

Under Option 2 of the Special Rate Variation (SRV), which proposes the least increase in the rates, the initial increase will be 12.5% (or 10% above the Rate Peg Adjustment) in the first year and by the third year, the cumulative effect will be an increase of 23.99% in the rates payable. The proposed increases are well in excess of the current rate of inflation, now 7.8%. For businesses, the initial rate rises will be still greater, 13.4% in the first year and a cumulative rise of 23.98% by the third year. I checked the rate increases

Inflation affects all households and businesses, increasing the cost of living or of doing business. In addition the economic outlook is uncertain and a recession is possible.

Although many people in the Woollahra council area are very well off, that is not universal. There are many retirees whose incomes are either fixed or dependant on income from investments that are very likely to fall in value in the current economic climate. Mortgage rates are rising, which will place many people in financial difficulty, particularly those who are heavily leveraged.

Many of the businesses in Woollahra are small businesses and it is well known that small businesses are vulnerable to rising costs and the effects of reduced consumer spending. Such businesses will come under increasing pressure from rising fixed charges such as rates. Also increasing and likely to rise further are energy costs and interest rates and then there are staff salary rises that are built into the Federal Government industrial relations policy.

It was apparent from the Council meeting that followed the verbal submissions that the members of the Council were heavily invested in the projects listed in the Council Brochure, all of which are worthy but may not be affordable in the current economic circumstances. It would seem important that the Council is able to afford those commitments that they have already taken on.

There was also discussion of the Council's Financial Hardship Policy suggesting that this would be a way in which the impact of rate rises would be ameliorated. However it is clear that any debt would be deferred, not forgiven. I quote:

*“Council will give consideration to acceptable arrangements to clear the debt as soon as practicable.”*

I note from the information provided that the Council and the Administration have made progress in reducing costs and initiating efficiencies and in repairing the financial position. I also realise that Municipal Councils are required to provide services that are handed to them by State and Commonwealth Government which may not be fully funded. However, it is not a satisfactory solution for the Council to simply pass on its problems to the ratepayers particularly at a time of significant financial uncertainty.

I therefore consider that although the projects listed appear to be worthwhile and have the support of Council, the Council should reconsider the proposals and prioritise those that are essential and wait for improvement in the economic circumstances before undertaking those that are less urgent.

Also worthwhile considering would be further economies and efficiencies that will reduce Council's running costs. Such economies might be fortnightly, rather than weekly, collection of recyclables and green waste, ceasing floodlighting sporting fields at times when there is sufficient natural light or when they are not in authorised use. I understand there are automated systems that would achieve this and this would also enhance the Council's green credentials.

An appeal to the rate payers may also produce other worthwhile suggestions.

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Please provide any other comments on the council's application that you would like to make here.

Woollahra Council is famously the wealthiest in this country. It is also already the council with the highest rates in the country (\$1435 average) versus \$1398 in its peer group, with a very large number of councillors (15), a very large staff (416) compared to its peer group (197) -- all in 2021 (Source: <https://www.yourcouncil.nsw.gov.au/council-data/woollahra/2020>). It is also a geographically very small council, hence its general maintenance cost ought to be low. But it also has some of the largest cost of service per capita, including the highest administrative costs (\$398) versus \$333 in its peer group. Hence there is a lot Council can do to better manage its costs. Council can also stop engaging in vanity projects, such as the Annex in Double Bay, which is a newly renovated Council building turned into a minor museum that no one visits, or the Double Bay library, which it now cannot afford. Council can cut back on its lavish office space in prime real estate. It could rent some of the vast space it has at its disposal, or sell the building. It can stop the select beautification of neighbourhoods in which Council members, or former Council members, live, at the expense of all rate-payers -- see, for example, the corner of [REDACTED] and [REDACTED], Paddington. Finally, in these times of galloping inflation and increase interest rates, a public entity like Woollahra Council should not seek to entrench a large rate increase, which can only further fuel this inflation for years to come. It is time to show restraint.

Question 1 (Criterion 1) - Has the council clearly established the need for, and purpose of a different revenue path for the council's General fund?

No. The council claims it needs to raise additional revenue to pursue its projects, some of which are vanity projects, without articulating a meaningful alternative. It depicts the apocalypse absent the rate rise, which is not a realistic alternative.

Question 2 (Criterion 1) - Has the council canvassed alternatives to the rate rise?

No. The council failed to investigate a realistic alternative to raise funds, such as enforcing its own rules such as parking, work zones and the like. Furthermore, the council is too hasty is requesting a special variation on at least two accounts. First, it should further investigate cost cutting in its lofty operations and offices. Second, it failed to account for the tremendous increase in land values, which factors in the rates we pay. The median land value in Woollahra increased from \$2M in 2020 to almost \$3.5M in 2022; this is a 75% increase, which is surely going to mechanically be reflected in the rates we are expected to pay.

Question 1 (Criterion 2) - Did the council communicate the full cumulative increase of the proposed special variation in percentage terms? And the total increase in dollar terms for the average ratepayer by rating category?

Yes

Question 2 (Criterion 2) - Has the council's community engagement strategy demonstrated an appropriate variety of engagement methods to ensure community awareness?

No. Council deliberately engaged in a very muted strategy to avoid any backlash.

Question 3 (Criterion 2) - Please comment on the action taken by council in response to feedback from the community on the proposed special variation.

Council did not revert to individuals, nor did it engage directly with them. It ran a token public meeting and proceeded with whatever it had already set out to do.

Question 1 (Criterion 3) - Please comment on the reasonableness of the impact on affected ratepayers of the proposed special variation.

Council is very clearly dominated by the wealthy pockets of Woollahra, which is more diverse than council seems to understand. No all households in the Woollahra LGA are millionaires. Like in my household, many around us work for a wage and pay a mortgage. Some of my neighbours are very clearly on income support. The imposition of an increase in the order of 10% is a very meaningful amount, which for some of us cannot just be waved off. In addition, most of the projects Council cites in its application are irrelevant to these people.

Question 2 (Criterion 3) - Please comment on the council's consideration of the community's capacity and willingness to pay.

It is clear to me that Council overstates the capacity to pay of the community, as described in Question 1. Council also ignores the significant other costs community members have to confront, between cost-of-living increases and interest rate increases. For some households -- like mine -- it is a meaningful impact.

Question 3 (Criterion 3) - In its application the council outlined how it intended to address hardship caused by the proposed special variation. Please comment on the council's plan.

Council has no such plan. It clearly does not understand that hardship exists and that it is present within its boundaries.

Question 1 (Criterion 4) - Have the relevant IP&R documents in the council's application been exhibited, approved and adopted by the council before it applied to IPART for the proposed special variation?

I presume so.

Question 1 (Criterion 5) - In its application the council is required to explain and quantify the productivity improvements and cost containment strategies the council has realised in past years and plans to realise over the proposed special variation period. Please comment on the council's response here.

Council has engaged in some cost containment, but from a very lavish level of expenses. It has not cut back on vanity projects it or its members like. There is no information as to cost containment in the future.