

OBJECTION:
Additional Special Variation Application
Snowy Monaro Regional Council

IPART in making a determination under s.15(1) &(2) of the IPART has set a rate, the “peg” of 0.8%. Snowy Monaro Regional Council has not satisfied the matters that must be considered by IPART at s.15 in their application to increase rates above the ‘peg’ by 1.5%.

This community is concerned that council is not operating by the standards and efficiencies of the industry. And by the general manager’s own admission we may *“face insufficient cash resources to operate”*

WHO IS OBJECTING:

Snowy Monaro Community Advocates is a Facebook group of over 550 members currently advocating there be no rate rise until council submits to a full audit.

“NO TO RATE RISE – YES TO AN AUDIT”

REQUEST:

We ask the Tribunal to support our request for an appropriate audit before there is any consideration of placing a further burden on the community. REASON: To eliminate the increase is not simply to offset maladministration, serious financial waste and incompetence.

WHAT FACTS ARE OF CONCERNING THE COMMUNITY:

- i) Council is in a “financial situation”. Comments by staff and councillors “insufficient funds” and “parlous financial state”
- ii) The council says that it does not have the money for an audit. The community says, if you haven’t got money for an audit, you need an audit urgently.
- iii) SMRC was formed by the amalgamation of three councils, Cooma Monaro, Bombala and Snowy River:

Final year of three councils - \$5M Surplus
SMRC has posted deficits each year since including a \$25M last year.
(This is a negative \$30M turnaround!)

Final year of three councils -operating grant total \$12M
The average annual operating grant for SMRC has been \$25M
(Operating grants have doubled – and they can’t balance the books)

- iv) The SMRC’s GM, [REDACTED] in his letter of 19/02/2021 Ref: 21/15467 states:
“Cr Last is referring to the overall financial position of the Council, whereby a sustained period of operating in an environment where the Council has not raised sufficient funds to cover the costs of providing infrastructure and services to the community. This has

led Council to the position where it needs to change this situation or face insufficient cash resources to continue to operate.

(Council went on to post an unpredicted \$25M deficit for 30/06/2021)

- v) Year after year SMRC has been in breach of s.8B(a) of the Local Government Act:
“Council spending should be responsible and sustainable, aligning general revenue and expenses.”

AMALGAMATION:

The SMRC’s GM, [REDACTED] in his letter of 19/02/2021 Ref: 21/15467 states:

“In the case of Snowy Monaro Regional Council, three councils which were unsustainable were effectively turned into one unsustainable council. When that new council was formed the legislation specifically prevented increasing revenue from rates and reducing employment for three years, meaning the underlying financial issues were not addressed in setting up the new organisation. As a result, the Council's financial position continued to deteriorate”

ABC South East NSW News report posted 13/04/2022:

<https://www.abc.net.au/news/2022-04-13/snowy-monaro-council-compared-to-sacked-central-coast/100982556>

“[REDACTED] said he blamed the forced merger of Bombala, Cooma-Monaro and Snowy River shires, by then-premier [REDACTED] in 2016, for the gradually increasing deficits, which have occurred despite initially being promised savings”.

Audit Office Report “Workforce Reform in Three Amalgamated Councils dated 01/05/2019:

<https://www.audit.nsw.gov.au/sites/default/files/pdf-downloads/Workforce%20reform%20in%20three%20amalgamated%20councils.pdf>

Snowy Monaro Regional Council do not clearly link their reform initiatives with expected savings and efficiencies in public reporting. Amalgamations represent a substantial period of change for affected communities and amalgamated councils should be routinely reporting to their communities about the costs of amalgamation and realisation of benefits.

(At the end of Audit Office Report is a letter from the GM. He makes no comment about the amalgamation having failed or that he won’t comply with the suggestions or recommendations in the Auditor General’s Report. However, SMRC has made no reports to the community)

Apart from opinion, the GM has no audit to prove what impact amalgamation has or has not had on the performance and efficiencies of the SMRC. His public comments are merely

opinion and in the absence of an independent audit could simply amount to reasons and excuses to cover up council's poor performance.

FINANCIAL DEPARTMENT AND ACCOUNTABILITY

Council's financial department has had a revolving door of CFO's on it since the formation of SMRC. Further, while the OLG "Risk management and Internal Audit Framework" audit model calls for an internal auditor to liaise with the Audit Risk Committee this role has been vacant most of the time, and currently is. There is no independent accountability within the council structure.

This year we have seen financial reports prepared by senior staff go to council meetings with serious anomalies(millions) and be adopted by the majority of councillors. These anomalies make it impossible to know with any certainty what the current financial position of the council is or how we got here. Before considering charging the community more rates this community demands answers only an audit can provide.

WATER TANK INCIDENT – CONFLICT OF INTEREST

In 2020 Council, on the GM's instruction, filled a disused water tank reserve against engineering advice. This resulted in the total loss of an uninsured \$4.5M community asset and impacts to 90 homes and 28 vehicles, many claims remain unsettled, and the incident has left asbestos contaminated mud under homes. This significant event has never appeared in the council business papers, the \$4.5M loss has not been brought to account in council's financials and the incident increased insurance premiums by \$1M per annum.

The incident has not been investigated and that determination has been by the GM who instructed it be filled. The GM has not declared this conflict of interest nor managed it.

CONCLUSION:

N.B. The community does not want to end up being the next Central Coast Council. We want an inquiry now, and an audit now, while we still have some funds left.

SMRC should not apply to IPART until they can demonstrate any increase in rates above the 'peg':

- i. **Is not simply compensating for maladministration, serious financial waste and incompetence by the SMRC.**
- ii. **Their application satisfies s.15(1)&(2) of the IPART Act**

Under the circumstance, as above, this can only be achieved by an appropriate independent investigation/audit