



Tania Mihailuk MP

Member for Bankstown

Friday, March 5th 2021

Ms Liz Livingstone
Chief Executive Officer
Independent Pricing and Regulatory Tribunal (IPART)
By Email: localgovernment@ipart.nsw.gov.au

Dear Ms Livingstone

RE: Special Variations & Minimum Rates 2021-22 - Canterbury-Bankstown Council

I write in my capacity as the Member for Bankstown to oppose Canterbury-Bankstown Council's proposal ('the proposal') to introduce a Special Rate Variation and a Minimum Rate increase. I hold grave concern that the Special Variations and Minimum Rates proposal has had limited public exposure, has been misleading in its interpretation, and will detrimentally impact detrimentally on the vast majority of ratepayers in the Canterbury-Bankstown Council LGA.

The rates proposed for residents living in the former Bankstown City Council are expected to rise cumulatively by 22 to 63 percent, and for businesses located in Bankstown by a minimum of 33.58 percent over the next five years—both of which are unprecedented increases in my area and across the state.¹ These rate increases, if approved by IPART, will generate an additional \$40 million every year over the next four years.²

¹ Canterbury-Bankstown Council. 2021. *Agenda for the Extraordinary Meeting - 4 February 2021*, 38 <https://www.cbcity.nsw.gov.au/Councilccb/docs/4%20February%202021%20Extraordinary%20Business%20Paper.pdf>.

² Ibid, 16.



These rate increases would be introduced at a time when our community is still reeling from a devastating pandemic, and will place families and businesses under even greater financial stress. Disturbingly, the increase will disproportionately and unfairly affect homeowners with lower land valuations in the former Bankstown City Council. Over the next five years rates for residents with land values below \$300,000 will increase by \$403.32, while residents' land worth almost threefold that amount will encounter a lower increase of \$375.52.³

These rate increases reflect the problems created by the forced amalgamation of two councils, rather than the needs of the community. Bankstown residents are being forced to bear the burden of this grossly mismanaged amalgamation, which saw former Canterbury Council understate its level of unfunded asset renewal requirements by \$53 million, understate its depreciation level by \$6 million annually and not disclose \$123 million of assets at the time of amalgamation.⁴ Conversely, for 40 consecutive years, Bankstown City Council did not have to increase rates above IPART's benchmark and, at the time of amalgamation, Bankstown City Council was just one of seven metropolitan Sydney councils declared "fit for the future" and IPART made it very clear that it was financially capable of standing alone.⁵ Yet, now residents of the former Bankstown Council are being forced to suffer an undue economic burden to compensate for the amalgamated Council's inability to manage their funds in more sustainable ways.

This submission further details how these proposed changes are unnecessary, unfair, and have received scarce community consultation. On these grounds, I urge you to reject the Council's proposal.

³ Canterbury-Bankstown Council. *Application for a Special Variation to General Income - LG Application Part A Excel*,

<https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Reviews/Special-Variations-Minimum-Rates/Special-Variations-Minimum-Rates-2021-22?qDh=2&cid=48a9a3d8-da6f-40a5-ae3c-96122c5cbc8d>.

⁴ Canterbury-Bankstown Council. 2021. *Agenda for the Extraordinary Meeting - 4 February 2021*, 18 <https://www.cbcity.nsw.gov.au/Councilccb/docs/4%20February%202021%20Extraordinary%20Business%20Paper.pdf>.

⁵ Office of Local Government. *Report Card - IPART Assessment of NSW Council Fit for the Future Proposals*.

A. Lack of Community Consultation and Awareness of the Rate Rise

As I understand, Canterbury-Bankstown Council's consultation process with respect to the proposed rate increases commenced on 1 December 2020 and ran for a period of seven weeks, ending 17 January 2021.⁶ During this period of consultation, the key methods of communication were substantially underutilised. According to Council's Special Rate Variation (SRV) Application Form, the One Rate webpage only received 6,717 views and the rates calculator only received 1,255 views.⁷ By its own admission, Council has recognised that only "a very small number of submissions" were submitted by affected ratepayers — with only 147 submissions received.⁸ Council did not seek to extend the period of consultation, or undertake a meaningful form of consultation to generate awareness - despite being the largest council in the State, with over 350,000 residents.⁹ The lack of engagement reflects a failure by Council to properly consult with the community.

The scheduling of this consultation period is particularly worrying as Council itself acknowledged that "consulting over the holiday periods is not ideal".¹⁰ Yet, the consultation period was held over the holiday period and during Sydney's second COVID-19 lockdown, greatly reducing people's opportunities to meaningfully engage with the consultation efforts. As the State Member for Bankstown, I was neither directly consulted or briefed on these proposed changes, nor given an opportunity to comment on this proposal prior to the application being submitted to IPART.

The Council were well aware that the tokenistic consultation was not generating any awareness or response in the community. The Council only received 325 calls, 68 emails, and 88 registrations for seminars, with only 50 attendees and 34 questions

⁶ Canterbury-Bankstown Council. 2021. *Agenda for the Extraordinary Meeting - 4 February 2021*, 19 <https://www.cbcity.nsw.gov.au/Councilccb/docs/4%20February%202021%20Extraordinary%20Business%20Paper.pdf>.

⁷ Ibid, 23.

⁸ Ibid, 26.

⁹ Canterbury-Bankstown Council. N.d. *Demographics and Statistics*, <https://www.cbcity.nsw.gov.au/council/about-us/demographics-statistics>.

¹⁰ Canterbury-Bankstown Council. N.d. *Frequently Asked Questions*, <https://www.cbcity.nsw.gov.au/resident/rates/onerate/frequently-asked-questions>.

asked.¹¹ This reveals an inability for the community to have provided meaningful feedback to the Council.

Engagement with key community stakeholders was even further lacking. Canterbury-Bankstown Council identified 40 different community sporting groups and associations but only had 13 people register for a targeted webinar. Of the 2,150 people in the Council's Community Service's network, only 32 responded.¹² Despite 7,000 being in Council's Leisure and Aquatic network, only 29 survey feedback forms were returned. From the 5 Business Chamber groups, only 12 people registered for a webinar.¹³ This consistent trend of poor community engagement is further evident in Canterbury-Bankstown Council's low calibre of Face to Face meetings. Council only spoke to 234 people in drop-in sessions.¹⁴ These numbers are not a reflection of a well informed community; rather, they reflect a council that has failed in its obligation to generate community awareness and actively engage residents to such an extent that the Council's proposed SRV should be rejected on these grounds alone.

In any event, Canterbury-Bankstown Council's method of communication undermines the value of its community engagement, given the likelihood that the language relied upon may be misleading. At the time of writing, Council's website states "ratepayers of Canterbury-Bankstown Council will not pay more than what they would have been levied under their former Councils" (**Appendix A**). This claim, however, is contrary to the SRV application in many respects. Firstly, due to the harmonisation of rates, some rates—specifically those of former Bankstown City Council residents and former Canterbury City Council businesses—will need to be increased. Secondly, Council intends to raise all minimum rates across both former Councils to \$850 in 2022/23 and \$990 in 2023/24 (**Figure 1**).¹⁵ Finally, the SRV intends to raise \$40 million annually over

¹¹ Canterbury-Bankstown Council. 2021. *Agenda for the Extraordinary Meeting - 4 February 2021*, 21 <https://www.cbcity.nsw.gov.au/Councilccb/docs/4%20February%202021%20Extraordinary%20Business%20Paper.pdf>.

¹² Ibid, 24.

¹³ Ibid.

¹⁴ Ibid, 25.

¹⁵ Ibid, 48.

the next four financial years, which will impose an added levy across all ratepayers in Canterbury-Bankstown Council.¹⁶

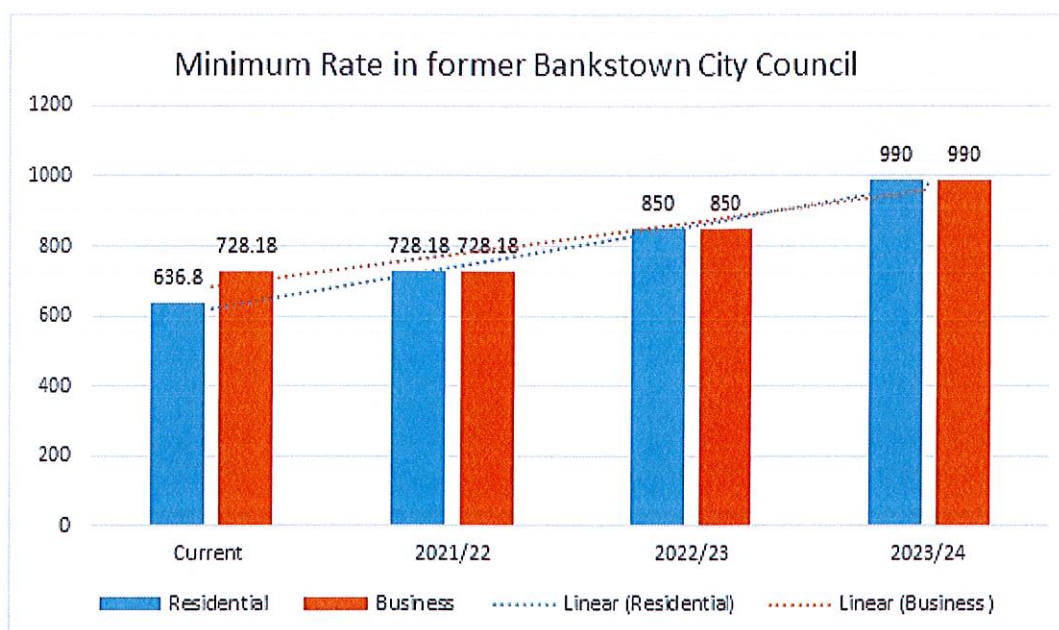


Figure 1: Minimum Rate in Former Bankstown City Council

I have further concerns that the Council's consultation efforts show a pattern of insufficient engagement with ratepayers who predominantly speak languages other than English. In the Council area, more than 60% of residents speak a language other than English at home and information provided in preferred languages is essential to ensure meaningful and comprehensive awareness.¹⁷ While there are materials available in other languages on the Council's 'translation page', they can only be accessed after first navigating through the Council's English language website. Additionally, advertisements taken out in non-English newspapers were only displayed as 'Mayoral Messages' (in English) and made no indication of a rate increase in the title.¹⁸

¹⁶ Ibid, 49.

¹⁷ ID Community. 2016. *City of Canterbury-Bankstown Language Spoken at Home*, <https://profile.id.com.au/canterbury-bankstown/language#:~:text=In%20City%20of%20Canterbury%20Bankstown,at%20home%20other%20than%20English>.

¹⁸ Canterbury-Bankstown Council. *IPART Application - Attachment - Community Engagement Materials Community Engagement Portfolio*, 5

B. Lack of Evidence that the Community is Aware of the Extent of the Rate Rise

Under Canterbury-Bankstown Council's harmonisation process, the minimum rate for residents living in both the former Bankstown Council and former Canterbury Council will increase to \$728.18.¹⁹ Whilst, for businesses the minimum rate will rise to \$794.27.²⁰ In addition to this, Council has proposed to increase the minimum rate for residential and business properties to \$990 over the next three years and introduce a Special Rate Variation, which will see the Council raise an additional \$40 million of revenue per annum until 2025/26.²¹

Whilst residents and businesses may understand Canterbury-Bankstown Council's legislative requirement to harmonise rates, I hold concerns that many residents and businesses are unaware of the magnitude of the proposed rate increases. Part of the issue arises from Council's decision to market the SRV as 'OneRate' thus focusing the awareness of the community on harmonisation rather than the SRV. The conjoining of harmonisation and the SRV significantly lowers the community awareness of the SRV and thus the extent of the rate rise. The advertising material provided by Council all carry the logo of OneRate with the tagline 'because we are one city'.²² The posters provided by Council make no reference to the extent of the rate rise. The Council Home Page Slider too makes no reference to the extent of the rate rise. The Facebook post published on 8 December 2020, provided as evidence by Council, reads as follows:

"All amalgamated Councils, including CBCity, are required to harmonise their rates by 1 July 2021. As a result, we're reviewing rates across Canterbury-Bankstown."

<https://www.ipart.nsw.gov.au/files/a13e3343-63f9-4071-8088-5335f9e7a80d/Attachment-Community-Engagement-Materials-Community-Engagement-Portfolio.pdf>

¹⁹ Canterbury-Bankstown Council. 2021. *Agenda for the Extraordinary Meeting - 4 February 2021*, 12 <https://www.cbcity.nsw.gov.au/Councilccb/docs/4%20February%202021%20Extraordinary%20Business%20Paper.pdf>.

²⁰ Ibid.

²¹ Ibid, 48-49.

²² Canterbury-Bankstown Council. *IPART Application - Attachment - Community Engagement Materials Community Engagement Portfolio*, 1 <https://www.ipart.nsw.gov.au/files/a13e3343-63f9-4071-8088-5335f9e7a80d/Attachment-Community-Engagement-Materials-Community-Engagement-Portfolio.pdf>

Attached to the same post is a picture of the OneRate logo and tagline (**Appendix B**). This Facebook post informs the community about harmonisation, but does not adequately make ratepayers aware of the extent of the rate rise. Announcing a review of rate, in the context of harmonisation, implies that the review will harmonise rates rather than increase council's revenue by 36.34%.²³

Over the next five years, rates for residents living in the former Bankstown Council will increase between 22.08 to 63.34 percent and business rates will increase by a minimum of 33.58 percent (**Figure 2**).²⁴ This is an unprecedented rate rise that has never occurred in the history of this area, and represents one of the highest rate increases seen in this state.

Former Bankstown City Council				
Cumulative increase 2021/22 to 2025/26	Residential min.	Residential non-min.	Business min.	Business non-min.
Rate Peg	12.59%	12.59%	12.59%	12.59%
Harmonisation	12.35%	-6.97%	0.00%	-5.66%
Special Rate Variation	30.19%	15.89%	19.11%	26.89%

²³ Canterbury-Bankstown Council. 2021. *Agenda for the Extraordinary Meeting - 4 February 2021*, 53 <https://www.cbcity.nsw.gov.au/Councilccb/docs/4%20February%202021%20Extraordinary%20Business%20Paper.pdf>.

²⁴ Ibid, 38.

Total cumulative 5yr change	63.34%	22.08%	33.58%	34.52%
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Figure 2: Increases for ratepayers in former Bankstown City Council

Furthermore, since the amalgamation of former Bankstown Council and former Canterbury Council in 2016, average residential rates have increased by 14.64% from \$960.79 in 2014/15 to \$1,101.44 in 2018/19.²⁵ Historically, the newly merged Council has demonstrated an inability to implement any cost containment or productivity enhancement strategies, and should not be permitted to increase rates to remedy their failure to achieve cost savings and efficiencies.

Indeed, neither Bankstown nor Canterbury Council (or the now merged Canterbury-Bankstown Council) require a rate increase of this magnitude. The former Bankstown City Council was one of seven Metropolitan Sydney Councils declared 'fit for the future', having not required a rate increase above the IPART benchmark in forty years.²⁶ The former Canterbury Council had previously been approved for a special rate variation in 2014, which was meant to raise \$85 million over the rate peg in additional funds over ten years.²⁷ It is difficult to understand why two former councils, each independently not requiring a rates increase, would require one of the state's largest rate hikes once merged, especially given that the amalgamation was justified on the basis of cost saving and financial efficiency.

I also note that the majority of ratepayers who wrote a submission to Council with respect to the proposed rate increases were redirected to Council's rate calculator. However, there are two significant issues with the validity of this calculator. Firstly, the calculator assumes that the present legislation (*Local Government Act 1993*) governing

²⁵ Office of Local Government. *Your Council Report - Bankstown City Council & Canterbury-Bankstown Council*,
<https://www.olg.nsw.gov.au/public/about-councils/comparative-council-information/your-council-report/>.

²⁶ Office of Local Government. *Report Card - IPART Assessment of NSW Council Fit for the Future Proposals*.

²⁷ Independent Pricing and Regulatory Tribunal. 2014. *Canterbury City Council's Application for a Special Variation for 2014/15*.

council rates will be amended to allow council to harmonise rates over a five year period.²⁸ Council will only be permitted to do this provided that the *Local Government Amendments (Rates) Bill 2021* is passed through NSW Parliament.²⁹ However, considering this Bill has not yet been tabled to NSW Parliament, the calculator provides an inaccurate representation to ratepayers on how their rates will be structured. If the upcoming Bill does not pass, the rates are required to be harmonised by July 2021, meaning that residential rates will increase far more steeply than shown.

Secondly, the rate produced by the calculator is easily interpreted by residents as a total sum of their council dues but actually excludes other council levies included on a rates notices. Canterbury-Bankstown Council has three levies; Stormwater Management, Domestic Waste Management, and the Residential or Business Ordinary Rate.³⁰ The Stormwater Management Charge is \$25 for houses per annum or \$12.50 for units per annum, and the Domestic Waste Management Charge is \$565 per annum.³¹ Therefore, Council's calculator is providing ratepayers with an estimate that is at least \$577.50 less than what the rates will actually be annually, greatly misleading residents who base their decision to support or reject the changes on the rate calculator.

C. The Unreasonable Impacts of Increased Rates on Affected Ratepayers

The proposed rate increases will significantly and unreasonably contribute to the living and operating expenses of residents and businesses. In 2016, Canterbury-Bankstown Council received a SEIFA Index of Relative Socio-Economic Disadvantage score of 935: this ranks Canterbury-Bankstown as the 29th most disadvantaged LGA out of the 135 New South Wales councils.³² A large rate rise such as the one being proposed by

²⁸ Canterbury-Bankstown Council. 2020. *Council Rates Calculator*, <https://form.jotform.com/203350834454048>; *Local Government Act 1993* (NSW).

²⁹ *Local Government Amendments (Rates) Bill 2021* (NSW), <https://www.olg.nsw.gov.au/wp-content/uploads/2020/12/Local-Government-Amendment-Rates-Bill-2021.pdf>.

³⁰ Canterbury-Bankstown Council. 2020. *Council Rates Explained*, <https://www.cbcity.nsw.gov.au/resident/rates/rates-frequently-asked-questions#:~:text=Domestic%20Waste%20Management%20is%20%24565.00>.

³¹ Ibid.

³² Australian Bureau of Statistics. 2016. *SEIFA by Local Government Area*, http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_SEIFA_LGA.

Council is not suitable for our community, which already faces significant hardship. This effect will be felt most strongly by low income households, which comprise 20.6% of households across the LGA, compared to 15.1% for Greater Sydney.³³

The Council's proposal argues that the area's economic disadvantage does not significantly diminish the community's capacity to pay as the community has a small proportion of property owners. However, not only does the Council itself acknowledge that 57% of households are purchasing or outright own their home, which is approximate to the state average of 64%, but the Council's argument also neglects that increasing costs for homeowners are commonly passed onto their tenants in the form of rent increases.³⁴

The vastly different rate policy of councils in similar, neighbouring areas underscores the inappropriateness of these proposed rate increases. In Fairfield, which has a similar level of disadvantage (a SEIFA score of 835, 21% low income households, and 59% home ownership), the council *decreased* its already low rates for 2020/21 in recognition of the economic burden that the COVID-19 pandemic placed on its residents.³⁵ Consequently, if Canterbury-Bankstown Council's proposal is approved, ratepayers on the Canterbury-Bankstown side of Woodville Road will be arbitrarily paying unreasonably high rates compared to those on the Fairfield side with negligible differences in the quality of services provided by their respective councils.

³³ ID Community. 2016. *City of Canterbury-Bankstown Household Income*, <https://profile.id.com.au/canterbury-bankstown/household-income>.

³⁴ Canterbury-Bankstown Council, 2020 *Special Variation Application Form Part B For 2021-22*, 58; Australian Bureau of Statistics. 2018. *Housing Occupancy and Costs* <https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/2017-18#states-and-territories>

³⁵ Australian Bureau of Statistics. 2016. *SEIFA by Local Government Area*, http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_SEIFA_LGA; ID Community. 2016. *City of Canterbury-Bankstown Household Income*, <https://profile.id.com.au/canterbury-bankstown/household-income>; Fairfield Council. 2020. *Rates Calculator*. <https://www.fairfieldcity.nsw.gov.au/Services/Pay-My-Rates/Compare-Your-Rates>; Australian Bureau of Statistics. 2018. *Housing Occupancy and Costs* <https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/2017-18#states-and-territories>

The proposed rate increases will have the largest impact on homeowners with lower property valuations. Residents living within the former Bankstown City Council with land valued less than \$299,999 will experience a \$455.97 rate increase from 2020/21 to 2027/28 (**Figure 3**).³⁶ Over the same period, residents with land valuations between \$500,000 and \$599,999 will encounter a far lower rate increase of \$313.01.³⁷ Similarly, owners with land valuations between \$700,000 and \$799,999 will also experience a lower rate rise of \$426.82.³⁸ The rate increases being proposed by Council are neither proportional or progressive, and will directly contribute to the added financial burden households are facing. This proposal by Council comes at a time when our community is still reeling from a devastating pandemic, and will place families and businesses alike under even greater financial stress.

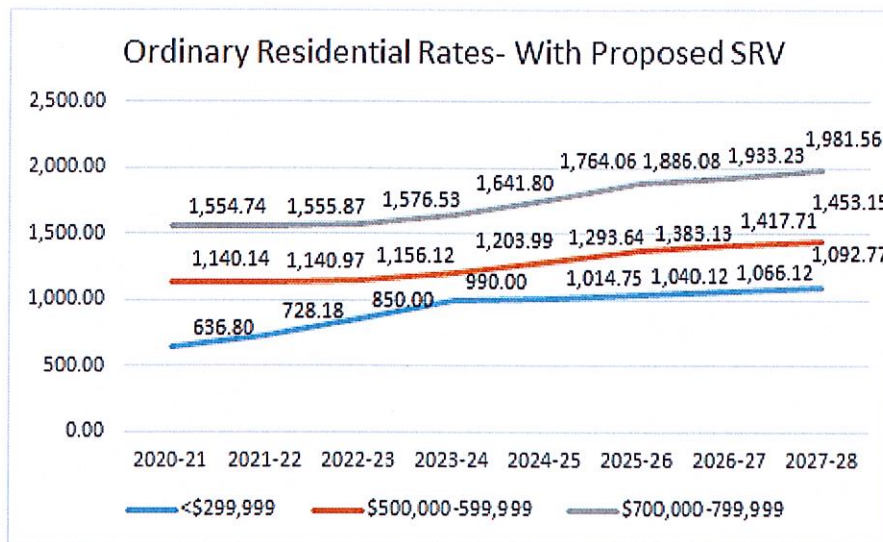


Figure 3: Projected Ordinary Residential Rates for ratepayers in former Bankstown City Council

Furthermore, residential and commercial land values have risen in Canterbury-Bankstown by 5.3 percent and 2.8 percent respectively between July 2019

³⁶ Canterbury-Bankstown Council. *Application for a Special Variation to General Income - LG Application Part A Excel, WK5b(1)- Impact on Rates by Land Value*, <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Reviews/Special-Variations-Minimum-Rates/Special-Variations-Minimum-Rates-2021-22?qDh=2&cid=48a9a3d8-da6f-40a5-ae3c-96122c5cbc8d>.

³⁷ Ibid.

³⁸ Ibid.

and 2020.³⁹ This increase in land valuation will further contribute to the cost of rates and will impose a greater rate increase on ratepayers than initially anticipated by Council.

I have also received correspondence from constituents who hold grave concerns over the proposed rate increase. A resident from Bankstown, who wishes to remain anonymous, wrote to my office voicing his concerns: "We have been gathering with fellow neighbours and we all agree that this hike is very hefty and already with covid and lack of work, we are barely making ends meet and paying our bills and looking after and providing for our children and families."

Another resident stated; "The amalgamation of Bankstown and Canterbury Councils was a cobbled together disaster...Rate increases, lowering standards and a dysfunctional Council is the outcome. A shameful indictment on ratepayers."

A resident from Condell Park stated; "The amalgamation was always going to be a disaster and we the rate payers are expected to foot the bill."

Another ratepayer from Bass Hill questioned; "How can they [Council] justify this?"

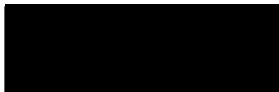
Furthermore, as reported by the Canterbury-Bankstown Torch on 10 February 2021 (**Appendix C**), business owners are also concerned about the ramifications of the proposed rate increase on their business. The owner of Java Lava Cafe in Revesby, Hany Potrous states that he "simply cannot afford an additional burden" especially in light of the impacts of COVID-19. Similarly, Alliance Real Estate Panania owner Theo Kalinderidis stated that small business owners were already struggling with lifelines such as JobKeeper coming to an end, and called on the Council to do "much, more more" to explain why a rate rise was necessary. Theo suggested that the council is "trying to dig themselves out of a hole".

³⁹ Canterbury-Bankstown Torch. February 17 2021. *Land Values Still Rise Despite COVID Impact*, 5.

D. Conclusion

Fundamentally, these proposed rate changes have failed to fulfill the necessary criteria for approval. First, the Council has not provided evidence that the community is aware of the need for, and the extent of, a rate rise. As is detailed throughout this submission, the Council has failed to reach a significant portion of ratepayers through its engagement methods—particularly ratepayers speaking languages other than English. Those that were successfully reached often received misleading information, either through the Council website, the marketing of the increases as merely ‘rate harmonisation’ measures, or the online rate calculator. Second, these proposed increases will have an unreasonable impact on affected ratepayers, particularly when considering the community’s capacity to pay. A rate increase as unfair as 63% is grossly unsuitable for a community with the high level of economic disadvantage as Canterbury-Bankstown. Manu residents and business owners are still recovering from the devastating economic impact of COVID-19. The proposed rate increases are unreasonable because they will disproportionately impact homeowners with lower land valuations. Ultimately, although Canterbury-Bankstown Council has engaged in cosmetic community engagement measures, they have demonstrated neither meaningful consultation with a sufficient portion of the community nor an understanding of the community’s needs. The Council’s proposal should be rejected.

Yours sincerely,



Tania Mihailuk MP
Member for Bankstown

APPENDIX

By BPayview

View your notices using internet banking. Check with your bank for further details.

When are rates due?

Rates are levied each year for the period of 1 July to 30 June. You will receive a Rates/Instalment Notice four times a year, unless you pay the whole Rates for the year by the first due date – 30 September.

Rates payments are due on 30 September, 30 November, 28 February and 31 May.

Rates Path Freeze

The NSW Government has announced that ratepayers of Canterbury-Bankstown Council will not pay more rates than what they would have been levied under their former Council.

Appendix A: Canterbury-Bankstown Council 'Rates' Webpage



City of Canterbury Bankstown

December 8, 2020 · 🌐

Rates across the City are being reviewed and are proposed to change from July 2021.

All amalgamated Councils, including CBCity, are required to harmonise their rates by 1 July 2021. As a result, we're reviewing rates across Canterbury-Bankstown.

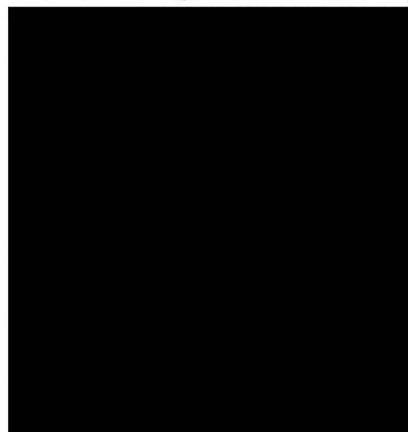
To learn more, or for info on engagement sessions and webinars, visit cb.city/OneRate



5 Comments 1 Share

Appendix B: Canterbury-Bankstown Council Facebook Post - 8 December 2020

Businesses say rate rise is last thing needed now



Article redacted due to
copyright concerns

Appendix C: Canterbury-Bankstown Torch Article - 10 February 2021