23rd August, 2017

To: The Secretary
Environment and Planning Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002
epc@parliament.vic.gov.au

Dear Sir/Madam

RE: CALL FOR SUBMISSIONS – RATE CAPPING – AUGUST 2017

The following is a summary of observations and recommendations regarding the impacts and operation of Rate Capping to date.

Generally the Ratepayers Group is very pleased with the overall outcome, which effectively is a reduction in rates. The State Government is to be commended for its initiative.

As with all major change there is the opportunity to “spit polish” based on the outcomes of the initiative, and we hope and trust that the following observations will be received favourably.

The major recommendation is the reconfiguring of the cap equation to accommodate less of a CPI component and more of an ability to pay on the part of pensioners and others on Government support. The reason being that there has historically been a very strong link between CPI and wages so the apportioning between the WPI index and CPI index was not critical. This linkage in recent economic times has been severed necessitating a higher weighting on the WPI component.

There have been a few glimmers of hope from within Whitehorse Council with the enactment of Rate Capping, but due to Whitehorse Councils lack of transparency and consultation it is very difficult to tell.

Yours sincerely,

Colin Carter,
Spokesperson.
WRARA SUBMISSION – RATE CAPPING – AUGUST 2017

1) FAVOURABLE BUDGET IMPACT AT WHITEHORSE CITY COUNCIL

Whitehorse Council had historically made submissions and released media that the “sky was about to fall” should Rate Capping eventuate. There was much chest beating and wringing of hands.

But what is the outcome of the current Rate Capped 2017/2018 Budget formulation and adoption?

In the Budget document the Mayor stated – “The Budget ensures that Council continues to meet the community’s demand for high quality services and facilities while maintaining financial sustainability, both being key priorities for Council.

And the CEO stated - “The Proposed Budget 2017/18 provides $195 million of funding to enable the ongoing delivery of high quality services and the renewal and improvement of community facilities and infrastructure for the benefit of the Whitehorse community. It plans for a financially sustainable operating surplus and strengthening Council’s financial position, ensuring its ongoing financial sustainability into the future.”

So the Mayor and CEO are clearly identifying that the reduction in rates (by some 5.5% versus recent financial years!!) has had negligible impact on operations and outcomes of Whitehorse Council.

2) CAPITAL BUDGET

For the very first time Council has generated a 10 year capital budget forecast!!. (However it is not available for Public Scrutiny so the voracity and substance of this document cannot be established.)

Council has simply operated on a day to day basis with no forward horizon. Generating this document simply confirms that Council has historically never had to care much about efficient use of Ratepayer dollars due to the monopolistic and gregarious approach to Ratepayers “bottomless pockets”. So, on a further positive note, Council may be starting to develop some true business acumen.

And similarly, the word “maintenance” has suddenly become prominent, perhaps, and hopefully, with a tinge of optimum asset management using a best Net Present Value approach.

Council has yet to shake off many of its philanthropic traits. It is still busting to empty the coffers with spending of over $100m on infrastructure. And all on assets used by less than 2% of residents, and a true majority of Residents in a random survey don’t want.
3) EFFICIENCY

There are glimmers that Council may be focussing a little more on efficiency of operation.

Early in 2016 Council was caught out with a significant group of employees Rorting their entitlements. Council was put on notice with a major media exposure. (However recent investigations have confirmed ongoing Rorts.)

Council has reported and claimed that Efficiency Savings have been made. However nothing has hit the bottom line. Apparently gains have been redirected into other areas contrary to Council Policy requiring all new spending to go through a defined and formal process.

4) CONSULTATION

Of continuing, and very grave concern is Councils total lack of consultation in many areas, but certainly with Ratepayers and Residents concerning budget preparation and execution.

Transparency and consultation were front running flag waves by the ESC in its earlier rate capping investigations, reports, and publications. Councils’ claimed consultation was occurring, but it isn’t. Unfortunately in Whitehorse nothing has eventuated in this area. Council remains closeted.

In its budgeting, Whitehorse Council continues to refer to some mystical engagement with the Community through the year for which it is unable to provide any factual information. Only one or two pre budget sessions are held, typically only 2-3 weeks prior to the draft budget release, and held with very small groups (about 10-20 people). And these one or two sessions occur with negligible or no prior publicity.

These sessions are, at best, just a summary high level set of overhead slides of the previous years budget, and very little, if any, reference to the upcoming budget. Once the draft budget is released all “communications” cease (if there were any). The blinds are drawn and shutters drop. The only way forward is a one way submission by a few Ratepayers to Council, and these submissions are blatantly disregarded. Most Ratepayers are totally disenchanted. They are disillusioned and indifferent as their voices are not being heard. Capping has changed nothing in this area. The Council’s will, under the CEO, prevails.

Council has been caught out a number of times in the last 18 months with extremely inefficient operations. These have included rorting by employees (only after press coverage did the CEO admit and confirm the rorting, and this was widely presented in the media). Councillors have grossly breached their Code of Conduct by trying to “shoot the messengers” who identified the rorts, as well as block any discussion on Council efficiency prior to budgets.
Council, in the budget document, falsely claims it is committed to the value of openness and accountability: being transparent in decision making. Further Council, in its budget principles, commits to major infrastructure projects requiring a Council approved business case. We would all laugh if the omission of business cases for the last two major projects wasn’t so serious. We simply can’t believe what Council is saying.

So the systemic problems relating to Culture at Whitehorse Council continue to be of major concern. The move to rate capping has reduced rates, but that is all. Its business as usual.

5) inflation

Of continuing Community concern is the loss of a linkage, in the current unusual economic situation, between the CPI increase and a zero or negative increase in the real value of community wages and pensions. The reason being that there has historically been a very strong link between CPI and wages so the apportioning between the WPI index and CPI index in the Rate Cap equation was not critical. This disconnect is a major concern especially for the increasingly aged population of Whitehorse. So this is a factor which we implore the Minister to consider and include in establishing future cap percentages on the short to medium term.

We note that Whitehorse Council has stupidly projected employee cost increases of 3% (2017/8), 3.2% (2018/9), and 4% (2019/20). These are totally at odds with current community experience and expectation. These projected increases are exorbitant and Council needs a reality check given this is an area over which it has direct control, accountability and responsibility.

Trusting this recommendation will be seriously considered.

Yours sincerely,

[Redacted]

Colin Carter
A Spokesperson for
Whitehorse Ratepayers and Residents’ Assn.