application Form Part B for 2021-22

Submitting the application online

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

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

It is not necessary to submit a document with the MR Increase Application Form if the council has submitted the same document as an attachment to its SV Application Form.

Confidential content in applications

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

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

Publishing the council's application

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