



Sydney Olympic Park Authority, 7 Figtree Drive, Sydney Olympic Park NSW 2127



15 September 2009

Mr Michael Keating
AC Chairman
Review of Regulatory Framework of
Local Government
Independent Pricing and Regulatory
Tribunal
PO Box Q290
QVB Post Office NSW 1230.

Dear Mr Keating,

Re: SOPA Submission – Revenue Framework for Local Government

I submit a response to the Revenue Framework for Local Government Draft Report (July 2009) concerning Section 18, A Regulatory framework for statutory authorities.

The Authority supports the recommendation contained in the report and believes that a process of negotiation between parties (as contained in recommendation 42) acting in good faith, will best resolve allocation of costs of services for statutory authorities.

18.1 Current service roles and revenue arrangements

In the draft report the Auburn Council argues that it has been significantly disadvantaged by the loss of rate revenue.

The alleged lost revenue to date of \$18.4m (\$20m by 2010) is an accumulation of rates income over a 15 year plus period. The relevance of the lost rates revenue argument seems questionable for the following reasons:

1. The figure includes land (Ford Car Plant) that was transferred from Auburn Council to Strathfield Council (not the Sydney Olympic Park precinct). Councils are often subject to boundary changes and the Strathfield Council would be incurring the costs of servicing the land.
2. The other land parcel identified in the report (former Abattoir site) was government owned and as such was always subject to rate exemption if proclaimed by government.

3. The rating status of these sites was changed in 1991 (Ford site) and 1993 (Abattoir site). The passing years provide sufficient time for Council to adjust its cost base/financial planning to the extent that this should not be a factor for consideration in 2009.
4. The Daly Research Systems Pty Ltd report commissioned by Council acknowledges that Council will recover more rates revenue in the long term. SOPA believes that Council generates more recurrent revenue from the Sydney Olympic Park now than the recurrent revenue it alleges was lost, this surplus will only increase in future years.

The report states that SOPA "relies on its commercial activities to cover any gap between the costs of services to residents and tenants and revenue from the estate levy". Estate levies are essentially commercial income and the gap between the costs of services is funded from the taxpayers of NSW through NSW Treasury funding.

In respect to Table 18.2 of the report, SOPA also provides the following services:

- Traffic Management
- Environmental Management
- Security
- Events
- Economic development

18.2 Stakeholder views

The report states the Auburn Council argues that "These agencies services primarily contribute to the commercial value of the areas or fulfil core major facilities management objectives which have benefit to the State rather than the local community".

SOPA's market research indicates that visits from the local community represent a reasonable portion of the total annual Sydney Olympic Park visitation of 9 million people, using the extensive parklands, aquatic centre local community events and other recreational facilities. Auburn residents have access to world class facilities that the Council would generally be unable to provide economically. The local community is a major recipient of the facilities at Sydney Olympic Park.

The IPART report addresses the issue of Auburn Council collecting all rates in Sydney Olympic Park and the extent of local services that SOPA provides. It is envisaged that future negotiations would separately apportion those costs that SOPA incurs as a developer of public land and as a provider of regional type services from those local services it currently provides.

18.3 IPARTS consideration analysis

Auburn Council raised the issue that special events of Sydney Olympic Park create extra costs for council. Patrons to major events travel through a number of Local Government areas including Canada Bay and Strathfield Councils and not necessarily mostly through the Auburn Council area. The nature or details of additional (incremental) costs have not been provided and could be factored into any future negotiations if they are material.

SOPA did not provide costings or local community usage figures in support of its claim for a share of council's rates revenue. Whilst SOPA was not requested to provide this information, it is believed that this information adds little value to the fundamental issue of the equity argument to the fact that Auburn Council receives all of the rates revenue in Sydney Olympic Park and the Authority provides the vast majority of traditional Local Government services to property owners. SOPA estimates that the cost of local type services is in the order of \$3.5m per annum.

In conclusion, a negotiation or mediation phase prior to independent determination as recommended by IPART is supported by SOPA. SOPA also supports the concept of 'avoided cost' to Local Government in that re-imburement to Authorities should be limited to the cost that Councils avoid.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'AL Marsh', written in a cursive style.

Alan Marsh
Chief Executive Officer