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Submission to IPART on Maitland City Council Rate Increase Proposal: Douglas Clements, East Maitland

Dear Members of IPART enquiring into Maitland City Council request for rate increase.

I, along with many in Maitland, wish to oppose the requested rate increase by Maitland City Council.

These are the grounds.

1. The requested rate is exorbitant.

Compared to other Councils in NSW Maitland CC is the largest requested increase in Councils outside Sydney, and second only to Burwood Council. Other Councils are moderate but MCC is excessive, without any visible cause or reason. It has lived up to its motto as the "Can-do" City believing they can bluff the ratepayers into silence. The other Councils of the Hunter have placed moderate requests, most have no request, but MCC is grossly excessive compared to them. Other Councils in NSW did make excessive claims in December 2013, then moderated theirs. But Maitland CC remained excessive dropping from 8.35% accumulative over 7 years to 7.25% over 7 years, making it the 2nd most greedy Council in NSW. The initial figure of 8.35% was even higher for residential suburban rate payers, averaging out at 11.25% pa over 7 years, an outrageous increase of 82% for residential suburban ratepayers

2. The figure claim grossly exceeds the previous NSW average increase.

The NSW figures quoted by IPART are:

2013/14 – 3.4%
2012/13 – 3.6%
2011/12 – 2.8%
2010/11 - 2.6%
2009/10 - 3.5%
2008/09 - 3.2%
2007/08 - 3.4%
2006/07 - 3.6%
2005/06 - 3.5%

Maitland CC has not justified why it could live within its income, like other NSW Councils, in the 2.6-3.6% band, since 2005, yet now for the next seven years can only live within a 7.25% overall increase each year. Other NSW Councils can live within its income. Why cannot MCC? There are obviously facts here of greed and inefficiency.

3. The Maitland CC has failed to instituted productivity, efficiency and cost control

An example of this in how the budget for annual running expenses for its Art Gallery had doubled beyond the budgeted amount within the last financial year of accounting. The Council has failed to demonstrate how it seeks to control costs, improve efficiency and increase productivity. Yet between its December 2014 figure of 8.35% increase and the reduced amount in its February 2014 submission, at 7.25%, it stated that it would save \$500,000 per annum in productivity gains and take a loan of \$4.8m per annum over the future seven years. No data was presented to show the means and areas of this conveniently round figure of \$0.5m pa productivity gain. It was grasped out of the air, as was the loan figure. This is not responsible management of accounting, but a hip reaction compared to the moderate claims of other NSW and Hunter Councils. There is no evidence produced of past endeavours to increase productivity, reduce cost, or increase efficiency, or of future methods of achieving this over seven years.

4. The Maitland CC has ignored the strong opposition of written submissions of ratepayers opposing the increase at its December 2013 meeting

The Report to council on that date on pages 25-97 has 67 written submissions. 63/67 say "No" to the increase, 3 say "yes" and one 'maybe". This is 94% of submissions opposed to the proposed rate increase. ie Only 6% at the most in favour.

Emotions are often an indication of people's thoughts. I want to give a quote of written emotions against the proposal, taken from the Written Submissions, by 56 of these ratepayers in the Report :

- "Go easy; in excess of CPI;
- costs have a lot of fat;
- money gouged out of rate payers;
- a strain on our income;
- devastated after continued increase;
- exorbitant increase;
- don't support;
- waiting for us after 7 years;
- waste, mismanagement, and over abundance of high income managers, over paid mayors;
- doesn't make sense;
- slugging the high end;
- tighten the purse strings;
- strongly disagree;
- simply not affordable;

- extremely difficult;
- can do much better;
- sell up and join the rental community;
- object to such a large rate increase;
- screwing residents to the wall;
- totally unjustified and outrageous;
- massive rate hike;
- Council seems hell bent;
- cash cow;
- strongly object;
- object on the rate hike, budget to fit your income;
- apology from you when I am proven right;
- don't trust what you tell me;
- put it to the Electorate;
- don't increase by this large amount;
- not include the new land values;
- so much money wasted by Council over the years;
- outrageous proposal, world of fantasy, force pensioners out;
- from Alice in Wonderland, out of touch with the real world;
- live within our means;
- very much opposed, out of touch with ratepayers, a cop out;
- misuse of ratepayers contributions;
- received with dismay, no confidence, prove your worth;
- an insult, fool of an idea, Heaven forbid;
- outrageous proposal, world of fantasy;
- substantial hike in rates;
- increase will leave a bad smell;
- very much opposed, out of touch, a cop out;
- gouge an 80% increase;
- unconsciable, grandiose, tighten its belt; shame on you Mr. Evans;
- deceptive, monopolistic, exorbitant and unjustifiable;
- comes from fantasy land;
- why waste money;
- lead to more people living on the side of the road;
- I strongly object; I am not convinced, easy road, pouring money into a black hole;
- Maitland city centric;
- live within your means, putting rates up on a whim;
- create hardship, Council does not have a mandate, "folly" of the Mall;
- slug to those who can least afford it;
- unwarranted; impossible to sustain;
- grave concerns; NO to rate rise!!!;
- massive rate increase.

Yet when these were presented in Public Access, Councillors ignored and ridiculed these in their decisions of Dec 2013. The Council Officers dismissed these written Objections in their

Report to the Council in the Staff summary in Table 4 on pages 16-20. These strong objections are redacted and whitewashed, then written off with dismissive responses, ignoring the ratepayers strong opinions. None are supported. This is typical of Council Officers and Councillors in ignoring overwhelming written opposition to the exorbitant increases.

The response by the Staff and councillors is that 400 anonymous telephone interviews to random anonymous public, including non-ratepayers showed that the people wanted the increased expenditure, with the survey questions and sequence lacking transparency.

Yet 94% of written, unsolicited submissions, by people giving their name and addresses opposed the proposed increased.

It would have to be said that Council's decision ignored ratepayer specific and strong objection and opposition.

5. Excessive "spin doctoring" of the public to confuse and mislead, at excessive cost.

Council engaged outside paid consultants to produce surveys, informal and formal, and focus groups, and extensive and costly advertising to sell the improvements they hope to make over the next seven years. Little was made of the 82% increase this would make to ratepayers. Non-ratepayers were included, consisting of 25% of the population.

Council employed specific staff to promote then rates increase on the past ten months, as well as existing staff. No statement of costs of the PR exercise incurred to produce and deliver surveys and compose reports has been given by Council to the public. But given the number of staff and consultants employed it would not be surprising if the total value of salaries and costs exceeded \$500,000. This is another example of Council's lack of control, and excessive costs, waste and inefficiency in funding the formulation of its own opinions, ignoring written negative submissions.

6. Lack of cost control by Council

Council has failed to discipline its own expenditures, while making "pie-in-the-sky" promises of new services. There is no indication in the Council Reports of December 2013 and February 2014 to cut staff numbers, reduce vehicle fleets, to reign in Staff salaries, to minimise additional staff cost. They are asking the ratepayer to live with a 82% increase in rates of the public income to Council, without restraint on its own Staff expenditures. Staff numbers will continue to increase over the next seven years, without restraint or review.

7. Lack of unanimity among Councillors in their Decision Making

While 13 out of 13 Councillors supported the 8.35% increase for each of seven years (or 11.25% for residential suburban ratepayers, or 82% over seven years) at the December 2013 Council Meeting, only 11 or 13 Councillors supported the final decision at the February 2014 Meeting. Two Councillors deliberately absented themselves. One of these two stated in the Maitland Mercury later that he would have supported a 5% increase. If these Councillors had attended the February Meeting and vigorously pressed their view the Council may not

have supported a 7.25% increase with other projection through \$0.5million uncostered savings, and a \$4.8m loan borrowing of each of the seven years. The 8.25% figure remains, to be achieved by borrowings.

8. Lack of use of Section 94 Developer accumulated funds

The Council has very large reserves from accumulated Developer Section 94 Funds. Maitland is often cited by the Mayor and General Manager as the “fastest growing city in country NSW”. This is because a large new subdivisions and full cost of the suburban development of road, curbs guttering, drainage and other improvements to the subdivision are born at cost by the developer. In addition large Section 94 funds have been accumulated and sit in investment accounts of the Council waiting future use. Yet Council has refused to use these for anticipated future infrastructure expenditure over the next seven years. They claim that this may only be used in specific development areas, rather than the general infrastructure of the city. This limited use of developers funds contrasts to its wanton expenditure on persuading residents to support the IPART request, and the exorbitant 8.35% annual increase sought.

9. The failure to live within reasonable annual CPI increases

Every other individual and organisation in the community has to live within annual CPI increases. These have been of the order of 2.5% per annum. Unionists, Council street staff, public servants, private employees, landlord’s rents are all subject to CPI. Yet these are the people paying rates to Council. The Council’s December request of 8.35% annual increase is 3.3 times the increase of those limited to CPI who would pay the increased rate. This is unfair, unjust, and an abuse of the monopolistic, non-competitive power of the Council. It ignores the poor, and insults the capacity of people to pay. Few other organisation have such freedom and power to grant themselves continued increases to raise the new rates by 82% over seven years.

10. The deliberate misleading of the public by Council

Council Officers have produced a very large and very technical document for IPART, produced at great cost, by paid highly paid qualified staff and paid outside consultants to justify an exorbitant rate increase. It is beyond the capacity of the average ratepayer, and indeed Councillors to comprehend. It is academic, and beyond most people’s capacity to read and comprehend. It was produced in an intensive time span immediately prior to the closing date for submissions by Councils to IPART on February 24. It was produced AFTER the February 11 2014 Council Meeting when public had opportunity to express opinion and opposition. It is known that Staff were still preparing the IPART Submission on February 22. Councillors were give “Private Briefings”. Not publicly or transparently, on a number of occasions by Officers and Consultants prior to the February 11 Council meeting, when only 11 or 13 Councillors approved the increases. This process has “dumbed down” the public given that the brief summary Report to Council was only made available to the public of the Friday before the Tuesday February 11 decision Meeting. This was effectively only two business days.

The actual submission to IPART has never been put on Public Display, nor has it been publicised in the media by the Council. The lack of access stands in contrast to the large expenditure and publicity during the process of consultation.

Public Access on February 11 at the MCC Meeting was limited to two persons in opposition by Council Policy.

The process was highly manipulative, with the final decision determined by the total lack of access and discussion on the IPART Final Submission of late pre-February 24.

It is a process lacking in transparency and public access and timely debate.

CONCLUSION:

I would strongly urge IPART to reject Maitland City Council's request to exorbitant increase in rates, and to limit future increases to established CPI increases. Further the Council be required to engage in extensive and documented productivity increases, cost reductions, and efficiency measures for the next seven years and to report extensively in public on these.

Douglas A. Clements

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18 March 2014