

**From:** john nelson [REDACTED]  
**Sent:** Thursday, 16 March 2017 3:41 PM  
**To:** Local Government Mailbox  
**Subject:** Shoalhaven City Council - Special Rate Variation.

Good morning IPART!

I spoke to [REDACTED] at your office yesterday to check whether my submission on the Shoalhaven SRV had arrived. I submitted it on Sunday 12.03.2017, however there was obviously some problem with your web site & it did not appear to send in spite of several attempts. When I did not get an acknowledgement by return email, I suspected that something had gone astray & I attempted to contact IPART on Monday 13.3.2017. I was only successful in getting through to talk to someone yesterday & [REDACTED] suggested that I email my submission of Sunday last so that it may be considered. There are, no doubt, other residents of Shoalhaven who do not realise that their submission has not been received by IPART. I trust that some process will be put in place for Council to advise residents of the problem & that the submission date will be extended.

My submission is reproduced below in parenthesis.

" I wish to oppose the proposed rate increase by Shoalhaven City Council on the grounds that it has not been adequately justified as follows:

#### **NOT JUSTIFIED**

Shoalhaven City Council's Fit for Future submission to IPART in June 2015 proposed a rate rise in 2017/18 & in 2018/19 of 10% each year (7.5% SRV plus 2.5% peg increase). There was general community support for this increase in order to avoid an unpopular proposed amalgamation. Based on total rate income of \$60.79m in 2016/17, it would have yielded additional rate income of \$6.08m in 2017/18 and \$6.69m in 2018/19 i.e. a cumulative increase of \$12.77m over these two years.

Under the rate rise now proposed (total increase of 13.2% in 2017/18 plus total of 14% in 2018/19), the additional rate income will be \$8.02m in 2017/18 and \$9.63m in 2018/19 i.e. a cumulative increase of \$17.65m over these two years.

The difference between the June 2015 submission to IPART & the current submission to IPART is therefore \$4.88m. The reasons for this increase have not been adequately addressed in the documentation which accompanies Council's current application to IPART, nor have they been adequately explained (or explained at all) to Shoalhaven residents.

This difference is described in the September 2016 report to Council (**i.e. only 15 months after the June 2015 submission to IPART**) as only "slightly higher". It is in fact an increase of **38.2% in 15 months**, in respect of which Council has identified the following contributing items to a total value of \$2.3m:

- (a) Increase in Emergency Services Levy (\$817k)
- (b) Reduced anticipated rate peg 2016/17 (\$448k)
- (c) Reduced anticipated rate peg 2017/18 (\$600k)
- (d) Increased General Operating Expenses (\$434k)

On the face of it, Council's operating position in that 15 month period deteriorated a further \$2.58m (\$4.88m less \$2.3m) more than the \$2.3m of "contributing items" listed in the Council documentation. In the absence of any explanation, it can only be assumed that this \$2.58m represents a further increase in General Operating Expenses to bring the total increase in operating expenses to \$3.014m (\$2.58m plus \$434k already identified) **over a period of only 15 months!!**

Council obviously has more work to do in bringing its operating expenses under control. It needs to explain to the ratepayers of Shoalhaven, and to IPART, just how it intends to address the unexplained deterioration in its operating position since June 2015, & to explain what actions it proposes in order to halt the slide. It is no solution for Council to ignore the problem & to request IPART to approve of further, and larger, rate increases off into the future.

My personal view is that a rate increase equivalent to the June 2015 submission (total 10% per year over two years) plus an amount which covers the \$2.3m "equivalent loss of revenue" identified by Council, would be a reasonable outcome."

I can be contacted on [REDACTED] or by email if further detail is required in relation to the above submission.

Regards,  
John Nelson