

# Re: submission – application for a SRV – Great Lakes Council

This **submission** relates specifically to Great Lakes Council, Special rate variation application, described in Section 5, pages 69 onwards, of the document “Draft Delivery Program 2013-2017 / Operational Plan 2015-2016”, and the councils application to IPART for a SRV.

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## The tone and style of public consultation to 27 May 2015

### Newspaper

There have **not been any publication of letters to the editor** in the local newspaper the great Lakes advocate, on either 20 May or 27 May; hence it is not known whether the public have any objections that they wish the community to know about in relation to council’s plans. And, just in case someone says there have been no letters forwarded, then I can say that there have been letters forwarded, within the time limits, and in the format required, for publication.

On Wednesday, 20 May and Wednesday, 27 May, the newspaper contained **articles** about a special rate variation, **reporting on council comments**.

For example, on Wednesday, 20 May, on page 9, under a heading 'council consults the community on a range of issues', the following is stated, 'Council is seeking an 8% cumulative rate rise over four years as part of its **push to remain an independent body**', and later the general manager is reported as saying 'in **addressing a backlog of works**, we have applied for the rate rise, and at the moment I think that people understand it and are supportive of it'.

On 27 May, on page 2, under the heading, 'rates rise to fix rural roads', the following statement is made '**rural roads would be fixed with funds raised through a rate rise in the 2016/2017 financial year**', the article then goes on to say 'it will ask the Independent pricing and regulatory Tribunal to approve a 3.5% rise over the rate pegged mark in 2016/17 and 1.25% increases over the set limit every year until 2020'. This is confusing, as readers may think that all rural roads are fixed in the 2016/2007 financial year. It would help to be more clear and state that the rate rises for the 2016 /2017 financial year would be ongoing. To then state that this additional rate revenue will ensure that all rural roads will be maintained at a good level all of the time. Then to point out why.

It is confusing to see the council reported on one week as saying that they are seeking a rate rise over four years, in a push to remain an independent body, and then later in the same article, saying that it is to cover a backlog of works. **It would be illuminating for council to be reported as seeking a rate rise of over 20% over a four-year period.**

The articles do not mention that monies raised by a special rate variation, are to cover **repayment of loans**. This is especially concerning when the amounts stated as to repay loans are in the vicinity of **\$0.5million**. **Even more concerning is that this will be part of the council's ongoing budget, and not for a set time.**

## Introduction

The main point of the opposition is that the **proposal appears to be unsupported by the reasons given, that community consultation was skewed, and did not take into account community concerns or opinion.** Councils comment at start of the plan that it is **business as usual**, is unfortunate. If “business as usual”, includes proposals for **special rate variations that are not supported by any reasonable logic then this is unfortunate, to say the least.**

Other reasons include

- That the **increase in rates is onerous**, where ratepayers already pay very high rates, especially compared to income. (From the office of local government document, “Comparative information on NSW local government – Measuring local government performance – 2012/2013”. Average ordinary residential rates for GLC was \$1015.66, while the group average was \$878.05. This is 15% higher than the group average. The average taxable income in GLC was \$34,435, while the group average was \$40,087. This is only 85% of the group average.)
- That there is **no evidence that council has attempted to seek alternatives** to a rate increase to achieve financial goals. Alternatives may include, but not be limited to, planning expenditure that is with the existing capacity to meet that expenditure without a rate increase (a simple example, may include deferring or cancelling developer activities such as design and construction of a new library and residential accommodation on a site that Council has named the Civic precinct, and instead spending funds available on other necessary items, such as rehabilitation of existing assets such as failed road pavements. This achieves two goals immediately. It restricts the creation of new assets that increase the ongoing maintenance and rehabilitation requirements. It frees up funding within the existing income stream to better maintain existing assets). Other examples may include reviewing the processes, systems, procedures and leadership within the council organization to achieve better efficiencies, particularly in the areas of greatest expenditure, being road infrastructure maintenance.
- That Council included **the proposal in a document that most ratepayers would not be expected to realise** included a section on Councils **proposal for a special rate variation**. The wording of the proposal, and graphics could easily be misunderstood. The public sessions across council area were mentioned in “Council’s Communicator” however the issue of a proposed special rate variation was not mentioned.( up to may 2015) . In sessions in November 2015, the SRV consultation at meetings was mixed in with local community proposals, and was a secondary item

## Information from the application submitted to IPART

Regarding assessment criterion 2: community awareness. The guidelines state the council must provide evidence that “.....community is aware of .... extent of....”. The council provide no evidence that the community is aware that the SRV is not just for four to five years, but is ongoing. Despite stating words to this effect in one or two documents, most of the community is not aware of this. Indeed, the “cumulative” effect has been downplayed in documents provided to the public.

Council state in the application:

- “The improvement program ensured that our Asset Management Plans and subsequent decisions on future funding options were as robust as possible for the majority of community assets. “. Despite repeated requests to see detailed asset management plans, or life cost plans for assets, I have not been provided with any. The best that I can get from council is that asset management plans and life cost plans are “generic and holistic”. As far as I am aware there is an asset management strategy, ( with information from a condition audit of assets carried out by a consultant) which makes recommendations, and an action plan by council to implement the recommendations. As far as I am aware very few recommendations have been implemented. Indeed, reports to the council strategy meeting provide no information for councillors to be aware of the impact, cost, or achievement of asset management goals. In summary, Council has paid lip service to improved asset management.
- “Taking into account the IPART's fact sheet on community awareness and engagement for special variations, Council chose not to conduct another stratified random survey as it had already measured the level of support for the proposed program of expenditure, and importantly its definition of service levels, in the 2014 survey. Council did not believe it was a responsible use of resources to also run a separate survey specifically on the SRV proposal.” Councils survey in 2014 did not address all of the items mentioned in the SRV. Indeed, in some areas the survey did not support the SRV in detail. The survey did not state that a SRV that would be ongoing would be applied for.
- “The outcomes and feedback from the community engagement activities indicated broad support for Council's proposal.” This is untrue, and cannot be demonstrated.
- “Importantly an overwhelming 90% agreed with Council's proposal to increase funding for the rural sealed road network. The largest component of Council's SRV proposal is to increase funding for this asset class (at \$1 million per annum), reflecting what our asset data is telling us and in accordance with the feedback on community service level for this asset class. “ The survey stated that Council intended an additional \$0.9m. Not \$1m. The results of the survey cannot be relied upon as a true engagement with the community.
- “The majority of the remaining component of the SRV is to support recreation assets such as playgrounds and swimming pools, and for community buildings asset maintenance (specifically the roof at Council's Administration building in Forster which requires replacement after years of costly repairs and significant flooding events, which lead to hours of lost time and WHS concerns).” Council state in their advertised reasons for the SRV, in the Operational plan, “There is a small unallocated amount contained within each year of this special rate variation which will be utilised to maintain the current predicted budgetary result ..... reduction in service levels ..... Those amounts contained within this special rate variation proposal will assist in maintaining the upwardly trending budget result that was forecast.” An amount of \$439,000 plus \$61,500 and \$4,500 added together, as an ongoing rate increase is NOT a small amount, (in total \$505,000 pa ongoing. A quarter or more of the total amount). No real explanation, other than a possible threat that “service levels” will decrease justifies this amount being requested in a special rate variation.
- “Overall, the feedback from these meetings was positive with an understanding and acceptance of the need for the special rate variation from the majority of the attendees”. This is not borne out by my personal experience at Tea Gardens and Forster meetings in November 2015. I asked for a show of hands of those attending the meeting in Forster, who

supported the application to IPART for a SRV. Less than 50% at the meeting raised their hands. At Tea Gardens, a person attending the meeting was shut down by a Councillor and staff when he tried to voice objections to the Council intention to apply for a SRV. This comment also applies to Council's statement in the application "From the submissions, support for the proposal was mixed when compared with the feedback from the public meetings which indicated an understanding and acceptance of the need for the special rate variation from the majority of attendees."

- "It is interesting to note that based on Council's previous experience with public exhibition of documents (whether related to a SRV or other strategic type plan), the large majority of written submissions generally are not in favour of the proposal or plan on exhibition. It would appear that it is much more common for those in favour (or not against) a proposal or a plan simply accept it, but do not necessarily put that acceptance in writing." This is a "throw away", and not backed by any data or investigation. It appears intended to influence a decision based on an "opinion".
- In regard to submissions, and particularly "- Become more efficient, do more with less, live within your means", that their comment is "Efficiencies have been addressed in Section 7 of this application; the balancing of community priorities, available funding and service level have been addressed throughout this application)". However, the main issue brought up in that submission, and in the public meetings, was why Council needed \$11,000 per kilometre pa to maintain rural sealed roads, and could council point out any other local government in Australia that needed this much. This has not been addressed in the submission to IPART, and it has not been answered for the public. It forms at least half of the amount for the SRV application.

## The need and purpose for the Special Rate Variation

### Point 1

On page 69 of the document referred to, there is a section headed the need and purpose for the Special Rate Variation which purports to explain the need and purpose. The first is to provide additional funding "to provide a sustainable level of service in terms of its infrastructure and operations." The following paragraphs go on to cover outcomes of audits and investigations into asset management practices.

- There is a paragraph "The result of this work was **a series of revised Asset Management Plans** that identified the funding requirements to bring the various classes of infrastructure up to a particular standard (or service level) and to maintain them at that standard." I refer to my presentation to Council on the 28 April where I stated I had requested in an email to the appropriate council officer, that any more detail on asset management plans that was available, or had been produced other than the consolidated asset management plan, version 2 December 2014, could be made available to me. I have not received a reply. My assumption is that there is no more detail. On this basis I am assuming that the consolidated asset management plan purports to include the ".....series of revised Asset Management Plans ...." Referred to in the great lakes 2030 exhibition copy delivery program 2013-operational plan 2015-2016 4 May 2015. **If so, the point is made that the consolidated asset management plan is top down level document based on software used by many Councils to give a broad understanding of asset management. It does not consider detail. It is a guiding document.**
- The great lakes 2030 exhibition copy delivery program 2013-operational plan 2015-2016 4 May 2015, also states that "**Council engaged Morrison Low**, who conducted the on-site

audit, to facilitate a formal Asset Management Improvement program with Council so as to improve its asset management capabilities. This would provide more detailed and reliable data and information on Council's infrastructure assets. "Having read parts of this report it is strongly recommended that Council produce asset life cost plans. I am unaware that any have been produced, and indeed on asking council regarding the proposed waterside renewal project, whether any had been produced or considered for the new assets proposed to be created, I did not receive an answer. My assumption then is that Council did not prepare any. If council did not prepare any, then why are council ignoring the recommendation provided in a report that Council commissioned and paid for? **On the basis of the above, Council need to demonstrate the competence and capability of Council to effectively, and efficiently manage expenditure of any additional funds, raised by a special rate levy.**

The following points may be made to counter my assertion, and I comment as follows:

- **Council has a good financial position** due to sound financial management. (From the office of local government, comparative information on NSW local government – Measuring local government performance – 2012/2013. **Cash expense cover ratio was very low, with a score of 1.1, where group average was 4.3, and Tcorp benchmark was > 3 months** Cash Expense Cover Ratio (%), **Governance and Administration expenditure** per Capita was \$377.46, while the group average was \$266.44. This is **41% more than the group average**, and even with this much greater cost for governance and administration, the time to deal with **Development Applications** at great lakes council was 103 mean gross days. Group average was 61 days. Meaning that with a greater administration and governance cost, it took Almost **70% longer for council to deal with DAs**). If there are continual rate rises, then this is one way that Council can say that it has a sound financial position due to sound financial management, because any additional funding required for projects / ventures etc. that may not be soundly investigated, is eventually covered from special rate variations.
- Compared to other Councils Great lakes council is in far better shape than others. At the council presentation on 21 May, a number of generalized statements of this nature were made, including comparisons with Port Macquarie council. No benchmarking information was provided in relation to maintenance of roads other than Great Lakes council had better roads, and spent money on them. No detail of how the money spent resulted in better outcomes was provided, and indeed the assertion could be based on the fact that great lakes council spend far more, however the dollar spent per metre for the outcomes was not mentioned. It is easy to throw money at an issue, however if the costs and benefits are not considered, then it is difficult to make an assertion that "Compared to other Councils Great lakes council is in far better shape than others", as this does not tell the story of effectiveness in terms of costs and benefits. See comments above about comparisons with similar councils
- It could be stated that the issues raised and made in this submission "are offensive", which term has been used by council at public information sessions when reasonable questions are asked, in a reasonable way. I make the point that if offense is taken, when points are made backed up by evidence, logic, and put in a reasonable way, then offense is not given. To make a statement that it is offensive is nonsense, and possibly designed to deflect the question, or the point made, in an emotional way.

#### Point 2

On page 69 of the document referred to, there is a section headed the need and purpose for the Special Rate Variation which purports to explain the need and purpose. The first is to provide additional funding "to provide a sustainable level of service in terms of its infrastructure and operations." Paragraphs immediately following refer to audits and investigations, resulting in a

series of revised asset management plans. Then the section goes on to describe the results of a series of sessions with Council and the Community, including surveys, which council summarized as **“Council proposed, and the community agreed, that all roads within this class (Rural sealed road Network) should be in a 'fair' condition, at a minimum. With 14% of these roads in either a 'poor' or 'failed' condition an injection of approximately \$900,000 per annum was required to eliminate this backlog and then maintain the asset class in a 'fair' condition”**.

- There is a statement, **“During 2014 Council commissioned an informed community survey to obtain information on the service levels that were considered to be acceptable to the community. ....”**. A flier headed **“Community survey Information”** is available on Councils website. This flier gives information on Councils assets, budgets, and results of a survey of condition of the assets, along with council’s suggested increase in budgets. There is a corporate publication on Councils website from 2014, (micromex), and it states that it contains the result of sampling 400 people. A statement is made in the report **“A sample size of 400 residents”** ( out of a population of almost 36,000, or 1.1% of the population ) **“provides a maximum sampling error of approximately +/- 4.9% at 95% confidence”** This is not explained. Does this mean that 400 residents sampled are representative of the total Council population with a 95% confidence? Or does it mean something else? The **quadrant analysis from the micromex survey does NOT indicate that residents wanted to spend more money on rural sealed roads**. In actual fact the **words in the report do not appear to agree with the graphics**. In the graphic for the quadrant analysis for the rural sealed roads, this item fell into the quadrant **“lower importance”**, however in the part of the report, **“specific asset ratings”**, the statement is made that the **“community opinion of the asset class ....”**, **“...Rural sealed roads have been rated as very important by the community, with a moderate satisfaction level.”**
- It is also interesting to note that **43% said more should be spent on rural unsealed roads, and 31% on urban roads than council recommended, and 26% stated that more should be spent on rural sealed roads**. A conclusion could be drawn that a significant number of people believed that Councils position should be **to spend more on rural unsealed roads, and urban roads** than proposed.
- The **survey did NOT ask whether people would be happy that the additional funding should come from special rate variations**. (They could easily have assumed that budgets for other things, like the GMs salary and other staff salaries would be cut to pay for it. Refer to document previously mentioned about comparison of Councils, where governance and Administration expenditure per Capita was \$377.46 for GLC, while the group average was \$266.44. This is 41% more spent by GLC than the group average)
- One of the two very brief **recommendations** in the report states that Council should **make an application to IPART for a special rate variation**. It is unclear whether this is an opinion of micromex, or data collected from the survey. **If it as an opinion of micromex, and not based on data from the survey questions, then perhaps the whole survey and report should be questioned**.

**The results of a “series of sessions with Council and the Community, including surveys.....” do NOT provide evidence that the community would be happy to spend more on rural sealed road maintenance through a special rate levy.**

### Point 3

The amounts stated as required to maintain and rehabilitate rural sealed roads do not appear to be justified. Bald statements have been made that **\$900,000 in addition to the existing \$2.03 million are needed. The logic behind this is not known.**

- Council's budget for maintenance of **rural sealed roads**, without special rate levies was stated as \$2.03m for 261 km, or \$7,777 per km pa. With a special rate levy of \$1m pa, then the budget is \$3.03 m pa, or **\$11,609 per km pa**. It is noted that Council continue to seal unsealed rural road pavement, thus creating more rural sealed road pavement. The budget for **rural unsealed roads** is \$695,000 for 432 km. Or, **\$1,608 per km pa** and, only 1% are failed. (Compared with 3% failed for rural sealed roads.) **Why is council continuing to seal unsealed rural road pavements, when they say that the costs to maintain rural sealed roads are 7.21 times more than to maintain unsealed roads.**
- **Information from a recent Tasmanian investigation into road maintenance costs**
  - Maintenance for rural sealed roads is \$2,399 per kilometre, or say \$0.6 m pa, for 261 kilometres, in the great lakes council area when a comparison is made
  - Removal and replacement costs are \$406,500 per kilometre
  - Scarify and overlay costs are \$260,000 per kilometre
  - Resurfacing costs are for 1 coat spray seal, \$34,800 per kilometre
- **Deductions**
  - In the worst case, GLC would be completely replacing 2.4 k of rural sealed road every year with the additional funds, of \$1m pa
  - Assuming that "maintenance" is the ongoing maintenance, then council is spending an additional \$1.4 m pa than indicated in the Tasmanian study, (\$2.03m – \$0.6 m) and assuming that this put to scarifying and overlay, then **an additional 5.5 k of road is being upgraded each year, from the existing expenditure.**
  - So, taking the assumption that **3% is failed**, i.e., less than 8 k, then **in one year this could be fixed** by totally replacing 2.4 k, and scarifying and overlaying another 5.5 km.
- **Information from Inverell Shire council website,**  
<http://www.inverell.nsw.gov.au/images/stories/ISC/Services/Roads%20and%20Traffic/Local%20Roads%20Rehabilitation%20ProgramaV3.pdf> and  
<http://www.inverell.nsw.gov.au/services/roads-and-traffic.html>
- Inverell Shire Council has a standardized procedure for the assessment and prioritisation of sealed road rehabilitation. **This procedure analyses each road segment against seven criteria including roughness, general traffic volume, heavy vehicle volume, seal width, school bus usage, accident history and potential for improved design.** The entire sealed network has been assessed and ranked according to these criteria. Indicative annual costs of this program are given in the following table.

Sealed Local Roads - Whole of Life Capital Replacement Costs				
Length (km)	Annual Reseal Length Required 15 yr cycle (km)	Annual Pavement Rehab Required - 45 yr cycle (km)	Reseal annual cost	Rehabilitation annual cost
323	21.5	7.2	\$473,733	\$1,492,978

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- Based on a similar situation in GLC, for 261 km of sealed rural roads, annual costs would be 261/323 times \$1.5 m, or \$1.2m per annum for whole of life capital replacement costs. Assume that costs are 20% higher rather than lower, to see what the implication is, then the costs would be \$1.45m per annum.
- **Deductions**
  - The previous annual budget for maintenance of rural sealed roads in GLC was \$2.03 m pa. This was already 40% higher than an inflated figure that Inverell Council allow. There does not appear to be a case for an increase in expenditure via a special rate levy, to \$3.03m pa, where **council would then be spending over 100% more.**
- Inverell shire council allowed \$17,000 per kilometre for resealing typical rural roads. On page 58 of the GLC operational plan document, it states in a table, that the program “Roads and drainage services”, that the summary of budget position – general fund net result after all non-cash, for 2016/2017 is -\$17.5m. If this means that from the general fund, \$17.5m is to be spent on Roads and drainage services, then based on \$17,000 per kilometre to reseal, as a rough guide, **Council could reseal in total every road in GLC every year** with the money available, if it did nothing else with the money.
- **There is no sound case for a special rate variation based on these assumptions**

**No evidence is provided to justify a special rate variation of \$1m per annum ongoing for maintenance of rural sealed roads.**

Point 4

On page 71 “Council is seeking a **4 year variation with the additional revenue to be retained permanently** within Council's general income.” A question was asked at the information session on 21 May, “what does this mean?”. The answer was that the **additional rates would continue to be collected every year, and not just over four years.** However In table A1-7 of the GLC asset management strategy, Council states, “The current financial projection indicates that an **additional \$900,000 of renewals (Scenario 1) is required annually over the 10 year period.....**” **This is NOT ongoing. No justification** has been made for an **additional \$1m pa ongoing** in relation to maintaining rural sealed roads

Council may claim that updated figures support the proposal.

If this is the case, no reference to any “revised” asset management plan/ strategy is provided. The figures for maintenance of rural sealed roads indicate that it would be less expensive for ratepayers to rip up much of the sealed road network and replace it with unsealed.

**The justification for an ongoing rate increase, with an extra \$1m per annum to cover rural sealed roads is not supported by council’s asset management strategy**

Point 5



On page 70 of the draft, the following statement appears “From an operational perspective there has been a need for Council to provide **additional professional resources** within its Engineering Division to focus on routine floodplain management, coastal and estuary catchment issues and drainage matters thereby freeing up highly qualified and experienced staff to concentrate on the comprehensive integrated strategic considerations that are involved in this field. It is proposed that a Graduate Engineering position be incorporated within Council's Organisation Structure with the funds sourced through the special rate variation. The amount being sought is \$80,000 per annum.” this does not appear to be a reasoned, well thought out argument, or an argument expressed in plain English. It appears to be an opinion, with phrases such as “comprehensive integrated strategic considerations”, being used that could perhaps be interpreted as “non routine”, as that is the reason for proposing to engage an additional engineer. It would be far more enlightening to understand the **extent of planned “non routine” work required**, what it entails, and how long it will need to go for. Then what happens to the additional staff taken on, when the crisis is resolved. What is the need? Has the work required for “routine floodplain management, coastal and estuary catchment issues and drainage matters” increased? If so, how and why? **Have we got new floodplains, coast lines and estuaries?**

**The justification has not been made to raise a special rate variation to pay for an additional engineer.**

#### Point 6

On page 70 of the draft, the following statement appears, “Council has recently adopted an **ICT Strategy** which addresses and plans for the needs of the organisation and increases the effectiveness and efficiencies of the systems and technological infrastructure required to operate a multipurpose local government authority. An amount of **\$100,000 per annum** is to be allocated from the special rate variation to implement various aspects of the ICT Strategy. **If Council has already adopted this ICT strategy, surely it considered the ramifications of cost, and did not just assume that an approval would be given for a rate increase to cover it, or part of it.**

**There is no justification for a special rate levy to cover implementation of various aspects of the ICT strategy. The costs would have been considered, within the available budgets, at the time Council adopted the strategy.**

#### Point 7

On page 70 of the draft, the following statement appears, “There are a **number of other smaller items** that Council is also seeking to fund through the special rate variation that are asset related or designed to improve organisational efficiencies.” There **does not appear to be any real consideration of costs** that have been mentioned. For example, a round figures of \$100,000 for playground equipment. Should this be \$50,000 or maybe \$1 million, or zero because ongoing replacement and maintenance would have been budgeted for when the playground asset was created? What is the total cost to replace playground equipment? **Where is the life cost plan? These other smaller items that council claim need to be covered by a special ongoing rate increase are not justified, and no evidence has been provided to show how they are justified**

#### Point 8

The table on page 72 shows **loan repayments for HQ roof replacement at \$260,000 per year**. Having regard to the statement that the rate increase will be for an ongoing period, “**additional revenue to be retained permanently** within Council's general income.”, there is no justification for this to be part of a special rate levy that becomes part of councils “**additional revenue to be retained permanently** within Council's general income.” as it is assumed that any loan to replace the roof will be paid off, at a rate of \$260,000 per year pretty quickly. **No figures are given for the costs to replace the roof. No figures are given for a loan amount. No justification for needing a loan are provided. No life cost plan as suggested by the consultants report has been referred to.**

**An amount for repayment of a loan which continues to be collected in rates forever, is not logical. This item should not be included in an application for a special rates levy**

Point 9

The table on page 72 shows **\$32,000 per year for new library operating expenses**. One would expect that library **operating expenses would be reduced for a new library**. **No reasons appear to be given** as to why the operating expenses for any possible new library need to come from a special rate levy.

**This item should not form a basis for raising rates through a special rate variation.**

Point 10

The table on page 72 shows Loan Repayments - Road Allocation 2014/2015 \$125,000, and Loan Repayments - Road Allocation 2015/2016 \$125,000. Having regard to the statement that the rate increase will be for an ongoing period, **“additional revenue to be retained permanently** within Council's general income.”, there is no justification for this to be part of a special rate levy that becomes part of councils **“additional revenue to be retained permanently** within Council's general income.” as it is assumed that any loans would be paid off at some stage.

At a meeting with council staff earlier in 2015, where the Waterside renewal project was discussed, it was stated that some of the funding for works to Memorial drive was coming from LIRS. This is a loan from the State government. It was stated that this loan was being used to “bring works forward”. A reasonable assumption from this statement is that council had already planned repayment of this loan from sources that were not from a special rate variation. It is also a reasonable assumption that the amounts indicated on page 72, included repayment of loan monies provided from LIRs. In that case, council is asking via a special rate variation to repay loans, where only in the months prior, and at the time of taking the loan, had already planned to repay from other sources. That is, **council does not need a special rate variation to repay these loans.**

**This item should not form a basis for raising rates through a special rate variation.**

Point 11

On page 71, there is the statement “There is a **small unallocated amount** contained within each year of this special rate variation which will be utilised to maintain the current predicted budgetary result ..... reduction in service levels ..... Those amounts contained within this special rate variation proposal will assist in maintaining the upwardly trending budget result that was forecast.” An amount of \$439,000 plus \$61,500 and \$4,500 added together, as an ongoing rate increase is **NOT a small amount, (in total \$505,000 pa ongoing)**. No real explanation, other than a possible threat that “service levels” will decrease justifies this amount being requested in a special rate variation. **Unless it can be shown that council is incapable of maintaining budgetary results through prudent allocation of funds, good planning and management, this item is not justified.**

## In summary, and conclusion.

- **Council has not demonstrated justification for requesting a special rate variation.**
- **Reduction in costs, for example, in governance and administration should be investigated, better management, etc if indeed council believes that it cannot operate within existing parameters.**
- **The present amount paid in rates is significant, and higher than average, with a lower than average ratepayer taxable income. To impose even more rates would be onerous. Council should investigate ways “to live within its means”.**
- **The reasoning given for raising an additional \$1m per year with a special rate variation, for maintenance of rural sealed roads, is not convincing. This is so on several grounds.**

- Council have outlined in various documents that for council it is almost eight times less expensive to maintain unsealed rural roads. On this basis sealed roads should be ripped up, and returned to being unsealed.
- Council have not demonstrated that \$1m per year ongoing is justified, or indeed supported by any meaningful community consultation, or council's own asset management strategy.
- Comparable costs with other local governments indicate that the amounts available from a special rate levy that would continue on, are not usual, if the work carried out to seal the road had been completed to an appropriate standard. This would mean that maintenance costs for sealed roads would be expected to be less than for unsealed roads. One of the main reasons usually given by engineers for sealing roads is to reduce maintenance costs.
- The justification from the results of the micromex survey is as a result of a survey where the respondents do not appear to have been advised that their responses would be used as justification for a special rate variation request.
- There are **other items listed** in the graphic on page 72 that **do not make sense**, including new library operating expenses, loan repayments for HQ roof replacement, graduate engineer, ICT strategy implementation, (where costs would already have been considered with the existing rate structure when council adopted this strategy), Loan repayments for road allocations, that as advised keep on going ad infinitum, of \$250,000 per year.
- An amount of **over half a million dollars ongoing**, being referred to as a "**small unallocated amount**", for restoration of service levels **has not been justified**.

**This proposal has no justification.**

**Council should not request a special rate variation**

Yours faithfully

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