

28 January 2010

The Secretary
Jerrabomberra Residents Association
PO Box 132
Jerrabomberra NSW 2619

SF090558

Dear Sir,

Complaint – Circulation of misinformation regarding CityCARE Consultation

It is with great concern that I have read your President's column on your website as well as seen items in the local media where he has been disseminating misinformation about Council's community engagement process in respect of the proposed CityCARE levy. I wish to formally complain about comments made in this column as well as local media and seek your correction of the errors in these statement. I note the following errors which require correction:

- 1. Council's \$1m plus a year 15 year cash grab proposal was dropped among pre-Christmas junk mail. Why, with such significant impact on Queanbeyan was information not sent direct to ratepayers?*

When Council voted to undertake community engagement on the CityCARE proposal in October 2009 an extensive community engagement strategy was developed with the aim of ensuring that both ratepayers and residents would be aware of the proposal and have opportunity for input.

As the proposal would have the most impact upon ratepayers it was decided that a direct mail out to them with attached survey would be made so that they could have their say. **15,916 booklets with attached survey were individually addressed and mailed out to ALL ratepayers** in the city seeking their response. This used Council's ratepayer database which has all the mailing addresses for every ratepayer in the city and was delivered by Australia Post with other mail, not with junk mail as claimed by your President. The booklet with attached survey was contained in an A5 envelope which had Queanbeyan City Council's address in the top left hand corner. In recognition of the Christmas holiday period Council allowed a period of **50 days** to give people sufficient time to read the important information and then to **freepost back their survey and comments.**

I have confirmed with the mailing house the details of the distribution of the booklets and survey and they have reiterated that all 15,916 booklets were placed in addressed envelopes and mailed out through Australia Post.

2. *The majority of residents criticised the lack of information*

Since October 2009 Council has produced a great deal of information on this proposal and made it readily available for residents. This has consisted of the following:

- To ensure that residents were aware of the CityCARE proposal, in early December 16,000 editions of Council's newsletter *City Life* were delivered to **ALL households** within the Queanbeyan local government area which contained a 1½ page article outlining why Council needed to urgently address asset maintenance and renewal within the city and detailing the proposed levy. (Copy attached.)
- Over the past three months items have been regularly published in the *Age* and *Chronicle* outlining what the CityCARE proposal is about and advising of the community engagement process for CityCARE. This has included articles, advertisements and columns which have appeared regularly since the end of October 2009. (Copies attached)
- A telephone hotline (6298 4580) has been established since early November 2009 at the Council to allow anyone to call to ask questions about CityCARE.
- A web feedback form is available on Council's website under Current Projects along with extensive information on the CityCARE project to allow input from anyone on the issue. (Copy of information attached)
- A series of public meetings have been held or are being organised across the city to take the community through the proposal. Two were held in the rural community of Queanbeyan prior to Christmas and the one for the urban area is planned for 9 February. Council will be advertising this meeting in local media over the coming week.
- A Residents & Ratepayers Forum is being established to obtain a representative sample from the Queanbeyan community to discuss and debate the proposal. This forum will be made up of a random sample of 20 ratepayers, 10 community groups & organisations and 10 self nominated representatives.

I would also draw your Association's attention to the fact that information on the CityCARE project and the community engagement process has been available on **your website since 30 October 2009**. The Mayor's column on your website has outlined this proposal on 30.10.09, 3.12.09, 8.1.10, 22.1.10 and 28.1.10.

As you can see from above Council has made extensive effort to ensure that both residents and ratepayers had opportunity to find out more about this proposal and to provide it with feedback.

3. *Jerrabomberra Residents don't want their rates aligned with other NSW regional centres.... Compare apples with apples, don't compare us to Orange*

It is interesting that your President raises this point as the reality is **Jerrabomberra is part of NSW and as such is subject to the jurisdiction of the Government of New South Wales and all the laws and regulations that it enacts**. NSW is the only state

within Australia which has in place **rate pegging** which ties annual rate increases to the CPI. This system has been in place since the late 1970s and has had a dramatic impact on councils' ability to fund asset maintenance and renewal.

In recent years a number of financial experts have highlighted to the State Government and the broader community the dire problem facing NSW communities due to councils having insufficient funding for the maintenance and renewal of key infrastructure. The most prominent has been Professor Percy Allen. In his May 2006 report on the *Independent Inquiry into the Financial Sustainability of NSW Local Government* he noted:

[The report]...uncovered a number of pressing problems that need urgent attention. The biggest of these is a huge backlog in infrastructure renewals (over \$6 billion), which is expected to grow to almost \$21 billion within 15 years if the annual renewals gap (the difference between the rate at which councils' physical assets are depreciating and the rate at which they are being replaced) stays at around \$500 million per annum. This report concludes that NSW Local Government needs to find an extra \$900 million a year to overcome its infrastructure crisis.

(Independent Inquiry into the Financial Sustainability of NSW Local Government, May 2006, p7)

Queanbeyan City Council like all councils in NSW has been operating within this limited funding environment constrained by over 30 years of rate pegging. Accordingly, like most councils in NSW, it has 'cut its cloth to measure' to allow it to operate within the funds it has had available.

The recently enacted amendments to the Local Government Act 1993 require all councils in NSW to move into a new Integrated Planning & Reporting Framework. The proposal for the raising of CityCARE levy is a direct response to Council's move towards the implementation of this new Integrated Planning & Reporting.

Under these new requirements all councils must have in place a Community Strategic Plan which reflects the community's long term aspirations for their local government area and this must be informed by a Resourcing Strategy which consists of:

- A **Long Term Financial Plan** which covers a minimum period of 10 years and clearly sets out projected income and expenditure over this period.
- An **Asset Management Plan** also covering a minimum 10 year outlook which must identify assets critical to the council's operations as well as projected resource requirements in respect of asset maintenance, rehabilitation and replacement costs.
- A **Workforce Management Strategy** which addresses the human resourcing requirements for council to deliver the projects and programs identified by the community within the Community Strategic Plan.

Queanbeyan City Council has been very proactive in taking on-board these reforms and in anticipation of these new requirements Council commenced work on their implementation as part of its 2009-10 Management Plan development. When undertaking the work to develop its Long Term Financial Plan and its Asset Management Strategy it became very clear that over the years the Council has not

been setting aside sufficient funds to adequately resource on-going asset maintenance and asset renewal. The Community Strategic Plan noted:

“Based on the current data available significant issues have been identified which will require Council to strategically manage. With regard to the General Fund, Local Government benchmarking recommends “whole of life” expenditure should be around 85% of Depreciation. Currently Council provides only minimal programs of renewal due to lack of funding and other programs requiring higher priority. Based on the premise, that Council will need at some stage to replace its infrastructure on a systematic basis, it is still clear that significant increases in capital expenditure will need to be funded.

Based on the current Asset Renewal Ratio, Council is only replacing around 25% of its annual deterioration of its infrastructure and if in the long term this continues Council's infrastructure will need significant replacement all at once and place a large burden on ratepayers.

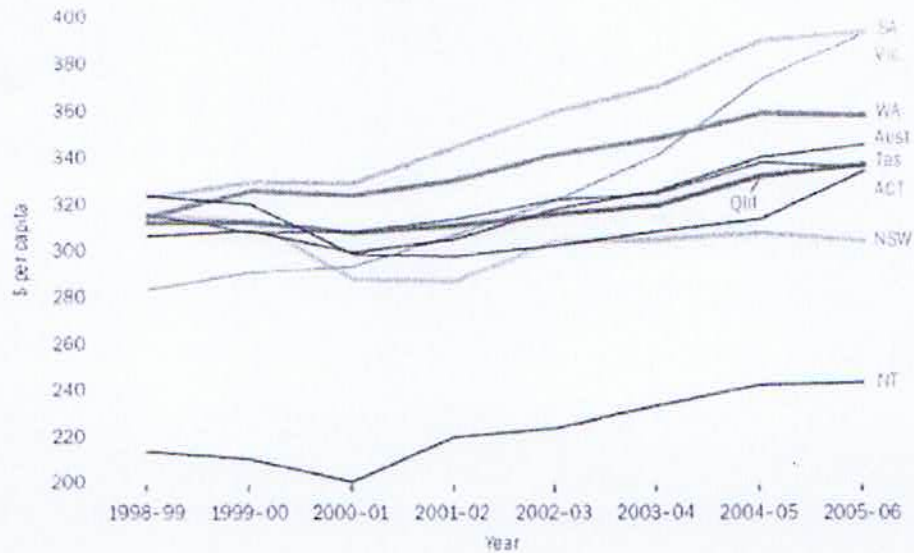
Whilst Council's assets may currently be in a reasonable state, the life span of the asset may be reduced due to inadequate levels of maintenance resulting earlier expenditure to replace the asset (for which we may not have reserved adequate funding) or a higher level of maintenance because the regular minor maintenance has not occurred...”

(Queanbeyan Community Strategic Plan 2009 – 2019 p33)

I must stress that this situation was not due to long term mismanagement on the part of Queanbeyan City Council. Rather, this has been a cumulative situation which is common to all councils in NSW and one which is now being pulled into full public glare as a result of the implementation of Integrated Planning. Over thirty years of rate pegging where the NSW State Government sets the level of rates that councils can levy has had a devastating effect on councils' ability to fund ongoing asset maintenance and renewal. For the first time ever, all councils in NSW will now have to identify the state of their assets and clearly show how they will fund their long term maintenance and replacement via a Resourcing Strategy. The development of Resourcing Strategies will force all councils to highlight to their communities the actual state of their key infrastructure and to outline the funding required to adequately care for and replace them. This is precisely what Queanbeyan City Council is doing through its CityCARE levy proposal to ensure that the city's key infrastructure is adequately maintained.

What this means for comparing *'apples with apples and not with Orange'* is that ratepayers within NSW have been paying significantly less per capita than all their counterparts in the rest of Australia (except the Northern Territory). Set out below is a graphic from a DOTARS report which shows how large this revenue gap is between NSW and the rest of Australia. As you can see here rate revenue per capita in the ACT is considerably higher than in NSW.

Figure 2: Local Government Rate Revenue per Capita, 1998/99 to 2005/06



Source: DOTARS, 2007, p. 15.

I trust this information will assist your organisation in correcting the information it is disseminating within the Jerrabomberra community about the CityCARE proposal. I look forward to receiving your reply and also seeing a correction in the media as well as your website.

Yours sincerely

Paul Spyve
**Executive Manager Corporate Planning
& Customer Communications**

Cc All Councillors
Queanbeyan Age
Queanbeyan Chronicle
Win TV