

KOGARAH BAY PROGRESS ASSOCIATION

9th March 2021

Independent Pricing and Regulatory Tribunal NSW (IPART)
by email localgovernment@ipart.nsw.gov.au

Re: Georges River Council application to IPART for Rates Increase

Our Association writes on behalf of our members to oppose the application from Georges River Council to IPART for a Special Rate Variation (SRV) to increase rates above the rate peg and to increase the minimum rate.

It is the Association's position that Georges River Council have not demonstrated the need for the additional revenue, have not explored adequate alternatives to the rise, and have not provided an assessment of the impact on affected ratepayers.

We strenuously object to providing further revenues to a Council that has proven for three consecutive years, incapable of managing existing revenues or controlling costs.

The formation of Georges River Council in 2016 via amalgamation promised to deliver better services and infrastructure, streamline administrative processes and protect local ratepayers against future rate increases for four years. These promises have not to date come to fruition under Georges River Council.

We do not have better services and infrastructure

- When Councils amalgamated we had 3 public swimming pools servicing the local government area – Kogarah War Memorial Pool at Carss Park, Sans Souci Leisure Centre and Hurstville Aquatic Leisure Centre. Under the current council Carss Park Pool has fallen into disrepair and has been permanently closed for almost 2 years. Council is proposing to spend \$7.5M to knock it down with no firm plans for a replacement. Prime Minister Scott Morrison has pledged \$5M to rebuild or repair Carss Park Pool and this proposal has not been considered by Council despite sustained petitioning from ratepayers to do so. Hurstville Aquatic Leisure Centre has been closed for 12 months for emergency renovations.
- Council has sold off public car parks that service small shopping precincts, to improve their budget position.

We do not have streamlined administrative processes

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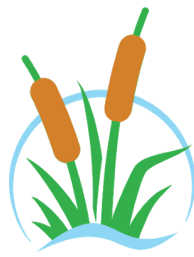


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- Compared to neighbouring amalgamated councils, Georges River Council has fewer FTES (full-time equivalents), more directorships, the lowest population but needs a much higher minimum rate in the proposal to IPART.
- The Council is top-heavy in management particularly when compared to neighbouring councils. Bayside with a population of 178,000 has four directorships. Sutherland Shire with a population of 218,000 has five directorships. GRC with a population of 160,000 has six directorships.
- Council has not reviewed its management structure as a potential avenue to reduce expenditure, and is instead proposing to decrease frontline workers to reduce costs, which will result in reduced services to the community.
- Georges River Council spends over \$4m annually on external consultants. We believe this is excessive and some of the projects could be performed by internal staff, as was the case in the 2 former Councils.

Poor fiscal management

- Georges River Council have not provided any information of cost savings proposed and introduced by GRC since 2016 to 2021.
- The management of Georges River Council since its inception has been so fiscally poor that Georges River Council is now applying to pass the burden of this poor management onto the residents via an increase in rates by 32.6% over five years.
- Georges River Council states that the Special Rate Variation (SRV) in this application is required to replace the existing SRV that was in place in the former Hurstville Council LGA and due to expire in June 2021. Council have not demonstrated how the replacement SRV will maintain services in the amalgamated council.
- The Audit and Risk Management Committee of Council recognised that expenditure was out-stripping income, which suggests that financial management at the Council is out of control. Georges River Council maintains an operating ratio of -8.19% against NSW benchmark of 0%.
- It was published in the press (SMH 21 December 2020) that GRC failed to follow up \$4M in payments owing from developers, begging the question: how many other unpaid invoices remain, and why are residents being asked to foot the bill for unaccounted money?
- This is a surprising outcome given the large and very expensive management team, led by the General Manager, which considering the large team size and high salaries should deliver administrative transparency and financial competency.



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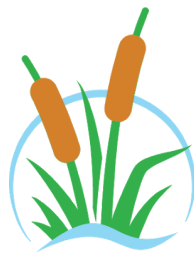
- It is the Association's position that a management team of this size and cost should be capable of delivering sound financial outcomes.
- The Georges River Council General Manager, an unelected position, is paid \$460,000 annually. The GM's remit is markedly smaller than Gladys Berejiklian who, as elected NSW Premier, is paid \$406,000 annually.
- The Georges River Council Financial Sustainability Working Group was only formed in 2019, providing an indication of how late in the amalgamation process there was a consideration about economies of scale and cost savings. The decisions of this Working Group are not available to ratepayers.

Community Consultation is lacking

- Council states in its 2019 Community engagement report that some 2M+ communications and engagement have occurred with the community on various matters.
- We consider the meaningfulness of such council contacts to be overstated. While a great many letters may have been published and sent, and advertisements published, meaningful contact with residents has not been qualified. We challenge the assertion that an acceptable number of residents understand and accept the rate increase in the context of obvious issues with council's financial management, impacts to residents, and lack of alternatives considered.
- The rates harmonisation is proposed to be set at the highest level, rather than finding a mid-way point between the rates of the two former councils. During community consultation ratepayers expressed their views that the increase in rates harmonisation was 'too high'. Georges River Council has ignored those comments in this application.
- The Citizen Advice Group formed by Georges River Council via a random selection of 200 ratepayers in 2020 were consulted about rate harmonisation, however the views and input of this group were not recorded.

Rates harmonisation should be slowed

- There is a wide discrepancy between the former Hurstville and Kogarah Council's minimum rate, being \$586 and \$967 respectively, with the proposed new rate to be \$965.80.
- Although most of our members are from the former Kogarah Council, our members empathise with affected residents in the former Hurstville Council who will see the minimum rate almost double, with no discernible benefit.
- The previous two councils successfully managed the same area on the current rates structure.



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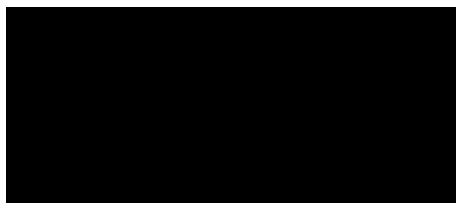
- Coupled with the decision of Council in 2020 to discontinue the long-standing voluntary pensioner rebate, there will be many vulnerable residents and ratepayers who simply won't be able to afford this sharp increase in rates.
- There has been no effort to find a mid-way point or financial relief for those former Hurstville ratepayers and then work towards gradual increases in rates in the coming years.

We request IPART decline Council's application for a Special Rate Variation (SRV) to increase rates above the rate peg and to increase the minimum rate until Council can demonstrate improvements to its operations and financial management including;

1. Council can show two consecutive years of responsible fiscal management;
2. Council's accounts are balanced through responsible financial and cost management, without the sale of further council assets and without reducing frontline services;
3. Council enacts a leaning of its management layer proportionate to the size of the Council's area;
4. Outstanding invoices are collected, and council can demonstrate an improved process that ensures outstanding debts are not an issue in the future;
5. Council revises senior management salaries in line with operational and financial performance;
6. Council can evidence the totality of community consultations and makes all community feedback available to IPART, not just the favourable feedback;
7. Council can evidence an ability to manage existing services on existing rates, and justify the rates increase in the context of increased services.

We thank IPART's consideration of the points we outline above in our association's opposition to Georges River Council's application to IPART.

Kind Regards,



Kogarah Bay Progress Association Inc

