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Please provide any other comments on the council's application that you would like to make here.

These submissions are made by the Homebush Residents Group, Inc., in relation to the 2023 special rate variation (SRV) application by Strathfield Municipal Council (Council). The Homebush Residents' Group, Inc. (the HRG) is an association of residents in and around Homebush village. The HRG is registered in New South Wales as an incorporated association with an incorporation number INC2201289. We make these submissions on behalf of the HRG's members, all of whom are residents of the Municipality of Strathfield, to support the application relating to the change to a minimum rate structure but otherwise oppose the SRV. We reluctantly agree with Councils application to adopt a minimum rate structure, and the Councils SRV application for an 35.1% increase in 2023-24 and 13.0% increase in 2024-25, which correspond to the anticipated increase in rate income resulting from the minimum rate structure. However, we do not agree that Councils application has adequately demonstrated the need for the SRV over the rate peg in 2025-26 and 2026-27. Overall, the 17.5% and 7.5% increase in years 2025-26 and 2026-27 is significant and falls disproportionately on c.20% of residents. Council has not adequately communicated the size of this increase to residents. No one at Council has adequately justified the size of this increase. We urge IPART to reject Councils application to further increase the rates by 17.5% and 7.5% in years 2025-26 and 2026-27. Council should be required to demonstrate that it is capable of responsibly managing the income resulting from the permanent increases in 2023-24 and 2024-25 (if approved). If, despite such responsible management, Council requires further increases to rates, it can apply at the next opportunity.

Question 1 (Criterion 1) - Has the council clearly established the need for, and purpose of a different revenue path for the council's General fund?

We reluctantly agree with Councils application to adopt a minimum rate structure, and the Councils SRV application for an 35.1% increase in 2023-24 and 13.0% increase in 2024-25, which correspond to the anticipated increase in rate income resulting from the minimum rate structure. However, we do not agree that Councils application has adequately demonstrated the need for the SRV over the rate peg in 2025-26 and 2026-27. Historically, Strathfield Council has been a very efficient council, in that it did the basics well (waste, cleaning, development applications, etc). Candidates for councillors did not advocate discretionary, or bread and circuses, services in order to be elected. However, something went wrong in recent years and now Strathfield Council is before IPART seeking outrageous rate increases. Discretionary services introduced by the council include: Connector bus (\$1.3m); commercial property letting (e.g. Burlington Road office letting); Strathfield Festival (a three day event); investigations of aquatic leisure centres; parenting programs; tech programs for seniors; fall protection programs for seniors; community choirs; COVID testing at the local library (April 2023); various fitness programs, including organising fun runs; and, most outrageously, glossy 4 page colour brochures, hand delivery to residents letter boxes, which describes the bread and circuses services that have nothing to do with the councils core business. Given the location of facilities in adjacent areas with very small populations, particularly the Olympic Park precinct, many of the discretionary expenditures are not necessary. For example, each Saturday morning there are two (2) 5km parkruns in the Bicentennial Park which are run by volunteers and free for participants, so once a year Cooks River 5k fun run organised by the council is unnecessary. With the demographics of its residents, many of the discretionary expenditures are just not necessary. For example, do we really think that seniors need Council to provide tech support for their phones, tablets and computers given the high educational profile of this Council area (which is referenced in the SRV application)? Lastly, probably the most egregious waste is the Connector bus. Based on information communicated by councillors, it appears that the introduction of the bus service is based on initial analysis that was inadequately conducted by a previous Council. However, cancelling the service is very difficult now because of the politics of being seen to remove a service could impact re-election. Strathfield Councils submission to IPART should quite clearly distinguish expenditures between those that there is a statutory duty to provide, and those which are discretionary.

Question 2 (Criterion 1) - Has the council canvassed alternatives to the rate rise?

Council has not seriously canvassed alternatives to the rate rise: see comments above and below in relation to Criterion 5.

Question 1 (Criterion 2) - Did the council communicate the full cumulative increase of the proposed special variation in percentage terms? And the total increase in dollar terms for the average ratepayer by rating category?

We agree that Council has adequately achieved community awareness and engagement with respect to the proposal to move to a minimum rate structure. The proposal is simple and its consequences were easy to communicate via Councils website and circular letters. However, the rest of Councils SRV proposal was too complex for residents to understand. Councils proposal, as communicated in its documents, lumped in a number of changes, on different timeframes and applying to different residents, including: (a) a general reduction in the domestic waste levy, transferring the revenue to be collected from the levy to the general council rate. However, the domestic waste levy is a fixed amount per household, while the proposed council rate is calculated by reference to property value, making it impossible for a resident to calculate the impact on their own overall rate burden; (b) a switch to a minimum rate structure, but with the ultimate minimum rate level kicking in over two years; and (c) accompanying this, changes to the ad valorem rate that will vary wildly over four years. The complexity of the SRV meant that residents were in no position to understand the impact in each individual case without the Council providing detailed and granular information. Unfortunately, Council failed to do so in two key ways, which made Councils information campaign

bordering on misleading. 1. Hidden information First, Council failed to communicate the true extent of the increase for a significant proportion of residents. As IPART will be aware, the true extent of the increase is 92.8% compounded over four years. For a significant proportion of residents, their rates will rise by hundreds or even more than a thousand dollars (see our comments below in relation to Criterion 3). However, Councils website and circulars emphasised that: For 74% of ratepayers, the increase will be no more than 19.5% after 4 years. That's an extra \$1.77 per week over 4 years. Approx. 70% of ratepayers will only pay the minimum rate. These two headline claims were repeated on the Council website and in publications. In fact, on the Councils website on the SRV (<https://haveyoursay.strathfield.nsw.gov.au/protectingourfuture>), if a resident only looks at this webpage, these headline claims reflect all the information presented to the community about the scale of the increase. We trust that IPART will recognise that 19.5% is not an accurate representation of 92.8%. \$1.77 per week is not an accurate representation of up to thousands of dollars a year. It is not possible for individual residents to accurately assess whether they fall within the 70% or 74%. The Council, and not individual residents, have information on the distribution of land values per household. Take the example of a hypothetical resident living in an ordinary Californian bungalow with a current (2022) land value of \$2.5 million in the suburb of Homebush. They may well expect that they should fall within the 70%, or the 74%, since their house is around the median house price for the suburb (around \$2.4-2.6 million), and Homebush is a small suburb compared to Strathfield, which has a median house price well into the \$3 million range. This resident is likely to be reassured that the impact of the SRV is minuscule, and stop reading. This resident will be in for a nasty surprise when their Council rate bill arrives, should the SRV be approved, because unbeknownst to that resident, due to the vast number of residential flats in Strathfield Council who have minimal land value, this resident is not in fact part of the 70% or 74%. They are part of the c.20% who will be paying an ad valorem rate, and will be looking at a new rate burden close to \$3,000, an increase of almost 40% from their current rate burden. The way Council presented the misleading headline information about overall rates had the effect of giving residents false reassurance that the SRV is smaller than it actually is. The objective evidence for this effect is that only 35 submissions were received by Council, and only 248 responses to the survey. Altogether, this adds up to only 1.6% of the 18,273 private dwellings in the Strathfield Council area. The vast majority of residents were simply lulled by Council into a false complacency. 2. Out of date information Secondly, Councils publicity material was calculated based on out of date information. As IPART will be well aware, from 1 July 2023, Council rates will be calculated based on land values as at 30 June 2022. However, Councils publicity material used 2019 land valuation figures. This made it near impossible for any resident to accurately understand the impact of the SRV. Returning to the hypothetical resident described above, assume for the moment that they are unusually suspicious of local councils and wish to investigate the proposal further. The only way they could have had any inkling of the true size of the increase, would have been to click into the various frequently asked questions. Even then, they would have seen only overall numbers. In order to see examples of the new rate, they would have had to expand the question What will My New Rates Be, then click into a link called Example Rates Page, then read through some detailed tables. Assuming this resident has an accounting degree or is otherwise highly numerate, they will now have a good idea of what the new rate will be at different land values - but applied to 2019 land values. Unfortunately, the new rates will in reality be applied to 2022 land values. The hypothetical hyper-vigilant resident is now stumped. The HRG was only able to get updated figures from Council based on 2022 land values very late in the process (between Council voting to apply for the SRV and the application being submitted to IPART). While we feel we now have an accurate understanding of the SRV, we do not agree that it was possible for the vast majority of residents to gain such an understanding. In fact, we are confident that no resident liable to pay the ad valorem rate was given an accurate understanding of the impact of the SRV on them individually prior to Council closing the consultation process.

Question 2 (Criterion 2) - Has the council's community engagement strategy demonstrated an appropriate variety of engagement methods to ensure community awareness?

Question 3 (Criterion 2) - Please comment on the action taken by council in response to feedback from the community on the proposed special variation.

Council revised the proposal in response to feedback from the community. However, it is apparent from Council's community engagement report that it was aware of the level of confusion in the community about the SRV proposal but chose not to engage more meaningfully with the community. Moreover, the revised SRV proposal was not widely communicated to the community. The HRG followed up and received up-to-date information, but there was no public dissemination of this information.

Question 1 (Criterion 3) - Please comment on the reasonableness of the impact on affected ratepayers of the proposed special variation.

We are particularly concerned about the impact of the third and fourth year increases on ratepayers who will not be paying the minimum rate. Council proposes to phase in the minimum rate over two years (2023-24 and 2024-25). In the next two years, the minimum rate will vary only by the rate peg. Yet, in those two years the SRV proposes an increase in overall rate income of 17.5% and 7.5% respectively (26.3% compounded). The excess portions of these increases over the rate peg will be borne entirely by the c.20% of residents who will not be paying the minimum rate. The c.20% of residents who will not be paying the minimum rate are essentially residents who live in houses. House land values tend to be a whole order of magnitude higher than the land values of highrise flats, so this level of increase for house owners translate into dollar figures in the hundreds or thousands of dollars. Based on the latest projections calculated by Strathfield Council (which we thank the Council for providing to us though late in the process), typical properties in the Homebush Village area with land values around \$2.5 million to \$4 million will generally see an overall rate burden of around \$2,800 to \$4,000, an increase of around \$500 to

\$1,500 compared to current levels. These are significant increases. While Strathfield itself is traditionally known as an affluent suburb, the other suburbs in the Strathfield Municipality are not. For example, the Australian Bureau of Statistics Index of Relative Socio-economic Advantage & Disadvantage (IRSAD) score (based on 2021 census data) for Strathfield is 1,086, making it the 122nd most advantaged postcode zone in New South Wales. By contrast, Homebush scores 1,049, and ranks 179th. Belfield scores 1,011, and ranks 243rd. Greenacre scores 948, and ranks only 398th. Further, the high educational advantage enjoyed by Homebush residents (which pushes up IRSAD) is not reflected in the level of income. The median weekly personal income in Homebush is only \$960 per week according to the 2021 census. We also remind IPART that the currently maximum weekly age pension rate is only \$513.25 (including maximum person supplement and energy supplement), and the currently weekly JobSeeker allowance for a single person is only \$334.20.

Question 2 (Criterion 3) - Please comment on the council's consideration of the community's capacity and willingness to pay. Councils application is perfunctory in dealing with the burden of the SRV on residents in suburbs other than Strathfield. In relation to Homebush, it says: The majority of residents within Homebush are renters (56%) and are not expected to be directly impacted by the SV as rents are generally market determined. This area has the largest proportion of population within the middle quartiles of equivalised income and has above average SEIFA scores (scoring very high when including indicators of advantage). Residential ratepayers in this area will be paying an average of just \$12 per week more than they would have under the normal rate increases, largely due to the introduction of minimum rates. Again, it is considered that there is capacity to pay. This analysis is inadequate in several ways: While 56% of the residents in Homebush are renters, the remaining 44% (owner-occupiers) still translate to 5,104 people. These 5,104 people are disproportionately house owners who are facing significant increases in rate burden. Many of these house owners are pensioners, or working families supporting multiple children. A pensioner might have a university degree that means they score highly on IRSAD, but that does not mean they have significant capacity to pay. For all residents, especially working families, the increases in mortgage burden and cost of living are already stretching family budgets. An increase in council rate in the thousands per household will directly affect quality of life for children. Council repeats in this paragraph the trope of highlighting only the average increase. As we have noted above, for many house-owners, the increase in burden is significantly more. The excessive increase in rate burden for house owners will also affect the currently vibrant local retail economy as local residents must cut into their spending to afford the extra thousands of dollars in rates.

Question 3 (Criterion 3) - In its application the council outlined how it intended to address hardship caused by the proposed special variation. Please comment on the council's plan.

Question 1 (Criterion 4) - Have the relevant IP&R documents in the council's application been exhibited, approved and adopted by the council before it applied to IPART for the proposed special variation?

Question 1 (Criterion 5) - In its application the council is required to explain and quantify the productivity improvements and cost containment strategies the council has realised in past years and plans to realise over the proposed special variation period. Please comment on the council's response here.

As matters stand, Strathfield Council has not demonstrated a satisfactory track record for delivering cost savings or increasing revenue outside of the rate structure. While we are sympathetic to Councils need to close the funding gap on asset management due to past under-investment, the proposed increases in years 2023-24 (35.1%) and 2024-25 (13.0%) (which we support) will result in a permanent 52.7% increase (on a compounded basis), which will then continue to tick up at the rate peg. This is a dramatic increase by any measure and should substantially improve Councils income position. Council should be required to demonstrate its ability to put to good use this 52.7% increase. If, despite well-demonstrated efforts to cut costs and apply this increase sensibly over the next five years, Council still finds that the rate base is inadequate to service the needs of residents, Council is at liberty to apply to IPART again.