

Submission to IPART on the Special Rate Variation Application by Wingecarribee Shire Council

This submission has been prepared by Andrew and Kerry Bertie, residents of Bowral and ratepayers in the Wingecarribee Shire, to address aspects of the Shire's application for a special rate variation to take effect from the 2016-17 financial year.

We are opposed to any increase in rates beyond those arising from increases in land valuations and the rate peg. This opposition is based on our view that:

- While Wingecarribee Shire Council (WSC) has identified a community desire for some improvement in outmoded infrastructure, it has not adequately examined alternatives to a rate rise to fund such improvement;
- The financial projections made by WSC do not sufficiently allow for increases in the rating base of the Shire that will arise from valuation increases and future development;
- The average impact on ratepayers shown in the WSC application, while substantial, masks the position of the significant proportion of the Shire's population who are self-funded retirees dependent on investment incomes that are increasing by little (if any) more than the general rate of inflation;
- Despite the appearance of extensive community consultation, the vast majority of residents has not expressed a view on the proposed increase and the presentation of consultation results is distorted to favour the maximum increase scenario put forward by WSC;
- WSC has not seriously considered or committed to productivity improvements and cost containment strategies.

Need for the Variation

One of the major drivers of this application appears to be the desire of WSC to continue as a standalone entity and to avoid amalgamation with any other Council. By itself this is insufficient justification for a heavy increase in the rate burden of the residents.

There is no doubt that the roads in the Shire are seriously degraded, the library collections inadequate and the maintenance requirement of the parks and gardens is high. The past financial misadventures of the Shire and, we would suggest, inefficiencies and misplaced priorities, have contributed strongly to this situation. Rather than a massive rate increase to fund the necessary work, WSC could re-prioritise and seek greater efficiencies in its operations and activities.

The Valuer-General has determined new UCVs for properties in the Shire and rates from 1 July 2016 will be based on these new valuations. WSC conducted its consultation exercises with scant acknowledgement of the revaluation and, although it has adjusted the proposed rate increase for Year 1, it appears not to acknowledge the impact on subsequent years of this once-off increase. We also query the amount allowed for the revaluation effect: the UCV of our property has increased by 27 percent and we suspect the average for the Shire may be understated.

WSC will also benefit during the forecast period from the boom in property development occurring throughout the Shire. Many subdivisions are underway and more are proposed. Each of these will result in minimal infrastructure costs (because of the levels of developer investment and contributions) but will expand the rating base by the creation of new housing and/or commercial units.

Community Awareness

In its community consultations WSC presented three scenarios for the future of the Shire of which only the highest rate increase (the “Improve” scenario) held out prospects of improvement in the delivery of infrastructure and services. In each of the three forms of survey, support for each of the three scenarios was divided roughly in thirds. The claim of community support for the highest increase is unfounded when two thirds of respondents actually prefer a lesser increase. In addition to its structured survey responses, WSC has received a petition from 615 residents opposing any special rate variation (see p73 of the Special Rate Variation Application Part B). The views of this significant number of residents appear not to have been taken into account by the Council.

Impact on Ratepayers

Some 22.4% of the Shire’s population is aged 65 or over (Application Part B p86). There are 6,665 aged pensioners and 4,315 non-pensioners. Most of the latter group will be self-funded retirees whose incomes in the current interest rate environment are seriously constrained. In our view it is likely that the proposed cumulative increase of 45.3% will cause hardship to the majority of the over 65 population.

In 2012-13 WSC average rates were the 16th highest out of 150 Councils in NSW. It is reasonable to infer that ratepayers in the Shire are already carrying a heavy rating load.

Productivity and Cost Improvements

Evidence abounds of inefficiencies in the operations of WSC. For example, in our immediate area we have seen:

- Extensive installation of solar lighting along a walkway/cycle track that ceased to function about three months after installation and has been out of service for the past year or so;
- A proposal by WSC to sell part of Daphne Street, a public road. This would result in no income for the Shire as the proceeds would go directly to the State. Moreover the Shire would not then be able to lease the land in question and thereby gain an income. Nor could it in the future open the road to enable further infill development within the town of Bowral.

WSC estimates it will achieve annual savings of \$234,000 through its Service Review Program. This is a particularly unambitious target for a Shire with a budget the size of Wingecarribee's. Elsewhere in its application WSC provides little evidence that it is actively seeking further efficiency gains. It would appear that the easy option of a large rate increase is being preferred to the serious pursuit of productivity increases and cost reduction.

Conclusion

We do not believe the case has been made for an extensive rate increase that would make Wingecarribee one of the highest rating Councils in NSW. The application is not widely supported by the community and more effort in pursuing efficiency gains needs to be demonstrated before any increase above the allowable cap is approved.

Andrew Bertie & Kerry Bertie
13 March 2016