

## Special Rate Variation application by Penrith City Council 2016

The special rate variation that the above council is proposing is not warranted and will cause financial hardship to the community of the Penrith LGA.

In 2015, I was selected to be a part of a committee of 35 residents to review Penrith City Council's (PCC) operations, including finances, strategic plans and other information. We were asked to look at what PCC is currently doing and to advise on what we, as a group representing residential and business rate payers from diverse areas within the local government area, wanted the PCC to do in the future.

The committee was called new Democracy and was led by the 'new Democracy foundation' in which PCC provided the group with printed information on its current operations and finances and other selected information that the committee requested from time to time.

From the first group meeting, the PCC promoted a special rate variation as the only way its future plans could be met. I, and others, don't believe this to be the case.

One of the key comments from the committee was that the members were surprised at the areas of service the PCC was involved about which they had no knowledge. A recommendation was council improve its communication strategies.

The committee produced a report recommending the services wanted for the area. Within this report, the group did identify services that the PCC was providing, that the private sector could take over and return monies to PCC in the way of lease charges for properties. At present, the PCC spends \$25 million on children services which includes child care centres that could be sold to private businesses with the PCC retaining ownership of the properties. The PCC could consequently reduce staff numbers as these would be accommodated by the private businesses. Other areas where the cutting of services to reduce expenditure was also addressed.

Other areas where the PCC could reduce cost to rateable landholders would be the reduction of lease back vehicles where at present a fleet of 1200 vehicles are available to staff on a lease scheme that does not cost recover. The PCC pays for fuel, private use, insurance and maintains these vehicles. These vehicles would be costing \$300 to \$688 full cost recovery per week, however the PCC only requires less than \$100 per week from staff. Rate payers should not be subsidising for these privileges.

The PCC also needs to look closely at the number of staff it has in middle management as there seems to be excesses. I am aware that this issue has been mentioned by councillors at council meetings previously, but it appears no action has been taken.

With the increased development of housing stock within the PCC LGA, there will be increased revenue through rates to council as these housing lots are occupied. These new areas are well equipped by the developer and the PCC is not responsible for these areas for many years.

The PCC should also look closely at its internal costs and devise further plans in reducing the burden on rateable properties.

The Penrith LGA has an abundance of non-rateable properties such as churches, religious schools and other organisations which do not currently contribute to council via rates. I believe that the Local Government Act needs to be changed so that these organisations contribute to the Council via rates. This then would be a fairer user pay system.

The PCC ran an online feedback on its website called "Have your say" regarding the Special Rate Variation proposal. 110 residents lodged comments of which 98% disagreed with the imposition of the new SRV on rate payers. The low numbers of comments demonstrates that council has a communication problem.

My opposition to the special variation rate are for the following reasons:-

- The Council information for the special rate variation was no less than confusing with information about the current 2.4% and not detailing the compounding accumulative interest rate being 27% over four years.
- The stated average rateable property was **incorrect** within the documents council supplied. One property that I have, having an annual rate currently at \$1450 already for a small block of 530 sqm. The Valuer General assessed this land in July 2015 at \$341 000. The Valuer Generals documentation shows the average sale rateable land in 2012 in Penrith was \$360 000. In 2015 this was \$570 000.

*Rates are calculated according to unimproved property value. The average residential rateable property in Penrith City is valued at around \$250,000 and in 2014-15 a residential property owner of land of this value paid around \$1250 in rates (excluding waste and other applicable fees). FAQ shaping our future doc.*

- That the increase by the SRV will cause hardship to many families & residents of the LGA. Landlords will pass any increases to renters and in term this will reduce any savings for purchasing property.
- That wages have not increased beyond CPI and that the SRV is far beyond CPI increases.
- That PCC rates will rise in line with CPI.
- The Valuer General will increase land values and that will increase rates that council receives.
- In PCC submitted documents, PCC stated in phone surveys they spoke a lengthy message before asking questions. No phone survey has a long message before questioning. If it had been done this was, it is considered conditioning.
- In PCC submitted documents, there is reference to the people contacted by telephone(phone type home or mobile) who could have not lived in the local area. The phone records at PCC were old and have not been updated for some time.
- In PCC submitted documents, a group 18 – 34 year olds, possibly non rate payers where surveyed about services and not knowledgeable about how the SRV would affect rents being paid.

It is acknowledged that the PCC did undertake very limited consultation with several hundred ratepayers and sent a flyer to householders. However, the language and tone of the communications made it difficult to understand the proposal and was weighted heavily in support of the additional SRV. Many people would not have understood the SRV proposal or how it would affect them personally and financially.

I believe the SRV be rejected totally.

Regards

A black rectangular redaction box covering the signature area.