

## **MEETING NOTICE**

The **Ordinary Meeting** of  
**Bayside Council**  
will be held in the Rockdale Town Hall Auditorium  
Ground Level, 448 Princes Highway, Rockdale  
on **Wednesday 9 September 2020** at **7:00 pm**.

## **AGENDA**

**1 ACKNOWLEDGEMENT OF COUNTRY**

**2 OPENING PRAYER**

**3 APOLOGIES**

**4 DISCLOSURES OF INTEREST**

**5 MINUTES OF PREVIOUS MEETINGS**

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5.2 Minutes of the Extraordinary Council Meeting - 26 August 2020 ..... 17

**6 MAYORAL MINUTES**

Nil

**7 PUBLIC FORUM**

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

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

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

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<b>11</b>	<b>QUESTIONS WITH NOTICE</b>	
	The meeting will be video recorded and live streamed to the community via Council's Facebook page, in accordance with Council's Code of Meeting Practice.	

Meredith Wallace  
**General Manager**

## Council Meeting

9/09/2020

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

## Summary

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

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

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

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

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

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

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

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

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### Officer Recommendation

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

## Background

### Rating Introduction

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

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

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

### Legislative Context

#### Amalgamation

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

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

#### Rates Harmonisation - Local Government Act

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

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

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

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

### Setting a Revenue Policy

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

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

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

### **Rating Principles**

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

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

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

### **Comparison of Rating Structures**

#### Introduction

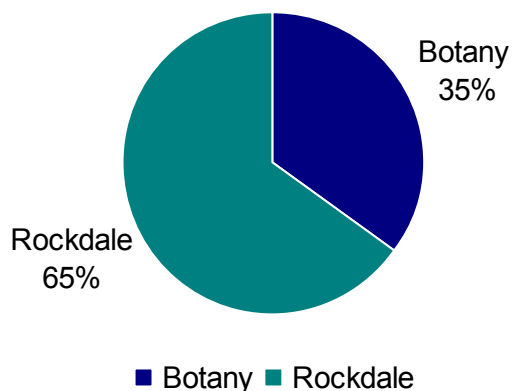
As a result of the requirement to merge its revenue policy, Bayside Council is required to revisit the principles in setting a fair and equitable rating structure across the new local government area. In doing so, Council has the difficult challenge of attempting to minimise the number of assessments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

#### Current Rating Structure

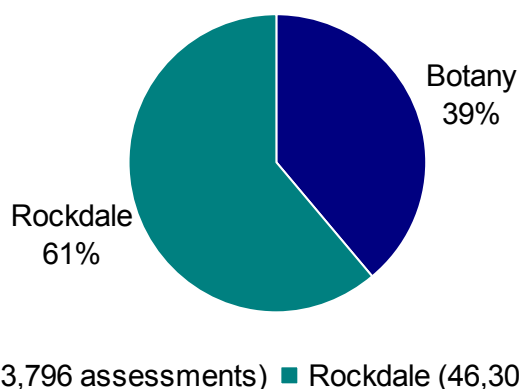
When combined across the new local government area, the share of rates burden compared with land ownership within each former area is somewhat aligned. It is noted, the former

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

#### Former Council's Share of Rates

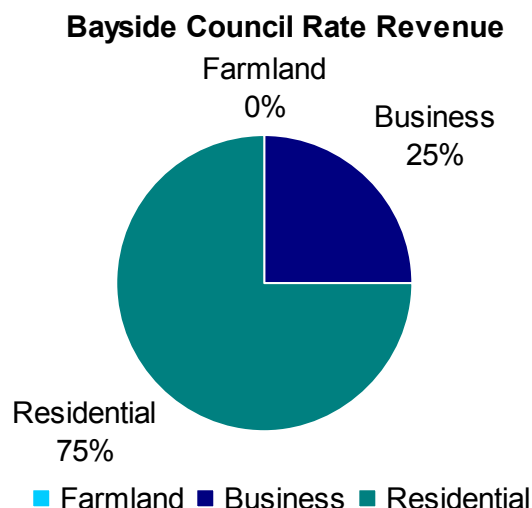


#### Former Council Land Values

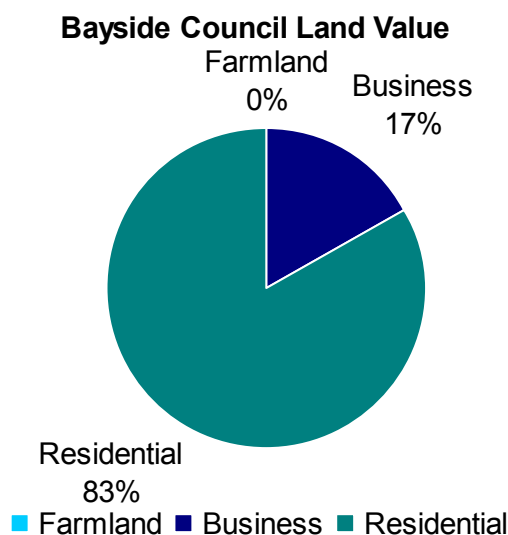


Within each of the current rating structures, the former councils have followed different philosophies for categorisation with the current rating structures incorporating different levels of contribution from the business, residential and farmland rating categories.

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



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



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

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

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



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

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

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

#### Special Rates:

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

#### Business Rates:

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

Minimum Rates:

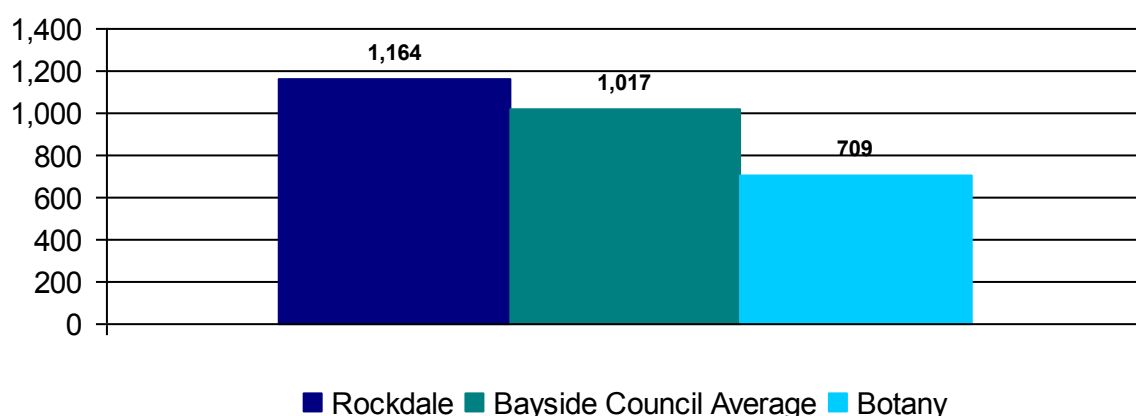
Shown in the table below is a comparison of the minimum rates applied across the 2 former LGA's for the 2020/21 financial year:

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

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

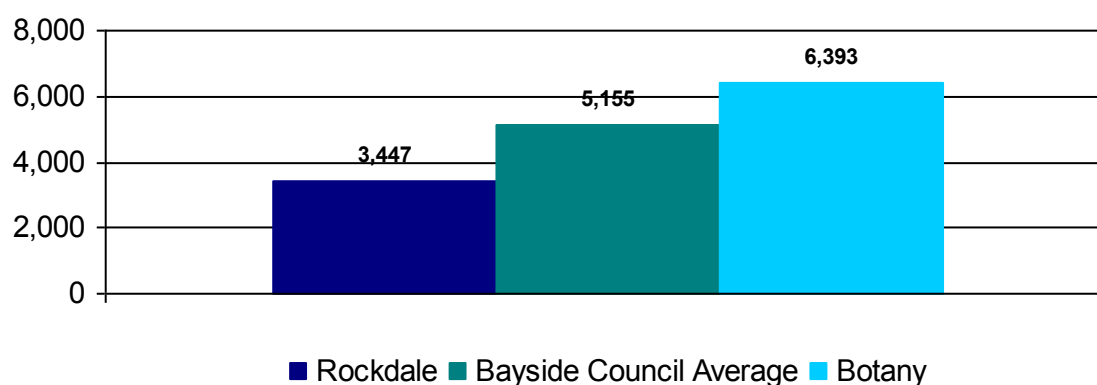
The graph below compares the average general residential rates under the current rating structures. The former Rockdale average residential rate is higher (\$1,164) than the Bayside Council average of \$1,017, whereas former Botany is lower (\$709). Further to this, the current residential rating structures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

**Average Residential Rates Gap**



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

**Average Business Rates Gap**



## **Proposed Harmonised Rating Structure:**

### Introduction

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

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

### Objectives

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

### Use of a Minimum for Ordinary Rates Harmonisation

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

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

### Harmonised Rating Scenarios

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

Scenario 1 includes the following:

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

Scenario 2 (recommended) includes the following:

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

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

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

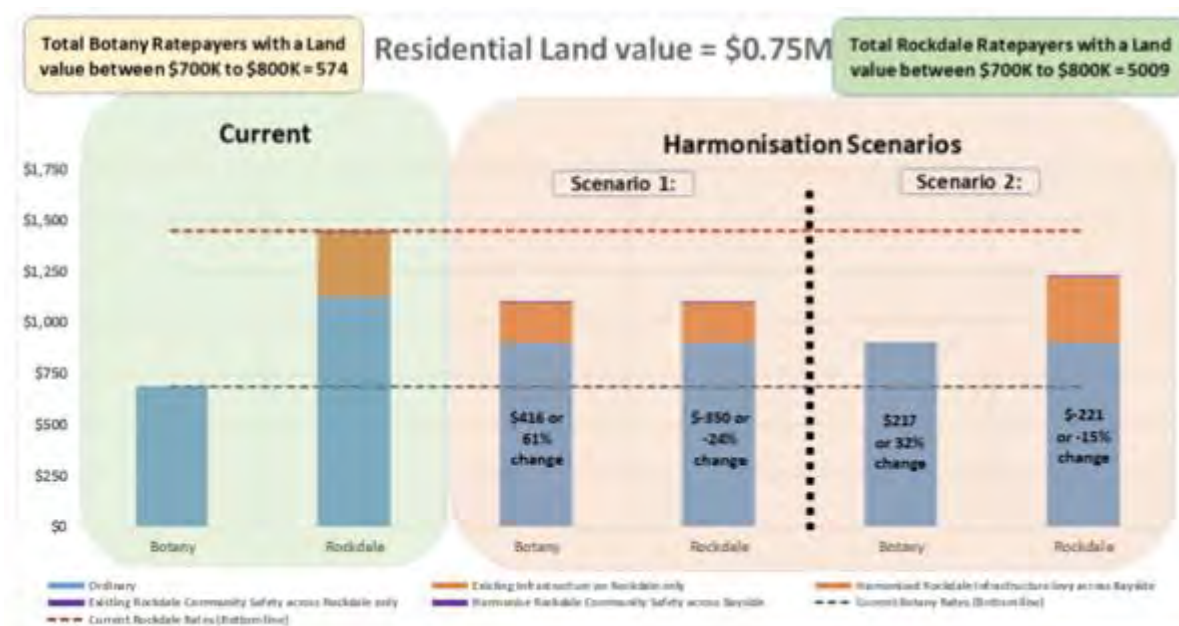
The table above shows that currently, former Rockdale ratepayers pay 61% and former Botany ratepayers pay 39% of the total ordinary rates (approximately \$80 million). When harmonised, former Rockdale ratepayers pay 55% and former Botany ratepayers pay 45% of the total ordinary rates (approximately \$80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

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

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

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

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



**Recommended Rates Harmonisation Model (scenario 2):**

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

Category	Subcategories	Scenario 1 \$ 93 million	Scenario 2 \$ 80 million	
		Option1	Option1	Option 3
Residential	Ordinary	Minimum at \$769 + SR Base amount \$79.50	Higher Rockdale Minimum at \$769	Base amount
Business	Ordinary, Port Botany, Industrial and Mall			
Farmland	Ordinary			

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

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

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

**Timeline for Implementation of Rates Harmonisation by 1 July 2021:**

9 September 2020

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

14 September to 14 November 2020 (8 weeks)

- Community consultation

9 December 2020

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

February 2021

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

April 2021

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

May 2021

- IPART determination received for setting the minimum rate

June 2021

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

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**Financial Implications**

Not applicable ☐

Included in existing approved budget ☐

Additional funds required ☒ Funding for costs associated in analysing the harmonisation options, development of scenarios and community consultation and

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

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## Community Engagement

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

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

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

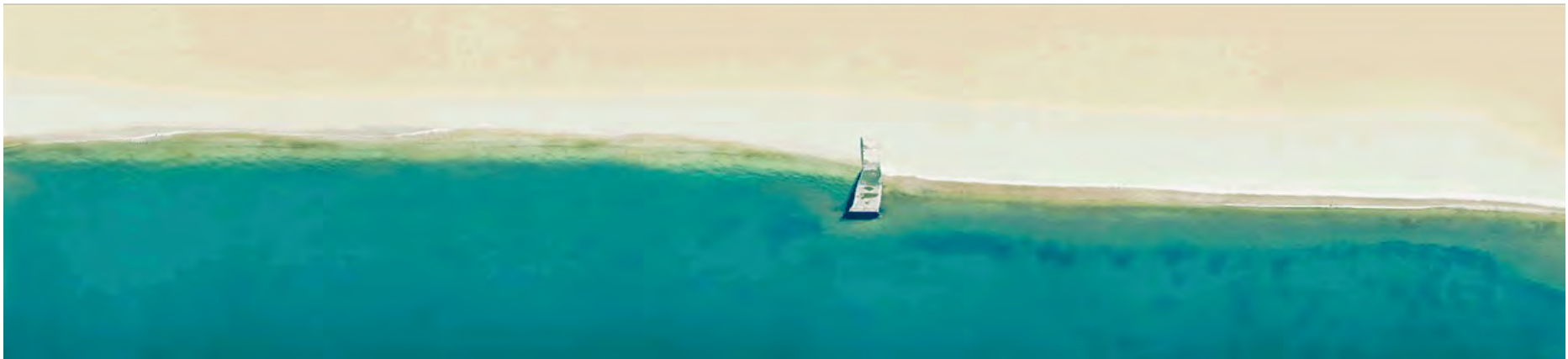
## Attachments

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





# Rates Harmonisation summary



## Agenda:



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



# 1. Rates Harmonisation

# 1. Rates Harmonisation



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

# 1. Rates Harmonisation



## ► Challenges and constraints

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



# 1. Rates Harmonisation

## Former Rockdale rating categories

- Residential minimum & Ad Valorem
- Residential Infrastructure levy
- Residential Community Safety levy
- Business minimum & Ad Valorem
- Business Infrastructure levy
- Business Community Safety levy
- Farmland minimum & Ad Valorem
- Farmland Infrastructure levy
- Local Area Rates:
  - Arncliffe
  - Rockdale
  - Bexley
  - Brighton Le Sands
  - West Botany St
  - Ramsgate
  - Kingsgrove
  - Banksia
  - Ramsgate Beach

Bayside  
Rates  
Harmonised

## Former Botany rating categories

- Residential minimum & Ad Valorem
- Business A Mascot Precinct minimum & Ad Valorem
- Business B Mascot Precinct minimum & Ad Valorem
- Business A minimum & Ad Valorem
- Business B minimum & Ad Valorem
- Business C minimum & Ad Valorem
- Business Port Botany minimum & Ad Valorem
- Business Banksmeadow Industrial (A) minimum & Ad Valorem
- Business Banksmeadow Industrial (B) minimum & Ad Valorem
- Business Banksmeadow Industrial Nth (A) minimum & Ad Valorem
- Business Banksmeadow Industrial Nth (B) minimum & Ad Valorem
- Local Area Rates:
  - Mascot Mainstreet
  - Mascot Local Parking

# 1. Rates Harmonisation

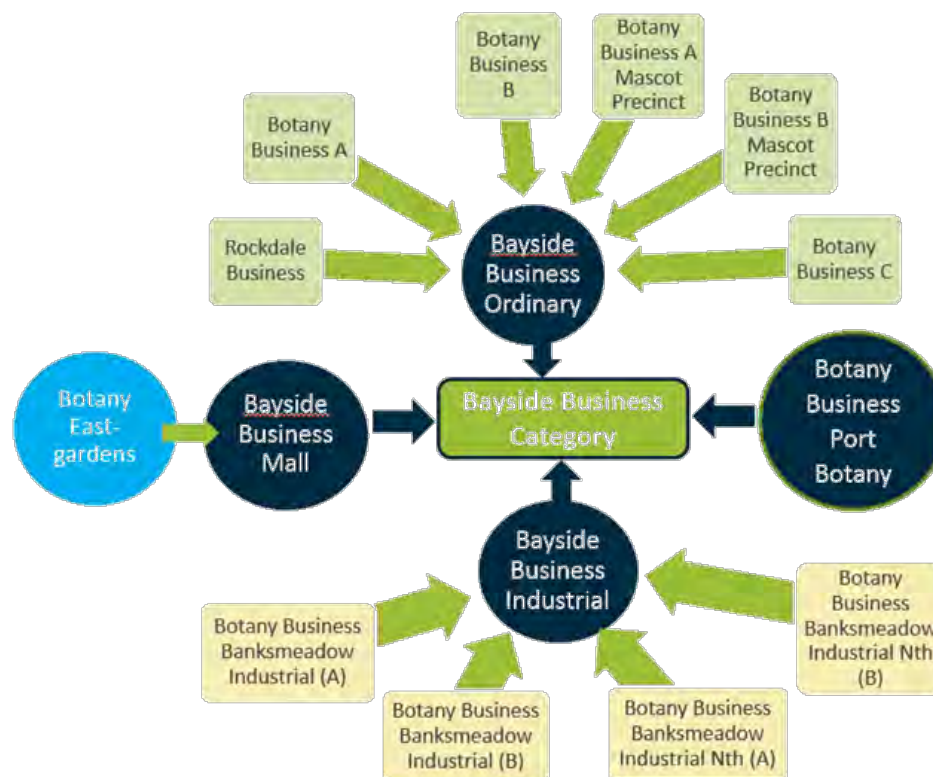


## Residential and farmland category



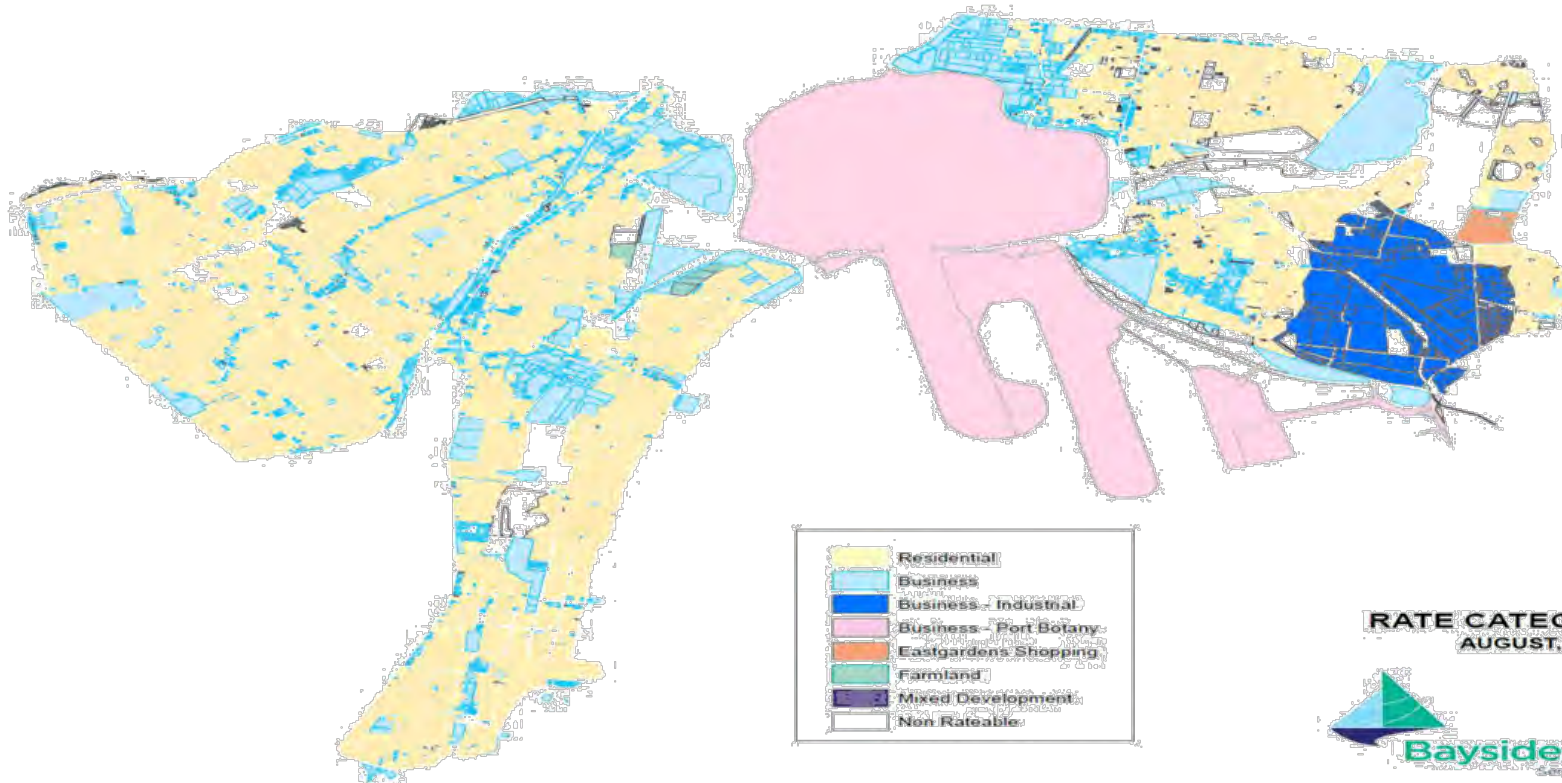


# 1. Rates Harmonisation





# 1. Rates Harmonisation



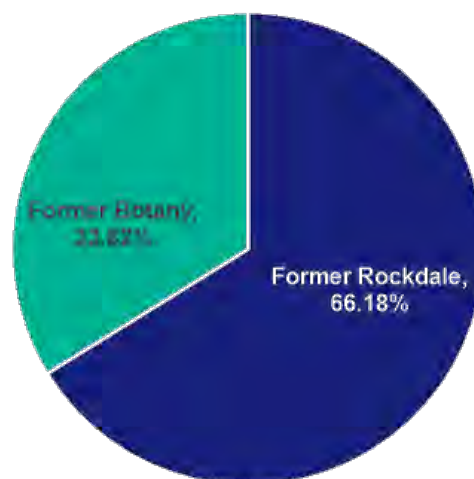
**RATE CATEGORIES**  
**AUGUST, 2020**



# 1. Rates Harmonisation



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



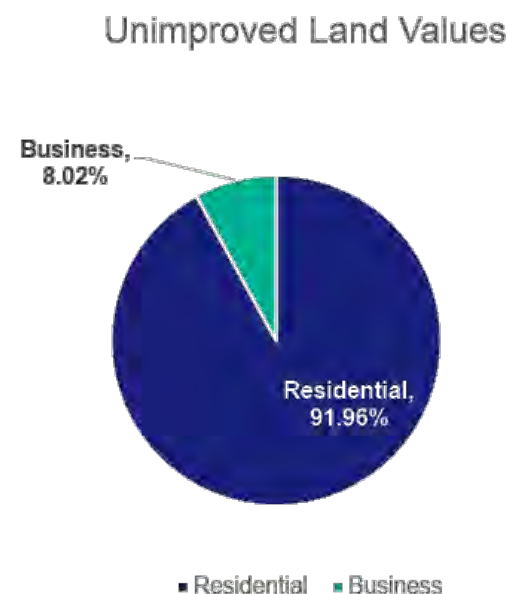
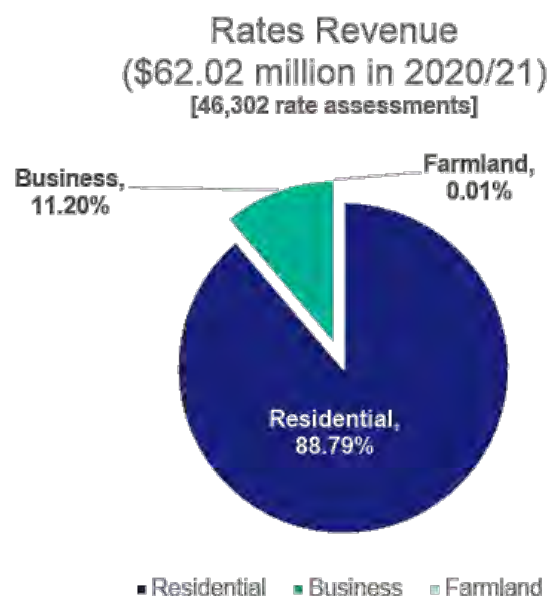
■ Former Rockdale ■ Former Botany



# 1. Rates Harmonisation

## Former Rockdale City Council

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



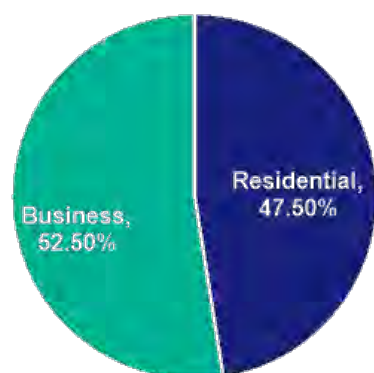


# 1. Rates Harmonisation

## Former City of Botany Bay Council

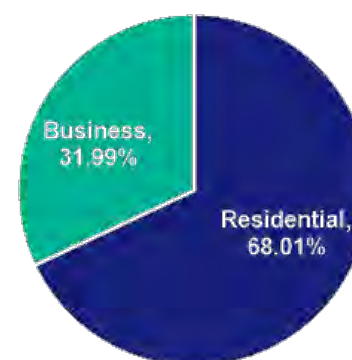
(comparison rates collected by rating category v unimproved land values)

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



■ Residential ■ Business ■ Farmland

Unimproved Land Values



■ Residential ■ Business

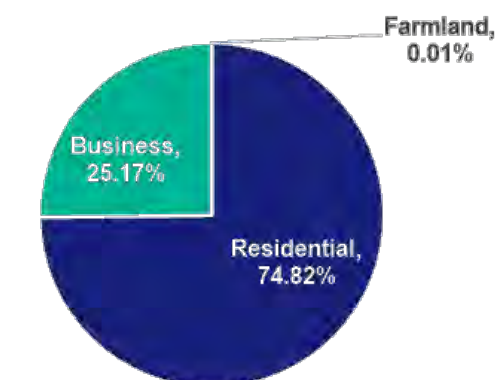
# 1. Rates Harmonisation



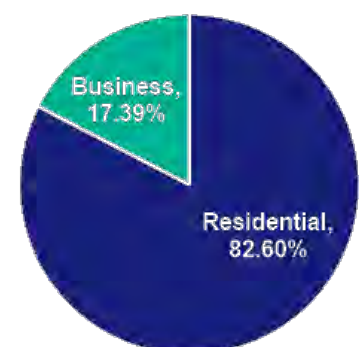
## Bayside Council

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

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



Unimproved Land Value





# 1. Rates Harmonisation

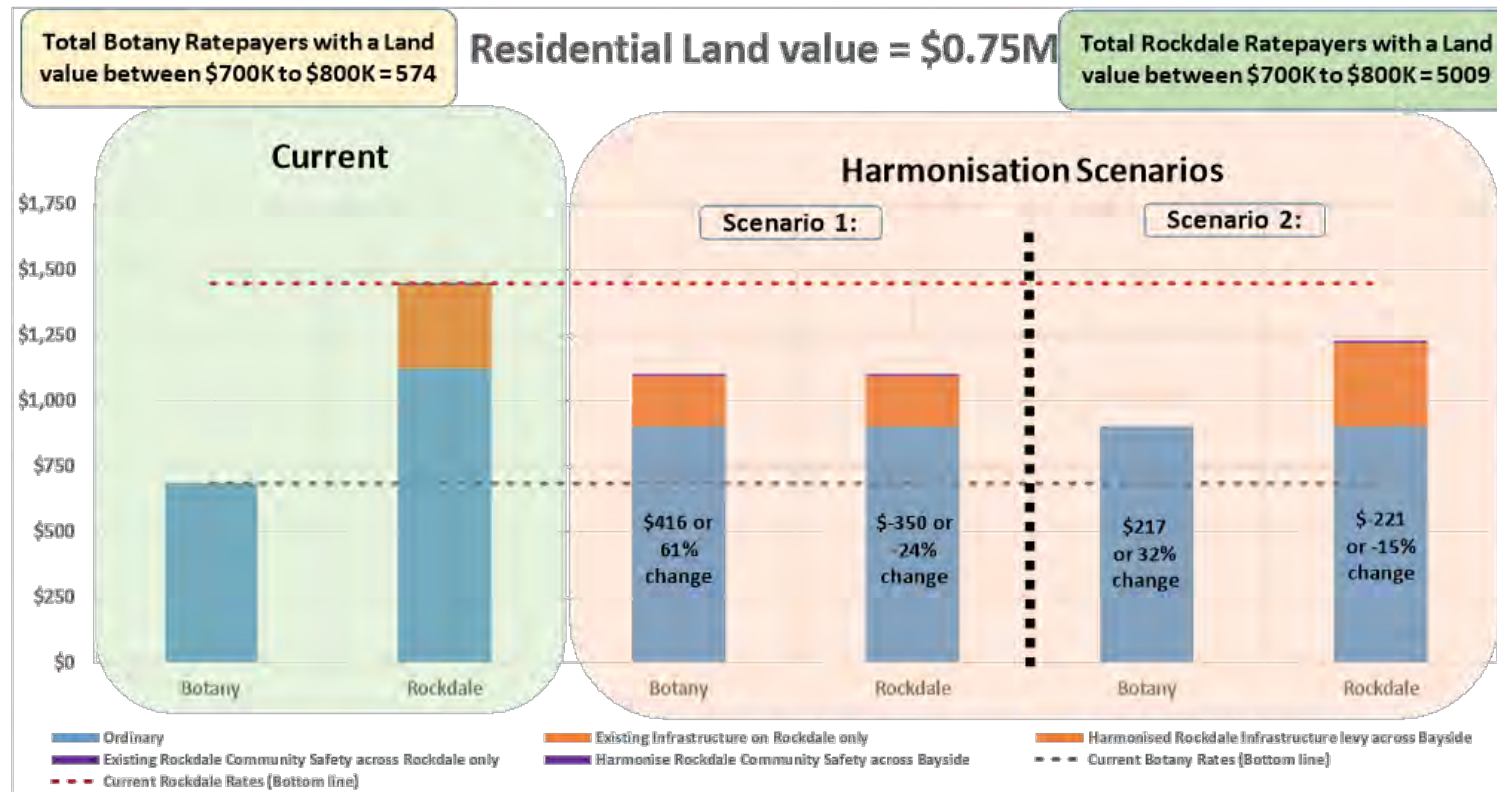
## Rates collected by rating category:

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





# 1. Rates Harmonisation (scenario examples):



# 1. Rates Harmonisation



## Harmonisation scenarios:

### ► Scenario 1:

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

### ► Scenario 2:

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



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



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

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

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



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

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



# 1. Rates Harmonisation

## ► Comparison of average rates:

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

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



# 1. Rates Harmonisation

## ► Comparison of minimum rates:

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

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



## 2. Communication & Engagement



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

## 2. Communication & Engagement



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

### 3. Rates Harmonisation timeline



## Harmonised rating scenarios (Attachment 3):

### Scenario 1 \*:

Category	Subcategory	Target Yield	Ref	Number of assessments	Ad valorem	Rate amount	Rate %	Opinion 1 Minimum	Number of assessments	Land value @ 1 July 18	Land Value as Minimum	Ad valorem amount	Minimum amount	Rate amount	Rate %	Rate as 2020/21
TARGET PERMISSIBLE INCOME, EXCLUDES GROWTH																
Residential	Residential Ordinary	73.72%	200001	65,673	0.118574			768.52	40,972.00	33,068,517,513	9,539,723,687	27,898,924	31,487,598	-	-	80,553,640
Business	Ordinary	16.06%	200002	3,599	0.248154			768.52	1,358.00	4,874,393,858	145,080,920	13,735,969	1,197,346	-	-	59,356,522
Business	Port Botany	3.58%	200011	16	0.812929			768.52	2.00	354,382,500	110,500	2,879,980	1,537	-	-	12,913,316
Business	Industrial	8.26%	200017	601	0.336143			768.52	174.00	3,436,672,780	26,344,886	4,908,791	133,722	-	-	2,881,517
Business	Mail	0.38%	200016	6	0.269031			768.52	3.00	111,211,060	2,700	300,074	2,806	-	-	5,042,513
Farmland	Ordinary	0.01%	200003	5	0.149769			768.52	-	4,936,000	-	7,393	-	-	-	302,390
Special Rate																
Residential	Residential Ordinary	87.9%	200001	65,673	0.01700000	79.50	40%			33,068,517,513	5,621,640	5,221,004	10,842,651	-	-	12,340,668
Business	Ordinary	9.0%	200002	3,599	0.01700000	79.50	28%			4,874,393,858	828,647	286,131	5,114,767	-	-	5,114,767
Business	Port Botany	0.3%	200011	16	0.01700000	79.50	2%			354,382,500	60,245	1,272	61,517	-	-	61,517
Business	Industrial	2.4%	200017	601	0.01700000	79.50	16%			3,436,672,780	262,734	47,780	800,514	-	-	800,514
Business	Mail	0.2%	200016	6	0.01700000	79.50	2%			111,211,060	18,908	477	19,353	-	-	19,353
Farmland	Ordinary	0.0%	200003	5	0.01700000	79.50	32%			4,936,000	839	356	1,237	-	-	1,237
SUBTOTAL		Grand Total	100.00%			\$39,800				42,709	39,900,227,422	9,711,272,493	54,514,150	32,822,509	5,557,050	82,889,798
45%																

**\* It is noted that scenario 2 is based on:**

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

### Scenario 2 (recommended) ^:

Category	Subcategory	Target Yield	Ref	Number of assessments	Ad valorem	Rate amount	Rate %	Opinion 1 Minimum	Number of assessments	Land value @ 1 July 18	Land Value as Minimum	Ad valorem amount	Minimum amount	Rate amount	Rate %	Rate as 2020/21
TARGET PERMISSIBLE INCOME, EXCLUDES GROWTH																
Residential	Residential Ordinary	73.72%	200001	65,673	0.118574			768.52	40,972.00	33,068,517,513	9,539,723,687	27,898,924	31,487,598	-	-	59,356,522
Business	Ordinary	16.06%	200002	3,599	0.248154			768.52	1,358.00	4,874,393,858	145,080,920	13,735,969	1,197,346	-	-	12,913,316
Business	Port Botany	3.58%	200011	16	0.812929			768.52	2.00	354,382,500	110,500	2,879,980	1,537	-	-	2,881,517
Business	Industrial	8.26%	200017	601	0.336143			768.52	174.00	3,436,672,780	26,344,886	4,908,791	133,722	-	-	5,042,513
Business	Mail	0.38%	200016	6	0.269031			768.52	3.00	111,211,060	2,700	300,074	2,806	-	-	302,390
Farmland	Ordinary	0.01%	200003	5	0.149769			768.52	-	4,936,000	-	7,393	-	-	-	7,393
Special Rate																
Residential	Residential Ordinary	87.9%	200001	65,673	0.01700000	79.50	40%			33,068,517,513	5,621,640	5,221,004	10,842,651	-	-	12,340,668
Business	Ordinary	9.0%	200002	3,599	0.01700000	79.50	28%			4,874,393,858	828,647	286,131	5,114,767	-	-	5,114,767
Business	Port Botany	0.3%	200011	16	0.01700000	79.50	2%			354,382,500	60,245	1,272	61,517	-	-	61,517
Business	Industrial	2.4%	200017	601	0.01700000	79.50	16%			3,436,672,780	262,734	47,780	800,514	-	-	800,514
Business	Mail	0.2%	200016	6	0.01700000	79.50	2%			111,211,060	18,908	477	19,353	-	-	19,353
Farmland	Ordinary	0.0%	200003	5	0.01700000	79.50	32%			4,936,000	839	356	1,237	-	-	1,237
SUBTOTAL		Grand Total	100.00%			\$9,900				42,709	39,900,113,731	9,711,272,493	47,751,131	32,822,509	-	80,553,640

**^ It is noted that scenario 2 is based on:**

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



## **MINUTES**

of the **Ordinary Meeting of Bayside Council**  
held in the Rockdale Town Hall Auditorium,  
Lower Ground Level, 448 Princes Highway, Rockdale  
on **Wednesday 9 September 2020 at 7:10 pm.**

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### **Present**

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

### **Also Present**

Meredith Wallace, General Manager  
Michael Mamo, Director City Performance  
Debra Dawson, Director City Life  
Clare Harley, Acting Director City Futures  
Colin Clissold, Director City Presentation  
Bruce Cooke, Acting Manager Governance & Risk  
Christine Stamper, Communications & Events Lead  
Taif George, IT Technical Support Officer  
Lauren Thomas, Governance Officer

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The Mayor opened the meeting in the Council Chambers, Rockdale Town Hall Auditorium, Lower Ground Level, 448 Princes Highway, Rockdale at 7:10 pm.

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

## 8.6 Rates Harmonisation

### MOTION

Moved by Councillors Nagi and Kalligas

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

### FORESHADOWED MOTION

Moved by Councillors Curry and Morrissey

- 1 That the matter be deferred.
- 2 That a delegation of impacted Sydney Metropolitan councils be formed and a meeting with the Minister for Local Government be requested.
- 3 That the delegation proposes to the Minister that rates harmonisation be deferred for 12 months with consideration to be given to the fact that the country is currently in recession as a result of Covid19 and there are rising unemployment and mortgage default rates. The Bayside Council proposed modelling indicates that there will be a significant burden on many ratepayers that is unfair and inequitable in the current economic climate.

- 4 That Bayside Council seeks support from the Minister to initiate legislative change to allow staged harmonisation to occur over a period of not less than 5 years.
- 5 That Bayside Council writes to all amalgamated councils requesting that they adopt a similar approach.
- 6 That an urgent meeting be convened with the President of LGNSW, Cllr Linda Scott.
- 7 That a motion is prepared for the NSW Local Government conference.
- 8 That Council writes to OLGNSW, local MPs, Premier and Minister to inform them of this motion.

#### FORESHADOWED MOTION

Moved by Councillors McDougall and Saravinovski

That consideration of the original motion be deferred for one month.

#### RESOLUTION

Minute 2020/189

Resolved on the motion of Councillors Nagi and Kalligas

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

- 8 At the conclusion of the consultation period, a report be submitted back to Council on the outcomes of the community engagement process for Council to make a final determination on the harmonised rating structure to take effect from 1 July 2021.

#### DIVISION

Division called by Councillor Awada

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

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

The division was declared and the motion carried

### **8.5 Long Term Financial Sustainability and Future Asset Funding Requirements**

Minute 2020/190

Resolved on the motion of Councillors Kalligas and Nagi

- 1 That Council notes the Long-Term Financial Plan projections outlined in this report including the forecast 10-year asset renewal gap.
- 2 That Council endorses the implementation of the operational improvement plan to achieve an overall net improvement in the operating budget of around \$5 million over a 3-year period which is to be used to offset the increased future annual asset maintenance cost totalling around \$40 million over the next 10 years.
- 3 That Council not proceed with any special rates variation in recognition of the current weak economic climate triggered by the COVID- 19 health crisis. In addition, given the significant impact on the rate payers in the former Botany LGA, of rate harmonisation, Council recognises that simultaneously imposing an SRV is not a fair solution to our funding shortfall.
- 4 That Council develops other options to address the total funding shortfall.

#### DIVISION

Division called by Councillors Tsounis and Nagi

For: Councillors Curry, Morrissey, Sedrak, Ibrahim, Nagi, Rapisardi, Kalligas, Saravinovski, Tsounis, Barlow, Bezic, Macdonald, McDougall, Poulos and Awada

The division was declared and the motion carried