

Coffs Harbour City Council
Application to IPART for Special Rate Variation
Objection to Approval of Special Rate Variation

My request that IPART refuses the application as above is based on the following –

1. Highly biased information to ratepayers

Coffs Harbour City Council (CHCC), in an information booklet *Funding our Future* sent to ratepayers in the CHCC LGA, proposed rate increases of 8.14% in 2015/2016 and a further 7.75% 2016/2017. The information booklet purported to be public consultation. However, the booklet was so biased in its language and presentation that it must be considered invalid as even-handed discussion of the alternatives, being no more than Council propaganda. As presented, **Option A** - rate increase limited to rate pegging only – used the danger colour red throughout and language that threatened unacceptable outcomes, **Option B** used safe colour black and promised better outcomes.

2. Rejection by Council of results of public consultation survey

Notwithstanding the highly biased information booklet, the public consultation survey showed that, overwhelmingly, ratepayers rejected the CHCC's proposal for rate increases. However, CHCC has dismissed the public consultation survey results. This dismissal of ratepayer wishes was apparently based on the premise that the survey respondents were "self-selecting". Of course they were - how could it possibly be otherwise unless the voting on the survey was compulsory? CHCC has therefore proceeded with an application to IPART for a special rate variation. It seems clear that CHCC, having spent ratepayer's money to carry out a public consultation survey, had no intention of abiding by ratepayer wishes. The action by CHCC effectively treats IPART with contempt.

3. Sponsorships by CHCC

4. CHCC has, over several years, sponsored organisations such as Rally Australia and football clubs. These organisations are commercial, profit-driven entities and CHCC is using ratepayer money to further their interests and profits. Further, payments are made in secret; any request for details of the amounts paid in sponsorships are refused on the grounds of confidentiality. Council has sponsored Rally Australia over several years for the Australian leg of the World Rally Championship and, in 2015, will also sponsor one leg of the Australian Off-Road Championship. While there is no doubt that some businesses benefit from these events (mostly these are not locally owned so that the benefit does not return to the CHCC LGA), there is no quantifiable benefit to the CHCC ratepayers. It should also be noted that the football clubs sponsored are not local clubs but Sydney clubs whose only local activities are occasional training camps. The amount of sponsorship money paid is unknown since, as noted above, CHCC refuses to disclose this, but I have heard, but am unable to confirm, the sponsorship cost for Rally Australia in 2014 was \$240,000. Any sponsorship paid to external, commercial organisations is untenable, given that

CHCC claims to be so short of funds for the maintenance of basic services and facilities that it has to seek a special rate variation.

5. Public consultation survey did not include the whole community

The public consultation survey booklet was circulated to ratepayers but ignored those members of the community who are not direct ratepayers but who are, nonetheless, affected by rate increases through, for example, higher rents. In general terms but certainly not exclusively, these people constitute the less-well-off section of the community and are less likely to support rate increases. It is noted that Coffs Harbour is in the lower half of the socio-economic spectrum where rate increases, directly or through higher rents, will have a greater economic impact.

6. Inequitable treatment of ratepayers

After lodgement of its application to IPART for a SRV, CHCC's General Manager, Steve McGrath, sent an e-mail to all respondents to the community survey which included the following paragraph -

However, Council has listened to community concerns over the affordability of the proposed rate rises. As a result, Council is to freeze water and sewer access charges for three years to ensure that any increase in annual bills in that time is kept to no more than 3.9% for the average urban ratepayer. Fees for onsite septic sewer systems inspections are also to be adjusted so that rural property ratepayers will receive a similar benefit.

(Sounds like robbing Peter to pay Paul.)

(Note that the red highlight in the above quote is mine.)

This statement by a man in the position of General Manager of CHCC is so inaccurate that it must be considered, at best, extremely careless. It also creates inequalities between the treatments of urban and rural ratepayers.

For the average residential ratepayer, the rateable value of his/her property is \$183700 and general rate comprises 31% of the total annual rate bill (2014/15). The reduction of one component - the services component (water, sewerage, waste and stormwater) - of the annual rates bill still leaves ordinary rate rises of 8.14% and 7.75 % in 2015/2016 and 2016/2017 and these rises carry on indefinitely into the future with rate pegging applied. Apparently, affordability is a transient thing. Comparable ordinary rate rises are, rate pegging cf special rate variation - \$24.14 cf \$81.89 for 2015/16 and \$22.05 cf \$84.30 for 2016/17.

For the average rural ratepayer, the rateable value of his/her property is \$405500. Almost all of this (96%, the remainder being for environmental and on-site sewerage) is subject to ordinary general rates since the services of water supply, sewerage, waste collection and stormwater control are not provided. Increases in the ordinary rate as requested in Council's IPART submission would be \$148.34 and \$169.37 in 2015/16 and 2016/17 respectively. However, rural ratepayers are **receive a similar benefit** also by freezing the on-site septic sewer systems inspection fee. For almost all rural ratepayers, this annual fee is \$31.00. Freezing this fee, which otherwise would have risen by 1%, will give a relief to rural ratepayers of **\$0.31** annually to offset rises of \$148.34 and \$169.37. Surely this is deliberate deception by CHCC!

7. Council must live within its means

CHCC, as with individuals and commercial enterprises, must live within its financial limits by proper budgeting and management. CHCC seems to believe that 'budgeting and management control' is synonymous with 'make another application to IPART for a special rate variation'. Special rate variations should be for special or exceptional and unforeseeable circumstances and application for an SRV in the absence of exceptional circumstances is, I believe, evidence of poor budgeting and inadequate management. I submit that IPART should not allow SRVs to be an escape route from proper budget and management processes.

8. Mooted further rate increases

CHCC has proposed new cultural facilities for the city, performance space, library and art gallery requiring an increase in the general rate of 18.42%. Again, public engagement by way of a survey of public opinion has been carried out. While many would like to have new such facilities in our city, overwhelmingly the community has voted "NO" in respect to its willingness to accept increased rates to pay for the facilities. Again, CHCC has binned the results of the survey and resolved, at its meeting on 18 December 2014, to proceed with further investigations. Again, CHCC shows its contempt for the process of public consultation and for its ratepayers.

Given all of the above, I petition that IPART rejects in total the application by Coffs Harbour City Council for a special rate variation, allowing a rate increase only in accordance with rate pegging as approved by the New South Wales State Government.