

“without prejudice”

Objections to Maitland City Council Special Rate Variation (SRV) rate increase for years 2014/15 to 2020/21.

### **Average NSW rates**

The NSW average rate assessment for 2013/14 is \$887.

Maitland City Council's (MCC) average rate assessment for 2013/14 of \$986 is already above the NSW average by \$99.

Hard to compare rates if comparable council services are not offered. MCC does not offer four free waste pickup services through the year as adjoining councils do. Living in Maitland is nowhere near as desirable as in a larger city with better facilities at hand, near the beach and with acceptable broadband connection.

***Suggest SRV increase be refused.***

### **Comparing adjacent Councils**

**Port Stephens Council** with an average rate less than MCC has been able to recover from a \$2.2 million deficit in 2011/12 and post a surplus of \$1.6 million for the 2012/2013 year. Port Stephens Council carried out a Sustainability Review and now have recovered from a loss situation without asking for a rate increase. (Ref: - attached document “Port Stephens Council”).

**Newcastle City Council** are struggling to meet commitments, have made cuts to services and have not made application for a Special Rate Variation (SRV) for 2014/15.

(Ref: - attached document “Newcastle City Council”).

(Both these Councils have business men as mayors).

I have not noticed any real attempt by MCC to save money at all.

***Suggest SRV increase be refused and MCC study Port Stephens and Newcastle Council's procedures to find ways to save money.***

### **MCC proposal**

MCC has already had Special Variation rate increases of 9.8% in 2011/12 and 10% in 2012/13.

However, MCC proposes to increase the average rate from \$986.54 to \$1,667 over seven years.

This is a very severe increase and will cause hardship amongst many residents of MCC.

***Suggest SRV increase be refused.***

### Survey

For the proposed rate increase MCC contacted a limited number of people by phone or post to determine support for their proposal. From this limited survey they have built a case for the SRV increase. In the 16 page brochure ***"Funding Our Future"*** (Ref: - MCC Attachment\_2d\_Phase\_2\_Promotional\_Collateral\_R Fund our future), on the rear page in the preaddressed reply paid survey, there was no provision to select a "rate peg" only option

***Suggest SRV increase be refused and a new survey is mailed to every property owner for a SRV application in 2015/16.***

### Handling Information

On the Maitland ***"www.maitlandyoursay.com.au"*** website I registered and filled out a form about the proposed rate rise and sent it off from the website. (I cannot access a copy of this form now from my login). After the MCC voted and agreed to apply for a SRV increase I asked how my submission was used. I was told it was counted as part of a survey and my comments were not available for MCC councilors to read.

A neighbour, filled out a tear-off preaddressed reply paid section from the last page of the 16 page brochure ***"Funding Our Future"*** and posted it to MCC. This was also counted as a survey.

***Suggest any submitted item be available for councilors to read.***

### Availability of information

I buy the Newcastle Herald each Thursday and Saturday. I do not buy the local paper Maitland Mercury (due to the lack of information and cost).

My first indication that the current SRV rise was proposed is when I read The MCC two page DL brochure ***"Funding Our Future"*** (Ref: "MCC Attachment\_2e\_Promotional\_Collateral\_R"), delivered with my rate notice instalment posted on 25/10/2013. (I later noticed my rates at that time were higher than expected and found that the last two years rates had increased dramatically through a SRV from 2010. I was unaware of any SRV increase proposal at the time).

In this two page DL brochure ***"Funding Our Future"*** it stated "More detail is available at maitlandyoursay.com.au, Maitland libraries and Council's Customer Service Centre".

At East Maitland Library I obtained three copies of 16 page brochure "Funding Our Future", no more copies were available at East Maitland Library.

At the MCC Administrative Office Publications area, no copies of the 16 page brochure "Funding Our Future" were available. I asked Reception staff for more copies, 14 copies were obtained (from an area inaccessible to me) were brought to me and I took 12 copies. (I took the extra copies to hand out to 10 neighbours while doing a survey mentioned in the **Communication** heading).

In MCC (Ref: "IPART Special Variation Application Form – Part B"), **Table 4.1.2 on page 109** states that 26,354 16 page booklets ***"Funding Our Future"*** were posted to residents via Australia Post.

Again, in MCC (Ref: "IPART Special Variation Application Form – Part B"), **Table 4.1.9 on page 137** states that 26,354 16 page booklets ***"Funding Our Future"*** were posted to residents via Australia Post.

I did not receive either of the 16 page brochure “Funding Our Future” by post.  
On the rear page of this document is a survey form with a preaddressed prepaid reply

***If more people received the 16 page brochure “Funding Our Future” there may have been greater feedback. Please consider this confusion when determining this application.***

#### **Communication**

I attended the MCC community information session at 6.00pm on 13/11/2013 and found it to be poorly attended, with about 15 ratepayers and four councilors. (Most of the ratepayers were from Lochinvar, objecting to the MCC rezoning land from rural to residential without consultation of ratepayers).

On the 16/11/2013 I surveyed 10 adjacent ratepayers and found only three were aware of a rate increase.

On the 21/1/2014, I attended a MCC community information session at 10.00am, again poorly attended with 4 ratepayers.

***Suggest SRV be refused and better communication be carried out.***

#### **Self Funded Retirees**

I am a self funded retiree with my pension income increases related to the Sydney CPI increases.

I am already falling behind as the Local Government Cost Index is usually one percentage point above the Sydney CPI.

I cannot believe the 7.25% increase requested by MCC will be reflected in the nominal Sydney CPI of around 2.4%. Each year I will be cumulatively much worse off.

***Suggest SRV be refused...***

#### **Lack of information on services that could be cut.**

The 16 page brochure “Funding Our Future” on page 5 shows the MCC will still be in a break even situation until June 2018 by cutting services. No indication is given regarding the cuts to services.

***Suggest SRV be refused and MCC prepare a proposal to indicate actual services that could be cut without a SRV increase.***

#### **Maintaining the rate after seven years.**

This SRV is proposed to catch up and improve the MCC area. Once caught up there should be only be a need to maintain the MCC area and will not need as much revenue. Mention is made of a SRV increase of 7.25%, however this an average increase overall. Residential rates will increase by an average of 7.83% over the seven years.

***I strongly object to MCC retaining the proposed SRV increase in the rate base.***

#### **Population and Income growth in Maitland.**

Using the assumption that the % increase from new residents is the same as the % increase in new residential income dollars.

- a) In the MCC (*"Ref" - Attachment\_2d\_Phase\_2\_Promotional\_Collateral\_R Fund our future*), 16 page booklet **"Funding Our Future"**. At the top of page 4 it states the population of Maitland at *"70,000 residents"* and a *"growth rate of 2%"*.
- b) On the bottom of page 4 it states *"2,000 new residents are expected per year"*, growth rate of  $2,000/70,000 \times 100 = 2.86\%$  pa.
- c) Website: - <http://profile.id.com.au/maitland/population-estimate> states the population of Maitland at 30/06/2012 as 71,866, with a growth rate of 2.78%.

From MCC (*"Ref" - Attachment\_4\_MCC\_LTFP\_detailed*), page 7, sheet labeled **"Note 3(a)"**,

Cell C17 shows the expected increase in revenue from additional residential properties created the previous year. This cell showing an extra \$277,000 in rates from the new residential properties created in year 2014/15, but costed at the 2015/16 rate. To work out the revenue from new residential properties in 2014/15 divide the \$277,000 by the rate increase % in 2015/16, i.e.  $\$277,000 / (1 + 0.0805\%) = \$256,362$ . Cell B16 shows the residential rate income for 2014/15, \$29,393,000. Percentage growth in income from new properties in 2014/15,  $\$256,363 / \$29,393,000 \times 100 = 0.872\%$ . In summary, a residential property growth of 0.872% in 2014/15 will provide an income of \$277,000 in 2015/16.

- a) However, using a conservative growth figure of 2.0% from the MCC **16** page booklet **"Funding Our Future"** page 4, the extra residential income for 2015/16 will be **\$635,000** (shown in cell E13). Extra residential income from new properties over the seven years will result in total of residential property income of **\$279,555,000**, (shown in cell K15) an extra **\$10,567,000** over the MCC proposal of \$269,188,000, (shown in cell K9). (Ref: - Excel worksheet labeled **"2.0% population increase"**).

- b) Further, using the already documented growth figure of 2.78% from website <http://profile.id.com.au/maitland/population-estimate> the extra residential income for 2015/16 will be **\$833,000** (shown in cell E13). Extra residential income from new properties over the seven years will result in total of residential property income of **\$287,086,000**, (shown in cell K15) an extra **\$17,898,000** over the MCC proposal of \$269,188,000, (shown in cell K9). (Ref: - Excel worksheet labeled **"2.78% population increase"**).

Clearly, the MCC proposed Residential income figures are using extremely low growth figures.

Income from new properties is a windfall for MCC. Road repairs are minimal until 10 years later and lighting costs should be lower using energy efficient lighting. Additionally, future new residential properties will have a higher land valuation and will further increase income to MCC.

***MCC has used an unrealistic population growth rate of 0.872%. Suggest MCC use a realistic growth figure of between 2.0% and 2.78%***

*MCC will experience higher income of between \$10,567,000 and \$17,998,000 from the population growth figures than stated.*

*Suggest SRV be refused to allow MCC to provide correct income figures.*

**MCC Work Practises.**

[REDACTED] I have noticed the following examples of MCC work practices:-

Working overtime [REDACTED] on the [REDACTED]  
[REDACTED]

Working overtime again on [REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

Working overtime [REDACTED]  
intersection patching the road.

Having to completely resurface Swan Street, Morpeth during 2013 after two years due to using poor quality road base.

Using two staff members instead of one on a ute to repair garbage bins.

Using two staff members to fill a water truck on [REDACTED] on [REDACTED]

The MCC using staff on overtime is an indication the MCC is not short of funding. The taking of an extended morning tea break indicates there maybe unsavory work practices in place.

*Suggest an overhaul of existing work practices and procedures.*

**Senior Management Salary increases.**

From the MCC annual reports for the years. (Ref: - attached MCC annual reports 2008/09 p60, 2009/10 p62, 2010/2011p44, 2011/12 p88, 2012/13 p85).

The MCC General Manager has had he following salary package increases:

Year	2009/10	2010/11	2011/12	2012/13	Salary 2012/13
Percent Inc.	10.87	10.94	5.81	8.97	\$333,125

The MCC Executive Manager App. & Infrastructure has had he following salary package increases:

Year	2011/12	2012/13	Salary 2012/13
Percent Inc.	10.29	12.44	\$230,625

The Executive Manager Planning and Environment has had the following salary package increases.

Year	2011/12	2012/13	Salary 2012/13
Percent Inc.	14.47	15.06	\$230,625

What is the basis of these Senior Management Salary excessive salary package increases? Considering the rest of the population have to live with a CPI increase of 2.4%. I have not heard of any special initiatives coming from the Senior Management. I have been advised by MCC that the wage increase of the Senior Management salary was 2.5% for 2012/13 which means the Senior Management other income has increased by between 6.4% and 12.56%.

I have spoken to three councilors regarding these excessive increases. The first councilor could not advise me why the increases were made and when further asked how the determination was made, thought a committee was involved.

The second councilor was not prepared to talk to me about these excessive increases since the MCC had submitted their application to IPART, became angry and hung the phone up on me.

The third councilor, was unable to explain the reason for the excessive increases, but was able to advise me that a committee with a councilor on it was responsible for recommending the increases.

***It would appear councilors have lost touch that they are selected to work for their community, they seem to now work for senior management.***

***These salary packing increases are far above community expectations, excessive and are hidden behind confidentiality and whilst purporting to have salary increase of 2.5%, actually result in an effective salary increase up to five times the allowed increase.***

***Suggest the confidentiality condition be removed and Senior Staff become accountable.***

#### **Increase in Executive Managers to 6**

From MCC (Ref:- “Special Variation Application Form – Part B IPART”) on page 212 appointing 6 new Executive Managers.

***Does MCC really need more Executive Managers?***

#### **Contradictions in “16 page brochure Funding Our Future”**

a) On page 3 of the 16 page brochure “Funding Our Future” under the heading “Option: Programmed services” it states that money will be spent on *upgrades to Maitland Railway Station and surrounds*. However, at the top of page 2 it states that \$11.3 million has been received in a grant under the “Building Better Regional Cities” for Maitland Railway Station precinct and Athol D’Ombrain Drive.

b) Again, on page of the 16 page brochure “Funding Our Future” under the heading “Option: Programmed services” it states “*building an indoor 25m pool*”.

However, in the MCC (Ref: - "Attachment\_1a\_Delivery\_Program\_2013-17\_Revised\_and\_Operational\_Plan\_2014-15\_R "Delivery Program 2013-17") on page 31 it states "developer contributions will fund the construction of an indoor heated pool"  
**a) Why is MCC suggesting the SRV will pay for the Maitland Railway Station precinct and the "Athol D'Ombra Drive project when it is already funded by a grant"?**  
**b) Again, why is MCC suggesting the 25m indoor pool will be paid for by the SRV when it will be funded by developer contributions?**

### **The "Levee Project"**

The "Levee" Project is a two part project to: - a) open Maitland Mall to one-way traffic and, b) provide access to the river front. Total cost of both parts is around \$15 million. From attached document ( "Ref: Levee project 1a-1c"), circled in red ink, that MCC hoped to fund the "Levee" project in part by a \$7 million commonwealth grant.

From MCC document ( "Ref:- "Momentum Winter 2013") states "total cost of the project is estimated at \$14,795,000, which will be funded through a combination of maximizing Section 94 contributions, maximizing grant and borrowing funds".

From attached documents ( "Ref: - Levee project 2a-2b") circled in red ink, states MCC failed to apply for a grant for the "Levee" project.

From attached document ( "Ref:- Levee project 3a-3b") circled in red ink " Council has previously stated that it will seek to finance the project through a combination section 94 (developer) contributions, potential future council asset sales and maximizing grant opportunities"

From attached document ( "Ref: - Levee project 4a-4b") circled in red ink, MCC has given up on a grant and has now borrowed \$10 million (circle 2). MCC proposed rate rise would not contribute capital to the Levee project, but is likely to help service a loan to carry out some of the work, (circle 1).

The \$15 million "Levee" project was supposed to be funded by a \$7 million Federal Government grant. However the \$7 million grant was refused. Rather than be embarrassed and cancel the "Levee" project, the MCC has continued the project... Considering MCC start preparing for a SRV last year with the belief that a \$7 million grant could fund the Levee project. MCC ratepayers will now make interest payments on a \$10 million loan over 10years. After 10 years the \$10 million loan will still be outstanding and MCC ratepayers will still have to repay the \$10 million loan. This is a huge impost on the residents of Maitland City Council. This confirms that MCC has limited business and financial credibility.

***Suggest the SRV application be refused. This will allow MCC to advise residents how the "Levee" project will be funded before making a further application for a SRV for 2015/16.***

**In Summary:-**

- 1) **MCC has underestimated income from rates by between \$10.6 & \$17.9 million.**
- 2) **Suggest IPART reject the extremely large rate increase and award standard rate pegging for the next year.**
- 3) **In the next 12 months allow MCC to conduct a sustainability review to;-**
  - a) **Determine what MCC does,**
  - b) **Determine at what level this service is needed,**
  - c) **Determine how MCC can do it better.**
- 4) **Find a better way to inform and engage the ratepayers of MCC over the next year and formulate a proposal with more input from MCC residents with the intention to apply for an appropriate SRV increase in 2015/16.**
- 5) **Prevent exorbitant salary package increases by senior staff.**
- 6) **Suggest MCC itemise projects funded for by the SRV, projects funded for by developer contributions, projects funded by loans and projects funded by grants.**

# Argy bargy over Levee funds

By BELINDA-JANE DAVIS

Sept. 30, 2013, 4 a.m.



Hunter MP Joel Fitzgibbon has accused Infrastructure and Regional Development Minister Warren Truss of being mischievous over money he says was a certainty for The Levee.

Hunter MP Joel Fitzgibbon has accused Infrastructure and Regional Development Minister Warren Truss of being mischievous after his office revealed federal funding for The Levee project could not be honoured because Maitland City Council did not submit an application for funding.

A spokesman for Mr Truss said the project had been assessed by Regional Development Australia (RDA) in round four and was unsuccessful. He said another application had not been submitted when round 5B was announced.

"The department has not received, or sought, an application from council and, accordingly, has not conducted a value-for-money assessment of the project," he said.

"Instead, what Labor did in the shadow of an election was simply make announcements despite no application being provided.

“It is a disgrace that many people had their hopes built so high only to be dashed by more of Labor’s hollow promises. This is unconscionable on the part of the previous government and the local member Joel Fitzgibbon.”

Mr Fitzgibbon said the claims were incorrect because the former Labor government did not call for applications for round 5B.

He said the government asked RDA Hunter to nominate a project that had been unsuccessful in round four for consideration and the body put forward The Levee project.

“It’s very hard to put in an application for a funding round when applications were not called for,” Mr Fitzgibbon said.

“The projects that were unsuccessful in round four were all worthy projects so the government made the decision to have RDA Hunter nominate a project for the government to consider, and it chose The Levee.

“Mr Truss is making every effort not to cough up funds for this project. He is being mischievous and misleading.”

# Retailers fear Levee delay

By SAM NORRIS

Nov. 5, 2013, 4 a.m.



**STALLED:** Heritage Mall stakeholders want the mall open to traffic ... now.

Heritage Mall stakeholders fear the loss of a \$7 million grant will delay work to return to the retail precinct.

The transition to a new federal government couldn't have come at a worse time, according to retailers, when work was scheduled to start early next year.

"It's extremely poor, like an episode of Yes Minister," property owner Linda McLean said.

Maitland City Council said it was business as usual yesterday having resolved to undertake The Levee project and revitalise the flagging retail precinct before the funds were even announced.

Posims Bookshop owner Chris den Hollander said the funding loss was a big blow, mentally, for shopkeepers hanging on for the promised boost in trade.

"I just can't imagine what it would be like if the work didn't happen next year," he said,

with his business having turned a loss for consecutive years.

"People want a change of government and that's what you get."

Mr den Hollander said the shortfall could require council to rethink the project to keep it on schedule.

Council adopted the largest option, but that included the \$7 million grant, so I don't know what's going to happen now," he said.

Councillors considered cheaper ways to build the mall in November last year that would have dispensed with the river link building, to save \$5 million, or reduced the extent of paving for a similar saving.

But they opted for the complete package, then thought to be worth \$17 million and now estimated at \$15 million.

Cr Blackmore moved on Sunday to assure residents the project would happen when Hunter MP Joel Fitzgibbon said the Coalition had cut the funds.

Council issued a statement yesterday to confirm the project remained on track.

"Council has previously stated that it will seek to finance the project through a combination of section 94 [developer] contributions, potential future council asset sales, and maximising grant opportunities," a council spokesman said.

Ms McLean said Levee or not, the mall must reopen to traffic soon.

"I don't think they need to do The Levee part of the project, I think they just need to return the traffic," she said.

"It's the great mall stall."

# Rates to service Levee loan

By SAM NORRIS

Dec. 2, 2013, 4 a.m.



**RISING COSTS:** Rate rises will contribute to servicing a loan to build The Levee.

Maitland City Council's proposed rate rise would not contribute capital to The Levee project, but it is likely to help service a loan to carry out some of the work. /

Cr Bob Geoghegan responded to community concern that the Heritage Mall overhaul would soak up vast sums of money while Maitland City Council faced a \$92 million deficit.

That is the figure council estimates it will owe in 10 years.

"The Levee will take a combination of asset sales, grant funding, [economic] reserves and loan borrowings," he said. "The thing that will come out of general revenue is loan repayments."

Council will decide whether to proceed with plans to boost revenue with a special rate variation next month that would increase residential rates by 82 per cent at the end of seven years.

Council accepted the terms of a subsidised loan for up to \$10 million in June and shortly after it consulted the community on service standards and how much residents were prepared to pay in land rates.

Cr Geoghegan said in a worst-case scenario council would pay between \$600,000 and \$700,000 a year in repayments if council borrowed \$10 million.

Over seven years that would equate to \$4.9 million while the overall project would cost \$15 million.

"This is a drop in the ocean compared to the \$92 million deficit," he said. "That's the worst-case scenario if we don't get any grants."

Rates comprise 42 per cent of council's annual revenue.

"The loan repayment is coming out of general revenue and a little under half comes from rates," Cr Geoghegan said. "I think it would be a very big step for us to stop this project, which we're gearing up to start next year."

The project is expected to drive economic investment in the city.

Last week Aldi Australia confirmed plans to open a store in the city centre, which is expected to deliver millions to the economy. And since then Outback Jacks Bar and Grill has indicated it will open in the city centre.

"All the community consultation we have done has supported a vibrant and prosperous CBD," Cr Geoghegan said. "If we were to cut back a project, that's not one I think we would cut back."

Asset sales could include a 35 hectare parcel of land at Weblands Street, Aberglasslyn.

"We're looking at asset sales as part of the funding mix," Cr Geoghegan said. "You don't sell your assets to run the organisation, you sell them to fund projects."

# Council back in the black

By AMY EDWARDS

PORT Stephens Council has achieved a \$3.8 million turnaround in its finances in 12 months, but its roads are still not up to scratch.

The council recorded a surplus of \$1.6 million for the 2012-13 financial year in its annual report.

Council staff are describing the operating result (before capital grants and contributions) as a major coup after a \$2.2 million deficit the previous financial year.

Council financial services manager Tim Hazell said a return on financial investments, a reduction in workers' compensation, and savings on loan repayments had helped achieved the surplus.

"We started working towards achieving a surplus in 2009 and got there a year earlier than expected," he said.

The council also received a



**MONEY MAN:** Tim Hazell says asset renewal is a key focus.

positive bill of health from independent auditor Price-waterhouseCoopers. It said the council's financial position was improving.

However, it had fallen below acceptable industry benchmarks in some areas. These included civic assets, especially sealed and unsealed roads, drainage, kerb and guttering, which were described as being in poor condition.

"Now we've achieved a surplus, there will be a key focus on asset renewal," Mr Hazell said.

According to the annual report, council would need to

spend \$22.4 million to bring public roads and drainage up to a satisfactory condition.

Mr Hazell anticipates the major expenditure during the next financial year to be on roads (with the help of state and federal government funding), electricity consumption and salaries.

Mayor Bruce MacKenzie said he was very proud of the result, which had been achieved without council having to increase rates by more than the required minimum.

Maitland City Council announced plans in August to lift residents' rates by \$115 a year for the next seven years.

A document on the potential rate application showed the city's rates were the second-lowest in the Lower Hunter at an average \$986 this financial year, compared with Port Stephens (\$950), Newcastle (\$1051), Lake Macquarie (\$1141) and Cessnock (\$1064).

## US eyes Aussie base

THE US is considering keeping military equipment in Australia to support the training of up to 2500 US Marines.

Acting Australian Defence Force chief Air Marshal Mark Binskin says shipping US equipment to and fro is very expensive.

He said possible sites included the Northern Territory or South Australia. AAP

## Drought relief for farmers

A MULTIMILLION dollar assistance package is being rolled out to hundreds of farmers in drought-hit north-west NSW.

The NSW government announced \$7.6 million in emer-

gency support for Bourke, Brewarrina and Walgett council areas, including up to \$30,000 in water grants per producer.

The package also includes funds for support workers. AAP

2013

## City of Newcastle Australia Day Awards



## Nominations Australia Day Awards

**Do you know a friend or colleague who has displayed outstanding qualities or service?**

Lord Mayor Cr Jeff McCloy is calling for nominations for the 2013 Australia Day Awards in the following categories:

- **Citizen of the Year**
- **Young Citizen of the Year, and**
- **Community Group of the Year.**

Nominations close 5pm Wednesday 11 December 2013.

For more information, or to download nomination forms visit [www.newcastle.nsw.gov.au](http://www.newcastle.nsw.gov.au)

For enquiries please call **4974 2239** or email [awards@ncc.nsw.gov.au](mailto:awards@ncc.nsw.gov.au)

For more information visit [www.newcastle.nsw.gov.au](http://www.newcastle.nsw.gov.au)

