

Mr James Cox, PSM  
Chief Executive Officer,  
Independent Pricing & Regulatory Tribunal,  
1 Market Street,  
**SYDNEY. NSW. 2000.**

March 17<sup>th</sup>, 2013.

Dear Sir,

**Re: Bega Valley Shire Ratepayers Association Incorporated  
Submission in respect of a Special Rate Variation Application s508(A)  
by Bega Valley Shire Council**

The Bega Valley Shire Ratepayers Association writes to express strong opposition to the application submitted by Bega Valley Shire Council for a Special Rate Variation, dated March 8<sup>th</sup>, 2013.

The Association submits the following facts & arguments in support of its submission:

1. In 2009/2010, Bega Valley Shire Council successfully applied for a “five year special rate variation” to underwrite the improvement & renewal of the Shire’s sporting & recreational assets. In its latest application, Council is seeking to make the above special rate variation permanent.

The Association believes that this action on the part of Council represents a cynical breach of faith, in particular with those residents who supported the original proposal in 2009/2010, & simply serves to confirm the widely held view in the Bega Valley community that the Council’s claims & submissions are at best unreliable, & at worst, simply fanciful & unbelievable.

2. Against that background, the Association believes that Bega Valley Shire Council has not fully complied with IPART [Guidelines](#) in preparing its submission for a special rate variation, in particular:

- a) At a meeting with ratepayers on January 29<sup>th</sup> this year, Council confirmed that the proposed special rate variation was conceived simply as a necessary “balancing item” to meet a funding gap in its financial plans.

Council has not canvassed alternatives to a rate rise, including considering increasing its borrowings or implementing a systematic, transparent & rigorous review program to identify opportunities to capture efficiency gains, reduce waste & identify ongoing cost savings that would obviate the necessity for a rate increase.

Suggestions that alternate means of funding to a rate increase should be explored have been ignored by Council.

- b) The Council has not demonstrated evidence of “community need/desire for service levels/project & limited council resourcing alternatives”.

## 2.

Whilst it is true that the [2012 Community Survey](#), conducted on behalf of Council by IRIS Research, confirmed that some 79.1% of residents believed that it was important that Council “undertakes programs to provide improved infrastructure & services”, some 41% of residents believed that the infrastructure & services currently provided by Council represent either ["poor or very poor"](#) value for money. In other words, the community does not believe that the Council needs more money to meet its obligations to our community, but rather, the Council is not doing a good enough job with the funds it already receives.

Moreover, in the same Survey, when asked how Council should fund greater investment, only 3.7% of respondents supported an increase in rates over other options, whilst just under 50% of residents were opposed to using a special rate variation as the primary means of raising the necessary funds, notwithstanding that the question implied that the level of increase proposed on top of the general increase was only 2%-2.4%, rather than the 4% really being proposed.

- c) The Council has not adequately considered our “community’s capacity & willingness to pay rates”.

Whilst one Councillor publicly asserted that the proposed special rate variation was inconsequential (suggesting that it would average as little as 38 cents a week for the residential rate), another suggested that the shire’s proposed rates were comparatively low, ignoring the relatively high level of fees & charges coincidentally imposed on ratepayers.

Needless to say, at the Extraordinary Meeting on March 7<sup>th</sup>, wherein Council resolved to seek IPART approval for a special rate variation, four (4) of the Council’s nine (9) Councillors voted against the motion, substantially out of concern for the residents capacity to meet the proposed rate increase, as well as likely significant increases in fees & charges.

As mentioned already, the Council’s 2012 IRIS Survey found that just under 50% of residents were opposed to a special rate variation.

- d) Whilst Council claims that it will realise around \$300,000 per annum in efficiency gains & cost savings over its 10 year forward financial plan, it has provided no evidence to residents or IPART that it is pursuing a coherent & structured strategy to deliver such gains, or that there are not opportunities available to realise much larger gains.

Moreover, in failing to adopt a strategic approach to the systematic review of its services & their delivery, Council is demonstrating that it is not serious in attempting to find greater savings to reduce its cost base, as an alternate to increasing its revenue stream at resident’s expense.

As mentioned above, the Council’s shortcomings in this area serve only to fuel the widespread community perception that it has a cavalier attitude toward reducing waste & improving efficiency, with 41% of residents believing that the infrastructure & services provided by Council represent “poor or very poor value for money”.

### 3.

- e) The Council has made absolutely no attempt to identify & advise residents as to which programs, projects or services will need to be cancelled, deferred or curtailed, should the proposed special rate variation not be approved by IPART.

By failing to impart this information to our community, Council has wilfully denied residents the opportunity of making an informed decision as to whether they should support or oppose the special rate variation.

Council's failure to make transparent & responsible management decisions in the interests of our community, is a clear demonstration of its "we know best" attitude.

This failure to inform, particularly in respect of the implications of the special rate variation not being approved, is not only a breach of IPART's Guidelines, but a significant breach of Council's duty of care to our community & its residents.

- f) Excluding the current application, the residents of the Bega Valley shire have endured 19 special rate variations since 2005, delivering almost \$20 million dollars in additional revenue to Council.

The current special rate variation application represents a further significant impost on our community which, when married with general rate increases, will equate to a compound increase of between 13.5% & 14.36% over the next three years.

The Ratepayers Association believe that the history of special rate variations clearly demonstrates the Council's chronic inability to adequately & consistently plan, control & manage its financial affairs to a professional standard.

The plethora of special rate variations imposed on the Bega Valley community demonstrates that the Council has a management culture which seems to make it up as it goes along & will not take the necessary steps to impose a genuine regime of financial discipline & accountability on itself & its operations, but always looks to escape the financial predicament that it consistently brings on the residents of the shire by simply seeking to keep putting its hands in the residents pockets.

At the last meeting of Council, the need for significant, above inflation increases in fees & charges was foreshadowed which, we believe, when added to the general rate increase & the special rate variation being sought by Council, would render the aggregate increase in overall ratepayer charges punitive.

Such an outcome is simply not reasonable & the Association believes that IPART has a responsibility to protect our community from Council's rapacious behaviour.

#### 4.

Indeed, some of the Councillors who voted against the special rate variation proposal at Council's Extraordinary Meeting on March 7<sup>th</sup>, have [cited their serious concerns](#) over the likely level of increases which are expected to arise in respect of fees & charges, including sewerage charges, as being their primary reason for opposing the application.

- g) The Ratepayers Association believes that It is appropriate to acknowledge that there is some community support for a special rate variation; in particular from some sporting organisations & transport providers, whose interests would clearly benefit from increased levels of Council expenditure, should the additional funding request be approved by IPART.

At the same time, Councillor Bill Taylor, the shire's Mayor, has argued strongly in favour of the special rate variation. In making his arguments, Councillor Taylor has claimed that there is very little community opposition to the proposal, citing the low level of resident attendance at public meetings organised by Council to explain the nature & impact of the special rate variation proposal, & the fact that only 33 written submissions opposing the proposal had been received by Council.

The Ratepayers Association believes that the main reasons that more formal opposition to the proposal has not been forthcoming from our community is simply a belief on the part of the majority in the community that their views & opinions will inevitably be ignored.

This fact, coupled with the long history of special rate variations imposed on our community, regardless of the strength of community opposition & the repeated failure of Council to manage within its means, has created a strong sentiment in the community that attending meetings or writing letters to express opposition to such proposals serve little purpose.

Notwithstanding the above sad situation, the fact remains that, in arguing that there appears to be little opposition to the proposed special rate variation Needless, Council would have IPART ignore the very strong opposition voiced by our community through the Council's IRIS Survey, where almost 50% of residents were opposed to any such proposal.

At the same time, a number of Councillors have recognised the fact that there is strong opposition to the special rate variation application on this issue & have [publicly](#) spoken out against it, as well as voting against it.

For the reasons outlined above, the Bega Valley Ratepayers Association respectfully requests IPART to reject Council's application for a special rate variation. Representatives of the Association would be happy to provide further information in support of its representations, should this be necessary.

Sincerely,

John Richardson  
For & on behalf of

**The Bega Valley Ratepayers Association Incorporated**