

# LG Submission Form 2021-2022 - Applications

Submission date: **3 March 2021, 8:05AM**  
Receipt number: **215**  
Related form version: **2**

## IPART Special Variation Submission Form - Applications

Industry	Local Government
Review	(LG) Special Variations & Minimum Rates 2021-2022
Document Reference	
Council	Central Coast Council, Special Variation Application
If you have any general feedback regarding your council's proposed SV, please leave your comments in the comment box below.	<b>My feedback and comments are contained in the attached file.</b>
Your comments on Criterion 1:	<b>The analysis and commentary has been skewed towards the outcome that the administrator wants rather than on a full analysis of the causes and responsibility for the financial position Council finds itself in. At no point has the state governments role in causing the fiasco been identified and a rescue package mooted.</b>
Your comments on Criterion 2:	<b>In a survey by Council, 70% of the respondents do not agree that a rate rise is necessary and 55% believe ratepayers should not be asked to bail Council out. So, no the community has heard the case but do not agree with it.</b>

Your comments on Criterion 3:

Given that the current losses are attributable to wasting money on a flawed amalgamation process and to cost shifting of state government responsibilities, then the rises are not reasonable. The rises are in effect a state government tax.

Your comments on Criterion 4:

Because we have a state government appointed administrator who undertakes minimal community consultation, although it has technically been approved by Council, it is the work of one man. We are in a position of being taxed without representation. His views are out of line with the community and our suspended elected Councillors.

Your comments on Criterion 5:

There were no productivity improvements or cost containment strategies in past years which is why we're in the position we're in. Information on the true financial situation was never made public and was hidden from management and the elected Councillors. Even auditors were unable to identify the problems with the information they were provided with. The plans for the future just involve sacking staff, cutting services and selling off assets that the community has paid for in the past, whether we get the rate increase or not.

If you have attachments you would like to include with your feedback, please attach them below.

 [ipart submission CC Council 2.pdf](#)

## Your Details

Are you an individual or organisation?

**Individual**

If you would like your submission or your name to remain confidential please indicate below.

**Anonymous - my submission can be published but my name should remain anonymous**

First Name

Last Name

Organisation Name

Position

Email



IPART's Submission Policy

**I have read & accept IPART's Submission Policy**

It is clear that the current debt situation is directly attributable to actions and inaction by the state government. Rather than forcing ratepayers to carry the burden, the state government should be asked to pay for the catastrophe it has created.

While the Central Coast Council administrator, Mr Persson, keeps stating that the amalgamation had nothing to do with the debt, his 30 day report says that \$50 million plus \$8 million ongoing is due to IT costs directly related to the amalgamation. And to state that this is the only cost of amalgamation ignores all the other work that has been done to try to bring the Council areas into line such as signage, stationery, merged planning instruments, additional staff to handle the extra work involved and more. It's no coincidence that a large number of merged councils are in debt and seeking rate rises. A number of them are making it clear that the extra costs are directly due to amalgamation – see for example

[REDACTED] Cootamundra and Snowy Mountains have asked to demerge and the state government have a report from the boundaries commission that they have chosen not to make public. But an early report from the commission indicates the costs of demerging are miniscule compared to the costs of amalgamation.

None of this comes as a surprise. Many people predicted this situation – see for example

[REDACTED] Queensland amalgamations had failed. The Government lost in court when Kuringgai Council appealed against the merger. [REDACTED]

[REDACTED] The state government withheld vital information about the likely extra costs and the failure of amalgamations to provide significant cost savings, if any. By misleading Councils about the real costs, and then underfunding these costs, the need for rate rises is directly attributable to the state government. The funds set aside for this were used in pork barrelling exercises to support councils with coalition Liberal party affiliations. Instead of penalising ratepayers, penalise the state government and ask them to meet the shortfall they caused. Hornsby Council, that didn't merge, was one of the main beneficiaries of the fund set up to help pay for the expected large costs of amalgamation. This was highlighted as being a rort to favour Liberal controlled Councils - [REDACTED]

And to make matters worse, councils everywhere are suffering from cost shifting of state responsibilities onto ratepayers. [REDACTED]

[REDACTED] Between amalgamation and cost shifting, that accounts for at least \$127.5 million of our debt with 8 million ongoing. And that doesn't take into account financial years 2018-19 and 2019-20 where we could expect something of the order of \$70 million, and all the years leading up to 2017. Without those costs we would not need a rate rise and would not have needed to dip into reserved funds.

<https://www.parliament.nsw.gov.au/committees/DBAssets/InquirySubmission/Summary/37185/0142%20Local%20Government%20New%20South%20Wales.pdf>

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Yet here we are cutting jobs and our public spaces, roads, footpaths and drainage are not being properly maintained to the extent of being dangerous leading to a risk of litigation. And we ratepayers are being penalised because Council staff were forced by state government actions to do exactly what the minister is suggesting to keep Council running.

We are, in effect, paying de facto state taxes and supporting rorts and ideological manipulation by the Liberal party.

Councils have been spending restricted funds incorrectly since at least 2001. The state government has failed to put procedures in place to stop this practice and allowed the government appointed administrator of the newly amalgamated Central Coast Council to put rules in place that helped to disguise the impacts of this practise. He also put rules in place to limit access to staff by elected Councillors – see [https://cdn.centralcoast.nsw.gov.au/sites/default/files/documents/policies-register/councillor-and-staff-interaction-policy/councillorandstaffinteractionpolicy\\_2.pdf](https://cdn.centralcoast.nsw.gov.au/sites/default/files/documents/policies-register/councillor-and-staff-interaction-policy/councillorandstaffinteractionpolicy_2.pdf)

Clearly, the financial information they received was not correct. Had they been able to demand information directly from the relevant staff the problems may have been highlighted much earlier before the debt reached current levels.

There is no indication that any attempt is being made to overhaul accounting procedures so it will be impossible for staff to hide the true financial situation from management, elected Councillors and the public. So any rates rise could easily disappear into the system with no scrutiny.

There is a Covid driven real estate boom on the Central Coast. This will culminate in increased rateable values for properties so ratepayers would be hit with a double whammy paying more on the rateable value and this value increasing.

Council undertook an online survey on the rate rises that originally only offered a choice of 10% or 15% rate rises. It only belatedly offered a choice of no rate rise. Despite this limitation the results were as follows. *More than 10,000 people took a Council online survey. More than 70 percent wanted no rate rise and more than 55 percent said ratepayers should not pay for council's financial mismanagement.* Since council exists to implement the will of the community, this is a clear indication that there should be no rate rise. The administrator does not speak for the people, he's speaking as an agent of the state government.

A petition to the State government asking for a judicial inquiry into the whole avoidable financial debacle has reached more than 20,000 signatures so the state government must respond and the matter is due for debate in parliament on 6<sup>th</sup> May 2021. The petition asks for any decisions on rate rises to be held over until

after the judicial review as that should clarify the underlying reasons for the losses and who is responsible. The following is from an email from parliament updating the status of the petition.

The ePetition "JUDICIAL INQUIRY INTO THE FINANCIAL CRISIS FACING THE CENTRAL COAST COUNCIL" has closed for signatures and has been presented in the Legislative Assembly by Mr David Harris.

The ePetition text in full is:

*To the Speaker and Members of the Legislative Assembly, The citizens and ratepayers of the Central Coast draw your attention to the financial crisis facing the Central Coast Council : \* accumulated debt since amalgamation in 2016 of a reported \$565 million, \* accumulated losses over the past 4 years of well over \$200 million, \* unlawful and unauthorised use of Restricted Funds, \* inability to pay staff and wages in October, 2020 without a bailout by the NSW Government of \$6.2 million leading to the suspension of the Council and the appointment of an Administrator. We respectfully petition the Assembly to: 1. Hold a Judicial Inquiry to investigate : a) how this financial crisis happened and who is responsible, b) the poor performance and breaches of integrity requirements by the Council, c) reforms to the Local Government Act to protect the community from the impacts of financial mismanagement and malfeasance (if any) in the future, d) whether Councillors and senior staff were negligent in their duty to properly manage the Council and whether they have been dealt with appropriately, e) the impact of amalgamation on the Council's financial problems, f) any other matters relating to the poor performance of the Council. 2. Request the Minister for Local Government to delay any application by the Council to IPART for a Special Rate Variation of 10% or 15% and any decision on the sale of Council assets until residents can consider the findings of the Judicial Inquiry and its recommendations.*

The ePetition received 21422 signatures and has been sent to the NSW Government for a response. As the ePetition received more than 20,000 signatures, it will also be debated in the Legislative Assembly at 4pm on 06/05/2021.