

ITEM 16.7	QUESTION WITH NOTICE NO 26/2021 - NORTHERN BEACHES COUNCIL - FINANCE QUESTIONS
TRIM FILE REF	2021/518801
ATTACHMENTS	NIL

Submitted by: Councillor Candy Bingham

QUESTION

I have been approached by members of our community seeking clarification of the following statements being circulated within our community:

1. *'In uncertain and tough economic times, we look to all levels of government to provide strong leadership and economic fairness. Whilst State and Federal Government have, over the past 18 months, provided significant financial support - Dine & Discover, JobKeeper, significant tax concessions, tax cuts, cash payments, and more - Council has continued to increase your rates and bin charges.'*

What financial support has Council provided to our local community throughout the COVID-19 pandemic?

2. *'Since amalgamation, rates have increased by about \$31 million from \$146 million to \$177 million*.'*

Are these figures accurate?

3. *'Since amalgamation, your rates have increased 20%. In that time, normal inflation is between 7.9% to 8.6%. Rates have increased at over double the rate of inflation.'*

Are these figures accurate and comparable?

4. *'Northern Beaches Council's rates are 32% higher than similar councils.'*

Are these figures accurate?

5. *'Council is seeking to increase your bin charge from 2019 levels by 15% from \$405 per annum to \$466 per annum. In this same period, normal inflation has been 3.33%. Your bin charges are increasing at over 5 times the normal rate of inflation. This is after having spent \$13 million on smaller and newer bins we didn't need.'*

How have waste charges moved since amalgamation?

6. *'Notwithstanding extraordinary rate rises, since 1 July 2017, State and Federal Government have subsidized Council operations and infrastructure expenditure by \$160 million.'*

Are these figures accurate? If so, it would appear to demonstrate Council's effectiveness in accessing funding from other tiers of Government for the benefit of our local community.

RESPONSE

1. ***'In uncertain and tough economic times, we look to all levels of government to provide strong leadership and economic fairness. Whilst State and Federal Government have, over the past 18 months, provided significant financial support - Dine & Discover, JobKeeper, significant tax concessions, tax cuts, cash payments, and more - Council has continued to increase your rates and bin charges.'***

What financial support has Council provided to our local community throughout the COVID-19 pandemic?

Northern Beaches Council has provided \$9.4 million in financial support to the community and local businesses throughout the COVID-19 pandemic including waivers for fees including outdoor dining and merchandise fees, food and health inspections, and fire notices; 2020/21 rates notice subsidies for all ratepayers; Rapid Response Grants for community groups and Council tenant and licensee support including waivers, discounts and deferrals.

2. ***‘Since amalgamation, rates have increased by about \$31 million from \$146 million to \$177 million*.’***

Are these figures accurate?

I understand the \$177 million quoted above is rates income before pensioner rebates and other adjustments are applied. The budget and financial reporting of rates income is after these rebates and adjustments are applied, so the 2015/16 number quoted of \$146 million is net these changes.

The comparable number to the \$146 million in rates income in 2015/16 quoted above is the 2021/22 budget of \$175 million, representing an increase of \$29 million over 6 years as per the below table.

Table 1 Rates Income – 2015/16 to 2021/22

	2015/16	2021/22	Increase from
\$'000	Actual	Budget	2015/16 to 2021/22
Rates Income	146,072	175,428	29,356 (20.1%)

3. ***‘Since amalgamation, your rates have increased 20%. In that time, normal inflation is between 7.9% to 8.6%. Rates have increased at over double the rate of inflation.’***

Are these figures accurate and comparable?

The higher inflation rate referred to above is CPI for the period June 2016 to March 2021 – 4 years and 9 months (8.6%), whereas the income referred to is growth in rates income over 6 years (20%).

To compare like-for-like periods, CPI for the five-year period from March 2016 to March 2021 was 9.0%. In comparison the increase in rates income over the same time period was 17.3% (15.8% including the COVID rates subsidy) (2015/16 to 2020/21).

This increase in income includes growth through adjustments such as new development that has occurred since amalgamation, so it does not reflect the change in rates paid by an individual ratepayer.

For context, CPI is an inflation index for household expenses. It is more appropriate to measure a Council against the rate peg which is largely informed by the Local Government Cost Index (LGCI) and is measured by the IPART each year. The rate peg increased 10.9% over the same 5-year period to 30 June 2021, and 12.9% over the 6-year period to 30 June 2021.

4. 'Northern Beaches Council's rates are 32% higher than similar councils.'

Are these figures accurate?

I understand this is based on the 2018/19 ordinary residential rates for Northern Beaches Council (average \$1,426.90) versus the Office of Local Government Group 3 average (\$1,078.20). Northern Beaches Council is classified within Group 3 by the Office of Local Government.

Northern Beaches Council's average ordinary residential rate was higher than the group average (32% higher than the group average and 17% higher than the coastal councils within the group). Table 2 outlines this information for all rating categories. It is noted:

- there is generally a smaller number of properties attracting minimum rates due to the lower density housing across the Northern Beaches compared to other Councils in the group (eg North Sydney, Randwick, Waverley), which results in a higher average residential rate.
- no special rates are applied to residential properties by Northern Beaches Council
- other councils in the group tend to have higher business rates, with the Northern Beaches average business rate 40% lower than the average.

Table 2 Ordinary Rates OLG Group 3 Councils - 2018/19

OLG Group 3 Council	Average Residential Rate (\$)	Number of Residential Rating Assessments	Average Farmland Rate (\$)	Total Number Farmland Assessments	Average Business Rate (\$)	Number of Business Rating Assessments
Northern Beaches	1,426.90	94,643	2,000.00	7	3,766.87	7,322
Average – Group 3	1,078.20	NBC 32% higher	2,385.53	NBC -16% lower	6,262.61	NBC -40% lower
Average – Group 3 Coastal Councils	1,215.43	NBC 17% higher	n/a	n/a	6,064.19	NBC -38% lower

5. 'Council is seeking to increase your bin charge from 2019 levels by 15% from \$405 per annum to \$466 per annum. In this same period, normal inflation has been 3.33%. Your bin charges are increasing at over 5 times the normal rate of inflation. This is after having spent \$13 million on smaller and newer bins we didn't need.'

How have waste charges moved since amalgamation?

Table 3 sets out the changes in the standard Domestic Waste Charge from 2015/16 to 2021/22.

Table 3 Domestic Waste Standard Charge – 2015/16 to 2021/22

	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21* Budget	2021/22 Budget	Diff 2015/16 to 2021/22	
Manly	\$640.00	\$660.00	\$630.00	\$536.00	\$405.00	\$446.00	\$466.00	-\$174.00	-27%
Warringah	\$364.00	\$382.00	\$389.00	\$389.00	\$405.00	\$446.00	\$466.00	\$102.00	28%
Warringah 120 Ltr Red Bin	\$543.00	\$570.00	\$581.00	\$581.00	\$405.00	\$446.00	\$466.00	-\$77.00	-14%

	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21* Budget	2021/22 Budget	Diff 2015/16 to 2021/22
Pittwater	\$580.00	\$598.00	\$609.00	\$518.00	\$405.00	\$446.00	\$466.00	-\$114.00 -20%

* In 2020/21 ratepayers were provided an additional subsidy on their DW charge of \$20.50 – so the actual charge paid was \$425.50

6. *‘Notwithstanding extraordinary rate rises, since 1 July 2017, State and Federal Government have subsidised Council operations and infrastructure expenditure by \$160 million.’*

Are these figures accurate? If so, it would appear to demonstrate Council’s effectiveness in accessing funding from other tiers of Government for the benefit of our local community.

The table referred to in this statement was prepared in February 2021 for the period 13 May 2016 to 30 June 2021, based on the Council’s adopted 2020/21 budget at the time. The budget has been revised since this time, primarily due to the re-phasing of the expecting timing of the payment of capital grants from the 2020/21 to the 2021/22 financial year.

The total revised net position is \$153 million, being State and Federal Government grants and other revenues less fees, levies and other charges incurred, and any income received to recover those charges from 13 May 2016 to 30 June 2021 (financial years 2016/17 to 2020/21).