



4 March, 2014

Independent Pricing & Regulatory Tribunal  
P.O. Box Q290  
QVB Post Office NSW 1230

Dear Sir,

Coffs Harbour City Council Application for Special Rate Variation

Coffs Harbour City Council (CHCC) has recently applied to IPART for a whopping 25.73% general rate increase cumulative over 3 years on the pretext of overdue infrastructure maintenance and renewal. I implore IPART not to approve any increase above the 2.3% 2014 IPART determination on the grounds that current rates charges are already excessive compared with many other rural and metropolitan LGA's, CHCC uses little initiative in cutting costs or raising revenue from other sources and because the local community is already overburdened with government taxes and charges and high living costs.

As can be seen in their application to IPART for a Special Rate Variation (SRV), CHCC does not fully explore options to provide existing service levels within existing budgetary constraints. CHCC is all too willing to spend ratepayer funds on events and projects extraneous to their core function, such as, pandering to certain interest groups by sponsoring A grade football teams to train in Coffs Harbour, Rally Car Australia events and through staffing and maintaining the loss-making Jetty Theatre.

I believe the \$6.2 million question is what percentage of ratepayer funds is actually spent on CHCC staff wages and outside consultants and what percentage is actually spent on infrastructure maintenance and renewal. Surely, these figures should be provided in the application to IPART for a SRV with a modicum of accuracy, not just targets adopted in 2012 of somewhere between 55% and 75% for staff wages as reflected in CHCC SRV application to IPART. Further, CHCC should provide IPART with the amount of revenue it holds in reserve. Also what is lacking in CHCC application is the amount of ratepayer funds spent on outside consultants for various endeavours such as their 'Transformation to Sustainability' project. I would have thought the highly paid CHCC executives would have a clear understanding of the issues and could undertake this review themselves.

## Content not confidential

Just last month the Coffs' community was informed that Council had approved \$2.2 million loan to be sought for the preparation of plans (only) for the upgrade of the Jetty foreshore. The development of the Jetty foreshore has been an ongoing saga for the 18 years that I have lived in Coffs Harbour. Every few years CHCC raises the idea of beautifying the area and proposes a grand plan at great cost using outside consultants, which year after year comes to nothing. In the meantime, the foreshore has fallen into an area of neglect, with little Council input such as tree and vegetation planting, mowing or road maintenance. It begs the question: if CHCC can only provide this level of maintenance for this area now, who is going to maintain the new and improved infrastructure into the future? Surely, the deficit in existing infrastructure should be addressed first.

It appears that CHCC is overstaffed [REDACTED]

[REDACTED] CHCC employees enjoy far better working conditions than most other sectors in Coffs Harbour, with above award wages and entitlements such as regular RDO's. Perhaps CHCC could wind some of this back so they have more to spend on infrastructure renewal and maintenance.

Many in the Coffs' community are disillusioned when they read in the local paper that CHCC lost around \$8 million in risky investments in the U.S. during the GFC, when they would still have these funds with interest accrued had they simply invested in an Australian bank term deposit. Incidentally, this is more than the sum CHCC hopes to raise through the SRV. They are also disillusioned when they see CHCC advertising for an arts executive to run the Jetty Theatre on an annual salary of \$80,000 (\$120,000 cost in real terms) or when CHCC recently purchased and renovated an expensive private property for a museum, while they owned a recently vacated city building formerly leased to Centrelink. Just last week CHCC announced that \$100,000 of ratepayer funds has been set aside for CHCC 'sports unit' to sponsor 2 football matches and the majority of Councillors voted to send a sister city delegation to Japan. This has been justified by claims that these events will attract money to the local economy. How can this use of ratepayer's money be justified when the chief beneficiaries will be some in the business sector? Is CHCC not aware that a large proportion of Coffs Harbour's population is made up of low paid and part-time workers, retirees, superannuants and unemployed? Have they lost sight of their constituency and the 'user pays' principle?

As can be seen in their application to IPART for a SRV, CHCC uses little initiative in examining ways it can provide existing levels of service within existing budgetary constraints. CHCC uses little initiative in raising revenue from sources other than rates. A glaring example is that there is no paid parking in Coffs Harbour other than long-term parking at the airport. There are no parking meters in the city and while there is a substantial 3 level Council owned carpark on Castle Street with unlimited parking, it is free to the general public. However, this is the carpark where the majority of Council office workers next door park their car undercover while at work.

Issues I wish to raise regarding CHCC application to IPART for SRV

When assessing CHCC application for a SRV, IPART should be aware that CHCC service level survey (Budget Allocator) failed to make it absolutely clear in press releases at the time of its launch that the survey was a mandatory precursor to lodging an application for a SRV with IPART (refer to Attachments 17 & 18 of CHCC SRV application to IPART). Understandably, when surveyed the majority of respondents chose to maintain existing service levels. It is possible that many respondents may have thought at the time that this could be achieved through efficiencies and expenditure cuts and not as a result of a rate rise. Accordingly, I believe if respondents had been aware that the survey was a crucial step of a SRV application, they perhaps would have voted differently. Therefore, in my opinion the Budget Allocator survey cannot be seen as reliable.

Assessment Criteria 2 – 4.2 Alternatives to special variation – CHCC fails to respond to the intent of this criterion, insofar that it does not provide an adequate range of considered alternatives to a SRV, nor does it adequately provide or explain strategies that were employed to engage the community about various options.

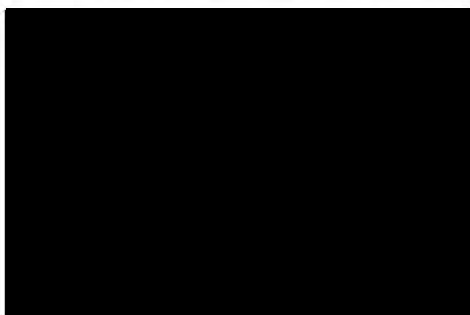
Assessment Criteria 2 – 4.3 Feedback from community consultations – CHCC's response to this criterion fails to provide accurate attendee numbers or evidence of public awareness, with the main pillar of their argument relying solely on the 'Budget Allocator' survey result and some colourful graphs. CHCC's response does not adequately explain the views received in submissions, nor does it identify or document action CHCC may take to address common concerns. CHCC's response appears to treat the outcome of community feedback with contempt, by relegating the results to the end of their response and describing the 'open survey' as not representative of the general community, but those of certain interest groups. Therefore, it begs the question: if the 'open survey' is not representative of the community, then why was it employed by CHCC in the first place? Perhaps the answer is that it did not provide the outcome the CHCC had hoped for.

Assessment Criteria 4.4 – Considering the impact on ratepayers – CHCC fails to address the intent of this criterion. While it shows that CHCC informed ratepayers of how much more they will pay under the SRV, their response in no way assesses the impact on different socio-economic groups. Again, CHCC rests its case on the unreliable 'Budget Allocator' survey.

Assessment Criteria 4.5 – Considering the community's willingness and capacity to pay – CHCC also fails to adequately address the intent of this criterion. While their response does acknowledge that ratepayer affordability is an important factor, it does not indicate how CHCC has assessed ratepayer capacity to pay. Ratepayer willingness to pay has been made overwhelmingly clear through consultation feedback, but CHCC fails to mention this in their response.

**Content not confidential**

Finally, being a self-funded retiree, my income has been cut drastically since the GFC, yet my Council rates, electricity, grocery, insurance and fuel costs have increased substantially during the same period. Also, the share market swallowed much of my superannuation, but I do not have the luxury of telling my bank to increase the interest it pays me on my investments. As it is CHCC's risky investment strategy that has placed the community in the financial deficit position, I believe their request for extra ratepayer funding is a tad arrogant. Now I still consider myself fortunate, as many Coffs residents are already doing it a lot tougher and allowing CHCC to raise rates further will only exacerbate their situation. The massive 25.73% proposed rate hike will have a flow-on effect to residents who rent their homes, as landlords will pass on any increase, making it much harder for many people to escape the rental market through higher rents and house prices. Please do not allow this to happen.



Note: I belong to no special interest group and while the content of the forgoing is not confidential, I would like my name and address to remain confidential.