

RATES



HARMONISATION

Frequently Asked Questions

Q: What are rates?

A: Council rates are a property tax and are a source of Council revenue.

Rates are used to provide essential infrastructure and services. This includes footpaths, resealing roads, and stormwater drainage as well as community facilities (parks, gardens, libraries and pools).

Q: What does rates harmonisation mean?

A: Rates 'harmonisation' is a process where Council reviews the existing rates being paid to move to a single system that uses the same method to calculate rates.

Q: Why is Cumberland City Council harmonising rates?

A: We are required to 'harmonise' rates by law.

During the merger process, the State Government imposed a freeze which meant that amalgamated councils could not change the way rates were calculated. This means we have been applying three different rates structures from the councils that were amalgamated into Cumberland (Auburn, Holroyd and parts of Parramatta) and as a result, the way rates are calculated varies.

In July 2021, the freeze will lift and we will be required to ensure we use the same method to calculate rates for every rate payer in our local government area.

Q: When will harmonisation occur?

A: The Local Government Act 1993 requires that rates harmonisation must commence by July 2021 and we are proposing a single rates structure start from this date.

Q: How much will (my) rates change?

A: This will depend on where your property is located. Please refer to the video link on our website that has been developed, which summarises what the changes will mean for you.

Q: What options is Council considering to harmonise rates?

A: Council is considering two options to harmonise rates.

Option 1:

This option sees Council transition to a consistent way of calculating rates for all ratepayers across the LGA, over a five year period, commencing from 1 July 2021, but does not generate any additional income over and above the mandatory rate peg.

Essentially this means a redistribution of the total rates income so that all ratepayers have their rates calculated in the same way. The total rates income remains unchanged and therefore the financial pressures created by an increasing population are not addressed by this option.

Note: the proposal to phase in changes over a five year period will require legislative change.

Option 2:

Council will adjust rates over 5 years across the whole Local Government Area, starting from 1 July 2021, with an additional special rate variation of 2% on top of the annual rate increase, for the first year only.

This option will allow Council to collect an additional \$10 million over the 5 year period to recover income lost as a result of the merger and increase our investment in community infrastructure and facilities to better meet the needs of our growing population.

Q: What happens if we do nothing about this?

A: The State Government requires that councils harmonise their rates, or have a plan in place to move to a single rates structure, by 1 July 2021.

If we do not adopt the current approach of phasing in changes over a 5-year period, Council will need to transition to a single rates structure within a year, meaning rate payers most significantly affected will experience a 30% increase.

Q: What happens from here?

A: We are conducting community consultation and we want to hear from rate payers on their preferred option and the impacts associated with each option.

Once community consultation concludes, we will be providing a report outlining the views of the community and recommending the preferred option.

Council will lodge an application with IPART to vary minimum rates and/or the rate cap. If approved by IPART, new rates will take effect from 1 July 2021.

We will keep the community informed of our progress and will provide regular updates.

Q: What options are available to me if I feel the proposed changes will cause me financial pressure?

A: Council's existing Hardship Policy will be available to assist rate payers who are eligible for assistance.

Rate payers can also apply to pay their rates using an instalment plan instead of paying them as a lump sum.

Q: How can I find out more/ Have my say?

A: All rate payers will receive detailed information about the rates harmonisation process and will start receiving letters this month. Council will provide information in its community newsletter as well as its website.



Visit Council's website: www.cumberland.nsw.gov.au/rates

Email questions: rates.harmonisation@cumberland.nsw.gov.au

Book in phone sessions: www.cumberland.nsw.gov.au/rates

Provide feedback by completing a submission form:
haveyoursay.cumberland.nsw.gov.au/rates

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