

SUBMISSION TO IPART

With Regard To

CLARENCE COUNCILS 26% SRV RATES RISE APPLICATION

This submission uses the following Headings:

LOCAL PEOPLES CAPACITY TO PAY: Page 2

Increased Median Household Income: Page 2

Outstanding Rates: Page 4

Rents and Mortgage Costs: Page 5

Caps on Water and Sewer Charges: Page 7

Petition Signed by Over 5,400 Local People to IPART: Page 9

Australian Council of Social Services (ACOSS): Page 11

Councils Rates Hardship Policy: Page 12

COMMUNITY CONSULTATION: Page 16

Council Material Distributed to the Public: Page 22

Councils Community Meetings: Page 29

FTE REDUCTIONS: Page 30

Service Cuts and Increases in User Fees and Charges: Page 35

LOANS: Page 36

RATE PEG CHANGES from 2.5% to 2.3% for FY 2018/19: Page 37

Local Peoples Capacity To Pay:

Increased Median Household Income

Councils Application for a 26% SRV Rates Rise Includes Claims:

That the Local Community have an Increased Capacity to Pay.

Page 60 of Councils SRV Application (Attachment B) claims:

“Recent ABS census data also indicates an increased capacity to pay an SRV for Clarence Valley Council ratepayers with Clarence Valley Council Local Government Area Median Weekly Household Income increasing by 18.5% from \$768 in 2011 to \$910 in 2016.”

An increase of 18.5% does sound impressive.

One of the difficulties with comparing the value of money over time is the effects of inflation.

The Reserve Bank of Australia’s (RBA) Inflation Calculator helps make such comparisons meaningful.

Using the RBA Calculator to adjust for Inflation that impressive 18.5% Increase reduces to 9.85%, across those 5 years, which is a bit Less than 2% Real Increase Per Year Above Historically Low Inflation Rates.

A better idea of the Real Value of the Median Household Income in the Clarence can be gained by comparing the ABS Census Data for the Clarence with the same Data, over the same time period, with the rest of NSW.

Using that approach, Household Median Incomes in the Clarence have fallen Further Behind the NSW Average Median Household Incomes in that time frame.

From 2011 to 2016:

Clarence Valley Median Household Incomes Increased by 18.5%.

For the State of NSW, the Increase was 20.13%.

On each and every Index used by the ABS Census Reporting of Median Incomes

The Clarence is Significantly Behind the Rest of NSW.

Using 2016 Census Data as an example:

**Household Median Income was
\$910 In the Clarence And \$1,486 for NSW**

**Family Median Income was
\$1,133 in the Clarence and \$1,780 for NSW**

**Personal Median Income was
\$477 in the Clarence and \$664 for NSW.**

**Council's Claim that Local People have the capacity to pay a 26% Rates Rise is
Not supported by resort to an (actual/Not adjusted for Inflation) 18.5%
Increase over 5 years.**

**The Widening Gap between the Rest of NSW and the Clarence, when
calculated as a percentage difference based on Median Household Income
for the Clarence and the Median Household Income for NSW, is a Massive
63.3%.**

**If changes in Median Household Income are to serve as a basis for the
calculation of Residential Rates, then the evidence favours a Rates Decrease.**

OUTSTANDING RATES:

Searching for further support of Local Peoples Capacity to Pay a 26% SRV Rates Rise,

Councils Application refers, in multiple locations, to Councils Rates and Annual Charges Outstanding.

The following claim on Page 75 of Council's Application (Attachment B) being one example:

"Council's outstanding rates and annual charges ratio displays shows a downward trend in Council's General Fund Rates and Annual Charges Outstanding Percentage between 2011/12 and 2016/17 (which at 6.74% in 2016/17 is below the OLG's 10% benchmark for Regional and Rural Council's)"

The downward trend (7.2% to 6.74%) Council refers to is mild at best and statistically insignificant.

What Council do Not mention is that the Office of Local Government (OLG) Benchmarks for Outstanding Rates has a NSW State Average of 6.25%.

The Outstanding Rates Percentage in the Clarence is clearly Above that NSW Average.

The Office of Local Government sets Two Benchmarks for Outstanding Rates:

A metropolitan benchmark of Less than 5% And

A rural benchmark of Less than 10%.

Clarence Council has already exceeded the Metropolitan Benchmark and the NSW Average

And are well on their way to the Rural Limit of 10%.

Any Rates Increases, in excess of the Rate Peg, are likely to Increase the Number of Local People unable to Pay their Council Rates on time.

**Page 13 of the OLG Your Council 2015 Report
Profile and Performance of the NSW Local Government Sector**

Has the Benchmarks referred to above.

olg.nsw.gov.au/sites/default/files/Whole%20of%20State%20Report%20-%20June%202015.pdf

For Clarence Council to attempt to use this already high number, as evidence of Local Peoples Capacity to Pay 26% SRV Rates Rises is disturbing and reflects a Council out of touch with Local People.

COUNCILS CLAIMS wrt RENTS AND MORTGAGE COSTS:

Page 75 of Councils SRV Application (Attachment B) claims:

“• Median weekly mortgage repayments for the rent for the Clarence Valley Council LGA (per ABS 2016 Census) are \$300 which is lower than NSW median (\$458).

• The median weekly rent for the Clarence Valley Council LGA (per ABS 2016 Census) is \$255, which is lower than the NSW median (\$380).”

Perhaps Council is unaware that payment of Local Mortgages does Not result in ownership of Million Dollar Assets as it does in the Capital Cities

Or maybe Council didn't notice the ABS inclusion of the Median Rents and Mortgages for Australia, which are shown in the Next Column to NSW.

For both Rents and Mortgages, the Median Results for Australia are approximately \$50 Per Week Less than NSW where Sydney's rapidly rising property market has distorted the market.

Once again, Council are trying to use figures without reference to their actual impacts on Peoples Quality of Life.

While it is true that both Mortgage and Rent Payments are lower in the Clarence than NSW,

To have any meaning, those figures need to be compared with Peoples Incomes, etc.

The ABS attempts to do so, for both Rents and Mortgage Median Payments, and displays the results in comparative terms with Income as a percentage.

For Council to have made NO reference to those ABS comparisons, which are on the same ABS Table, is misleading at best.

To quote from the ABS 2016 Data:

RENTS:

Households where rent payments are less than 30% of household income:

Clarence Valley = 88.3% NSW = 87.1% Australia = 88.5%

Households with rent payments greater than or equal to 30% of household income:

Clarence Valley = 11.7% NSW = 12.9% Australia = 11.5%

MORTGAGES:

Households where mortgage repayments are less than 30% of household income:

Clarence Valley = 94.6% NSW = 92.6% Australia = 92.8%

Households with mortgage repayments greater than or equal to 30% of household income:

Clarence Valley = 5.4% NSW = 7.4% Australia = 7.2%

As evidenced, once income is factored into the equation, the Council claimed evidence of an Increased Capacity to Pay a 26% SRV Disappears.

The Household Income Table, for the 2016 Census, portrays the stark realities of Local Peoples Income in the Clarence.

That Table Shows:

LESS than \$650 gross weekly income:

Clarence Valley = 30.6% NSW = 19.7% Australia 20%

MORE than \$3000 gross weekly income:

Clarence Valley = 5.2% NSW = 18.7% Australia = 16.4%

The ABS Data is overwhelming and clear:

Local People Living in the Clarence Do Not Have Capacity to Pay a 26% SRV Rates Rise.

COUNCILS CAPS ON WATER and SEWER CHARGES:

Page 81 of Council's Application (Attachment B) claims:

"This information has been considered in terms of addressing the affordability aspect when developing the 2018/19 rating structure.

Along those lines, to minimise the impact on the Total Rates Bill for ratepayers Water and Sewer charges increases are capped to a maximum of 1.5% per year for five (5) years from 2016/17 to 2020/21, and CPI from 2021/22 onwards.

This option demonstrates Council is listening and responding to the community regarding affordability concerns while staying focused on the objective of General Fund Financial Sustainability and General Fund Asset Sustainability."

The decision to cap Water and Sewer Charges at 1.5% per year, starting 2016/17, followed Many Years of Very Significant Yearly Increases.

For example: the endorsed report to the

June 2015 Ordinary Meeting of Council (Item 12.020/15 Attachment E)

Stated:

“Water charges have been indexed by 6.5% up until 2015/16 and then by 2.5% from 2016/17 through to 2024/25.

Sewer charges have been indexed by 8.9% for 2015/16 and then by 2.5% from 2016/17 through to 2024/25.”

Such Large Annual Increases in Water and Sewer Charges have been commonplace for Clarence Council.

Council’s most recent claim of a 1.5% Annual Cap on Water and Sewer Charges is Not enforceable.

In March of 2017, Councils Water Cycle Manager’s Report to Council’s Ordinary Meeting made the following comment on the 1.5% Cap:

“This resolution resulted in a real decrease in sewer fund income in 2016/17 as the increase in charges was below inflation, and will result in a further real decrease in sewer fund income in 2017/18.”

The Council Report recommends further examination of that 1.5% cap and concludes with:

“Legal and Risk Management:

Even with the proposed deferral of capital works as outlined in this report, the predicted minimum cash and reserves in the Sewer Fund as at 30 June 2017 will be \$1.889 million, which is lower than the \$2 million minimum which has been the limit used in previous sewer fund modelling noted by Council in July 2012 (Report 13.125/12) and June 2014 (Report 13.122/14).

Having less than the minimum sewer fund balance results in a financial risk if a significant unbudgeted expense occurs.”

It is clear that upward pressure on the 1.5% Cap is already occurring and this is the 1st Year of that cap.

Unenforceable promises as part of an application to take more money from some of the poorest people in Australia should not be considered as supporting evidence.”

PETITION SIGNED BY OVER 5,400 LOCAL PEOPLE TO IPART:

I was recently given the opportunity of reading the covering letter for a Petition which was signed by of over 5,400 People to indicate that Local People Do Not Have the Capacity to Pay Councils 26% SRV Rates Rise.

That Letter was meant to Show People Working for IPART what actual living conditions in the Clarence were like for many Local People.

We already know the challenges we face, we don't need Tables and Graphs from the Australian Bureau of Statistics to tell us what we face every day But IPART does and I hope the ABS Statistics are closely examined.

To quote from that Letter:

“According to the Australian Bureau of Statistics (ABS), the Clarence has:

Population growth ranging from negative to slow depending upon the area or town,

Progressive Increases in the Median Age which is currently 49 years,

Over a quarter of the Population is aged over 65,

Educational Attainments significantly lower than NSW Averages,

Lower average incomes and higher dependence on welfare when compared to Australia and NSW,

And

A (very) low SEIFA score (particularly evident in Grafton).

Our young people continue to leave in search of employment, higher incomes, and careers.

Of those who stay, employment in the growing aged care and support sectors is significantly above the NSW Average.

The ABS lists the following as being ‘Top Responses’ on Census Night 2016:

“Aged Care Residential Services = 711 People 4.1% NSW = 2%

Hospitals (except Psychiatric) = 606 People 3.5% NSW 3.5%

LOCAL GOVERNMENT Administration = 486 People 2.8% NSW 1.3%

Supermarket and Grocery Stores = 482 People 2.8% NSW 2.2%

Other Social Assistance Services = 462 People 2.6% NSW 1.6%.”

That’s Twice the NSW Average for Aged Care,

More than Twice the NSW Average employed by Council,

And significantly Higher Employment rates in Other Social Assistance.

But, We already knew that we were living in God’s Waiting Room

And Clarence Council are massively over staffed

We know that the Median Age for Iluka is 62 Years and Rising,

We know that nearly 1 in 5 Local People exist on the Age Pension,

In 2011 in the Clarence LGA:

8,210 People were in receipt of Centrelink Age Pensions.

By 2016: That number had grown to 9,577 People.

That’s an Increase of 1,367 People dependent on the Aged Care Pension

During the same time period that the Clarence LGA increased by only 1,006 People.

We know the Median Weekly Household Income for People Aged Over 15 years on Census Night was \$910 in the Clarence and \$1,486 for NSW

We know the same 2016 Census shows Average People per Household in the Clarence is 2.3

We even know that Our chances of Dying from Preventable Causes is much higher than for the rest of NSW.

We have a youth suicide rate that has been reported Internationally,

And a Hospitalisation Rate for Self-Harm that is Twice the National Average.

We know we live in an Area with High rates of Domestic Violence and High Crime Rates.

We know that the most recent Data shows Unemployment in the Clarence is

Above the Australian Average, the NSW Average and Rural NSW Average

And Growing at a time when State Infrastructure Development is at an all-time high from Coffs Harbour to Ballina.

We know all that: We Live Here.”

THE AUSTRALIAN COUNCIL OF SOCIAL SERVICES (ACOSS)

Sets the Poverty Line at 50% of Median Income.

From Page 7 of the 2016 ACOSS Report: Poverty in Australia:

“Executive Summary

In 2014, the 50% of median income poverty line for a single adult was \$426.30 a week.”

[.acoss.org.au/wp-content/uploads/2016/10/Poverty-in-Australia-2016.pdf](https://www.acoss.org.au/wp-content/uploads/2016/10/Poverty-in-Australia-2016.pdf)

The Reserve Bank of Australia (RBA) Inflation Calculator adjusts those 2014 Figures for Inflation.

[.rba.gov.au/calculator/annualDecimal.html](https://www.rba.gov.au/calculator/annualDecimal.html)

According to the RBA:

The 2016 Equivalents are:

Weekly Income for a Single Adult = \$438.26 Per Week

The Australian Bureau of Statistics Results for the 2016 Census shows

Personal Weekly Income for Adults in the Clarence was \$477.

A whole \$38 and 74 Cents above the Poverty Line for the Median Single Adult in the Clarence

And well below the Median Weekly Income for NSW and Australia with \$664 and \$662.

So many Local People exist on Incomes of Less than \$25,000pa.

Many exist on Pensions or other forms of government support payments.

Does IPART really think those People can afford a 26% Rates Rise?

Clarence Councils 'Solution' is Councils Rates Hardship Policy.

COUNCILS RATES HARDSHIP POLICY

This Policy Is One of Councils Main Arguments for claiming that

People in the Clarence Valley can afford to Pay More Rates.

Council mentions Councils Rates Hardship Policy about a Dozen Times in their Primary Application to IPART for a 26% SRV Rates Rise.

There are also claims (Page 82):

"For the 2016/17 year, which is the only financial year to which the previously approved Section 508(2) SRV applied, Council received NO Rates Hardship Application Forms."

Why would People living in such a poor area Not access Councils Policy?

Council would like IPART to believe that Local People are ALL so incredibly wealthy there is NO need for anyone to access Councils Hardship Policy.

I've had a look at Councils Policy and suggest other reasons.

One is the almost total lack of Public Awareness of the Hardship Policy

And the other is the Policy itself and what People have to do to access it.

FROM COUNCILS HARDSHIP POLICY:

WHAT CAN RATE PAYERS GET FROM COUNCILS POLICY?

“Periodical Payment Arrangements”

That means paying the debt off over a longer time period.

Page 2:

“Assistance by writing off accrued interest and costs”

Means removing Councils financial Penalties for Late Payments.

“Extend pensioner concession to avoid hardship”

Means extending the Pensioner Concession to other residents on the same Property.

“General Revaluation of the Local Government Area”

Means that after a New Valuation,

Council May reduce or remove the Extra Rates

For the 1st Year of the New Valuation.

HOW DO RATE PAYERS ACCESS COUNCILS POLICY?

Page 1:

“The General Manager has the delegated authority to assess applications due to hardship and payment arrangement plans from any customer after

receiving a written request and in cases of genuine hardship each case is to be referred to Council for consideration in accordance with Council's adopted policy."

In writing and referred to a Full Council After Council Staff.

Would any of the People reading this willingly submit to that humiliation in a small rural town?

"Application for Hardship must be received in writing on the approved Hardship Rate Relief Application Form.

Council may also request the ratepayer attend an interview to assist Council in the understanding of the issues causing hardship."

I'm told the 'interview' is conducted by Counter Staff.

Page 2:

"In cases of genuine hardship EACH CASE is to be referred to Council for consideration in accordance with Councils adopted policy."

In case, someone missed the 1st reference to

The Full Council making the decision

And the possibility of this occurring in front of Council Staff, the Public, and/or appearing in the Minutes and/or Business Paper.

Page 3:

"The application for hardship must be accompanied with supporting documentation which may include but is Not limited to:

- *Reasons why the person was unable to pay the rates and charges when they became due and payable

- *Copy of recent bank statements for all accounts

- *Details of income and expenditure

- *Letter from a recognised financial counsellor or financial planner confirming financial hardship."

Involvement of still more strangers such as financial counsellors and planners

Plus: Lots of Paperwork regarding personal finances.

From Councils

APPROVED HARDSHIP POLICY APPLICATION FORM:

15 Personal Questions some of which have 7 Sub Questions wrt Personal Relationships, Finances, Account Details, Name of Children and their Ages, Health Costs, Personal Loans, Hire Purchase, etc.

There is also a Requirement Allowing Council Permanent (until revoked in Writing to Council) Access to Centrelink Details regarding the applicant.

And just to ensure Local People know their place in the Clarence Order:

The following reminder in Bold type just above the signature line:

“If you make a false statement in an application you may be guilty of an offence and fined up to \$2,200.”

I have spoken with a Social Worker in the Clarence who accompanied one of their clients to the ‘interview’ with Councils Front Desk staff.

In the Public Foyer of the Council Building, in full view of everyone present, in an environment where Clarence Council Has Video and Audio Equipment to Record ALL words and movements:

The client was so humiliated; she left the building in tears and did Not complete the Application Form.

Apparently, Council believes that Person is now wealthy enough to afford a 26% Rates Rise.

COMMUNITY CONSULTATION:

Councils Application to IPART includes Councils Claims of Consulting With, and Listening To, the Community.

The following actually happened:

6 of the current 9 Councillors campaigned on a NO SRV Platform at the Council Elections in September of 2016.

Of the remaining 3:

Two campaigned outside the pre poll booths at Grafton telling Voters they were “strongly opposed to Rate Rises”.

The Only Councillor who didn’t mention their opposition to SRV Rates Rises was on holidays in the U.S. during the election campaign.

On the 4th of April 2017, a team from the Office of Local Government and [REDACTED] (a former Council Administrator for Two Councils) flew up to Grafton to discuss the Fit for the Future Failings of Clarence Council with Councils Senior Staff and Councillors.

Within a week of the Meeting, Councillor [REDACTED] had posted on Social Media that:

“All the Councillors are unanimous in where we are going and what must be done to achieve a balanced budget.”

“CVC has been told by the OLG to lift its game so that we are in a financial position for our future.

If we don't they will send in an Administrator who will do an absolute slash and burn."

After Councils Ordinary Meeting on the 18th of April 2017, Councillors Voted to Pass a Motion to:

"Council incorporate the proposal for a Special Rate Variation (SRV) of 8% per year for three (3) years (including the estimated rate peg 2%) commencing 2018/19 to 2020/21 (with the cumulative increase of 25.9% to be retained permanently in Council's rate base) in Council's Integrated Planning and Reporting documents which are to be adopted for community consultation at the May 2017 Council meeting."

Another Councillor at Aprils Ordinary Meeting also commented that Councillors had been told that unless there was an SRV, there would be an Administrator appointed.

While OLG Staff who attended the Meeting in early April have given verbal confirmation of some of these claims by Councillors:

The Office of Local Government and the Minister for Local Government have Refused to provide that confirmation in writing.

Similar claims have been made, by other Councillors, after Councils Ordinary Meeting on the 18th of April 2017.

To note that the SRV Proposal had a difficult birth is an understatement.

Some of the following events involve the [REDACTED] owned [REDACTED] [REDACTED]).

There are two papers in the Clarence Valley.

[REDACTED] and the Community Paper: [REDACTED].

Clarence Council spend over \$500,000 per year on Council advertising.

When it comes to Print Media:

█ gets the Lion's Share of Councils advertising.

█ is Councils Communications Coordinator and a Former █ Editor.

I'm Not asking IPART to investigate the 'closeness' or 'appropriateness' of the strong relationship between █ and Clarence Council:

I am just making you aware of that relationship.

On Wednesday the 21st of June 2017 at 8:15am

The Grafton Chamber of Commerce Held a Breakfast Meeting

With approximately 70 People present.

Mayor █ was one of the speakers at that Meeting.

The Mayor was asked the following question:

"Will Council take the Submissions received, with regard to the SRV, into Consideration when making their decision next Tuesday?"

The Mayor's Answer was "NO".

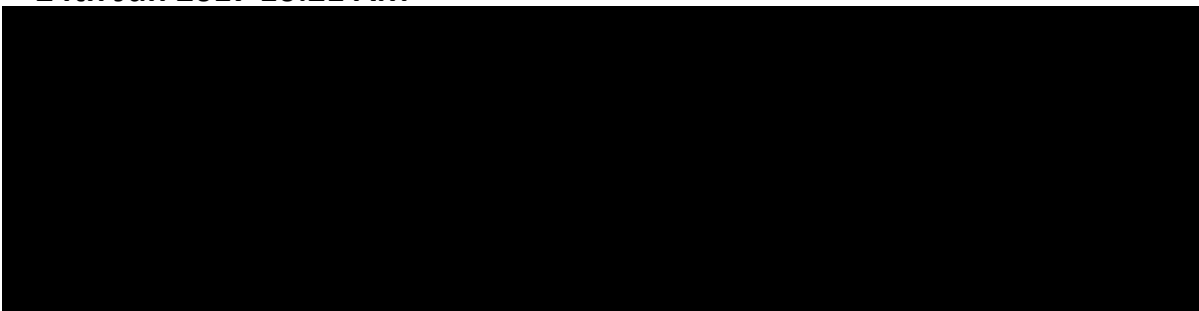
In a small country town like Grafton, news travels fast.

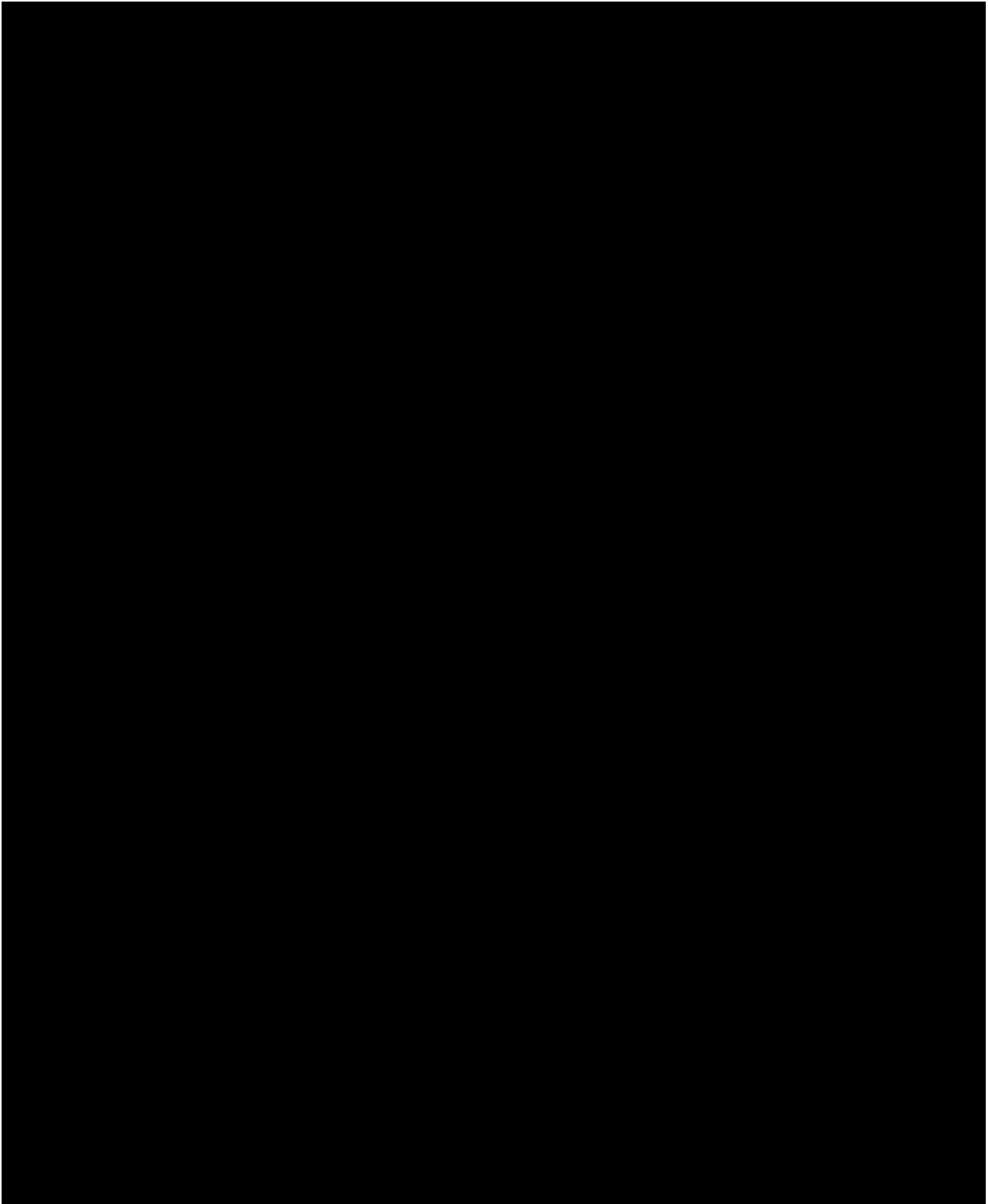
█ and Council went into Spin mode and published the following story on the 24th of June 2017.

"MAYOR CLARIFIES COUNCIL NOT LISTENING ON SRV COMMENT

█

24th Jun 2017 10:21 AM





Local People at the Chambers Breakfast Meeting have claimed that the Mayors answer had a very different intent and impact to the one described in [REDACTED] but by then:

It was obvious that NO Matter what the Community wanted, or what other options Council were presented with:

Councillors were applying for a 26% SRV.

By the way:

In an interview with The Clarence Forum (social media)

At 5:45pm on Friday the 23th of June 2017:

Mayor [REDACTED] claimed he did Not recall saying:

“We needed to do that (asking for Submissions) to tell IPART we had Public Consultation.”

People attending the Chambers Breakfast have different recollections.

With regard to the Mayor’s claims in the [REDACTED] story that:

“[REDACTED] said judging from the submissions on the SRV council received in the latest round of consultation, the community was divided on it.

"We had 67 submissions and they were divided about 50/50 for and against," he said."

Are what People in my generation would probably have called an outright Lie.

Council Received 71 Submissions directly referencing the SRV in June 2017.

Council Staff grouped them under a heading of “SRV”.

There was also a Submission from [REDACTED] Opposing the SRV (#19) which Council Staff Placed Under a Heading of ‘Other’.

Of those 71 or 72 Submissions directly referencing the SRV, only 4 appeared to be supportive of the SRV.

How the Mayor (an accountant) could appear to conclude that 4 was half of 72 is anyone’s guess.

The Mayors 'evenly divided' comment also ignored the 287 Signatures collected by Annie Dodd:

On a Petition to Council (on Councils Approved Petition Form with Names, Addresses, Telephone Numbers and/or E Mail Addresses, Signatures, Specification of the Principal Petitioner, etc. And All Correctly Completed) in Opposition to Councils Application for an SRV AND ALL collected in One Day.

I would like to note that in contravention to Councils Own Code of Meeting Practice:

Council did Not include Annie Dodd's Petition on the Council Business Paper and instead chose to bury those 287 Signatures in an Attachment which made a reference to that Petition.

A further petition to Council and an article in the Locally Owned Independent Newspaper resulted in having Annie Dodd's Petition mentioned on the Business Paper at Councils next Ordinary Meeting.

COUNCIL MATERIAL DISTRIBUTED TO THE PUBLIC:

In May of 2017, Councillors were giving out sheets claiming to explain the impacts of the 3 years of SRV Rates Rises.

Those sheets were approved by Councils General Manager, [REDACTED], and apparently prepared by Councillor [REDACTED].

That Technicolour Sheets, which were given out by the thousands, was OVER A 10 YEAR TIME TIMELINE!!!

The Final Column Heading in the Top Right Hand Corner of the Sheet States:

“10 Year” in (very) small type followed by “Average Per Year Increase” in (much) larger type.

That sheet served as the basis for 3 stories in [REDACTED] which told Local People that the average increase per year of the SRV would only be \$19 to \$50.

Emails of complaint to Council were (eventually) replied to and Council admitted that the [REDACTED] story was ‘wrong’ but then claimed there was nothing Council could do about it.

Discussions with [REDACTED] resulted in claims that Council had approved the Technicolour Sheets so, apart from one minor correction in one of the stories, [REDACTED] were Not prepared to publish an accurate version of what a 26% SRV would result in.

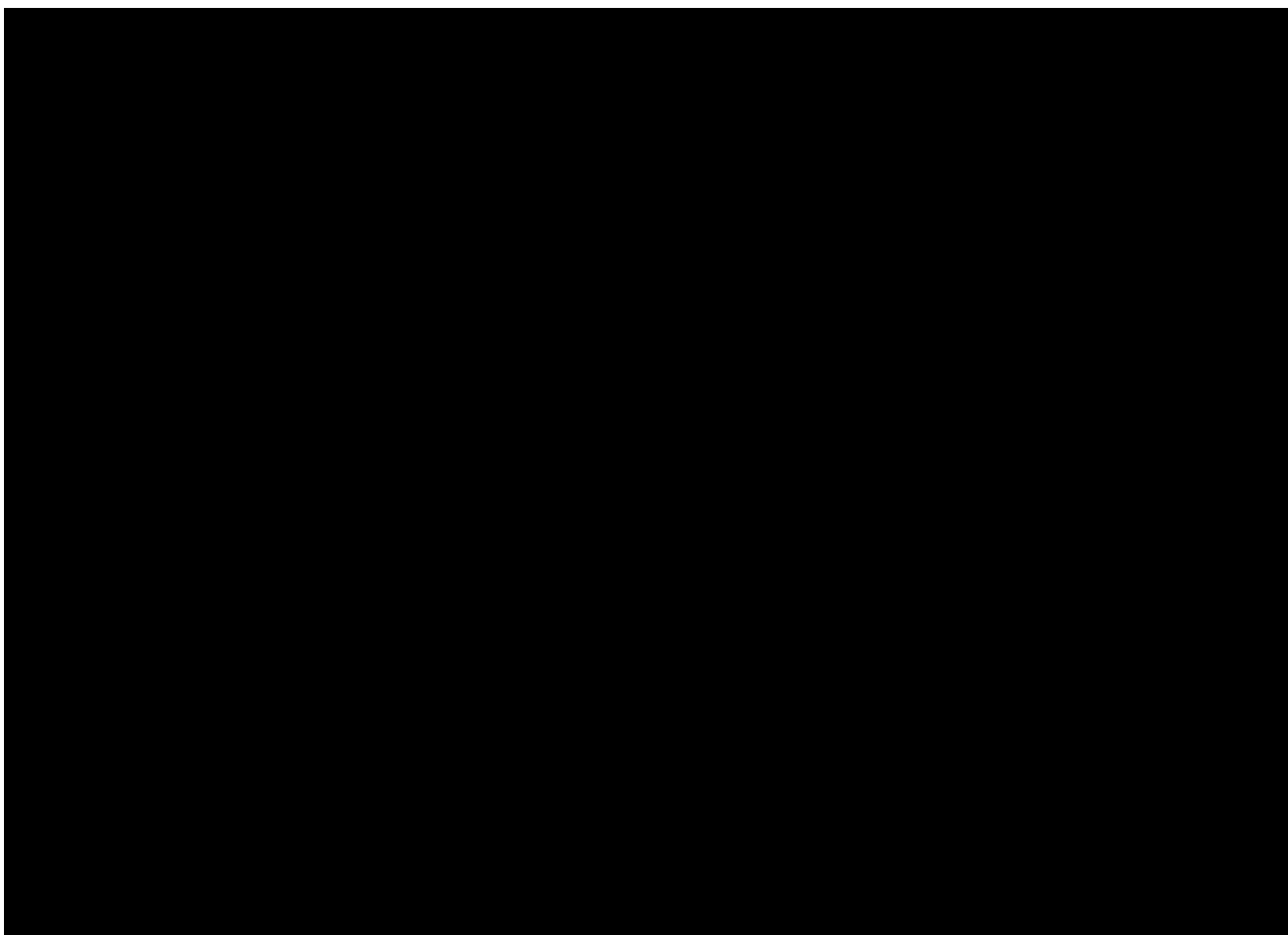
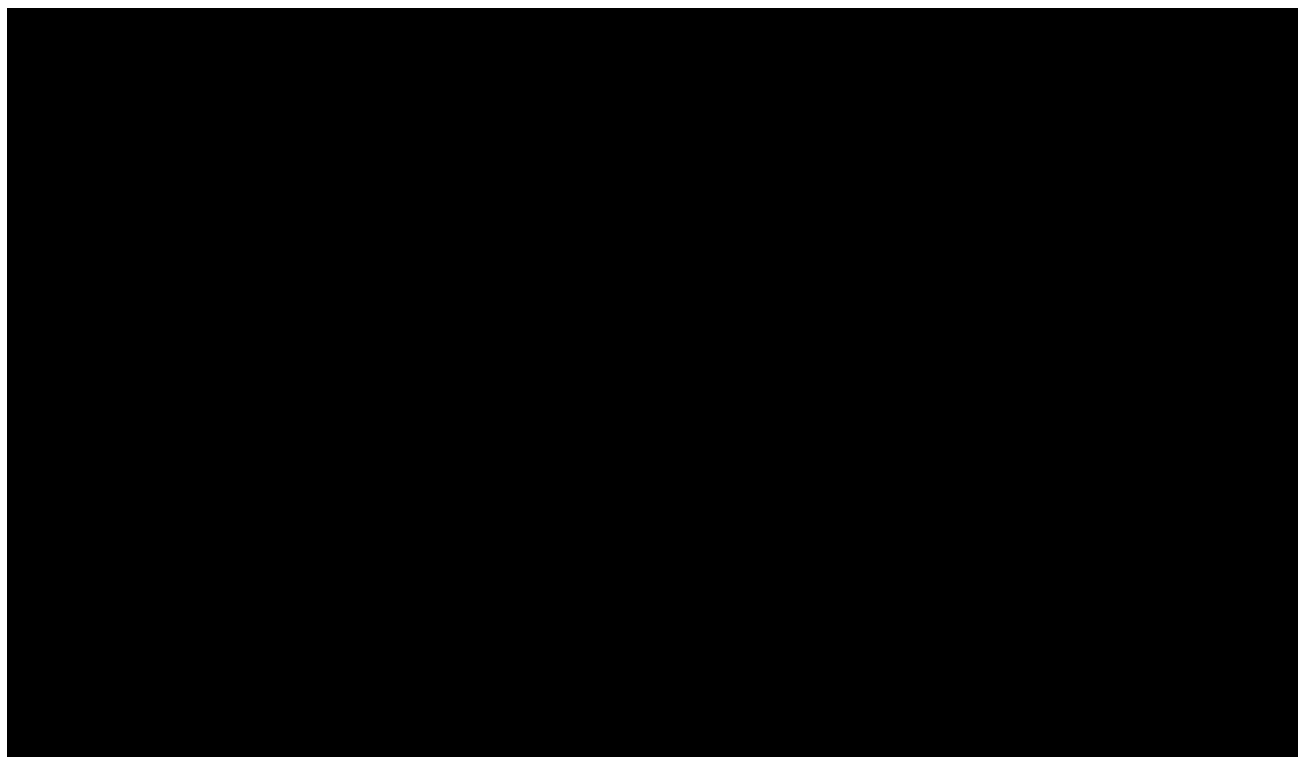
One of those [REDACTED] Stories was initially published on the 29th of May 2017 under the heading:

HOW MUCH DO YOU EXPECT YOUR COUNCIL RATES TO RISE?

[REDACTED]

I’ve chosen this particular story because it references one of the others and is the only one to show ‘the correction’ which is the asterisked addition of “in the residential categories” after the ridiculous claim that a 26% SRV would result in a \$19 to \$50 Per Year Increase.

This is the story that followed:



These nonsense claims were repeated in a [REDACTED] story headed:

RATEPAYERS HAPPY TO PAY ONCE FIGURES EXPLAINED

[REDACTED]

Which included the following claim:

[REDACTED]

[REDACTED] followed up with a Video claiming to 'Explain The Rate Rises'

Which was published on the 27th of November 2017.

The [REDACTED] Video was Approved By Councils Communications Coordinator,
[REDACTED] (the former [REDACTED] Editor) Prior to Publication.

On the 1st of December, I sent the following letter to Clarence Council and the [REDACTED]

"To

Clarence Valley Council
General Manager

[REDACTED]
[REDACTED]

[REDACTED]
General Manager

[REDACTED]
[REDACTED]

With regard to the [REDACTED] Video of [REDACTED] and [REDACTED] (both [REDACTED] Employees).

Which was Approved by Council Prior to Publication.

The Video is Titled '[REDACTED] Explains the SRV'.

The Video does Not accurately 'explain' Councils 26% SRV Proposal

But does serve to mislead People into believing the impact of a 26% Rates Rise would be significantly less than is actually the case.

As such, the Video appears to serve as advertising or marketing for Council.

The Video features [REDACTED] Journalist [REDACTED] and [REDACTED] Sales Representative [REDACTED]

BY WAY OF EXAMPLES FROM THE VIDEO:

[REDACTED] Claims:

“At the last Council Meeting the Councillors decided that

They would apply to IPART for a Special Rate Variation of 8% over 3 years.”

What Councillors actually decided on at Councils November Meeting was:

“Apply to Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of 8% (including the assumed rate peg of 2.5%) per year for three (3) years from 2018/19 to 2020/21 in accordance with Section 508(A) of the Local Government Act, which will remain permanently in Council’s rate base, being a total cumulative increase of 25.97% (inclusive of the assumed rate peg) over the 3 year term.”

At NO time in the [REDACTED] Video is there mention of the 25.97% (26%) SRV.

[REDACTED] video claim of “8% over 3 years” misleads People into believing the SRV is 18% below (26 minus 8) the Actual amount Councillors are applying for.

The small text screen at the bottom of the screen at that time states:

“8% per year over 3 years”

But the difference between the spoken and written words hinges on People noticing and comprehending the additional two, lower case, words “per year” in the text box.

A text box, which is only visible for 3 Seconds.

The Video Highlights [REDACTED]’s Rates.

What is Not mentioned is that [REDACTED]’s Rates, which are currently \$822 per year, are significantly below the Residential Average

And that Average Urban Residential Rates in the Valley are currently \$1,081 per year.

Average Rates are Not mentioned at all.

When [REDACTED] compares his expected Rate Peg and the SRV over the next 3 Financial Years

He states:

“The Difference between the 2 is about \$150,

So it’s Not a huge difference in what is going to happen anyway.”

That might be true for [REDACTED] but it obviously is Not True for most of the People living in the Clarence.

This difference in outcomes between [REDACTED]’s below average Rates and the majority of the People living in the Clarence is Not mentioned at Any point in the Video.

[REDACTED]’s Definition of Rates is Not accurate.

In the [REDACTED] Video, (at 1 minute 47 seconds) [REDACTED] refers to a picture of his Rates Notice with:

“So you can see from up the top here 2017/18, 19, 20, 21, etc.

You can see the different rate lines pulled out here:

Sewer, water, domestic waste charges, waste management

These are ALL the individual things that Council put into your Rates.”

This is Not true.

The Items Rob refers to are Charges that Council includes on their annual Rates Notice.

Inclusion on the Notice does Not turn those Charges into Rates any more than inclusion of Peoples shopping bills on their Rates Notice would turn those costs into Rates.

Towards the end of the Video, [REDACTED] asks [REDACTED]:

“When we get to the end of the 3 years, the Rate Peg will drop again.

Is that correct?”

[REDACTED] replies with:

“Yes, that’s right” and goes on to add;

“It will drop back to the Standard Rate Peg ...

It’s usually a Maximum of 2.5% but IPART can place it anywhere UNDERNEATH that.”

As far as I know there is No ‘Standard Rate Peg’

And the Rate Pegs history shows variations from 1.5% to 3.6% from Financial Year 2005/06 to Financial Year 2017/18.

[REDACTED]’s claims about the Rate Peg are clearly in error.

Finally, there is NO mention anywhere in the Video of Business Rates and the SRV.

According to Council:

The average Business Rates for Grafton and South CBD are currently \$4,619.46 per year.

26% Extra on top of that average will have a huge negative impact on Grafton and South.

Please:

Make a Public Apology for the errors in the [REDACTED] Video,

Remove the misleading and erroneous video as soon as possible

And replace it with an accurate explanation of Councils Proposed SRV

Featuring an employee who is currently paying Rates much closer to Councils Average.

Many thanks,

John Hagger"

Neither Council nor [REDACTED] replied to that mail.

Telephone conversations did reveal the following:

Councils Communications Coordinator was aware of some of the errors in the video but approved it anyway

And

A complaint to the Australian Press Council would likely fail as [REDACTED] had sought, and received, Approval from Council Prior to Publication.

COUNCILS COMMUNITY MEETINGS:

Council did hold Meetings with regard to a 26% SRV Application.

Council required that Local People 'Book' their attendance at many of those meetings.

Council presented pre-selected 'alternatives' to the existing 'Improvement Strategies' but did Not consider proposals outside of Councils pre-set alternatives.

The Council proposed alternatives were largely composed of services popular in the Community.

Attempts to suggest alternative proposals were met with derision from the Councillors present at the Meetings.

Some of those Community Meetings were 'heated' and People were demonstrably angry at having been promised one thing then provided with the opposite.

Council refused to form an ongoing 'Improvement' Committee with the Community to consider better ways of reducing expenditure.

FTE REDUCTIONS:

The Most Recent Office of Local Government Time Series Comparisons of NSW Councils for 2015/16 shows Clarence Council as 13th from the Overall Top Position and Absolute Number 1 for the Group 4 Councils Clarence Council likes to compare itself with.

Clarence Council has 550 Full Time Equivalent (FTE) Positions (which translates into approx. 600 actual staff).

The NSW Average FTE's for 2015/16 was 314.

How Clarence Council manages to exceed the State Average by 236 FTE's is Not known.

It is clear that the 60 FTE Positions allocated to Community Care only partially explains the difference.

The Number of Council FTE Positions per Person provides some insight.

The Average Number of Council Positions Per Person in NSW is a bit over 128.

Our Council generously provides Us (At Our Expense) with One Council FTE for every 93 Local People.

Councils Generous Provision of High Staff Numbers continues to Export Unemployment To the Rest of the Valley by forcing the rest of the Valley to Pay for Councils high staff numbers.

Council makes multiple mentions of a reduction of 27 Full Time Equivalent Positions

But seldom mentions that:

16 of those FTE Positions were already vacant and had been for years,

That the additional 5 FTE Positions, added from Councils Depot, were previously added back in October of 2016 following the Morrison Low Report to Council,

Council has also Added FTE Positions in the past 12 months.

Council has refused to make Public a breakdown of their FTE award classifications so the Community can see where most of the near \$40M per year in Employee Costs stems from.

By way of example with regard to Councils 'extra 5' FTE Reductions at Councils New Depot:

Page 16 of the AEC **February 2016** Report states:

"With 155 full-time equivalent (FTE) staff presently utilising the five existing depots, the anticipated saving of 6.5% equates to 10 FTE employee positions. With an estimated cost per FTE including all oncosts of \$870,000 per annum, this equates to an annual cost saving of \$800,000.

This cost saving does not necessarily equate to an immediate reduction in staff numbers and could be achieved via a mix of a reduced need to fill currently vacant positions, natural attrition and a reduced need to augment the workforce to service growth. For the purposes of the financial assessment, it is assumed that the annual cost saving will phase in over a three-year period."

From Page 10 of 17 of the Morrison and Low Report **October 2016**:

"Further improvement savings through the depot rationalisation above those in the AEC report.

Based on project experience savings generally in the order of 10-15% of staff costs located at the depot.

Say 12% - estimated additional saving based on 155 staff."

Page 1 of Councils Improvement Savings (Attachment N of 13.026/17)

Adopted **16th May 2017** (Council Resolution – 13.026/17)

"Depot –

Projected efficiency savings from AEC report of total FTE reduction of 10.

Savings have been updated per CM 13.001/17 Plus further improvement savings through the depot rationalisation above those in the AEC report based on project experience savings generally in the order of 10-15% of staff costs located at the depot.

Say 12% - estimated additional saving based on 155 staff."

Page 104 of Councils **current** SRV application to IPART:

“* Projected efficiency savings from AECgroup Depot Options Review Final Report (see Item 12.008/16 16 February 2016 Ordinary Council Meeting) of total FTE reduction of 10.

Savings have been updated per CM 13.001/17 (Fit for the Future Resolution Update) plus further improvement savings through the depot rationalisation above those in the AEC group report based on project experience savings generally in the order of 10-15% of staff costs located at the depot. Say 12% - estimated additional saving based on 155 staff.”

The ‘additional savings’ (of 5 Extra FTE Reductions) being claimed as part of Councils current SRV application to IPART, from Councils Super Depot, are the same 5 FTE Reductions Council endorsed back in 2016.

The most accurate answer to questions about Councils FTE’s from Council, arrived on the 9th of October 2017:

“Good morning John,

Just a point of clarification.

As discussed the redundancy numbers increased from 25 to 27.

The non-vacant redundancies also increased by 2 from 9 to 11 and the vacancies 16 as stated (total 27) – my apologies for not making this clear.

In relation to Q11 - I did receive one call after we spoke.

Answers below:

Q3: How Many of those FTE’s were from the Super Depot?

A: 5 positions – all of which are vacant

Q4: How Many of the 9 (non-vacant) FTE reductions were over the age of 55?

A: 55-59 4 staff

Q5: How Many of the 9 (non-vacant) FTE reductions were over the age of 60?

A: 60+ again, 4 staff

Q6: How were the redundancy packages calculated?

A: When they eventuate redundancies are calculated as per state award (see attached - CI 38/39).

Q8: How much Extra did Council collect from Water Bills in the 2016/17 Financial Year (compared to the previous year) and what is the predicted Increase for the current Financial Year? +

Q9:How much Extra did Council collect in User Fees and Charges in the 2016/17 Financial Year (compared to the previous year) and what is the predicted Increase for the current Financial Year?

	2017 (actual) \$'000	2016 (actual) \$'000	Difference \$'000
Water supply services (annual charge)	2,697	4,028	-1,331
Water supply services (user charges)	11,709	9,026	2,683
Total Water	14,406	13,054	1,352
User charges and fees (excluding Water bills)	21,935	20,479	-1,456

Water Charges will be indexed by 1.5% pa for 4 years from 2017/18 to 2020/21 and then by 2.5% p.a. from 2021/22 to 2026/27.

Generally, where permissible, the majority of Council's fees and charges have been increased by an estimated CPI amount of 2.5% .

Council has several hundred individual fees and charges – the document is available of Council's website.

Q10: Will Council provide a copy of the recent email from IPART to Council which is referenced in Councils Minutes and which refers to Councils current application for another SRV and Councils previous use of the wrong Rate Peg percentages?

A:

Extract from email from IPART Tuesday, 8 August 2017 9:43 AM

"Your IP&R documentation should include a 2.5% assumed rate peg, and these updated figures should form the basis of your community consultation."

Regards

[REDACTED]

[REDACTED]

Acting Director Corporate & Governance
Clarence Valley Council"

Pages 93 (actual) of Councils Application B, under Organisational Restructures states:

"In May 2016 Council's Community Services area was restructured where 3 Community Development Officers were abolished and Community Project Officer (CPO) positions introduced.

The new roles did not require degree qualifications and therefore realised savings to Council. The focus of the new roles was on community capacity building."

Councils claimed FTE Reductions at Community Meetings have Not included mention of FTE Increases of the type mentioned above.

Councils most recent Consolidated Income and Expenditure Reports shows Employee Costs at \$36M per year (after the FTE Reductions).

Council's massive workforce is Not sustainable and the applied for SRV will not come close to making it sustainable even if Local People could afford the increases.

SERVICE CUTS AND INCREASES IN USER FEES AND CHARGES:

Council have implemented increases to DA and associated costs which includes a 67% Increase in DMU charges.

Burial Fees have also increased significantly with many increases over 50%.

The cost of digging a hole (no headstone etc.) is now \$3,500.

Overall, Councils Draft 2017/18 Budget showed the following changes from the original 2016/17 Budget:

User Charges have increased by approximately \$4.7M from the previous year (\$10.5M to \$15.2M),

Statutory and Regulatory Charges have increased by approximately \$0.6M from the previous year (\$1.4M to \$2M),

And General User Fees have increased by approximately \$1.5M from the previous year (\$16.8M to \$18.3M).

Council appears to see the financial problems in terms of Revenue

Rather than Councils ongoing spending.

LOANS:

Council has told IPART there are No immediate plans for extra Loans.

Councils Minutes tell a different story.

At the Ordinary Council Meeting on the 16th of May 2017, the following two amendments were moved and lost.

Page 31:

“5. The CCRT is proposing to borrow \$13.09 million staged over the period 2018/19 – 2023/24 for the redevelopment of the CCRT Holiday Parks subject to further business feasibility studies.”

Page 32 of Councils May 2017 Ordinary Minutes:

“5. That the last paragraph of Page 29 and the first paragraph of page 30 of this report (For Council to meet the Office of Local Government Fit For the Future Operating Performance Ratio benchmark of greater than or equal to breakeven by 2020/21 Council will not be entering new borrowings for General Fund over the 10 years of the Draft 2017/18 General Fund Long Term Financial Plan unless borrowings are for income generating purposes (i.e. Caravan Parks).

Taking into account this requirement the Operational Plan proposes no new General Fund loans be raised to fund Council’s Capital Works program from 2017/18 to 2020/21 other than for the redevelopment of Caravan Parks.

General Fund is proposing to borrow \$13.09M staged over the period 2018/19 to 2023/24 for the redevelopment of the Clarence Coast Reserve Trust Caravan Parks.) be removed and that this matter come back before Council in a separate report from the CCRT.”

Page 36 of the Staff Report:

“Taking into account this requirement the Operational Plan proposes no new General Fund loans be raised to fund Council’s Capital Works program from 2017/18 to 2020/21 other than for the redevelopment of Caravan Parks.

General Fund is proposing to borrow \$13.09M staged over the period 2018/19 to 2023/24 for the redevelopment of the Clarence Coast Reserve Trust Caravan Parks.”

The adopted Motion contains No reference to Councils intentions of Borrowing a further \$13M+ but removing that reference has Not resulted in removal of the intention to borrow more.

Council have engaged in a number of projects that do Not have budgets to cover costs.

Jacaranda Regional Park Upgrade, Grafton Riverside Development, Grafton Regional Aquatic Centre, Grafton Regional Art Gallery, etc.

Council hope to receive Grant and/or Submission Funding to complete these projects but while Council ‘hopes’, the fees associated with the planning for those projects continues to grow.

Rate Peg changes from 2.5% to 2.3% for FY 2018/19:

It is difficult to conclude that Councils Claim on the 12th December 2017,

That Council Needs to make a SRV claim for the \$176,000 difference between a Rate Peg of 2.5% and 2.3%,

Is anything more than a money grab.

Councillors’ Unanimous Endorsement of SRV Item 15.241/17

States that the \$176,000 difference is to be used for “Road Pavements and Surfacing”.

Adopting Councils surfacing of unsealed roads cost estimates from Page 170 of Councils November 2017 Ordinary Minutes:

“current estimate of \$600,000 per kilometre”

Suggests Councillors Unanimous December Endorsement of using \$176,000 from Councillors application for a 26% SRV Rates Rise

Yields a Total of 290 metres of road!!!

Councillor's Unanimous Decision to Include the SRV Motion at Decembers Ordinary Meeting with Councillors BLOCK MOTIONS further weakens any claims by Council that this is a genuine need.

At the time of preparing this Submission, I am still waiting for Councils Replies to Questions about Councils Rates and Councils SRV Proposal that date back to the 1st half of 2017.

It took Council 4 months to change their Residential Rates Tables for Yamba and admit their error in using the cents in the dollar calculation from another Rates Category!!!

Council are big on promises but the reality is very different.

At a Community Meeting in the 1st Week of June 2017:

Councils General Manager Publicly Promised to provide a list of Councils unwanted and/or unused Properties.

Nearly a year and various emailed requests later:

The List has Not arrived.

By the way:

Councils SRV application references the Meetings held to discuss Councils Community Strategic Plan as support for Councils SRV.

What Council neglect to mention is that the Only change to the previous plan was a new acronym (STRIVE) in the introduction

And

People attending the Meetings were TOLD by STAFF and COUNCILLORS that this was NOT the place to be discussing Councils Finances.

Overall:

There has been a lot of fancy dress and pretend

But after the Meeting with OLG and the threat of an Administrator:

Nothing the Community did or said:

**The hundreds of Submissions, and Emails, Attendance at Councils Meetings,
Proposed Alternative Options, etc.**

Dissuaded Councillors from an SRV Application.

Approving Councils 26% SRV Application would:

Place impossible financial burdens on People unable to meet those demands,

Damaging an already frail rural economy,

Discourage Council from making long overdue Organisational Changes,

**And kick the problem down the time line for another few years while
inflicting significant harm on the Clarence and the People who live here.**

Yours Sincerely,

John Hagger

Attachments to this mail:

My Submission in MS Word format (with page numbers which might make it easier),

**Councillor [REDACTED] Technicolour Sheet which was approved by Council GM [REDACTED]
[REDACTED] and distributed across the Valley,**

Councils Rate Relief Hardship Policy and Application Form,

Councils Improvement Strategies (N) and Councils Alternatives (O),

Age Sex Pyramid which shows the large gap where younger people leave the Valley in search of work,

Councils FTE numbers as of the 30th June 2016,

February Councils Financial showing how Council has Not kept to its budget,

Most recent ABS Clarence Unemployment Rates,

Various .jpg's from the BBC Social Impact Study for the proposed private gaol in the Clarence.