

Submission to IPART regarding Yass Council – Andrew Linacre

Yass Council makes me worry. It feels like it will, in a few years, be acknowledged to be a basket case. And folks will wonder why nobody did something earlier, before deficiencies escalated.

The Yass Council's FFTF submission, and its conversations with the community have focused on the proposal that: roads and bridges maintenance expenditure needs to be increased; a rates increase will enable this to happen; then Yass Council will be FFTF.

The attachment includes details provided by rate payer [REDACTED], of financial and investment management that to me looks irresponsible. Worryingly, I have been unable to find any Council refuting/explanation of these claims that have been made over a protracted period.

Errors of Logic

An error is to focus on the \$3m annual roads item when seeking to increase a \$30m annual budget. Council presentations have been unconvincing when ignoring opportunities to save money in other parts of the budget. For example, the 2013-14 library budget of \$444k [Special schedule No. 1 - Net Cost of Services], seems excessive for a shire of only 15,000 people. The roads budget is only 6 times the library budget!

Even the roads budget is peculiar. **Expenditure** for 2013-2014 on roads [urban, sealed and unsealed, local and regional], included the amounts, \$454k, \$546k, \$639k and \$930k, **totalling \$2.569m**, [Special schedule No. 1 - Net Cost of Services]. Also, **associated income** [non-capital, and capital] is shown to include amounts of \$898k, \$602k, \$742k and \$1,280k, **totalling \$3.522m**.

With roads expenditure less than the funds available, why the rush to increase rates using a roads argument?

Fairness

Past redrawing of council boundaries has created, for Yass, a hodgepodge of localities having different rating formulae. If Yass Council is permitted to substantially increase rates it is appropriate that some uniformity/consistency be immediately applied.

Furthermore, Yass Council has relied on continuing substantial cross-subsidies from rural rate payers, including hobby farms, to its town ratepayers. It would be unfair to increase this exploitation as part of a revenue raising package designed to make Yass FFTF.

Excessive 'Administration' Expenditure

According to Yass Council's Financial Statements, [Note 2(a) Council Functions /Activities - Financial Information] in 2013-14, the 'Administration' activity represented 30 percent of total current expenditure. From other Council's statements I see that proportions in the 10% to 20% range are normal. Efficiencies would seem to be achievable as an alternative to increases in council rates.

Council Amalgamation Wanted

In October 2014 Yass Council decided that amalgamation with another council was not appropriate, and the Council preferred to 'go it alone'. This decision seems to ignore the interests of ratepayers.

Substantial fixed/overhead costs make small councils unviable. For example, in a shire of 15,000 it is unaffordable to carry the cost of a general manager (recently revealed that salary equals \$220k) and other mayoral and administrative overheads. Even the cost of having a council chambers is extravagant when it only services a population of 15,000 people.

Despite Council's lack of interest in amalgamation, I am sure rate payers would be overjoyed to have roads etc serviced and managed by staff of a distant council such as Goulburn. Some parochial locals in Yass town, imagine people's requirements would be poorly serviced by a council not based in Yass. Another popular response is that Yass Council is doing a poor job, and in any case, Goulburn should be able to do a good job on roads, just as ratepayers have hoped Yass will deliver.

Presumably being part of a larger council would protect ratepayers from the unprofessional management results that are more likely with a small Council. The attachment details some worrying and seemingly unprofessional decisions associated with Yass Council.

Looking forward to changes

Andrew Linacre

[REDACTED]
[REDACTED]
[REDACTED]

Attachment:

Extract from a Comment by [REDACTED], 4/05/15

Council is currently preoccupied by the words Fit for the Future as it wants to convince the State Government that we meet the “Fit for the Future” mould by giving them the numbers that meet the criteria as distinct from actually being fit for the community they serve.

I am a member of the workshop group Council put together as part of the community consultation. I have been to every workshop and a bus trip and do not believe being a member of the group gives me or denies me of any privilege to discuss matters but merely made me better informed.

To set the scene, Council runs a system where water, sewage and stormwater are accounted for separately and were not on the table for discussion at FFTF workshops. Apparently, developer's section 94 contributions were another fund and not part of our brief.

My take on things is that we have not been, are not and will not be fit for anything while ever Council wastes the money we have already entrusted to them.

Item 1

Council paid \$1,200,000 for 197 to 203 Comur St back in 2006. It was last used as a youth centre and has sat empty for years. Council bought the property with no valuation certificate and does not account for it as an asset in its accounting.

Current estimated current value as per Comur St property values, \$350,000 to \$400,000. The value of this property to Council is not money but the dream of combining 221 Comur St (\$1,210,000) and the old Hume Tennis Courts in Adele St (\$715,000) along with the current Council buildings into some sort of yet to be determined civic building and commercial complex. This little exercise in 2006 diverted a total of \$3,125,000 away from services and has used more with holding costs since.

Let us not forget purchase of Hawthorn at Murrumbateman, \$3,200,000, and various lots of land in North Yass for a few million more plus holding costs. There may be a case for Council to profit from such ventures but I believe my rate money should be used for delivery of the services needed to run our community and not for speculative ventures.

During the “Fit for the Future” workshops the matter of selling assets was at first a “no” with talk of future profits as a reason to hold. Then, towards the last meeting, there was a reluctant and unbinding sort of agreement that assets could be sold if really, really necessary.

My thought is that our Council is gambling with our future and so I say bring all the speculative and non- community centred land and buildings to the auction house and take the Eight to Twenty million dollars or whatever the figure is and return it to the general account. We then fix the roads and bridges and have more time and money to run the business of Council rather than the distraction of competing with developers and the world of business who dine on Council decisions and are more business savvy.

Item 2

Council still has to pay out a balance of \$800,000 owing on the purchase of Hawthorn. The money was borrowed in 2010 from a private financier, has been interest only, Council signed up to pay 4% above the cash rate, yes 4% and it is due for settlement on the 20/10/2015. I have asked previously where the money will come from and to date silence is all that can be heard. So I ask again, how is Council funding the settlement, and why don't we use a bank or treasury loan instead of a private loan.

Item3

The \$40,500 paid to a service provider to run the Fit for the Future workshops is a grand example of Council waste. Surely Council, with human resources university degrees oozing under office doors, should have been able to organise a community workshop and I am sure they could. Outside consultants seem to loom large in Council workings and I think we should all question the value in outsourcing the answer as it also out sources the responsibility.

Item 4

During the FFTF workshops Council made no mention of any strategies for recovering the \$1,023,000 shown on 30/06/14 balance sheet as unpaid .

Item 8

The 14/05/15 is the one year anniversary of Council terminating the General Manager's four year contract, mid term, offering a new four year contract, [REDACTED]

Council Minutes of the Special Planning Committee Meeting held on 14 May 2014

1. GENERAL MANAGER'S CONTRACT

RESOLVED that the General Manager be offered a new 4 year contract under the terms of the Standard Contract Employment for General Managers of Local Councils in New South Wales. (McManus/Burgess)

DIRECTOR GENERAL OF NSW

5. Contract Renewal or Separation

It is important that any decision by the governing body of council to renew a contract for the general manager and the term of that contract be reported back to an open meeting of council, together with the total amount of any salary package agreed to.

Interesting how Council do not see the lack of adherence to item 5 of the Director General's guidelines as something of value to the democratic process.

Not to be deterred the Council, on 26/06/14, then diverted \$32,000 from the roads gravel re sheeting budget to pay the General Manager a discretionary salary increase.

If you don't believe me,

Council Minutes of the Ordinary Meeting of Council held on 25 June 2014

4. That Council adopt the Operational Plan 2014-2015 with the exhibited deficit of \$560,275 and the following amendments: Income – a reduction in the Federal Assistance Grants of \$115,000.

Expenses – an increase in GM salaries of \$31,931, and reductions of \$70,000 in Development Assessment salaries and \$76,931 in Gravel Re sheeting.

To add insult Council is still not prepared to disclose, as per the Director General's Guidelines, words like discretionary, modest and the reasons for such an increase.

DIRECTOR GENERAL OF NSW

6. Reward and Remuneration

Discretionary increases are intended to be an incentive for general managers to perform at their maximum throughout the life of the contract. Discretionary increases are also intended to encourage contracts of the maximum duration.

Any discretionary increases should be modest and in line with community expectations.

All discretionary increases in remuneration, together with the reasons for the increase, must be reported to an open meeting of council.

So Council has got away with giving the General Manager \$32,000 extra without telling us the total amount of the salary package or the reasons for the discretionary increase. Those on country roads lost out and left to wonder why the road wasn't graded.

It will be interesting to see if Council can convince 7000 ratepayers to lock in over the next six years a 61 % rates, increase when the same 7000 rejected the idea of an 8.9% increase in Jan/ Feb this year.

[REDACTED]