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CONTENTS

PEOPLE ARE SHOCKED': SYDNEY HOMEOWNERS DIVIDED OVER RATES PLANS	1
AUSTRALIAN HOUSE PRICES CONFOUND COVID FEARS	3

People are shocked': Sydney homeowners divided over rates plans

Sydney neighbourhoods are being split over rates payments as the state government's controversial council mergers drive up costs by 40 per cent in some areas as other homeowners save several hundred dollars a year.

The Inner West Council – which combines the former Marrickville, Leichhardt and Ashfield local government areas – is among the Sydney councils consulting ratepayers on plans to merge multiple systems for rates into one.

Under the plan, ratepayers in Marrickville, Dulwich Hill, Petersham, Newtown and Enmore reported widespread increases up to 24 per cent, while costs will fall for many in Leichhardt, Balmain, Lilyfield and Birchgrove.

In the Bayside Council area, in Sydney's south, residents of some suburbs face increases to their rates bill of between 20 and 40 per cent.

Last month, the Berejiklian government said it would introduce draft legislation to Parliament that would enable councils to make the changes gradually over four years to protect ratepayers from sudden and excessive rate rises.

Those facing significant increases within months are frustrated that ratepayers in neighbouring suburbs of their enlarged council areas will have their rates slashed.

"People are shocked and appalled," said Marrickville resident Tony Garske, who will pay \$443 more per year.

The discrepancies highlight the challenges faced by more than a dozen councils – including Georges River, Northern Beaches, Canterbury Bankstown, Parramatta and Cumberland – as they implement complex reforms as a result of the mergers. All 17 councils that merged in 2016 are required to have shifted to one rating system across old boundaries before the July deadline.

Mr Garske said he was shocked to learn his rates would jump by an estimated 24 per cent, with similar increases for his neighbours across the former Marrickville council area.

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"I thought, 'holy shit,' to be honest. I looked at a place I used to live in Birchgrove and it's going down 4.4 per cent, and it was about the same for that whole area," he said.

Marrickville homeowner Jane Sinclair was angry she would have to pay \$396 more per year when she said property values and household incomes in suburbs such as Balmain were mostly higher than in her suburb.

"We've got friends in Ashfield and Balmain, and their rates are going down while ours are going up and there's been no increase in council services. If anything they've gone backwards," she said.

Independent councillor Pauline Lockie said merged councils did not have many other options to distribute rates more fairly in NSW, where rates are calculated according to each property's land value rather than market value.

"I can completely understand why people are so angry and shocked about this, because it is incredibly frustrating to be in this position due to a bad government policy. We're part of a council a lot of us didn't want to be part of."

The council's online calculator shows, for example, the rates for a house in Marrickville jump from \$1659 to \$2055, while those paid by the owner of a waterfront home on Louisa Road in Birchgrove fall from \$8225 to \$7859.

The rates for a house in Ashfield would drop from \$1734 to \$1297. Payments for a house in Balmain might drop from \$2392 to \$2285.

The council also wants to lift its minimum rate, the amount paid by most apartment owners, by about 20 per cent – from \$710 to \$850.

Leichhardt homeowner Matt Bowen assumed his rates would go up and was surprised his bill would drop from \$1263 to \$1207. "I'm happy for an extra \$60," he said.

Inner West mayor Darcy Byrne pushed for the proposed changes to be phased in over several years.

"While we won't be increasing rates overall, if you harmonise three different rates systems there are definitely going to be winners and losers, so the more gradually that can happen [the better]," he said.

In Bayside Council, formed through a merger of Botany Bay and Rockdale, rates for a house in Hillsdale could jump from \$1069 to \$1415. But rates for a waterfront house in Sandringham drop from \$2483 to \$2215.

"Unfortunately, we don't like it," Bayside Council mayor Joe Awada said of the government's mandate.

"The issue in Bayside is ratepayers on the Botany side are paying a lot less, an average of \$700, than the ratepayers on the Rockdale side, who pay an average of \$1200 [in rates]."

Cr Awada also hopes the government will give councils the flexibility to spread the changes over three to five years as "a lot of people can't afford an extra \$50 a year".

Cr Christina Curry said a planned 39 per cent increase in the minimum rate meant residents in the former Botany Bay council area would be sluggish with significant increases of between 20 to 40 per cent.

"Our community feels very hurt that this is going to be put on them," she said.

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Cumberland Council mayor Steve Christou said former Auburn council residents, who are among the area's poorest, faced an average one-off rise in rates of 23 per cent, or an annual increase of 9.2 per cent over five years.

Residents in the former Holroyd council's suburbs, the area's most affluent, will experience a 1.97 per cent drop on average over five years.

"I'm most unhappy with the 9.2 per cent increase for [Auburn ratepayers] but council's hands are tied," Cr Christou said.

The City of Parramatta estimates residents in parts of the former Hills council who pay an average of \$1021 in rates face a \$22 increase. An average ratepayer in the former Auburn council area would have their \$687 bill jump by \$172.

But average yearly rates for residents in the old council areas of Parramatta (\$942), Hornsby (\$1136) and Holroyd (\$861) would drop by \$33, \$46 and \$119 respectively.

Local Government Minister Shelley Hancock said she heard "loud and clear" that merging rating systems was "an issue", prompting her to extend an earlier completion deadline and set up a working group of affected councils.

"The government understands that creating a new residential rating structure is a complex task and that's why we are introducing sensible reforms to provide greater flexibility for councils harmonising their rating structures in 2021," she said.

Mrs Hancock said councils that chose to bring in the changes gradually would be required to set out to their communities their "intended approach".

Labor local government spokesman Greg Warren said delaying the deadline would give councils and residents more time to prepare but "the reality is whether they are harmonised now or in four years' time, there will still be tens of thousands of residents throughout the state whose rates will increase due to the government's bungled forced mergers policy".

Australian house prices confound Covid fears

Home values rise 3% on ultra-low interest rates, stimulus and adept handling of pandemic

Property values in Sydney increased 2.7% in 2020, while regional home values outside Australia's eight biggest cities rose 6.9%

Australian house prices rose 3 per cent last year, defying economists' dire forecasts that housing could lose up to a fifth of its value because of the coronavirus pandemic.

Analysts credited ultra-low interest rates, government stimulus and the government's adept handling of Covid-19 for boosting confidence in the housing sector.

As the virus spread across Australia in March and April, residential property sales fell 40 per cent, causing prices to dip 2.1 per cent by September. But a surge in buying activity in the fourth quarter bolstered a rebound, particularly outside Australia's eight largest cities, with regional home values rising 6.9 per cent in the 12 months to end December.

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House values increased 2.7 per cent in Sydney but fell 1.3 per cent in Melbourne, which endured a 112-day lockdown to blunt a Covid-19 outbreak. Apartment values also rose 0.2, compared with a 2.6 per cent increase in house values across Australia's main cities, reflecting a shift towards lower density housing, according to data published on Monday by Corelogic, a research group.

"Record-low interest rates played a key role in supporting housing market activity, along with a spectacular rise in consumer confidence as Covid-related restrictions were lifted and forecasts for economic conditions turned out to be overly pessimistic," said Tim Lawless, Corelogic research director. "Containing the spread of the virus has been critical to Australia's economic and housing market resilience," he added.

The strength of Australia's property prices has been mirrored across other developed economies, with UK house prices rising 7 per cent in 2020 and New Zealand enjoying even faster growth in home values. Analysts said the trajectory of prices was critically important for Australia's economy, with the rate of household debt to income above 200 per cent.

Economists warned in March the damage caused by nationwide lockdowns risked falls of up to 20 per cent in Australian house prices, inflicting heavy losses on the country's banks. But decisions by the Reserve Bank of Australia to slash interest rates to a record low of 0.1 per cent and the government to unleash more than A\$250bn (\$192.5bn) in stimulus have boosted the economy, limiting unemployment to 6.8 per cent.

Australia's decision early in the pandemic to close its international borders and impose strict lockdowns has been praised by health experts for limiting the number of deaths and successfully suppressing the spread of coronavirus. This in turn enabled life to return to normal in many Australian states, although a recent outbreak in New South Wales and Victoria remains a cause for concern for authorities.

Shane Oliver, an economist at AMP Capital who in March forecast house prices could fall by up to 20 per cent, said the property market had performed far stronger than initially expected when the pandemic first struck. He said that average prices will rise 5 per cent in 2021. However, Mr Oliver warned that the outlook was widely divergent across Australia's cities, within cities and between apartments and houses. Renewed Covid-19 lockdowns and a collapse in immigration because of border restrictions posed important risks to home values, he added.

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