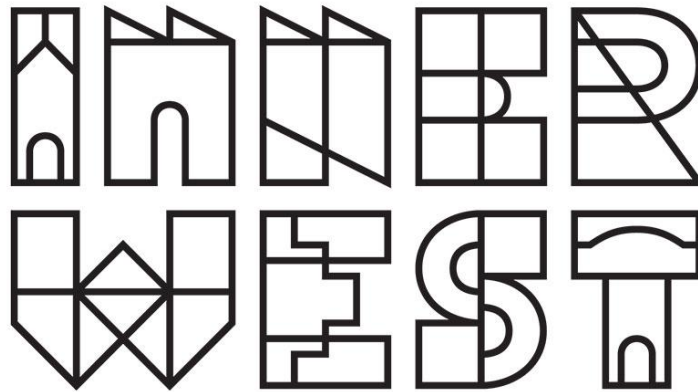


SUPPLEMENTARY AGENDA 1

Distributed on 26 February 2021



EXTRAORDINARY COUNCIL MEETING

MONDAY 1 MARCH 2021

6.30PM

Location: Remote Meeting

MEETING AGENDA – PRECIS SUPPLEMENTARY ITEMS

The following attachment appears as late item as information required for the preparation of the report was not available at the time of distribution of the Business Paper.

1 Reports for Council Decision

ITEM	Page
C0321(1) Item 1 Harmonisation of Rates (Attachment 5 - Rates Harmonisation Analysis \$565 Minimum Rate)	3



Attachment 5

Harmonised Revenue Policy

Inner West Council – Statutory Minimum

26 February 2021



Introduction

Council requested further analysis with the inclusion of the 2021/22 statutory maximum minimum of \$565.

Two options for analysis and comparison, both with \$600k income movement from Business General to Business Mall:

- option 3 with maximum minimum of \$565 for both Residential and Business
- option 4 with minimum of \$850 for Residential and \$820 for Business.

Minimum rates – impact of different amounts

- The following slide details the impact of the 2 options for the Residential and Business categories in terms of:
 - land value cap amount for each minimum
 - number of assessments captured as minimum.

Note: for the next slide both Business Airport and Mall have high land values, hence were not affected by the minimum amount and therefore was not included in the analysis.

Minimum rates – impact of different amounts cont.

Category and Subcategory	Option 3 Minimum Amount	Land Value Capped	Number of Minimum	Option 4 Minimum Amount	Land Value Capped	Number of Minimum
Business General	565	141,082	441	820	204,756	653
Industrial Marrickville	565	100,483	114	820	145,833	122
Industrial St Peters	565	99,714	3	820	144,718	14
Industrial St Peters North	565	99,662	1	820	144,642	1
Industrial Camperdown	565	100,054	3	820	145,212	6
Residential	565	439,993	24,185	850	661,937	30,945

Residential options

Residential	Current Structure	Option 3	Option 4
Ashfield	Base Amount \$727	Minimum \$565	Minimum \$850
Leichhardt	Minimum Amount \$686	Minimum \$565	Minimum \$850
Marrickville	Minimum Amount \$710	Minimum \$565	Minimum \$850

Residential income analysis

- The following slide details the change in total rates income for the former councils.
- The general trend still remains, regardless of the minimum amount, rates income moves from former Ashfield to Marrickville.
- Under the \$565 minimum structure, option 3, more income moves from Ashfield to Marrickville than with option 4.
- Former Leichhardt income movement is slightly lower under the \$565 minimum than the \$850 minimum.

Residential income analysis cont.

Former Councils Residential	Current Income \$'000	Current Income %	Option 3 Income \$565 M \$'000	Option 3 Income \$565 M %	Option 4 Income \$850 M \$'000	Option 4 Income \$850 M %
Ashfield	23,971 K	27%	18,828 K	21%	19,647 K	22%
Leichhardt	32,688 K	37%	33,997 K	38%	32,629 K	36%
Marrickville	30,653 K	35%	36,968 K	41%	37,517 K	42%
Total	87,312 K	100%	89,792 K	100%	89,792 K	100%

Residential range analysis

- The following slide details the \$ range of increases and decreases for the former councils.
- With higher minimum of \$850, former Marrickville will experience more increases at the higher \$ range.
- Former Ashfield will experience a reduction on both minimum options, greater under option 3.
- Former Leichhardt will experience higher increases with minimum amount of \$565.

Residential range analysis cont.

Residential	Option 3					
Former Council	Marrickville		Ashfield		Leichhardt	
\$ Rate Increase Range	# of Assessment	% of Assessment	# of Assessment	% of Assessment	# of Assessment	% of Assessment
Below \$-400	0	0.0%	6,705	41.4%	-	0.0%
\$-400 to \$-200	-	0.0%	5,933	36.6%	-	0.0%
\$-200 to \$-75	12,306	37.0%	1,473	9.1%	5,692	24.2%
\$-75 to \$0	376	1.1%	617	3.8%	506	2.1%
\$0 to \$75	423	1.3%	603	3.7%	2,230	9.5%
\$75 to \$200	965	2.9%	639	3.9%	13,995	59.4%
\$200 to \$400	10,462	31.5%	151	0.9%	912	3.9%
Above \$400	8,689	26.2%	92	0.6%	217	0.9%
	33,221	100%	16,214	100%	23,552	100%

Residential	Option 4					
Former Council	Marrickville		Ashfield		Leichhardt	
\$ Rate Increase Range	# of Assessment	% of Assessment	# of Assessment	% of Assessment	# of Assessment	% of Assessment
Below \$-400	0	0.0%	4,014	24.8%	35	0.1%
\$-400 to \$-200	1	0.0%	6,487	40.0%	269	1.1%
\$-200 to \$-75	1	0.0%	3,919	24.2%	5,493	23.3%
\$-75 to \$0	3	0.0%	1,323	8.2%	10,214	43.4%
\$0 to \$75	2	0.0%	392	2.4%	583	2.5%
\$75 to \$200	18,858	56.8%	44	0.3%	6,935	29.4%
\$200 to \$400	13,494	40.6%	13	0.1%	4	0.0%
Above \$400	861	2.6%	22	0.1%	18	0.1%
	33,221	100%	16,214	100%	23,552	100%

Residential rates comparative analysis

Residential			2020/21		
Land Values	IWC Proposed minimum \$565	IWC Proposed minimum \$850	Ashfield	Leichhardt	Marrickville
500,000	722	850	1,229	686	710
750,000	1,084	963	1,477	1,008	778
1,000,000	1,445	1,284	1,724	1,344	1,037
1,500,000	2,167	1,926	2,219	2,016	1,556
3,000,000	4,334	3,852	3,702	4,032	3,111
5,000,000	7,224	6,421	5,681	6,720	5,185

Residential snapshot analysis

- Former Ashfield will experience a reduction under both options, with a greater reduction under option 3, \$565 minimum, due to current rate structure with base amount of \$727, and also with lower land value comparatively with the other former councils.
- Former Leichhardt current structure is minimum amount \$686, in option 3 the lower percentile will experience a decrease due to lower minimum at \$565 before higher ad valorem kicked in, and vice versa under option 4.
- Former Marrickville will generally experience increases except for lower percentile in option 3, due to higher current minimum amount of \$710, with the greatest impact being option 4.

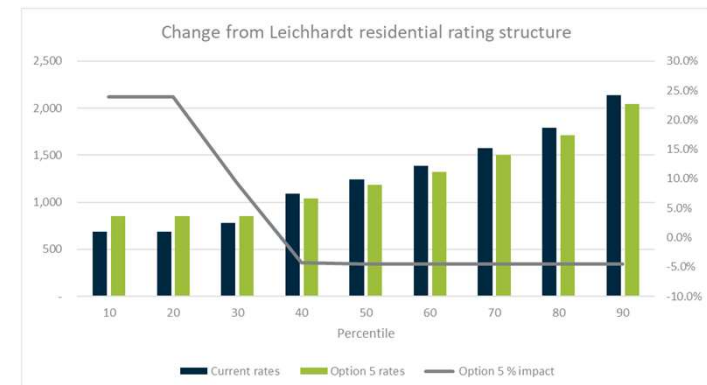
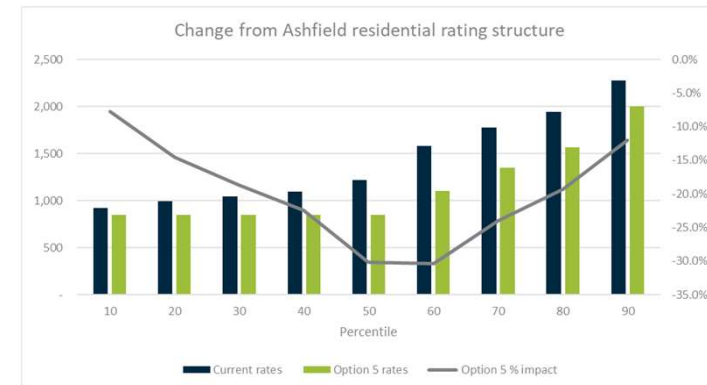
Residential snapshot analysis cont.

	Residential	Assessments	2019 Land values	2020-21 Rates	Option 3 rates	Option 3 Change \$	Option 3 % impact	Option 4 rates	Option 4 Change \$	Option 4 Change %
	Ashfield	16,214								
0	Lowest	1	1,150	322	565	243	75.6%	266	(56)	(17.4%)
0.1	10th percentile	1,621	191,884	921	565	(356)	(38.7%)	850	(71)	(7.7%)
0.2	20th percentile	1,621	265,998	994	565	(429)	(43.2%)	850	(144)	(14.5%)
0.3	30th percentile	1,621	317,364	1,046	565	(481)	(46.0%)	850	(196)	(18.7%)
0.4	40th percentile	1,621	370,000	1,097	565	(532)	(48.5%)	850	(247)	(22.5%)
0.5	50th percentile	1,621	500,000	1,217	709	(507)	(41.7%)	850	(367)	(30.1%)
0.6	60th percentile	1,621	868,000	1,584	1,241	(343)	(21.6%)	1,103	(481)	(30.3%)
0.7	70th percentile	1,621	1,050,000	1,773	1,517	(257)	(14.5%)	1,348	(425)	(24.0%)
0.8	80th percentile	1,621	1,230,000	1,942	1,763	(179)	(9.2%)	1,567	(375)	(19.3%)
0.9	90th percentile	1,621	1,570,000	2,278	2,254	(24)	(1.1%)	2,003	(275)	(12.1%)
1.0	Highest	1,621	13,400,000	13,989	19,360	5,370	38.4%	17,207	3,218	23.0%
	Leichhardt	23,552								
0	Lowest	1	3,750	5	565	560	11110.3%	213	207	4116.3%
0.1	10th percentile	2,355	214,816	686	565	(121)	(17.6%)	850	164	23.9%
0.2	20th percentile	2,355	345,455	686	565	(121)	(17.6%)	850	164	23.9%
0.3	30th percentile	2,355	597,442	779	839	60	7.8%	850	71	9.1%
0.4	40th percentile	2,355	824,000	1,090	1,173	83	7.6%	1,043	(47)	(4.3%)
0.5	50th percentile	2,355	931,000	1,243	1,336	93	7.5%	1,188	(55)	(4.5%)
0.6	60th percentile	2,355	1,030,000	1,384	1,488	104	7.5%	1,323	(62)	(4.5%)
0.7	70th percentile	2,355	1,180,000	1,572	1,690	118	7.5%	1,502	(70)	(4.5%)
0.8	80th percentile	2,355	1,340,000	1,788	1,922	134	7.5%	1,708	(80)	(4.5%)
0.9	90th percentile	2,355	1,600,000	2,137	2,297	160	7.5%	2,042	(95)	(4.5%)
1.0	Highest	2,355	24,200,000	32,525	34,963	2,438	7.5%	31,075	(1,449)	(4.5%)
	Marrickville	33,221								
0	Lowest	1	48,323	247	565	318	129.1%	173	(74)	(29.8%)
0.1	10th percentile	3,322	176,878	710	565	(145)	(20.4%)	850	140	19.7%
0.2	20th percentile	3,322	233,272	710	565	(145)	(20.4%)	850	140	19.7%
0.3	30th percentile	3,322	303,898	710	565	(145)	(20.4%)	850	140	19.7%
0.4	40th percentile	3,322	567,000	710	819	109	15.4%	850	140	19.7%
0.5	50th percentile	3,322	741,000	765	1,066	301	39.3%	948	182	23.8%
0.6	60th percentile	3,322	840,400	871	1,214	342	39.3%	1,079	208	23.8%
0.7	70th percentile	3,322	932,000	967	1,345	379	39.2%	1,196	229	23.7%
0.8	80th percentile	3,322	1,070,000	1,110	1,546	436	39.3%	1,374	264	23.8%
0.9	90th percentile	3,322	1,270,000	1,317	1,835	518	39.3%	1,631	314	23.8%
1.0	Highest	3,322	36,500,000	37,853	52,733	14,881	39.3%	46,870	9,017	23.8%

Residential impact analysis

- In option 3, the percentage range is between minus 48.5% to plus 39.3%, with net percentage range of minus 96.3%. The dollar range is between minus \$532 to plus \$518, with net dollar range of minus \$947.
- In option 4, the percentage range is between minus 30.3% to plus 23.9%, with net percentage range of plus 48.8%. The dollar range is between minus \$481 to plus \$314, with net dollar range of minus \$834.
- Option 4 has overall less impact when compared to option 3.

Residential impact analysis cont.



Residential impact analysis cont.

Rate Structure Option 3	
Median residential property value	Median residential rate
\$ 789,000	\$ 1,137
Upper quartile residential property value	Upper quartile residential rate (75th percentile)
\$1,100,000	\$ 1,589
Minimum Residential rate	Proportion of residential ratepayers paying minimum rate
\$ 565	33%
Average Residential rate	Number of residential assessments with increases over \$3.50 per week
\$ 1,236	21,113

Rate Structure Option 4	
Median residential property value	Median residential rate
\$ 789,000	\$ 1,011
Upper quartile residential property value	Upper quartile residential rate (75th percentile)
\$1,100,000	\$ 1,413
Minimum Residential rate	Proportion of residential ratepayers paying minimum rate
\$ 850	42%
Average Residential rate	NO. of residential assessments with increases over \$3.50 per week
\$ 1,230	16,777

Business options

Former Council	Subcategory	Current Structure	Option 3	Option 4
Ashfield	General	Minimum Amount \$820	Minimum \$565	Minimum \$850
Leichhardt	General	Minimum Amount \$686	Minimum \$565	Minimum \$850
Marrickville	General	Ad valorem	Minimum \$565	Minimum \$850
Marrickville	Industrial Marrickville	Ad valorem	Minimum \$565	Minimum \$850
Marrickville	Industrial St Peters	Ad valorem	Minimum \$565	Minimum \$850
Marrickville	Industrial St Peters North	Ad valorem	Minimum \$565	Minimum \$850
Marrickville	Industrial Camperdown	Ad valorem	Minimum \$565	Minimum \$850
Marrickville	Marrickville Metro	Ad valorem	Minimum \$565	Minimum \$850
Marrickville	Airport	Ad valorem	Minimum \$565	Minimum \$850

Business General income analysis

- The following slide details the change in total rates income for the former councils.
- The movement of income between option 3 and 4 are very similar, with income shifting from former Leichhardt to former Marrickville and former Ashfield.
- Both options includes income movement of \$600k from Business General to Business Mall.

Business General income analysis cont.

Former Councils Business General	Current Income \$'000	Current Income %	Option 3 Income \$565 M \$'000	Option 3 Income \$565 M %	Option 4 Income \$850 M \$'000	Option 4 Income \$850 M %
Ashfield	4,921 K	20%	5,249 K	21%	5,249 K	21%
Leichhardt	12,580 K	50%	9,558 K	39%	9,579 K	39%
Marrickville	7,544 K	30%	9,638 K	39%	9,618 K	39%
Total	25,045 K	100%	24,445 K	100%	24,445 K	100%

Business General range analysis

- The following slide details the range of increases and decreases for the former councils.
- In both options, former Marrickville will experience most increases above \$400, with option 4 slight greater.
- Former Leichhardt will see significant reductions below \$400, with both options having a very similar impact.
- Former Ashfield will also experience increases above \$400, with 32% in option 3 and 26% in option 4.

Business General range analysis cont.

Business General	Option 3					
Former Council	Marrickville		Ashfield		Leichhardt	
\$ Rate Increase Range	# of Assessment	% of Assessment	# of Assessment	% of Assessment	# of Assessment	% of Assessment
Below \$-800	0	0.0%	-	0.0%	1,024	60.0%
\$-800 to \$-400	1	0.1%	1	0.1%	290	17.0%
\$-400 to \$-200	1	0.0%	111	13.4%	191	11.2%
\$-200 to \$0	1	0.0%	44	5.3%	200	11.7%
\$0 to \$200	132	6.9%	160	19.3%	2	0.1%
\$200 to \$400	227	11.9%	250	30.1%	0	0.0%
\$400 to \$800	704	36.7%	143	17.2%	-	0.0%
Above \$800	850	44.4%	121	14.6%	-	0.0%
	1,917	100%	830	100%	1,708	100%

Business General	Option 4					
Former Council	Marrickville		Ashfield		Leichhardt	
\$ Rate Increase Range	# of Assessment	% of Assessment	# of Assessment	% of Assessment	# of Assessment	% of Assessment
Below \$-800	0	0.0%	-	0.0%	1,050	61.5%
\$-800 to \$-400	1	0.1%	1	0.1%	281	16.5%
\$-400 to \$-200	1	0.0%	-	0.0%	129	7.5%
\$-200 to \$0	1	0.0%	156	18.8%	54	3.2%
\$0 to \$200	58	3.1%	243	29.3%	192	11.3%
\$200 to \$400	214	11.2%	214	25.8%	0	0.0%
\$400 to \$800	862	45.0%	118	14.2%	-	0.0%
Above \$800	779	40.7%	98	11.8%	-	0.0%
	1,917	100%	830	100%	1,708	100%

Business General rates comparative analysis

Business General			2020/21		
Land Values	IWC Proposed minimum \$565	IWC Proposed minimum \$820	Ashfield	Leichhardt	Marrickville
500,000	2,030	2,002	1,803	2,517	1,543
750,000	3,045	3,004	2,705	3,775	2,314
1,000,000	4,061	4,005	3,606	5,033	3,085
1,500,000	6,091	6,007	5,409	7,550	4,628
3,000,000	12,182	12,014	10,818	15,100	9,256
5,000,000	20,303	20,024	18,030	25,166	15,427

All Business snapshot analysis

- Former Ashfield will experience slightly higher increases and decreases under option 3, while option 4 will have the least impact comparatively with current structure minimum amount of \$820.
- Former Leichhardt current structure is a minimum of \$686, in both options former Leichhardt will experience a decrease due to lower ad valorem.
- Former Marrickville will generally experience increases due to higher ad valorem, with greater increase under option 4.

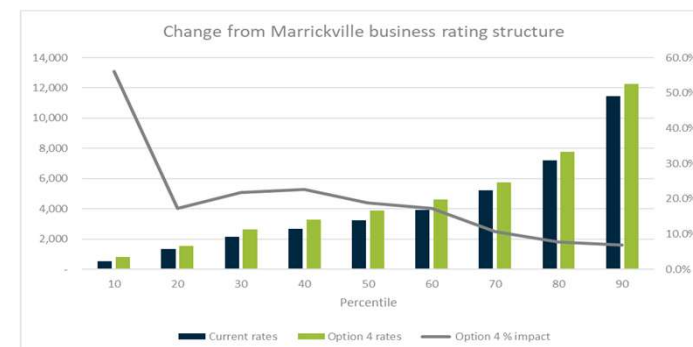
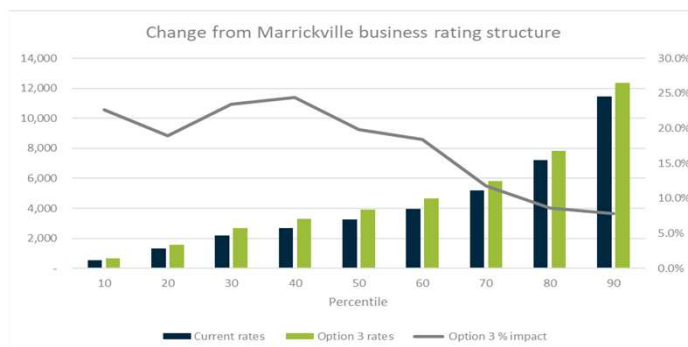
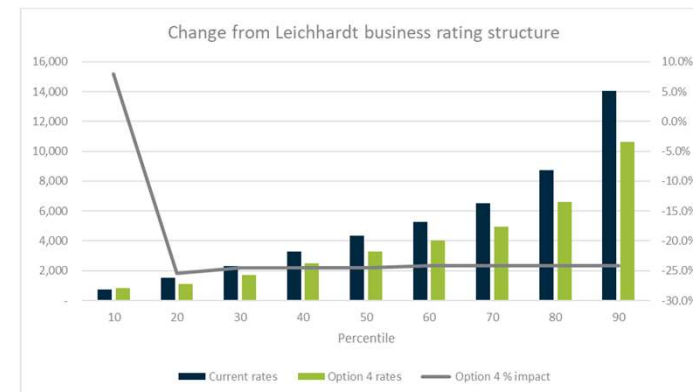
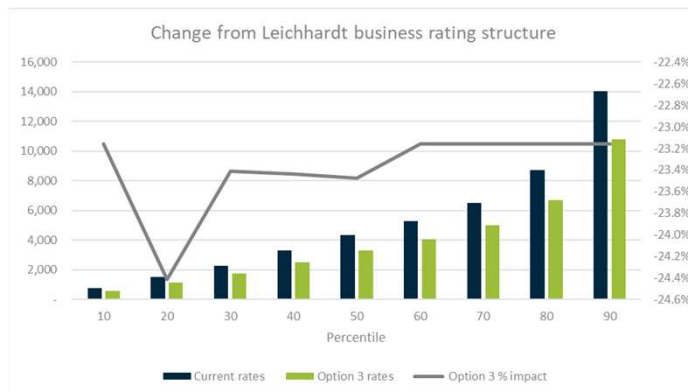
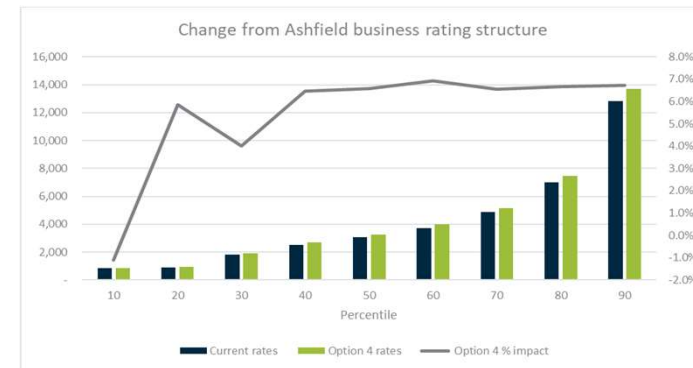
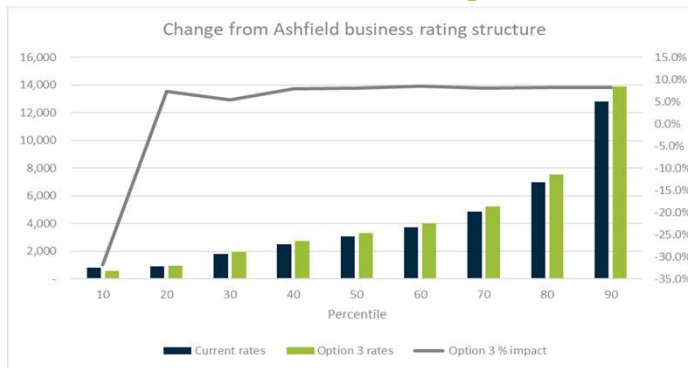
All Business snapshot analysis cont.

	Business	Assessments	2019 Land values	2020-21 Rates	Option 3 rates	Option 3 Change \$	Option 3 % impact	Option 4 rates	Option 4 Change \$	Option 4 Change %
	Ashfield	831								
0	Lowest	1	243	623	565	(58)	(9.4%)	707	84	13.4%
0.1	10th percentile	83	125,574	829	565	(264)	(31.9%)	820	(9)	(1.1%)
0.2	20th percentile	83	240,960	902	968	66	7.3%	955	53	5.9%
0.3	30th percentile	83	604,100	1,826	1,926	100	5.5%	1,899	73	4.0%
0.4	40th percentile	83	742,600	2,526	2,727	201	7.9%	2,690	163	6.5%
0.5	50th percentile	83	878,500	3,055	3,301	247	8.1%	3,256	201	6.6%
0.6	60th percentile	83	1,100,000	3,720	4,034	314	8.4%	3,978	258	6.9%
0.7	70th percentile	83	1,380,000	4,845	5,234	389	8.0%	5,162	317	6.5%
0.8	80th percentile	83	1,946,000	6,983	7,553	570	8.2%	7,449	466	6.7%
0.9	90th percentile	83	3,416,000	12,817	13,871	1,053	8.2%	13,680	863	6.7%
1.0	Highest	83	51,516,845	193,188	192,668	(520)	(0.3%)	393,101	199,913	103.5%
	Leichhardt	1,710								
0	Lowest	1	1,892	615	565	(50)	(8.1%)	437	(178)	(29.0%)
0.1	10th percentile	171	149,635	760	584	(176)	(23.2%)	820	60	7.9%
0.2	20th percentile	171	311,868	1,508	1,140	(368)	(24.4%)	1,125	(384)	(25.5%)
0.3	30th percentile	171	521,552	2,288	1,752	(536)	(23.4%)	1,728	(560)	(24.5%)
0.4	40th percentile	171	725,200	3,293	2,522	(772)	(23.4%)	2,487	(806)	(24.5%)
0.5	50th percentile	171	910,000	4,330	3,313	(1,017)	(23.5%)	3,268	(1,062)	(24.5%)
0.6	60th percentile	171	1,100,480	5,284	4,061	(1,224)	(23.2%)	4,005	(1,280)	(24.2%)
0.7	70th percentile	171	1,310,000	6,500	4,994	(1,505)	(23.2%)	4,926	(1,574)	(24.2%)
0.8	80th percentile	171	1,730,000	8,719	6,700	(2,019)	(23.2%)	6,608	(2,111)	(24.2%)
0.9	90th percentile	171	2,720,000	14,035	10,785	(3,251)	(23.2%)	10,637	(3,399)	(24.2%)
1.0	Highest	171	56,200,000	296,983	228,203	(68,780)	(23.2%)	318,373	21,390	7.2%
	Marrickville	3,199								
0	Lowest	1	640	2	565	563	28323.7%	718	716	36019.5%
0.1	10th percentile	320	146,904	525	644	119	22.6%	820	295	56.1%
0.2	20th percentile	320	340,200	1,332	1,584	252	18.9%	1,562	230	17.3%
0.3	30th percentile	320	619,200	2,172	2,681	509	23.4%	2,646	473	21.8%
0.4	40th percentile	320	759,600	2,663	3,313	650	24.4%	3,268	605	22.7%
0.5	50th percentile	320	874,000	3,263	3,910	647	19.8%	3,877	613	18.8%
0.6	60th percentile	320	1,026,080	3,946	4,673	727	18.4%	4,627	682	17.3%
0.7	70th percentile	320	1,250,000	5,212	5,829	616	11.8%	5,767	554	10.6%
0.8	80th percentile	320	1,666,000	7,208	7,826	619	8.6%	7,769	562	7.8%
0.9	90th percentile	320	2,610,000	11,464	12,366	902	7.9%	12,255	791	6.9%
1.0	Highest	320	66,700,000	417,982	417,982	-	0.0%	554,932	136,950	32.8%

All Business impact analysis

- In option 3, the percentage range is between minus 31.9% to plus 24.4%, with net percentage range of minus 24.8%. The dollar range is between minus \$3,251 to plus \$1,053, with net dollar range of minus \$3,152.
- In option 4, the percentage range is between minus 25.5% to plus 56.1%, with net percentage range of plus 40.2%. The dollar range is between minus \$3,399 to plus \$863, with net dollar range of minus \$3,925.
- Option 3 has less overall impact when compared to option 4.

All Business impact analysis cont.



All Business impact analysis cont.

Rate Structure Option 3	
Median business property value	Median business rate
\$ 888,000	\$ 3,631
Upper quartile business property value	Upper quartile business rate (75th percentile)
\$1,430,000	\$ 6,334
Minimum business rate	Proportion of ratepayers paying minimum
\$ 565	10%
Average business rate	Number of business assessments increasing more than 10.0%
\$ 6,325	2,110

Rate Structure Option 4	
Median business property value	Median business rate
\$ 888,000	\$ 3,336
Upper quartile business property value	Upper quartile business rate (75th percentile)
\$1,430,000	\$ 5,527
Minimum business rate	Proportion of ratepayers paying minimum rate
\$ 820	14%
Average business rate	Number of business assessments increasing more than 10.0%
\$ 6,396	2,291