

From: [IPART Mailbox](#)
To: [Local Government Mailbox](#)
Subject: FW: Objection to Hawkesbury Council SRV rate submission
Date: Monday, March 12, 2018 11:04:55 AM
Attachments: [Attachment 4 Assumptions and calculations.xlsx](#)
[Attachment 1 ABS Stats Oakville 2016.docx](#)
[Attachment 2 Questions to council Sep 17.docx](#)
[Attachment 3 resonse from Council Oct 17.pdf](#)
[Attachment 5 Letters to council.docx](#)
[Attachment 6 mistakes and missinformation.docx](#)
[Attachment 7 Services in town Centres.docx](#)
[OPA IPART Objection submission final.docx](#)

From: John Cupit [REDACTED]
Sent: Monday, 12 March 2018 10:51 AM
To: IPART Mailbox
Cc: 'Lyn Batson'
Subject: Objection to Hawkesbury Council SRV rate submission

To whom it may concern,

Please accept this submission from Oakville Progress Association Inc., in response to Hawkesbury Council SRV submission.

Please respond to this mail and let us know this mail has been accepted.

Sincere thanks
John Cupit
President Oakville Progress Association Inc.
[REDACTED]



Oakville Progress Association Inc. [REDACTED]

IPART NSW

Oakville Progress Association Inc

Objection to Hawkesbury Council request to increase rates by 31.29%



This sign was seen 28 Jan 2018 on a telegraph pole in Oakville

Contents

Executive Summary	2
The Special Rate variation should not go ahead at this time for the following reasons:	3
Background	3
Managing the Council shortfall	4
Use of the Base rate	5
Looking Back	7
Amalgamation	7
There are complex strategies in play	8
What is wrong with our Council ?	9
Fair rates for services provided	11
Need-.....	12
What Hawkesbury Council are still not telling the community	12
Other Options	14
Cost cut first	14
Spending and procurement.....	14
What is not mentioned by Council is as important as what is mentioned	15
Use of council property	15
Awareness.....	15
Public Engagement.....	18
IP&R Framework for Community Consultation	19
Justifying Public Collaboration	21
Valuer General	21
Council meetings, and understanding Council motivation.....	23
Impact	24
Effect on Oakville and other Rural Residential suburbs	25
Changes to the Building height	27
Recent additional cost to Residents:	27
Changes to the way Hawkesbury Council calculates rates.....	27
Land Values as an unfair way to calculate rates.....	28
Rate redistribution	28
Council Revenue Policy (Operational Plan 2017-18)	7
The Local Government Act	7
No Mandate for SRV	15
Can IPART help us ?	28
Caveats.....	30
Information sources	30

Executive Summary

Premise of Submission

Previous Hawkesbury Councils have mismanaged long term fiduciary responsibilities.

In 2017 Hawkesbury Council restructured rates to weight Land Value significantly higher in Rates. Council did this with knowledge that they were going to propose a 31.29% Special Rate Increase.

Hawkesbury Council has created the most unfair rates structure in the Hawkesbury in living memory, and this is **NOT** the rates structure in place when Council submitted the FFTF proposal in 2016.

The Hawkesbury Council SRV application is inadequate, with many inaccuracies and Council has not engaged honestly with the Community.

Council has dedicated resources to selling the proposed SRV for six months yet residents had to read the Council submission to understand what Council is actually proposing.

The Councillors proposing this SRV are many of the same people who opposed a sensible SRV of 14% over 4 years in 2007.

Objections to the Hawkesbury Councils application are based on the following grounds:

IPART Criterion 1 Need for Variation

1. Council has failed to quantify the communities need on Service levels.
2. Council dismissed the options of no rate rise without community consultation.
3. Council spend 83% of rates before charges on council Salaries, and keep hiring.
4. Council has not stopped uncontrolled spending

IPART Criterion 2 Community awareness

1. Council performed community polling without providing understandable information.
2. Council community engagement was deliberately biased to gain a prescribed result.
3. Council has misrepresented Polling information.
4. Council information is inconsistent and confusing, and people have to read 20 or more documents to get a basic understanding.
5. Council present all numbers in Averages, which do not show the real situation.

IPART Criterion 3 Impact on community

1. 89% of people polled are opposed to the SRV
2. The financial crisis in HCC is the responsibility of the Council not the ratepayers
3. The Council redistributed rates prior to an SRV making rates unaffordable
4. An SRV will not be shared fairly by all ratepayers.
5. Council did not address the community's capacity or willingness to pay.
6. If the 31.29% SRV is approved there will be a difference between the lowest and highest ratepayers in the new residential category of around \$10,000.

Please note: This submission has been prepared in good faith by the Oakville Progress Association Inc. with our best endeavours to accurately present the facts. We acknowledge there may be some inaccuracies however this has not been intentional nor with any malice.

We have quoted a number of people in this submission and although they may not be exact, they are to the best of our recollection and are words to the effect of those used by the speaker.

The Special Rate variation should not go ahead at this time for the following reasons:

- Council recently amalgamated Rural Residential and Residential categories
- The subsequent rates redistribution implemented in 2017 has created very pronounced inequity.
- The Rating Structure changes in 2017 make the 2016 FFTF proposal invalid.
- People are experiencing extreme hardship after the rates redistribution.
- The proposed 31.29% SRV would not be borne fairly by all Hawkesbury residents.
- Council Financial mismanagement needs to be reconciled before considering a SRV.
- The rating system is intended to fairly distribute the cost of providing services, and it does not.
- The rating system is not designed or intended to be a wealth tax, or a land tax.
- Oakville Progress association Inc. submitted a GIPA request for the modelling Council used but have no answer to date.
- 4,248 Rural Residential properties are paying a disproportionately high percentage of rates now.
- Oakville Progress association Inc. have submitted a GIPA request to quantify this data, but have not received an answer to date.
- Hawkesbury Council changed the Base Rate from 50% to 30% in 2017 with knowledge of both the NSW Land Valuer General increases and the net effect of the SRV, and intentionally protected sections of the community from increases for their own political advantage and this maximised the effect on other suburbs.
- Rates for Rural Residential properties increased between 100%-350%, some residents now pay up to \$9276.
- 75% of residents across the HCC LGA received a significant rate drop prior to the SRV at the cost to the remainder.
- Hawkesbury Council state that some suburbs will only receive an increase from 2016 rates of \$90.
- Our suburb Oakville, will receive increases from 2016 rates of up to \$9,909 p.a per household.
- The Local Government Act provides for council to use a Base Rate of up to 50% to make rate distribution fair, and for Councils to use different levels of SRV for different categories, but Council intentionally removed categories prior to requesting an SRV – this is deceptive and contrary to the principles of fairness and equity provided for in the Local Government Act (**LGA**).
- Rural areas in the Hawkesbury continue to be denied services that their urban counterparts take for granted.
- Hawkesbury Council has identified but not exhausted other options, and there are options not considered.
- The reasons Hawkesbury Council is not viable have not been addressed adequately, or at all.
- In order to meet the IPART “Sustainability and Managing Assets” criterion Hawkesbury Council is proposing a SRV rates increase of 31.29%, it has no other strategy.
- In Council documentation the Community has polled 89% against the 31.29% option.
- In private polling of a higher sample up to 60% of people oppose ANY SRV increase now.
- The mandatory IP&R consultation process has not been followed and the community are being dictated to.
- The Council IPART submission fails the “Reasonable impact on Ratepayers Criterion”

There is too much wrong here in the Hawkesbury, those receiving the lowest level of services are paying the highest level of rates now, some more than quintuple what others are paying, and the community opposes a Special Rate Variation, at this time.

The proposed SRV cannot be justified at this time. This opinion is that expressed through Community Feedback.

Background

In 2013/14, the Previous Council noted that there was an enormous inequity in the rating structure: The Rural Residential properties of which there are around 4,248, representing 16.6% of the properties, were paying 49% of the rates. It was clearly unfair and contrary to the principles underlying the LGA.

Council changed the Categories to create the Rural Residential Category and used the Base Rate adjustments to make rates fairer and to mitigate the effect of large swings in Land Values, in line with the Local Government Act and Local Council guidelines for using the Base Rate to make rates fair.

The Base Rate was changed to 50% at this time, and some Rural residential properties received a rate drop, and some residential properties had a rate increase.

- The Hawkesbury Council planned an SRV increase of 29.7% from 2015. Cite Council FFTF Improvement Proposal June 2015.
- The Hawkesbury Council received the Land Valuation changes late in 2016, did extensive modelling, then dissolved the Rural residential category, and changed the Base Rate for 2017 June rates notices. There was no consultation with Residents.
- This maximised the impact of the Land Value changes on rural properties, and allowed a rate drop to 75% of the district, prior to announcing an SRV for 2018/19.
- Council also removed any possibility of an SRV being structured in different levels to different categories.

Managing the Council shortfall

Oakville residents have been unwillingly placed in a situation where, without warning, our rates have already doubled and tripled.

Prior to the SRV application one suburb; Oakville, representing 2.6% of the residents are now paying 6% of the total rates.

- A successful SRV would mean Oakville residents will pay 8.1% of the total rates.
- If Council had not adjusted rates, and without an SRV, Oakville would have paid \$9.4M over ten years.
- With the 2017 Rates redistribution and the proposed 2018/19 SRV, one suburb, Oakville, will be forced to pay \$24.5M over ten years which is an increase of \$15M.

This is an unfair financial burden on the Oakville ratepayers.

Council states, "Over the next ten years, the average annual shortfall under the Base Scenario is projected to be \$3.9M." (Special Variation Application Form – Part B **IPART 9**)

Oakville residents are expected by Hawkesbury Council to pay 63% of the **total** ten year shortfall.

(**18 IPART** Special Variation Application Form – Part B) Quote

"The special rate, which is the subject of this application, will fund a \$63M asset works program over 10 years and provide a long term revenue solution"

The increase forced on Oakville of \$15M represents 24% of the \$63M ten year Hawkesbury District Capital works program. Remember that Oakville represents 2.6% of the properties in the Hawkesbury.

The total amount Oakville will be expected to pay \$24.5M represents 38% of the \$63M ten year Hawkesbury District Capital works program.

Another way to look at this is to look at p8. in the Council Operating Plan 2017-2018. Council plans to spend \$15.9M on services in the Hawkesbury.

94% funded by proposed 10 year increases to one suburb, Oakville of \$15M.

Major projects	
Building improvements	616,675
Parks	1,600,978
Road rehabilitation	5,156,595
Pedestrian safety	241,000
Cap unsealed roads	200,000
Town planning	153,111
Extend Cycle path	100,000
Traffic study	100,000
Stormwater	1,420,925
Footpaths	769,000
Road reseal	2,097,500
Sports council	1,070,340
Library	320,814
Emergency services	1,659,043
Heritage services	574,243
Community engagement	183,508
Total	\$15, 942,918

Oakville is 2.6% of the district, but there are 4,248, or 16.6% of total Hawkesbury residents who are also affected by the recent Rate Category change.

In addition to the rating structure change affecting Rural Residential properties, the Base Rate changes will affect suburbs like Cattai, Oakville, Scheyville, Maraylya, Pitt Town, Windsor Downs and Glossodia recently affected by Land Value changes. In fact, in future, all residents who receive large Land Value changes will be impacted adversely.

Use of the Base rate

By our reading of the definition in the Hawkesbury Council Operating plan, and the Local Government Act, Part 4 section 536, leads us to the conclusion that changing the rating categories and the Base Rate to undo the changes made by the previous council appears to be a deliberate misuse of the Base Rate adjustment with regard to making rates equitable and fair, and Oakville Progress Association Inc. ask IPART to investigate this.

Council has taken an ostensibly fair rate structure and manipulated it to minimise the impact of an SRV on some sections of the district, and maximise the impact on other sections.

Council went to extensive lengths to inform people the rate changes were due to Land Valuations, but has continually neglected to explain the impact of changes it made to Rates Categories, and has publicly suggested through the media that they have created a fair rates structure. This is not true.

Council has not included the community in planning, has not correctly explained the reasons for an SRV, the impact of what they did with Base Rates, or why they did it, despite being asked in writing. (Cite Attachment 2 Sep 30 2017 questions to council)

*Council has continually presented to all residents that the SRV is about a raft of new services. However the Council IPART Part B submission has **NOT applied for new infrastructure or services.***

(Special Variation Application Form – Part B **IPART 21**)

Council has asked for 31.29% SRV to provide the financial capacity to meet the principal and interest payments for a \$40M loan facility to provide accelerated asset renewal.

It seems that Council is either intending to use this money to fund new services, or they have misrepresented what they intend to provide to the public, and to IPART.

It is an indictment of Hawkesbury Council that after listening to and reading all the council information provided over the last 6 months, the community only became aware of the real reasons for the proposed SRV Rate increase after reading Council's submission to IPART.

Rural residents were very surprised to learn that after Council pitched new services to the community for 6 months, the Council IPART submission does not ask for new services.

Maintain existing services	<input checked="" type="checkbox"/>
Enhance financial sustainability	<input checked="" type="checkbox"/>
Environmental services or works	<input type="checkbox"/>
Infrastructure maintenance / renewal	<input checked="" type="checkbox"/>
Reduce infrastructure backlogs	<input checked="" type="checkbox"/>
New infrastructure investment	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>

(Special Variation Application Form – Part B **IPART 7**)

Residents were surprised to learn Hawkesbury Council has been running huge operating losses for seven years. Council did not tell us that they made an operating loss of \$10.9M last year, and we were unaware of the miss-management of our assets. In our view, this was deceptive and misleading conduct.

We were not informed that the rate increase is actually about renewing assets council has allowed to deteriorate and not about delivering new services to all suburbs as we were led to believe in Council presentations and surveys. Again, in our view this was deceptive and misleading conduct.

It is a reasonable conclusion that Hawkesbury Council is in trouble. This is evident by reading council documents presented to IPART. Council documents are inconsistent, misleading, omit facts, and continually attempt to paint a positive picture of council instead of telling the simple truths.

Council has presented a framework of pretence to IPART that the community has been included in the planning process, and council has reacted to community concerns. This is a manipulation of the statistics.

The sheer amount of documentation created by Hawkesbury Council is staggering, and normal residents cannot possibly read all the documents from council to try to understand the real situation.

Any party who attempts to communicate with Council but does not agree with the Council position is ignored or attacked in the press and at Council meetings. [REDACTED].

Far from being informed and included, the community have only been told what Hawkesbury Council wanted us to know, and options were presented to the community based on outcomes council wanted to achieve.

This council is out of step with what the community needs, the management of Hawkesbury Council must be questioned, and open communication with the public should be established.

Council has spent a significant amount of our money on a spin campaign, and polled town centres to ask what new services they would like, implying they will get new services.

Before considering an SRV it is our belief that council should cut costs, reduce headcount and managers should be held to account for waste and performance against strategic plans.

*We do not believe it is reasonable to take \$30M in rates, and spend \$25M on wages for council staff, run a \$10.9M operating loss, continue to spend, to keep hiring more people and ask the community to pay more.
Any business would be forced to cut costs, not increase prices to mask management inefficiencies.*

The financial mismanagement of Council over the last seven years needs to be investigated by the Minister of Local Government and it is our submission that IPART make such a recommendation when considering this matter.

Council Revenue Policy (Operational Plan 2017-18)

A base amount is used to more equitably levy the total amount of rates across rate payers where land values vary greatly within categories of ratepayers or there are disproportionate variations in valuations arising from a new valuation.

Essentially the application of a base amount reduces the effect of land valuations on rates payable

The Local Government Act

Section 536 What criteria are relevant in determining the base amount?

(1) In determining a base amount of a rate, the council must have regard to (but is not limited to) the following:

- The degree of congruity and homogeneity between the values of properties subject to the rate and their spread throughout the area
- Whether a rate that is wholly an ad valorem rate would result in an uneven distribution of the rate burden because a comparatively high proportion of assessments would bear a comparatively low share of the total rate burden

Congruity is a quality of agreement and appropriateness, when there's congruity, things fit together in a way that makes sense.

Homogeneity is the quality or state of being all the same or all of the same kind.

The implication of the act is that an uneven distribution of rates is not fair, and residents should equally share the burden.

Great effort was made by the previous council to make sure this was the case.

Looking Back

In 2014 the Hawkesbury Council was in desperate trouble, after years of failing to maintain our assets. The assets were depreciated over and over again without maintenance being carried out.

The state government stepped in and told Hawkesbury Council they were not financially sustainable. Council was told by the Local Government minister [REDACTED] to merge with Hills Shire, or find a way to become financially viable.

Amalgamation

June 12 2015 Cr [REDACTED] of the Hills Shire Council stated:

"Opposition to local government reform is, in the main, driven by long-term, highly paid council bureaucrats such as [REDACTED] who oppose reform to keep their employment," Cr [REDACTED] said.
"The only things Hawkesbury residents have to fear about governance from the Hills Shire Council are stronger finances and better roads."

11 Nov 2015 Cllr [REDACTED] of Hills Shire Council stated:

"For too long, councils have been defined by the haves and the have-nots. We've got LGAs where residents are paying higher rates for a lower standard of services than their neighbours are."

"We have a situation where there are councils that are drowning in debt and don't have the scale or capacity to meet the challenges of the future."

This describes Hawkesbury Council.

The Hawkesbury Council vigorously defended the position of remaining independent, and addressed the community telling us "we are fit for the future" and our plans are working. They did not tell us the only option to be financially viable was a big hike in rates. There would no doubt have been great community support for the amalgamation of the Hawkesbury council with the Hills Shire Council had the true facts of the financial position been known. A big rates hike to the Oakville community is not a fair response to the true financial position put by the Council in its "Fit for the Future" submission.

Hawkesbury found itself in the unenviable position of having devalued assets and an \$80M backlog of infrastructure cost, the community were unaware.

There are complex strategies in play

Hawkesbury Council has neglected to maintain community assets for decades. Many of the same councillors who aggressively opposed the sensible increase of 14% SRV over 4 years in 2007 are still in Council today. These councillors are promoting a 31.29% increase over 3 years.

Council is asking the community to fund a 31.29% SRV over 3 years, to meet State Government metrics, but have structured rate changes so that some residents will pay increases of less than \$100, and others will pay **increases** up to \$7000 from 2016 rates.

What we are seeing in the Hawkesbury are savings being delivered to high density residents to garner support for a failing council of what is a largely under serviced rural LGA.

The services historically provided in the Hawkesbury are already heavily stacked in the favour of the high density townships, at the expense of the Rural, and Rural Residential areas.

Prior to requesting an SRV Hawkesbury Council did a very substantial rate redistribution, with full knowledge of both the pending SRV and the Valuer General Land Value increases, and the outcomes Council wanted to achieve were based on perceived wealth and Geopolitical lines. 4,248 Residents of the Hawkesbury community, the rural residential properties, have not been considered in proposed services, and are being severely gouged by the current rates structure.

Council has presented its position to the community by using averages which allow Council to present information that does not show the true position and is intentionally confusing and misleading.

More relevant information would show the lowest rates and the highest rates charged, before and after Rate redistribution, and SRV and explain what Council did to cause the disparity, why they did it and perceived benefits.

Council has stated average rates are \$1,108, and average "residential category" rates increases are \$351 per year. This is irrelevant as averages don't tell the story when some residents are expected to pay \$10,000 more than others, and some residents are protected from rates increases.

- The Community were asked by Council to vote on three options in July 2017, and the community overwhelmingly voted against the Councils Option 2 and Option 3, yet the council went ahead and proposed Option 3 a 31.29% increase against the will of the residents.

This demonstrates that the council is pursuing a prescribed outcome.

Asking the community to pay more does not address the root cause of why Council is not viable, or address the inequity in the rates model or how this will lead to equitable financial sustainability.

The Hawkesbury Council Fit for the Future Improvement proposal made to IPART in 2015, and subsequently in 2016, was based on the rates structure in 2015/16 before the Rates were restructured.

The Fit for Future Proposal and subsequent qualification, is 100% dependent on SRV revenue.

Rates structure changes made in 2017 change the sustainability parameters.

The proposed changes to the rate structure *discredit* the council FFTF proposal of November 2016.

Whether or not Hawkesbury council qualifies as Fit needs to be re-evaluated based on the communities ability and willingness to pay, and the inequity created by Hawkesbury Council.

Residential capacity to pay is not tested.

Capacity to pay is not accurately or meaningfully reflected in the SEIFA data presented.

What is wrong with our Council?

It is our view that Hawkesbury Council has failed to manage the business responsibly and efficiently.

Hawkesbury Council have taken an approach which drives a wedge into a close knit community, who historically face hardship together. Councils community engagement policy is a “divide and conquer the residents policy”, when we have for over a hundred years worked together in the Hawkesbury.

Changing the Rates Categories, and the Base rate, then claiming this as populist and fair, is deceitful.

On Page 6 of council attachment 7, the Resourcing Strategy, Council claims to be a Peri Urban Council, meaning it is comprised by rural fringe areas between town and country.

Council continually refers to the rural and disbursed nature of our LGA, implying that council takes responsibility for Rural areas, but rural and rural fringe areas have always been neglected by Hawkesbury Council.

Council has used rates from the rural and rural residential areas to provide services for the Townships, and continues to neglect the rural areas.

Roads in Rural areas are unsafe, unsealed and in some cases blocked.

Council also claims that over the last 9 years it has only increased rates by the Rate Peg amount; that costs have escalated by a higher rate; and, council has reduced spending on assets accordingly.

- Council has not used money collected to offset Asset Depreciation for that purpose.
- Council has had ample resources to provide responsible management of assets.
- Council has demonstrated over a long period of time it cannot manage our assets and property.

At p. 15 of the Council Resourcing Strategy 2017 2027, Council claims:

“Council has been facing an ongoing shortfall in addressing the required asset maintenance and renewal, this is due to Council maintaining a balanced budget position from year to year limiting

expenditure to the level of income available. This ongoing structural funding shortfall, has resulted in an increasing asset renewal backlog and deterioration in asset conditions, which if not addressed could impact councils long term sustainability.”

This demonstrates an inability to manage the budget without using funds earmarked for Asset management. The community should have been told before it came to a situation where the council has allowed assets to deteriorate so badly as to require immediate intervention.

State government should have stepped in and provided governance to correct this situation before now.

It is unreasonable to expect residents to correct decades of bad management practices and a lack of governance in a short timeframe with a huge rate increase, on two grounds:

Firstly, it affects the standard of living of many residents who simply cannot afford the rate increase. These residents will have to reorganise their lives to survive and pay in some instances half their available income on rates. In the council meeting of 8 Jan 2018, 9 hardship cases have been lodged.

More significantly, some residents will be forced to sell family homes. These are people who grew up in the Hawkesbury, raised families, and retired here and love the Hawkesbury District.

Council has a \$25M wages bill which keeps growing, waste is rife, and Council can't stop spending and hiring, and ordering report after report. We would like to see well paid Council staff who can deliver, not simply ask external consultants to do the work.

Council claims cost containment measures for 2017/18 were in the amount of \$605,018.

8 IPART Special Variation Application Form – Part B

This is 0.86% of the 2017/18 budget. It is a rounding error. Hawkesbury Council should cut costs by something meaningful, remove the need for a Special Rate Variation increase altogether, align with community sentiment.

Council has not stopped wasting our money on superfluous activity, despite operating losses and has neglected to provide services to the rural residential areas.

Whilst most residents agree that “Sister City” programs, support for local festivals and new Bicycle paths from Windsor to [REDACTED] Kurrajong are nice to have, it seems obvious that other services relating to health and safety, and flood exit should and must have a higher priority.

Council seem to be directing spending to Kurrajong village, examples the Bicycle Path, the Jazz Festivals, and the Live and Local shows. Other suburbs are not getting this level of investment. There is not an equitable distribution over the LGA.

Council seem to have a disregard for the financial hardship they have caused, by forcing a huge rate increase on the former rural residential owners, and offering new services to townships.

If the SRV is successful there would be pensioners expected to pay rates in excess of \$6000 per annum.

The Hardship policy drafted as an afterthought by Council in December 2017, expects the families of residents to pay interest.

Not many people are likely to embrace this flawed Policy, and the people most at risk have lived within their means all their lives. People undergoing hardship created as a result of Council actions will not want to discuss this with Council.

Instead of working with community to listen, openly discuss Council failings, and move forward in lock step, it is our observation that Council are executing pre-conceived strategies which are not divulged to the public, and “selling” outcomes to the public with misinformation, and opposing anyone who reasonably questions them.

Hawkesbury Council told the community they were viable prior to the proposed merger with the Hills Shire Council.

The Hawkesbury Community lost an opportunity to merge with the Hills Shire Council, a professionally run, viable council, and at that time we also lost the offer from the State government for a rates structure freeze.

In hindsight this is a significant loss to the Hawkesbury Rural Residents, and in Oakville this will cost our residents an additional \$15M over the next 10 years if Council are allowed to keep rate gouging.

We took our council on face value, and supported them when they told us they were viable, and Fit for the Future, but the council was not being forthright with the community.

Elderly people who have lived within their means for many decades have had their lives disrupted, and council are telling them to sell up or pass debt to their children. This is inappropriate.

Fair rates for services provided

Since 2004, the Rural and Rural residential categories have paid higher rates than other residents.

It is conspicuous that Rural Residential properties have always paid a higher than fair portion of the total rates and have always been underserved for the amount they pay.

Attachment 4 tab 4 Sample of typical "low end" rural residential rates payer since 2004.

We do not have access to similar data from built up areas since 2004.

To quantify this, let's look at what services are provided to high density residential areas, and then look at the services provided to the Rural Residential properties.

In the urban areas, around half of the district, according to council, is provided with these services:

- Potable Water
- Sewerage
- Well maintained roads
- Kerb and Guttering
- Drainage
- Street lighting
- Street sweeping
- Rubbish collection
- Footpaths
- Mowing
- Libraries and swimming Pool in close proximity to homes
- Public transport trains and bus services in close proximity.
- Tree services for dangerous trees

In rural residential areas these service are provided:

- Rubbish collection
- Some have potable water, many do not, and they do not have sewerage.

Despite this, no one in the Rural Residential category has complained about paying rates, until the 2016 Council of [REDACTED], delivered the most unfair rates structure in living memory.

It is clear that the Rural Residential property holders have been firstly paying a higher rate, and secondly subsidizing the urban areas for decades, and what would be fair would involve charging the rates in line with the actual services provided.

Need-

Parts of the Hawkesbury do not have town water, do not have sewerage, drainage, or well-maintained roads. It is a mistake to simply look at the service requirements for the district in terms of infrastructure backlog caused by decades of Council neglecting our assets.

Our roads are dangerous, unsealed and lack gutters and some roads used for flood mitigation have been closed for 25 years.

There is an obvious need to make Hawkesbury Council financially viable, however there are several reasons not to allow Hawkesbury Council to proceed with the SRV at this time.

- The council has redistributed the rates system which has created great inequity.
- All options have not been explored or exhausted.
- The root cause of council inefficiency needs to be investigated, and people held to account.

The first question we would ask is why give more money to an unviable council with unchecked spending, without first taking steps to make the council responsibly manage property, assets and its spending.

The community has lost confidence in the Council. Based on the financial position now disclosed (in part), the community would no doubt welcome amalgamation with the Hills Council.

(24 IPART Special Variation Application Form – Part B)

Council states ...The operating result from 2010/2011 onwards reflects the fact that Council, for many years, had not been spending as much as it should on maintaining, renewing and replacing community assets.

This is what the SRV is about but the community does not know this or why our council has failed. The residents have been polled by council on new services they would like and led to believe the SRV is about a raft of unspecified new services?

In the Council improvement proposal 2015 FFTF Council states the Proposal is directed at improving its performance against the asset related benchmarks (Building and Asset Renewal Ratio, Infrastructure Backlog Ratio, and Asset Maintenance Ratio).

It aims to substantially increase recurrent spending on the renewal of Council assets

Hawkesbury Council are not telling people they mismanaged our assets, Cite “the accumulated legacy of decades of underinvestment in our assets” P18. Council delivery program 2017 -2021

(Special Variation Application Form – Part B **IPART 5**)

“the Council are addressing past decades of council under-investment in asset renewal.”

“Council is facing an asset funding and renewal shortfall.
The SRV is intended to raise the balance of revenue to resolve this shortfall.”

What Hawkesbury Council are still not telling the community

Council have placed priority on community, cultural, civic, recreational and other ‘discretionary’ services, above what should be the highest priority: safe roads, flood mitigation roads, health and safety, and quality of life.

The fundamental responsibility of Council is Roads, rubbish, and local services.
Council have underserved our Assets for Decades, and taken money from ratepayers earmarked for Asset Depreciation and used it elsewhere.

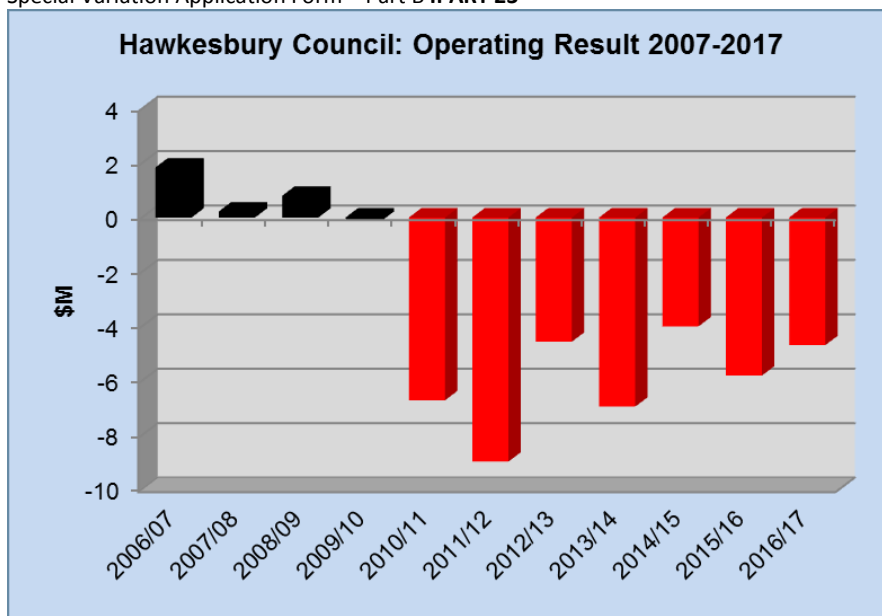
- The Hawkesbury Council received \$30M in rates before charges and spent \$25M on wages in the 2016/17 financial year.
- Council is running an operating loss of \$10.9M including depreciation (Annual report).
- According to Council they have been running operating losses for the last seven years.
- Council are not telling community that the changes they made to the Rating Categories and Base Rate will have an exponential effect on how the SRV increase is distributed.
- The SRV request of \$73M is to cover paying down a \$80M debt accrued over decades.
- Council asked residents what services they would like and have erroneously implied that the SRV will provide services in line with their requests.
- Council are not telling the affected residents what proportion of the rates the 4,248 rural residential properties will have to pay since Council redistributed the rates, and what proportion these properties will pay after an SRV.
- Council are not telling people they redistributed the rates to protect some suburbs, which will only pay a \$90 increase while other pay an increase in excess of \$6000.
- Council are not telling people that suburbs like Oakville will foot 8% of the total rates.
- Council have neglected to tell people that Oakville will have an increase of M\$15 over ten years, which is about 24% of the 10 year shortfall Council is trying to mitigate.
- Council have failed to inform the residents that due to the recent rates restructure, and in three years when the SRV is removed, the residents will stay at the new high rate, in addition to the Rate Peg increase, and they have not properly explained the implications.
- Council have not opened their books, it is very hard to get good data from council, and council have not told the community where they failed, or where they wasted our money

Australians have a good sense of a fair go, and know what council have done with rates is not fair.

We have seen careful consideration of Council metrics, but we have not seen a proper study on Rural Residential people to understand the mix of people or the capacity to pay.

When Rates increase more than 180%, without warning, people don't have a chance to change family Budgets. If nothing else changes, residents use savings to pay rates, as incomes have not increased.

Special Variation Application Form – Part B IPART 23



The above graph shows a \$5M loss in 2017, while the HCC Annual Report shows an operating loss of \$10.9M. It can be very confusing reading council documents due to inconsistencies such as this.

This data was not presented or explained to Residents.

With inconsistencies like this it is difficult to trust data provided by Council.

The preferred option for Council to become Fit for the Future from "The Hawkesbury Council Supplementary Resourcing strategy 2017-2027" is an Rates increase of 31.29%

The Council have not been required to cut costs or become efficient like a normal business. Council don't seem to be held accountable for their results.

In any commercial business environment, if senior managers can't manage budgets for growth and profit there are serious consequences.

In Hawkesbury, a failing Council are taking enormous salaries by any standard, have not maintained our assets and seem to operate with impunity.

Other Options

(20 IPART Special Variation Application Form – Part B)

Other options to achieve long term financial sustainability which have been considered or investigated by Council or other parties have included:

- Amalgamation
- Service level reductions
- Large-scale residential development
- Operating efficiencies and revenue generation

Morrison Low Consultants have reviewed Council's Fit for the Future Strategies and recommended an SRV, and they concluded that there were no alternate strategies or initiatives which could replicate or replace the positive impact of the special rate increase on Council's long term financial position.

What does not seem to have been factored into Morrison Low studies is ratepayers propensity to pay.

Cost cut first

Oakville progress association does not agree with Morrison Low Consultants proposition that the SRV is the only practical way for the council to generate revenue.

The community ask IPART to look more closely at the options available to council before considering an SRV rate increase, and we suggest including the options missed by Morrison Low.

Cost modelling can be done to demonstrate making council viable with no need for an SRV.

Many steps can be taken to make a business, including Council viable. This includes cutting staff, reducing packages, selling assets and stopping wasted spending, or simply renegotiating contracts, rents, and fixed costs to reduce overheads, or selling and leasing assets are simple options. Council could also reduce spending on discretionary services like footpaths, and place more importance on critical services.

It is conceivable that council could cut overhead and spending and eliminate the need for an SRV altogether. We should at least evaluate that data, and include the community in the process.

Spending and procurement

A detailed study needs to be compiled to understand council spending.

In our view, Hawkesbury Council has mismanaged its finances for seven years as can be seen on decisions like:

- \$7M net cost of [REDACTED] Power generation plant, including purchase, loss of interest off internal borrowings, loss of projected revenue, and repairs to the plant after it was damaged .
- \$1M overspend on [REDACTED] lease with University, we would still like to have this properly explained.

In corporate life, when a company is not trading to meet quarterly goals, countermeasures are routinely taken. When two quarters in a row miss target, drastic measures are taken, including but not limited to, expense freeze, salary freeze, travel freeze, hiring freeze, head count reduction, or ban on using external consultants.

83% of rates raised (before charges) are currently spent on salaries for council staff.
(Council Annual Report and Financial Statement)

Council are spending money on discretionary items like, refurbishing Council rooms, and working with minority groups, running festivals and renaming Gender neutral signage on toilets while the Needs of long term ratepayers are neglected.

An option, until now not discussed, is to look at the structure of council, and remove redundant layers of management, cut the wages cost dramatically.

Cite NAB very recently removing redundant layers of Middle Management to become more effective

What is not mentioned by Council is as important as what is mentioned

Use of council property

The Local Government Act provides that when councils acquire property, all public land must be classified by council as either “community” or “operational” land.

The land has to be classified within a time frame, or it “automatically reverts to community land”.

Community Land:

- cannot be sold,
- cannot be leased, licenced or any other estate granted over the land for more than 21 years, and
- must have a plan of management prepared for it.

This means the land effectively cannot be used to generate revenue.

On many occasions Hawkesbury Council has not classified property within the time frames and it has defaulted to community land.

We submit that a rigorous process is required to identify “community land” that should legitimately be classified as “operational land”, and take the steps provided for in the Act, to reclassify that land.

The net cost of council negligence in not classifying land as operational within three months of its acquisition, has not been evaluated, and there is a potential revenue opportunity, if property was correctly managed, sold or used.

No Mandate for SRV

On Nov 28 2017 Cllr [REDACTED] said in Council, paraphrased here, chambers that:

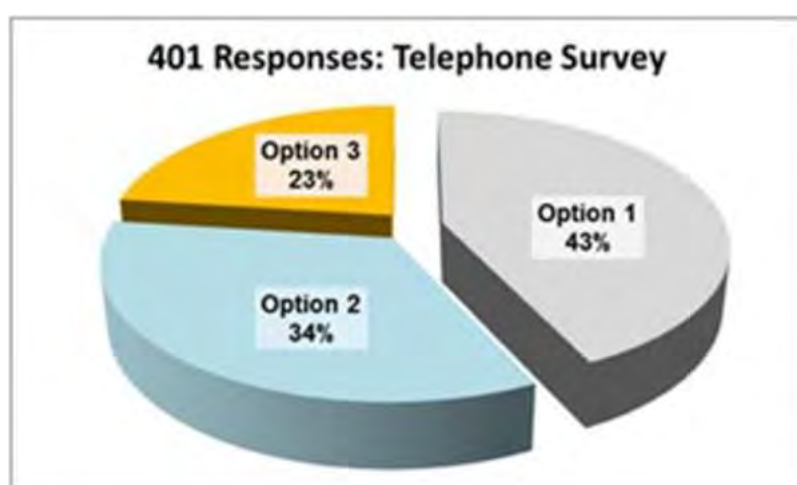
"The Telephone Survey which is the only statistically valid method of consultation we have done, stated that 43% of people weren't prepared to pay any more, 23% of people surveyed were in favour of Option 3, and this council is about to say we are going with option 3 anyway.

"We cannot keep faith with the community if we go through these extensive consultations and then ignore the outcome"

On Mon 29 Jan 2018 Cllr [REDACTED] stated in council chambers that "we know from discussions in here before, that the only statistically valid consultation process was the telephone survey where there was a majority of people that supported the special rate variation"

The [REDACTED] comments about the Telephone survey are incorrect, and Oakville Progress Association inc. do not agree that the telephone survey is either a valid community response or the only valid response.

Telephone Poll Hawkesbury Council Special Variation Application Form – Part B IPART P.37



It shows that 77% of people surveyed were opposed Option 3 offered to the community.

Concerns

We are extremely concerned if this is the only statistically valid survey Hawkesbury Council has conducted and that Hawkesbury Council has interpreted this as justification for Option 3.

Council surveyed 401 people,
20% were not Hawkesbury ratepayers, 80 people surveyed were not actually ratepayers?

In pure statistically terms Option 1 has the highest rated percentage score of 43%, followed by Option 2 with 34% and Option 3 23% was last in the voting options.

Of the 23% who supported option 3 or those who supported Option 2 in Nov 2017, how many have had a rate drop in July 2017, and what will their net position be?

For example:

If a ratepayer was paying \$900 p.a in 2017 and council dropped their rates by \$100, to \$800
And then Council surveyed that Ratepayer asking them to accept a 31.29% increase over three years
it would be an increase of around \$250 over 3 years.
Their new rates would be \$1050 approximately, \$150 more than what they were previously paying.

Those ratepayers would be expected agree to this.

As Council provided a rate drop to 75% to the district, why are only 23% (or 18.4% if we only include ratepayers polled) in favour of a small rate increase?

It is fair to say that Hawkesbury Council had a predetermined strategy to pursue Option 3 irrespective of the wishes, awareness, impact or capacity of Rural Residents to pay the majority of rates.

This has always been Hawkesbury Council's intention.

In the business papers Nov 28 2017, Council stated the number 89% of people opposing Option 3 31.29%, it is extremely hard when council is not consistent, but we understand the import, which is the only survey Council will accept is saying that two thirds or more of the people in the Hawkesbury, have rejected the 31.29% SRV proposal by council.

On Nov 28 2017 Councillor [REDACTED] stated

"The community that we surveyed said quite firmly, we don't want you to do Option 3, only 23% said they would be willing to pay it given the situation, and yet that is what we are about to do."

We submit that Oakville Progress Association inc (OPA) has also surveyed the community. OPA petitioned a higher sample of the rate paying public.

The General Manager of Hawkesbury Council was presented with a petition as part of the formal "Draft Supplementary Resourcing Strategy 2017-2027 incorporating Draft Supplementary Delivery Program 2017-2021" when ratepayers were asked to submit objections and submissions to Hawkesbury Council for the final SRV submissions in Nov 2017. Council refused to use it.

OPA had submitted a petition which included 634 signatures of residents or businesses within the Hawkesbury Council area. The 634 signatures if included in the Hawkesbury Council straw poll data would clearly reflect a mandate for Option 1 and a very clear majority of 53%.

This is a true mandate not included in the total numbers presented to IPART by Hawkesbury Council.

The majority of people signing the petitions said they did not understand Council presentations on SRV, but they were totally opposed to rate increases, and the more people polled the more reject Council plans.

These numbers are further extended with additional signatures from residents who have signed from neighbouring suburbs after the closing submission for the SRV motion in Council on Nov 28 2017.

Table 2

	Number of Responses	Option 1		Option 2		Option 3	
		Responses	Percentage	Responses	Percentage	Responses	Percentage
Telephone	401	172	43%	136	34%	92	23%
On Line	156	61	39%	41	26%	55	35%
Postal	756	242	32%	272	36%	242	32%
Town Meeting	194	31	16%	39	20%	124	64%
Petition	634	634	100%	0	0%	0	0%
Total	2141	1140	53%	488	23%	513	24%

Subsequently over the last month, our group polled more residents, and we submit the results below

Table 3

	Number of Responses	Option 1		Option 2		Option 3	
		Responses	Percentage	Responses	Percentage	Responses	Percentage
Telephone	401	172	43%	136	34%	92	23%
On Line	156	61	39%	41	26%	55	35%
Postal	756	242	32%	272	36%	242	32%
Town Meeting	194	31	16%	39	20%	124	64%
Petition & additional	1009	1009	100%	0	0%	0	0%
Total	2516	1515	60%	488	19%	513	20%

As more people are surveyed, it becomes more obvious the opposition to the Councils SRV propositions Option 2 and Option 3.

We are absolutely astonished to see council proceeding with a request to go forward with Option 3, against the will of the resident ratepayers.

Council are not listening to the Voice of the public.

The council clearly does not have a mandate for SRV option 2 or option 3 at this time.

Awareness

Public Engagement

(4 IPART Special Variation Application Form – Part B) the Council state

Over the last 18 months, Council has been engaged in an ongoing and detailed conversation with residents about the future of the Hawkesbury - their satisfaction and expectations for Council's services and facilities, their priorities for future investment, as well as their preferred resourcing options for investing in the future.

The outcome of these conversations have clearly indicated that residents want Council to partner and work with the community to create a well-served, vibrant city with a rural feel that values its heritage, its waterways, its rural landscapes and its community spirit.

It is impossible for the Council to claim they have connected to the public when they have reached less than 4% of people in the Hawkesbury. The statements above are motherhood statements.

The council has published the results of community satisfaction
(Special Variation Application Form – Part B IPART 19)

Table 5: Community Satisfaction Gap Analysis (Hawkesbury Community Survey)

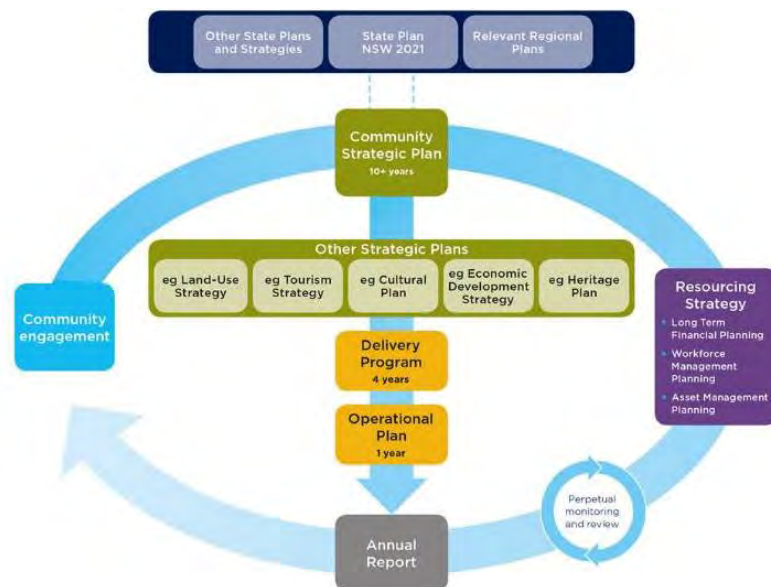
These are the top 5 things the community says the council does not do.

Rank	Service, Facility or Activity
1	road maintenance
2	long term planning for the future
3	improving services and infrastructure
4	providing transparent and respected leadership
5	engaging community in making decisions

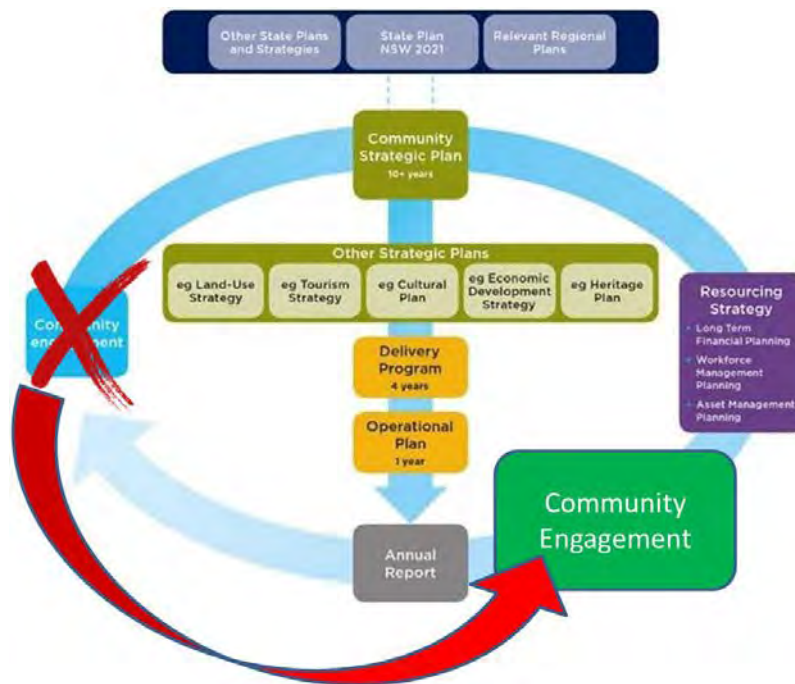
IP&R Framework for Community Consultation

The Integrated Planning and Reporting (IP&R) framework recognises that most communities share similar aspirations: a safe, healthy and pleasant place to live, a sustainable environment, opportunities for social interaction, opportunities for education and employment, and reliable infrastructure. The difference lies in how each community responds to these needs. It also recognises that council plans and policies should not exist in isolation –

Integrated and Planning and Planning Framework applied by the OLG



Integrated and Planning and Planning Framework applied by the Hawkesbury Council



Hawkesbury Council included the community late in the process, and did not allow enough time to engage the Community in the development of better alternatives, root cause, or better options.

The community were presented with three predetermined options. None of these options had majority support. There was no discussion about Council performance, the Annual Report, the Council's operational performance or steps to make council efficient.

Subsequently in November 2017, 89% of people polled by the council did not support the Council's "Option 3":

Cite (Hawkesbury Council business Papers Nov 2017) Table 1 p 125.

http://www.hawkesbury.nsw.gov.au/data/assets/pdf_file/0012/101631/ORD_NOV2_2017_BP.pdf

Hawkesbury Council held what they called "community consultation meetings", in June/July 2017, just after the council issued Oakville and 5 other suburbs with massive rates increases.

The [REDACTED] and [REDACTED] refused to answer any questions about why rates more than doubled in Oakville and surrounding suburbs, and further afield in Windsor Downs and Tennyson.

There was no consultation, and no collaboration, in fact the meetings broke down, most people walked out when the council only wanted to discuss reasons why they proposed a new 31.29% increase to rates, and refused to address community questions.

The meetings were late starting, poorly run, and a comprehensive failure of [REDACTED] and Cllr [REDACTED] to engage the community and amounted to a pretence allowing the Council to publish data suggesting they held community consultation.

It was particularly disturbing seeing retirees leaving in tears, after Cllr [REDACTED] stating how lucky they were to have had a windfall in property values, and they could sell up and move out now.

This behaviour is not only insensitive and incorrect, in our view, it is a breach of Council's Code of Conduct. Cllr [REDACTED] should be brought to task on how to deal with elderly people she is

elected to serve. Her behaviour displayed a lack of fairness and in our opinion brought the Council into disrepute.

People who don't want to leave their homes have not had a windfall, and most have never had much disposable income, and still don't, and do not have the capacity to pay more.

Residents have voiced concerns that Council is [REDACTED] them into selling their properties.

Justifying Public Collaboration

Special Variation Application Form – Part B **IPART 13**

The council use the following table to justify public collaboration.

26 town meetings

25 information kiosks and stalls at shopping centres, markets and Council events

Statistically valid telephone surveys run on Council's behalf by Micromex Research

Mail out of information brochures and postal ballots to all ratepayers

Public exhibition of key documents and calls for submissions

Online surveys and on-line discussion forums

Media releases, facts sheets and advertisements.

Points of note:

1. The public meetings were not about collaboration, or asking the public for ideas.
2. It was clearly presented to the public that the Council had completed strategic planning and financial planning, and we were expected to simply choose from three flawed options.
3. 26 meetings with 100 people is 2,600 people out of 66,000 residents, 4% of people
4. The only "Statistically Valid Survey" recorded 20% of the 401 person sample as non rate payers. This poor attention to detail, and presenting invalid data is another thing we object to.
5. In Nov 2017 the Council discussed workshops to correct the impact from their rates redistribution, but some four months later, the Community was not invited to participate, and we have not heard any outcomes.

It is not possible to suggest the council has reached the majority or even a good number of the community yet, or that people understand the SRV, that clear information or options were provided.

Council cannot claim to have collaborated with the community as they have at no stage made an attempt to do so.

The Council has persisted in speaking in averages in all documentation and presentations in 2017, and many examples were invalid, not relevant, or difficult to understand.

The community were given options which did not include revenue options other than SRV.

Valuer General

In Hawkesbury Council's IPART submission Council talks about addressing the residents and lays the responsibility for the huge increases in rates on the Valuer General. However, it is Council changes to the Base Rate calculations, and the abolition of the Rural Residential category that have exacerbated these increases.

1. We do not accept the Council gouging us on rates.
2. The majority of residents do not disagree with Land Valuations, council is misleading on this.
3. We understand our land Value is being artificially pushed up by speculators, despite the council making changes which now classify some suburbs as high flood risk.

4. The Council changed the Rates calculations, maximised rate increases from properties with higher land values, and provided a rate drop to those in built up areas.
5. The cumulative effect of the Land revaluations, and the council changes to rates categories has a huge effect when an SRV is applied, and council modelled this with prior knowledge.

Hawkesbury Council says it listened to the concerns of the residents and asked the Valuer General to address the residents in a special meeting.

Council had prior knowledge of the proposed SRV from 2015, so it would be very difficult to suggest they are not aware of the impact of their actions before and after an SRV, or the impact Council Rating category changes will have on residents if an SRV is approved.

Clr [REDACTED] stated in Chambers 8 August 2017

- "Those four increases in rates, that is Normal rate pegging, the VG Valuations, the Council rates restructure, and the SRV, is not going to be an easy sell out there".
- "Not rocket science to work out these increases are going to be massive increases on some people".
- "It is not fair to have such huge increases".
- "We went through meeting after meeting after meeting".
- "This is going to be a really hard slog for Councillors to sell this 4 point increase".

We know council had the SRV knowledge as far back as 2015, the VG information from 2016, and calculated the new Rates restructure with knowledge of the cumulative impact of the Rate Peg, the VG revaluations, the Council Redistribution, and the SRV on residents.

Clr [REDACTED] confirms it.

Clr [REDACTED] stated in the same meeting:

"The 30% base rate was not some figure we plucked out of the air, that figure was reached after many months of consultation and discussion. We got a series of reports, where we sat down for many days and went through those reports and looked at what the staff recommended and came up with an approach to make the base rate 30%."

It is clear Council did significant Modelling to get to this point

Also..

"Its been said what do you get for your rates, well what you get is the same as other places get.

This is misleading from Clr [REDACTED], the Rural Residential areas do not get the same services as the built up areas, this is well known".

Also..

"Some people suggest they just look at the rates they pay which might be \$4000 and then get \$4000 worth of services at their front door."

No one suggested this.

What was suggested was that Oakville residents have been paying rates for 50 years and the money is not spent on Oakville, and Rural residential areas are subsidising the built up areas and now are being gouged by Council.

(52 IPART Special Variation Application Form – Part B)

Hawkesbury Council has not, up until this point of time, shown any willingness to discuss or to negotiate their rates calculations. They have refuted community submissions as follows:

“The primary issues raised in these submissions effectively related to the rating impact of the 2016 NSW Valuer General land revaluations, and as such would seem would fall outside of the scope of matters that can be reasonably responded to it in conjunction with the special rate increase”.

This is deliberately misleading from Council, please read some of the letters from the community in the attachments.

Council meetings, and understanding Council motivation

In 2017, Council abolished the Rural Residential category, amalgamating this category into the residential category and changed the Base Rate calculation from 50% to 30%.

This had a dramatic impact on rates, when coupled with Land Valuation and the proposed SRV, but Council refused to discuss the rates changes with any reference to the SRV, and suggested it was not related and had to be discussed in isolation.

The residents do not agree. Council modelled all this data, and to date have not shared this information.

This was a predetermined strategy as outlined by Cllr [REDACTED] on Aug 8 2017 in council chambers.

Councillor [REDACTED] made these Comments:

- “Eight councillors pledged to undo the 50% Base Rate if we were elected”
- “People here are complaining about their property values”
- “The Base Rate of 30% was chosen because it is most consistent with the principles advocated by IPART that great bunch of lefty socialists at IPART”
- “In 2013, 18,000 properties were to cop a rates rise to subsidise 4,000 properties.”

Cllr [REDACTED] seemingly has limited understanding of section 536 of the local Government Act.
Cllr [REDACTED] has [REDACTED] numbers wrong, there were 4,248 Rural Residential properties, and 18,329 residential ratepayers.

Councillor [REDACTED] went on to say:

- “A slug of \$2.16 million dollars to the poorest properties in the Hawkesbury. Council knew that the average property owner in Windsor, South Windsor, Bligh Park, Richmond and Wilberforce, would cop a rise to cover rural residential owners who would each see a drop in rates of more than \$500.”
- “I acknowledge that your rates are very high, but whether you like it or not the north west growth sector has made you wealthy.”
- “What would you prefer, that all those people who own property less than \$450K subsidise property owners who own properties in excess of \$1M because they like living at Oakville.”

These comments are very offensive to long term residents, [REDACTED], including Oakville, and Cllr [REDACTED] facts are incorrect and they [REDACTED] omit to mention what those suburbs were paying before and after the 2013/14 rate changes.

Councillor [REDACTED] said emphatically, a \$2.16M slug to Windsor, South Windsor, Bligh Park, Richmond, and Wilberforce!

Simple Statistics

Windsor Properties	710
South Windsor	2,296
Bligh Park	2,243
Richmond	2,164
Wilberforce	<u>1,028</u>

Total properties 8,441

The net effect was a **\$256** increase per household.

These properties have the best access to services. They have lighting, kerbed roads, footpaths, Street Sweeping, and are centrally located to shops, libraries, rail, and other facilities.

Bligh Park and South Windsor have 38% and 49% rental properties, owned predominantly by Defence Force housing and NSW Housing.

To put this in perspective, in 2017 when Council implemented what they have called a “fair rates model” designed to cap rates increases for those suburbs to \$90, Oakville had a rates increase of \$1M, Oakville went from paying \$880K p.a to \$1.8M, and our individual rates went up by up to 180%, or in some extreme cases 350%. At the same time 75% of the district were afforded a rate drop, including those properties owned by Defence Force Housing and NSW Housing.

The net effect for Oakville was a **\$2,200** increase at the low end, and an increase of **\$6500** the high end.

Oakville properties have limited services outside of rubbish collection.

Roads are unsealed and dangerous.

It would also be worth looking at the other Rural Residential suburbs affected at a later date.

Oakville Progress Association Inc. would suggest an independent investigation, as we do not have access to Council data.

The numbers put forward by Councillor [REDACTED] to justify the change to the way rates are calculated “to make rates fair”, and subsequent press from [REDACTED] are obviously wrong and demonstrate a lack of understanding of the intent of the Local Government Act Part 4 as it relates to fairness and equity.

Decisions based in ideology are not representative of the interests of the majority of the community.

Council have ignored the effects of Valuer General changes, and changed the Rating Categories to discriminate against people based on where they live and their perceived wealth.

Impact

1. Amongst the most vulnerable people in the Hawkesbury district are the Retirees, young families, and renters.
2. 20% of Oakville are retirees, and the maximum Pension is \$16056.
These people have lived within their means for decades, and those in Rural Residential areas have paid high rates, have not gained benefit from services enjoyed by the urban areas, and these people have never complained until now, some 50 years later.
They are long term honest ratepayers, genuine people who lived here, raised families and intended to retire here in the Hawkesbury.
3. Retirees and young families are the worst effected, some on the pension are paying \$6,000.
4. This is on top of other Cost of living increases.
5. Many of these elderly are long-term residents who are discriminated against by Council, on the grounds of perceived wealth, due to inflated land values.
6. Normal people who have recently had rates increased to \$6000 p.a, can't afford the rates, and understand the inequity of being charged 4 times more than other residents.
7. People renting (13.8% in Oakville) will have increase past on, and will see rents increased.
8. People who have been paying rates in rural residential areas for 50 years have stated that they are angry that they do not receive service for their rates payments, and are very upset that their rates have recently doubled and tripled.

Four things have contributed the situation we have now in the Hawkesbury

- The previous Council used the Rating Categories and Base rate to make rates fair for everyone in 2013/14.
- The predetermined strategy of the current Council to *redistribute the rates burden*.
- *The Valuer General Land revaluation in 2016*.
- The changes made by the current council to DISOVL THE RURAL RESIDENTIAL CATEGORY and change the BASE RATE calculation in 2017.

A proposed SRV further increases the burden on a few to subsidise the many.

The net effect is taking the Hawkesbury from a situation where rates were starting to become fair for all residents, to the position we are now in, where people have to change lifestyle, and consider selling our properties as a direct result of Council's actions.

There is neither a capacity nor willingness from the Rural Community to proceed with an SRV.

Effect on Oakville and other Rural Residential suburbs

Rates have increased dramatically, and rates are distributed unevenly across the Hawkesbury now.

With the changes our current council made, our suburb Oakville which is 2.6% of the properties in the Hawkesbury, is now paying 6% of the rates burden, and post SRV will pay 8%.

We have had an increase of rates up to 350% imposed on us.

Oakville rates went from \$1800 - \$4800, and in a one case \$2500 up to \$9000 p.a in one adjustment, while the council is suggesting the average rate in the Residential category is \$1180 p.a, and some protected Residential suburbs an average rate of \$837 p.a.

There are many people paying \$4000- \$5000 in Oakville now.

If all residents had to pay this amount pre SRV Council would raise **\$120M** in rates before charges

Council states the average rate increases in Oakville are \$1621.

If all residents had to pay this amount pre SRV on top of the "council stated average rates \$1180, it would be \$2801, and Council would raise **\$67.5M** in rates before charges.

(Special Variation Application Form – Part B **IPART 55**)

Locality	no of properties	2014 average land value	2016 average land value	average increase in land value	% increase in land value	avg rate 16/17	avg rate 17/18	average rate increase	average % rate increase
Cattai	153	\$562,902	\$927,072	\$364,170	65%	\$1,443.56	\$1,937.69	\$494.13	34%
Vineyard	359	\$374,478	\$780,955	\$406,478	109%	\$1,172.48	\$1,685.88	\$513.40	44%
Maraylya	243	\$560,584	\$956,741	\$396,156	71%	\$1,438.84	\$1,988.82	\$549.98	38%
Richmond Lowlands	21	\$1,223,067	\$1,724,914	\$501,848	41%	\$2,647.69	\$3,312.67	\$664.98	25%
Scheyville	1	\$632,000	\$1,070,000	\$438,000	69%	\$1,516.98	\$2,184.01	\$667.03	44%
Oakville	552	\$601,712	\$1,607,898	\$1,006,186	167%	\$1,489.81	\$3,111.00	\$1,621.19	109%
Total/Average	1329	\$538,183	\$1,188,522	\$650,339	121%	\$1,407.76	\$2,388.26	\$980.50	70%

Table 12: Localities with highest average 2017/2018 rating increases

In fact if Council needs to raise say \$30M in rates before charges, each resident would pay just \$1244 which seems realistic and fair. \$30M shared between 24099 properties.

Oakville Progress Association Inc. have submitted a Freedom of information to Council to review Council modelling but have not so far received a response from Council.

We question the important parameters council left off the Metrics being considered.

Things like the numbers of Pensioners in suburbs, long term residents, and rental properties. We note that some of the parameters in council tables submitted for Oakville are incorrectly stating ABS numbers, and do not take into consideration the pensioners with limited means, or single income families already in Financial distress, or families with Chronic illness, self-funded retirees, or self-funded people currently looking for work and not taking benefits etc.

SRV Impact

Those residents who received a rate drop will have a flat SRV % increase applied to a low number. Those residents who's rates tripled will have a flat SRV % increase applied to a high number. Some residents will get an increase attributable to the SRV of just under \$3000, Others are protected with an increase of \$90 or lower.

Council suggests that "under the Special Rate Scenario, there would be three increases above the rate peg amount for a total average annual increase of \$351 by 2021" This is irrelevant.
(Special Variation Application Form – Part B **IPART 59**)

Council also suggests it has protected those people on low incomes.
"The average residential ratepayer under the proposed special rate increase only paying an additional \$90 above what they were paying in 2016/2017" (Special Variation Application Form – Part B **IPART 67**)

Council's interpretation and application the Rates rules ignores that Council are forcing parts of the community who simply can't afford to pay more to fund most of the shortfall from council neglect.

Effect of the Rates redistribution and SRV on the 4,000 rural residential properties across the district has not been Divulged, we would like to quantify this prior to considering an SRV.

Specifically we would like to know of 4,248 rural properties, what % of the rates burden we now carry before an SRV is implemented.

We would like to know what is the net effect of subsequent SRV increase on rural residential properties and everyone else.?

Services in Oakville

Oakville roads are disgraceful, we have many unsealed roads, and roads provided for flood mitigation for Killarney chain of ponds, for example Old Hawkesbury Rd are unsealed and have been closed for 25 years or more.

We have limited maintenance on our gutters, which are badly eroded.

We have no street Lighting

No drainage

Our verges are not mowed

We have no footpaths

Dangerous trees are not trimmed

We do not have Sewerage

An SRV increases costs but does not increase services.

If you walk along the verges in Oakville, there is a real risk of stepping on a Brown Snake, as the grass is long, and we have a lot of Brown Snakes in Oakville

In Sep 2017, The Oakville Progress Association Inc. sent correspondence to General Manager [REDACTED] asking specifically what services or infrastructure improvements Oakville would receive for the \$1M increase Council took from Oakville in the June 2017 rates increase, and no answer was provided.

We would still like to know what new services we will receive before an SRV is proposed.

Changes to the Building height

In 2016 Hawkesbury Council made changes to the minimum building height, and LEPs for Access and Egress.

Council allowed people to build at the 1:100 (17.3) flood level for decades, and recently changed the building codes and LEPs for access and egress.

By changing the LEPs for Access and Egress to reflect any properties accessing flood prone areas, those properties will be regarded as flood prone or high risk now.

Pre-existing properties built at 17.3 are deemed to be a high risk of flood by insurance companies, if they access 1:100 areas.

We don't completely understand what Council did as we were not informed, but we have been informed these measures are at odds with our neighbouring councils Hills, Penrith, and Blacktown.

Families either had to pay the insurance or remove flood insurance from their properties at this time.

The cost to the community of this mistake has never been measured.
It is a catastrophe and huge cost and risk to those in low areas.

This situation is part of the cumulative cost increase in Oakville, putting pressure on families and elderly.

Recent additional cost to Residents:

Home insurance premiums increased
Land values increased by up to 300%
Rates increased in rate redistribution by up to 350%

CPI	1.9%
Wages	2%



Council intend to increase rates by another 31.29%

Changes to the way Hawkesbury Council calculates rates

In 2017, Hawkesbury Council, with seemingly no regard for the Local Government Act as it pertains to fairness and equity for all ratepayers, changed the Rates categories and Base Rate calculations.

Far from mitigating the effects of the Valuer General Swings, and creating an equitable distribution of rates, Hawkesbury Council maximised the effects of Valuer General increases.

Rates increased intentionally to Rural Residential areas.

Due to Rating Formula this allowed the HCC to drop the rates to 75% of the LGA.

As a result of the changes made by this Council, in future other residents not currently affected will receive huge increases, caused by Land revaluations, significantly affecting the rates they pay.

Oakville citizens have attempted to liaise with council on several occasions, but the council is not listening to us, and refuses to answer straight forward questions or take into account the extreme hardship they have imposed.

Should the SRV be successful there would be a difference of \$10,000 between the lowest and highest Residential ratepayers and the former Rural Residential ratepayers in the Hawkesbury.

Land Values as an unfair way to calculate rates

During 2016, the Valuer General was instructed by the NSW State Government to review the land values of all properties as a pretext to justifying the introduction of the Fire and Emergency Services levy (FESL).

The natural three year cycle of the Value General VG reports was brought forward by 1 year and the majority of land values in the Hawkesbury catchment including Oakville were re-rated as part of the FESL exercise for the funding component.

The state government walked away from the Fire Levy, citing that the huge variation in Land valuations made the Levy unfair.

The State government **refused to use** the new Land Values as a fair way to calculate the FESL tax.

(FINANCIAL STATEMENTS for the year ended 30 June 2017)

In August 2017, Hawkesbury, were advised by their third party auditors to:

- discount the value of Land Under Roads by 90%, and
- record this change as a Prior Year Error, as required by Australian Accounting Standards.

As a result, the total Equity of Hawkesbury City Council was reduced by \$59.3 million from the previous year, which is shown in Council's Statement of Changes in Equity.

Historically, councils and their auditors - under the guidance of the Office of Local Government have valued Land Under Roads based on the NSW Valuer General unimproved land value of surrounding properties

Note: The State government refused to allow Local council to value "Land Under Roads" (LUR) based on the new Land Values of surrounding Land.

Unimproved Land Valuations (ULV) are used for calculating rates by local councils, and Council did this in 2016/17.

Note: State government are allowing council to use the new Land valuations to rate residents.

Two things are impacting our rates prior to an SRV increase:

1. Council are using Land valuations which are unfair to use for either FESL or LUR, for rerating us.
2. Council changed the rates categories, and Base Rate to maximise the impact of VG changes

These two points should be explained at the State and local Government level, as residents do not understand firstly why the Land Valuations have been determined an unfair way of calculating FESL or LUR, but can be used to rerate the residents; and secondly how it comes to pass that council are allowed to fly in the face of the Local Government Act and use the abolition of the Rural Residential category and the Base Rate calculation to create an overtly unfair rates distribution.

Rate redistribution

Next, the Council restructured the rates system, against the principles in the Council revenue policy and Local government act, which as previously discussed had the net effect of maximising the impact of the Land revaluations, forcing some residents to pay astronomical rates, and providing a rate drop to the majority of residents, some 75% of people, protecting those residents from SRV increases.

Can IPART help us ?

Oakville and the other rural residential people call on IPART to protect us from the financial gouging which is currently in process from Hawkesbury Council and call on IPART to represent fairness and

equity to a community under immense financial burden and strain in opposing further abuses by Hawkesbury Council imposing an SRV to retire debt accrued through bad management practices.

The Hawkesbury Councils SRV is an easy and undisciplined way for Council to escape serious managerial inefficiencies.

The Hawkesbury citizens are being held to ransom, and forced to pay for decades of inadequate management by Council, who are attempting to retire debt in three years, and force a few suburbs to bear the brunt of the cost.

We believe the recent rates redistribution is contrary to both the guidelines in the Council 2017-18 operational plan, and the Local Government Act, specifically section 536, relating to fairness and equity.

Conclusion

Hawkesbury Council is not working in the interests of all ratepayers by changing the rates structure, and proposing an SRV to cover management inadequacy.

The community were not involved in the Hawkesbury Council decision making in the past, and the community are not accountable or responsible for the financial burden, or for a rate increase.

It is possible to trade out of the short term financial difficulty council has created.

1. Oakville Progress Association inc., request that a fair rates structure is returned to the Hawkesbury, so that no residents are paying obviously unfair rates, to ensure Valuer General swings have minimal impact, and to implement the rates in the way that is intended in the Local Government Act.
2. The Hawkesbury Council has a created situation where there are people who have access to services who pay minimal rates, while others who have none of those services, are forced to pay the majority of the rates, the balance needs to be restored.
3. Oakville Progress Association inc., request IPART require a comprehensive investigation into options available to council before imposing an SRV please, including conducting an independent forensic efficiency audit over all operations.
4. We would request a moratorium on all new capital expenditure
5. There is no logical rationale that Local Government cannot take a long term view on historical infrastructure renewal investment, cost, borrowings or deficits.
Government has always taken a long term view on infrastructure.
6. Council have poured hundreds of thousands of dollars into preparing a delivery program without input from the community. The result continues to favour decades of urban development and neglects services to Rural Residential areas.
7. We would ask Council to stop pandering to Minority groups for short term Political gain, and start delivering the needs of long term ratepayers.
8. If IPART has the authority to discern between locally generated costs, and those imposed by State Government, we would like IPART to ensure only locally demand generated costs are considered in any SRV application and passed on to ratepayers.
9. Councils past and present created the financial sustainability issue and they have the means to correct it. Financial sustainability should remain an internal responsibility and not a burden thrust on a struggling uninformed public.

10. We need IPART to protect ratepayers from the [REDACTED] taking place and reject Hawkesbury Council's application for a 31.29% increase for three years.

Caveats

Oakville Progress Association Inc. are a not for profit, non-political group representing the interests of residents of our Suburb Oakville in various matters, including but not limited to Rates, Roads, Child Care, high Density developments, NBN towers and such.

OPA has limited resources, we do not have access to Council data, we have not received answers to questions when we asked them and we have not received response to GIPA requests.

We have had to draw together this response by reading Web, press, Council Annual reports and financials, inconsistent "cleansed" documents and presentations provided by Council, the council IPART submission, and by speaking to residents, ex Council members, current Council Members on both sides of the Political Gap in Council and ex Mayors of the Hawkesbury.

It has been exceedingly difficult to get good information, and Council has not co-operated with genuine answers since September 2017.

In particular, Oakville Progress Association Inc was very disappointed with responses provided by HCC [REDACTED] to questions we asked in Sep 2017. (Attachment 2 Questions to Council)

Mr Conroy takes a salary of \$280,000 a year from the Hawkesbury, and his responses are extremely disappointing to say the least. He appears to us to be a [REDACTED] who is not engaging the community, nor providing genuine answers to straight forward questions.

Information sources

Information sources

1. Newspapers including the Gazette
2. The Sydney morning Herald
3. The Telegraph
4. Letters from Hawkesbury residents
5. The Mayors Facebook Page
6. Rates Notices and Hawkesbury Council marketing collateral.
7. The Local Government Act
8. Council business papers
9. The Hawkesbury Council Annual report 2016/17
10. The Hawkesbury Council Operational plan 2017/18
11. The Hawkesbury Council Resourcing strategy 2017
12. The Hawkesbury Council Supplementary Resourcing strategy 2017-2027
13. The Hawkesbury Council Delivery program 2017
14. The Hawkesbury Council Special Variation application form part B
15. The Hawkesbury Council Supplementary resourcing strategy 2017
16. The Hawkesbury Council Community strategic plan 2017
17. Conversations with both sides of current council
18. Discussion with ex mayors and councillors
19. Listening to people who presented to our OPA group community meetings.
20. Membership Oakville progress association.
21. Office of local Government OLG Guideline for preparation of an application
22. OLG assessment of Council Fit for the Future proposals, Final report.
23. OLG Integrated and Planning and reporting framework
24. Integrated planning and reporting manual for Local Government
25. Hawkesbury Council Podcasts

26. <https://www.ipart.nsw.gov.au/Home>
27. https://www.ipart.nsw.gov.au/files/sharedassets/website/trimholdingbay/hawkesbury_city_council_-_fit_for_the_future_assessment_summary.pdf
28. https://www.ipart.nsw.gov.au/files/f8a05220-8796-4aac-b350-97c3d347357b/Council_Improvement_Proposal.pdf
29. https://www.ipart.nsw.gov.au/files/ab063992-56a8-4264-99fe-73c13e66a1bf/Attachment_-_2_-_pdf.pdf
30. https://www.ipart.nsw.gov.au/files/6a4829fd-15af-4a81-bd63-a4a53ea8f823/Attachment_-_5_-_pdf.pdf
31. https://www.ipart.nsw.gov.au/files/6fcdb303-9293-426f-975f-af79099a2711/Attachment_-_7_-_pdf.pdf
32. https://www.ipart.nsw.gov.au/files/16e1717b-3f6b-4d23-a26e-879913ce3ab7/Attachment_-_8_-_pdf.pdf
33. [REDACTED]
34. [REDACTED]
35. The Australian Bureau of statistics
36. [REDACTED]
37. Attachment-5-Community-Feedback-Survey-Results-SRV-Options
38. [REDACTED]
39. [REDACTED]
40. [REDACTED]

Attachments

1. ABS Statistics
2. Questions to Council
3. Council response to questions
4. Assumptions and calculations
5. Sample letters from residents all 138 submissions below, please read some of them..
[REDACTED]
6. Mistakes and anomalies in the Council submission
7. Services in town Centres
8. 2013 2014 rate change letter

End of submission

John Cupit
President Oakville Progress Association Inc.

Lyn Batson
Secretary Oakville Progress Association Inc.