



10 March 2015

Office of the General Manager

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Mr Michael Seery
IPART
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Mr Seery

**SUBJECT Inaccurate and Misleading Information at front of Citizen
petition on BMCC Special Variation application**

It has come to the attention of Blue Mountains City Council that a petition is currently being run on Change.org against any special variation rate rise in the Blue Mountains. While we have no issue with residents petitioning IPART on the proposed special variation, of concern is the fact that the information at the front of the petition, the very basis upon which the petitioner relies to inform and influence the community, is factually incorrect and misleading.

Resourcing the future of the City of Blue Mountains is a serious and important issue for our community. As such, I believe it is imperative to bring this matter to the attention of IPART in order to set the record straight. The bullet points below outline key statements made at the front of the petition (in italics) followed by a response from the Council relative to their accuracy:

- The petition states that "*Council's mandate to apply for this increase is based on a flawed survey of 32,000 ratepayers, of which only 7.4% approved.*" This is not correct. The mandate is based on a considered decision of the Council after it had reviewed all feedback received from the IPART-compliant community engagement, the three main methodologies being: a statistically significant survey of a representative sample of rate payers, a call for public submissions over an extended 43 day *Resourcing Our Future* exhibition and community consultation period, and results of feedback from five Area Community Workshops held across the City. Of particular note, is the high level of community response to the call for public submissions, attracting an unprecedented 4,312 ratepayer submissions. This response has been supported by the Council sending an information package (letter and 4 page brochure) to over 32,000 ratepayers.
- The petition states that the Council is mismanaged because it "*has a total debt now at close to \$70 million.*" In actual fact the Council's debt position as reported to the Council on 24 February 2015 was \$56.2 million as at December 2014, and is reducing on target with our endorsed debt reduction strategy. The Council's Long Term Financial Plan projects debt to be reduced to \$16.8 million by 2024/25.

- The petition states that “*BMCC’s costs are already well above the State’s average.*” However, BMCC is below the state average relative to expenses per capita and also relative to revenue raised per capita. OLG comparative information on the performance of NSW local government in 2012/13 (released in June 2014) indicates that average per capita expenditure for NSW councils in 2012/13 was \$1,378 and for BMCC only \$1,241. Similarly, average revenue raised for all councils was \$1,584 whereas for BMCC it was only \$1,218 per capita. In other words our expenditure is comparatively less while our revenue is also less.
- The petition states that “*Council’s property portfolio*” is “*yielding a low return on investment.*” This is incorrect. In 2013/14 the Council achieved a 7.2% return on capital investment relative to its 24 retail commercial properties equating to total income of \$474,000 and total expenditure of \$113,000, resulting in a net profit of \$361,000. This excludes the net profit the Council achieved from its Tourist Parks in 2013/14 of approx. \$300,000.
- The petition states that “*in taking more monies from the community, the proposed increase would only exacerbate the already deteriorating situation where small business numbers and therefore employment, have decreased in the mountains.*” However, the number of local jobs in the Blue Mountains Local Government Area increased by 10.8% between 2006 and 2013 (ID Profile, City of Blue Mountains, Local Jobs).¹ This is a higher increase than for NSW as a whole which experienced a 10.3% increase over the same period. In 2013 the number of jobs in the Blue Mountains increased by 1.94% to 20,731 when compared to the previous year.
- The number of businesses in the Blue Mountains did decrease slightly by 2.6% (149) between 2008-2012. However, the number of businesses employing five or more employees increased slightly to 677, over this period.
- The petition states that “*statistics show that Katoomba is in the top three of mortgage default suburbs in the state and therefore could not absorb this additional impost.*” Our research has found no evidence to support this claim. However, according to an Australia Associated Press article published in January 2015, reviewing Fitch Mortgage stress ratings across Australia, the top three NSW postcodes defaulting were Cessnock, Green Valley and Budgewoi.² Information from the 2011 census also indicates that the level of mortgage stress in the Blue Mountains is on par with the average for NSW and less than many neighbouring councils in Western Sydney.

Also of concern is the governance processes applied to this petition. A review of the Change.org Blue Mountains petition also shows that the vast majority of submissions (69% as of 5 March 2015) are from people identifying their place of location as being “Australia” and that there are also some that appear to be duplications. The community engagement process implemented by the Council was the subject of strict governance procedures as detailed in our submission.

That said, the Council is aware that a minority of residents (up to 20% from the results of the community consultation process) are opposed to any rate increase and that residents and rate payers have the right to make a submission to IPART.

Given the importance of the special variation application to the future of the City of Blue Mountains, this matter has been brought to the attention of IPART. If you require any further information or clarification regarding this letter, please contact Rosemary Dillon, Group Manager Integrated Planning & Finance, directly on [REDACTED]

Yours faithfully

[REDACTED]
ROBERT GREENWOOD
General Manager