

Patonga Beach Progress Association Inc

ABN: 56 817 204 460

IPART submission regarding Central Coast Council proposed Rate increase

I am writing on behalf of the Patonga Beach Progress Association in regard to the Council rate increases proposed by the Central Coast Council and the additive increase in Council rates due to harmonisation resulting from the merger of the Gosford City Council with Wyong Council.

We are concerned that the Central Coast Council has separated the two issues of rate increases and harmonisation in its media material, seeking to minimise the cumulative impact on ratepayers and then threatened unquantified service cuts and asset sell offs if particular increases are not approved. We also convey our extreme dissatisfaction in regard to financial management by senior Council officers (CEO and CFO) and the failure of audit reports by the Local Government Department or the Auditor General to uncover these issues. We are disappointed that the Administrator has not proposed any form of recovery of funds on behalf of ratepayers from either those that were complicit in illegal use of funds or from those who failed to audit Council operations appropriately.

To give clarity to the impact of the combined effects of both the rate increase and the harmonisation increase I attach an estimate provided by the Central Coast Council to one of our retiree rate payers. An increase from \$3,131 to \$4,547, a 45% increase in Land rates to a retiree is unconscionable in one year. This type of increase will be reflected across our entire community and the old Gosford Council area. We also note that this does not include the new land value assessment which we anticipate at 5% using the averaging methodology.

We acknowledge that there is new legislation before State Government to allow harmonisation to occur over several years and we support this in principle.

We understand that the previous Gosford Council underinvested in infrastructure and that services were poor, possibly resulting in lower land rates than that which were required. Wyong green fields against Gosford brownfields rate payer base were forecast to be a challenge.

We therefore recommend that rate increases and the harmonisation impact should occur over an appropriate period that protects rate payers from inordinate increase in any one year. We also recommend that these increases are subsidised by State Government funding to mitigate rate payers from incurring the full burden of the

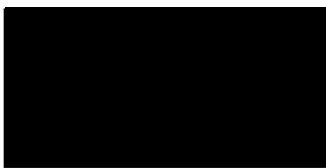
costs from an amalgamation that was not supported by the majority of rate payers, did not deliver the cost savings promised, and the illegal use of funds that was not reported by the audit reports under the management of the NSW Government.

Our recommendation to IPART is the following:

- a) The 15 % increase by rate payers occurs over 5 years at a 3% p.a. increase to the 19/20 FY rate base. The NSW Government funds the decreasing Council short fall over the five year period each year until the 15% is carried by ratepayers. This ensures that there are no reductions in services or asset sell offs. We understand that the 2% rate peg is cumulative but using the above calculation this would also be subsidised by the NSW Government over this 5 year period.
- b) The harmonisation process between Wyong and Gosford areas occurs over a period that ensures no rate payer incurs a rate increase of more than 5% of the original rate base before harmonisation, in any one year. This period to be calculated and clearly communicated to each rate payer.
- c) The above proposals limit the cap on increases to no more than 8% p.a. of the original rate base for the first 5 years, and subsequent to this 5% p.a. for the time period remaining calculated to harmonise the rate bases.
- d) That IPART factors into any submission by Council the increase in land values on the Central Coast and subsequent increases in rate revenues.

The consequences for rate payers in the old Gosford Council area of many years of poor management and illegal use of funds have fallen to IPART to determine where and how the financial burden will fall. We ask that you prioritise one of your key objectives to “protect consumers of regulated services from unreasonable price hikes and price gouging” and support our recommendation.

Regards



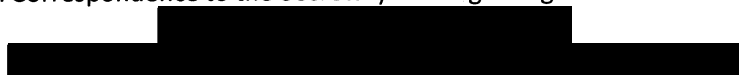
John Quigg

Secretary

Patonga Beach Progress Association

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