



Long Beach Community Association Inc

PO Box 1446, Batemans Bay, 2536. LBCA@bigpond.com

President: David Lambert
Secretary: John Rice

[david.lambert3@bigpond.com]; 4472 6451]
[johnwr@internode.on.au]; 0438 438 097]

2 March 2015

Mr Harmsdorf
The Chief Executive Officer
Independent Pricing and Regulatory Tribunal
Level 15, 2-24 Rawson Place
SYDNEY NSW 2000

Dear Mr Harmsdorf

Objection to the proposed Special Rate Variation – Eurobodalla Shire Council

The Annual General Meeting of the Long Beach Community Association Incorporated held on 24 January 2014 unanimously endorsed the opposition of the proposal by the Eurobodalla Shire Council for a Special Rate Variation (SRV). The Long Beach Community Association with 190 financial members is the largest incorporated association of its type on the south coast of NSW.

We would also like to bring to your attention that the only public meeting convened to address the SRV was held at Long Beach on 18 November 2014. The meeting attracted 109 people who unanimously voted against the proposed SRV. Two Councillors attended the meeting. The Mayor, Deputy Mayor, and Council Management did not attend.

The Council, however, did convene what it described as “Information Sessions” at the three major centres in the Eurobodalla of Narooma, Moruya, and Batemans Bay. It needs mentioning that the combined total of attendees at those “Information Sessions” was less than the public meeting held at Long Beach.

It also needs mentioning that some 1/3rd of ratepayers in the Eurobodalla do not live in the Shire and were essentially disregarded by the process. Council did, however, write to most, if not all, ratepayers many weeks after the conclusion of those “Information Sessions”. That unnamed and unsigned letter attempted to address many of the anomalies identified at those “information sessions” by attendees but never properly answered. Council presenters at the three “Information Sessions” provided different financial information relating to monetary reserves held by Council, the amount to be raised by the SRV, and the cost of infrastructure remedial works. The letter finally admitted that the SRV was actually 26% after three years and would continue at that level plus rate pegging variations. Up until then the real cost to ratepayers was being disguised as only 5% p.a for 3 years.

Therefore the process, the community consultation, and the veracity of information supplied by Council has been highly questionable. However, at the Council meeting of 10 February 2015 Council voted to reduce the SRV claim to about 21% over 3 years making it appear that the original claim of 25% was an ambit claim. It makes no difference though to this objection.

However, there are more serious issues that IPART needs to examine and which Council has failed to perform or inform.

Council has NOT properly detailed the extent of the infrastructure remedial work it claims is necessary to perform. It seems odd that the figure of \$21.4M for “transport and infrastructure projects” stated in the unsigned letter circular has never been broken down into component parts to allow ratepayers some visibility into the extent of the so-called “infrastructure backlog”.

Incidentally, this figure was “approximately \$17M at the Moruya meeting of 10 November 2014 but could not even be quoted by Council management at the Narooma meeting one week before.

Additional to this is the unreliability of the financial information stated by Council relating to its financial reserves – in particular its unrestricted funds held in reserve which could be direction towards infrastructure remedial works. At the Narooma “Information Session” it was admitted that council held \$74m in bank deposits and investments and that only \$11M to \$12M was available in unrestricted funds. At the Batemans Bay “Information Session” this had risen to \$26M in unrestricted funds – over double.

Another concern is that Council seems not to have performed an efficiency audit of its operation nor even attempted to have conducted a program to identify, manage and reduce its costs of operation. Therefore, ratepayers have no visibility into whether or not Council is efficiently managing its operation and its costs. This makes for suspicion of Council efficiency. However, on the meagre amount of information that Council has released, it would seem that staff numbers and subsequent costs have increased by some 10% over the past four years. In comparison to proper Local Government Area comparatives the Eurobodalla seems to be significantly over staffed.

In a further attempt to “tick the consultation boxes” Council hired an organisation called Micromex to survey “600 ratepayers” (which later morphed into *residents* and *business people*) to assist with its deliberation for a SRV. The database of ratepayer contact details seemed to be the local telephone directory because some 1/3 of ratepayers, the absentee property owners, were excluded. The author of this letter was one who was randomly selected for a telephone interview but who chose to terminate the call when it became obvious that the questions were designed to achieve a particular outcome. It was admitted that Council supplied the questions. The telephone survey was therefore corrupted and should not be used as bona fide support data for Council’s SRV application.

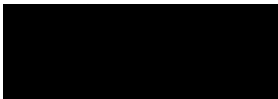
A major revelation and concern was highlighted at the Batemans Bay “Information Session” on 17 November 2014 where, following a question from the floor, it was admitted that Council intended to borrow money against the revenue from the SRV to perform the infrastructure remedial work. A local businessman queried why Council needed to do this when it could have borrowed against its own assets as is done in the private sector. The Mayor, the General Manager, or staff did not answer this. This has led to speculation that has not been denied by Council that one purpose, if not the main purpose, of the SRV was to bolster Council’s finances to stave off potential amalgamation.

Finally, Council has failed to address the Eurobodalla demographic. The Eurobodalla has a depressed economy with high unemployment and low average income and a high dependency on fixed incomes. The ability to pay has never featured in any Council information relating to a SRV proposal. However, it featured prominently last year when the Mayor and the General Manager made a delegation to the Prime Minister to complain about the adverse impact that the budget would have on the people of the Eurobodalla of low incomes and high unemployment. To this backdrop the hypocrisy surrounding the SRV proposal is somewhat breathtaking.

In summary, the Long Beach Community Association opposes the proposal by the Eurobodalla Shire for a Special Rate Variation (SRV) on the grounds that:

- the proposal fails to consider the financial burden it would place on a disadvantaged community already struggling with low average income, high unemployment and an ageing population;
- Council seems not to have performed an efficiency audit or any other process to effectively manage the efficiency of its operation - particularly its costs;
- Council has not properly engaged with the community with less than 100 people attending what Council termed “Information Sessions” whilst performing a questionable telephone survey using a relatively small sample of participants;
- almost one-third of ratepayers were ignored;
- no opportunity was presented for ratepayers to debate the proposal with Council;
- reservations are held about Council’s financial management credentials;
- doubts have been raised about the purpose for the SRV.

Yours sincerely



David Lambert
President
Long Beach Community Association Incorporated