



M A I T L A N D C I T Y C O U N C I L

Our Ref. DE/DM/35/5/12 (699331)

Your Ref.

Phone Enquiries: 4934 9711

23 September 2009

The Chief Executive Officer
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post office
SYDNEY NSW 2000

Dear Sir

**RE: THE REVIEW OF THE REVENUE FRAMEWORK FOR LOCAL
GOVERNMENT – DRAFT REPORT AND RECOMMENDATIONS**

Thank you for the opportunity to consider and respond to IPART's draft report and recommendations arising from the review of the revenue framework for local government, and specifically, the opportunity to participate in discussion of the draft report and recommendations at the recent workshop held at Lake Macquarie City Council on Wednesday 16th September 2009.

Maitland City Council considered the draft report and recommendations arising from the review, at its meeting held on 22 September 2009, noting IPART's proposed revenue framework retains rate pegging with NSW, but proposes changes to rate pegging expressed as Option A and Option B.

Council's responses to these options are expressed in the attachment to this letter, and are hereby submitted for your consideration.

The Council looks forward to your further consideration of its views and those of local government generally, and the State Government's final determination of the review recommendations.

Yours faithfully

DAVID EVANS
GENERAL MANAGER

MAITLAND CITY COUNCIL**SUBMISSION IN RESPONSE TO THE
RECOMMENDATIONS ARISING FROM IPART'S
REVIEW OF THE REVENUE FRAMEWORK FOR
LOCAL GOVERNMENT****OPTION A**

- Council notes that this option retains a system of rate capping that applies across all Councils
- Council supports the contention that this option compliments the State Government's recently announced Integrated Planning and Reporting Framework and has the potential to strengthen medium term financial planning by Councils
- Council supports the introduction of a local government cost index, and the role of IPART in calculating and advising the NSW Minister for Local Government each year, of the percentage change in the index, after adjustment for productivity
- Council supports that the Minister have regard to the annual percentage change in the index in determining the annual rate peg amount
- Council supports the introduction of a new multi-year medium term rate path option for Councils, and the ability for the Minister to approve rates over a number of years at the request of the Council.

OPTION B

- Council notes and supports that Option B operate alongside Option A and as an alternative course of action available to Councils and their communities
- Council supports that exemption from rate pegging for a period of up to four years should be an avenue available to Councils and their communities, where the community supports such an exemption
- Council supports a requirement that in seeking exemption from rate pegging for a period of up to four years, that Councils be required to demonstrate that:
 - they have a track record of sound financial management; and
 - they have developed a medium term approach to revenue, expenditure and service delivery plans

- Council supports the requirement to demonstrate community support for an exemption from rate pegging, but does not support the methods proposed by IPART, for the following reasons:
 - A survey of 25-30 percent of ratepayers for Maitland City Council requires a survey of 6,700 to 8,000 ratepayers at a cost of \$250,000 to \$300,000. This is an unreasonable cost impact on Council when a sample survey of ratepayers can provide an accurate and statistically robust indication of community/ratepayer opinion.
 - It is Council's view that a four year financial plan, encompassing exemption from rate pegging, would not be treated in an objective and informed way as part of the general local government election process, and would be open to potential political misuse by candidates.
- It is this Council's view that a well documented and well delivered community engagement program encompassing the Council's medium term revenue, expenditure and service delivery program is an appropriate means by which to demonstrate the community's support for exemption in the terms of Option B, particularly where this is supported by a statistically robust community survey.



**DAVID EVANS
GENERAL MANAGER
MAITLAND CITY COUNCIL**