

MEDIA RELEASE

Monday, 2 November 2020

Basic Accounting Error by Newspaper Falsely Denigrates Bayside Council

Bayside Council has slammed the *Sydney Morning Herald* for making a \$240million error in a weekend article falsely claiming Bayside Council as one of the State's worst performing councils, when in fact it is one of the strongest performers.

Bayside Council has demanded a retraction and called on the *Sydney Morning Herald* to rebalance the reputational scales by printing the accurate figures and a retraction on page one.

"This report is rubbish. Our community is furious. And so are we," said Bayside Mayor Joe Awada.

"No one contacted us to verify the figures in the report. No one double-checked the accounting figures provided by LSI consulting to the newspaper. This is absolutely shoddy work – resulting in an error of \$240million."

"If the correct figures had been used, it would show Council recorded a productivity boost of \$83million from 2016 to 2019. By June 2020, we recorded productivity gains of \$109million. And indeed we are operating in surplus and have been since the creation of Bayside Council."

"Let's be clear. We are using the identical methodology used by LSI Consulting and approved by the Productivity Commission. However because Bayside Council was formed in September 2016 and not May 2016 - like every other merged council - the rates revenue for that year went to the two former councils while the expenditure for that year went to Bayside."

"Put bluntly, they did not include any rates income for Bayside Council for 2016, and because that's their baseline year, their entire financial modelling is flawed. So LSI Consulting and *the Herald* either missed it or couldn't be bothered to recognise that fact."

"The figures provided to the *Sydney Morning Herald* were completely incorrect.

It is quite clear that the people who wrote this report did not follow their own published process for calculating the Local Government Productivity Index as stated on their website. They state they need to adjust for unique or one-off items, however in our case they clearly have not."

For more information:

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“When calculated correctly, the actual result for Bayside Council is a cumulative productivity improvement in the order of \$83 million since amalgamation. On that basis, the reported productivity loss that the *Herald* published for Bayside Council of \$155.7 million is wrong by around \$240 million.”

The newspaper article said they used audited financial results compiled by LSI Consulting but Mayor Joe Awada said they obviously failed to read the notes for the financial statements, which is basic accounting work.

“We are so confident that we have the correct figures, that we have formally invited the Productivity Commission to interrogate our calculations,” Mayor Joe Awada said.

Mayor Joe Awada said the article had done incredible damage to Council and would decimate the trust and track record they’d worked so hard to establish over the past four years.

“It will take us years to win back the confidence of our community. We should be celebrating the incredible track record of Council.

In the past four years, we’ve delivered around \$150 million of capital works including parks and sport fields upgrades and many other facilities that greatly benefit our community.”

Council is seeking a retraction, in the form of a page one story in the newspaper to rectify the errors, and a commitment to remedying the reputational damage to Bayside Council.

The *Sydney Morning Herald* did not provide LSI Consulting’s calculations to Bayside Council, nor did it directly ask for any comment. The only query made by *Sydney Morning Herald* regarding financial matters in the past week was to ask if Council had recorded a loss over the past three years. We provided the reported figures that show a surplus for that period.

Contrary to the newspaper article about a blowout in labour costs, Council’s labour expenses have risen in line with inflation and standard award increases.

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For further information please call 0408-677-168.

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