

## **Submission for IPART to reject all but one rate Increase for Warringah**

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I am a resident and ratepayer of Warringah Shire, have been to an explanatory meeting on the SRV, completed the on line survey, made an on line submission and a statement at the Council meeting objecting to the size of the special rate variation. Like all other submissions by the community our collective input has resulted in no change at all in the council position

I submit that IPART should reject the three of the four variations requested as the Council have not met the criteria required namely

### **A Criteria 1 Need for Variation**

The need for all the rate increases has not been made because

#### **1 The revenue from the rate increases far exceeds the expenses and capital and thus the proposed last rate increase is not needed for proposed expenditure**

Schedule A clearly shows that over the four years the revenue exceed the expenditure by \$ 4.1 Million which is greater than the last year rate increase. If the 2017/18 rate increase is removed from schedule A then the income and expenses are more balanced but still addition income over the 10 years of \$14 million is available for expenditure on other unspecified capital items.

The total revenue and expenditure figures were never presented to the ratepayers and the surplus funds for ongoing additional capital expenditure from 2018/19 as detailed in schedule A (to be prioritised in the next delivery plan) was never discussed.

#### **2 A community needs priority process or reprioritisation of existing capital expenditure does not appear to have occurred as required in guidelines**

It appears the Council has had many requests for increases services and new facilities. Over the life of this plan it is proposed that rate increases are spent 45% are ongoing improved operational services and 55% ore new capital items. The new capital items of \$11 mill are in addition to \$72 million being spent on other new capital over the four years. There was no evidence presented of the council looking at reprioritising all capital expenditure before seeking a SRV as required under the guidelines. There is no evidence presented of a prioritising process as is indicated by the survey which found 71% considered it is very important to maintain the natural environment but only 2% of the \$10 million per year from the SRV is being spent into this area. In the same survey 58% thought new facilities were very important but at least 35% of the total expenditure is going into new facilities. The expenditure looks out of line with communities priorities as indicated by the council's own survey.

#### **3 Other Revenue Streams not properly considered as required in guidelines**

a) User Charges. The projections in the Plan have user charges going up at about 11% over the four years with the expenses (excluding waste) increasing by at least 14%. Missing in the Financial Sustainability Policy is any requirement that user charges must increase at the same rate as cost increases.

b) Parking revenue The simple fact is that Warringah raised \$961,000 from parking in 2012/2013 while Pittwater raised over \$2million and Manly over \$5 million. While there is discussion on page 18 IPART should consider if the Council seriously reviewed this revenue stream from these charges given the differences with other Councils.

The community should have been given the option to consider these increased charges rather than a rate increase.

#### **4 State of financial sustainability**

The Council has a very good record of financial sustainability and at the time of the T Corp report was projecting one special rate increase of 6.5% which was reduced in the following year to 3%. There appears to be no need for more than one rate increase to maintain a positive financial sustainability outlook. The state of financial sustainability was only mentioned in the no increase option but it was not mentioned as a need in the proposed option before IPART

#### **B Criteria 2 Community Awareness and Engagement**

The options communicated which did not canvas alternative income streams of parking charges, user charges or efficiency gains as suggested in the guidelines and so the engagement was flawed

On many other occasions the council has accepted on line submissions as evidence of the need for a new asset or facility but this time on line participants and written submissions are dismissed as not being representative of the whole community (Schedule B page 38)

This is especially so of the written submissions where 50% have written that council should negate the need for a rate increase, this looks like a demand for productivity increases and increase in user charges options not given in the survey.

Also the response to the submissions on page 156-161 Attachment 7 do not address issues raised especially of productivity and user charges as required in guidelines.

A further objection to the engagement is the interpretation of the online results to give a conclusion that 89% were supportive of either one or four increases, whilst true the same data shows that 68 % did not want the four increases being put forward for approval

IPART should recognise the community wish to negate the need for rate increase has not been addressed and that 68% do not wish to have four rate increases and thus IPART should reject at least three of the four rate increases proposed.

## **C Criteria 4 Assumptions in Delivery Plan and LTFP**

There are no issues with the assumptions or calculations in the three options presented. However as stated earlier the total additional revenue was never stated and compared with the total expenditure proposed. If this had been done it would have been clear as it is in Schedule A that the revenue far exceeds the expenditure and at least one of the increases is not required.

## **D Criteria 5 Productivity improvements and cost containment strategies**

### **No reasonable commitment to productivity included in plan**

There is considerable detail in pages 75 -87 of plans for productivity improvements but what is missing is any \$ figures or % commitment to future productivity improvements. The Council has stated at the meetings that the LTFP included a productivity improvement of 0.2%. Suggestions in submissions to increase this received no real response. Given the performance over the last five years and the plans outlined the Council should include a productivity of at least 1% per annum in the plan and target 2%.

The impact of 1% productivity would remove the need for one more of the rate increases as can be shown in modelling in Schedule A

### **Summary**

IPART should note that the increased services and capital items have been detailed and apparently wanted by the community but suggest in future a more transparent priority setting process be adopted and increased expenditure be funded differently

Thus IPART should

- a) reject the increase in 17/18 because the revenue exceeds the expenditure,
- b) reject the increase in 16/17 as the council should include at least a productivity increase of 1%
- c) reject the increase in 15/16 until the council gives an option of alternative sources of revenue from parking and other user charges for consideration
- d) approve the increase of 3.2% in 14/15 which the survey shows would be accepted by the community and other data shows can be afforded.

Modelling will show that with one increase and a small amount of productivity and increased user charges the Council will remain financially sustainable with a positive outlook as has been previously indicated in the TCorp study.