

INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO FUND INFRASTRUCTURE AND SERVICES

Name: David Reynolds

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Dear Chair,

I am a Rate payer in the Canterbury Bankstown LGA and would like to provide the "*Ability of local governments to fund infrastructure and services*" inquiry an example of the lived experience across the Canterbury Bankstown LGA.

Special Rate Variations

Our LGA has had 2 recent, and a new 2026/27 Special Rate Variation (SRV) all being justified on exactly the same basis of the need to be "sustainable", time after time.

- Canterbury Council SRV increase 26% February 2014
- Canterbury Bankstown Council SRV increase 36% in May 2021 (currently still being phased in)
- Canterbury Bankstown Council Long Term Financial Plan budge requires another SRV 2026/27 for another 30% increase – to maintain sustainability (in current long term financial Plan – see attached)
- Rate payers are also concerned that the May 2021 amendments to the [Local Government Act "Section 495" for "Making and levying of special rates"](#), will burden them further to fund Transport Oriented Development infrastructure or some other State Government funding shortfall that would normally be funded by Federal & State governments from their existing revenue base. A levy made under this provision of the Local Government Act could be seen as double taxation, I'm advised is unconstitutional.

Special Rate Variations go through the IPART process that proports to consider Ratepayer concerns and capacity to pay. However, as shown by the 2021 SRV, IPART did not recognise the capacity to pay challenge many Ratepayers will have when they approved the 2021 increase.

The May 2021 amendment of the NSW Local Government Act "Section 495", for "Making and levying of special rates", does not have a mechanism to make submissions or challenge the imposition of a "special rates" for an intergovernmental project that "*does not need to be works, services, facilities or activities within the functions of the council*". This is not democratic and most unfair.



Australian Bureau of Statistics

Socio-Economic Indexes for Australia (SEIFA), 2021

Released at 10.30am (Canberra time) 27 April 2023

Table 2 Suburbs and Localities (SAL) Index of Relative Socio-economic Disadvantage, 2021

2021 Suburbs and Localities (SAL) Name	Usual Resident Population	Score	Rank (Aust of 14,460)	Decile	Percentile	% of LGA population	Former LGA
Villawood	7,051	717	199	1	2	1.78%	Bankstown
Lakemba	17,092	810	384	1	3	4.31%	Canterbury
Chester Hill	14,007	841	549	1	4	3.53%	Bankstown
Punchbowl	21,384	846	584	1	5	5.40%	Canterbury
Wiley Park	10,016	846	586	1	5	2.53%	Canterbury
Bankstown	34,933	847	592	1	5	8.81%	Bankstown
Riverwood	12,793	864	710	1	5	3.23%	Canterbury
Yagoona	19,651	875	837	1	6	4.96%	Canterbury
Bass Hill	10,230	882	950	1	7	2.58%	Bankstown
Campsie	26,132	887	1021	1	8	6.59%	Canterbury
Sefton	6,300	889	1051	1	8	1.59%	Bankstown
Greenacre	26,314	891	1099	1	8	6.64%	Bankstown
Birrong	3,331	895	1173	1	9	0.84%	Bankstown
Mount Lewis	1,234	900	1268	1	9	0.31%	Bankstown
Condell Park	13,066	909	1436	1	10	3.30%	Bankstown
Belmore	13,781	914	1549	2	11	3.48%	Bankstown

Narwee	5,411	922	1732	2	12	1.37%	Canterbury
Roselands	12,356	965	3501	3	25	3.12%	Canterbury
Revesby	15,268	970	3791	3	27	3.85%	Bankstown
Belfield	6,555	974	4083	3	29	1.65%	Canterbury
Clemton Park	1,676	975	4091	3	29	0.42%	Canterbury
Georges Hall	9,739	983	4646	4	33	2.46%	Bankstown
Padstow	14,017	987	4979	4	35	3.54%	Bankstown
Canterbury (NSW)	9,430	992	5310	4	37	2.38%	Canterbury
East Hills	3,370	992	5361	4	38	0.85%	Bankstown
Kingsgrove	12,881	1000	6001	5	42	3.25%	Canterbury
Potts Hill	1,454	1006	6440	5	45	0.37%	Bankstown
Panania	13,507	1009	6746	5	47	3.41%	Bankstown
Croydon Park (NSW)	10,929	1021	7754	6	54	2.76%	Canterbury
Earlwood	18,053	1036	9116	7	64	4.56%	Canterbury
Hurlstone Park	5,001	1037	9217	7	64	1.26%	Canterbury
Padstow Heights	3,594	1060	11437	8	80	0.91%	Bankstown
Milperra	4,074	1061	11464	8	80	1.03%	Bankstown
Ashbury	3,353	1073	12500	9	87	0.85%	Canterbury
Revesby Heights	1,916	1078	12798	9	89	0.48%	Bankstown
Picnic Point	6,413	1078	12827	9	89	1.62%	Bankstown
Total Population	396,312						
NOTES: <ul style="list-style-type: none"> Population is for whole suburbs, some extend beyond Canterbury Bankstown LGA boundary so LGA total does not match LGA actual. The former Canterbury LGA is in the East of the 2016 combined Canterbury Bankstown LGA – higher property values per sq metre. 							

Based on the above SIEFA statistics, it is fair to say that social advantage & disadvantage is roughly evenly spread across the LGA. However, the financial burden of Rates is not because of the

East/West property valuation distortion that I will explain in the "Distorted burden of successive Rate increases" section later in this submission.

A significant characteristic of this LGA as noted in the CBCity 24th November 2020 Council agenda on page 60 noted "[Twenty-four percent \(24%\) of Council's Ratepayers are pensioners](#)"

In Council's submission to IPART for the 2021 Special Rate Variation application the following demographics were noted:

- Canterbury Bankstown LGA population ABS 2019 = 377,917
- ABS 2019 figures have 58,707 (15.5%) people in the LGA are on a Age Pension, Disability Support Pension or Newstart allowance.
- ABS 2019 figures 21,034 (5.5%) people were receiving Commonwealth Rent assistance (for private rental).
- ABS 2019 figures show 120,556 (31.9%) of people in the LGA are earning less than \$500 per week, another 23% earn less than \$1000 a week (population 15 years and over).
- ABS 2019 statistics show 137,562 (36.4%) of all dwellings in the LGA are Rented and 24,898 (18.1%) of these Renters are already paying above 30% of household income as Rental stress).
- JobSeeker numbers as of Jan 2021 were 23,609 people in the LGA (6.2% LGA population), this is a 134% increase on 2019 ABS figures of 10,098 people on the Newstart allowance.

[Distorted burden of successive Rate increases](#)

For Rate payers in the former Canterbury Council LGA, if the 2026/27 SRV proposal is approved, will have Council rates increase by 123% from their 2014 level. However, this increase will be greater on the former Canterbury Council LGA residents because their properties are closer to the Sydney CBD, and therefore have higher Valuer General valuations per square metre.

In the table below I have captured the distortion of property values across the LGA by randomly selecting similar Californian bungalows and calculating the value per square metre so that a comparison can be made "SAME AGAINST SAME".

Address	2020 VG \$ Value	2021 VG \$ Value	2022 VG \$ Value	Zone	Square Meters	2020 VG \$ per Sqr Mtr	2021 VG \$ per Sqr Mtr	2022 VG \$ per Sqr Mtr
85 Johnston Rd, Bass Hill NSW 2197	\$523,000	\$659,000	\$942,000	R2	556.4	\$939.97	\$1,184.40	\$1,693.03
8 Warlencourt Ave, Milperra NSW 2214	\$578,000	\$715,000	\$900,000	R2	562.8	\$1,027.01	\$1,270.43	\$1,599.15
17 Belar Ave, Villawood NSW 2163	\$595,000	\$705,000	\$775,000	R3	803	\$740.97	\$877.96	\$965.13
7 Harcourt Ave, East Hills NSW 2213	\$652,000	\$789,000	\$981,000	R2	581.7	\$1,120.85	\$1,356.37	\$1,686.44
50 Eynham Rd, Milperra NSW 2214	\$578,000	\$715,000	\$900,000	R2	557.4	\$1,036.96	\$1,282.74	\$1,614.64
Unit @ 17 Stanley St, Bankstown NSW 2200	\$104,333	\$143,333	\$163,666	B4	N/A	N/A	N/A	N/A
123 Ashby Ave, Yagoona NSW 2199	\$563,000	\$686,000	\$839,000	R2	546.2	\$1,030.76	\$1,255.95	\$1,536.07
28 Stephenson St, Birrong NSW 2143	\$528,000	\$656,000	\$774,000	R2	516.5	\$1,022.27	\$1,270.09	\$1,498.55
10 Lees Ave, Croydon Park NSW 2133	\$837,000	\$1,100,000	\$1,280,000	R2	689.9	\$1,213.22	\$1,594.43	\$1,855.34
8 Coorilla Ave, Croydon Park NSW 2133	\$1,070,000	\$1,250,000	\$1,620,000	R3	486.9	\$2,197.58	\$2,567.26	\$3,327.17
5 Coorilla Ave, Croydon Park NSW 2133	\$1,190,000	\$1,390,000	\$1,800,000	R3	619.7	\$1,920.28	\$2,243.02	\$2,904.63
51 Wardell Rd, Earlwood NSW 2206	\$1,020,000	\$1,490,000	\$1,750,000	R2	657.5	\$1,551.33	\$2,266.16	\$2,661.60
32 Melville St, Ashbury NSW 2193	\$1,170,000	\$1,600,000	\$1,840,000	R2	585.4	\$1,998.63	\$2,733.17	\$3,143.15
102 Crinan St, Hurlstone Park NSW 2193	\$1,380,000	\$1,650,000	\$1,720,000	R3	543.7	\$2,538.16	\$3,034.76	\$3,163.51

If you compare the 2022 Valuer General valuation per square metre of land between:

- Villawood valued @ \$965.13 sq mtr
- Hurlstone Park valued @ \$3,163.51 sq mtr

They get the same services from Council, but Council rates are calculated on land valuation.

The point I'm making here is that the notional increase across the former Canterbury LGA will be 123% above 2014 rates. However, because of the differential in property values in the East-West orientation of the LGA the increase could be 3 times greater on the eastern side of the LGA (former Canterbury LGA). It is likely that properties in the West of the LGA with lower valuations could actually see a Rate drop as the East of the LGA pay a higher proportion of the total Council Rate revenue cap, even with the increase of the minimum rate charge of \$990 2023/24.

The quantum of variation across **THIS** LGA is an aberration to the general intent of equity across an LGA where it is "generally" assumed property values are somewhat consistent and therefore distributes the Rate burden fairly. Therefore, any Rate increase would be unjustly and unacceptably amplified on the disadvantaged in the East of the LGA.

NSW Local Government act Section 495 for "Making and levying of special rates"

The May 2021 amendment to the Local Government Act allows Council to impose a levy on rate payers directly, without regard to IPART. This legislation would provide a mechanism for a Council to impose levies for infrastructure required to support the required TOD infrastructure uplift. Thus, bypassing IPART's statutory requirement to substantiate the capacity of Ratepayers to pay.

The bill specifically states

495 Making and levying of special rates

(1) A council may make a special rate for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken, by the council within the whole or any part of the council's area, other than domestic waste management services.

(2) The special rate is to be levied on such rateable land in the council's area as, in the council's opinion--

- (a) benefits or will benefit from the works, services, facilities or activities, or
- (b) contributes or will contribute to the need for the works, services, facilities or activities, or
- (c) has or will have access to the works, services, facilities or activities.

Note : Under [section 495](#), a council could, for example make and levy--

- different special rates for different kinds of works, services, facilities or activities
- different special rates for the same kind of work, service, facility or activity in different parts of its area
- different special rates for the same work in different parts of its area.

The amount of special rate will be determined according to the council's assessment of the relationship between the cost or estimated cost of the work, service, facility or activity and the degree of benefit afforded to the ratepayer by providing or undertaking the work, service, facility or activity.

Summary:

- Canterbury Bankstown Ratepayers are about to be hit with a 3rd Special Rate Variation for exactly the same justification as the two previous Special Rate Variations. There is something fundamentally wrong with the funding model when successive Special Rate Variations are required.
- The May 2021 Special Rate Variation was for an additional \$35 million per year from Ratepayers, it has not been fully phased in and Council now estimates an additional \$45 million dollars per year is required from 2026/27 to achieve sustainability.

I must state, how flawed the IPART Special Rate Variation process is. IPART reviews a detailed submission for a Rate increase with financial modelling, justification, community consultation and ratepayer submissions and then provides approval, where Council, 3 years later calculates that the quantum of the 2021 Special Rate Variation was less than half of what is now required for sustainability. That is a margin of error more than 100%.

- The unusually high proportion of Ratepayers in the Canterbury Bankstown LGA are pensioners and low incomes means the impact on them, of the now frequent increases in Council rates, is significantly more than those on higher incomes. It also means that Council is having to fund their share of the \$250 Rate discount, noting that Council also provides an additional \$40 of Rate relief to pensioners. While a discount of \$290 for pensioners is appreciated it is not a significant discount on an annual Rate levy of thousands of dollars for people on a pension.

It is worth noting that whilst renters do not pay Rates directly, landlords do incorporate Rates as a direct cost of owning a property and pass it on to renters, probably with a margin.

- The prospect of an additional “special rate’ being levied has made those Ratepayers, who are aware of the change to the Local Government act very apprehensive.
- Canterbury Bankstown Councils Debt Service Ratio indicates that it is placing the funding burden on current ratepayers, when in fact it would be more appropriately spread across generations by taking out long term loans to fund intergenerational investments in either new or maintained existing infrastructure.
- Today’s Ratepayers and Renters have not seen the same growth in their incomes as Council has in its rate base. The burden of the increase in cost of living plus additional Rate increases has inevitably caused a decrease in the quality of life for the residents of the LGA.
- Please find other ways to source revenue and increase Council Rate subsidies to low income households. I respectfully suggest, rather than a flat rate subsidy a State funded 50 to 70% subsidy would benefit those most in need.

I give permission for this submission to be made public and attributed to me

David Reynolds