

Mr Greg Moore

Monday 12 March 2018

Ms Lucy Garnier
Executive Director Local Government
Independent Pricing and Regulatory Tribunal
PO BOX K35
Haymarket, NSW, 1240
localgovernment@ipart.nsw.gov.au

RE: RANDWICK COUNCIL SPECIAL RATE VARIATION

Dear Ms Garnier

I write to the Independent Pricing and Regulatory Tribunal (IPART) to oppose Randwick City Council's special rate variation.

I seek that the tribunal reject Randwick City Council's Special Rate Variation as excessive. Randwick Council needs to be refused its application to allow for a review and if necessary a resetting of its priorities to fit within its budget without the need for excessive rate increases.

The argument provided is circular in that Randwick City Council is identifying a range of projects requiring funding excess to recurrent funding to then justify additional rates. There would appear an insatiable appetite Randwick has for creating projects for its rate payers to fund.

The request to approve a further 19.85% over three years is excessive and should be rejected.

My opposition is based on four substantive arguments:

1. Council's shift from "Balanced Budgeting" to "Borrowing"
2. Previous Special Rate Variation Program Incomplete
3. Insufficient community consultation
4. Recent Local Council Elections

1. "Surplus" to "Debt"

The Council has rightly promoted its sound financial management over the past decade. Randwick Council has proudly advocated the importance it places on delivering and maintaining balanced budgets. The public position has been Randwick is debt free and has consistently repeated and reinforced this position with its rate payers. These public statements made year after year by the Council sending an unequivocal message that the Council holds dear the importance of its debt free status.

Mayors regularly highlight the Council's financial strength and sustainability underpinned by balance budgets and modest surpluses. These views are regularly promoted by the Council in its dealings with the community. Mayors have consistently reinforced the message.

"Building on a foundation of financial sustainability, we continued working towards a sustainable future in transport, the environment, community buildings and community wellbeing."

Mayor of Randwick City, 2010 - 11 Annual Report

"Through the global financial crisis, at a time when other local government bodies were experiencing difficulties, we remained debt free as a result of sound fiscal management."

██████████ Mayor of Randwick City, 2011 - 12 Annual Report

"Randwick City Council remains debt-free, and delivered a record spend of \$31 million this financial year on capital works – roads, footpaths, parks, building upgrades and more – that directly benefit our community."

██████████ Mayor of Randwick City, 2012 - 13 Annual Report

"While remaining debt free, Randwick City Council has again delivered a record spend on capital works – roads, footpaths, parks, building upgrades and more – that directly benefit our community."

██████████ Mayor of Randwick City, 2014 - 15 Annual Report

"I was very pleased to hand down a budget which continued our tradition of being balanced, debt free and providing a record capital works spend."

██████████ Mayor of Randwick City, 2015 -16 Annual Report

Further, as recently as last September

"It's a point of pride for me that once again Randwick City Council released a financially strong operational plan and budget for the coming year, marking a decade of balanced budgets and significant infrastructure investment funded entirely without borrowings."

Mayor ██████████ MM25/17 End of Term Report, 26 September 2017

And even more recently the State of the City 2017

"Our Council remains financially strong, which means we are able to constantly reinvest in Randwick to make it a safe, vibrant and prosperous City."

██████████ Mayor of Randwick City, State of the City 2017

"Financial sustainability is at the core of good governance and Randwick is financially sustainable. Through a programmed and disciplined approach to financial management, the Council continues to generate operating surpluses and record capital expenditure levels."

- *Operating surplus ratio of 1.27.*
- *2.84 per cent of rates revenue outstanding at year end.*
- *101 per cent of target employee leave entitlements reserve actually held in reserve.*

All of our medium-term plans have ten-year financial plans behind them. This gives our employees and our community the stability of knowing when each action is going to be funded."

Responsible Management, page 13, State of the City 2017

Shifting the Council from balanced budgets delivering modest surpluses to borrowing to make ends meet is a significant change to the established and publically promoted position. Council has not prosecuted this change with the community. The extensive promotion that has set a clear expectation with rate payers cannot be dismissed over a summer holiday.

2. Randwick City's Buildings For Our Community Program Incomplete

The previously applied for special rate variation, 2013, to underpin Randwick Council's "Building For Our Community" program whilst somewhat progressed is incomplete with a number of outstanding projects at various stages of implementation. This would indicate that the issue facing the Council is one of prioritising its budget delivery program. Increasing the number and scope of potential projects is not sufficient justification, particularly whilst a previous program is in implementation, to increase rates.

Council should be providing alternative approaches where projects are properly prioritised within current funding capabilities and without the need to continue excessive rate increases.

3. Christmas Community Consultation

The proposal to apply for a special rate variation was first raised publicly at Council in November 2017. This late notification and the need to meet the submission deadline resulted in the community consultation commencing just before Christmas and closing just after Australia Day, being the traditional summer holiday. Proposing a change from surplus to debt with a quite significant and permanent rate increase warrants Council to have made more extensive communications at a more appropriate time.

The unfortunate timing has not allowed for the case for the proposed rate increase and shift to borrow to be properly and adequately made in the community.

4. Recent Local Council Elections

Randwick City Council held elections for Ward Councillors in September 2017. An election is the ideal consultation and a mandate for the Councillors to pursue their agendas. None of the candidates promoted the need or their intention to seek extraordinary rates increase. Yet within two months the Council endorsed a community consultation and at the first opportunity in February approved the application be submitted.

It is unfortunate to seek IPART to hold elected Councillors accountable to their electorates.

Randwick City Council is becoming an habitual applicant for Special Rate Variations.

"Randwick City Council is currently in a financially sustainable position, due largely to the fact that its financial planning and management over the past decade has been prudent and responsible. Over the past decade Council has basically been able to set its own rate peg, having operated under a special variation for eight of the last 10 financial years."

Special Variation Application Form – Part B IPART, page 9.

The increases over the period from 2010 through to 2017 should be more than sufficient to sustain the Council's programs without the need for further excessive rates request. The time has come for the Council, with its strong financial management, to build and deliver budgets it can afford. Constructing ambitious programs without adequate budgets to then rely upon IPART to approve excessive funding increases is not reasonable, fair or sustainable for the rate payers.

Thank you for your consideration for the matters raised.

Yours Sincerely


Greg Moore