

To: NSW Independent Pricing and Regulatory Tribunal

From: Anne Rowland

Subject: Central Coast Council application for a rate variation

Date: 12 February, 2021

I wish to submit my comments for consideration by IPART when reviewing Central Coast Council's application for a rate variation.

During the past few years Central Coast Council has amassed a \$565m in accrued debt and a \$232m budget loss. According to the Interim Administrator, Dick Persson, the former Chief Executive Officer and the former Chief Financial Officer were aware of the illegal use of restricted funds and allowed it to continue.

Some of our elected councillors are claiming they were unaware of the state of Council's finances until the latter part of 2020. They claim they were unaware Council went from a \$65m surplus to a \$200m deficit in four years. However, recordings of past Council meetings show Councillor Greg Best warning the councillors of the growing debt. According to the administrator, councillors do not appear to have followed due diligence in checking Council's financial documents on a regular basis and, as a consequence, they have "failed to perform one of their most important responsibilities." The administrator says Council would be at least \$100m better off if they had started to pay down debt earlier.

Due to the current rating system, Council has the benefit of knowing what their annual income is going to be. Therefore, they know what their annual budget needs to be. Why have the councillors and financial officers failed to keep to the budget?

Some believe the Council amalgamation is the cause of the current crisis. I do not believe this to be the case. The amalgamation was supposed to result in downsizing staff levels, equipment and council administration facilities. Clearly this has not happened. Since Gosford and Wyong councils merged in 2016, annual employee costs jumped from \$154m to \$221m, with the equivalent of an additional 242 full-time staff. Why are there still two council administration buildings? Financial mismanagement and incompetence on the part of most of the councillors and council officers are to blame for the current financial situation.

Some councillors are treating their constituents with contempt, expecting ratepayers to bail the council out of a situation that is not of their making. Councillors and staff who are responsible for this mess need to go NOW! And not with golden handshakes, like the former General Manager, who was paid \$380K.

Furthermore, Council seems to have forgotten we are in the middle of a financial crisis. Many ratepayers and businesses are suffering. Central Coast Council councillors appear to

be ignorant of the implications these suggested rate variations will have on local residents, businesses and the local community.

Councillor Greg Best has stated there needs to be an inquiry: ratepayers need to know where the money has gone. We need to know how this has happened. We need to be assured this cannot happen again. At the present time there is nothing suggested in this regard in the Administrator's published plan for moving forward.

With all of the above in mind, I am not in favour of the suggested rate variations. No-one has put forward a convincing argument that the past will not be repeated. As a community we need to have faith in our elected officials and their skills and abilities to oversee huge budgets and projects. The anticipated rate variation will add \$25m to Central Coast Council's budget, but there is no guarantee these funds will be spent prudently and wisely.

There has been systemic failure on the part of Central Coast Council and, until the ratepayers have faith in an accurate, legal and viable Council financial reporting system with balanced budgets in place, they should not be asked to do the heavy lifting.

In conclusion, it is not OK with this ratepayer for IPART to approve any of the suggested rate variations requested by Central Coast Council. Currently there is no guarantee of ongoing financial security and balanced budgets. The priority needs to be fixing a broken system of financial management that includes the sacking of relevant councillors and council officers for their shameful failure to fulfil their obligations.

Yours sincerely,

Anne Rowland
Ratepayer, Resident, Business Owner



Please note:

Figures quoted in this submission have been gleaned from Council Meeting podcasts, media reports and radio interviews by the Interim Council Administrator, Dick Persson, and Councillor Greg Best.