

As resident in the Oberon LGA I am writing to you in response to the [Additional Special Variation \(ASV\)](#) for 2022-23. Please advise if any further steps are required to comply with the process.

I list my concerns for your consideration:

The agency has not complied with the 2015 SRV reporting requirements. I am appealing to the authority to review what is happening to protect the communities' interests. The Central Coast Council Inquiry as well as Armidale/Wingecarribee Council developments have raised my awareness noticing similar issues in Oberon. If this is left to continue there might be another inquiry, another failure and another unwarranted cost to be borne by Oberon ratepayers.

The agency, Oberon Council, is a poor manager of public monies. Over several years the agency struggled to attract & retain CFO's now reborn with the new title of [REDACTED] in this position since March 2022. Financial understanding by senior staff (former & current) leaves a lot to be desired which applies to several councillors as well.

The agency transferred the motion to apply for the ASV from its ordinary meeting April 19th to a works committee meeting April 26th well aware that committee meetings are much less scrutinized and certainly not in the eye of the public. While possibly permissible a purely financial motion was buried, I say on purpose, in a WORKS committee meeting instead of a FINANCE committee or ORDINARY meeting. No consultation occurred for the additional 1.4% other than last year's LTFP.

The agency recorded [the works committee meeting](#), initially for 10 minutes without sound. As I most likely was the only viewer (without any members of the public in chambers) I informed the front desk of the dilemma. I say the agency's procedural failing (not testing the equipment) would have resulted in the whole meeting being recorded without audio. I've written to the OLG on these events, no audio would have been in the interest of the agency given events that took place, a copy of my email from 28th April is attached. The agency deleted parts of the recording contravening its policy.

There does not appear to be any evidence of the extra revenue or expenses aligned to the 2015 SRV granted for the specific purpose of improving several roads. The answer in WK1 line 24 does not appear to be true, the SRV from 2015 is in effect for 10 years until 2025.

The [SRV](#) is tied to a number of conditions as per Box 1.2 page 3. Basically, additional revenue from ratepayers to the tune of \$2.2m was approved over the 1st 5-year-term with a further \$4.4m over the 2nd 5-year-term. The agency and former Mayor councillor [REDACTED] are on record stating that the SRV came to an end in 2020, after the 1st 5-year term, with annual reporting having ceased since contrary to IPART's requirements (see attached Delivery Program). Highlights from my letter to the OLG (attached):

"A cumulative rate increase of 39.4% was repeatedly presented by staff & councillors as a [34.35% increase](#) not understanding the effect of compounding interest. Much more of a concern though is the agency's non-compliance with the specific conditions on page 3:

The council reports in its annual report for each year from 2015-16 to 2024-25 on: – the actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance, as outlined in the Long-Term Financial Plan provided in the council’s application, and summarised in Appendix B

.... The agency stopped reporting on the SRV activities destined for operating, capital and loan/interest repayments after the 1st 5year term delivering \$2.2m in extra income. Annual reports during the initial 5year term were vague, frequent changes in CFO’s did not help nor the agency’s inability to enter actual cost into its Maintenance Management System (MMS) as revealed in the Morrison Low report making staff aware of this serious issue. the agency is collection \$4.4m in additional income from the SRV without complying with the SRV ruling, akin to adding \$4.4m into the general fund without any public accountability on how these funds get collected or spent.

“There is little to no evidence that councillors are even aware of it let alone set up systems to control it.....”

In the context of the video “[Accounting and Financial Reporting](#)” this is an exposure for potential fraud. It matters not if it did or might happen in future, income derived from extraordinary activities declared (or hidden) in budgets is an area councillors are expected to ensure fraud cannot happen.

The agency’s reporting is evident from the [Infrastructure Asset Management Plan](#) section 2.2 page 5 onwards currently on display for public comment. I say this does not comply with what was asked from the agency and it is out of date.

Furthermore, the agency’s budgetary elaborations are evident from the [Operating Plan and LTFP](#) page 13 onwards, not once is the 2015 SRV mentioned. I say this does not comply with what was asked for from the agency and questions about fraud arose in my mind as \$4.4m over the 2nd 5-year term appear to be absorbed into the general fund without any control or public disclosure.

The LTFP does not show any details on the 2015 SRV.

With vague reporting on how the initial \$2.2m was spent and without any details on revenues & expenses from the second \$4.4m I respectfully suggest the agency should correct past reporting while still possible and submit revised [plans](#) to reflect the true position. I recall reading somewhere that noncompliance may impact future applications?

In my view the agency is not handling public funds in the best interest of ratepayers and I seek your assistance.

Kind regards

[Redacted signature block]

From: [REDACTED]

Sent: Friday, 27 May 2022 9:25 AM

To: [REDACTED]

Subject: ASV Amendment Oberon Council

Dear [REDACTED]

Please find attached addendum for consideration in the ASV determination. Two important facts came to my attention within the last 24 hours, would you kindly confirm that this addendum will be included in the process?

Both facts support that the ASV should not be granted.

Thanks

Kind regards

[REDACTED]

Dear [REDACTED]

I've become aware of two important issues relating to Oberon Council's ASV application within the last 24 hours and I ask for them to be included as amendment to my initial letter dated 16th of May. Could you please confirm that this amendment will be included into the IPART review?

In my view the application should be rejected in point of fact as following:

Incorrect application of the general fund (Tab 4 WK8 – LTFP)

During the 2015 SRV process the agency, Oberon Council, initially applied the SRV to the general rates as well as the Town Improvement special levy now in place since 1933. The agency had to revise its forecasted income due to the erroneous assumption leading to delays. It has come to my attention that the agency has applied for the ASV including the Town Improvement levy which was rejected in 2015.

The [2021-22 LTFP](#) (page 14 or 18 of 127) shows the figures in column F of Tab 4 WK8 – LTFP to be consistent relating to the general fund. Page 15 Water Fund and page 16 Sewer Fund make up the Consolidated Fund on page 13.

The Town Improvement Fund is reconciled and squared off into the General Fund. The figures in column F Tab 4 WK8 include the Town Improvement revenue of \$568,317 as shown on page 5.

Incorrect process

From usually reliable sources I've been informed that decisions relating to the making of rates cannot be delegated and are to be dealt with by the council in a properly constituted and advertised ordinary or extraordinary meeting open to the public, not a committee meeting. As I outlined in my earlier letter, the agency approved the ASV application in the works committee meeting April 19th. The as of today still [unconfirmed minutes](#) (page 6 or 34 of 49) were accepted April 26th (The confirmed minutes have not yet been published on the agency's website.)

Kind regards

[REDACTED]
[REDACTED] [REDACTED] [REDACTED]
[REDACTED]

Oberon Council – Unconfirmed Minutes – Works Committee Meeting – 26 April 2022

Division**05.03 2022-23 ADDITIONAL RATE SPECIAL VARIATION**

File No: Governance/Integrated Planning and Reporting/Operational Plan

Summary

This report seeks a Council resolution to endorse the application for an Additional Special Variation (ASV).

Council has worked on two versions of the Draft 2022-23 Operational Plan due to the uncertainty between using a 0.7% Rate Peg or a 2.1% Rate Uplift to be decided being presented. Both show a forecast of \$33 million income, with a Negative Change in Councils Working Capital of \$1.8 million and \$1.7 million respectively. If we removed the proposed Land Development Costs from both of these scenarios the result would be positive \$4,673 and \$66,225 respectively.

Moved:

Second:

That Council:

1. Make an application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508(2) of the Local Government Act (1993) for a permanent Additional Special Variation of 2.1% including the population factor; for the 2022/23 Operational Plan.
2. In making this application for the Additional Special Variation, Council has undertaken an assessment against the current Long Term Financial Plan, which assumed a 2.1% Rate Peg for 2022/23 and noted;
 - a. the additional income that Council will receive if approved compared to that Rate Peg of 0.7% as determined by IPART in December 2021 totals \$68,000.00;
 - b. the additional income is required to maintain Councils current levels of services and operations to the Oberon LGA;
 - c. that Council has considered the impact on ratepayers and the community in 2022/23 Operational Plan and future years and that the impact is reasonable.

Carried 04 260422

Division

Page 6 of the Minutes of the Works Committee Meeting of Oberon Council held on Tuesday 26 April 2022.

 General Manager

 Mayor