

Bayside Council – Ratepayer Summary

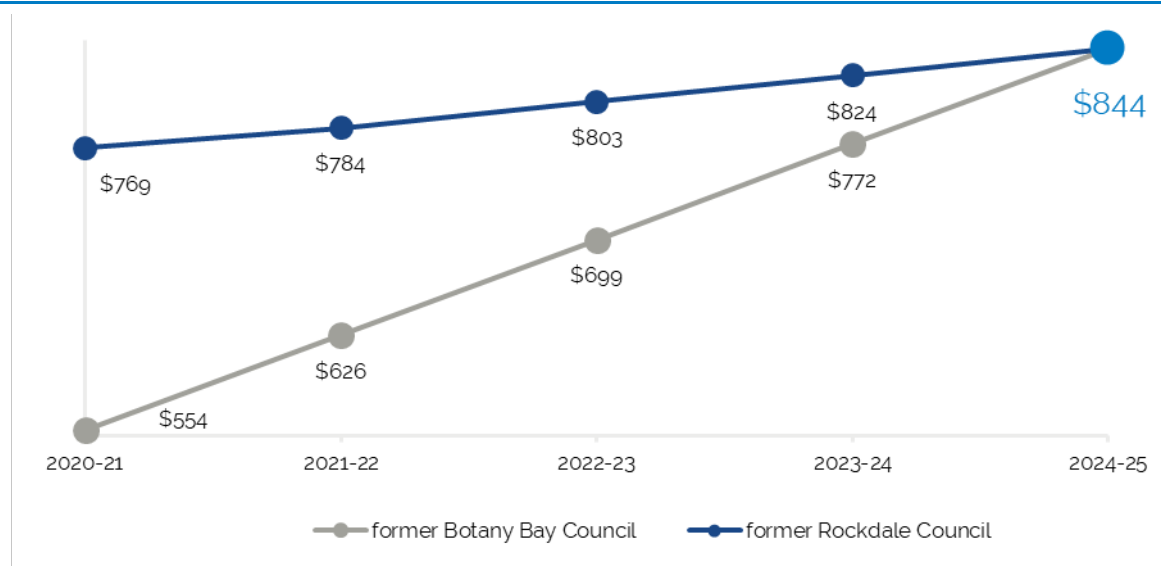
Bayside Council (the council) has proposed a 4-year transition path to harmonise the minimum amount of its ordinary rates (MR), so that by 2024-25, the MR for all rating categories will be \$844.16.

It has proposed its MR harmonisation path in response to:

- ▼ the current legislation requiring councils amalgamated in 2016 to harmonise rating structures of the former council areas, i.e. City of Botany Bay Council (Botany Bay) and Rockdale Council (Rockdale) to one rating structure across the new Bayside Council
- ▼ the Bill passed by Parliament to allow the harmonisation process to take place over 8 years.

IPART has approved the MR application in full.

Bayside Council harmonisation path for minimum rates



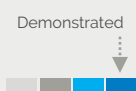
No additional revenue from minimum rate harmonisation

Harmonisation will not result in additional revenue for the council

The council's proposed harmonisation path is shown above. Harmonising its MR will not increase the council's overall general income above the rate peg increase of 2% in 2020-21 and the assumed rate peg of 2.5% in subsequent years. This is because the council proposes to also harmonise its ordinary ad valorem rates concurrently, resulting in a revenue-neutral position for the council overall (that is no addition revenue above the rate peg). However, due to the variance in existing MR (and ordinary rates) between the pre-merger council areas, the impact on ratepayers in the former Botany Bay and Rockdale council areas will be different.

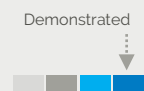
IPART has assessed the council's proposed MR structure against the criteria set by the Office of Local Government (OLG) in the *Guidelines for the preparation of an application to increase minimum rates above the statutory limit* (OLG Minimum Rate Guidelines).ⁱ

Rationale for increasing minimum rates



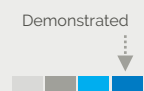
The council's proposal will share the rates burden more evenly between ratepayers on minimum rates and ratepayers on ad valorem rates, and between ratepayers in the former Botany Bay and Rockdale council areas.

Impact on ratepayers



The council considered the impact on its ratepayers, in particular its former Botany Bay minimum rate payers and balanced this against the need to distribute the rate burden more equitably across its LGA. Its proposed 4-year transition will also reduce the bill shock on its former Botany Bay minimum rate payers.

Consultation to obtain community views



The council has clearly made the community aware of its proposed harmonisation path, including the reasons for it and the expected outcome for ratepayers. It has adequately sought and responded to community feedback.

Response to concerns raised in submissions

Councils applying for additional funding or changes to minimum rates are required to undertake community engagement. As part of our process, IPART also accepts submissions from stakeholders.

Most of the submissions IPART received from community stakeholders, opposed the MR increases. We considered all the concerns and issues raised in these submissions. Our responses to some common ones are outlined below.

Stakeholders considered increases to former Botany Bay minimum rates are unfair, untimely due to COVID and only help Rockdale residents

The council's proposed MR harmonisation path is timed in response to current government legislation that requires amalgamated councils to harmonise rates so that rating structures are the same across former council areas.

Bayside Council has carefully considered how best to ensure equity and fairness in charging and collecting minimum rates across its local government area. For example, it is seeking to address the disproportionate rate burden between ratepayers on minimum rates and ratepayers on ordinary rates, as well as residential and business minimum rate payers.

To lessen the rates impact on some sections of its community it has proposed to transition its harmonised rates over 4 years as opposed to one year which will be allowed under legislation passed by Parliament in May 2021.

Stakeholders considered that the council's income is already increasing due to the many new apartments and other development in the LGA

Unfortunately, increases in the number of dwellings, businesses and people in a local government area do not lead to proportional increases in a council's rates income. This is because, under the current rating system, the NSW Government restricts the amount of income councils can collect from rates each year. They can only increase this income by the percentage of the rate peg that we set each year (or by applying for and receiving an SV).

For example, if a council has a ratepayer base of 100, and it has total allowed rates revenue of \$1,000 a year, it can charge each ratepayer a maximum of \$10 per year on average. If its ratepayer base increases to 110, it must reduce its average rates per ratepayer to around \$9 to stay within the allowed rates revenue.

In order to address this, the Minister for Local Government has asked us to recommend a rate peg methodology that allows the general income councils receive through rates to be varied annually in a way that accounts for future population growth. We have started work on this and you can read more about this review on our [website](#).

ⁱ Office of Local Government (OLG), *Guidelines for the preparation of an application to increase minimum rates above the statutory limit*.