



Media Briefing 1 August 2022

TENTERFIELD SHIRE COUNCIL AIMS TO HIKE RATES BY MORE THAN 104%

Background

The Tenterfield Shire has natural beauty and a friendly community; however, the population is ageing and economically weak. Latest office of local government data available shows that, in 2020:

- Its population continued to decline (5.6% loss over 5 years)
- 40% of the population was over 60 years old (average age of 55)
- Unemployment was above 7%

ABS census data for 2021 shows the median personal income was \$25,480; i.e. many, if not most, residents are below the poverty line and rate increases will cause considerable hardship.

The Problem

The Tenterfield Shire Council (TSC) proposes:

1. **Massive rate rises (104.49% over two years; >140% over 10 years)**
2. Immediate and unnecessary increase of already high fees and charges
3. Potential sale of vital Community assets
4. To follow a fatally-flawed 10-year Community Strategic Plan, at odds with community needs and aspirations.

Meanwhile, it is:

1. Over \$18M in debt with \$21M million in established loans
2. Relying on bank finance
3. Ready to use a further \$5M bridging loan as needed.
4. Following a long-term financial plan projecting losses of \$3.5M to \$5.7M per year; i.e. +\$50M debt by 2032.

With breaches in previous financial management practices (identified in government audits) and no unrestricted funds available, TSC has also had to return grant funding – which is the main source of TSC income.

Many residents in ALL age groups on fixed incomes and welfare say that they will no longer be able to afford to live here if the proposed rates, fees and charges increases are implemented. For homeowners who have their retirement based on rental property – this has catastrophic consequences, as they are now facing cost increases many times higher than the rent increase, they can pass on.

Our Shire Our Council Initiative (OSOCI) has asked for the intervention of the NSW state government and the establishment of an official enquiry into the Tenterfield Shire Council.

Causes

There are multiple reasons for these problems; however, we believe that the root cause is the lack of detailed information, and/or misleading information, provided by Council Administration to our Councillors. This leads to inadequate discharge of Councillors' roles and responsibilities as the 'residents' representatives' and manifests as:

1. Inadequate planning, scheduling and budgeting at all levels
2. Inability to hold Council Administration to account
3. Lack of accountability for Council Administration, Staff and Councillors
4. Lack of control on spending
5. Gross waste and inefficiencies in Council Operations
6. Failing capital projects – Dam, Council Building, Memorial Hall upgrade (privately owned)
7. Having to return grant funds to State/Federal Government
8. Failing the NSW Office of Local Government audit.

Comments

Proposed rate rises, fees and charges

TSC propose permanently raising rates by 43% each year over the next two years, which is a compound 104.49%. Although this is the real amount of the rate rise, Council has consistently tried to present various proposed rises as modest, without transparently disclosing that the annual rises are cumulative and permanent. Over 10 years, further rises proposed could bring the total increase to over 143%.

For a Tenterfield resident, average residential rates alone would increase from approx. \$664 in 2023 to \$1354 in 2025 and \$1609 in 2032.

On top of this, fees and charges for water, sewage, waste etc. have increased immediately, although we understand there were assurances in the past that this would not happen. In fact, these specific cost centres have run at a profit for some years and more profit from them is not allowed to be used for general Council expenses. Charges for other services, such as planning, connections, building inspections, permits etc. are extra – i.e. user pays.

Benchmarking to other Shires

2020 data from the NSW Office of Local Government (<https://www.yourcouncil.nsw.gov.au/>) shows that Tenterfield compares poorly with the state average of 23 large rural Councils (OLG Group 10) on the following key indicators:

Comparison	KPI	Tenterfield	Group 10 Council average	Tenterfield Difference %
HIGH	Typical Residential Water and Sewer Bill	\$1985.90	\$1299.90	52.8% higher
HIGH	Governance & Administration expenditure per capita	\$834.24	\$642.70	29.8% higher
HIGH	Roads, Bridges and Footpaths expenditure per capita (note that Tenterfield has <i>less road length and less public open space</i> per capita than avg.)	\$1276.60	\$983.50	29.8% higher
LOW	Community Services & Education, Housing & Community Amenities expenditure per capita	\$201.09	\$403.80	50% less
LOW	Recreational and Cultural expenditure per capita	\$369.43	\$426.50	13.4% less

It appears that Council administration has multiplied its own **costs to administer this well-established** community and conversely **failed to spend on its own community's needs and services**.

A key indicator that points to the major source of the current operating deficit is that:

- In 2019, TSC spent \$2.47M on *Governance & Administration*.
- **In 2020, this more than doubled to \$5.5M – a rise of over \$3.0M or 122% in 1 year.** This is more than the spending on community services and almost 20% of the Council's entire operational expenditure.

In contrast:

- In 2019, TSC spent \$5.74M on *Community Services & Education, Housing & Community Amenities, Recreational & Cultural, and Other Services*.
- **In 2020, spending on these services had decreased to \$5.09M – a fall of 11%.**

Council's proposed solution

TSC has publicly stated that it has only four options available to resolve the operating deficits. These are:

1. "Reducing service levels,
2. Sell and/or dispose of assets that will reduce the associated on-going expenses,
3. Increase income raised through rates, user fees and charges,
4. A combination of the above options."

There is NO option to increase income by other means or to cut expenses by reducing waste, becoming more efficient (achieving more with less), reducing activities to Council core functions, or reducing headcount and managerial layers in Council Administration.

Potential Sale of Community Assets

Community assets, such as the Information Centre, Airfield, Community Childcare building, Community Radio Station and Band Hall, are being considered for sale to raise funds, as well as terminating the lease of the School of Arts. These assets are vital and/or important to the community now and for future generations. Their sale will not increase revenue and are a one-off, short-term 'fix'. They cannot be sold again and, once gone, we will never get them back.

At the same time Council is spending millions on renovating their own offices – and properties which are owned by private parties.

Failed Community Strategic Plan (CSP)

On 25th May 2022, the Councillors signed off the 10-year CSP, even though it failed to meet the requirements of the NSW Local Government Act and Regulations.

Despite the requirement for significant community consultation to create a "*plan that will truly represent the aspirations and needs of the local community*", the process was inadequate. The plan was also built on a false premise, as Council did not provide the community with foundational information about "Where are we now". Public submissions made about the draft CSP were ignored, despite assurances otherwise.

The TSC CEO, Mr Daryl Buckingham, publicly described the CSP as "*not of importance or significance, is fluff only and does not need the attention of the community*". However, the CSP legally sets the goals for all subsequent, shorter-term, subsidiary plans, forecasts and budgets – so when the CSP is flawed it allows all these subsidiary plans to be developed without proper control and reference to an agreed community vision and goals.

About Us

Our Shire Our Council Initiative (OSOCI) is a Tenterfield Shire citizens' initiative formed because of community concern about the impact of the Council's past, present and proposed actions. OSOCI has members with commercial, local government, project and business management experience. We believe that the Tenterfield Shire – under better management – has great potential and can be turned around both socially and economically. OSOCI has for some time now attempted to collaborate with the TSC Administration and Councillors; however, this has been unsuccessful, despite an overwhelming amount of evidence regarding the negative financial and social impacts on the community, if Council continue unchecked on the current course.

Contact

For further information, please contact
Mr Clive Powell
President, OSOCI
Ph: 0429 161 445
Email: president@osoci.org