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Local Government Team  
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14 March 2015

Dear Madam/Sir,

**RE: Submission to IPART – Eurobodalla Shire Council (ESC) SRV Application**

I am pleased to make this submission in response to the application for a significant SRV by Eurobodalla Shire Council.

I propose that IPART totally reject the application by Eurobodalla Shire Council (ESC) for a large SRV on the following grounds. I recommend IPART both consider the following issues and professionally interrogate ESC around these issues:

1. Council claims that substantial efficiencies in Council operations have already been achieved. This is untrue; IPART will see that achieved efficiencies so far are negligible. The February 2015 Council meeting proudly announced additional savings of just \$140,000.
2. There is great scope for outsourcing and use of specialist providers by ESC. Council has not explored these opportunities and appears ideologically opposed to such ideas. Increased financial pressure may be the only mechanism to create the change in culture required to deliver real efficiencies across council. Awarding an SRV to ESC will simply support existing inefficiencies and delay the change urgently required.
3. At the ESC meeting of 9 December 2014, Councillor Harding said,

‘We can’t have any cuts to Council staff as this would flow through and have a depressing effect on the whole community.’

This is representative of the culture of the majority of Councillors as referred to at Point 2 above. The original stakeholders in local government have been replaced by a new unintended set of stakeholders that are not the rate-payers. Council inappropriately views local government as an industry within the region assisting the limited local employment base.

4. Council has indicated it believes SRV spending will stimulate the local economy. This argument is flawed as any stimulation will be at the expense of decreased household spending.

Increased rates may well encourage an unknown small number of holiday home owners to sell up. Also, an unknown number of potential holiday home owners may now lose interest further depressing a sad real estate market.

5. In the last decade significant increases in other charges (way above CPI) have occurred. These include both water usage costs and fixed water charges. Some of these gains have been transferred to general revenue.

When I arrived at Eurobodalla in 2001 water was just over \$1 per kilolitre, in 2014/15 I pay \$3.40 per kilolitre. In 2014 the fixed water charge jumped 23 per cent to \$282. Figures for the two contiguous coastal shires are: Bega at \$2.50 per kilolitre with a fixed charge of \$198; and Shoalhaven at \$1.60 per kilolitre with a fixed charge of \$81.

6. Council appears not to understand that the discount IPART applies annually to the allowable rate increases is to encourage efficiencies. Council seems to believe it is time to catch-up on the cumulative losses:

‘Council’s income is limited by State government rate pegging which has been at least 0.5 per cent below inflation for the last ten years’ (Council Agenda 23 July 2014, General Manager Presentation).

7. Council has higher staffing levels than comparable councils. Council appears defensive on this issue and seems to hide behind opaque excuses for this, referencing grant staff, non-grant staff and high apprentice numbers. This is evidenced by the Question on Notice Report of the ESC Meeting held on 14 October 2014 where it is noted that: ESC staffing is higher than the Group 4 average; at 30 June 2014 ESC had 460 equivalent full time staff compared to the Group 4 average of 312 equivalent full time staff.
8. Fit for the Future is the new driving force for increased rates which will then create synergies with the attraction of future government grants. Financial fitness can also be achieved by looking seriously at spending. ESC has proven that they are not up to this task and not interested. An SRV is seen as a much easier option.
9. I have submitted to the ESC the ideas of Professor Percy Allan who has critically documented progressive ways for local government to move forward efficiently. ESC does not seem interested and appears to rather rely on existing monopoly arrangements in place.
10. Council is very clear the new activity from generated by an SRV will not require additional staff. If that is the case, what are the existing staff, who are to manage this increased activity, doing at the moment?

11. Council did not take the community with it in the 2010 SRV application. Consultation and engagement was ineffective. The same has occurred again in 2014. Despite a loaded telephone survey, the community still said 'no'. Council appears to believe that creating an awareness about the SRV is the same as Council taking the community with it. (Council Agenda Papers, 10 February 2015)

These 11 points should be seriously considered by IPART, both with a view to incentivising efficiencies across local government, but also accounting for the well-known, challenging social demographics characteristic of the Eurobodalla Shire which need to be factored in to any decision to increase rates for this community. I would be pleased to speak with IPART directly to explore further these eleven points above, or provide any other information you may require, and I am pleased for this submission to be made public as part of your deliberations.

Yours faithfully,

Owen Cartledge