



SOPHIE COTSIS MP

MEMBER FOR CANTERBURY



3 March 2021

Liz Livingstone
Chief Executive Officer
Independent Pricing and Regulatory Tribunal New South Wales
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Ms Livingstone

I write to you as part of the current Special Rates Variations and Minimum Rates 2021-22 review. In particular, my submission focuses on the proposal by the City of Canterbury Bankstown Council.

As the local State Member for Canterbury, I have been inundated by many residents who have relayed their concerns with changes to council rates due to the State Government's rate harmonisation requirement.

The forced amalgamation of former Canterbury Council and former Bankstown Council was conveyed to residents as a means of improving efficiency and saving money. In fact, the then Premier, Mike Baird stated a saving of \$2billion over 20 years¹. In 2015, the Minister for Local Government, Paul Toole, made a "guarantee" that the council amalgamations will "keep rates low"².

As you may know, in 2013 the Independent Local Government Review Panel revealed:

*"The principal arguments used against amalgamations are that there is no direct, general relationship between council size and the efficiency of service delivery..."*³

¹ <https://www.governmentnews.com.au/forced-council-mergers-nsw-government-got-wrong/>

² <https://www.governmentnews.com.au/2bn-nsw-council-merger-savings-try-13-per-person-a-year/>

³ <https://www.narrabri.nsw.gov.au/files/uploaded/file/Your%20Council/Fit%20for%20the%20Future/Submission%20documents/Revitalising%20Local%20Government%20-%20ILGRP%20Final%20Report%20-%20October%202013%20RS.pdf>

Despite this finding and strong community objection, the NSW Government continued with the forced amalgamation.

To support merged councils, NSW Government established the Strong Communities Fund to financially support the delivery of projects. While \$250 million dollars was allocated for this fund, over 80% of the funding was allocated to councils in Liberal and National seats⁴. Even though City of Canterbury Bankstown Council is the biggest council in NSW by population⁵, it is estimated that the council has been deprived of \$40million in funding⁶ through this grant. Now residents, including those from my electorate, are left to make up for the short-change.

Council rates are expected to increase by up to 36%⁷. The NSW Government's rate harmonisation requirement fails to take into consideration the propensity of households, particularly in my electorate of Canterbury, to afford any significant council rate rises.

My electorate comprises of many residents who work in low income professions. In fact, according to the most recent census⁸, my electorate has a higher percentage of hospitality, aged care, and cleaning services employees, than the New South Wales average.

These professions are seen as low-income and severely limit discretionary income levels⁹. This is evidenced by the table below which highlights the median weekly income of individuals, family and households in Canterbury being lower than state and national median levels.

Median weekly incomes People aged 15 years and over	Canterbury	%	New South Wales	%	Australia	%
Personal	565	--	664	--	662	--
Family	1,541	--	1,780	--	1,734	--
Household	1,413	--	1,486	--	1,438	--

The median weekly personal income for people aged 15 years and over in Canterbury (State Electoral Divisions) was \$565.

⁴ <https://www.9news.com.au/national/nsw-politics-stronger-communities-fund-pork-barrelling-claim-council-merger/5fbc6614-f2bb-4e9f-9f0b-527dc84b5bab>

⁵ http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_ERP_COMP_LGA2018

⁶ <https://www.governmentnews.com.au/committee-demands-please-explain-on-council-grants/>

⁷ <https://www.cbccity.nsw.gov.au/resident/rates/onerate/new-information>

⁸ https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SED10015

⁹ <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/income-finance-and-employment-snapshots/family-economic-situation>

As consequence, my electorate also records high number of renters, 36.5%, compared to 31.8% in NSW and 30.9% nationwide. In addition, for 17.2% of tenants in the local community have their rent payments equivalent to over 30% of their household income which puts them under rental stress. Again, this percentage is alarmingly higher than the state and national figures, as seen below.

Tenure	Canterbury	%	New South Wales	%	Australia	%
<i>Occupied private dwellings</i>						
Owned outright	9,202	31.7	839,665	32.2	2,565,695	31.0
Owned with a mortgage	8,172	28.1	840,004	32.3	2,855,222	34.5
Rented	10,588	36.5	826,922	31.8	2,561,302	30.9
Other tenure type	190	0.7	23,968	0.9	78,994	1.0
Tenure type not stated	882	3.0	73,763	2.8	224,869	2.7

Rent weekly payments	Canterbury	%	New South Wales	%	Australia	%
Median rent	400	--	380	--	335	--
Households where rent payments are less than 30% of household income	--	82.8	--	87.1	--	88.5
Households with rent payments greater than or equal to 30% of household income	--	17.2	--	12.9	--	11.5

Local suburbs such as Campsie, Canterbury and Belmore have been recorded as having one of the worst rental stress conditions in Australia¹⁰. As the local member, there is concern changes to council rates will almost certainly will mean changes to rent prices which will further strain tenants in my electorate.

For local home owners, mortgage stress is also a serious issue. Once again, percentage of households under mortgage stress in my electorate is higher than the state and national percentages.

Mortgage monthly repayments	Canterbury	%	New South Wales	%	Australia	%
Median mortgage repayments	2,167	--	1,986	--	1,755	--
Households where mortgage repayments are less than 30% of household income	--	91.2	--	92.6	--	92.8
Households with mortgage repayments greater than or equal to 30% of household income	--	8.8	--	7.4	--	7.2

A vital statistic to highlight is also the number of single parent households in my electorate. Over 17.2% of the families currently have only one parent. This percentage

¹⁰ <https://www.abc.net.au/news/2019-01-08/western-sydney-rental-stress-sparks-call-for-more-social-housing/10696768>

is higher than the state and national average. A report by ACOSS and UNSW regarding Poverty in Australia, stated:

Factors contributing to the higher rates of child poverty in sole parent families include reliance on a single parental income, lower employment levels among sole parents (due to a combination of their sole caring responsibilities, child care availability, and limited family friendly employment options), and the level of social security payments for sole parents (especially Newstart Allowance, on which they must rely if out of paid work and their youngest child is eight years of age or more).¹¹

Families — family composition

family composition | employment status of couple families

Family composition	Canterbury	%	New South Wales	%	Australia	%
Couple family without children	7,407	31.7	709,524	36.6	2,291,987	37.8
Couple family with children	11,416	48.9	887,358	45.7	2,716,224	44.7
One parent family	4,005	17.2	310,906	16.0	959,543	15.8
Other family	514	2.2	32,438	1.7	102,559	1.7

Of the families in Canterbury (State Electoral Divisions), 48.9% were couple families with children, 31.7% were couple families without children and 17.2% were one parent families.

As the aforementioned information clearly outlines, with close to one in five families in my electorate with a single parent family structure, there are higher chances of these families, particularly those with students and young children, to fall below the poverty line. These chances will only be further strengthened with increases to council rates.

Moreover, NSW Government's rate harmonisation requirement has failed to into consideration recent pandemic and economic factors.

The recent COVID-19 pandemic has only amplified the social and economic hardships experienced by local residents and most Australians nationwide. During the pandemic, 220,000 people had lost their job in NSW in April last year¹². One of the first sectors to be severely impacted by the COVID-19 was hospitality, a sector, as I have mentioned before, which employs many local residents. A report by Deloitte Access Economics suggests up to 60% of jobs were lost in the sector and that it could take approximately five years to reach pre-COVID-19 levels¹³.

¹¹ https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

¹² <https://www.abc.net.au/news/2020-06-04/nsw-economy-suffers-but-coronavirus-effects-not-yet-seen/12317346>

¹³ <https://www.theguardian.com/business/2020/may/20/jobs-in-hospitality-and-the-arts-could-take-five-years-to-recover-to-pre-coronavirus-levels>

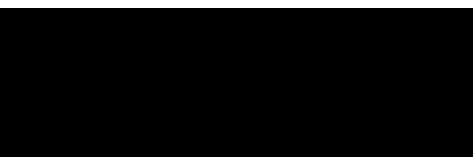
While there have been reports of job vacancies increasing since the height of the pandemic, issues of casualization and underemployment remain. Uncertain job security and lower income will further put strain on the cost of living pressures that our local residents face.

Unemployment rates also reached a 23 year high and are not expected return to pre-COVID-19 levels until mid-2024¹⁴. While JobSeeker and JobKeeper were introduced last year, they will be ceasing on the 31st of March 2021, and will therefore put additional strain on household income that are reliant on the Government support.

In 2020, the household saving ratio decreased to 18.9% from 22.1%¹⁵. This is proof that recent economic environment is a real challenge faced by households. Increases in council rates will only further apply pressure on the households which can also lead to a number of implications which may not be discussed such as mental health, domestic abuse, substance abuse and many other emotional or psychological concerns.

In summary, the NSW Government has required City of Canterbury Bankstown Council to harmonise its rates. However, with recent economic condition and existing demographic patterns of my electorate, my constituents are unable to bear the burden of significant rate rises. My community is hard working and deserve any council rate changes to be justified, and in accordance to their ability to afford the changes without risking a decline in their quality of life or standard of living.

Yours sincerely,



SOPHIE COTSIS MP
MEMBER FOR CANTERBURY

¹⁴ <https://www.smh.com.au/politics/nsw/unemployment-in-nsw-to-hit-a-23-year-peak-by-next-month-20201115-p56erz.html>

¹⁵ <https://tradingeconomics.com/australia/personal-savings>