



16 March, 2015

IPART  
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SYDNEY  
NSW 2000

By email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

*Reference:* Blue Mountains City Council, Proposed Rate Increase

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1. I understand you are the relevant person to whom representations need to be made with respect to a proposal by the Blue Mountains City Council to increase its rates revenue by 40.4% over the next 4 financial years.
2. My wife and I are opposed to any sort of increase (I am a pensioner) if for no other reason than the Council has not made out its case that the increase is justified.
3. *It is the case* that the Council widely advertised what might be called a community consultation process in an apparent effort to be guided by the residents of the Blue Mountains as to the extent of any proposed increase. My recollection was that there were 3 proposals put out for discussion (unfortunately I did not keep the literature) with increasing levels of severity ranging from a 'do nothing approach' to the one that has now been adopted by the Council pending IPART approval.
4. It was subsequently reported in the *Blue Mountains Gazette* dated 17.12.2014 that 'Councillors voted 9-3 at the December 9 meeting to ask IPART . . . to approve the highest of the three rates options it was considering' (that is an increase in rates by 40.4% over the next 4 financial years)
5. On its face, a widely advertised consultation process is *highly commendable*. In fact, as a rate-paying resident of the Blue Mountains for the last 36 years, I cannot recall such a similar process ever occurring previously. (Perhaps I am wrong, but I can't recall such a one, or the outcome.)
6. However, there the relevance of the process ends. It can be reasonably concluded that the Council was simply 'going through the motions' because the results of that survey simply did not stack up. Again, a correspondent in the *Blue Mountains Gazette* dated 15.10.2014 pointed out that '80% of Mountains residents have endorsed these rates increases. How can 4,000 respondents represent 80% of the estimated Blue Mountains population of 70k to 80k. This statement should have read 80 per cent of respondents favour increased as

outlined by options 1 and 2 . . .’

7. If these figures are correct (and the Council has not subsequently rebutted them as far as I am aware) then, as the correspondent says: if 4,000 represents 80% of the Blue Mountains population, then 100% is not much more: in other words the results of the survey *were not* representative of the ratepaying population of the Blue Mountains whatever that actual ratepaying population is, and either the Council has been misreported or it is being dishonest. There is a saying in statistics that ‘figures don’t lie, but liars can figure’.
8. However, setting that aside for the moment, what I react to in this debate is a statement by the Mayor to the effect (and again, I did not keep the literature) that the *principal cause* of the Council’s (alleged) financial woes is due to the costs burden which it says it must incur by other Government Departments and Instrumentalities, requiring the Council the carry out functions *not related to the Council itself* at the Council’s own full cost. What that says to me, is gross financial management by the Council that it carries out *any* function at its own cost, other *than on a full cost-recovery basis* to the relevant Department.
9. Whatever those functions are (and I am relying upon the Mayor’s reported statement at the time, presumably acting on the advice of Council Officials,) they should be firm-quoted by the Council in the first instance, then budgeted and paid for by the relevant Department with the approval of that relevant Minister if necessary. If the final cost exceeds the initial firm-quote by Council (and no supplementary funds sought from, and paid for, by the relevant Department), then this is direct evidence of financial mismanagement by the Council.
10. On both counts, IPART should not countenance transferring a cost burden to the residents of the Blue Mountains, on account of functions on behalf of others outside the functions of the *Local Government Act, 1993*. In the Council’s audited financial statements, this item should have been separately isolated and reported on. Has that been done? Council should ‘stick to the knitting’ in my view and live within its financial means. If I do not have the money to buy a new car, and I do not wish to borrow (or cannot) pay for it by either means, I can’t have the new car. Simple. In 35 years as resident of the same address in the Blue Mountains, the only benefit I can identify is the fact that minimum repairs have been carried out to road outside by house approximately 3 times in that number of years. Yes, garbage is collected, but I don’t use the Library because its content is too generalist for my needs.
11. Another correspondent in the *Blue Mountains Gazette* dated 11.3.2015 states that the Blue Mountains City Council ‘uses 24% of our rates to support itself and many highly paid staff positions’. Whilst I personally don’t know what the total rates revenue is, I suspect that it is high and that 24% spent on administration and overheads would be high and may well be disproportionate.

12. Turning to the matter of Pensioners (I am one) if some sort of increase in rates is approved of by IPART, I submit that a special condition should be imposed in granting that increase to quarantine increases to pensioners. There is a discount available, but it has almost negligible impact on the total rates bill and being statutorily set has not to my knowledge ever been increased. There is the harsh reality of an aging population being forced out of the homes they have lived in forever, almost simply because the rates make it prohibitive to remain. That will be the stark social impact of a proposed 40.4% over the next 4 financial years.
13. In this discussion, I declare a bias: for 35 years we have been the beneficiary of a legitimate rates reduction, on account of the provisions of the current and former *Local Government Acts*, relating to (in our case) the house straddling two blocks in the original 1919 subdivision. There had never been any question that the Council agreed that our place complied with the Legislation to grant the reduction and has done so every year since 1985 without fail upon my application at its request, which it writes off every five years. Then out of the blue, in 2011 I get a letter saying that I am no longer entitled to the rates reduction. The day after, it notified the Valuer General who issued an amended valuation for rating purposes and the rates immediately doubled, and arrears sought straight away. I have been hounded by the Council's debt collectors, corresponded regularly with the Council on this issue seeking a defensible reason for suddenly stopping the legal rates reduction under the *Act* and have never received a proper answer to the simple question: if they have approved the reduction without demur since 1985, what happened in 2011 to change the status quo, other than a cynical grab for my Pensioner money? (In the mean time we do the best we can and have maintained regular rates instalment payments as if the reduction had not been removed: in other words we are not seeking to evade our legitimate obligations)
14. The *relevance* of the preceding paragraph to the IPART process, is that it seems clear to me that the Council is engaging in illegal activities to raise revenue by other sources. In my case it is illegal, because it is contrary to law for the reasons I set out in my letter to Council dated 10.9.2013, which it has not answered.
15. I am *not using* this submission process as a lever to resolve my other matter. Its principal relevance is that financial mismanagement by the Blue Mountains City Council has led in this case (and others for all I know) to illegal activities without any guarantee that any increase that IPART may consider will have as a necessary consequence, the cessation of those (provable with evidence) illegalities.
16. I am sorry for this late submission on the closing date. Had I had more time, I could have researched the matter further and come up with accurate figures as to population, revenue etc. I draw to your attention that the Council *has not* advised the ratepayers in the same way as it carried out its initial survey (that is by a personal letter to every ratepayer) that an avenue existed to make representations to IPART *against* the Council's proposed 40.4% over the next 4 financial years.

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17. It took a letter in the most recent copy of the *Blue Mountains Gazette* dated 11.3.2015 to alert me to your name and contact details and closing date. If the Council sees fit *not to be transparent* on this issue, in the face of, by all accounts, falsely advertising what it claimed to be an overwhelming community for its proposal of a 40.4% increase over the next 4 financial years, when sheer commonsense must indicate otherwise.
18. If the Council cannot be honest about these issues to its own ratepayers, *how much else* of what it submitted to IPART is a case of 'smoke and mirrors'.
19. I submit that IPART should *not grant* the increase in rates that the Blue Mountains Council has sought. If it has the power, IPART should have the Council's financial affairs independently and ruthlessly audited with the express intention of finding (if it exists) of hidden income and expenditure. As an Auditor friend of mine (the then auditor for a major national construction company), organisations always have 'hollow logs'. Auditing can, at best, only pick the tips of the icebergs leaving the potential undercurrent or financial mismanagement and, possibly, corruption. The audit in the normal accounting way must be supplemented by an un-announced in-depth analysis of the activities of the Council.
20. If this is done, and only when it is done, can IPART and the Government and the Community be satisfied that any increase sought by any Council is justified. I have sat on Boards of Management for different organisations in the past and I know how vulnerable Board Members can be to feeling obliged to accept the advice of Officials, relying on that advice to be correct and accurate in all the particulars.
21. Since I know just a little about the elected Councillors, I know that they do not have the collective knowledge to *be able* to put their finger on financial misreporting or under reporting. It is probably unreasonable to expect that they can - but they do have a legal duty of care to make the hard enquiries. Someone *external* to the organisation with no internal loyalties to anyone is needed to properly audit the Council.
22. If you have a need to contact me, my details are as follows:

[REDACTED]

Yours sincerely,

[REDACTED]

Richard Bournes