Mooney Cheero Progress Association.

Incorporated 2009

President: Jim Lloyd Secretary/ Treasurer Maree Dunn

[redacted]

To Interim Administrator Central Coast Council Mr Dick Persson AM

<u>Proposed Increase in Rates by Central Coast Council</u>

References

A Administrators 30 Day Interim Report

B Council's Business Recovery Plan (BRP)

C A/CEO letter to Ratepayers dated 13/1/2021 "Securing your Future"

D Administrators 3 month Progress Report

Dear Sir,

We are writing on behalf of the residents in the communities of Mooney Mooney and Cheero Point following the release of your report into the financial position of the Central Coast Council and the A/CEO's letter Reference C.

The revelations about the Council's parlous financial position and mismanagement of its finances over the last three years have concerned us and much discussion has followed since your report was released and particularly your proposals to push for significant rate increases to help address the problem.

In general the reaction of this community has been to push back strongly on any increases beyond IPART guidelines and we have been asked to make a community representation to you.

We do recognise that significant progress has been made in some key areas as reported in Reference D and appreciate the efforts involved.

Having reviewed the Referenced documents the reaction from the community is influenced by a number of factors combined with a lack of confidence that enough is being done to avoid heavy financial impost on the community and while accepting that debts incurred have to be satisfied, the proposed method of achievement (i.e. a rates increase via a SRV) and its timing at this stage, is premature.

In Reference A it is stated that the financial position of the then Gosford council was positive to the tune of $65 Mill. This confirms that Council's costs were being met and kept within its means given whatever rates increases were allowed at the 2% limit. Synergies and efficiencies that should have come from the amalgamation with Wyong should have made the position even better.

Realising those synergies and efficiencies is not a clearly stated objective in the BRP - (Reference B) which also lacks other key requirements which are normally found in such business improvement plans. Omissions are:-

- Expected deliverables that confirm achievement of the objectives not specified or defined.

• KPI's , Milestones, Timelines and Targets for completion not specified or defined.

• Review Points and Progress Reporting requirements against timelines and milestones not identified.

• Resources not identified.

• Identification of who is responsible and tasked to deliver not specified.

• A program that engages and tasks departments, staff sections and teams to identify where cost savings and efficiency can be achieved not included as part of the plan even though this is normal standard practice for achieving business improvement.

• No IT review/cut back

Within the plan (Reference B) There is no stated intention to restructure staff and department operations to achieve benefits from the amalgamation. The objective merely to reduce staff levels to numbers existing at the time of amalgamation does not result in gaining any reduced costs, synergies and efficiencies to the extent expected and that should/need to be achieved.

Although there has been a reduction in management top levels from 9 to 5 positions this would still appear to be top heavy and though Senior and middle management positions reduced from 39 to 26 there is no mention of further rationalisation or reorganisation for efficiency in middle management or their departmental/operational areas.

The Capital Works plan spend of $170 Mill+ is inordinately high. Given the debt levels current, all Capital Works, beyond essential maintenance and emergency, should be suspended pending the achievement of a breakeven point on costs and expenses.

The proposed increase (option 2 - 15% Reference C) is not a one off, it's a resetting of the base forever which means future increases are made on a larger base and become incremental going forward. It represents a significant impost to every rate payer in this community because our property values (based on the valuer general) are in the order of 60% higher than the average in the Gosford Council catchment area.

Of further concern, are the anomalies in Reference C. Applying a 10% rate rise on $1015 (Gosford residential average rates) results in an increase to $1116.5 not $1212 and a rate rise of 15% results in an increase to $1167.25 not $1267. Even if you apply the calculation by adding the Gosford and Wyong averages together and taking the mean, the results are $1214.95 at a 10% increase and $1270 for a 15% increase not $1212 and $1267. We also point out that, in real terms, the so called 10% residential increase to $1212 represents an actual 19.4% increase to the Gosford average and a 15% rise to $1267 represents an actual 24.8% increase on the Gosford average. We therefore challenge the fairness of this proposal and object to the bulk of the "heavy lifting" being allocated to Gosford area ratepayers.

Arguments made in the references pointing out the higher rates paid by Wyong residents as a justification for lifting those for the Gosford area catchment are not valid because the reason that the Wyong area rates are higher is due to their previous council having succeeded in getting a SRV approved by IPART to meet their commitments thus accounting for the variation. This does not provide, or support, that Gosford ratepayers should pay more, rather the rates for Wyong should be reduced by achievement of benefits from the amalgamation.

Our small isolated community is on the edge of the Central Coast and it has not benefited from the extensive council capital works program of recent years. In general, the community does not believe that Council has delivered any significant benefit to this community for many years. Some upgrades to our small children's parks have occurred as the result of sustained lobbying but that is all.

When sewerage works were installed in our community in 2009 we have had to bear the extra costs of the equipment required to connect to the sewerage system while across the river in Brooklyn that community were provided the service within their existing water service charges. Each household needed to bear the full sewerage loan of $17,530 whilst our river neighbours connected to the very same sewerage system for virtually zero expense. Most of us are still paying off the 20 year loan. Our community lacks a community centre, medical facilities, footpaths and any council run infrastructure.

Given some of the issues raised above, and the unusual circumstances behind the council funding deficit we also question why council isn't putting forward a one off levy where every rate payer is asked to pay an equal one time amount as it is a more appropriate and equitable way to approach the problem for short term benefit.

We strongly believe that before Council makes any application to IPART to increase rates above the current ceiling or to impose a levy it must demonstrate significant progress on delivering benefits from amalgamation, it must demonstrate savings from slowing down and scaling back its ambitious capital works program, it must demonstrate further significant progress reducing overheads and significant progress selling assets. If it has not achieved these things then it's unlikely that any proposed increase/levy will be temporary or one off and this community will remain strongly opposed to "throwing good money after bad".

We note your three Month Progress Report (Reference D) just released which shows some progress. In the past the council has been able to live within its means and we expect this to be the case going forward. We do not support funding capital works projects that require significant rate imposts going forward.

So - in conclusion, Reference A identifies that a shortfall of $26Mill will exist when the present cost reductions complete and contends that this has to be addressed by a rates rise. Alternatively we suggest that the $26Mill be taken from the overblown Capital Works planned spend which would bring a breakeven point. There is an implication that this amount will be needed additional on a year by year basis. If this is the case there is still something seriously wrong given that under the rates and expenditure levels in 2017 balanced out with a $64Mill positive identified in Reference A . It is not conceivable that essential baseline costs would rise to create a deficit of such size. In any case - the Council must live within its means and that requires it to keep to the 2% allowable and legitimate limit including payback of loans and re-establishing restricted funds. I look forward to response to our community's concerns.

Yours Sincerely,

[redacted]

Hon. Jim Lloyd
President MCPA for Mooney/Cheero Progress Association
Former Federal Minister for Local Government, Territories and Roads (2004-2007)
Former Federal Member for Robertson (1996-2007) **5th February 2021**