



SPECIAL VARIATION APPLICATION

CANTERBURY-BANKSTOWN COUNCIL

FOR 2021-22

David Reynolds submission to IPART in response
to Canterbury Bankstown SRV Application



When & how did the Canterbury Bankstown Community endorse the level of funding?	3
Lack of effective Community engagement in the consultation process.....	3
Misleading statements in the “One Rate System because we are one city” pamphlet	3
Level of Engagement.....	5
Level of Comprehension	6
Limited Community Consultation – COVID 19 & Christmas New-Year break.....	7
The SRV justification has significant flaws	8
2015 Fit for the Future assessments.....	8
Productivity improvements and cost containment strategies	8
Depreciation.....	9
Capital Expenditure.....	10
Sydenham to Bankstown Urban Renewal Corridor	11
Leisure and Aquatic Strategic Plan \$5 million annual funding.....	11
The Rate Rise is excessive	12
Capacity to Pay.....	12
Percentage Impact on Minimum Rate payers will be greater & more immediate.....	15
\$ impact will be disproportionately greater on Non-Minimum rate payers	16
Speculation on changes to Rate Pegging	18

IPART,

I wish to lodge an objection to the Canterbury Bankstown Council Special Rate Variation (SRV), Rate Harmonisation to the highest Rate and the increase of the Minimum Rates across the LGA.

I have spent some time on corroborating the reasons for my objections, the explanations are detailed on the following pages.

When & how did the Canterbury Bankstown Community endorse the level of funding?

I've been trying to find any evidence that the Canterbury Bankstown residents have voted for, thereby providing a mandate for the funding levels being sought in the SRV. I'm unable to find evidence of Community consultation where the cost of the aspirations some residents have, were endorsed by the broader community. I can see lots of Community Consultation asking "What do you want", but none advising the community as a whole how much all these aspirations will cost. That is, has the community endorsed knowing what it will cost? It is difficult to believe the residents on the SEIFA rated incomes would endorse something they can't afford.

Lack of effective Community engagement in the consultation process

Misleading statements in the "One Rate System because we are one city" pamphlet

The pamphlet states "*What you get for your rates now*" and "*How are your rates spent?*" I take issue with the category of "Waste & Recycling & City Cleaning" being included under these statements in the breakdown of how each \$100 is spent as it is not a Rate, it is funded by a Levy, therefore not part of the Rates that are subject of the SRV.



The issue is the table on adjacent pages explaining both the Harmonisation & Special Rate Variation does not include the Waste (Domestic or Business) levies. The vital information explaining that the figures shown did not include Waste Collection, Storm Water & other levies & charges was called out in the 2nd last explanatory point under the tables, which is contradicted other statements “What you get for your rates now” and “How are your rates spent?” in the same pamphlet and on-line content versions.

What this means for you

Residential

The table below shows what the three rate variations mean for you. Find your rateable value on your Rates Notice and select if you live in the former Canterbury City Council (CCC) or in the former Bankstown City Council (BCC) area.

Year	Former Canterbury City Council (CCC)						Former Bankstown City Council (BCC)						One City
	20/21	21/22	22/23	23/24	24/25	25/26	20/21	21/22	22/23	23/24	24/25	25/26	
% Increase (Inc. Rate Peg)	2.0	7.8	7.8	7.4	7.1		2.0	7.8	7.8	7.4	7.1		
Sample Rateable Value (\$)	Current Rates	Annual Rate Increase (\$)					Current Rate	Annual Rate Increase (\$)					One Rate
Min	713.90	14.28	121.82	140.00	24.75	25.37	656.80	91.38	121.82	140.00	24.75	25.37	1,040.12
200,000	713.90	14.28	121.82	140.00	24.75	25.37	656.80	91.38	121.82	140.00	24.75	25.37	1,040.12
300,000	713.90	14.28	121.82	140.00	24.75	25.37	656.80	91.38	121.82	140.00	24.75	25.37	1,040.12
400,000	720.64	14.41	114.95	140.00	24.75	25.37	829.20	0.60	20.20	140.00	24.75	25.37	1,040.12
500,000	900.80	18.01	42.24	70.98	110.43	114.92	1,036.50	0.75	13.77	43.51	81.51	81.35	1,257.39
600,000	1,080.95	21.62	50.69	85.18	132.52	137.90	1,243.79	0.90	16.53	52.22	97.81	97.62	1,508.87
700,000	1,261.11	25.22	59.14	99.38	154.61	160.89	1,451.09	1.05	19.28	60.92	114.11	113.89	1,760.34
800,000	1,441.27	28.82	67.59	113.57	176.69	183.87	1,658.39	1.20	22.04	69.62	130.41	130.16	2,011.82
900,000	1,621.43	32.43	76.03	127.77	198.78	206.86	1,865.69	1.35	24.79	78.33	146.71	146.43	2,263.30
1,000,000	1,801.59	36.03	84.48	141.97	220.87	229.84	2,072.99	1.50	27.55	87.03	163.01	162.70	2,514.78
1,200,000	2,161.91	43.24	101.38	170.36	265.04	275.81	2,487.59	1.80	33.05	104.43	195.62	195.34	3,017.73
1,400,000	2,522.23	50.44	118.28	198.75	309.21	321.77	2,902.19	2.10	38.56	121.84	228.22	227.78	3,520.69
1,600,000	2,882.54	57.65	135.17	227.15	353.39	367.74	3,316.78	2.40	44.07	139.25	260.82	260.32	4,023.64
1,800,000	3,242.86	64.85	152.07	255.54	397.56	413.71	3,731.38	2.70	49.58	156.65	293.42	292.86	4,526.60
2,000,000	3,603.18	72.06	168.96	283.94	441.73	459.68	4,145.98	3.00	55.09	174.06	326.03	325.39	5,029.55

IMPORTANT NOTES:

- The NSW Government is introducing legislation that may change this
- Estimated rates include the annual rate peg increase as determined by Independent Pricing and Regulatory Tribunal (IPART) which reflects the increase in costs to Council such as materials and labour
- The rate peg increases included in above table are 2021/22 – 2.0% (actual), 2022/23 – 2.5% (estimate), 2023/24 – 2.5% (estimate), 2024/25 – 2.5% (estimate), 2025/26 – 2.5% (estimate)
- These indicative rates exclude the domestic waste charge and levies which are not subject to change via this SRV process
- These indicative rates assume consolidated rate paths not affected by supplementary or other value general rateable changes



Currently the former Canterbury LGA residents are levied \$530 and the former Bankstown LGA are levied \$565 per property for domestic waste services. Consequently, this is the value of the underestimation each person who read the “What this means for you” Rate tables made when relying on the graphical representation of “How are your rates spent?” in assessing the combined Rate Harmonisation and Special Rate Variation tables.

I have not been able to find any reference to the Domestic waste rate increase other than in the workbook Council has submitted to IPART as part of the SRV application.

Former LGA Domestic waste charges	Current Average Charge	Annual Charge Year 1	Annual Charge Year 2	Annual Charge Year 3	Annual Charge Year 4	Annual Charge Year 5	Annual Charge Year 6	Annual Charge Year 7
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Canterbury	530.00	580.00	594.50	609.36	624.60	640.20	656.20	672.60
Bankstown	565.00	580.00	594.50	609.36	624.60	640.20	656.20	672.60

It is evident that the merger of the two Councils did not achieve the productivity, efficiency or cost saving for the Residents as all Waste levies & Council Rates are being harmonised to the higher rate. Additionally, a SRV is being sought to increase general Rates across the now consolidated LGA.

I am unable to determine Waste collection charges for Business.

Level of Engagement

Council provided many avenues for Rate Payers to engage with them on the Rate Harmonisation & Special Rate Variation. While the community applaud the many options to engage, the community is profoundly disappointed in the number of Ratepayers that were engaged by Council. The misleading statements about what is included in your rates shown in the breakdown of Council expenditure per \$100 conflated with the “What this means for you” simple message & values are the reason there was so little engagement. If you take the Waste levy off the annual Council bill Rate Payers receive there is not much of a change when compared the values shown in the “What this means for you” tables.

Reviewing the response rate to 114,500 “To the Rate Payer” form letters to Rate Payers & 7,884 “To the Rate Payer” form letters to Businesses, Newspaper/Print, Digital/Online resulted in only 147 submissions indicate one of, or a combination of the following:

- I. Rate Payers were not effectively engaged by Council’s communications efforts.
- II. Rate Payers assumed the representation made in the “What you get for your rates now” & “How are your rates spent” information in the “One Rate System because we are one City” pamphlet also applied to the “What this means for you” tables.
- III. Rate Payers skimmed Council’s communications material and missed the 2nd last bullet point under IMPORTANT NOTE clarifying the values given excluded the domestic waste charge and other levies. Thus, incorrectly assuming the 2025/26 Rate charge is not much different to what Rate Payers are paying now
- IV. A very low percentage of people took the time to delve into SRV content and challenge it.
- V. [60.1% of the population do not speak English at home](#) and did not comprehend the importance of Council’s primary communication in English. It is however noted Council did have multiple language options available – but they had to be requested.

The “To the Rate Payer” form letters did not distinguish themselves meaningfully from junk letters addressed to “To the Home Owner” or similar that are frequently received from various commercial organisations, hence usually discarded without reading the content.

Council advised approximately 650 Rate Payers had direct communication with Council which is about 0.5% of Households & Business or 0.17% of the LGA population. This converted to 147 submissions to Council about the Rate Harmonisation and SRV. Numbers this low cannot be used to support an argument of effective Community Engagement.

Again, I note other aspects of the communication consultation strategy that limited Community engagement.

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

The February 2021 Council communications to households on changes to the days waste collection that would happen was more extensive than the “One Rate System because we are one city” and had neighbours talking to each other, The change in waste collection days included a 20-page, stapled booklet explaining the change of day of the week and what should go into each bin. There were multiple letterbox drops and the on-line content informing people of the change of day. The letterbox drop included a calendar for the next 12 months showing what days which bins would be picked up. On the week of change all red bins had a sticker affixed to it advising what day of the week it would be cleared.

The change of day for waste collection was a simple message that got more neighbourhood engagement than the 2 complex messages of Rate harmonisation & Special Rate Variation conflated into “One Rate System because we are one city”. The “One Rate System because we are one city” had one letterbox drop of a folded 6-page leaflet with an A4 insert. The insert omitted the face-to-face December 2020 community consultation session details. Vital information explaining that the figures shown did not include Waste Collection, Storm Water & other levies & charges was called out in the 2nd last explanatory point under the tables and contradicted other statements “*What you get for your rates now*” and “*How are your rates spent?*” in the same communications. .

Level of Comprehension

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

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

When consulting our neighbours and community groups, a common theme was the embedding of the SRV within the “One Rate System because we are one city” – The “Harmonisation” message led Rate Payers not to grasp that the SRV was something separate.

I, like my neighbours skimmed the pamphlet for my property value and went across to the 25/26 column to see what the increase will be. All of my neighbours assumed 25/26 final rate included the Waste Service Levy and Storm Water Levy. Light skimming meant people did not read to the 2nd last explanatory point under the “*What this means for you*” tables in the “IMPORTANT NOTES:”

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

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

I note the Agenda for the 4th Feb Council meeting included a Survey of 895 people prior to the “One Rate System because we are one city” community engagement had commenced. It is difficult to assess the value of this survey as the respondents had no information about the quantum of the Rate Harmonisation or SRV being sought. I note that this number is not included in the “One Rate System because we are one city” consultation totals, however it could be misleading to Councillors about information the survey included and therefore the relevance & quality of the responses.

After the Community Consultation period had closed on 17th January the CBCity web site was updated to include “[New Information](#)” that had a better percentage breakdown of what the impact would be (the table above 1st seen in the 4th Feb Council Agenda). However, this page omits to advise Rate Payers that the domestic waste charges and levies are not included. Only the Rate calculator has a notation that the indicative Rates exclude the domestic waste charge and levies as applicable.

Limited Community Consultation – COVID 19 & Christmas New-Year break

At the November 24th 2020 Council meeting Council provided their approval to proceed with the SRV subject to reviewing feedback received in the required Community Consultation period. Rate Payers received an anonymous letterbox drop by mid-December. The letterbox drop omitted to advise of any of the 10 December [Community Consultation sessions](#) and 2 December Webinars, Details about the December face to face sessions were only available via CBCity's web site the web site, 5 pages in from the front landing page.

The screenshot shows the 'one rate system' website with the tagline 'because we are one city'. A red box highlights two sections: 'Speak to an officer at one of the COVID Safe engagement sessions' and 'Attend an online webinar'. The first section includes a table of face-to-face sessions, and the second includes a table of online webinars. To the right, there is a section titled 'Read all about it' with a photo of a woman at a computer. At the bottom, the Canterbury Bankstown logo and contact information are visible.

one rate system
because we are one city

There are a number of ways that you can learn more.

Speak to an officer at one of the COVID Safe engagement sessions

Date	Time	Location
Saturday 9 Jan 2021	1-4pm	Lakemba Senior Citizens Centre
Monday 11 Jan 2021	3-6pm	Padstow Senior Citizens Centre
Tuesday 12 Jan 2021	10am-1pm	Chester Hill Community Centre
Wednesday 13 Jan 2021	4-7pm	Bankstown Library and Knowledge Centre
Thursday 14 Jan 2021	10am-1pm	Earlwood Senior Citizens Centre

Bookings may be required

Attend an online webinar

Date	Time	Audience
Saturday 9 Jan 2021	10-11am	Webinar for Business
Tuesday 12 Jan 2021	6-7pm	Webinar for Residential
Wednesday 13 Jan 2021	noon-1pm	Webinar for Residential + Business

Bookings are required

For the most up-to-date listing, location details or to make a booking visit [cb.city/OneRate](#)

Read all about it

Helpful information is available at your fingertips, including the A Funded Future Report, a rates calculator, translated information, a video and more. Visit [cb.city/OneRate](#)

CANTERBURY BANKSTOWN

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[cb.city/OneRate](#)

The Community consultation to inform Rate payers of the SRV had to take place prior to the 8th February IPART deadline for SRV submissions, this required an expedited community consultation. The consultation period closed on 17th January 2021. The Community Engagement sessions had to be held in a COVID safe manner, whilst understandable in the circumstances at the time, it reduced the effectiveness of these sessions. Council staff only responded to questions asked, if a Rate Payer had gaps in their knowledge it is unlikely Council would have provided in-depth responses to gaps in a Rate Payers understanding.

Many Rate Payers learn a great deal from questions and answers held in a Town Hall style meeting, where Rate Payers who have some knowledge of the workings of Council and how rates are structured ask questions. This type of meeting was not possible because of the COVID restrictions that applied at the time.

The Webinar sessions similarly did not allow open dialogue between Rate Payers. I'm not suggesting that Council intentionally "Divided and conquered" Rate payers, however the Covid isolation had a similar effect.

Based on the limitations caused by Covid 19 an extension should have been sought from IPART so that there could be an effective dialogue between Council & Rate Payers. I note several other Councils have requested extensions to the 8th February closing date for SRV submissions and IPART has granted them.

The Community Consultation period over the Christmas New Year break was another factor that negatively impacted community engagement.

The SRV justification has significant flaws

2015 Fit for the Future assessments

The CBCity SRV Application states...

The articulated need for a special variation pre-dates the merger of the two former councils - the objectives included in this proposal for financial sustainability are not new. Both former councils' Fit for the Future proposals clearly indicated the need for financial reform.

The Fit for the Future assessments' documents does not support the claims called out in the SRV application for recurrent funding,

In the Bankstown Council Fit for the Future assessment stated the \$17million SRV would be obviated if Bankstown Council was merged with Canterbury Council.

The Canterbury Council funding requirements were specific short term funding requirements. The Fit for the Future Assessments and the Canterbury Council Long Term Financial Plans state:

- Renewal of the 15-year Infrastructure Levy was NOT mentioned as a recurrent funding requirement in the 2015 Fit for the Future documents, however the Canterbury Council 2014 LTFP indicates a requirement of "extending a 7.5% Infrastructure Renewal Levy", it does not state for how long, nor does it say it should become recurrent funding.
- There is a reference to a temporary Rate increase of 4.6% per year for 3 years above the rate cap in Canterbury Councils 2014 -2023 LTFP to raise \$8.3 million to address a financial shortfall. There were other cost saving measures mentioned with this limited funding requirement.

Productivity improvements and cost containment strategies

It is difficult to see that Council has met IPART's requirement for demonstrating productivity improvements and cost containment when

- 2016/17 Operating profit \$41 million (income \$355.2 million)
- 2017/18 Operating profit \$27.1 million (income \$332.9 million)
- 2018/19 Operating loss was \$19.6 million (included a \$14.2 million write down from disposal of assets, income \$336.9 million)
- 2019/20 Operating loss was \$19 million (included a \$10 million write down from disposal of assets, income \$332.8 million), and finally
- 2020/21 projected loss is \$53 million (projected income \$369.2 million).
- The original 2020/21 budget projected a \$33,835,000 loss, the Sept revision extended the loss to \$52,159,000. The loss in December would have been more if it were not for the receipt of un-budgeted \$12.8 million for Grants/Contributions – Capital.
- Employee Benefits & on-costs in
 - 2020/21 \$147 million up 10.5% on 2019/20 and 17% increase on 2017/18.
 - 2019/20 \$134.4 million
 - 2018/19 \$130.5 million
 - 2017/18 \$122.5 million

These numbers don't demonstrate cost containment. Additionally, the NSW Government much hyped projected cost savings and productivity improvements coming from the Council merger have not been realized.

CBCity regularly makes reference to the former Canterbury Council Infrastructure Levy that ceased in 2019 as a funding "Loss", it was granted for a specific period of time to achieve a stated outcome. The former Canterbury Council 2014/15 IPART approved SRV took the cessation of this Infrastructure Levy funding into account when it was assessed and granted. CBCity stating this is a funding loss is simply a misrepresentation of the facts.

The community would like to understand exactly what Council is referring to when it states it has achieved productivity improvements and cost containment strategies that support the SRV application.

There appears to be a diversion of funds away from addressing the Infrastructure backlog to strategic Town Planning, this does not qualify as Cost containment or a productivity improvement. It allows the infrastructure backlog to grow while Council is funding elaborate Town Planning that the community has not provided a mandate for.

Depreciation

CBCity council has identified a \$31 million annual shortfall in funding to address asset renewal and depreciation, this is above what was identified in both former Council's Fit for the Future assessments. At this point it is worth noting the former Canterbury & Bankstown Councils used the same internal Auditors (detailed on page 31, 2015 Fit for the future Assessment), which beggars belief that the same Auditors would sign off Canterbury Councils Asset Management Plan and annual accounts that had the level of understatements that CBCity has claimed in the SRV.

- a. Understated its level of unfunded asset renewal requirements by an estimated \$53M;
- b. Understated its level of Depreciation Expense by around \$6M pa – thereby inflating its annual financial performance; and
- c. Did not disclose around \$123M worth of assets at the time of amalgamation

Reviewing the financial statements, there have been increases to depreciation rates which have significantly and negatively impacted Councils balance sheet. CBCity Assets in the Balance Sheet appear to be flat over time except during the merger. This can be explained due to the missing assets not in the former Canterbury Council books. However, the Asset assessment is a subjective assessment by management and reviewed by the auditors. Generally, there have been 2 changes to depreciation, 1st during the Council merger and again in 2019, both of these were management decisions that met accounting standards.

An example of a CBCity management decision that impacted the balance sheet is the revaluation of Building assets. Another business decision is to make significant increases to depreciation rates. However, the decision to revalue Building Assets when there has not been a commensurate rehabilitation or investment in these assets is confusing. The combination of increasing asset values and depreciation rates while allowing the assets to depreciate causes a non-accounting cash loss burden for Council and thereby ratepayers.

The Canterbury Bankstown Community has not had an explanation for the either the asset revaluation or the more aggressive depreciation approach that added a significant liability to the balance sheet. The more aggressive depreciation rate is inconsistent with both the former Council's treatment of depreciation. It is also noted that while the value of the depreciation liability has increased on the CBCity balance sheet Council has not been spending/rehabilitation a commensurate amount to address the elevated depreciation.

Capital Expenditure

When reviewing Councils Operating Plan Capital expenditure, it was noted that ALL the funding for Capital works in the former Canterbury LGA was funded by the Canterbury (2014/15) SRV – source CBCity 2020/21 Operational plan.

The residents of the former Canterbury Council LGA would like to know what the balance of their \$59.5 million of Rates (Source IPART submission & CBCity 2020/21 Operational plan) were spent on.

There was no funding from any other source for Canterbury capital works. It is also noted that there was ZERO funds from the General fund for any Capital Expenditure where is Rate revenue funding being spent?

	2020/21 Total	General Fund	Grants	Sec 7.11/ 7.12	Storm water Levy	Canterbury SRV	Stronger Community Fund	Other Reserves
Bridges	5,424	-	4,261	125	-	100	-	938
Buildings	14,746	-	1,262	7,107	-	2,313	-	4,064
Street Furniture	50	-	-	-	-	25	-	25
Carparks	550	-	-	-	-	80	-	470
Drainage Conduits	815	-	-	-	571	245	-	-
Waste Management	1,800	-	-	-	-	-	-	1,800
Town Centres	1,950	-	-	700	-	1,150	-	100
Kerb and Gutter	1,140	-	-	-	-	40	-	1,100
Irrigation	450	-	-	150	-	150	-	150
Open Space	14,195	-	2,050	6,485	-	860	3,160	1,640
Other Structures	70	-	70	-	-	-	-	-
Park Furniture	84	-	18	-	-	-	-	66
Park Lighting	1,235	-	-	618	-	618	-	-
Park Signs	287	-	-	-	-	35	-	252
Pathways and Boardwalks	1,764	-	-	-	-	830	-	934
Road Pavement	10,867	-	3,870	-	-	3,398	-	3,599
Traffic Management Devices	10,566	-	10,494	-	-	-	-	72
Water Courses	1,000	-	-	440	-	-	560	-
Water Quality Devices	540	-	-	-	378	-	-	162
Operational Assets	10,841	-	-	281	-	325	850	9,385
TOTAL CAPEX	78,374	-	22,025	15,906	949	10,168	4,570	24,757

Based on the detail in the original 2020/21 Operating plan only 17% of the former Canterbury LGA Rate revenue was spent on capital expenditure. When the Infrastructure backlog is so large the percentage spend on Infrastructure should be a higher proportion of general Rate revenue.

NOTE: Council has amended the [Operational Plan](#) twice since the document linked in Councils 8th Feb IPART submission, total Capex in this revision has increased from \$78,374,000 stated above to \$161,400,000. The current revised version is dated 23/02/2021. Where has all the money come from after the IPART SRV application?

Sydenham to Bankstown Urban Renewal Corridor

Councils statement in the Operating Plan “*Council’s current financial position is considered sound and able to support the future planning for our City*” which makes residents suspicious that a significant proportion of general Rate revenue is being diverted to fund the planning of the urban renewal in the Sydenham to Bankstown corridor. When reviewing the available financial statements, it is difficult to ascertain how much of Rate revenue is funding Councils efforts on this. I’d appreciate IPART providing clarity in its examination and determination on this SRV, on the level of Rate Payer funding for Council’s support of this State & Federal Government initiative.

The “Urban Renewal of the Sydenham to Bankstown Corridor” project has intergenerational benefits, as such no part of the Project should not be substantially funded by current Rate Payers. Funding for this should come from long-term borrowing and State & Federal Government grants.

Leisure and Aquatic Strategic Plan \$5 million annual funding.

Council has investigated loans and will utilise new loan borrowings to fund the implementation of the Leisure and Aquatic Strategic Plan (*Attachment 12 – Leisure and Aquatic Strategic Plan*) but requires the ongoing funding streams to service proposed loans. It does not make financial sense to utilise loans to fund day to day service and/or one-off backlog infrastructure expenditure.

A couple of points here that require some consideration: -

1. Why has a capital expenditure review document in accordance with OLG Circular to Councils, Circular No 10-34 not been submitted for the Leisure and Aquatic Strategic Plan? Why does the draft Capital Expenditure Review for the implementation of the Leisure and Aquatic Strategic Plan not meet this requirement?
2. Why is the \$5 million annual funding requirement initiative identified in Council’s Leisure and Aquatic Strategic Plan becoming a perpetual increase when the deliverables are specific and will be delivered in a predetermined schedule?
3. Council has stated it requires the ongoing \$5 million funding stream to service proposed loans but does not identify what these loans are for, there is no list of proposed Projects that Rate Payers have been asked to approve. As a Rate payer I’m not willing to pay for something that is “*to service proposed loans*” without approving what the proposal are for.
4. Should there be an intergenerational equity strategy to fund the Leisure and Aquatic Strategic \$168 million projects, not a perpetual Rate increase on current Rate Payers to fund an asset that has intergenerational benefits? Projects such as these should be funded by a combination of long-term loans and State or Federal government grants because of the intergenerational cost/benefit.

The Rate Rise is excessive

Capacity to Pay

CBCity responded to IPART's question "How has the council considered affordability and the community's capacity and willingness to pay?" with the detail below...

It is important to recognise that many on the lower household incomes or in these lower levels of disadvantage are either in government assisted housing, renting or other tenure and are not direct owners of properties who pay rates. There is a strong correlation between low education, unemployment, low-income households and by extension home ownership. ABS data indicates that single-parent households, low-income households, and unemployed people are significantly less likely to own homes. Given that rate increases are applied only to those who are ratepayers, that is landowners and not renters, the rate rise would not be applied to the most disadvantaged communities in the city. Council also drew on the proportion of residents in the city who comprise the top two quartiles of the Index, representing the least disadvantage. Residents in these categories are understood to have a higher capacity to pay the rate increase.

There are a number of assumptions Council has made that need to be challenged...

CBCity Council argues 3 points that are not supported by real world facts:

1. [36.4% of the LGA population that Rent \(ABS 2016 census\)](#) will not be impacted by the SRV rate increase – Landlords will pass the SRV rate increase in full, probably with a margin. Businesses that Rent properties will also be impacted in the same way.
2. Lower income households are not owners of properties who pay Rates - [24% of CBCity Rate payers are Pensioners](#).
3. SEIFA (IRSAD) aggregation of high and low incomes across the LGA demonstrates a capacity to pay – This mathematical manipulation of incomes across the LGA will not put \$1 in the pocket of low-income earners to pay higher Rates.

Notes:

- Canterbury Bankstown LGA population ABS 2019 = 377,917
- CBCity 24th November 2020 Council agenda on page 60 noted "[Twenty-four percent \(24%\) of Council's Ratepayers are pensioners](#)"
- [ABS 2019 figures](#) have 58,707 (15.5%) people in the LGA are on a Age Pension, Disability Support Pension or Newstart allowance.
- [ABS 2019 figures](#) 21,034 (5.5%) people were receiving Commonwealth Rent assistance (for private rental).
- Other allowances are not included as these are less reliable indicators to Household income (means tested).
- [ABS 2019 figures](#) show 120,556 ([31.9%](#)) of people in the LGA are earning less than \$500 per week, another 23% earn less than \$1000 a week (population 15 years and over).
- ABS 2019 statistics show 137,562 ([36.4%](#)) of all dwellings in the LGA are Rented and 24,898 (18.1%) of these Renters are already paying above 30% of household income as Rent Rental stress).
- [JobSeeker numbers As of Jan 2021 were 23,609 people in the LGA](#) (6.2% LGA population), this is a 134% increase on 2019 ABS figures of 10,098 people on the Newstart allowance.

Based on Councils own assessment 72% of LGA are in bottom 2 SEIFA IRSD quartile who have very little discretionary income that can be redirected to Council Rates. Council speculates the top 2 quartiles (13%) of LGA appear to be able to afford would the proposed SRV increase.

SEIFA IRSD State Rank (29)	Total Population 2016	Population Percentage	Overall SEIFA Quintile 2016	Overall SEIFA Percentile 2016
CBCity	346,302	100%	2	24
Q1	216,148	62%		
Q2	33,743	10%		
qQ3	51,202	15%		
Q4	31,866	9%		
Q5	15,108	4%		

Councils own analysis of the SEIFA IRSD data states *“As the table above demonstrates, CBCity has a large population of residents who comprise the lowest quartile of the IRSD Index. More than 200,000 residents of the Local Government area can be considered in the lowest 20 percent of the national population in terms of disadvantage. This figure represents more than 60 percent of the entire population of CBCity. Further to this, when the IRSD is aggregated at the Local Government Area, Canterbury-Bankstown falls into the second quintile, and sits in the 26th percentile in New South Wales rankings.”*

Council goes on to argue in its analysis of the SEIFA data relying on the Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD). This Index aggregates Incomes of the substantially disadvantaged population with incomes of those more advantaged. This is a mathematical redistribution of wealth is not a real-world redistribution. This does not put money in the pockets of people in the lower socio-economic levels to pay higher Council Rates. Additionally, there is no Government subsidy to cover the higher Council rates.

SEIFA IRSAD State Rank (72)	Total Population 2016	Population Percentage	Overall IRSAD Quintile 2016	Overall SEIFA Percentile 2016
CBCity	346,302	100%	3	52
Q1	118,857	34%		
Q2	93,291	27%		
Q3	40,459	12%		
Q4	57,438	17%		
Q5	38,022	11%		

Council also goes on to argue that people in the lower household income brackets do not pay rates, this is contradicted by Council itself, in the CBCity 24th November 2020 Council agenda on page 60 it is stated [“Twenty-four percent \(24%\) of Council’s Ratepayers are pensioners”](#)

As discussed above, the consideration of a wealth of socio-economic and demographic data went into the preparation of the proposal. While SEIFA and Household Income are an important measure it is recognised that many on the lower household incomes are either in government assisted housing or renting or other tenure and are not direct owners of properties who pay rates. Around 4,100 properties are either department of Housing or owned by Public Benevolent Institutions, who provide social housing. Their tenants will not be impacted by any change. Analysis of the housing tenure of households of the City of Canterbury Bankstown in 2016 shows that there was a larger proportion of households who owned their dwelling (higher than the Sydney average). 57% of households were purchasing or fully owned their home indicating a significant number were not directly ratepayers.

The assumption that many of the lower household incomes are either in government assisted housing or renting or other tenure and are not direct owners of properties who pay rates is simply breathtaking in its scope and minimisation of impact. Apart from Council's own admission of 24% of Rate payers are pensioners:

- There is no direct demonstrated correlation between Government assisted housing and current income.
- Renters (Business & Residential) have leases that Landlords will pass on Rate increases in full to tenants and possibly with a margin on top. They will be able to incorporate these increases well in advance because of the forward notice Council is required to give of Rate increases. It is most unlikely NCAT as the umpire for excessive Rent increases will decide against a Landlord when IPART has already approved a Council Rate increase.

Percentage Impact on Minimum Rate payers will be greater & more immediate

The impact on minimum Rate payers will be greater, the \$990 minimum rate will be implemented by 2023/24 and then be subject to IPAR Rate Peg increases after that.

Noting the minimum Rate will be the same for Residential & Business Rate Payers.

Former Bankstown			Former Canterbury	
Cumulative increase 2021/22 to 2025/26	Residential min.	Business min.	Residential min.	Business min.
Rate peg	12.59%	12.59%	12.59%	12.59%
Harmonisation	12.35%	0.00%	0.00%	9.26%
Special Rate Variation	30.19%	19.11%	30.19%	19.11%
Total cumulative 5yr change	63.34%	33.58%	45.69%	45.70%
Count of Properties	25,654	1,379	24,154	762
% of Properties	40.3%	27.6%	47.2%	25.9%

Minimum Rates Former LGAs		Current Minimum Rate	Minimum Rate Year 1	Minimum Rate Year 2	Minimum Rate Year 3	Minimum Rate Year 4	Minimum Rate Year 5	Minimum Rate Year 6	Minimum Rate Year 7	\$ Annual Rate increase from 2020 to 2027
		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
Canterbury	Res	713.90	728.18	850.00	990.00	1,014.75	1,040.12	1,066.12	1,092.77	378.87
	Bus	713.90	794.27	850.00	990.00	1,014.75	1,040.12	1,066.12	1,092.77	378.87
Bankstown	Res	636.80	728.18	850.00	990.00	1,014.75	1,040.12	1,066.12	1,092.77	455.97
	Bus	778.70	794.27	850.00	990.00	1,014.75	1,040.12	1,066.12	1,092.77	314.07

Minimum Rate \$ Increase per year Former LGAs		Current Minimum Rate Change	Minimum Rate Year 1	Minimum Rate Year 2	Minimum Rate Year 3	Minimum Rate Year 4	Minimum Rate Year 5	Minimum Rate Year 6	Minimum Rate Year 7
		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Canterbury	Res	-	14.28	121.82	140.00	24.75	25.37	26.00	26.65
	Bus	-	80.37	55.73	140.00	24.75	25.37	26.00	26.65
Bankstown	Res	-	91.38	121.82	140.00	24.75	25.37	26.00	26.65
	Bus	-	15.57	55.73	140.00	24.75	25.37	26.00	26.65

\$ impact will be disproportionately greater on Non-Minimum rate payers

While 43.4% of Residential Rate Payers are paying the minimum rate, the dollar value of their Rate increase over the 7-year calculation tops out \$455.97. The dollar increases for 52% of the former of Canterbury Rate payers is much higher. The imbalance can be seen in the number of properties with higher values in Canterbury LGA to Bankstown LGA. The dollar value increases need to be assessed against the reality that “CBCity has a large population of residents who comprise the lowest quartile of the IRSD Index”.

Former Bankstown			Former Canterbury	
Cumulative increase 2021/22 to 2025/26	Residential non-min.	Business non-min.	Residential non-min.	Business non-min.
Rate peg	12.59%	12.59%	12.59%	12.59%
Harmonisation	-6.97%	-5.66%	6.91%	12.19%
Special Rate Variation	15.89%	26.89%	16.85%	30.19%
Total cumulative 5yr change	22.08%	34.52%	39.60%	62.19%
Count of Properties	37,919	3,620	26,996	2,182
% of Properties	59.6%	72.4%	52.8%	74.1%

Canterbury LGA Residential Rates	Year 0 (Current Rate)	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5	Rate Year 6	Rate Year 7	\$ Annual Rate increase from 2020 to 2027	Count of Properties
Valuer General Value \$	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28		
\$550,000	990.87	1,010.69	1,057.16	1,135.24	1,256.72	1,383.13	1,417.71	1,453.15	462.28	3,680
\$650,000	1,171.03	1,194.45	1,249.37	1,341.65	1,485.21	1,634.60	1,675.47	1,717.36	546.33	6,016
\$750,000	1,351.19	1,378.21	1,441.58	1,548.05	1,713.70	1,886.08	1,933.23	1,981.57	630.38	4,984
\$850,000	1,531.35	1,561.98	1,633.79	1,754.46	1,942.20	2,137.56	2,191.00	2,245.77	714.42	3,585
\$950,000	1,711.51	1,745.74	1,826.00	1,960.87	2,170.69	2,389.04	2,448.76	2,509.98	798.47	2,953
\$1,250,000	2,251.99	2,297.02	2,402.63	2,580.09	2,856.17	3,143.47	3,222.06	3,302.61	1,050.62	5,284
\$1,750,000	3,152.78	3,215.83	3,363.68	3,612.12	3,998.64	4,400.86	4,510.88	4,623.65	1,470.87	277
\$2,500,000	4,503.98	4,594.05	4,805.26	5,160.17	5,712.34	6,286.94	6,444.11	6,605.22	2,101.24	126
\$3,000,000	5,404.77	5,512.86	5,766.31	6,192.21	6,854.81	7,544.33	7,732.94	7,926.26	2,521.49	91

Canterbury LGA Business Rates	Year 0 (Current Rate)	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5	Rate Year 6	Rate Year 7	\$ Annual Rate increase from 2020 to 2027	Count of Properties
Valuer General Value \$	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28		
\$250,000	1,139.14	1,193.49	1,387.31	1,498.84	1,630.11	1,847.64	1,893.83	1,941.18	802.04	180
\$350,000	1,594.80	1,670.88	1,942.24	2,098.37	2,282.16	2,586.70	2,651.36	2,717.65	1,122.85	197
\$450,000	2,050.46	2,148.28	2,497.17	2,697.91	2,934.20	3,325.75	3,408.89	3,494.12	1,443.66	140
\$550,000	2,506.11	2,625.67	3,052.09	3,297.44	3,586.25	4,064.81	4,166.43	4,270.59	1,764.48	124
\$650,000	2,961.77	3,103.07	3,607.02	3,896.98	4,238.29	4,803.86	4,923.96	5,047.06	2,085.29	185
\$750,000	3,417.43	3,580.46	4,161.94	4,496.52	4,890.34	5,542.92	5,681.49	5,823.53	2,406.10	151
\$850,000	3,873.08	4,057.86	4,716.87	5,096.05	5,542.38	6,281.97	6,439.02	6,600.00	2,726.92	102
\$950,000	4,328.74	4,535.25	5,271.79	5,695.59	6,194.43	7,021.03	7,196.56	7,376.47	3,047.73	136
\$1,250,000	5,695.71	5,967.44	6,936.57	7,494.19	8,150.56	9,238.20	9,469.15	9,705.88	4,010.17	401
\$1,750,000	7,974.00	8,354.42	9,711.20	10,491.87	11,410.79	12,933.48	13,256.81	13,588.23	5,614.23	163
\$2,500,000	11,391.43	11,934.88	13,873.14	14,988.38	16,301.13	18,476.39	18,938.30	19,411.76	8,020.33	187
\$3,000,000	13,669.71	14,321.86	16,647.77	17,986.06	19,561.35	22,171.67	22,725.97	23,294.11	9,624.40	216

Bankstown LGA Residential Rates	Year 0 (Current Rate)	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5	Rate Year 6	Rate Year 7	\$ Annual Rate increase from 2020 to 2027	Count of Properties
Valuer General Value \$	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28		
\$550,000	1,140.14	1,140.97	1,156.12	1,203.99	1,293.64	1,383.13	1,417.71	1,453.15	114.06	14,953
\$650,000	1,347.44	1,348.42	1,366.32	1,422.89	1,528.85	1,634.60	1,675.46	1,717.35	134.79	15,852
\$750,000	1,554.74	1,555.87	1,576.53	1,641.80	1,764.06	1,886.08	1,933.23	1,981.56	155.53	4,920
\$850,000	1,762.04	1,763.32	1,786.73	1,860.71	1,999.27	2,137.56	2,191.00	2,245.78	176.28	1,119
\$950,000	1,969.34	1,970.77	1,996.93	2,079.61	2,234.47	2,389.04	2,448.77	2,509.99	197.01	405
\$1,250,000	2,591.24	2,593.11	2,627.55	2,736.33	2,940.10	3,143.47	3,222.06	3,302.61	259.21	433
\$1,750,000	3,627.73	3,630.36	3,678.56	3,830.86	4,116.14	4,400.86	4,510.88	4,623.65	362.90	104
\$2,500,000	5,182.48	5,186.23	5,255.09	5,472.66	5,880.20	6,286.94	6,444.11	6,605.21	518.45	72
\$3,000,000	6,218.97	6,223.47	6,306.11	6,567.20	7,056.24	7,544.33	7,732.94	7,926.26	622.13	61

Bankstown LGA Business Rates	Year 0 (Current Rate)	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5	Rate Year 6	Rate Year 7	\$ Annual Rate increase from 2020 to 2027	Count of Properties
Valuer General Value \$	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28		
\$250,000	1,373.61	1,382.24	1,545.61	1,608.68	1,749.57	1,847.64	1,893.83	1,941.18	152.29	474
\$350,000	1,923.06	1,935.14	2,163.86	2,252.15	2,449.40	2,586.70	2,651.36	2,717.65	213.20	309
\$450,000	2,472.50	2,488.04	2,782.10	2,895.62	3,149.23	3,325.75	3,408.89	3,494.12	274.12	222
\$550,000	3,021.95	3,040.93	3,400.35	3,539.09	3,849.06	4,064.81	4,166.43	4,270.59	335.04	459
\$650,000	3,571.39	3,593.83	4,018.59	4,182.56	4,548.88	4,803.86	4,923.96	5,047.06	395.96	302
\$750,000	4,120.84	4,146.73	4,636.84	4,826.03	5,248.71	5,542.92	5,681.49	5,823.53	456.87	206
\$850,000	4,670.28	4,699.62	5,255.08	5,469.50	5,948.54	6,281.97	6,439.02	6,600.00	517.79	236
\$950,000	5,219.73	5,252.52	5,873.32	6,112.97	6,648.37	7,021.03	7,196.56	7,376.47	578.70	166
\$1,250,000	6,868.06	6,911.21	7,728.06	8,043.38	8,747.85	9,238.20	9,469.15	9,705.88	761.45	445
\$1,750,000	9,615.29	9,675.70	10,819.28	11,260.73	12,246.99	12,933.48	13,256.81	13,588.23	1,066.03	247
\$2,500,000	13,736.13	13,822.43	15,456.12	16,086.76	17,495.70	18,476.39	18,938.30	19,411.76	1,522.89	217
\$3,000,000	16,483.35	16,586.91	18,547.34	19,304.11	20,994.85	22,171.67	22,725.97	23,294.11	1,827.48	337

Speculation on changes to Rate Pegging

I have seen recent media articles advising that Local Government NSW is making representations to remove Rate Pegging, the Canterbury Bankstown community strongly object to the total removal of Rate Pegging. However, increasing revenue by a commensurate amount of new Rateable properties created in a LGA is supported. That is Residential & Business Rates applicable for NEW properties can be added to Council's permissible Rate income. If a Rateable property was redeveloped into new Rateable properties then the former Rate revenue would need to be removed from Councils permissible Rate income before the other could be added.