

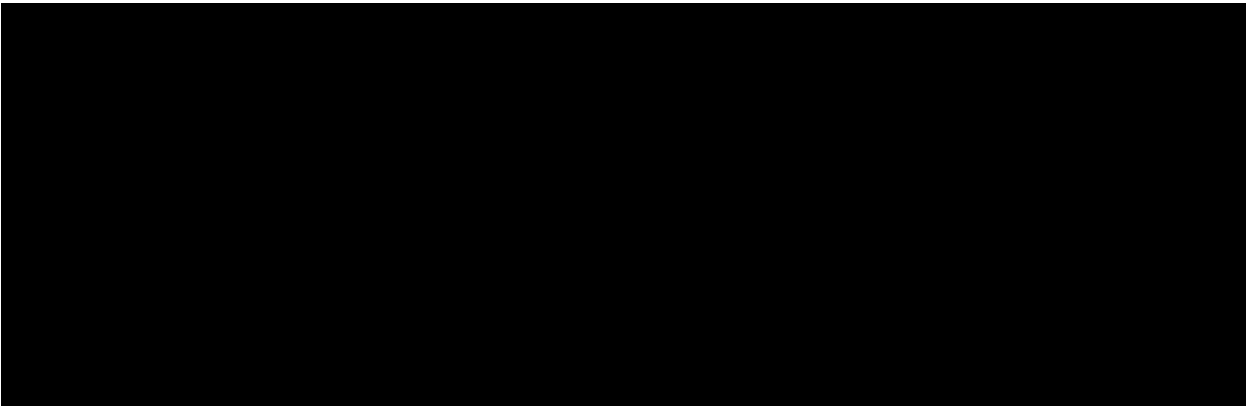
**From:** Damien Rogers  
**Sent:** Sunday, 15 March 2015 7:14 PM  
**To:** IPART Mailbox  
**Subject:** Att Chairman Dr Peter Boxall

Dear Sir,

I would like to follow up on my earlier letter.

Community opposition to councils rate rise appears to be as close to 100% as any issue could be. Yet council has even hinted that more large rate rises will be required over the next 10 years to make council 'sustainable'

Even quoting some professor at a council meeting that claimed councils will need to raise rates by around 90% over the next 10 years to be financially sustainable. When many cannot afford current rates and charges!



E14.8367.S - 1597.15

21 January 2015



Dear 

Thank you for your email of 12 January 2015 where you asked two questions relating to the Special Rate Variation. The General Manager has asked me to respond to your queries which I address below.

### **Cash Reserves**

A rate rise is required because Council has a gap between its operating revenue and its operating expenditures of around \$5 million per year. This is demonstrated in the Long Term Financial Plan on page 13 which is currently being exhibited on our website. Council's goal is to be financially sustainable as is required under the State governments Fit for the Future program. A basic requirement for this to be achieved is for council to be breakeven, that is, revenue covers all expenses. Whilst we have made every effort to contain costs and seek alternative sources of revenue, an increase in rates through the special rates variation application is seen as the most effective option to addressing our financial sustainability. Whilst Council has cash and investment balances much of this can only be spent on particular purposes (known as 'restricted' funds). In addition, Council has liabilities it must settle and reliance upon cash reserves is not a sustainable solution for the long term given expected funding deficits of approximately \$5 million per year. Also it is noted that there was no error made by the council officers and this was explained to the audience member.

### **Borrowing Requirements**

Council intends to spend \$21.4 million over four years on the proposed community and transport infrastructure program. The increase in rates will generate \$1.1 million, \$2.42 million and \$3.84 million in years one, two and three and beyond respectively. To pay for the capital expenditure Council will borrow \$15.7 million to deliver the program within the four years. The increase in rates will then repay the loans over a 20 year period. The infrastructure program has many assets that will last for 20 years or more. It is good financial management practice in local government to match the expected benefits of long lived assets with payment for them, known as 'intergenerational equity'. Pages 25-26 of the Long Term Financial Plan provide a more detailed explanation of the Special Rate Variation proposal.



Thank you for taking an interest in this matter. Submissions close on Friday 23 January 2015 and should you require further information please contact [REDACTED]

Yours faithfully

[REDACTED]

Letter To Catherine Dale Re Rate Rise

Dear Ms Dale,

I am writing this time in order to get clarification on two points regarding the rate rise that were brought up at the information night at the Bay library late last year. This meeting was attended by about 100 people as well as yourself, the Mayor and several councillors/council staff. The two points are :

- 1) It was pointed out by a member of the audience that council had made an error in their books and that they actually had about \$15 Million more than they stated. This was then confirmed by [REDACTED], who was at the meeting. Since council's rate rise is supposed to generate \$17 Million, my question is "why are council still seeking a rate rise?"
- 2) It was also pointed out at the meeting that council was, in fact, intending to use the funds raised by the rate rise as collateral to BORROW a much larger sum of money! Why has this not been explained to the community? How much money is council planning to borrow? What is this money needed for? Why is this not mentioned in any of council's literature regarding the rate rise?

Awaiting your reply,

[REDACTED]