



3 March 2018

RE: Hawkesbury City Council's Request for SRV

Dear Sir/Madam,

Summary

We understand the charter of IPART is to “provide independent regulatory decisions and advice to protect the ongoing interests of the consumers, taxpayers and citizens of NSW”.

As residents of the HCC (Hawkesbury City Council) local government area and citizens/taxpayers of NSW, we call on IPART to protect the financial gouging which is currently in process from HCC and call on IPART to represent fairness and equity for us and our community which is causing immense financial burden and strain and oppose HCC's requested 31.29% SRV.

To provide some context to the opening statement, during 2016, the Valuer General was instructed by the NSW State Government to review the land values of all properties in relation to the pending introduction of the Fire and Emergency Services Levy (FELS).

The 3-year cycle of the Value General reports was brought forward by 1 year and majority of land values in the Hawkesbury catchment were re-rated as part of the FELS exercise for the funding component.

HCC has taken full advantage of this and increased rates astronomically to our suburb one year earlier than would happen in a normal 3-year cycle. The proposed SRV and the rates issued described are inter related and cannot or must not be taken as a SRV request in isolation by HCC.

THE NEED FOR A VARIATION

The ratepayers were neither informed of the significant \$10m deficit that HCC is running or the significant expense that would continue to increase at by implementing Option 3 of the SRV. As an example, nowhere was it explained that HCC would require another 10 to 11 headcounts to support Option 3. HCC is already overburdened by headcount costs of \$25m from the rates collection of \$30m going towards wages and salaries. This is purely unsustainable and needs to be addressed prior to asking ratepayers to fork out even more hard-earned money to fund poorly lacking budgeting processes and controls.

We have a General Manager on ~\$280K and include this into the top 4 HCC bureaucrats, this alone is approximately \$1M in ratepayers hard earned money and the only solution they can

come up with is to increase rates via an SRV? This is not accountability or what we pay our HCC bureaucrats or administration to do.

At town meetings HCC is telling residents that it needs an SRV for road maintenance, new footpaths and up keep of HCC assets, yet it is sending out flyers and on-line surveys asking residents of major towns (only) what do they want in terms of improvements.

In the financial documents its all about retiring debt neglected by some of the same councillors who so furiously opposed increasing rates within the last few years.

The Mayor heading HCC is on record from Item no. 227 extraordinary meeting 15 December 2015, Councillor Lyons-Buckett seconded by Councillor Paine (79351)

- 1) That council reject proposed 29.7% rate rise as outlined in Council's **Fit For The Future** proposal and vigorously pursue alternative sources of revenue
- 2) Review the current rating structure with a view to reverting to the previous rate structure
"People want peace of mind to see that we are doing our best to find an alternative to rate rises" (December 2015)
"If we can't commit to rejecting the 29.7% rate rise and find something else then we are not doing our job properly"
Mayor Lyons-Buckett

In one and a half years from Dec 2015 how can the now Mayor turn 180 degrees and impose the largest and most inequitable rates increases on 23% of the ratepaying dwellings and now wants to back this up with a further 31.29% over 3 years for Option 3 of the SRV?

COMMUNITY AWARENESS AND ENGAGEMENT

HCC seems to be bereft of ideas and explanations on what the "need" is for a SRV. HCC at its town meeting and flyers continues to portray that residents are asking for better services and are willing to pay for it.

By HCC's own acknowledgement and only valid statistical survey submitted to IPART, I refer to the following documents. "Hawkesbury City Council SRV Research" attachment 5 and "Hawkesbury City Council Asset Management" attachment 4 both containing 37 and 33 pages respectively.

The key gleaning statistics in the "Hawkesbury City Council SRV Research" document on page 20 Question 3a of the telephone survey shows the largest percentage of the 401 survey respondents, selected Option 1 Rate Peg Only as their first choice, this was 43% of the respondents. Option 2. 21% and Option 3 36%.

Option 1 is the largest percentage from standard mathematical numeracy and Option 3 is not, no matter how you try to interpret the data.

The Mayor of HCC is on record from Mon 29 Jan 2018, Mayor Mary Lyons-Buckett, stated in council chambers that *"we know from discussions in here before, that the only statistically valid consultation process was the telephone survey where there was a majority of people that supported the special rate variation"*.

IPART can you interpret how Option 3 is the majority as clearly the Mayor has an issue with interpreting numbers and percentages!

Micromex Research who prepared the data themselves highlighted on page 20 “*Option 1, a rate peg only, was overall the most popular choice by residents, with 43% selecting it was their first preference*”.

	Number of Responses	Option 1		Option 2		Option 3	
		Responses	Percentage	Responses	Percentage	Responses	Percentage
Telephone	401	172	43%	136	34%	92	23%

If this is the case then how can 43% of telephone participants voting for Option 1 be a valid mandate for HCC’s Option 3? The community is not supportive!

Further from the survey data, “*the only statistically valid consultation*” according to the Mayor, 67% of the respondents selected “*No/not sure*” that HCC was exploring an SRV. This is extremely alarming given the small sample of the population (from page 10) of the same document. How can HCC say the community are aware if this percentage of 67% reflective of the entire HCC LGA? Just a simple walk in the street amongst the community is very easy to poll that ratepayers neither have heard or know what this SRV is.

When Micromex adds Option 2 and Option 3 in their analysis they draw a conclusion that this is 57% that would be acceptable to an increase. The intent of the analysis and position of the question is clearly subject towards what HCC is positioning in terms of a SRV increase but the nature of the analysis can be interpreted many different angles when adding answers for different Options together.

As an example, the respondents were not given the clear option to select only Option 1 or Option 3 which would have drawn a clear mandate whether a SRV or not would be in favour. Trying to add both Options 2 and 3 together is not conclusive and just tries to interpret the data in an uncorrelated way.

In the graph below, 20% of respondents or 80 people from the 401 respondents are non-ratepayers. You could conclude that all these people voted for Option 3 or Option 2 given they are not paying rates or would have to pay for the impact therefore why not vote for either Option? This survey is not a clear-cut mandate and clearly has faults in the way the data has been collected for non-ratepayers.

Lastly in relation to this question and statistic, it is incredible that 20%, yes 20% (from page 6 “Hawkesbury City Council SRV Research” attachment 5) of the respondents are “**non-ratepayers**”. Is it conceivable that 80 people in a statistically valid telephone survey are being asked to respond on behalf of ratepayers?

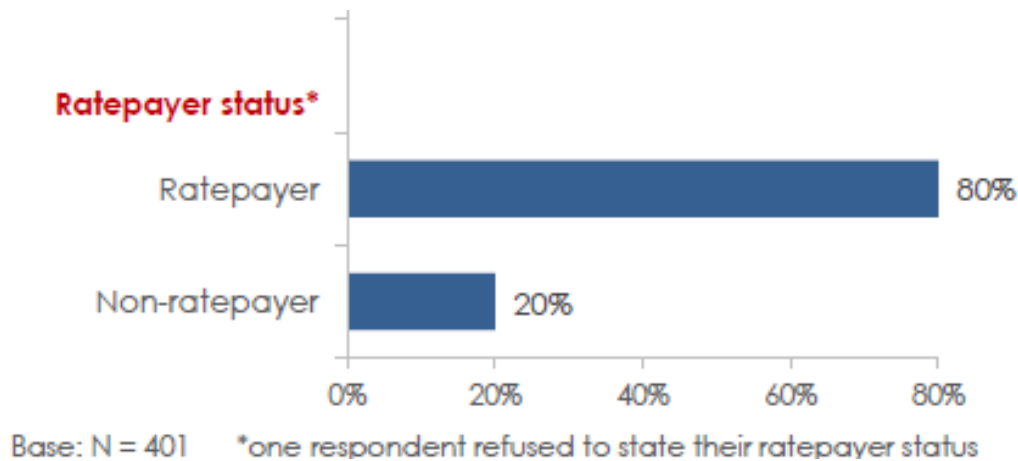
If the survey was meant to target ratepayers then “non-ratepayers” should not have taken the survey and therefore not even the telephone survey numbers are statistically correct.

This is irresponsible of HCC to waste good ratepayer’s money for statistically invalid respondents. How can you request non-ratepayers to participate in a survey which affects the

livelihoods of those residents who are contributing in rates? This is like asking the people of Malaysia to vote for a Prime Minister of Australia. It just does not make sense nor is it justifiable.

The below table is the exert for easy reference.

Its very clear that this survey should be removed from the submission and counted as inadequate and inadmissible as part of the community consultation process for such critical decision making.



The next disparity I would like to call out is the statistics in the IPART submission in relation to the Town Meetings.

We attended several of the Town Meetings which were not in a controlled environment for capturing true data as represented by the "yellow" highlighted bar in the table below. Some people signed in and other people did not, we as a couple arrived and my wife had signed in but I did not. Nor was there anyone at the signing table requesting me to sign so I just walked in and took my seat. This was also the case for the alternate location Town Meeting attended, from this its unclear whether those attending meetings were ratepayers, renters, people outside of LGA or staff. Very difficult to ascertain and tie the voting numbers vs any register as there was no controlled process to support either.

Those retirees and people that could not stay for the 2+ hours due to the major timing over runs left without being asked to vote. People that did not sign in also voted and people that attended two or more meetings also had the opportunity to vote more than 1 time. This is not a controlled process nor is it valid to be included in any submission.

There is also the Maralya meeting that was disbanded and the Pitt Town meeting where people were so disgusted in the proposal for a 31.29% SRV proposal that they left without voting.

This is not documented in any of the HCC notes for the submission documents and is another attempt to hide actual events and uncontrolled environment which HCC claim to be well run and informative sessions to its residents.

We as a community are prepared to front any tribunal and attest to these on goings. Is this an open and honest council listening to its ratepayers?..... No we do not think so.

The meetings were poorly run, ran way over time and questions terminated as not relevant when people continued to question the HCC staff regarding the rates issue as we cannot substantiate this increase and then a further pending SRV to be sustainable. The data presented was difficult to visualise and interpret for the average person and was a significantly biased push to Option 3 as the only viable Option.

In all the documentation and discussion, Option 1 is continually referred to as “Reduce” or “Deteriorate”, this continually paints the connotation that money is being moved away and that voting Option 1 is a genuine reduction to pull funds out of services or to reduce current services. Option 1 should be called “Status Quo” or “CPI Only” and not deliberately worded to deceive so people are persuaded to think towards Option 2 or 3 referring to it as “Stabilise” or “Improve”. This is no more than utter deceit and contempt in manipulating language.

	Number of Responses	Option 1		Option 2		Option 3	
		Responses	Percentage	Responses	Percentage	Responses	Percentage
Telephone	401	172	43%	136	34%	92	23%
On Line	156	61	39%	41	26%	55	35%
Postal	756	242	32%	272	36%	242	32%
Town Meeting	194	31	16%	39	20%	124	64%
Total	1507	506	34%	488	32%	513	34%

IMPACT ON RATE PAYER

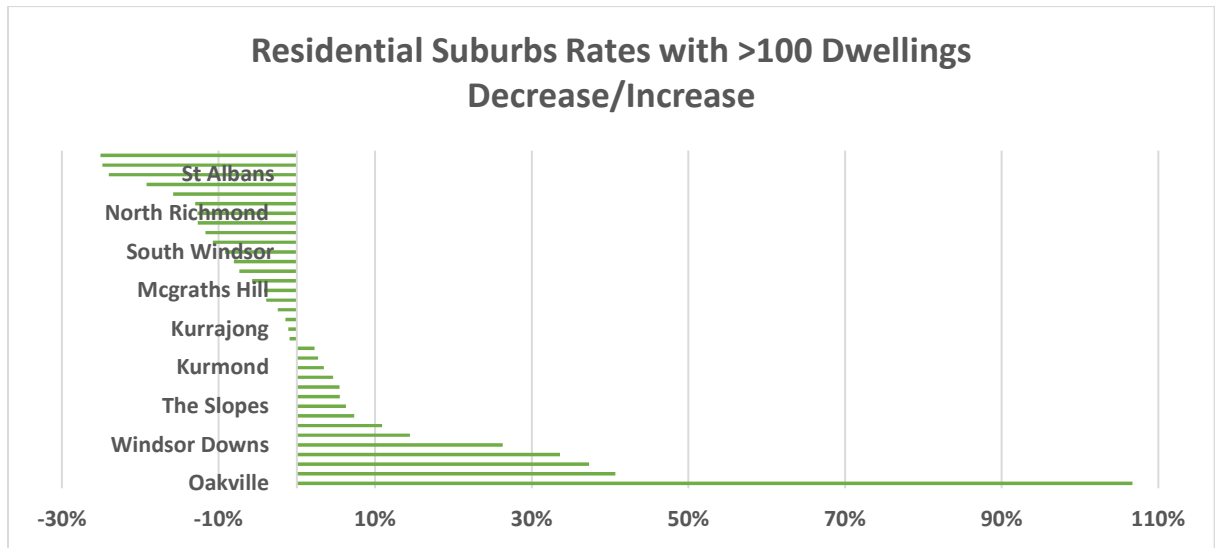
HCC has always maintained and attributed the significant rates increase of 145% to our property and similar impact to our suburb was as a direct result of the Valuer General and the NSW State Government and minimal impact caused by HCC's changes.

HCC changed the base rate amount from 50% to 30%, increased the ad valorem component from 0.130060c in the dollar to 0.172336c in the dollar and moved our “Rating Category” from “Rural Residential” to “Residential” which forced 145% increase in rates during our FY17/18 year. HCC did have the option to smooth rates at the nominal IPART increase but “no” HCC decided to redistribute the rates burden in the most inequitable process in HCC history. Substantially impacting 23% of the HCC rate payers by increasing their rates burden and discounting 77% of the rate payers as a “sweetener for the upcoming SRV.”

A 31.29% permanent increase after the 3rd year would see us personally paying a further \$1028 or 170% increase from FY16/17 financial year rates which is financially unsustainable.

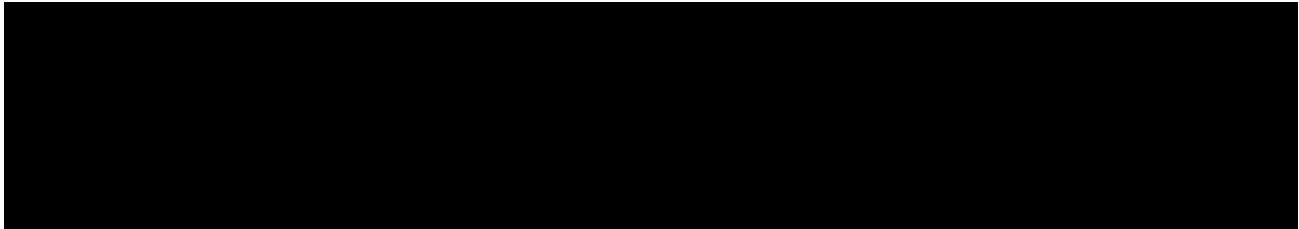
To add to this issue, we have 11 out of the 12 councillors living in 77% of the suburbs that received a reduction in rates verses 1 councillor that is part of the 23% ratepayers that incurred the phenomenal increase. This was a precursor and sweetener for 77% of the residents prior to increasing the potential SRV. A key point that would require investigating the circumstances surrounding such a rapid change prior to rolling out the SRV campaign.

The graph below represents the percentage swing of decrease and increase for suburbs with greater the 100 dwellings.



From the chart you can validate why this is the greatest inequity when rates could have quite simply been smoothed to all residents by the IPART allowable CPI increase. Can residents in the bottom few suburbs really afford a further 31.29% increase, of course “not” after the “shock” we have just incurred during this financial year. This is the predominate reason we need IPART to step in and draw some equity and any further increase are simply unsustainable.

At any other time such rates changes should have called for an “extraordinary” council meeting and deep consultation with the community but “no” this was completed under an “ordinary” council meeting and little to no consultation before the rates shock to our community.



IMPACT

The impact to ourselves as rate payers is very easy to articulate.

- From FY16/17 rates increased by HCC was 145% to FY17/18
- In dollar terms rates increased from \$1480 to \$3630 net increase \$2150 per annum including base in just one year.
- Applying a 9.5% SRV to residential base amount vs HCC's stated Option 3 average is as follows;
- 1st year SRV \$312 increase, HCC illustrates average as \$106
- 2nd year SRV \$342 increase, HCC illustrates average as \$116
- 3rd year SRV \$374 increase, HCC illustrates average as \$127

The above averages in HCC documents dilute and conceal the real impact to rate payers and the SRV increases illustrate the vast inequity when compounded to the

preemptive unfair rates redistribution given to 77% of the rate payers in HCC prior to the SRV request.

- Total projected increase from FY16/17 \$1,480 to FY20/21 is approx. \$4,650 or approx. 314% including rates and proposed SRV. Is this sustainable or is this equitable? This is pure robbery by stealth!
- If it was tax on wages, power, medical, water or any other expenses then the government would have been brought quickly to account and likewise we expect IPART to duly call HCC to account of their poor management of finances.

To add further context our 145% increase for FY17/18 in rates plus the proposed SRV of 9.5% next financial year pales in comparison to Origins 18% power increase in 2017, 6% private health insurance increase in 2017 when the entire Sydney CPI is 2.1% for the 2016/17 to the Sep quarter. How can this be justified? Where are ratepayers expected to continually fund such increases. Where does the money come from??

The inequity in all of this is that we are now forced to choose between health insurance or cost of living expenses like food on the table for our family. To increase rates by \$2150 and then further add an SRV of approx. \$312 x 3 years is our monthly groceries budget.

Can you as IPART commissioners reduce your food expenses down to 11 months of the year? There needs to be common sense brought into this council.

HCC has shown gross negligence and lack of consultation on the impact of the new rates schedule and impending SRV. It shows disregard for fairness and equity for ratepayers and within our suburb we are representing approximately 2.4% of properties/dwellings who are now expected to pay approximately more than 6% of the HCC residential rates.

How is this an even distribution or equity and fairness that HCC is preaching?

In dollar terms our suburb represented 2016/17 \$880K of HCC's rates collection increasing to 2016/17 \$1,8M that is an increase of \$930K. This is not sustainable and cannot be echoed enough times in this submission prior to the 31.29% SRV which is about to cripple our suburb completely.

LONG TERM FINANCIAL PLAN

HCC is a council bereft of ideas, when I approached council staff at the town meeting and suggested alternate revenue raising options they were quick to dismiss and tell me that the concepts are not avenues that HCC would want to raise revenue by. Seems HCC has only one quick fix and that is to sting everyone with an SRV and people wonder why we the rate payers are sick and tired of the easy options taken by these people and lost all faith in the Mayor and her executive.

HCC owns assets such as the McGraths Hill shopping centre and yet the shop has been unleased for the best part of 12 months and the Glossodia Shopping centre was also vacant or

unleased for long periods of time. When will HCC learn they are not in real estate and should dispose of non-revenue generating assets? Would HCC be better off selling the land for low cost housing or disposing of these assets for some value rather than losing money on maintenance and depreciation?

What's happened to the power generation plant costs and over payment of the waste lease with the university (Council Minutes 27/1/2017 Ref 5757379) from period 1997 until the error was discovered and why does HCC continue to send its councillors on conferences such as Climate Leadership Conference and Smart Cities if the council is so debt ridden? Where are the cost sensible controls to rein in debt?

HCC voted at its monthly meeting on 28 Feb 2018 to allocate \$7,250 for signage and membership to the LGBTQI. These are additional funds coming from the operating budget to a cause that is not council's responsibility and yet the ratepayers have no say or input on how our money is continually being spent and these are both un-forecasted and un-budgeted expenditure requests against an already debt burden council.

Nowhere does the data confirm number of conferences attended by councillors and cost of attendance, the number of committees being funded and endless failed projects and committees with no accountability.

Legal fees and consultancy fees are all buried in operating expenses and we cannot hold HCC to account on these costs.

In HCC's IPART submission in continual talks about addressing the residents and inviting the Valuer General for a meeting. HCC has not up until this point of time shown any conciliation or willingness to negotiate a fundamental error in their rates calculations and continue to try to side step this issue saying this is not part of the SRV submission.

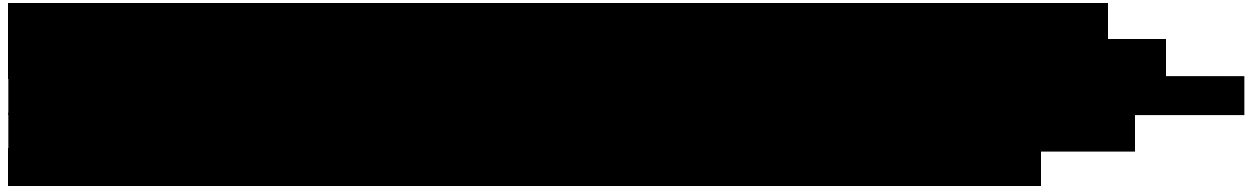
HCC's Mayor committed to a workshop during 2017 which the General Manager Mr Peter Conroy was to organise with Councillors of HCC in regard to the rates disparity. As of writing of this submission HCC's has failed to notify or inform any progress of this or these workshops and it appears its just a further smoke screen in order for the SRV to be submitted and passed. This is typical of HCC and its slow and undue process which it continues to say they are fair and equitable and continue to listen to its rate payers. Unfortunately months have passed and still nothing has permeated from this recalcitrant council.

In the IPART submission it states from HCC "The primary issues raised in these submissions effectively related to the rating impact of the 2016 NSW Valuer General land revaluations, and as such would seem would fall outside of the scope of matters that can be reasonably responded to it in conjunction with the special rate increase".

This is a blatant attempt by HCC to smooth over the IPART submission and not try to address the root cause of the problem. Further in the HCC IPART application it states that Council is trying to redress the inequity of the 2013/14 rates changes, interesting given most of the sitting Councillors were not part of this HCC or Councillors at this time and during the last Council elections were all Independents trying to campaign to change rating structure. If HCC is basing

their changes on “The Index of Relative Socio-Economic Disadvantage” then 2011 is a well outdated document or report to be basing forward projects of rates after 7 years past a studies publishing.

It is very misleading for HCC to claim that the recent rating reductions lessen the impact on low income households, the income level is irrelevant, and the restructure of rates actually lessens the impact on “low value properties” and not “low income households”.



WILL IPART CALL HCC TO ACCOUNT

It's unfortunate in this day and age we are asking for our names to be kept anonymous due to the bullying, public humiliation, harassment and childish like advice being handed out by a handful of HCC officials. Remarks such as “if you cannot pay your rates then we'll recoup rates from your estate”, “why don't you sell up and move out” and “you are all sitting on a gold mine”.

Yes, unfortunately this is the open-minded HCC we have to deal with which preaches consultation and community opinion and on the other hand only has one objective and that is to implement the crippling SRV at the highest possible rate after dealing us a merciless FY17/18 increase in rates of approx. 145%.

Why is it that we are being held to account as a minority and forced to pay exorbitant amounts of rates and the impending SRV, this is not sustainable for any period of time. Either HCC has an agenda to develop our suburb and force us off our land by stealth, drive us to sell up or worse even send ratepayers into bankruptcy.

IPART, the data is plain to see and its not just the financials of a council in turmoil, its about the homes, finance, food, education and wellbeing of our families as well. We trust that you make the right level of judgement as our livelihoods are in the hands of your judgment.