

Inner West Council – Ratepayer Summary

Inner West Council (the council) has proposed to increase the minimum amount of its ordinary rates (MR) for 2021-22 to:

- ▼ \$850 per annum for residential ratepayers
- ▼ \$820 per annum for business ratepayers.ⁱ

It has proposed its MR harmonisation in response to the current legislation requiring it and other councils amalgamated in 2016 to harmonise rating structures. It intends to harmonise the rates of its former council areas (Ashfield Council (Ashfield), Leichhardt Council (Leichhardt) and Marrickville Council (Marrickville)) to one rating structure across the new Inner West Council area from 1 July 2021.

IPART has approved the MR application in full.

Inner West Council—Minimum rate harmonisation from 2021–22

Category	Former rating structure ^a (2020–21) (\$)	Proposed minimum rate (2021–22) (\$)
Residential		
Ashfield	727 (B)	850
Leichhardt	686 (M)	850
Marrickville	710 (M)	850
Business		
Ashfield	820 (B)	820
Leichhardt	686 (M)	820
Marrickville	Ad Valorem only	820

^a B denotes a base rate structure; M denotes a minimum rate structure. Business rates in Marrickville were previously based on an ad valorem rate only without a base or minimum rate.

Source: Inner West Council, *Application Part B*, pp. 9–10.



No additional revenue from minimum rate harmonisation

Harmonisation will not result in increased revenue for the council

Harmonising its MR will not increase the council's overall general income above the rate peg increase of 2% in 2021-22 and the assumed rate peg of 2.5% in subsequent years. This is because the council will also harmonise its ad valorem rates concurrently, resulting in a revenue-neutral position for the council overall. However, due to the variance in MR (and ordinary rates) between the former council areas, the impact on ratepayers in the former Ashfield, Leichhardt and Marrickville 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).ⁱⁱ

Rationale for increasing minimum rates

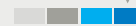
Demonstrated



The council demonstrated its rationale for increasing MRs which is to meet legislative requirements for rate harmonisation and ensure equity in rating burden across its rating categories.

Impact on ratepayers

Demonstrated



The council demonstrated that it met this criterion by considering the impact of the proposed MRs on each rating category. The council's minimum rates will be lower than similar and neighbouring councils even after the MR increase.

Consultation to obtain community views

Demonstrated



The council demonstrated that it met this criterion. We found that the council clearly communicated the size of its proposed MR increase. It also used a variety of methods to engage with its ratepayers.

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.

IPART received 2 submissions from community stakeholders. One submission opposed the MR increases and the other discussed the interest rate levied on rates arrears. We considered the concerns and issues raised in these submissions.

We found that the council has carefully considered how best to ensure fairness and equity in levying and collecting MR across its community. We also found that the council applied the correct interest rates on overdue rates. We also note that the council has a hardship policy to assist eligible rate payers to help manage their bills.

ⁱ Inner West Council, *Application Part B*, p 3 and Inner West Council, *Minutes of Extraordinary Council Meeting*, 1 March 2021.

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