

[REDACTED]

[REDACTED]

[REDACTED]

9 March 2015

Independent Pricing and Regulatory Tribunal  
Level 15, 2-24 Rawson Place  
SYDNEY NSW 2000

(via email to: [localgovernment@ipart.nsw.gov.au](mailto:localgovernment@ipart.nsw.gov.au))

Dear Sir or Madam,

### **Objection to Newcastle City Council Application for a SRV - Preliminary**

As a resident and ratepayer of Newcastle City Council (Council), I object to it applying for a special rate variation (SRV) of 8% over each of 5 years to take effect from 2015-16. I thus request that IPART take consideration of my objections when it formally considers the application – and disallow the increases sought.

Please note that because Newcastle received approval to delay its submission, and that when it appeared on the IPART website last week I found it to be an enormously lengthy document, this submission is preliminary and based on Council's notification to apply for an ARV – not on its final submission. I will lodge a further (final) submission by the closing date (for Newcastle, as I have been advised) of 30 Mar 15.

My grounds of objection are multiple and include:

1. Council's alleged 'consultation' process was inadequate and too short to permit a sufficient number of ratepayers and residents a reasonable opportunity to assess the proposals submitted.
2. Council's promotional material seeking views on a possible rates increase distributed to ratepayers and residents was misleading and disingenuous.
3. Council's 'Notification of intention to apply for a special rate variation' to IPART, and its summary of findings from its alleged 'consultation', are both misleading and based on falsehoods – particularly in the manner in which it summarised community views to support its chosen outcome. Further, Council's notice of intention to IPART<sup>1</sup> states that, "Council has considered and analysed five options or scenarios.". However, only three options were provided to ratepayers to comment upon. Which ones were hidden from ratepayers, and why?
4. An examination of the minutes of Council meetings from 2013 through to the present time reveals that the bases of the application to IPART are dubious – at best.
5. Were it not for the resignation of the previous Independent lord mayor, and his replacement by the current Labour Party lord mayor, it's highly unlikely that this current application to IPART would have proceeded.
6. The ratepayers, residents and businesses within the Newcastle Local Government area cannot afford the grossly unacceptable increases in rates proposed over 5 years; viz, 46.9%.

#### **1. Inadequacy of Consultation Process**

Council's own documents reveal it conducted five methods of alleged 'community engagement' with ratepayers and residents.

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<sup>1</sup> Council letter to IPART dated 5 December 2014.

1. Micromex (telephone) survey – 13-19 Oct 14; 400 responses.
2. *Newcastle Voice* (online) survey – 13-26 Oct 14; 900 responses.
3. *Road to Recovery* brochure (with feedback slip – 72,000 copies distributed) as part of newsletter to ratepayers – probably Oct-Nov 14; 274 valid responses.
4. Online 'Feedback Form' as part of Council website – 59 valid responses.
5. Drop-in community information sessions – 9-25 Oct; 9 locations; 67 respondents/attendees.

None of the chosen means of 'community engagement' occurred over an acceptable time span, especially considering the lack of reasonable notice given. In summary (based on Council figures), a maximum of 1,700 valid responses was received and several of these may have been multiples from the same person/s. At best, this represents only around 1.13% of the population of the Newcastle Local Government Area of approximately 150,000.

Council's publications demonstrate that responses were not received on a more or less even basis across the area, or on an equitable age, employment or type of occupancy basis. Considering that 1,359 (79.9%) of the valid responses relied primarily on the respondent having an internet and/or phone connection, further doubts exist as to the legitimacy and equity of the alleged 'community engagement'. This applies especially to retirees, those with English as a second language, and others without internet skills or facilities. These groups would be likely to feel the impacts of a rates increase more than others.

The inadequacy of this essential criteria for Council to be granted a SRV is further demonstrated and compounded by the arguably unequivocal evidence that the decision to apply for (and thus impose upon ratepayers) this SRV came about only through the sudden party political changes on Council addressed further below.

## **2. Promotional Material Seeking Views Misleading and Disingenuous**

While I cannot comment on what information may have been given to participants in either the Micromex telephone survey or the drop-in sessions (467 or 27.5% of responses), the printed and online information (1,233 or 72.5% of responses), was, at best, misleading. In particular, it quoted "3%" as being the rate cap for 2014-15 (and averaged over the 5 years of the proposed SRV), whilst in Council meeting minutes<sup>2</sup> earlier than these surveys were conducted, a figure of "2.3%" was used – which was the IPART cap set for 2013-14. Notwithstanding that 3% may be the rate accepted by IPART for internal calculations, why would Council use a figure some 30% higher in its 'consultation' process with ratepayers – and in its notification of intent to IPART? Could it be that using a higher than likely figure would be seen by some councillors (or perhaps management as well) as allowing them a greater rates increase than even their most optimistic hopes may suggest were likely?

To add to the confusion/uncertainty/deception, in the minutes of Council's meeting<sup>3</sup> at which it was decided to make an application to IPART for this SRV, Council documents used an assumed IPART cap of 3.2% (over the five year period). Where is there any consistency in Council's actions?

However, a 3% figure has now been used in Council's notification of intention letter to IPART as a fixed figure – thus resulting in a further impost upon ratepayers as the actual IPART rate cap for 2014-15 is only 2.4%. This was set (and announced) by IPART on 2 Dec 14 – some three (3) days before the date of the letter sent by Council to IPART notifying its intent to apply for a SRV. There may be an explanation for Council using a figure of 3% in its calculations given to ratepayers as part of 'consultation' before IPART released the cap figure for 2014-15,

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<sup>2</sup> Council meeting minutes of 25 Feb 14 – Item 3, page 20 (Intention to apply to IPART for 1.1% increase over cap of "2.3%" for one year only; viz, 2014-15, making a total rate increase of "3.4%").

<sup>3</sup> Council meeting minutes of 26 Aug 14 – Item 70, page 23; the rate cap is quoted as "assumed IPART cap of 3.2%" (over the five year period).

but there's no justifiable reason whatsoever for Council continuing to use that figure – when it then knew it to be well overstated – in its intention notification to IPART. Would a council more responsive to ratepayers' feelings and needs not make an application for a special rate increase along the lines of, "X% plus the then current IPART cap"?

The three 'options' presented to participants to 'vote' upon were described as:

**Option 1: Take no action** – briefly summarised as:

"This is not a long term option. Taking no action now will result in a deteriorating operating position and the depletion of cash reserves. ... We will be unable to properly maintain our existing infrastructure and our maintenance backlog will continue to grow. ... This option includes capped rate increases determined by IPART. This is forecast at 3% per year, an increase of 15.9% over the five year period."

Also stated separately was: "For residential ratepayers, the average increase will be \$34 a year."

One could reasonably suggest that the use of emotive/depressive/negative expression in the above; eg, ".. deteriorating operating position ... depletion of cash reserves ..", and ".. unable to properly maintain our existing infrastructure ... our maintenance backlog will continue to grow ..", could have made some ratepayers not choose this option.

**Option 2: Fund financial sustainability** – briefly summarised as:

"This option ... will retain and in some cases improve the existing level of services without depleting our cash reserves and ensure our financial sustainability. ... This option includes the rate peg of 3% per year plus moderate additional increases for the five year period. The annual rate increase will be 6.5% to 6.8% per year for five years including the 3% rate peg. This option will mean an increase of 22% above the rate peg – or 37.9% total increase – over five years."

Also stated separately was: "For residential ratepayers, the average increase will be \$81 per year."

Whilst on a slightly different basis (this excluded a different assessed rate cap of 3.2%) Council's minutes<sup>4</sup> state that for residential ratepayers, the average increase (for 2015-16 only) would be "\$39" – and for businesses, a whopping "\$313". While there may be some margin for error, if an assumed average cap of 3.2% is added to a special rate increase of 3.6%; ie, 6.8% in total, then \$39 would become \$74 – and possibly \$81 (as used in Council brochures) by the end of the five year period.

What's not stated in any of Council's alleged 'community engagement' material that I either saw at the time, or have since been able to find, is that (assuming the maths in its business papers for the meeting on 26 Aug 14 are reasonably accurate, and it's reasonable to extrapolate these on a normal basis) for 'the average business', the average rate increase over the five years would be in the vicinity of \$591 to \$647 (say \$600 to be conservative). This means by the end of the five year period, the 'average business' would be paying an additional \$3,000 in rates compared to what it paid in 2013-14.

**Option 3: Fund revitalisation** – briefly summarised as:

"An additional option for consideration will allow us to improve current service levels into the future. We will be able to accelerate the completion of our priority projects as well as make substantial reductions to our infrastructure backlog. ... This option includes the rate peg of 3% per year plus an additional 5% per year for a five year period. The annual rate increase will be 8% per year for five years

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<sup>4</sup> Council meeting minutes of 26 Aug 14 – Item 70, pg 26.

including the 3% rate peg. This option will mean an increase of 31% above the rate peg – or 46.9% total increase – over five years.”

Also stated separately was: “For residential ratepayers, the average increase will be \$101 per year.”. This means that at the end of the five years, the ‘average’ residential ratepayer will be paying an additional \$505 in rates.

Noting the calculations appended to ‘Option 2’, for this option it seems reasonable to assume that the average business rate would increase annually over the five years by somewhere in the range of \$695 to \$761 (say \$725 to be very conservative); ie, an extra \$3,625 in 2019-20. This is not sustainable – nor justifiable.

If the available evidence suggesting that nothing was prepared for businesses is fact, why did Council not give businesses a reasonable idea of the impacts upon them – especially as they seem to be very considerable? Indeed, why did Council not give all members of the community an idea of its rating proposals upon businesses – to allow all of us an opportunity to assess the impact upon us of businesses either being forced to increase their charges – or potentially go into liquidation?

In addition to the three options on which Council sought views, the surveys firstly entailed a questionnaire on the level of satisfaction with Council’s services. This in itself likely led to false assumptions by respondents – most of whom one could reasonably assume responded on the basis of what the Independent/Liberal majority on the elected council had achieved since the 2012 elections – until August 2014 when the then Independent lord mayor resigned.

Who would expect any respondent to relate Council’s general survey questions to the previous decades of Labor/Greens turmoil that largely resulted in Council’s parlous financial situation and management problems? I certainly didn’t, and I was a respondent to the *Newcastle Voice* survey. Surely any reasonable person would expect to be asked such questions based on the then current situation – not on what they experienced prior to 2012?

None of the survey respondents could reliably predict that the now Labor/Greens dominated elected council would revert to its previous ways, for at that stage, none of the by-elections required by the previous lord mayor’s resignation had occurred when these surveys were conducted. The lord mayoral by-election was the first, and it didn’t occur until 15 Nov 14 – some 2-3 weeks following the survey period. Up until the lord mayoral by-election was finalised (and a Labour member elected), the acting lord mayor was not one of the Labour/Greens members. Thus the previous elected council’s operations presented little noticeable change to the ratepayers and residents up to 15 Nov 14.

Council has, over many years, had an abysmal record of ‘consultation’ with its ratepayers and residents. This is reflected time and again in its own documents, including in several summaries published in its *Newcastle Voice* media.

The only practical way that Council (or any council) may genuinely state that it’s ‘consulted widely’ – a prerequisite for IPART to grant a SRV – is for it to directly advise all ratepayers of its intention, and of the possible effects upon each individual ratepayer of what may occur under any different scenarios it’s considering. Posting a generalised circular to ratepayers with their rates notice does not in itself constitute ‘wide consultation’. Indeed, many regard these as little more than junk mail.

All it would take would be for Council to set up its rating system with the various factors for each rateable property; run a ‘dummy rate notice’ process to produce the figures for each property; print the results of each scenario on a single sheet of paper for each property – a small sheet; and then send a notice to each ratepayer – perhaps with one of its periodical newsletters or with a routine quarterly rate notice. A simple feedback slip could be included to be returned by post, fax or email.

Council must have the technical ability to do this via its own rating applications and the cost would not be substantial. Indeed, when compared to the cost of using consultants for its *Newcastle Voice* (web based), Micromex (telephone) surveys and printing of brochures plus

its 'community meetings' on this occasion, it would likely be little different. The major difference would be that all ratepayers would have an opportunity to respond if they chose to. I suggest that a greater percentage of its ratepayers and residents would respond if given this opportunity than the miniscule 1.13% (or thereabouts) that it alleges provided comments on this particular indecent proposal of the elected council.

Why is this not a specific requirement of IPART? Would this not prevent councils (and others?) from attempting to transfer the blame for rates increases on either non-responsive or complacent ratepayers – or onto IPART itself? Will IPART consider making this a future prerequisite for all councils seeking to impose additional rates upon their ratepayers?

### **3. Council Notification of Intent to IPART Misleading and Based on Falsehoods**

Council's letter to IPART of 5 Dec 14<sup>5</sup> includes the following two concurrent paragraphs:

*Following thorough consultation with the community through our Road to Recovery engagement program, the feedback received indicates sound community support for a Special Rate rise in order to facilitate sustainability and continued services.*

*Newcastle Councillors have considered the financial analysis and community consultation information and have resolved to support a Special Rate application for the City of Newcastle for a rate rise of 8% per year, over five years, commencing from 1 July 2015. The increase is inclusive of the rate peg and each rate rise would remain in the base rate going forward.*

Apart from the arguments against there having been “.. thorough consultation with the community ..” already addressed, there are further clear misleading allegations, implications and falsehoods within Council's intended application advice to IPART.

In particular, for it to state to IPART that, “.. the feedback received indicates sound community support for a Special Rate rise ..”, and then in the following paragraph to state Council's application for a, “.. special rate rise of 8% per year, over five years ..”, suggests to me a direct link between both statements. This is preposterous! The community feedback data, as published by Council, do not support these allegations. Indeed, the recommendation submitted to the elected council members on 25 Nov 14 doesn't support an 8% rates rise.<sup>6</sup>

Being unable to find on Council's website the data for all of the five 'consultation' methods it chose, and with Council ignoring my written request<sup>7</sup> to provide these data, I've had to use Council data from the two methods to which the greatest number of responses was received – and the only two conducted outside Council; viz, the Micromex telephone survey and the *Newcastle Voice* online survey<sup>8</sup>. These incorporate the bulk of the responses (1,300 from a total reported of 1,752; ie, 74.2%), and thus I believe may reasonably be assumed to be representative of the overall result. This data is shown in Attachment 2.

These show:

1. The actual support for Council's chosen rate rise of 8% (Option 3) is 33.6% – not Council's misleading allegation that it has “.. sound community support ..”.
2. 50.5% of all respondents indicated that they were either 'Not Very Supportive' or 'Not at all Supportive' of Council's 8% option. A full 65.9% of these indicated they were 'Not at all Supportive' of this option.
3. Only 28.5% of respondents chose Council's 8% option as their first preference – the lowest first preference ranking for any of the three options.

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<sup>5</sup> Council letter to IPART headed “Notification of Intention to Apply for a Special Rate Variation”

<sup>6</sup> 8% rates rise not supported in Council management recommendations to elected council on 25 Nov 14 – Refer Attachment 1.

<sup>7</sup> Email request for survey data sent to Council at 1:12 pm on 4 Feb 15

<sup>8</sup> Council survey data as published in its SRV Engagement Report – Appendix v3.

4. 46.3% of respondents ranked Council's 8% option as their last preference.

Surely it's disingenuous for Council to base its application for a very considerable rate increase on these results? Results based on its own survey findings.

5. 53% of respondents to the Micromex telephone survey advised that they were either not aware Council was investigating rate increase options, or weren't sure.

Surely, as a group this size (400) selected by professional consultants as representative of the community, if Council had indeed attempted to adequately 'communicate' its intentions, the basic awareness among the ratepayers and residents should have been considerably greater than a mere 53%?

#### **4. Application to IPART Not Supported by Majority of Councillors**

Appended to its notification to IPART of an intention to apply for a SRV was a single page 'Action Item' depicting Council's resolution<sup>9</sup> to apply for the rates increases. This reveals far less than the whole truth.

What it does show is that only the Labor/Greens councillors were in favour of this – and that none of the Liberal/Independents was. One has to look somewhat more closely into that document, but this shows that the voting for and against was '6 all'. This means that only the casting vote of the Labor Lord Major – the then very recently elected lord mayor (Ms Nuatali Nelmes) attending this meeting as her first in this capacity – allowed this decision to proceed.

Two things arise from this. Firstly, when Ms Nelmes was conducting her extensive, multi media and public engagements election campaign, she was silent on any intent to slug ratepayers with this considerable rates increase. Secondly, it's generally accepted in society that when a vote is tied and the Chair has a casting vote, that vote will be used to maintain the status quo, rather than proceed with a different approach. Ms Nelmes didn't do this – she went for the ratepayers' jugular.

This document also shows that the resolution describes the 8% increase sought as:

- b) Council apply to IPART for a SRV for fund revitalisation – annual increases of 8% (including the rate cap) per year for five years, a total cumulative increase of 46.9%.*

The document given to IPART hides the fact that the ratepayer survey material unequivocally stated that a rate cap of 3% was included in all three options. Because Council knew that the rate cap would not be as high as 3% (at the time of its letter in intention to IPART this had been announced as 2.4%), its intended application therefore seeks a higher increase than it told its ratepayers would be the case – regardless of which option were proceeded with.

#### **5. Bases of Council Application to IPART are Dubious**

What's not revealed in anything in Council's advice of intention to apply for a rates increase is even more sinister. It condemns the Labor/Greens block on Council for their deception and lack of concern for their ratepayers' interests.

Up to the time of the previous lord mayor's resignation (since the 2012 elections), Council had tackled some significant and difficult issues which had flowed largely from previous poor management and decision making. Overstaffing and other significant issues had started to be addressed, and there was a growing optimistic view within the community that Council had 'got back on track'. The general view was that the new Independent lord mayor with a new General Manager – together with what was a no longer Labor/Greens ideology based majority on the elected council – were getting the job done.

The new Council had indicated that it was nonetheless considering applying for a SRV. To this end, management was tasked with the process of seeking community feedback based on possible scenarios to ensure Council could continue to function into the future. None of us

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<sup>9</sup> Council meeting minutes of 25 Nov 14 – Item 98, pages 27-41

could be aware at this time that unrelated events would result in the lord mayor resigning and a different balance (and mentality) thus afflicting Council.

Council's resultant 'Community Engagement' program involved three options. Do nothing; increase rates by 6.5% to 6.8%; or increase rates by 8% (per year, for five years). The report<sup>10</sup> prepared by management for consideration at Council's meeting on 25 Nov 14, included a recommendation based on the community feedback. That report incorporated two options for the elected councillors to consider – the 8% rise was not one of these. Its recommendation was that Council apply for a SRV of 6.5% to 6.8% per year for five years; viz, 'Option 2' as explained during the 'consultation' process.

I suggest that if the previous lord mayor had not resigned, it would be inconceivable that the elected council would so ignore a management recommendation and opt for what was the most extreme rating proposal; ie, an 8% rise for each of five years.

How may Council now suggest to IPART that there's any acceptance within the community for an 8% rates rise – or that this is justified? Its management didn't believe this was an option even worth considering – based on its assessment of the community engagement.

One must draw the conclusion that Council's submission is not based on community support or a management recommendation. [REDACTED]

[REDACTED] Previous similarly politically constituted elected councils squandered over \$2 million on a few fig trees and debatable 'art'. Many of the current incumbents were part of these fiascos. They also all knew full well that Council had been massively overstaffed for years – and had done nothing to address the situation. Why?

The lord mayor continues to profess her concept of supporting 'art' – despite the evidence that only a small fraction of the ratepayers use Council's existing gallery facilities. For her first Council meeting as lord mayor on 25 Nov 14, Ms Nelmes submitted by way of a Notice of Motion, a 'Lord Mayoral Minute'<sup>11</sup> (LMM) proposing that Council resurrect a previously withdrawn proposition to spend \$21 million on the Newcastle Art Gallery Redevelopment.

While it was proposed that much of this be funded by hoped-for Commonwealth and State grants, Ms Nelmes' proposal failed to mention how much ratepayer funding she planned to use. In the initial proposal, this was several million dollars. What the LMM does state is, "... the Art Gallery Redevelopment remains a key future project to be funded by the Special Rate Variation.". I don't recall seeing this in Council's 'consultation' process.

This proposal by the lord mayor was carried as a resolution on the same political basis as her 8% rates rise; ie, on a '6 all' basis, [REDACTED].

Is there not a message IPART can send to all councils through rejecting this particular bid for a SRV – and ensuring that in so doing, future misleading and deceptive applications will not occur?

## **6. Proposed Rates Increases Not Affordable to Those Who Have to Pay**

Council's publicly available figures suggest that an 'average residential ratepayer' will be paying an additional \$505 in annual rates by 2018-19. I understand that this excludes additional rates components not covered by IPART.

Extrapolation of Council data for an 'average business ratepayer' suggests they will need to pay an extra \$3,625 per year by 2018-19. Where will this come from? Residents will need to pay for these additional business costs – or the businesses will fail or go elsewhere. Either way, ratepayers and residents will bear an additional cost.

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<sup>10</sup> Management report and recommendation to elected councillors at meeting held on 25 Nov 14 – Refer Attachment 1 for extracts.

<sup>11</sup> Lord Mayoral Minute re Art Gallery Redevelopment – Item 8, page 7 of meeting held on 25 Nov 14

Current economic indicators for this area conclusively demonstrate growing problems. The Reserve Bank has acknowledged this on a National scale with interest rates. Personal insolvency in Newcastle is at a rate of around 1 in 520<sup>12</sup>, up by around 50% since 2013. Unemployment is now above the State average, notably in the coal mining and related industries, but also within the government sectors in education and the ABC. Youth unemployment continues to grow. Small business generally continues to lack confidence, and 'big business' mostly disappeared from Newcastle years ago. None of these suggests a growing community affordability to pay additional rates.

The current Labor/Greens controlled elected council displays little understanding or concern for its ratepayers and residents. Not only does it intend to increase rates by close to 50% over the next five years, several of its other actions beggar belief.

Another 'initiative' of the new lord mayor during her short reign has been to apply for a Public Holiday for Newcastle Show Day for 2015 – despite this same move by the Labour/Greens members (for 2013) having been defeated at Council's meeting on 4 Dec 2012 – when that bloc didn't have a majority. This cost to business would be great and few if any employees being paid an extra holiday would attend the Show. This application, thankfully, appears to have been refused. The lord mayor has also very recently announced her intention to bid for Newcastle to host the Commonwealth Games during the period 2022 to 2030. Where are these funds to come from? A Sydney-centric State Government (regardless of which Party is in power), or perhaps from this SRV – or yet another/others to be sought? The ratepayers will no doubt pay in some form or another. The fact is that this lord mayor – and her Labor/Greens bloc – demonstrate no real business or financial management philosophies.

Early indications are that pressure is being applied to council management to defer, or possibly cancel, planned further staffing non-replacement or redundancy policies, yet Council remains overstaffed – particularly in upper and middle management positions. Council hierarchy has far too many levels – more than a similarly sized mechanised infantry battalion deployed overseas on independent operations.

### Summary & Conclusion

There may be no doubts that Council has misled its ratepayers and residents. [REDACTED]

[REDACTED] Clear  
evidence of these actions are in Council's own records, several of which are referenced within this letter.

There are two critical and unequivocal pieces of evidence demonstrating these deceptions:

1. The Labor/Greens members of the elected council knowingly ignored the clear evidence presented in management's report on the ratepayer feedback that there was a clear rejection of the 8% rates increase (Option 3), but chose that option notwithstanding that the alternative Option 2 had a far greater level of ratepayer support, and
2. The only way that Council 'agreed' on this application (Option 3), was because the Labor lord mayor exercised her casting vote on a partisan basis (against the clear wishes of the community).

Should IPART approve Council's application (Option 3), it will be sending a clear message to Council (and others) that it's prepared to accept a falsehood based on the misleading presentation of data [REDACTED]. Concurrently, the Newcastle community will eventually receive the message that IPART is a toothless tiger, with no regard for the community.

Alternatively, should IPART believe its role is to objectively assess such applications, taking into account all available evidence, it may decide to act to send a message to all that this

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<sup>12</sup> Personal insolvency rises in Newcastle to 1 in 520 – *Newcastle Herald* report 11 Feb 15



Council's actions will not be accepted – now or in the future. This should entail a level of 'punishment' upon Council – in particular, the members of the elected council who chose to [REDACTED].

The evidence shows that more ratepayers/residents chose Option 2 (6.5% to 6.8% including the rate cap, for five years) as their first preference; the next highest ranking was for Option 1 (no increase above the rate cap); and the least preferred was Option 3 (8% including the rate cap for five years). Around 70% of residents voted for options other than what Council is requesting, and only around 30% agree with Council's request to IPART.

Given that if Council had applied to IPART for a SRV based on Option 2 (around 6.5% to 6.8% including the rate cap, for five years), IPART could have some confidence on two grounds:

1. Council's published information shows that this increase would permit Council to continue to operate for the next five years with no service cuts, provide some additional services, and increase its reserves (thus it would be able to serve its community as required), and
2. Around 40% of ratepayers/residents chose this as their first preference.

However, Council decided to ignore all the evidence and impose a great burden on its ratepayers by 'going for broke'.

I therefore suggest that IPART consider granting a SRV of less than the 6.5% to 6.8% option, sending a clear message to Council that it's been greedy. Further, I suggest that IPART consider reducing the term of any SRV it grants to cover two years; ie, to 2016-17 only. This would still permit Council to operate during that time, but critically would allow the new Council (following the 2016 elections) to re-examine ratepayers/residents' desires after those who have to pay the rates have had an opportunity to see how the presently constituted Council has acted – whether in their interests or not.

As part of any SRV granted, conditions could be added to require Council to demonstrate that it's expended the extra funds received; as and when budgeted; and on which IPART based its approval. Council has still not done all the work for which it was granted a SRV in 2012.

I thank you for the opportunity of expressing my views on the actions of (the present) elected councillors of the City of Newcastle.

Sincerely,

[REDACTED]

Peter Cousins.

**Attachments:**

1. **Extracts from Minutes of NCC Meeting 25 Nov 2014 re SRV**
2. **Summary of Responses to NCC Proposal for SRV**

## Extracts from Minutes of Newcastle Ordinary Council Meeting of 25 Nov 2014

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### ITEM-98 CCL 25/11/14 - SPECIAL RATE VARIATION APPLICATION REPORT BY: CORPORATE SERVICES

#### PURPOSE

To present a report on the community engagement undertaken during October and authorise the submission of an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) commencing in 2015/16 of 6.5 to 6.8% per annum inclusive of the 3% rate peg for five years (a total cumulative increase of 37.9%).

#### RECOMMENDATION

- 1 a) Council receives the Community Engagement Strategy Report Summary included as **Attachment A**.
- b) Council resolves to apply to IPART for a SRV of between 6.5% and 6.8% per annum, which is 3.5% to 3.8% above the rate peg (3%), for five years commencing in 2015/16.

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- 18 Option two is recommended as the base for the SRV application as this option is most representative of the collective feedback from the community and recognises the majority support for a SRV. Option two was also the option outlined in the previously exhibited documents including the 2013-17 Delivery Program and the 2014/15 Operational Plan.

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#### Option 1

- 47 The recommendation as at Paragraph 1 a) – b). (*Note: This relates to the above, not to the ultimate resolution*)

#### Option 2

- 48 That Council does not endorse the application for a SRV. The risk with this option is that Council will continue to incur underlying operating deficits and will not be able to address the infrastructure backlog. This is not financially sustainable and will lead to the depletion of the Council's cash reserves. It will also mean that the Delivery Program may not be met and that services will need to be significantly reduced. This is not the recommended option.

Page 37 (as in letter to IPART dated 5 Dec 14)

#### MOTION

Moved by Cr Osborne, seconded by Cr Posniak

- 1 a) Council receives the Community Engagement Strategy Report Summary included as Attachment A.
- b) Council apply to IPART for a SRV for fund revitalisation - annual increases of 8% (including the rate cap) per year for five years, a total cumulative increase of 46.9%.

**For the Motion:** Lord Mayor Cr Nelmes and Councillors Crakanthorp, Doyle, Dunn, Osborne and Posniak

**Against the Motion:** Councillors Compton, Luke, Robinson, Rufo, Tierney and Waterhouse.

**Carried**

**Responses to NCC Proposal to Apply for Special Rate Variation Survey  
Ex 'Road to Recovery' SRV Community Engagement Report (for Micromex & Newcastle Voice results)**

Number of Responses by Survey Type

Type of Response	Micromex				Newcastle Voice				Combined				Combined as Percentages				Sub-Sectional Choices			
	Opt 1	Opt 2	Opt 3	Total	Opt 1	Opt 2	Opt 3	Total	Opt 1	Opt 2	Opt 3	Total	Opt 1	Opt 2	Opt 3	Total	Opt 1	Opt 2	Opt 3	Total
Very Supportive	50	79	62	191	133	130	193	456	183	209	255	647	14.08%	16.08%	19.62%	49.84%	26.92%	47.08%	33.62%	56.62%
Supportive	82	129	58	269	85	274	124	483	167	403	182	752	12.85%	31.00%	14.00%	57.85%	18.62%	22.46%	15.46%	56.54%
Somewhat Supportive	88	85	81	254	154	207	120	481	242	292	201	735	18.62%	22.46%	15.46%	56.54%	53.77%	29.92%	50.54%	64.73%
Not Very Supportive	90	56	86	232	244	130	138	512	334	186	224	744	25.69%	14.31%	17.23%	57.23%	18.62%	22.46%	15.46%	56.54%
Not at all Supportive	90	51	113	254	275	152	320	747	365	203	433	1001	28.08%	15.62%	33.31%	77.01%	53.77%	29.92%	50.54%	84.23%
Sub-Total	400	400	400	1200	891	893	895	2679	1291	1293	1295	3879	99.31%	99.46%	99.62%	99.26%	99.31%	99.46%	99.62%	99.62%
Nil or Invalid Response	0	0	0	0	9	7	5	21	9	7	5	21	0.69%	0.54%	0.38%	1.61%	0.69%	0.54%	0.38%	1.61%
Total Responses	400	400	400	1200	900	900	900	2700	1300	1300	1300	3900	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**No. working for NCC**  
(Self or close relative)

Micromex	0
Newcastle Voice	56
Combined	56

**Ranking of Options for Preference**

Ranking	Micromex	Newcastle Voice	Combined	Percentage
1st Preference	119	271	390	30.00%
2nd Preference	102	133	235	18.08%
Lowest Preference	179	492	671	51.62%
No Response	0	4	4	0.31%
<b>Total</b>	<b>400</b>	<b>900</b>	<b>1300</b>	<b>100.00%</b>

**Aware NCC investigating options?**

Yes	188	771	959	73.77%
No	201	102	303	23.31%
Don't Know/Not Sure	11	27	38	2.92%
<b>Total</b>	<b>400</b>	<b>900</b>	<b>1300</b>	<b>100.00%</b>

**Member of Newcastle Voice?**

Yes	38	900 (assumed)	938
No	362	0	362
<b>Total</b>	<b>400</b>	<b>900</b>	<b>1300</b>

**Note:** Only Micromex & Newcastle Voice data used - because Council did not provide data from other (non-independently conducted) surveys

Extracted from 'SRV\_engagement\_report\_APPENDIX\_v3.pdf' ex Council Website