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Submission: Dear Sirs, Please see attached PDF – this is a slightly amended version of submission lodged by email on 5 February 2015. Mitch Geddes

Dear Sirs,

This email is to alert IPART to problems with RCC's approach to the current SRV application, and is a slightly amended version of submission lodged by email on 5 February 2015.

FAILURE AGAINST CRITERION 2

IPART Guideline Criterion 2 requires evidence that "community is aware… of ***extent***…". In IPART Guideline Figure 3.1, RCC has chosen a "Scenario 1" approach without properly announcing the cumulative effect of a 4-year compounding increase to the permanent base. This cumulative increase is >30% in an otherwise strikingly low-inflation environment. RCC has effectively adopted a "Scenario 1" approach, but without straight talk, has stealthily sold it to the public as a "Scenario 3" approach.

On 23 October 2014, RCC sent an email to residents: "Outcome of Council's survey about rates". The headline message in bold blue text reads: **"57.7% of ratepayers support an increase of 7% or more".**

This headline statement is incorrect in two critical respects. It should NOT read "ratepayers" - what RCC means to convey is that "57.7% of RESPONDENTS support…" These are not one and the same. 57.7% of RESPONDENTS refers to a **much smaller group** – in fact, just 3,538 people. And of this smaller group of 3,538 RESPONDENTS, there was no requirement that they be ratepayers – responses were open to all comers. No information is given on what portion of the 3,538 comprised bona fide ratepayers - those who are expected to fund the SRV. The survey should have only been open to those "in the gun" to pay more. Ask anyone if they'd like an increase in standard of living while someone else pays for it, and they'll say "yeah, sure". This approach affected RCC's survey.

And as can be seen from RCC's marketing of the survey results, the glossy pamphlet trick was all about planting the idea of just a **7% rise** (even if it gave other detail that a careful reader could use to see the cumulative effect was to be far greater than 7%).

No information has been given about how the random telephone polling was conducted. Yet this component of the survey was up-weighted so as to attach greater statistical importance to the phone polling. It is absolutely vital to know what questions were asked and the manner in which they were asked. Figuratively speaking, anyone who is asked "if your house was on fire would you like us to bring a hose?" is always going to say "yes" (the language in the pamphlet was "we will fail if we don't increase rates"). Similarly, had people been asked "Are you aware RCC wants to increase your rates by over 30% over the next 4 years", all but a very few would respond "No".

RCC's failure to speak plainly about the impact of the proposal means **the whole initiative has not been clearly presented to the community**, such that any community response to it has been stifled/warped.

Rather than rely purely on the "tick box" replies, much less those generated by the mysterious phone polling, RCC could have conducted some assessment of the **considered comments provided by respondents**. This is where real insight into vibe and understanding can be obtained. If the community was truly 61% engaged in the process, let RCC show us the comments where ratepayers are cheering for the opportunity to pay >30% higher rates in just 4 years. High awareness does not mean understanding.

FAILURE AGAINST CRITERION 3

IPART Guideline Criterion 3 requires evidence that the IP&R “clearly shows the impact of any rises upon the community”. RCC goes some way toward satisfying this requirement, but RCC ignores the unique Land Value (LV) characteristics of its LGA. The Ryde LGA is principally, or overwhelmingly, characterised by residential parcels of land with modest brick bungalows of similar value for rating purposes. This causes the RCC *ad valorem* or “cents in the dollar” general rating multiplier to be high in order to generate the required revenue levels. Yet Ryde LGA also contains a small strip of waterfront and water view homes along its south-eastern corner. These homes have significantly higher LV’s than the vast bulk of other homes in Ryde LGA. The combination of high *ad valorem* and high LV means some of these homes in the south-east edge of Ryde LGA are rated at **greater than 12 times** the minimum rate of $453. These ratepayers are exposed to a cumulative SRV **<u>increase</u>** of approximately $1,700 per year after the SRV is fully phased in. RCC demonstrates no regard for the plight of these folk, some of whom have lived in these homes for 50 years and are managing on fixed incomes. The high sensitivity to “rates shock” of these high LV homes is caused by their comparatively low number within Ryde LGA. Where there is a greater number of higher LV homes (such as in council areas with more waterfrontage), the *ad valorem* “cents in the dollar” multiplier drops down to a lower level to generate the same required overall revenue. This “rates shock” sensitivity should not be ignored, nor discounted as a concern due to some nebulous “capacity to pay” argument.

ABUSE OF PROCESS

The RCC SRV is being urgently used so as to satisfy “Fit for the Future”, yet “Fit for the Future” is intended to uncover the very (underlying structural) problems RCC seeks to paper over by way of this desperate SRV. The word “desperate” is fitting, given the “shot gun to the head” language adopted by RCC in its SRV survey materials. The IPART SRV process is being exploited by RCC in a feeble attempt to colour the findings of any “Fit for the Future” examination, and to fortify RCC in an attempt to remain independent (even if this means entrenching inefficiencies). RCC presumes the people of Ryde would rather pay significantly higher rates and remain independent, than become part of a council merger. RCC’s default position is to fight to stay independent, *without asking the people what they actually consider important.*

Ryde LGA is getting massive in-fill residential and commercial development in places like Shepherd’s Bay, Top Ryde and Macquarie Park. These new rateable lots should be generating new revenue in step with the city’s growth without the need to hammer existing homeowners with an SRV that is massively out of step with CPI and the principles of efficient management.

Thank you in anticipation of your care and attention to this matter,

Mitch Geddes

4 March 2015