

2/1/2014

Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230



The Director, Local Government

RE: APPLICATION FOR SPECIAL RATE VARIATION (SRV) – KEMPSEY SHIRE COUNCIL

With reference to the above, please find attached:

- a) Letter forwarded to Council in company with a petition, reflecting community concern in respect to the proposed Special Rate Variation
- b) Petition signed by 4,255 persons
- c) Addendum to above letter forwarded to Council following distribution of an information letter

The report submitted to Council on Tuesday 18 February 2014 referred to 29 letters received regarding the Special Rate Variation. Only 2 such letters supported the Special Rate Variation, 1 suggested alternative means of revenue should be investigated and the balance opposed the Special Rate Variation including the community petition.

There were specific objections to the increase in water charges over 15 years for the South Kempsey Infrastructure Development. The only community communication in respect to this matter was a line item in the Fees and Charges section of the 2013-2014 Delivery Plan.

The report also referred to a survey which had been undertaken and indicated:

- 68.22% responses unsatisfied with road infrastructure
- 59.83% considered the Special Rate Variation unacceptable
- 29.70% preferred community consultation plus 27.72% communication by newsletters/mail outs (in other words, personal contact)

The General Manager utilised the media to indicate that such matters as cleaning, street lighting, parks, sporting fields and libraries would be hit if Council could not increase its rates revenue and some roads could return to gravel. There was no indication as to a review of the Organisational Structure. The General Manager has repeatedly stated the Special Rate Variation would be restricted to roads.

The report submitted to Council did not refer to intended increases in waste, water, sewer as well as the South Kempsey water project, nor to the important matter of the Organisational Structure.

In fact, the General Manager has advised 'The level of staffing is based on the level of resources available. As additional funds become available to undertake infrastructure renewal this will necessitate increased staffing'. Copies of relevant matters to the proposed Special Rate Variation as published in the Macleay Argus are enclosed.

Reference has been made by the Mayor as to the EFFICIENCY of Council. The question may be asked, Is Council EFFECTIVE?

The essential issue is – the community's ability to pay, considering the economy within what is identified as an area with a low socio-economic status.



Brian Sowter

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On 15 October 2013, Council resolved to make application to IPART for a Special Rate Variation of 7.0% above the rate pegging limit over the next three years (2014-15; 2015-16; and 2016-17) and 1.0% above the rate pegging limit in the fourth year (2017-18). The application must be submitted by 24 February 2014.

Council was advised the demographic and rating profile for Kempsey Shire suggests that our community has the capacity to pay the proposed rate increase, which was estimated to increase the average residential rate (4 year average) of \$4.15 per week. BUT HAS IT!

In addition, annual rate notices will include increases in waste management (3%), water access and water usage (both 5%) and sewerage (7.5%).

Council also resolved in December 2012 'That the cost of the augmentation (South Kempsey Water Infrastructure Plan) be recouped through flat charge on water users with a 15 year loan.'

This has resulted in an additional \$8 per annum to date. (There was no community consultation on this issue). At the end of October, the Director Community Engagement gave an undertaking that a letter concerning the proposed Special Rate Variation was to be sent out to all ratepayers. At the Meeting of Council on 17 December 2013, the General Manager advised 'Letter to all ratepayers will also explain the increase and additional consultation can be scheduled following feedback.

In applying for a Special Rate Variation, Council must ensure it has clearly communicated the full impact of the proposed rate increase to ratepayers. After all, the bottom line is the total account for rates and services. Recently, Council split the accounts – Rates/Waste and Water/Sewer.

The Mayor, Cr Liz Campbell, has been requested to advise ratepayers on how the income (\$980,834) was apportioned to the required asset renewal as against Council's overheads in 2012/13. A reply indicated 100% was expended on asset renewal.

In the absence of direct communication with the ratepayers, a petition, reflecting concern with the overall impact of rates and charges on our community that is recognised with low socio-economic status, was circulated.

The question may be asked – If Council cannot fund services to the standard expected by the community, how can Council maintain the level of bureaucracy? In September 2013, Council was advised by the General Manager – ‘It is possible to continue with the current directorates and management level positions.

Whilst rate pegging is 2.3% Council has increased the General Manager salary package by 5%, which has flow on effects to Directors, coupled with across the board annual increases in salaries and wages.

How much of the Special Rate Variation is required for these purposes?

As at 31 January 2014, ratepayers have not received the promised letters.

There is no logic that the General Manager and indeed the elected Councillors can undertake the essential community consultation prior to Council’s next meeting (18 February 2014) and make the intended application to IPART by 24 February 2014.

To date, it appears Council has relied on advertising (Appendix 1), the web site (if available to ratepayers (Appendix 2)) and the media (Appendices 3, 4 and 5).

The aforementioned petition has attracted 4,096 signatures indicating severe concern of the community in respect to the proposed Special Rate Variation (copies of petition attached – Appendix 6)

Yours faithfully

A large black rectangular redaction box covering the signature of Brian Sowter.

Brian Sowter

Petition to Oppose the proposed special rate increases in the Kempsey Shire

Petition summary and background	<ul style="list-style-type: none"> ▪ We strenuously oppose the proposed special rate variations (SRV), 22% over 4 years plus rate pegging (R.P) (AVG 30% p.a.) on top of recent 7.77% SRV + 3.6% R.P. Cumulative say approximately 47.37% in total. ▪ Kempsey Shire is recognised as a disadvantaged area with average tax income of \$31,957, 35.18% of residents with weekly income below \$599.00 (2011-12), full pension now \$609.90 and unemployment 11%. ▪ In addition to the proposed SRV's & R.P there will be increases in domestic waste of 3 % p.a., water access 5% p.a., water usage 5% p/kl, and sewer 7.5%. ▪ Ongoing increasing costs of electricity, insurances (house & health) plus cost of living. Imposed on community. ▪ Council should review the organisational structure to; <ul style="list-style-type: none"> (a) Simplify the structure to enable maximum funding to be directed to infrastructure requirements and (b) Enhance community contacts with council.
Action petitioned for	We, the undersigned, are concerned citizens who urge council to act now to not increase the Special Rate Variations.

Printed Name	Signature	Date
[Redacted Signature Area]		