

Author name: Name suppressed

Date of submission: Friday, 4 March 2022

Your submission for this review:

See attached.

Your comments on Criterion 1:

Page 11 of the Special Variation Application Form Part B discusses other options considered as alternatives to an SV. None of these options includes the possibility of reducing spending and deferring expenditures by, for example, implementing a freeze on projects for a period of two years in the amount of the SV. While the survey commissioned by Council shows that residents value maintaining roads, road safety, footpaths and traffic congestion, parks, playgrounds and open spaces (don't we all), they also indicated a clear preference for retaining existing SVs (Option 1 in the Survey, see Pages 16 and 17 of the October 11th Summary Presentation prepared by Micromex Research, 38% first preference Option 1 vs 24% for Option 2), with the balance between increased costs and maintaining level of services/infrastructure given as the principal reason (page 18). 36% of respondents were very supportive or supportive of continuing existing SVs versus only 25% for Option 2 (Councils preferred option). Option 2 had the same proportion of respondents being very supportive or supportive as the other two options (Base Case 23% and Option 3 26%). Online respondents (who are likely to have more time to consider the issues and give a reasoned response) were even stronger in their preference for the Base Case (let existing SVs expire Scenario 1 in the Delivery Program & Operational Plan) and Option 1 (retain existing SVs Scenario 2 in the Delivery Program & Operational Plan), with 33% ranking these as their first preference respectively. In comparison, only 17% ranked Options 2 (Councils preferred option Scenario 3) and Option 3 (Existing SVs + 15.27% + Rate Peg Scenario 4) as their preferred option respectively. As one resident commented on social media, the questions in the telephone survey and the various rate increase proposals are very complex and it was impossible for me to complete the telephone survey and provide considered responses. In the end I had to just politely decline to complete the full survey. Councils submission does not reflect this community need/desire and limited council resourcing alternatives in its proposed expenditures to be financed by the additional SVs. Finally, the one definitive policy (other than motherhood statements) outlined during the last local government elections was the current Mayors opposition to the excessive rate increases proposed by the previous Council. Arguably, the results of the election show that residents have a strong preference for reversing the proposed rate increases and have given Council the mandate to do so.

Your comments on Criterion 2:

Only 31% of respondents in the survey were aware of a special variation of rates. This is a very low number given the materiality of the proposed SV. 38% of respondents ranked retaining existing SVs as their first preference, materially higher than the 24% who ranked the proposed increase submitted to IPART.

Your comments on Criterion 3:

Current Rate Levels Rates in Hunters Hill have risen on average 6.3% per annum in the ten years since 2011 and 5.6% in the last year. These numbers are substantially higher than the rate of inflation and wage growth. A 6.3% per annum increase results in a cumulative increase of 84% over ten years. The growth in rates over the past two years compared with Ryde and Lane Cove are shown in the graph in the attached document (it appears graphs cannot be included in this response). By no means is this level of rate growth reasonable in its impact on affected ratepayers. Average rates in Hunters Hill are already the highest compared with neighbouring councils (see graph in attached). The comparison shown on Page 25 of the Special Variation Application Form Part B is misleading, since it only includes general rates and does not take into account the proportion of residences paying the minimum rate (which are higher in other councils). Existing Ratepayer Base 27.1% of Hunters Hill residents are retirees, seniors and the elderly, compared with 19% in the Greater Sydney area. Therefore, while Hunters Hill is a relatively prosperous area, a significant proportion of residents are likely to be asset-rich but relatively cashflow constrained. With the cost of all essentials rising significantly, to increase rates in the proposed amount is unconscionable. Proposed Purpose of the Variation Page 33 of the Delivery Program & Operational Plan shows \$6 million of purchases of Infrastructure and PP&E and \$16.5 million of Cash & Cash Equivalents. There is no discussion of the possibility of reducing spending by the \$1 million proposed as Special Variations, nor of spending the funds from existing cash-on-hand.

Your comments on Criterion 4:

N/A

Your comments on Criterion 5:

The productivity improvements and cost containment strategies outlined in Criterion 5 of the Special Variation Application Form Part B are negligible relative to the 84% increase in rates over the past ten years and the proposed 35% over the next five years. There is no consideration given to freezing or postponing any of the capital works, funding them from existing cash on the balance sheet or from future productivity increases.

In connection with the Special Variation Application, I requested the opportunity to question council and was granted three minutes to do so on February 21, 2022. Below is the text of my address:

“Thank you for the opportunity to address you this evening. My question is about the Special Variation to Rates that has been submitted to IPART.

Rates in Hunters Hill have risen on average over 5% since 2016 when the first SV was implemented for ten years, more than twice the rate of inflation and certainly much higher than income growth. The special variation that was proposed for a limited time in 2015/2016 was then made permanent. Now we have a proposed increase of 24% this year.

The one definitive policy (other than motherhood statements) outlined during the last local government elections was the Mayor's opposition to the excessive rate increases proposed by the previous Council. Arguably, the results of the election show that Council has received a mandate to reverse these proposed rate increases.

The Survey undertaken by Council also showed strongest support for continuing the existing SVs and not the SV that was ultimately submitted to IPART.

Since the submission for the special variation is now with IPART, what can Council do (other than encouraging residents to comment) about withdrawing the proposed increase?

What is Council proposing to do to withdraw the rate proposal, in line with the election mandate?

If the rate increase is approved, what does Council propose to ensure that excessive rate increases are not proposed going forward?”

The Mayor's response was as follows:

- Council has to ratify the rate increase after IPART approval.
- The Mayor's (Clr Zac Miles) opposition to the proposed increases during the election was due to previous rate increases and wanting to determine the state of infrastructure once in office.
- Council is looking into a loan from NSW Treasury as an option.

The above response does nothing to address my questions and, in the case of the second point, is disingenuous, since Clr Miles was already on the Council prior to the election and should have been aware of the state of infrastructure before any submission to IPART.

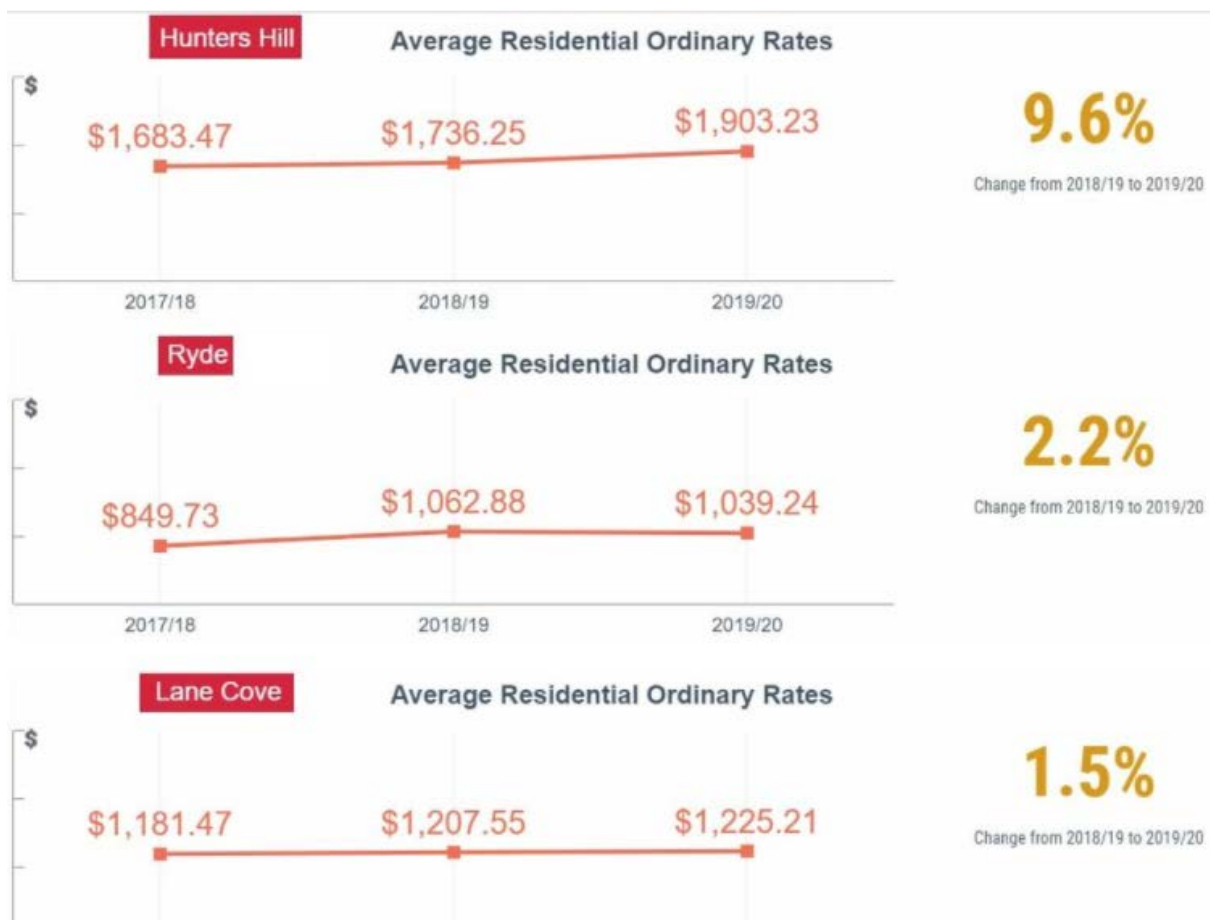
I was not granted any further time to raise follow-up questions.

Conclusion:

In view of the stated preferences of residents as part of the survey commissioned by Council as well as the clear preferences of residents during the recent elections, I request that IPART decline to approve the Special Variation to Rates. Any approval will be in clear disregard of the express wishes of residents and a legalised confiscation of private property.

Graphs pertaining to the response to Criterion 3

Graph 1 – Comparison of Growth in Rates with neighbouring councils.



Graph 2 – Comparison of Rates with Neighbouring Councils

