

Sent: Sunday, 7 April 2013 12:04 PM
To: Local Government Mailbox
Subject: Wyong Rates special variations submission.

Submission to IPART

Wyong Shire Rates Special Variation

I am a ratepayer living in Wyong Shire and I thank you for the opportunity to have some input on this matter.

In my opinion Wyong Shire Council has not acted with the integrity that we as electors expect. I believe that it is unacceptable for elected representatives to be dishonest in any way and it seems council has distorted truth and tried to mislead electors. The mailbox drops before the vote were intimidating in tone and not appreciated by me and others that I have spoken to. In the public interest I believe it is timely to pull this council into line and enforce fairness and honesty where possible.

I refer to their engagement with the community.

I also read what Treasury has said about Wyong Council (this amongst it..... **We consider council to be in a reasonably sound financial position if the liquidity issues in the forecast medium term are resolved.**

Key point: Council has a high level of Own Sourced Income and is not heavily reliant in grants and contributions compared to most councils) and I submit that council has not met its responsible governance responsibilities. I have no trust in Wyong Council to meet them in the future.

Some examples of Council's engagement with the community.

This Special Rate Variation both is cumulative and permanent but Mayor Eaton told the Express-Advocate that is was hardly more than a packet of cigarettes a year.

...from councils fact sheet. I refer to the wording in bold on community support for an increase.

Fact Sheet- Special Rate Variation

*“Council’s decision to apply for a 6.9% increase was based on the response from the community and a recognition that the asset backlog issue has to be addressed. **The community has indicated support for an increase less than 9.5%.** Council has listened to the community’s response and considered that the 6.9% increase will provide a solution that is reasonable to the community and produce a satisfactory outcome.”*

In my opinion, the words *“the community has indicated support for an increase”* should not be in there at all. It is evasive in that it avoids telling us that 87% of people voted against an increase over the rate peg rise and it could be misleading.

(From the Wyong Chronicle February 28th page 3

*Six thousand and eight hundred and forty voting responses were received for stage three. Of the ratepayers who voted in the stage three consultation, **87%(5,920)specified they supported option one of and rate peg only rise** while only 13% stated they supported option two, a 9.5% increase per year for seven years.)*

This article from the Wyong Regional Chronicle March 27, 2013 page 7

IPART Application

The Wyong shire Ratepayers Association has criticised Wyong councils move to submit as application to IPART to increase rates by 6.9%.

In speaking of his motion for Wyong Shire Council to apply to IPART for a 6.9% rates increase , mayor Eaton made much of a media spin line that the increase represents \$30 per year or eight cents per day said Wyong Ratepayers and Residents Association spokesperson [REDACTED]. His calculation was based on an average ordinary rates baseline of \$868 (2012-2013)

“What the mayor failed to make clear is that his \$30 or eight cents is the increase over and above the 3.8% rate pegging rise. Under a 6.9% increase of \$60, \$30 under the rate peg increase and another \$30 for the extra 3.1%.

“Also conveniently unexplained was that this increase applies to the first year only, by 2019-20 the current \$868 average rate will have risen to \$1385 an increase of \$517 of almost 60%. On top of these two deceptions council has also been pretending that the increase is for seven years whereas the motion if carried was to apply to IPART under section S508A, which allows the increase to remain permanently in councils rate base. Council has been less than transparent about the proposed increase. “Young families and older people with limited income can only hope that IPART might refuse or reduce this blatant cash grab” said [REDACTED].

Email ,4 March 2013 [REDACTED], Wyong Shire Ratepayers and Residents Association

This is extracted from the NSW Treasury’s Financial Assessment of Wyong Shire Council, dated September 12, 2012. This suggests that council finances are OK, but it needs to cut back on capital spending to within affordable limits:

Council has conducted a review of how it delivers its services, an organisational restructure and a review of its budgeting and depreciation methods, which all led to **improvements in the operating results in 2011.**

Council has **sufficient capacity to meet day-to-day expenses.**

Council is forecasting **surplus operating results** and its Own Source Operating Revenue Ratio is forecast to continue to be **well above benchmark.**

Debt servicing levels are strong... substantially above benchmark.

Cash and investments are forecast to be exhausted by 2016, which is not a sustainable position. A **revision of the capital expenditure forecast to an affordable level should resolve this liquidity issue.** Capital expenditure levels incorporated into the forecast are **well above benchmark.**

Council’s annual revenue (2011) is \$207.8 million, including \$119m in rates and annual charges, and \$53.7m in user charges and fees. Rates and annual charges, and user fees and charges made up 68.7% of the council’s revenue in 2011. **Largest costs were employees \$74.9m.**

Rates and annual charges increased by 10.8% in 2010 and 5.1% in 2011. The increase in 2010 was mainly due to a **drainage service charge**, which generated an additional \$5.3m of revenue in 2010. The 2011 increase was mainly due to a **9.6% increase in the domestic waste management annual charge and 18.0% increase in the water supply annual charge.**

Materials and contract expenses decreased by 4.3% in 2010 and 7.3% in 2011, due to a reduction in contract and consultancy costs by 8.8% and a reduction in legal expenses. A review of council’s roads assets useful life found that **depreciation expense was overstated.**

Council received specific purpose grants of \$12.8m in 2010 and \$27.7m in 2011 for its water supply services.

The community expects the existing level of services to continue at a reasonable quality. Through its community consultation process, asset management planning and long-term financial planning, the **council needs to prioritise its service provisions with its limited resources.**

Council’s Operating Ratio is generally forecast to be in surplus positions over the next ten years. The increase from 2012 to 2013 is mainly attributed to a **forecast increase of rates and annual charges revenue of \$5.4m, which represents a 6.1% year on year increase.** This is mainly due to an **increase in domestic and non-domestic waste charges.** Depreciation expense is also forecast to **decrease by 9.7%**

(\$2.6m) from 2012 to 2013 as **a large proportion of assets will be fully depreciated by this year.**

Council forecasts it will face serious liquidity issues and by 2016 its cash and investments (will be) exhausted. This is mainly attributed to **a level of forecast capital expenditure well above benchmarks.** In discussions with council management, it is clear that **they are aware of this issue.** Following our discussions, management have run a number of scenarios, **each of which forecast a lower (but still acceptable) level of capital expenditure.**

As expected, by reducing the forecast capital expenditure... **positive cash results and no liquidity issues would be achieved.** Consequently, **we do not believe that council has any particular financial issue,** provided, of course, they recognise the **need to revisit and reschedule their capital expenditure program.**

We consider council to be in a reasonably sound financial position if the liquidity issues in the forecast medium term are resolved.

Key point: **Council has a high level of Own Sourced Income and is not heavily reliant in grants and contributions compared to most councils.**

End of quotes.

I believe that if more of my fellow ratepayers were to read this from Treasury there would be an uproar.

with thanks

(please keep my name Anonymous)