CANTERBURY BANKSTOWN

AGENDA FOR THE EXTRAORDINARY MEETING

4 February 2021

EXTRAORDINARY MEETING OF COUNCIL

The following items are submitted for consideration -

1 GOVERNANCE AND ADMINISTRATION MATTERS

The following items are submitted for consideration -

ITEM 1.1 **Revised Delivery Program 2018-2022**

AUTHOR **City Future**

PURPOSE AND BACKGROUND

At its meeting held on 24 November 2020, in conjunction with a related report on Rates Harmonisation and Financial Sustainability, Council resolved to exhibit the revised 2018-2022 Delivery Program to reflect priorities and resourcing associated with that proposal.

The purpose of this report is to detail the outcomes of the community engagement and to adopt the revised 2018-2022 Delivery Program.

ISSUE

Council prepares a Delivery Program to align with the electoral term. The Delivery Program is effectively where Council takes ownership of the Community Strategic Plan (CBCity 2028) objectives that are within its area of responsibility and, with the associated resourcing strategies, outlines the priorities and broad strategies to achieve the required outcomes.

The forced rates harmonisation was not meant to be dealt in the current Council term, nor current Delivery Program, however, following the onset of COVID-19, the NSW Government pushed back the next local government election to September 2021. In order to comply with Integrated Planning and Reporting legislation, Council is required to revise its current Delivery Program to address Council's suggested approach to rates harmonisation and financial sustainability.

The revised Delivery Program acknowledges emerging issues facing the City and incorporates Council's Harmonisation and Financial Sustainability approach (One Rate proposal).

RECOMMENDATION

That in accordance with sections 402 to 406 of the *Local Government Act 1993*, Council adopt the revised 2018-2022 Delivery Program.

ATTACHMENTS

Click here for attachment

A. Delivery Program 2018-2022 - Revised February 2021

POLICY IMPACT

The revised 2018-2022 Delivery Program was prepared in accordance with the Local Government Integrated Planning and Reporting Framework. The integrated planning suite ensures sufficient attention is given to strategic decision-making at the local level. The priorities, future directions are supported by the Resourcing Strategy and annual operational plans which detail specific actions, projected budgets performance measures.

FINANCIAL IMPACT

The revised 2018-2022 Delivery Program is consistent with Council's current 2020/21 Operational Plan and does not impact on the current resource allocation or priorities.

Separately, Council's approach to Rates Harmonisation and Financial Sustainability requires the approval of IPART. This is subject to a separate report to Council. If approved in May 2021 by IPART, Council's subsequent Delivery Programs, Resourcing Strategies and Operational Plans will reflect Council's strategic intent and new income streams.

COMMUNITY IMPACT

Council engaged the with the community throughout December 2020 and January 2021, to ensure that emerging priorities and the impacts of Council's approach to Rates Harmonisation and Financial Sustainability as indicated in the One Rate proposal and community engagement process were fully explained. These matters have been reflected in the revised Delivery Program 2018-2022.

DETAILED INFORMATION

BACKGROUND

Under the *Local Government Act 1993*, councils are required to develop a hierarchy of plans known as the Integrated Planning and Reporting (IPR) Framework. This Framework requires councils to draw their various plans together and to understand how they interact. IPR opens the way for councils and their communities to have important conversations about funding priorities, service levels, preserving local identity, and planning in partnership with other agencies, businesses and residents for a better future.

The Delivery Program is an important part of the IPR suite as it describes Council's response to the 10-year strategic plan for the City (CBCity 2028) and drives subsequent operational plans and budgets during the current Council term. The Delivery Program is aligned to the 'seven destination' structure of CBCity 2028. This ensures that it supports the goals and aspirations of CBCity 2028 and integrates monitoring and progress reports to Council and the community.

The original 2018-2022 Delivery Program was adopted by Council in June 2018. Since that time there have been several changes, most noticeable the delay of the Local Government Elections and the need to harmonise Council's rates, which has necessitated a revision of the Program.

REPORT

Council considered the draft revised 2018-2022 Delivery Program at its meeting held on 24 November 2020 and gave approval to place it on public exhibition. It acknowledges that Council's focus will continue to be on:

- protecting and conserving our environment, and in particular, reducing litter and illegal dumping;
- becoming a more healthy, safe and active City;
- being future focussed and Smart, pursuing opportunities for investment and creativity;
- being a City that is easy to move around in for cyclists, pedestrians, public transport and cars; providing more options for people to get to where they are going;
- having well-designed attractive centres, which preserve the identity and character of local villages;
- being caring and inclusive, celebrating our identity and showing that we are proud of who we are; and
- being a leading Council, governing responsibly and openly, listening to the community and speaking for them, to achieve better outcomes for the City.

It reflects emerging priorities across the seven destinations including:

- promoting good mental health;
- facilitating a night-time economy and 'buy local';
- providing more opportunities for lifestyle sports; and
- supporting living buildings and green homes.

It also addresses Council's desire to:

- be a more resilient City, particularly in response to the devastating effects of COVID-19 world pandemic, and climate change events such as bush fires and extreme weather;
- harmonise Council rates in a manner that minimises the impact on the community;
- introduce more equity and fairness into the current rating system for business and residential properties; and
- explore with the community the need to secure additional funding through changes to the rating system. This includes a special rate variation and rating category restructures.

A copy of the revised Delivery Program is attached as Attachment A.

EXHIBITION

Council exhibited the revised Plan to 17 January 2021, an extended period which took into account the importance of the issue, COVID-19 restrictions and the holiday season. A number of strategies were used to ensure that the exhibition achieved good coverage of the City including:

- notices published twice in the local paper (web and print version);
- translations in locally distributed Arabic, Vietnamese and Chinese newspapers;
- copy available on the Council's website (hard copies available on request);
- Council's online community forum at www.haveyoursaybankstown.com.au

Exhibition of the revised Delivery Program aligned with Council's engagement for the One Rate proposal to ensure consistency and transparency on the changes proposed.

During the exhibition, 71 visitors accessed the online forum 90 times and the document was downloaded 37 times. Visitors who accessed the Haveyoursay webpage were redirected to the One Rate webpage for further information on that proposal if relevant to their enquiry.

External Submissions
There were two formal submissions as a result of the exhibition, however, both were directly connected to the One Rate proposal and were considered instead as part of that proposal.

Notwithstanding, the updated Delivery Program reflects the priorities and approach to long term financial sustainability as set out in the Rates Harmonisation & Financial Sustainability Council report. The outcomes from the comprehensive community engagement program undertaken on the One Rate proposal, can be found in the body of that report.

Internal Review
There were a number of administrative/text changes made to the content and formatting, resulting from further internal review during the exhibition period and to ensure content and language is consistent. There was also additional information co-exhibited as part of the One Rate proposal that has been incorporated into the Delivery Program for transparency and accuracy. These do not result in substantive or significant changes.

CONCLUSION

Whilst many great outcomes have been delivered during the first three years of Council's Delivery Program, the critical issue for the future is to secure Council's long-term financial stability and sustainability, and to ensure generations to come are well placed to both benefit and enjoy living in Canterbury-Bankstown.

This revised 2018-2022 Delivery Program examines the important issues facing Council and explains our priorities to ensure that services continue to meet community expectations in terms of quality and value for money, and extends the life of the document to align with the new Council term.

The revised 2018-2022 Delivery Program and exhibition will be submitted as evidence to IPART of Council's compliance with Integrated Planning and Reporting requirements under the *Local Government Act 1993* associated with the One Rate proposal.

ITEM 1.2 **Rates Harmonisation & Financial Sustainability**

AUTHOR **Office of General Manager**

PURPOSE AND BACKGROUND

In November 2020, Council considered a report on the rates harmonisation process and the future financial sustainability of Council.

The report outlined the relevant provisions of the *Local Government Act 1993*, specifically the legal requirement to harmonise the rating structures of the former councils' and establish an equitable rate path based on one ad valorem rate, for one city, for all Ratepayers, by 1 July 2021.

Separately, the report also considered several options for a concurrent Special Rate Variation (SRV) to deliver enhanced services and facilities while ensuring Council remains financially sustainable, with an equitable distribution of rating income, for generations to come.

As part of the recommendation, Council resolved to commence a detailed and comprehensive community engagement program on its preferred option - *Option 3 Harmonisation and Special Rate Variation* (further explanation in the body of this report and *Attachment A - November 2020 Council Report*), to inform its final decision on the matter and notify the Independent Pricing and Regulatory Tribunal (IPART) accordingly, as required.

The purpose of this report to is to inform Council of the outcomes of the community engagement program and consider its next steps.

ISSUE

Council has undertaken a comprehensive engagement program including: 15 community drop-in sessions; a One Rate dedicated customer service contact number; eight online webinars; an expansive One Rate website (including a rates calculator) with an associated Have Your Say web portal; targeted stakeholder meetings; and a letter, brochure and fact sheet to every rate payer in the city.

This was also developed with translated material, translation service and ethnic media to target our Culturally and Linguistically Diverse Communities and the whole program was supported by bespoke personalised one on one sessions where requested. Further detailed information is outlined in the body of the report.

This report outlines the feedback from our community consultation, the key themes emerging and Council's response to the matters raised.

RECOMMENDATION That -

1. Council notes the current requirements of the *Local Government Act 1993* to harmonise its former councils' rating structures by 1 July 2021.

2. Council notes the outcomes of the community engagement program on the One Rate proposal and the responses to the matters raised.

3. Council notes that the NSW Government has released a Draft Bill - Local Government Amendment (Rates) Bill 2021 - which would amend the legislation to allow merged councils to gradually harmonise their former council rate structures over a period of four years - expected to be considered/determined in March/April 2021.

4. Council endorses the *Proposed Approach* to harmonising both former Council rating structures and applying to IPART for both a Special Rate Variation and Minimum Rate Application, as outlined in the report.

5. In accordance with the Minister for Local Government's recent advice, Council separately apply to the Minister for Local Government/Deputy Secretary, Local Government, Planning and Policy, to approve the setting of Minimum Rates for 2021/22 financial year as follows:

Description	Amount	Detail
Minimum Rate - Residential	$728.18	Former Canterbury + IPART
Minimum Rate - Business	$794.27	Former Bankstown + IPART

6. As part of the application to IPART, a summary of the community engagement outcomes noted in the report below be attached, including all submissions received and responses given by Council.

7. Council notes that Council's submission to the NSW Government on the Draft Bill suggests the harmonisation process be gradually applied over five years – consistent with its preferred approach regarding the matter.

8. Council carryout a review of its Rates and Charges, Debt Recovery and Hardship Assistance Policy, including how those it is intended to support can be aware of it.

9. Council write to the NSW Government seeking further reforms and/or consideration to indexing the rebate amount funded by the Government to ensure that it does not continue to erode and that it increases annually as a minimum.

10. The General Manager be delegated to administer all relevant requirements regarding the matter, as required.

ATTACHMENTS [Click here for attachments]

A. November 2020 Council Report

B. One Rate Submission Table

C. Community Engagement Portfolio

POLICY IMPACT

At present, the harmonisation process is a legislative requirement regulated under the *Local Government Act 1993* and must be completed by 1 July 2021. In preparing its proposed approach, Council indicated its preference to harmonise its former councils' rating structures over five years, on the basis that the NSW Government was foreshadowing a proposed change to the legislation.

Subsequently, the NSW Government issued a Draft Bill which proposed to allow relevant councils the option to harmonise their rates over a four year period. Council understands that the Draft Bill won't be determined until March/April 2021. Council will be required to adhere to the changes to the legislation, once determined.

Separately, this report reflects an approach to addressing the constraints and issues outlined in Council's Financial Management Strategy and Long Term Financial Plan.

Following an exhaustive process with our community, together with a number of briefings and workshops with Councillors, this report identifies a preferred approach to creating a fair and equitable rating strategy that is consistent with the Council's current adopted rating policy.

That is:

- An ad valorem amount – which is set as a proportion of the unimproved land value of the rateable property – that is, the value of the property without any buildings, houses or capital investments; and

- A Minimum Rate amount - which when applied, is a fixed charge that applies instead of the ad valorem amount, particularly when the Unimproved Land Value is quite low (eg. individual units) compared to a standard residential property.

The use of Unimproved Land Value is a requirement of the State Government and is determined by the NSW Valuer General (not Council). Council relies on these values to calculate the proportion of rates each individual property is required to pay.

Council has made representation to the NSW Government to consider other methodology including applying the Capital Improved Value of each property as a base to determining the distribution of rates – which is considered a more equitable approach to set rates - though the NSW Government have determined that it does not propose to implement such a change at this time.

This report also recommends a review of Council's Rates and Charges, Debt Recovery and Hardship Assistance Policy and its implementation in recognition of the feedback received during the consultation, particularly its relationship to Pensioners and their access to the Policy. Any changes would be subject to a further report to Council.

FINANCIAL IMPACT

If Council proceeds as per the recommendation, an application will be submitted to IPART for review and assessment. If approved by IPART, it will create a platform for Council to remain financially sustainable in the long term – addressing the current issues with service levels and allowing Council to enhance operational services, address asset renewal requirements, as well as delivering unfunded components of the Leisure and Aquatics Strategic Plan.

If Council resolves to not proceed, further consideration of service cut options will need to be deliberated in light of the Council's current inability to operate sustainability without significant erosion to our assets with associated increase in maintenance requirements. These implications and options are further detailed in the body of the report.

COMMUNITY IMPACT

The community engagement undertaken on the proposal provided our community with the opportunity to engage, provide feedback and contribute to planning for the City like never before.

Further information about the outcomes of the engagement are detailed in the body of the report, additionally*, Attachment B – One Rate Submission Table* contains specifics about each submission received on the proposal and Council's response.

The proposed option to apply a gradual approach to harmonising the former councils' rating structures over a five year period and separately apply the proposed SRV for an additional $40M in rating revenue over a four year period has the following community impacts:

- Ensures any financial impact is minimised over time by spreading the harmonisation out over five years to reduce the annual impact of the changes (or the maximum time subject to legislation);

- Recognising the current economic climate as a result of COVID-19 by minimising the change over the next 18 months;

- Reflect more equitable Minimum Rates to provide a more equitable rating system that better reflects ratepayers use of council services and feedback from our engagement regarding equity in our rating structure;

- Not only maintaining the current levels of service, but providing $4M to enhanced services addressing specific areas of community concern including cleaning of town centres, street and parks and addressing litter and dumped rubbish;

- Providing for new Leisure and Aquatic facilities; and

- Maintaining and renewing our current assets resulting in funding for roads, footpaths, community facilities, sports fields and recreation areas.

In developing the rating options in this proposed SRV, Council considered a range of data available to it to better understand the ratepayers capacity to pay and any potential for changes in that capacity.

This included an understanding of the SEIFA Index of Disadvantage, Household Income and housing tenure across Canterbury Bankstown. While SEIFA and Household Income are an important measure it is recognised that many on the lower household incomes are either in government assisted housing or renting or other tenure and are not direct owners of properties who pay rates. Council has around 4,000 rateable properties with Housing NSW and other PBI’s reflecting around 20,000 of our most vulnerable community members that will not be impacted by any changes made.

Analysis of the housing tenure of households in the City of Canterbury Bankstown shows that 57% of households were purchasing or fully owned their home. It is these households who are more likely to be directly impacted as ratepayers rather than those on lower incomes or suffering major disadvantage.

Council has also used comparative data published by the Office of Local Government to review the current and proposed average business and residential rates against the current business and residential rates of like councils (classified as group 3 Councils) as well as neighbouring councils. This indicates that Council’s average rates are comparably lower to similar councils.

Council has in place a Rates and Charges, Debt Recovery and Hardship Assistance Policy to provide a framework for the assessment of ratepayers who are experiencing difficulties in meeting their commitments in rates – particularly measures to protect the vulnerability of eligible pensioners to pay their rates.

DETAILED INFORMATION

SUMMARY

The content and implications of this report will have a far-reaching impact on our community and City. The most critical issue facing Council, our City and our community is to secure our financial future and ensure generations to come are well placed to both benefit from and enjoy living in Canterbury-Bankstown without having to face an insurmountable asset backlog.

Council must determine how it moves forward with the harmonisation of its current rating structure that creates greater equity in how rates are paid. In addition it must addresses the issues identified in Council's existing Long Term Financial Plan (LTFP), and ensure the ongoing financial sustainability of this City.

In stepping Council through the matter, this report focuses on the following key components:

- Rates harmonisation - changes to legislation;
- Revisiting Council's current financial position and reasons for needing an SRV;
- Council's community engagement process;
- Addressing key themes raised during the community engagement process;
- How the SRV will be spent;
- What happens if Council does not proceed with the SRV and/or IPART does not approve its application; and
- Council's proposed approach regarding the matter.

RATES HARMONISATION PROCESS – PROPOSED CHANGES TO LEGISLATION

As Councillors will recall, at its Ordinary Meeting in November 2020, Council resolved to adopt *Option 3 – Harmonisation and Special Rate Variation* as its preferred option to address both our statutory requirement to harmonise our two former councils' rates structures, and concurrently apply for a Special Rate Variation (SRV) to raise $40M of additional rating income.

The Option was based on Council:

- Gradually harmonising its two former councils' rating structures over a five year period – commencing 1 July 2021; and

- Gradually raising an additional $40M in rating revenue over a four year period, commencing 1 July 2022.

Despite this, at the time of considering the matter, the NSW Government was also intimating an amendment to the Local Government Act, whereby merged councils be allowed to gradually harmonise their former council rating structures, rather than needing to complete the process by 1 July 2021, being the current statutory requirement.

Since considering the matter, the Government have subsequently made/proposed two changes regarding the matter, particularly:

- To assist merged councils, the Minister for Local Government introduced a streamlined approval process for amalgamated councils to harmonise their Minimum Rates by 1 July 2021 – without needing IPART approval.

The change specifically provides for councils the option to set their Minimum Rates to one of the existing Minimum Rates (plus IPART) of the former Council's without progressing an extensive IPART process, but rather simply applying to the Office of Local Government to finalise the matter; and

- A Draft Local Government Amendment (Rates) Bill 2021, which allows all 17 new councils created in 2016 to gradually harmonise rates over four years. The Draft Bill is on public exhibition until 5 February 2021. If it proceeds, the Draft Bill is not expected to be put to Parliament until March/April 2021 and/or be determined until sometime later. Any bill being made is uncertain.

As Councillors would be aware, Council pre-empted the Draft Bill being released, by proposing the gradual harmonisation of rates over five years, to protect ratepayers from the impact of a sudden rate rise. In light of the draft legislation, Council may need to adjust its timeline to complete the process in four years – or any other period that the Government determines - if the Draft Bill is passed.

That said, and as precaution, Council also needs to prepare for the Draft Bill not being supported by Parliament – and thereby still requiring merged councils to harmonise their former rating structures by 1 July 2021.

Given the above, Council's preferred Option and its proposed approach (outlined at the end of this report) has been amended to reflect the above changes – and ensure Council comply with relevant legislation, as required.

COUNCIL'S CURRENT FINANCIAL POSITION

Council's current Financial Management Plan has clearly identified the need for a review of our financial position. Importantly, the objectives included in this proposal for financial sustainability are not new. Both former councils' Fit for the Future proposals also clearly indicated the need for financial reform. The financial positions of the former councils' at the time of amalgamation is outlined below.

Both former councils' cost-per-capita (ie. expenditure per rate payer) were amongst the lowest of all metropolitan councils. This indicated that any further cost savings would be at the expense of cutting services.

- The former Bankstown Council had already realised operational efficiencies of around $7M per annum prior to amalgamation and still foreshadowed needing an SRV for $17M per annum to address its existing asset backlog issues and annual maintenance requirements;

- The former Canterbury Council were reliant on their:

    - Infrastructure Renewal Levy (around $5.0M) continuing to be levied beyond the 2018/19 financial year (which has not happened, it has been discontinued);

- Introduction of a new Sustainability Levy ($8.3M annually) to assist with managing their day-to-day operations and asset management needs; and

- Other savings and/or income totalling $4.2M per annum, to similarly assist with managing their day-to-day operations and asset management needs (which has similarly not happened and is detailed below).

• It should be noted, the proposed savings and other income initiatives by the former Canterbury Council were reliant upon were not implemented and were rejected by CBCity – given they were considered unacceptable and unrealistic and not in the best interest of the community. Separately, more recent investigations have disclosed the former Canterbury had:

  - Understated its level of unfunded asset renewal requirements by an estimated $53M;

  - Understated its level of Depreciation Expense by around $6M pa – thereby inflating its annual financial performance; and

  - Did not disclose around $123M worth of assets at the time of amalgamation.

CBCity's financial position and its ability to remain financially sustainable is well documented. As a merged entity, Council have already faced a number of challenges, including the more recent economic challenges brought on by the pandemic.

Despite this, Council has continued to provide quality services to our community. The new Council has exceeded the expected merger savings (efficiencies) forecast by the NSW Government (expected average $4.5M per annum) – by realising around $7.6M per annum. This was achieved through economies of scale and service reviews, while also dealing with the loss of $5M annually as a result of the former Canterbury Council Infrastructure Levy ending in 2018/19.

While we are considered sound from a cashflow perspective – the burden of deteriorating assets and an increasing asset backlog must be addressed if Council is to be able to sustain its services now and into the future.

Current modelling in the 2020-2030 Financial Management Strategy and Long Term Financial Plan identify a funding shortfall of over $300M for asset renewal in the next 10 years. As a minimum, funding of around $31M per annum is required to ensure we replace, renew and address the deterioration of just the assets we have now, without considering any new ones.

As Councillors have indicated in tackling these issues, the decision at hand is a difficult one – though it is also acknowledged that a decision to "do-nothing" means our assets will significantly deteriorate further, and will at some point soon become irreversible. Each year that we choose to "do-nothing" compounds our asset backlog/renewal issues by $31M.

Regrettably, we do not foresee any significant financial relief and/or support from either the Federal or State Governments' – particularly with issues associated with cost-shifting and Financial Assistance Grants - and as such we are left to address our needs from amongst our own ratepayers.

This challenge is well documented in both our adopted Long Term Financial Plan and separately noted (specifically our asset management issues) in Council's Annual Financial Statements – which are signed-off by the NSW Auditor General.

COMMUNITY ENGAGEMENT

Engagement Process

In recognition of the significant and future financial impact of the One Rate proposal, Council conducted a comprehensive community engagement and consultation process which was determined by the IPART SRV timetable, with other councils in metro Sydney also engaging with their communities at the same time.

The consultation process commenced on 1 December 2020 and ran for a period of seven weeks, ending 17 January 2021. The timing of this process, and to a large degree the process itself, is set by IPART. In line with these requirements, Council notified IPART of the intention to apply for an SRV and Minimum Rate Increase (which both form part of this proposal) on 27 November 2020. Final applications are required to be submitted to IPART by 8 February 2021.

Over a period of seven weeks the community were able to engage with Council on the proposal in a variety of different ways, online and face to face. Below is a summary of the specific engagement mechanisms used throughout the engagement program.

<u>Hardcopy</u>

- Letters and flyers sent to all CBCity residential and businesses ratepayers;
- Translated hard copies of information booklets were available through major community service locations across the City and at all drop in sessions, where translated Frequently Asked Questions and simple business cards were also available;
- Advertisements in the Canterbury-Bankstown Torch, mayoral messages placed in various ethnic newspapers and media releases;
- One Rate posters were displayed at our Customer Service Centres, all Library and Knowledge Centres, all Leisure and Aquatic Centres, Meals on Wheels, Bankstown Arts Centre, our Children's Services Centres, the Bryan Brown Theatre and the Morris Iemma Indoor Sports Centre.

<u>Digital / Online:</u>

- One Rate website portal containing all available information about the proposal;
- Frequently Asked Questions – a live web page addressing common or frequently asked questions relating to the proposal;
- Rates calculator – designed to help residential and business ratepayers understand the specific implications for them on the proposal;
- One Rate hotline – a dedicated customer service phone line to answer all questions relating to the proposal, and an ability to escalate calls to subject matter experts in the organisation;
- One Rate email address – dedicated email address and inbox for enquiries;
- Webinar sessions – the One Rate proposal was presented and discussed, attendees had an opportunity to ask questions;

- Community satisfaction survey – a community survey included specific questions around customer satisfaction with Council services, importance of Council services and sentiment towards a rate review;
- One Rate information was sent to key community stakeholder groups via electronic newsletters (sporting associations, leisure and aquatics community, business communities and community groups);
- Information was presented on digital screens at our Customer Service Centres and where digital screens are located at libraries;
- A number of videos were developed and were used on our web pages and during webinar presentations; and
- The use of social media to inform ratepayers about the proposal and to promote engagement sessions.

Face to Face

- Drop in sessions - residents were able to have individual conversations and share information;
- Customer visits to our Customer Service Centres;
- Face to face meetings were offered to and held with residents who had complex questions and concerns;
- Hand delivered responses to residents who were unable to access online or hardcopy information; and
- Bespoke personalised one on one sessions where requested.

Council held **15 COVIDsafe community drop-in sessions**, three in each Ward. The sessions were held mainly in town centres, close to public transport, at a variety of times and days (including out of normal working hours and weekends). In total, **234 face to face discussions** were held. The purpose of the drop-in sessions were to provide the community with information regarding the proposal, clarify any misinterpretation of information, provide a personalised understanding of how the changes will impact them and to hear their feedback and concerns.

For residents who wanted to engage with us over the phone, Council set up and advertised a dedicated One Rate customer service hotline number. Our customer service representatives took **325 calls** over the seven week period. The queries were basic in nature with only **28 calls** needing to be actioned by the One Rate Team.

To ensure our community were aware and understood that Council was proposing to review rates, each residential and business ratepayer was sent a letter and information booklet/ six-page flyer, summary of the 'Frequently Asked Questions' and further details on how to engage with Council on the proposal (*Attachment C – Community Engagement Portfolio*).

A variety of online methods were established to increase the reach of engagement and consultation. The One Rate web portal (cb.city/OneRate) was advertised throughout the campaign. The One Rate landing page received over **2,500 views** and people spent an average time of two minutes viewing information in the portal, indicating people were reading the content, or looking for something specific on these pages. The proposal was the subject of a number of organic social media posts, which were **viewed 30,528** times. Links on the posts were followed back to our One Rate webpage 385 times.

In addition to the One Rate web portal and social media campaign, Council scheduled and promoted **eight online One Rate webinars**. The purpose of the webinars were to provide residential and business ratepayers with a greater in-depth understanding of the proposal. Attendees were also able to ask questions about the information being presented. The webinars were targeted towards a variety of audiences including:

- CBCity team members who live in the LGA;
- Residential ratepayers;
- Business ratepayers; and
- CBCity sporting and community groups.

Webinars were offered at a variety of times and days including out of normal working hours and weekends, in total **88 people registered, and 50 people attended** the sessions.

Additionally, as part of Council's bi-annual Community Satisfaction Survey, questions regarding the One Rate proposal were included to collect customer feedback and to understand community sentiment. This was conducted separately to the One Rate community engagement process. This survey targeted a cross section of the community and it highlighted a number of considerations:

- Current levels of customer satisfaction with Council services;
- Importance of Council services in the community;
- Awareness of differences in current rate structure; and
- Sentiment towards a rate review.

Finally, various additional surveys were developed and distributed and key touch points to identify if people understood the proposal, if they needed any further information and to capture their concerns or questions.

Community Response

Responses were received through:
- Have your Say Website online form;
- Have Your Say email address;
- One Rate Email; and
- Personal collection by our One Rate Team.

These responses were in the form of general questions, responses not related to the One Rate proposal or formal submissions on the proposal.

At the close of the exhibition Council received a total of 147 submissions. Residents and businesses could submit a submission via the Have Your Say web page, through the dedicated One Rate email address, or by other means (letter, phone call, petition etc). See below for a breakdown of submissions:

Method	**Number of submissions**
Have Your Say submission	87
One Rate email submissions	53
Other	7
TOTAL	**147**

Council also received a small number of late submissions after the closing date. While not formally counted in the numbers above, on review of the submissions, they had opposing views and raised no new issues for Council to consider.

Further information on the engagement held and the community response is provided in the table below:

Method	Engagement Strategies	Community Response
Hardcopy		
Mailout to all residential and businesses ratepayers	Mail out consisted of letter, six-page flyer, summary of Frequently of Asked Questions, and a list of the engagement sessions. • Sent to **114,500** residential ratepayers. • Sent to **7,884** letters business ratepayers.	The calls received via the One Rate customer service number peaked during the mail-out period (see below).
Translated materials	• **3,000 English** and **2,500 translated** hard copies of information booklets were available through major community service locations. • Business cards (including the website, phone number and email addresses) and translated information booklets and Frequently Asked Questions (**1,000 copies** available in different languages) were also available at all drop-in sessions.	Many residents chose to take translated materials or business cards when in attendance at the community engagement sessions to pass on to others. Of note, many Greek participants took additional materials to improve their own understanding of information or to distribute to their families and neighbours, particularly in eastern parts of our City.
Newspaper/print news	• **Five advertisements** were placed in the Canterbury-Bankstown Torch. • **Two media releases** were arranged during the consultation period resulting in one story being published in the Torch. • **12 mayoral messages** placed in various ethic newspapers.	
Digital/Online		
One Rate website portal including Have Your Say pages	• Dedicated One Rate webpage and 10 additional webpages containing information (including a dedicated translations page). • Have your Say webpage to capture feedback and responses.	A total of **6,717 views** across all One Rate webpages. Average viewing time of two minutes which means people were reading the content, or looking for something specific.

Method	Engagement Strategies	Community Response
Hardcopy		
		1,255 views of the rates calculator, with users spending an average of 2 minutes 38 seconds on the calculator pages. **31.5%** of users through the dedicated translations page utilised Chinese translations. A total of 147 submissions received during the consultation period of which 87 were received via the Have Your Say webpage.
One Rate customer service number hotline	• Dedicated One Rate hotline number (9707 5719) was advertised and promoted throughout the engagement period. • Customer service officers were briefed prior and during the engagement period so they could confidently answer and respond to community questions and concerns. • Use of interpreters to help communicate with our community members when required.	**325 calls** were answered by our customer service team members. **Only 28 phone calls** were escalated to the One Rate project team to deal with more complex questions. **Three** responses were hand delivered to residents who were unable to access online or hardcopy information.
One Rate email	• Dedicated One Rate email box (OneRate@cbcity.nsw.gov.au) was advertised and promoted throughout the engagement period. • Each email received was recorded on a spreadsheet and a criterion was applied to determine whether it required a response. • Community members who had raised complex matters and questions, were offered face to face meetings.	**68** emails received during the seven week engagement period. **55** One Rate emails received individual and personalised responses that provided more detail relating to their query. **53** One Rate emails were considered a submission. Four community members met with senior Council officers face to face to discuss their concerns.
One Rate online webinars	• Eight online webinars were scheduled, advertised and promoted	**88** people registered across the eight webinar sessions.

Method	Engagement Strategies	Community Response
Hardcopy		
	through various mediums over December and January. • Attendees were able to engage in the webinars via a Q&A function. • Sessions were targeted to a variety of audiences. • Sessions were scheduled over a variety of times and days - including out of normal working hours and on weekends.	**50** people attended the session. **34** questions were asked via the Q&A webinar function. Post survey feedback responses received.
Community Key stakeholder engagement	Communication campaign developed and sent to: • **40** different community sports groups and associations. • **2,150** people in Council's Community Service's network. • Proposal promoted to **60** community based organisations. • **7,000** people in Council's Leisure and Aquatic network. • **Five** Business Chamber groups for wider distribution. • Council's Business Link network. • CBCity Council employees who live in Council's LGA.	**13** people registered for One Rate webinar targeted towards Sports Associations. **32** survey feedback forms received from the Community Service network. **29** survey feedback forms received from the Aquatics and Leisure network. **12** people registered for One Rate webinar targeted towards Business ratepayers.
Community Satisfaction Survey	Council runs an annual Community Satisfaction Survey through an external provider. The survey aims to understand community sentiment in relation to: • Overall satisfaction with Council; • Satisfaction with a range of Council services; • The perceived importance of Council services; and	The following areas were identified both as the areas with a large gap between importance (i.e. they are important to residents) and satisfaction (i.e. satisfaction is lower than desired) and also as the areas residents would like Council to spend more money: - Preventing people from littering or dumping rubbish; - Cleanliness of local streets and public places;

Method	Engagement Strategies	Community Response
Hardcopy		
	• Examining the quality of life and general wellbeing of Canterbury Bankstown residents. The survey is targeted to reflect the community at the time, giving a fair and unbiased perception of Council, its services and the City at a given point in time. **895 community members surveyed** during this period (achieving a Standard Error of only approximately + or - 3.25% for the whole City's population).	- Maintenance and improvement of local roads; - Cleanliness of rivers and creeks; and - Maintenance and improvement of footpaths. There is a strong alignment with the purpose of the proposed rate increase. 81% of ratepayers responding were aware that all ratepayers can access the same services regardless of dwelling type. However, when asked if they were aware that some ratepayers pay less (i.e. minimum rates) to receive the same services, only 43% were aware and only 31% thought this was fair (reflecting a desire to close the gap between minimum and other ratepayers). Only 45% of ratepayers were aware that rates were different between the two former cities, and only 21% thought this was fair – reflecting support for the harmonisation process. (NOTE: survey was completed before the main One Rate engagement commenced). **50%** of ratepayers surveyed supported a review of rates to ensure services were maintained and rates were equitable.
Face to Face		
Drop-in sessions and customer service centre	• **15** drop-in sessions across the LGA over the period of December and January. • **Eight** 'walk-ins' to customer service centre.	**234 people** attended the drop-in sessions. Each of these people had individual and personalised conversations with a Council officer. Some residents were keen to have a 'town hall' type engagement session so at times information

Method	Engagement Strategies	Community Response
Hardcopy		
		was provided in a small group setting, applying COVIDsafe principles.

Feedback Results

As outlined above, Council undertook a detailed and far-reaching engagement program to ensure that the distribution and promotion of both the legislated mandatory changes to rates and the option to secure the cities financial sustainability, reached every rate paying family and business. We also ensured a heavy focus on assisting our non-English speaking rate payers and residents in giving them multiple opportunities to engage with Council in whatever means was appropriate and/or comfortable for them (digitally, face to face, over the phone, in groups, 1:1). Any ratepayer who wished to ask a question or provide a submission to Council has been able to do that, including officers hand delivering information.

Thousands of ratepayers have engaged with Council to explore what all of this means for them, with most expressing that their questions were answered and they understood much better what and why changes to rates are being discussed. This is reflected in the fact that, following direct invitation to have a say to over 122,000 residential and business ratepayers representing over 500,000 residents, employers and employees, there has been a very small number of submissions.

Other feedback to be considered is provided from Council's Community Satisfaction Survey which commenced prior to the One Rate mail out to all residential and businesses ratepayers. The Survey revealed that:

- Only **45%** of ratepayers surveyed were aware that rates were different between the two former cities;
- Only **21%** thought this was fair;
- **50%** were aware of the rates review; and
- **50%** of them supported a review, with only **24%** not supporting a review.

Respondents surveyed indicated that the biggest gaps in their perception between satisfaction and importance included:

- Preventing people from littering or dumping rubbish;
- Cleanliness of local streets and public places;
- Maintenance and improvement of local roads;
- Cleanliness of rivers and creeks; and
- Maintenance and improvement of footpaths.

Respondents supported increasing Council spending in the areas above.

Separately, an analysis of the other submissions received during the consultation process reveals that:

- **53%** of submissions received were from the former Canterbury area;

- **39%** were from the former Bankstown area; and
- **8%** were unidentifiable.

The drop-in sessions that were scheduled in the former Canterbury area also experienced a higher number of attendees, some of which can be attributed to individuals who coordinated with local neighbours to attend a session.

An analysis of feedback received from our Community Services networks of which 74% identified as ratepayers, indicate that **78% of survey respondents identified they support further investment into Council programs and services** to deliver them now and into the future. When asked 'In what area should more money be spent to make life better for you living in Canterbury-Bankstown' there was a variety of responses that included investing in:

- Parks;
- Community buildings;
- Cleaner roads and greenspaces; and
- More community events.

89% of respondents to a survey of Leisure and Aquatics community groups feel our Leisure and Aquatics facilities are starting to feel run down and need investment to provide the service they expect and need. It should be noted that 85% of survey respondents identified as ratepayers. **96% of respondents stated they support further investment into Council programs and services** to deliver them now and into the future. When asked 'In what area should more money be spent to make life better for you living in Canterbury-Bankstown' there was a variety of responses that included investing in:

- Aquatic centres and pools;
- Parks and playgrounds; and
- Exercise facilities.

A post-webinar feedback form was sent to all webinar attendees. An analysis of feedback reveals that:

- **92%** of attendees indicated that following the webinar they now understood that rates in the former Bankstown and former Canterbury are different;
- **64%** of respondents indicated that they felt this was unfair;
- **100%** of respondents indicated that following the webinar they now understand that Council is currently reviewing rates across the City; and
- **74%** indicated that they support a rate change that will improve fairness, equity and service levels across the City.

Feedback Themes

As outlined above, Council received a significant amount of feedback from the community during the consultation period. A number of submissions related directly to the proposal, a number of the submissions related to matters indirectly related to this proposal and there were also submissions that were not related at all.

These can be summarised as:

Direct themes:

1. Capacity to pay the rate increase;
2. Pensioner capacity to pay for the increase;
3. Council services not meeting needs;
4. Council should explore an alternative to the SRV;
5. Business impact;
6. Equity between minimum rate and rate in the dollar; and
7. Support for One Rate proposal.

Indirect themes:

1. Issues with harmonisation and amalgamation;
2. Timing of the One Rate proposal and community engagement period; and
3. Conducting the proposal and engagement during a global pandemic (see also direct theme one).

Other unrelated theme:

1. Issues with the local environment/streets/community/customer request.

Below is a description of each of these themes and a response on the matters raised.

Direct theme 1: Capacity to pay the rate increase

A high portion of the ratepayers who provided feedback, did so on the grounds of the impact of COVID-19 and a subsequent reduction in earning capacity. Many respondents also explained that they were struggling to keep pace with the cost of living, and a rate increase would only add to this burden, *"We are financially struggling to make ends meet with bills as it is",* and *"Residents have been hit with the COVID-19 pandemic and many have lost their jobs and businesses are struggling with new COVID restrictions. This is not the time to be increasing rates."* These respondents demonstrated a belief that Council should take the circumstances of their capacity to pay into consideration when developing the One Rate proposal, and before a decision is made in relation to the outcome of the proposal.

In addition to respondents identifying concerns over ability to pay, some identified the possibility of an alternate rating structure, believing it would better spread the cost of rates and improve the equity of the rating structure across the city, *"the Base Rate + ad valorem is still the most equitable way of flattening the Rate across the LGA where the property values vary greatly".*

Council Response:

The proposal has been prepared, understanding the broader issue of the current communities capacity to pay and whether there is potential for changes in that capacity. In developing the rating options in this proposed SRV, Council considered a range of data available to it to better understand the ratepayers capacity to pay rates above estimated rate pegging limits.

This included an understanding of the SEIFA Index of Disadvantage for Canterbury Bankstown which measures the relative level of socio-economic disadvantage based on a range of Census characteristics. The City of Canterbury Bankstown scores 935 on the SEIFA index of disadvantage, ranking it the 130th highest LGA score in Australia (24th percentile), and 29th highest local government area score in NSW (23rd percentile). *Source: Australian Bureau of Statistics - 2033.0.55.001 Socio-Economic Indexes for Australia (SEIFA), 2016*.

This identified that there are many other LGAs in NSW with a higher disadvantage score. It also identified that this is not evenly spread throughout the LGA with some suburbs having a higher socioeconomic status than others, in particular those areas in the East and South of the City. This is better reflected in the household income across the City.

In the City of Canterbury Bankstown, 18.2% of households earned an income of $2,500 or more per week (2016 Census) and 20.6% were low income households, compared with 28.3% and 15.1% respectively for Greater Sydney. When reviewing Household Income quartiles 71.3% were in the medium lowest, medium highest or highest group. The biggest increase from 2011 to 2016 was also in the ‘highest income group’ indicating a shift in socioeconomic status more broadly.

While SEIFA and Household Income are an important measure it is recognised that many on the lower household incomes are either in government assisted housing or renting or other tenure and are not direct owners of properties who pay rates. Around 4,000 properties are prescribed housing providers whose tenants will not be impacted by any change. Analysis of the housing tenure of households of the City of Canterbury Bankstown in 2016 shows that there was a larger proportion of households who owned their dwelling (higher than the Sydney average). 57% of households were purchasing or fully owned their home indicating a significant number were not directly ratepayers.

Council has also used comparative data published by the Office of Local Government to review the current and proposed average business and residential rates against the current business and residential rates of like Councils (classified as group three Councils) as well as Council’s neighbouring councils. This indicates that Council’s average rates are comparably lower to similar councils.

The proposal also recognises the current economic conditions as a result of COVID-19 and the potential impact any increase will have on the community. That is why the preferred proposal and position of Council is to gradually increase and harmonise over a five year period. Year one sees a smaller increase in rates across the community (reflective of only a 2.0% - rate peg – increase to total rates income), with larger increases spread over years two to five.

It is the genuine intent of Council to balance the needs of our community whilst responsibly managing the financial health of our council. As stipulated in this report for review, Council has a number of mechanisms to support those who need assistance, including the Rates and Charges, Debt Recovery and Hardship Assistance Policy, which has support options depending on circumstances.

With regards to the utilisation of a different rating approach, it is acknowledged that under the *Local Government Act 1993*, rates may consist of:

1. An ad valorem amount (which may be subject to a minimum amount of the rate); or
2. A base amount to which an ad valorem amount is added.

The City of Canterbury Bankstown, as do the majority of councils in NSW, apply an ad valorem amount, with a Minimum Rate applicable. This has been both the former and the current Council's rating policy.

The alternative, i.e. the application of a base rate to which an ad valorem is added, has been modelled for the City to achieve the same current total rates income. While a base rate could potentially reduce the rates paid by property owners with land values at the lower and higher ends of the scale, it would place an additional significant burden on 63% of residential ratepayers with average property values – i.e. would impact more ratepayers across the City. To introduce a further change in rating policy, taking an entirely different approach, would compound the change to be felt by the majority of ratepayers.

In addition, based on the current valuations across the city, the maximum base rate would equate to around $750 once the SRV is fully implemented. This is significantly lower than the minimum rate proposed under the One Rate proposal ($990). The implications is that a standard residential house could be paying three or four times what a current and future owner of a unit would pay who are utilising the same services. For CBCity the ad valorem and minimum rate structure best applies the ability to pay principles as outlined by IPART.

Separately, as our City continues to grow – primarily through the construction of residential flat buildings, a Minimum Rate and ad valorem rating structure would provide greater capacity to generate additional income commensurate with the required services needing to be provided to accommodate the growth.

Direct theme 2: Pensioner capacity to pay for the increase

A specific theme in relation to capacity to pay came from those that identified themselves as aged pensioners, *"My wife and I are pensioners and our only income is the Federal fortnightly part pension…"* In other instances, children of pensioners, and in one case a concerned resident of the LGA, petitioned the Council to consider the impact the rate increase would have on pensioners, *"24% of Canterbury Bankstown ratepayers are Pensioners, therefore this SV will have a significantly higher impact on them than other ratepayers."*

Council response:

As noted above, Council is cognisant of the impact to ratepayers who live on a fixed income, particularly those on government provided pensions throughout our city. That is why the preferred proposal and position of Council is to gradually increase and harmonise over a five year period. Year one sees a smaller increase in rates across the community (reflective of only a 2.0% - rate peg – increase to total rates income), with the remaining increases spread over years two to five.

Council does not have any direct measure of the exact number of those on some form of pension (aged pension, disability pension etc) in the city who are ratepayers. Based on the Census we do know that almost 14% (48,000) of our community are 65 and over and likely to be nearing or at retirement (either government or self-funded). It is also likely that a portion of these are at the point of owning their own home (28.7% of the population own their own home). Despite these numbers, at present we only have 328 pensioners (or less than 1% of community over 65) who have taken up the rates deferral.

However it is recognised that some of these may be asset rich and cash flow poor. As a result, Council has also put in place measures to protect the vulnerability of eligible pensioners to pay their rates. Under Council's Debt Recovery Policy, Pensioners can request to defer their rates for up to 19 years to be paid on transfer of the estate.

Additionally, and as set out below, there is an opportunity to further review the Rates and Charges, Debt Recovery and Hardship Assistance Policy to provide greater information, clarity and assistance to those on a pension having difficulty paying.

Direct theme 3: Council services not meeting needs

In some submissions, ratepayers identified an issue with the current services provided by Council not meeting their needs. Of these respondents, many had concerns over reductions in the level of service provided, where they identified, *"a reduction in many services including no maintenance of verges (bus stops, pensioner properties, public land/parks)",* and, *"I don't believe we get value for money with the current rates we pay. The only service that has been received this year is our weekly bin collection".* These respondents identified issues with the proposal on grounds that it would not achieve what they expected of Council.

Despite the above there was some feedback that also identified the improvement to many services and facilities, *"I support the move by Council to balance its books and put investment into the assets that support our community".*

Council response:

It is recognised that there are some areas where services are not meeting the needs of the community. This is part of the reason for the SRV, to specifically target areas of community concern.

Several submissions specifically mentioned a decline in verge mowing in the former Canterbury area. Council has well over 3.6 million square metres of grassed nature strips traversing some 140,000 rateable properties. Therefore, it is not possible for Council to mow all of these verges and must rely on the goodwill and pride of our community to mow the nature strip in front of their residence.

The former Canterbury had a policy where more properties were maintained by Council than in the former Bankstown, and they had also proposed to cut and reduce a number of community services to remain sustainable. It was only after careful consideration of budgetary projections the decision was made to provide the same level of service across the entire LGA.

Obviously, there are members of our community who are, through circumstances beyond their control – age and disability being primary among them – unable to mow and maintain their nature strips, even if they desired to do so. Where this is the case, Council has a role to play and will offer the service to those who make application for it.

While some areas have may have seen a superficial reduction in some services, these areas will have seen a rise in other services and many other areas have seen dramatic improvements such as sports field improvements, new playgrounds and overall improvement to services across council's vast open space network. Similarly, there has been an increased focus on other important services such as Meals on Wheels and waste collection.

Direct theme 4: Council should explore an alternative to an SRV

Many respondents articulated the position that Council spending should remain within the confines of its existing budget. In line with this, some respondents expressed the notion that Council's desire to generate more general income reflected a poor management of Council services, staff, and infrastructure. These respondents were most concerned with Council's desire or ability to operate within its existing structure of income: *"Ratepayers are required to live within their means, Council needs to do the same. Thus, no Special Rate Variation".* Others identified the need for Council to find other income generating option - *"Requesting a SV appears to be a lazy method of raising funds. We propose the Council becomes more efficient at budgeting i.e., lives within its means and raises funds in other ways (such as investing astutely)".* With some residents believing council had borrowed money to fund services *"Council has already taken out a 30 year loan*" (note: this is not correct).

Council response:

Both former councils' operational cost per capita (as assessed by the Office of Local Government) was among the lowest of all metropolitan councils. These efficiencies continue to be achieved with some of the leanest operating costs per capita in metropolitan Sydney – around $800 per resident. Despite this, the financial challenges of both the former councils' and the current Council are well documented, as early as the former councils' 'Fit for the Future' submissions to IPART (both councils outlined their preference and proposed strategy to stand alone and identified the need for additional income to maintain assets) and as recently as the Council's current Financial and Asset Management Strategy's. Financial pressure continues to come from 'rate pegging' and also from the growing burden of cost shifting from the State and Federal Governments, which adds millions annually in costs to the Council.

Since the merger, CBCity has been able to realise significant efficiency savings of $7.6M per annum, far exceeding the NSW Government estimates of $4.5M per annum. Despite these savings, Council is unable to adequately address the asset backlog it faces. Council currently requires $70M every year to keep assets maintained up to current standards. However, once Council pays for all the services we provide to the community, there is only $39M left, leaving a $31M shortfall every year to maintain assets. This is the primary focus of the proposed SRV of which $36M annually (includes Leisure and Aquatics) will be directed to maintain and renew Council's $4.8 Billion asset portfolio.

During the consultation there were some ratepayers who suggested Council should explore options to increase its income through means other than an SRV. This includes raising more income from existing services or introducing new profit making services.

Increasing income from core services would not be enough to address the shortfall given the heavy regulation on fees and charges for most Council services. Council cannot charge for some services such as roads or access to libraries, and many fees are set by State Government Legislation, such as DA fees. In some situations these fees do not even cover the cost of running the actual service (like swimming pool inspections and maintaining sports fields). Additionally, Council does not have the power to manage its own road restorations (with state and federal governments giving powers to utilities to dictate what it does on our roads).

There are some areas where fees and charges for services could be introduced or increased such as charges for hire of community facilities or car parking. It is acknowledged, that a number of the councils in eastern Sydney benefit from a significant windfall from being able to charge for parking, however there is clearly a higher demand and limited supply in these government areas. While paid parking may assist with turnover, Council would not be able to charge the fees in areas such as Sydney or Waverley, and hence would not provide the level of income these areas receive.

Other options include more high risk ventures such as investment in high-risk funds or acting as a developer for profit making purposes. Due to the history of many other councils losing ratepayer money undertaking such activity, the Government has introduced numerous rules to prevent these from being undertaken.

This leaves the option of introducing new services for profit. This in itself, carries significant risk with having to resource up and operate as a commercial operator in a free market. The former Bankstown Council had previously done this, generating between 5% to 10% return, however the effort and focus to run that commercial business came at the cost of the local community which is unacceptable. Furthermore, to generate sufficient funds to cover the infrastructure backlog Council would need to create a business with revenue turnover of over $400 million which would involve doubling the size of the existing organisation. This is unrealistic, unsustainable and carries significant risk.

The use of loans was also proposed. It is to be noted that the use of debt/borrowings is not a substitute for recurrent income. If Council was to annually borrow at least $34M to ensure we maintain the current level of existing assets and ensure that our backlog does not grow – it would end up equating to around $350M of debt over ten years with the annual asset deficit still being the same and debt servicing consuming all our funds. Borrowings could be used to offset timing imbalances between income inflows and expenditure outlay needs as proposed for the Leisure and Aquatics Strategic Plan.

Additionally, in December 2020, the NSW Productivity Commission released its report into development contributions, *Final Report of the Review of Infrastructure Contributions in New South Wales* ('the Review'). The Review recommended that the Local Government rate peg be reformed to allow Council's general income to increase with population to address changing infrastructure and service needs as a result of growth. The Commission recognised that while the rate peg accommodates changes in the price of services faced by an average council, it does not include changes in the volume of services required. This is likely to increase for councils experiencing population growth. For councils servicing high growth areas, the rate peg imposes a revenue constraint that amounts to a decline in revenue collected per ratepayer. This lack of fiscal flexibility means the higher an LGA's population, the lower the resources available for council to provide services to each individual resident.

While the concept of staying within the confines of the existing budget is supported, if additional revenue is not provided, Council will need to explore other cost cutting options as set out at the end of this report.

Direct theme 5: Business Impact

Though the majority of submissions taken during the One Rate engagement process were concerned with the development of the residential rating structure, some responses were received from businesses relating to the services they receive, the impact of the proposed business rating structure especially during COVID-19 and introduction of business sub-categories. Some submissions questioned why business rates were going up when they did not utilise the services (such as waste collection). A submission also questioned why Council was introducing business sub-categories and put forward that this was a barrier to competitive business practices and would place undue burden on businesses located within busy shopping centres. - *"The adoption of targeted rating categories that discriminate against a small number of properties creates an inequity and contravenes the principle of Competitive Neutrality".*

Council response:

In relation to service provision to businesses the specific matter of waste collection for residential properties is funded separately from the Waste Levy and not the general rates. Business do receive benefits from the many other services Council provides both directly (such as town centre improvements, economic development programs, roads, drains etc) and indirectly providing services to their staff (eg recreation spaces). It is recognised that there is an opportunity to provide an enhancement to these, and that is why the proposal includes a specific focus on both Town Centre Improvement and Industrial Area Improvement, to provide further support to businesses.

In relation to the introduction of sub-categories, the current One Rates proposal makes no change to the actual rates for these sub-categories. The establishment of any change to sub-categories will be undertaken in consultation with the business community prior to any changes being made. It is to be noted that, given the higher volume of pedestrian traffic, increased retail exposure, and proximity location to the centre of suburbs, the development of sub-categories for businesses in diverse settings is both within the scope of the legislation, and the spirit of rating structure. Business ratepayers operating outside established commercial zones and city centres, are not provided the same level playing field as businesses located inside of these areas. Businesses who choose to position themselves in these locations do so specifically for the benefits of that location.

In relation to the impact of any increase on the business community, especially during COVID-19, Council has endeavoured to provide the best possible support to its local business during COVID-19. Central to Council's response was the CBCity Cares Relief Package. Announced by Mayor Asfour in March 2020, the 18-point plan provided relief and support to residents and businesses including waiving footway dining fees for small businesses for six months and allocating $250,000 to assist businesses in Smart City Grants. As with the residential rates, any significant change is not proposed to occur until year two in recognition of the current economic condition.

Direct theme 6: Equity between minimum rate and rate in the dollar

Overall, there was a recognition of the need to provide a fair and equitable rating system which is calculated the same irrespective of what part of the city they live in. Some submissions raised the concern why units were paying a lot lower than houses for access to the same Council services *"Those who live in units, use the same services and sometimes more, they should pay their fair share".*

Council response:

Part of the underlying principles set out in the One Rate proposal is to deliver a more equitable and fairer rating structure. This is not only about harmonising rates across the LGA, but to review the overall contribution 'minimum' rates have towards the overall rating income. Currently there is a significant difference in the average rates of residential houses (Canterbury $1,472.81 and Bankstown $1,224.81) and a unit (Canterbury $713.90 and Bankstown $636.80). This is despite the fact that many of the services provided to residents are the same, irrespective if they are living in a house or a unit (typically on Minimum Rates).

In addition, it is recognised that much of the growth in Canterbury Bankstown will be in residential flat buildings. This will, over time, result in an increase in services and greater maintenance of our current facilities and assets.

In order to ensure that greater fairness in the overall contribution towards Council services between residential houses and units, the One Rates Proposal looks to raise the minimum over a 3 year period to $990.

Direct theme 7: Support for One Rate proposal

While a portion of the feedback Council received on the One Rate proposal was in opposition to the proposal, many respondents were in favour of the harmonisation portion of the One Rate proposal but opposed to the rate increase imposed by the SRV, *"Whilst I understand the rates harmonisation process and in essence it makes sense to me but the value of the SV increase over the next 5 years is extortionate".*

In addition to those who supported the process of harmonisation in the proposal, 21% of respondents identified partial or full support of the SRV. Some respondents identified common issues that caused others to oppose rate increases, including poor service and infrastructure standards, but instead sought to understand the need to address these concerns in line with the One Rate proposal, *"I, like most people, don't like increases in my bill payments, however I support the proposal for an increase in rates so that the community facilities and roads can be maintained to expected standard".*

A number of ratepayers who responded to the community engagement were in support of the One Rate proposal. Respondents identified the measures proposed by Council as within the remit of local government, appropriate to the local area, and in line with the values of the city in which they reside, *"While I don't like having to pay more rates I understand that council needs to cover costs going up for them too. Plus, if it means more and / or better services, then I support everyone paying a little more to get better outcomes."* And, *"I have lived in Sefton most of my life and have swam at Birrong pool for over 35 years. I have seen the pool upgraded* *over time and understand that this costs money. I support the rate change if the extra funds are used wisely."*

Council response:

There were some submissions that directly supported the change, in particular the investment in new services and facilities. As set out in the November Council report, the review of the rating structure is essential to the fund the financial future/sustainability of the Council. As demonstrated in "A Funded Future", the long-term financial stability of the Council is predicated on its ability to expand its general income. Without an increase to the rates generated across the city, Council would simply be unable to continue to provide the current level of service and infrastructure that we have delivered and that residents of the city expect.

This fact was recognised and supported by some submissions which noted that the increase in rates will deliver enhanced services they wish Council to provide.

It is also noted that, as a result of the active engagement undertaken where Council staff addressed many questions and misinformation, many respondents acknowledged they better understood the need for the change.

Indirect theme 1: Issues with harmonisation and amalgamation

Residents frequently quoted the former NSW Premier and other NSW Government Ministers, who had confidently espoused the cost-saving efficiencies that could be gained. Many based their opposition to the proposal on these amalgamation promises. *"The purpose of amalgamation is to reduce costs not increase them. ….. If I remember correctly Mike Baird's promise there was to be no increase in council rates and the purpose of amalgamation was to realise cost savings."* Several respondents characterised the amalgamation and subsequent required harmonisation process as a pretence for increasing revenue, reflecting a misunderstanding of the harmonisation process alone *"The proposed harmonisation is a thinly disguised sham to increase rates over and above what is fair and reasonable in these difficult times".*

There were also a number of respondents who understood the purpose of the harmonisation process but had issues with the failure of the amalgamation to improve the financial position of the two former councils, *"The amalgamated municipality is too large, too slow, too inefficient to succeed as it is into the future…… has council not made any cost efficiencies as part of the merge?"*.

Council response:

While many of the issues raised are beyond the scope of the rates review, it remains prudent to address the concerns raised.

The process of amalgamation was forced by the NSW Government. Neither former council was in favour of the merger, citing issues with the expected efficiency gains, the size of the proposed LGA, and the lack of transparency and guidance offered to merged councils. Despite this, CBCity has been able to realise significant efficiency savings of $7.6M per annum, far exceeding the NSW Government estimates of $4.5M per annum. Even with these savings, Council is unable to adequately address the asset backlog it faces, nor can it deliver the enhanced services requested by the community.

As part of the amalgamation process, the NSW Government implemented a rate freeze policy to 2021. This meant that, apart from the across the board rate peg increase, ratepayers in newly amalgamated councils' would pay no more for their rates than they would have in their pre-merger council area. So, residents accessing the same services and facilities have been paying different rates i.e. an apartment in Campsie is paying less rates than an apartment in Bankstown. It also means that Council has had to maintain two separate rating systems since 2016. During the NSW Government's Rate freeze period, Council lost $5M per annum in rating revenue entirely from for Canterbury ratepayers, which was reflected in an average decrease of $138 per year for each ratepayer. This was due to the Infrastructure Renewal Levy ending on 30 June 2019.

The process of harmonisation does not raise a single extra dollar for Council. The process of harmonisation means that eventually the rates will be calculated exactly the same no matter where any resident lives. This will result in some rates going up and others down, but there is no change to the total amount of money that comes into Council.

Prior to amalgamation, the former Canterbury Council had one of the lowest operating costs per resident in Sydney, but it also faced growing infrastructure asset needs that could not be met with existing funding. Financial pressure came from 'rate pegging' and also from the growing burden of cost shifting from the State and Federal Governments which added millions annually in costs to the Council. Both former councils' put in submissions to IPART, outlining their preference and proposed strategy to stand alone. These documents are publicly available on the IPART website. It should be noted that both the former councils' identified the need for additional income to maintain assets, including Bankstown.

<u>Indirect theme 2: Timing of the One Rate proposal and community engagement period</u>

Another concern not directly related to the specifics of the proposal, was the timing of the consultation period. Many respondents expressed a frustration with the period occurring over the typical summer holiday period, where many residents were not at their homes, or were using the time to take a break with their families. *"Firstly the period of time for us to be properly informed about these changes is when the community is most busy and some away on holidays. ….. So many people won't have time to attend these events and otherwise be very preoccupied."* In addition, concerns about the limited time, being only seven weeks was identified as a further barrier to greater community consultation, *"I have concerns about the brevity of the community consultation period for the SRV being just 21 Business days over the Christmas/New year period (14th Dec 2020 to 14th Jan 2021), 34 days when weekends and public holidays are included."*

Council response:

The timing for rates harmonisation is due to the deadline for an application to IPART, and therefore Council was unable to alter or extend the consultation period. The process and the timeframe for SRV applications is set by IPART, with all councils required to have notified them of intention to apply by 27 November 2020 and final applications due by 8 February 2021.

Community consultation commenced on 1 December 2020 after the Council resolved at the November 2020 meeting to put this proposal out to the community. The planned engagement activities were spaced out over a period of seven weeks. Once the consultation period ended, the feedback needed to be consolidated and reported to Council before 8 February 2021. All feedback received relating to the proposal is required to forwarded to IPART who will assess the application. IPART will conduct further community consultation relating to Council's application.

Council's community consultation for the One Rate proposal consisted of a range of in person and digital/ on phone/ online opportunities, giving every person an opportunity to give feedback, seek answers to questions or to have a conversation whether they could attend a session in person or not. These opportunities have been outlined in detail in this report.

Indirect theme 3: Conducting the proposal and engagement during a global pandemic (see also direct theme one):

Many respondents identified a confluence of factors in determining their opposition to the One Rate proposal, most notably the intense impact of COVID-19 on their capacity to find and maintain gainful employment, and meet growing bills and financial commitments, *"Timing, In [SIC] light of the COVID 19 outbreak and the uncertainty of the year ahead many without a job this is not a good time to increase rates for homeowners"* and, *"Like most Australians, employers are holding back on pay rises due to the Coronavirus and economic uncertainty."*

Council response:

It should be noted that the timing for rates harmonisation is set by the NSW Government, and therefore Council is unable to alter or extend the timing of this process. Rates must be harmonised across the City by 1 July 2021. As a result of the existing differences in the rating structure across the City, part of the increase in rates felt by individual residents is unavoidable. The rates harmonisation process will result in an increase to rates for some residents, no matter whether a SRV is approved and implemented. This can be seen in the table below, which outlines the result of the changes of each component of the proposal, noting that both the rate peg and harmonisation will need to occur irrespective if Council decides to proceed with the separate SRV.

	Former Bankstown				Former Canterbury			
Cumulative increase 2021/22 to 2025/26	Residential min.	Residential non-min.	Business min.	Business non-min.	Residential min.	Residential non-min.	Business min.	Business non-min.
Rate peg	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%
Harmonisation	12.35%	-6.97%	0.00%	-5.66%	0.00%	6.91%	9.26%	12.19%
Special Rate Variation	30.19%	15.89%	19.11%	26.89%	30.19%	16.85%	19.11%	30.19%
Total cumulative 5yr change	63.34%	22.08%	33.58%	34.52%	45.69%	39.60%	45.70%	62.19%

This is why the additional measures outlined in Council's response to direct theme one are so important. The proposal sets out to balance the needs of the community whilst responsibly managing the financial health of Council. This is why a phased approach has been taken for this proposal, to reduce the immediate impact on ratepayers. Council's Debt Recovery and Hardship Assistance Policy will continue to provide support to those who need it through these difficult times.

Other theme: Issues with the local environment/streets/community/customer request

In addition to the indirect issues raised, there were several submissions made that raised matters totally unrelated to the One Rate proposal including the maintenance of assets, cleaning issues and unresolved or unsatisfactory resolution of previous matters, examples included, *"What can be done about the cars illegally parked like: wrong side, across driveways, one is regularly parked right on the corner", and, "Our street is literally infested with the learner drivers, regularly blocking the street practising to make a 3point turn. This is usually done within 5 to 10 metres from the junction. Can you imagine: you are entering a street and suddenly a car across the street is in front of you. Then you have to wait while the driver is being instructed what to do next."*

Council response:

While these concerns were raised within the formal and informal mechanisms of the One Rate community engagement process, they did not directly pertain to the proposal or the circumstances of the engagement. However, Council remains committed to providing the best possible service and experience to all residents of the City. Where required and appropriate, Council staff generated customer service requests, listened to community issues, and endeavoured to provide solutions to community members with unrelated issues beyond the scope of the One Rate engagement process.

Misinformation

During the One Rate community consultation and engagement, there were several issues raised built on misunderstandings or misinformation that had been generated outside of Council's official documentation of the proposal. Where possible, Council officers made every effort to provide accurate and correct information and to provide evidence to clarify false claims. Below is a summary of some theses matters:

- There was a view in the community that the former Canterbury ratepayers were paying more than the former Bankstown ratepayers:
    - This is both correct and incorrect. Rates across the City currently differ in a number of aspects and it is not as simple as one former council area being higher or lower than the other. For example, the former Bankstown area 'Residential Minimum Rate' (rate generally paid by those living in units) is currently lower than the Canterbury area, however the Rate in the Dollar Charge (used to calculate for houses) for the former Bankstown area is higher than the former Canterbury area. There are also different rates for businesses.

- There was confusion over how many SRVs of the former Canterbury still existed:

  - Prior to the merger, the former Canterbury Council had applied for and been successful in receiving three SRVs from IPART. Two of which were temporary and have since concluded and residents are no longer paying those variations with rates returning to their original path (ie having decreased for residents).

- There were statements that the amalgamation was meant to prevent any future rate increase:

  - As part to the amalgamation process, the NSW Government implemented a rate freeze policy. This meant that, apart from the across the board rate peg increase, ratepayers in newly amalgamated councils would pay no more for their rates than they would have in their pre-merger council area. This has been in place for the last five years and finishes in 2021. After this period, rate reviews are allowed, and in fact required by law.

- Confusion between harmonisation, annual rate peg and SRV:

  - It has been acknowledged by Council and IPART that this matter is very detailed and complex – Council Officers made every effort to provide the most detailed information to every enquiry. As part of the engagement, the rates calculator was developed to clearly demonstrate what the harmonisation, annual rate peg and SRV would look like to the cent over each of the five years of the proposal for each individual circumstance. Additionally, throughout the process additional information was added/ updated on the website to ensure further clarity. This included information showing the total and component cumulative increases of each (harmonisation, annual rate peg and SRV) over the five years to meet specific IPART requirements.

- A view that the former councils' were financially secure:

  - During the merger both former councils' Fit for the Future submissions identified that significant financial reform was needed. The former Bankstown identified the need for an SRV of $17M per annum while the former Canterbury identified the need to retain their Infrastructure Renewal Levy (one of their previous SRVs – which has now finished) as well as major cuts to services (reducing street sweeping), selling assets (such as community land), increasing charges to sporting fields and other facilities, accepting further deterioration in roads, footpaths, parks and buildings and borrowing $36.5M. These were never implemented given the changes were not supported by the current Council. In the majority of circumstances, miscalculations or outdated information from the former councils, incorrect financial figures, misunderstandings of the structure of Council's revenue, particularly development contributions and population growth were the basis for this incorrect information.

In considering the above, it is also relevant to review each submission and the direct response that has been provided as part of consideration of the matter before Council. These can be found in *Attachment B – One Rate Submission Table*.

ONE RATE EXPERIENCE

Engaging with the community was a key part of the project. Council wanted to gauge the community's response to the proposed rate changes and to provide the opportunity to answer any questions from residents. A dedicated team was established to be the contact point for ratepayers wanting to express their view and to ask for further information. The focus of the One Rate Team was to inform, not to persuade. The One Rate Team provided a range of communication channels so that ratepayers could choose the one that most suited them: emails, phone calls, webinars and drop-in sessions as face-to-face meetings. Approximately 650 residents used one or more of these channels.

Drop-in sessions

The opportunity for face-to-face meetings was mainly used by elderly community members – sometimes as individuals and sometimes in pairs, such as with a partner or neighbour. Others attended in small groups of neighbours.

The nature of drop-in sessions meant that members of the One Rate Team could devote whatever time was necessary for a resident or group so that all questions could be answered. The meeting was not run to a time slot which would have resulted in some people feeling that they were cut off and that not all their questions would have been answered. The approach also meant that the pace of the meeting could be adjusted to suit each resident or group. For example, often with the elderly, the pace of the meeting had to be slower than with a younger person. Our aim was to run the meetings so each person felt respected.

The individual conversations were often about 30 minutes' duration. But some went for an hour or slightly more. Some of the meetings, such as with small groups, shifted into an informal presentation on the rate proposal, giving the group a chance to understand more about the proposal and an opportunity to ask further questions prompted by the presentation.

A pattern that emerged in the meetings was that a community member often had an existing gripe with Council, and the one-rate meeting became an opportunity to listen to and to attend to that issue. For example, a person had a missing bin, or their street had not been cleaned to their satisfaction or there was an unresolved tree issue between the resident and council or between neighbours.

Another pattern that emerged, especially with pensioners, was their ability to pay. These conversations allowed Council to inform pensioners about the pensioner rebate schemes and about options to defer rate payments (there were pleasant surprises for some pensioners who were not aware of this). For some pensioners, their issue was more around cash flow, recognising the position of having a fixed income (pension), despite owning their property outright (and in some situations several properties).

Some of the discussions were difficult. Some residents, while they have an ability to pay, expressed an unwillingness to accept any change no matter how small. This included one ratepayer who owned eight units but did not feel they should pay any more Rates. The One Rate Team listened to such views patiently and did not seek to diminish that person's view to which they are rightly entitled. The Team sought to only explain any gaps in the resident's knowledge about the reasons for the proposed change.

The meetings also gave Council an opportunity to correct any misunderstanding about the rates of former Canterbury Council. Some people had relied on incorrect, and sometimes sensational, information they had gleaned from social media (such as rumours of everyone's rates going up by 60% to 70% because of the SRV).

Phone Conversations

The above experience with the drop-in sessions was similar to the telephone conversations where residents chose to make use of Council's dedicated phone number. 325 people phoned in. The great bulk of those calls were handled by customer service (the answers were straightforward) with only 28 needing to be referred to a more senior officer.

Some of the phone conversations started with the resident being aggressive and abusive. In these cases, Council staff allowed the caller to express their emotion and then filled the caller in with the background and reasons for the rate changes. Staff discussed with the resident any specific issues the person may have had, and whether there were other paths the ratepayer could take to resolve their issue. Mostly, these initially angry calls ended with an acknowledgement by the ratepayer why Council needed to implement some form of change.

The engagement process and the dedicated team was an important step. From the conversations with residents and the feedback forms from webinars, overwhelmingly participants felt better informed about the reason for the proposed rate changes.

CHANGES PROPOSED

Based on the feedback provided the following changes are proposed:

1. Review of the Rates and Charges, Debt Recovery and Hardship Assistance Policy

Council has the following in place to assist ratepayers suffering financial hardship (as outlined in the Rates and Charges, Debt Recovery and Hardship Assistance Policy):

- Periodical payment arrangements with debtors experiencing genuine difficult circumstances including allowing a debtor to pay an outstanding account in weekly, fortnightly or monthly instalments;
- Writing off or reducing interest accrued on rates or charges;
- Waiving, reducing or deferring the payment of the increase in the amount of rate payable because of hardship resulting from general revaluation of land in the local government area;
- Waiving, or reducing rates, charges and interest of eligible pensioners; and
- Waiving or reducing Council fees when the inability to pay is due to hardship.

The following assistance is currently provided for eligible pensioners:

- $250 – Statutory pensioner rebate;
- $40 – Additional voluntary pensioner rebate;
- Deferral of rates, interest and charges up to 19 years to be paid by pensioners estate (requires completion of form to enter into deferral agreement);
- Periodic payment arrangements;

- Extension of the pensioner concession to ratepayers who jointly occupy a dwelling and are jointly liable for the rates and charges with an eligible pensioner in order avoid hardship;
- Interest will continue to be waived on rates which became due (arrears) prior to the commencement of 1 July 1994 for eligible ratepayers; and
- Potential to write off accrued interest and costs due to hardship.

It is to be noted that the former Canterbury did not provide a voluntary pensioner rebate ($40) which is now available to all eligible ratepayers in the City. At present, Council's voluntary rebate of $40 for each Pensioner equates to around $800K per annum. The policy has also been amended to allow hardship provisions to be amended to deal with specific emergency events such as COVID-19.

Notwithstanding the above, it is proposed that Council again review Council's hardship policy and implementation to clarify the following:
- Provide further clarity on hardship relief options including adding in situations for temporary or longer term hardship;
- Specifying any protections from debt recovery available;
- Provide further clarity on hardship assessment process including how, when, and who assesses financial hardship;
- Create application form for financial hardship to reduce the friction preventing those in need applying;
- Create fact sheet or FAQs and application forms available on council website;
- Define and clearly communicate financial support contacts, or information about where contacts can be found eg links or contacts for Financial Counsellors Association, Financial Rights Legal Centre, Mortgage Hardship Service, National Debt Helpline, and/or any other relevant services in the LGA;
- Develop an assessment methodology for financial hardship; and
- Determine period for assessment and when required to reassess.

2. Subsidies under the Local Government Act 1993

Since the introduction of the Local Government Act in 1993, the statutory provisions which support pensioners receiving a rebate have not changed. The rebate amount of $250 – which is partly paid by the State/Federal Government (55%) and Council's portion (45%) has never been indexed to reflect CPI and/or the rate-peg increase. If this had occurred it would now have been $482 per pensioner and the Government would have been contributing $2.6M more. As a result, this is placing a greater reliance on Council's rates income to address the shortfall.

From a financial perspective, Council's contribution to pensioner's rebates for 2019/20 was as follows:

Description	$K/ Annum
Statutory Component – Council Portion – 45%	2,281
Voluntary Council Rebate	811
Total Council Contribution	**3,092**

That said, it is proposed to write to the NSW Government seeking further reforms and/or consideration to indexing the rebate amount funded by the Government to ensure that it does not continue to erode and that at least it annually increases (eg. IPART increase).

HOW THE SRV WILL BE SPENT

In line with information set out in the November 2020 Council report and provided to all ratepayers through the mailout, consultation sessions and digitally during the consultation period, Council proposes to raise an additional $40M income per annum. The table below provides further information on where this is proposed to be allocated.

<table>
<tr><td>$31 million to maintain and renew existing assets</td><td>The $31M will be allocated across the current asset classes in line with Council's Asset Management Strategy. This will include funding towards the following:

ROADS
Road pavement;
Footpaths;
Bridges;
Kerb and gutter;
Street furniture;
Traffic management devices; and
Ground level carparks.
BUILDING AND OTHER STRUCTURES

OPEN SPACE AND RECREATION
Sportfields and irrigation;
Lighting;
Park furniture; and
Playgrounds.
STORMWATER
Drainage conduits;
Drainage structures; and
Water quality devices.
The split across funds across these asset classes is set out in the Asset Management Strategy. Specific works will be identified as part of the annual Operational Plan and reported through the quarterly, annual and end of term reporting.</td></tr>
<tr><td>$4 million to provide new and enhanced services</td><td>It is proposed that the following NEW programs will be introduced:

CITY IMPROVEMENTS PROGRAM
Implementation of improved services for litter picking, town centre cleaning and</td></tr>
</table>

	maintenance, bins, park maintenance and illegal dumping. STREET CLEANLINESS PROGRAM • Implementation of enhanced street cleaning and amenity. INDUSTRIAL IMPROVEMENT PROGRAM • Capital works improvements within prioritised industrial centres. INNOVATION AND TECHNOLOGY PROGRAM • Incorporating innovation and technology into day to day business activities to improve service outcomes and efficiencies. Council's adopted Smart Cities Road Map and Activating Data Road Map provide further details on the priorities. Specific funding allocation, performance measures and service standards will be identified as part of the annual Operational Plan and reported through the quarterly, annual and end of term reporting.
$5 million to provide new and enhanced leisure and aquatic facilities	Funding to service loans for: • Redevelopment of Canterbury Leisure and Aquatic Centre; • Redevelopment of Max Parker Leisure and Aquatic Centre; • Improvements to Birrong Leisure and Aquatic Centre; and • Improvements to Roselands Leisure and Aquatic Centre. Council's adopted Leisure and Aquatics Strategy sets out the specific community needs, vision, requirements, service requirements and recommendations for each of the above centres. This includes priorities, timing, estimated costing (whole of life). If the SRV is approved Council will complete the necessary final business cases, design documentation, and procurement as required under the *Local Government Act 1993*. This will include the completion of a Capital Expenditure Review where required. Specific timing of works will be identified as part of the annual Operational Plan and reported through the quarterly, annual and end of term reporting.

The Special Variation and Minimum Rate applications that Council is required to complete will include an estimate of both the income expected and the proposed expenditure. This will include a breakdown of operational and capital expenditure. It is to be noted that the proposed full $40M will not be fully realised until 2025/26 with less income received in the earlier years (in recognition of reducing the impact of the increases on the community). As a result not all programs will be funded in year one. The allocation will be updated annually as more precise information is provided on Council's expected income and allocation of projects under the Operational Plan are approved.

As part of the applications to IPART, Council will also propose annual reporting requirements to transparently report the use funds and outcomes of expenditure to the community. This will include detailed reporting as part of the Annual Report and the End of Term Report including:

- Reporting on the additional income obtained through the variation;
- The projects or activities funded from the variation;
- Details of any changes to the projects or activities funded from the variation compared with the council's initial proposal; and
- The outcomes achieved as a result of the projects or activities.

WHAT HAPPENS IF COUNCIL DOES NOT PROCEED WITH THE SRV OR IPART DOES NOT APPROVE?

Notwithstanding the SRV IPART process, it is a legal requirement that Council begin the process of harmonising rates across the city, beginning in July 2021. Council's preferred mechanism is to carry out this process over the span of five years, minimising the impact on ratepayers in 2021/22, recognising the financial impacts of COVID-19 in 2020/21. Even without a rate increase, the process of harmonisation will change the amount paid by individual residential and business ratepayers across the City. This is because, as Councillors have been discussing, the two former rating structures vary, particularly the current ad valorem rates for its ordinary residential ratepayers. While this process has an impact on individual ratepayers, it does not generate any additional income for council i.e. does not change the total rates income. Rather, it simply changes the amounts paid by individuals. Regrettably, any variation to individual ratepayers (while Council's overall rates income remains unchanged) is unavoidable, given that the outcome of the harmonisation process and method of calculating rates are set by the NSW Government.

While Council must proceed with some form of harmonisation of the rates, the matter of the additional SRV is a strategic decision of Council to ensure the long term financial sustainability of the organisation, and to ensure that Council can continue to provide services and maintain its current asset base into the future.

The body of the report sets out in detail the purpose of the One Rate proposal and if approved by IPART, the tangible benefits for the community. If Council resolves to not proceed with the SRV, further consideration of options will need to be deliberated, understanding the full scope of the impact on Council's ability to continue to operate sustainably. If an application for a SRV wasn't to proceed, or if the application isn't approved by IPART, there would need to be an urgent need for further investigation into other forms of cost savings and budget reform.

Without a SRV to increase total income, there would be:

- No additional income to keep assets maintained to satisfactory standards;

- No additional income to increase service levels;

- No additional funding to allow the implementation of the Leisure and Aquatic Strategic Plan;

- Significant financial reforms required to adjust our standard of servicing and approach to managing our ongoing liabilities; and

- A continued decline in Council's financial performance and financial indicators set by Government – which will raise concerns for our Auditors and our ongoing ability to remain sustainable, particularly our obligations to maintaining all our long term assets.

Therefore, the first and most urgent matter that would need to be addressed would pertain to a review of existing services, service levels, and operational capacity. For many of our assets, such as roads, we do not simply have a choice to "do nothing" and not maintain these assets. But maintenance to a lower standard could be considered – accepting more pot holes, longer periods before repair.

Overall operational and service costs would need to be cut in order to ensure essential assets are able to be maintained. Some assets will be left to degrade without upkeep, reducing the structural and functional integrity, safety, and usability of Council assets. It may be necessary to sell or dispose of other assets.

These reviews would need to address the minimum level of service and capacity that Council would be able to sustain in a restricted financial environment. Within the review, a clear and decisive framework of essential services would be required to assess the threshold for service that Council currently provides, where any service beyond this threshold would need to be cut or reduced greatly. Council must ensure at all times that its financial stability is measured against what it is able to provide within this context.

During the engagement some responses noted that Council should revert back to the core services. This included dropping non-essential services such as community grants, events and social and community services. It must be noted that these cuts can be undertaken but would unlikely address the required financial shortfall.

If Council was to deliver the necessary savings it would have to review those areas of highest cost in the Council. The list below is a summary of the major direct services provided by Council via the general rates in order of cost (waste is excluded as it is funded separately through the waste charge and operational support is excluded as it is the base support maintaining the operation of the Council):

1. Roads
2. Parks and Open Space
3. Libraries
4. Leisure and Aquatics
5. Regulation and Compliance
6. Flood and Stormwater Management
7. Footpath
8. Sport and Recreation
9. Property Management
10. Governance

11. Community Services
12. Town Centres
13. Streetscapes
14. Children Services
15. Development Services

To deliver an annual saving of $40M, Council would need to review all of these and determine the level of service cuts to be undertaken. To give an indication of the challenge, the economic paper 'A Funded Future', examined what such a scenario might entail if only three areas were reduced.

- Reducing the number of libraries to one per ward;
- Cutting the graffiti management service; and,
- Cutting street sweeping across the city

The combined savings from these measures however, only amounted to a saving of $3.96M per annum. Such a figure would account for only 10% of what Council is hoping to receive if the special variation is accepted, leaving Council 90% short of what it needs to meet the needs of the city.

Beginning with the premise that CBCity is already amongst the most efficient councils in Sydney, the report noted that any reductions to service would come at a great loss to the local community and the continued capacity of Council in the future. Such a pathway was deemed unsuitable, both to Council, and to the local population, who demonstrated such an opinion during the One Rate engagement period.

Each of the cuts proposed in the economic paper are drawn from what can be characterised as non-essential services. This does not mean they are not services highly valued by the community, but rather are services that local governments are not strictly required to undertake. For cuts that would be more meaningful in savings for the budget, larger service cuts would need to be considered, potentially to services that provide more essential outcomes to the community such as allowing the roads to deteriorate further with less maintenance, providing less maintenance of our parks and open space and town centres and closing more of our Leisure and Aquatic Centres. Such a scenario would be deemed unacceptable by large portions of the community, and is completely against the mission of Council.

PROPOSED APPROACH

Council has carried out an extensive engagement with its community on its preferred option (***Option 3 – Harmonisation and Special Rate Variation),*** as resolved by Council in November 2020.

To re-cap, the Option is based on the following parameters:

- Gradually merge the two former council rating structures over a 5-year period;
- Gradually increase Minimum Rates to $850 in 2022/23 and $990 in 2023/24;

- Restore the former CCC Infrastructure Renewal Levy of $5M per annum and a further $35M per annum for asset replacement, including realising our Leisure and Aquatics Strategic Plan;

- Note that the additional funds will be utilised to maintain the services that CCC proposed to cut as part of their 2014 SRV proposal – to be financially sustainable;

- The above option is also premised on Council establishing sub-categories for business precincts, with the view to provide greater equity amongst the varied nature, type and size of commercial and industrial properties throughout our area;

- In establishing the sub-categories, Council has relied on the hierarchy of commercial and industrial zones, as adopted in our Local Strategic Planning Statement;

- In terms of implementation, Council's preferred approach is to:

  - Apply a gradual approach to harmonising its former Council's rating structures over a five year period – commencing 1 July 2021; and

  - Separately apply the proposed SRV for an additional $40M in rating revenue over a four year period – commencing 1 July 2022.

- Notwithstanding its preferred approach, Councillors need to be mindful of the current Draft Bill (as noted above) and the prospect of it either:

  - Proceeding through Parliament – thereby requiring Council to harmonise over a four year period (or any other period that may be set by Government) rather than our preferred five year option; or

  - Not proceeding through Parliament - thereby requiring Council to harmonise its former Council rating structures by 1 July 2021 – as per current legislation.

- That said, Council will be required to reflect and/or adjust for any of the above decisions made by the Government, as required;

- Having regard to the above – a summary of Council's preferred approach to harmonisation and apply an SRV remains as follows:

Option 3 - Harmonisation and Special Rate Variation
Based on Legislation Changing to Allow Gradual Harmonisation (Assume 5-Years)

	2021/22 Year 1	**2022/23 Year 2**	**2023/24 Year 3**	**2024/25 Year 4**	**2025/26 Year 5**
Harmonisation Process					
Minimum Rate – Residential	$ 728.18	-	-	-	-
Minimum Rate - Business	$794.27	-	-	-	-

Ordinary Residential	Adjust for impact of Minimum Rate	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART
Ordinary Business	Adjust for impact of Minimum Rate	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART
Special Rate Variation Increase					
Minimum Rate – Per Residential	-	+ $121.82 (min = $850)	+ $140 (min = $990)	IPART Increase Only	IPART Increase Only
Minimum Rate – Per Business	-	$55.73 (min = $850)	$140 (min = $990)	IPART Increase Only	IPART Increase Only
Ordinary Residential – Across all non min resi properties	-	$4.5M + IPART	$4.5M + IPART	$4.5M + IPART	$4.5M + IPART
Ordinary Business – Across all non min business properties		$2.5M + IPART	$2.5M + IPART	$2.5M + IPART	$2.5M + IPART
Ordinary Business – Subcategories	Establish	Determine and apply loading Any categorisation loadings will modify distribution but NOT collect additional revenue			

- If the Draft Bill, which proposes a harmonisation period of four years were to be agreed to by Parliament – then a summary of Council's approach to harmonisation and apply an SRV is outlined as follows:

Option 3a - Harmonisation and Special Rate Variation
Based on Legislation Changing to Allow Gradual Harmonisation Over 4 Years

	2021/22 Year 1	2022/23 Year 2	2023/24 Year 3	2024/25 Year 4	2025/26 Year 5
Harmonisation Process					
Minimum Rate – Residential	$ 728.18	-	-	-	-
Minimum Rate - Business	$794.27	-	-	-	-
Ordinary Residential	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	-
Ordinary Business	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	Gradual Harmonisation 25% + IPART	-

Special Rate Variation Increase					
Minimum Rate – Per Residential	-	+ $121.82 (min = $850)	+ $140 (min = $990)	IPART Increase Only	IPART Increase Only
Minimum Rate – Per Business	-	$55.73 (min = $850)	$140 (min = $990)	IPART Increase Only	IPART Increase Only
Ordinary Residential – Across all non min resi properties	-	$4.5M + IPART	$4.5M + IPART	$4.5M + IPART	$4.5M + IPART
Ordinary Business – Across all non min business properties		$2.5M + IPART	$2.5M + IPART	$2.5M + IPART	$2.5M + IPART
Ordinary Business – Subcategories	Establish	Determine and apply loading Any categorisation loadings will modify distribution but NOT collect additional revenue			

- Naturally, if the Government agree to vary the period when considering the Draft Bill, then Council will need to apply the period, as set by legislation – ie less than or greater than four years.

- Lastly, in the event that the Draft Bill were not to be accepted, then Council would be required to complete the harmonisation process by 1 July 2021. A summary of Council's approach to harmonisation and applying an SRV in this situation would be as follows:

Option 3b - Harmonisation and Special Rate Variation
Based on Legislation Not Changing and Harmonisation Being Implemented On 1 July 2021

	2021/22 Year 1	**2022/23 Year 2**	**2023/24 Year 3**	**2024/25 Year 4**	**2025/26 Year 5**
Harmonisation Process					
Minimum Rate – Residential	$ 728.18	-	-	-	-
Minimum Rate - Business	$794.27	-	-	-	-
Ordinary Residential	Full Harmonisation	-	-	-	-
Ordinary Business	Full Harmonisation	-	-	-	-
Special Rate Variation Increase					
Minimum Rate – Per Residential	-	+ $121.82 (min = $850)	+ $140 (min = $990)	IPART Increase Only	IPART Increase Only
Minimum Rate – Per Business	-	$55.73 (min = $850)	$140 (min = $990)	IPART Increase Only	IPART Increase Only
Ordinary Residential	-	$4.5M + IPART	$4.5M + IPART	$4.5M + IPART	$4.5M + IPART

– Across all non min Res. properties					
Ordinary Business – Across all non min business properties		$2.5M + IPART	$2.5M + IPART	$2.5M + IPART	$2.5M + IPART
Ordinary Business – Subcategories	Establish	Determine and apply loading Any categorisation loadings will modify distribution but NOT collect additional revenue			

- In any event, given the recent changes made by the Minister, Council will be required apply to the Minister for Local Government / OLG to set the Minimum Rates as at 1 July 2021 under any of the scenarios outlined above.

  Council is required to furnish its application to OLG by the end of February 2021.

Separately, the option will also reflect the following parameters:

- The adjusted income split between both Residential and Business categories would be adjusted annually to account for the above movements/impact and then continue to adjust based on future growth – particularly growth in residential flat buildings which will attract a Minimum Rate;

- Council discontinue to levy the current Bankstown CBD Special Improvement Rate – as of 1 July 2022 - given that the additional revenue raised under this option and other designated funds (eg. Section 7.11 contributions) would largely accommodate the objectives originally set our under the Special Rate – ie. infrastructure improvements; and

- The above option is also based on Council establishing sub-categories for business precincts, with the view to provide greater equity amongst the varied nature, type and size of commercial and industrial properties throughout our area.

  As Councillors will recall, in establishing the sub-categories, Council has relied on the parameters and/or hierarchy of commercial and industrial zones, as adopted in our Local Strategic Planning Statement. On this basis, Business Sub-Categories will be established along the following framework:

Business Sub-Categories

Rating Sub-Category	LSPS Hierarchy
Business – Commercial Large	Major Shopping Centres (Bankstown / Roselands)
Business – Commercial General	Bankstown CBD, Campsie, Local Centres
Business – Industrial Large	Business Parks, Major Industrial Areas
Business – Industrial General	All Other Industrial Areas
Business - Ordinary	Village, Small & Neighbourhood Centres

- It is proposed to establish and allocate each Business to a sub-category as part of formulating our 2021/22 rating structure, though any differentiation in rates set for each sub-category will not be determined until Council sets/formulates its 2022/23 Rates Yield – given it will align with the first adjustment for Businesses when applying the SRV.

- A break-up of our funding needs is for the following purposes:

Description	$M/ Annum
Funding Asset Renewals & Backlog	31
Service Enhancements	4
Leisure & Aquatics – Annual Debt Servicing Cost	5
Total Required Funding	**40**

- The income would be obtained as follows:

Description	$M/ Annum
Restore Former Canterbury Council Infrastructure Levy	5
New SRV Funding	35
Total Required Funding	**40**

- A summary of the increases would be as follows:

Year	IPART %	SRV %	Total %	IPART $M	SRV $M	SRV $M Cumulative
2021/22	2.00	-	2.00	3.49	-	-
2022/23	2.50	5.30	7.80	4.45	9.43	9.43
2023/24	2.50	5.30	7.80	4.80	10.16	19.59
2024/25	2.50	4.90	7.40	5.17	10.13	29.72
2025/26	2.50	4.60	7.10	5.55	10.21	39.93
Cumulative	12.60	21.60	36.34	23.45	39.93	-

- The above outlines the total annual and cumulative increase resulting from annual IPART increase (rate peg) and the proposed SRV. This applies differently for each Minimum Rate and both Residential and Business categories. A breakdown of the in the likely *average* combined increase (IPART and SRV) for each Minimum Rate and rating category over five years from 2021/22 is as follows:

Former Bankstown				Former Canterbury			
Residential minimum	Ordinary Residential	Business minimum	Ordinary Business	Residential minimum	Ordinary Residential	Business minimum	Ordinary Business
30.2%	15.9%	19.1%	26.9%	30.2%	16.9%	19.1%	30.2%

Naturally, each individual property will vary from the average somewhat given the varied nature of land values for each property throughout the local government area.

CONCLUSION

The above reports sets out:

- The requirements for Council to harmonise its rates as required by legislation;
- Council's current financial position and reasons for needing an SRV and, if approved, how this would be allocated; and
- The outcomes of the community consultation

Based on the above information, and taking in to full consideration all of the submissions received, it is proposed that Council implement the recommended changes put forward in the report and submit an application to IPART for their consideration.

If Council does not wish to proceed, that a further report be prepared considering other financial options, including a major review of services and expenditure/service cuts for consideration.