16 March 2015

Local Government Team
Independent Pricing and Regulatory Tribunal of NSW
PO Box K35
Haymarket NSW 1240

Dear Minister,

Re: MARRICKVILLE COUNCIL PROPOSED RATE INCREASE

The Marrickville Chamber of Commerce ("**Chamber**") wishes to formally object to the Independent Pricing and Regulatory Tribunal ("**IPART**") to the Application by Marrickville Council for a special variation increase in Council rates by an additional 3% rise making the total increase to rate payers of 5.4% for the 2015/16 year.

The Chamber strongly opposes any such Special Rate Increase as unwarranted and unjust on all rate payers of the Municipality. We make the following submissions for the Tribunals consideration of our opposition to any rate increases over and above the rate of inflation maximum increases as set by IPART.

1. None of the reasons listed by Council above provide any explanation as to why Marrickville Council rates warrant a special increase as opposed to many other Councils in the Inner City Innerwest area of Sydney.

2. At present Marrickville Council rates are the highest rates of all Councils in the inner west except for Leichhardt Council. Indeed of the Councils modelled by the Morrison Lowe Report namely Ashfield, Burwood, Canada Bay, Leichhardt, Marrickville and Strathfield it is estimated that Marrickville Council business rates are likely to fall by 24% and residential rates would also fall if amalgamation were to occur.

3. Currently Marrickville rates for Commercial and Industrial owners who are in number 10% of all ratepayers in Marrickville, pay approximately 40% of all rates collected by Marrickville Council.

4. Marrickville Council has not resolved to make any substantial costs savings in its budgets for various services.

   It is the Chamber's view that Marrickville Council should reduce its costs rather than rely on a special rate increase to maintain its services. Approval of a special rate increase by IPART will prove a disincentive to Council Management and Councillors to be cost efficient so as to streamline its costs efficiencies in line with other Councils.

   It is noted that of the six (6) Councils referred to above only Marrickville and Ashfield have applied for a Special Rate Variation.

All other Councils have sought to address the Fit for Future Benchmarks by decreasing costs and undertaking internal programs of efficiency review. Marrickville Council has not undertaken any audited efficiency review of its costs.

5. As an example Marrickville Council continues to be out of step with other Councils in streamlining its costs of waste by retaining such services in house rather than outsourcing its waste collection costs as it has been done by other Councils where they have collectively contracted with other Councils with substantial savings.

   It is estimated that outsourcing waste will save Council $2 million per year.

   This act of outsourcing waste in the Chambers view will bring about cost efficiencies that will avoid the need for a special rate increase.

6. Council further supports its special rate increase but alleging that there has been extensive community consultation and the community supports the increase. This is not so for the following reasons:

   (a). The Council which asserts that it has received the support of a Jury sourced from the community at a cost to Council of $90,000.00 at its first meeting when all 32 Jurors attended by majority the Jury voted against the special rate increase. The Council reconvened the Jury after much acrimony and political manipulation and threat of deterioration of services. At the second convene meeting only 13 Jurors from 32 attended and 12 voted in favour of the increase and 1 against.

   Incidentally the Jury as appointed by Council contained no representative of commercial or industrial owners who as it was referred to early pay 40% of all rates collected by Council.

   (b). It ignored the petition of over 2,000 people who signed their strong opposition to Special Rates Increase as proposed by Marrickville Council.

   (c). Council purportedly conducted a phone poll in which it says ratepayers support the increase.

   Council in its misinformation and propaganda conducted "scare" campaign by telling residents that their services and amenities were going to be severely affected.

   The chamber believes that such poll was flawed and contaminated by the type of questions asked. When many respondents were asked did they favour a special increase, if their response was negative then they were asked further questions if the deterioration of services of "flooding in their homes of pipes and drains were not maintained or repaired."

   Some Councillors have supported the increase as "a fair tax on wealth as it is a progressive tax and taxes people who have a capacity to pay through their accumulation of wealth."

   The above comments are a nonsense.

7. The fact is that Council has not specified which services the special increase will be applied.

   It is a general fear argument that services would be cut if Council does not get the special increases.

There is a clear lack of clarity as to where the increased rates will be spent. There is no specific projects identified e.g. parks and recreation, drainage etc.

Only generalities and self-serving statements with wide platitudes have been used to justify a special increase.

8. The Chamber believes the non-specific plan or identified purpose of the special increase in rates will lead to further economic inefficiencies, laziness and lack of accountabilities of rate payer monies.

It is the Chambers view that there are no factors that would give justification to the application by Marrickville Council for a Special Rate Increase.

It is plain that the factors put forward by Marrickville Council affect all other Local Government bodies equally.

None of their purported reasons for variation of a Special Rate Increase provide any explanation as to why Marrickville Council rates should rise faster or be higher than any other Local Government area.

It is the Chambers view that IPRA should commission a report or alternatively ask Council to provide an independent audit as to whether it has room to avail itself of any costs savings or other cost efficiencies from its budget before any special rate increase is considered.

Finally it is the Chambers view that given the current discussion about proposed amalgamation of Councils that may involve costs savings to rate payers and given that one of the justifications argued in support of amalgamations are Rate savings to rate payers then, in such circumstances the Proposed Special Rate increase should be deferred until the State Governments decision on amalgamation is finally known.

We thank you for your favourable consideration to the above.

Yours faithfully

[redacted]

M Hanna
President
Marrickville Chamber of Commerce