

**From:** GD Wall  
**To:** [Local Government Mailbox](#)  
**Subject:** Submission - Dungog Shire Council SRV  
**Date:** Tuesday, 5 March 2019 12:52:26 PM  
**Attachments:** [IPART SRV submission.docx](#)  
[Attachment 1 - Comments from Previous Mayor and associated Editorials and Press..docx](#)  
[Attachment 2 - Confidential Mailout Issues.docx](#)  
[Attachment 3 - Confidential Comments Regarding Consultation..docx](#)  
[Attachment 4 - Confidential IP&R Documents missing information.docx](#)  
[Attachment 5.docx](#)  
[Attachment 6 - Impacts of SRV on Family Farming Enterprises.docx](#)

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I would extend to IPART my sincere gratitude for their consideration of my submission and various attachments.

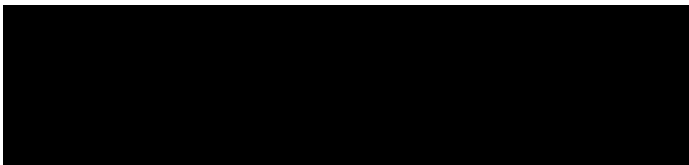
Very briefly I would advise that I am opposed to the SRV application submitted by Dungog Shire Council due to its magnitude and impacts that it will have on residents, particularly Rural Land Owners in our Shire. This is fully explained in my attached submission with a recommendation for IPART to consider a smaller SRV over a two year period.

Please note that the only sections of my submission that I have requested remain confidential are attachments 2; 3 & 4, due to personal information contained in those particular attachments.

With Sincere Gratitude.

Glenn

***Cr. Glenn Wall***



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## Introduction

The future nature and strength of Dungog Shire is linked intrinsically to rapid demographic and development change in the Lower Hunter, particularly Port Stephens and Maitland. The shire as a whole had an opportunity; and if we had merged with Port Stephens Council we would have seen vast improvements in all aspects of a new Council, including; meeting obligations in serving the needs and aspirations of Communities, allocating resources and monitoring performance to ensure that all objectives were met, infrastructure enhancements and development, environmental welfare and maintenance of cultural and economic diversification.

The greatest impediment the Shire now faces is that, even if the SRV of what is being proposed is successful; it is only a band aid solution rather than addressing the real issue of **scale and capacity**. Our rate base now and into the future will never address the insurmountable issues the Council faces and the reality is that our Council has already demonstrated; rather than the elected representatives addressing scale and capacity, they would rather place the full burden back to our community to only address current matters and will not be of benefit in the long term.

## An overview of the process to date

During June and July 2017 after years of various investigations, the community was rocked by the decision not to amalgamate with Port Stephens. People were generally aware of Council's circumstances and realized that this was the best course of action. In June 2017 two Councillors resigned in consideration that a rescission motion of the original decision not to merge was submitted and then in July when our current Mayor reversed her decision from support to against the merger; the then General Manager, Mayor and two Councillors in protest, resigned in an attempt to convince the NSW Government to intervene. Such was the depth of concern that a merger was the only means for the Shire to have the scale and capacity required to address the major issues the Community faced.

In August 2017, the new Mayor stated publicly in the press on a number of occasions that she did not believe that a *"reasonable Council would ever consider doubling rates"* and *"that it has never happened before and in her opinion is never likely to happen"*. Unfortunately most in our communities believed this to be true – (see Attachment 1).

It was from this point that the then Mayor and three remaining Councillors decided to conduct a ratepayer survey about amalgamating with PSC as part of the elections. The survey response was in favour, but from the very start, it was obviously going to be too late to actually achieve this outcome because the offer would not be available after the election. Accordingly, the General Manager of Dungog Shire Council at the time described it as a waste of effort.

In the lead up to the September 2017 Council election, those standing to "make Dungog great again" did not explain how this could be achieved, but after the election they have set about to secure the future of the Council, whatever the cost to ratepayers, even if that meant doubling our rates.

After the 2017 Elections, in March 2018, the Acting General Manager and Executive Manager Infrastructure and Assets with the assistance of an independent facilitator, Mr Martin Bass from LGNSW were to present at six (6) community meetings regarding the review of the Community Strategic Plan and proposed SRV. Council conducted a mail out to

all residents advising of the dates of the meetings being in various Towns and Villages from **12 March – 15 March 2018**. Unfortunately due to logistics, the Acting GM advised Councillors that there were major issues as regards the meeting notification letters – (see *Attachment 2 – Marked **IN CONFIDENCE***).

Despite this, 109 people attended the six meetings, however information as regards the SRV was not fully disclosed and the SRV increase and that it was cumulative was not demonstrated in the presentation. The first meeting at Gresford, despite those present continually asking, were not told of any proposed increases and only offered that the Council would come back at a later date and advise the proposed SRV increase – (see *Attachment 3 – Marked **IN CONFIDENCE***).

It was during these meetings that members of the Community were asked to nominate to sit on a Community Reference Panel. The community reference panel did not include any representatives from Clarence Town and extra persons from Dungog were admitted. These people were presented information about Council's finances by the same consultants that in 2017 had recommended a 108% SRV proposal that would not have addressed the additional staff needed to meet Council's range of responsibilities nor provided the necessary office accommodation or address significant shortcomings of the present administration building nor the scale and capacity required to meet the Fit for the Future benchmarks. The community reference panel members were supposed to consult their communities along the way, but this did not happen.

Before commencing the SRV process after the Community Consultation Panel made their recommendation, Council reduced the proposed quantum of the SRV proposal to 97.8% total so that they were not actually doubling our rates and therefore not in conflict with the past Mayors comment *"That no reasonable Council would consider doubling rates!"*

The series of public meetings from the 3 – 19 July 2018 were very poorly attended (**77 total**) because people did not realize the gravity of the situation. A proper course of action would have been to write to each ratepayer and explain the 97.8% SRV proposal at this stage of the process, but this was considered too expensive. Yet after the Council decision to adopt the 97.8% SRV, such a letter was sent in February 2019.

The first that absentee ratepayers knew of the SRV proposal was after the series of public meetings had started, when a long winded letter circulated with July 2018 rates notices contained a survey that was weighted towards supporting the SRV proposal – all or nothing.

The subsequent telephone survey was similarly biased, and the 97.8% SRV figure was never mentioned. Respondents were presented with a barrage of numbers explaining the seven years of SRV increments without being told that this would amount to 97.8% cumulative, unless they specifically asked. Amongst the 302 ratepayers surveyed, the results were 51% for and 49% against the proposed SRV, but residents who are not ratepayers were included for a final result of 53% for and 47% against. Whilst the results portray a marginal support (2% without Non Ratepayers) the most alarming statistic is the lack of consultation in our largest rural land areas. From the telephone numbers obtained (first 5 digits to reflect location – 49315 & 49317) only 6 respondents came from our largest Rural Land precincts being in "C" Ward, with those areas being Allynbrook, Halton, Eccleston, Upper Allyn, Mount Rivers, Lostock and Carrabolla. These areas represent over a third of all rural land in the Shire and to only engage 6 people from these areas again reflects the inadequacy of the consultation process and not taking into account the impact of the SRV on Rural Land owners.

Throughout the whole process there has been only one SRV proposal – all or nothing, and it was presented as a series of small annual increases and shown in the media as “\$100 p.a. increase for the average residential property”, so most people did not realize the cumulative impact. It was not until November 2018 that Council **publicly stated in any media form** whatsoever that the proposed SRV would amount to 97.8% and then again in the December 2018 business paper report text (rather than the final resolution) was the cumulative figure shown.

During **November 2018** the Draft Council Resourcing Strategy was placed on exhibition including the LTFP, Workforce Management and Asset Management plans which were incorporated into the document; and this was the first occasion that the SRV cumulative figure was represented in a Council document. Once the Resourcing Strategy was adopted, Staff advised that information had been received from IPART as regards our IP&R documents – (see *Attachment 4 – Marked **IN CONFIDENCE***).

Whilst Council has stated that the SRV proposal would concentrate on its infrastructure backlog and only partly meet the “Fit for the Future” criteria, it has not advised the community how a stand-alone Dungog Shire could ever meet those criteria. From years of amalgamation investigations it is obvious that Dungog Shire lacks the necessary scale and capacity. The proposed increased rates are compared with those of our neighbours, but there is absolutely no comparison in the level of service provided. Dungog struggles to employ skilled staff and the SRVs proposed by neighbouring Councils are about provision of extra services rather than a struggle to survive. This SRV proposal merely prolongs the process of addressing scale and capacity at the demise of agricultural production and hardship for our communities.

### **Matters of Concern**

In November 2019 a fellow Councillor introduced a Notice of Motion – *The Impact of Proposed 98% SRV on Farming Families*. This NOM fully articulated the impacts of Rural Land Owners and fully demonstrated the issue surrounding rural land owners having multiple lots individually rated. During the debate I demonstrated using the NSW Valuer General’s spatial mapping which shows all properties that have a Valuation for rates. I identified that there are **153** (+ or - 4 where it was not evident they are multiple owners and I could not contact them) Family / Company multiple holding Rural Land owners in “C” Ward.

During this debate in November, comments from some Councillors as regards the impacts to multiple rural land owners included; *They can claim rates as a deduction in their Tax; If their farms are not that viable to afford the SRV they should sell up and let someone younger operate the enterprise; they can always sell of a portion of their land; if they are nearing retirement they should do what all retirees do and move into smaller holdings; they should sell of their properties and invest in superannuation moving into retirement.*

Whilst the Notice of Motion recommendation to receive and note the report was not supported by Councillors, obviously Council staff took the matter into account. In both the December Council Business paper report to make application to IPART and the IPART application, despite being the first any Councillor had seen such; the comments within the attachment were included in both documents – (see *Attachment 5*).

Given the comments in *Attachment 5* were only introduced at the December Council meeting to determine making application to IPART, the most obvious point is that some Councillors

had no concept of what was being stated or simply ignored the information and sought no explanation as regards LG Act 1993 Sec. 548A.

It should have been explained to Councillors, or at least they be given an opportunity to understand that on the 24 January 1961 when the existing *Conveyancing Act Regulations* were repealed and replaced, from that date, all plans lodged for registration, irrespective of title system, purposes or number of lots, or whether they bear Council's approval, have been lodged as deposited plans commencing at a specific Deposited Plan number 200001. It was soon realised that this series alone could not practically contain all plans lodged and it was subsequently maintained for plans having **five or more lots (aggregation)**, whilst those comprising less than five lots were numbered in a series commencing at 500001.

Councillors should have also been cognizant that the NSW Valuer General utilizes the Mass valuation methodology to improve cost efficiencies, as it allows a small number of valuations to be used for a large number of properties. Councillors in considering land values should have also been advised that in NSW, valuers who do valuations for the Valuer General all currently use the component method.

Armed with this information Councillors should have then been made aware that in accordance with the Local Government Act 1993 Sec. 548A that Council can only aggregate land for rating purposes as follows -:

The *Local Government Act 1993* requires rates to be levied on each 'parcel of land' which is separately valued. Where in Council's opinion the levying of separate rates applies unfairly the council may aggregate the land values for rating purposes by way of application.

Applications for Aggregation of Land Values must be determined in accordance with Section 548A of the *Local Government Act 1993*, made in writing and meet the following criteria:

- a. The applicant must be the owner of the property.
- b. The property for which the application for aggregation applies must be the principal place of residency of the applicant(s)
- c. Parcels must have been separately valued by the NSW Valuer General
- d. Contiguous (adjoining) or for Licences, associated with a residential assessment
- e. Parcels must have the same Ordinary Rate Category or same Special Rate Category or Sub- Category
- f. Parcels must be within the same Deposited Plan

When one inspects the VG spatial mapping system it is absolutely clear that the only existing aggregation that could occur is by way of a development application to undertake a boundary adjustment or subdivision to consolidate land. The attached table – (*attachment 6*) depicts the situation of three farm land holdings and from the rates notices these people forwarded to me. These notices also demonstrate there can be no further aggregation of land due to the requirements of the LG Act, and this is a common trait given the historical land patterns and subdivisions that have occurred over many years.

## Conclusion

Our communities have been treated poorly by the Council and concerns expressed by farmers and the elderly have been largely ignored, other than to direct them to Council's hardship policy. The previous Council forced this SRV process without ever giving consideration to aspects of scale and capacity and did so with hindsight that even if a SRV of such high magnitude is approved, when considering the Fit for the Future and OLG benchmark standards, this situation will be repeated and Council will be in the same position by 2035.

Our Council staff who have borne this enormous task of working through the SRV have done so, as directed by the elected representatives; and as such the whole process and final departure from common sense; not to address scale and capacity rests squarely with the elected Councillors.

There have been opportunities squandered and other avenues open to the Council completely ignored; where we now find that Council wants to double our Communities rates with very little consideration to the impacts to those on pensions, those on minimum incomes and our farming enterprises; while providing minimal services. As elected representatives, the Councillors should have asked themselves **"Who comes first, the Council or the community?"**

In conclusion, I would implore IPART to refuse the proposed SRV and only allow the first **two years** of the SRV at 15% per year; inclusive of the rate peg. If this is allowed; the next term of Council should enter into open and frank discussions with the NSW Government outlining that scale and capacity will never be achieved and Council will continue after a number of years in a downward spiral and that an amalgamation with another LGA occur or the Boundary Commission investigate any advantages as regards a boundary adjustment for the Dungog LGA.

Cr. Glenn Wall

[REDACTED]

24<sup>th</sup> February 2019

Attachment 1 – Impacts of the SRV on Family Farming Enterprises.

Attachment 2 – CONFIDENTIAL.

Attachment 3 – CONFIDENTIAL.

Attachment 4 – CONFIDENTIAL.

Attachment 5 – Comments from Council Business paper December 2018.

Attachment 6 – Impacts of SRV on farming family enterprises.

## Attachment 1 – Comments from Previous Mayor and associated Editorials and Press.

### November 27 2018 – Newcastle Herald Editorial

While Dungog has some of the richest agricultural land in the Hunter Valley, it is also a region with considerable financial and social disadvantage. At a time when the government can propose to spend huge amounts of money on Sydney sporting stadiums, it must be galling to the people of rural regions such as Dungog to know that their council's financial difficulties could be effectively alleviated with money that would be little more than spare change from such a budget.

Unfortunately, however, it is difficult to see the government turning to direct financial assistance to help councils like Dungog, although with an election only four months away, the council and the residents of the shire do have a timely opportunity to make their concerns heard.

Dungog needs a successful, well-run council, but the population cannot be expected to foot a disproportionate amount of the bill. Especially when so much of the council's financial problems can be traced back to government policies of rate-pegging and cost-shifting in the first place.

### November 26 2018 Newcastle Herald article by Matt Carr

Dungog Deputy Mayor Digby Rayward said the council was exploring other options including grant funds, lobbying, alliances with neighbouring councils and rationalising council assets to help fix its finances.

"The impost of a special rate variation on the community must be matched by support from the state government," Cr Rayward said.

"The community have made it clear they cannot shoulder this burden on their own and that the state government must assist in lifting a heavy load."

### 05 July 2017 Mayor Nancy Knudsen wrote in happenings -:

***"Rates Rates Rates – what will mine be? - dear to all our hearts. Two things must happen before a rate rise. First, consultation with the community, then application by Council (proving consultation) to IPART (Independent Pricing and Regulatory Tribunal) for approval.***

*Here are some facts: Since 2011, 141 Councils across NSW have applied for 'special rate variations'. The **average rise allowed** over 4-7 years has been about 2.65% a year (cumulative about 16.72%). The **highest ever** were Parkes in 2013/4, 13% per year for 4 years (cumulative 63%) and in 14/15 Maitland, 7.25% for 7 years (cumulative 63.22%). Only two were allowed a cumulative over 50% and 8 allowed over 40%. (The numbers include the normal annual rise.)*

*So I am not worried that IPART would allow my rates to rise by 108% over six years, as indicated recently by no doubt well-meaning people. It's never happened, and in my opinion is never likely to happen. \*\* The next potential rate rise (apart from the rate peg at 1.5%) will be from July 2018, and you'll hear much more about this before then.*

*\*\*The genesis of the idea of the scary 108% hike began when the State Government established some benchmarks back in 2014 and asked the question of ALL Councils in NSW, 'What would it take for you to reach these by 2020'."*

### 28 July 2017 Mayor Nancy Knudsen advised the community that -:

Rates cannot be increased without application to and approval by IPART. Since 2011, 141 Councils across NSW have applied for 'special rate variations'. The average rise allowed over 4-7 years has been about 2.65% a year (cumulative about 16.72%). The highest ever were Parkes in 2013/4, 13% per year for 4 years (cumulative 63%) and in 14/15 Maitland, 7.25% for 7 years (cumulative 63.22%). Only two were allowed a cumulative over 50% and 8 allowed over 40%. Each time a Council applies (and you can apply every year for multiple years) for a special rates rise, IPART again considers whether the community has the ability to pay. As there is no precedent for allowing a rate rise more than 100% over six years, it is a very unlikely scenario.



**Attachment 5 - Commentary from Council from the Council Business Paper 19 December 2018 and Justification of Impacts to Rural Land Owners in the IPART SRV Application.**

*Council has considered the impact of the proposed Special Rate Variation on ratepayers of farmland assessments. Council's records confirm the number of rural assessment as 938. Of the 938 rural assessments, 37 pensioner rebates are issued by Council, with the majority of rebates issued to farmland assessments with a land value of less than \$600,000.*

*Dungog's average Land Value in the Farmland category is \$600,000, however over 51% of all farmland assessments have a land value of less than \$500,000 and 85% have a land value less than \$900,000. The land values are skewed by a small number of properties (10%) in the farmland category with a land value greater than \$1,000,000.*

*The vast majority of farmland properties are made up of multiple lots of which each generally has its own title. These parcels of land are valued as one holding by the NSW Valuer General for rating purposes, resulting in all the lots listed in that one valuation and Council determining one rateable assessment (ie: each lot does not have it's own valuation).*

*Generally the lots are adjoining, but there are circumstances where parcels of land in different locations which are used together for the same purpose can also have their valuations combined for rating purposes. Again in this circumstance Council is provided one valuation for all the parcels of land by the NSW Valuer General and have one rateable property. Should the SRV proposal proceed, Council will work with owners of farmland properties held in multiple lots to seek one rateable assessment where possible for the purposes of a more favourable financial outcome for the ratepayer.*

*Properties are held in individual names, business names, property trusts and company names for various reasons, one of which is taxation. Properties that meet the above criteria would likely also meet the Australian Tax Office criteria of a Primary Producer and/or business in which annual operating costs such as rates are entitled to be claimed as a tax deduction. Obviously, personal financial circumstances are none of councils business but in our attempts to better understand ratepayers capacity to pay, these are factors that need to be considered. How ratepayers conduct their business or operate their properties is something each landholder would determine for themselves based on their own circumstances, and more importantly the most benefit they or their business would gain for their own financial requirements and from a taxation perspective.*

*We understand there maybe farmland ratepayers who do not strictly meet the criteria as noted in the legislation above. The legislation does not allow using rating categorisation as a means to provide concessions however we are investigating how Council may provide some flexibility to take account of the different natures of farming industries so that any changes in the nature of the industries are able to be considered.*



## Attachment 1.

## Impacts of SRV on Family Farming Enterprises.

Identifier	Category	Aggregate Capability	VG valuation/lot	Rates/lot Pre-SRV	Total Rates Pre-SRV	Rates/Lot Post SRV	Total Rates post SRV	OSM fee & HCM levy	Bins	Other Considerations
Family 1	Residential - Ordinary	No	\$234,000	\$1,507.99		\$2,545.76		Yes	Yes	One person of Pension age resides on Family enterprise – no pension entitlements
	Farmland	Already aggregated	\$320,000	\$1,415.86		\$2,772.85		HCM only	Vacant waste	
	Farmland	No	\$667,000	\$3,344.56		\$5,574.92		Yes	Yes	
	Farmland	No	\$883,000	\$3,231.69		\$6,391.68		HCM only	No	
	Residential - Ordinary	No	\$67,100	\$1043.18		\$1,626.44		Yes	Yes	
						\$10,543.28		\$18,911.65		
Family 2	Farmland	No	\$945,000	\$3,479.76		\$6,921.72		HCM only	Vacant waste	One person of Pension age resides on Family enterprise – no pension entitlements
	Farmland	No	\$697,000	\$2,662.60		\$5,311.42		HCM only	Vacant waste	
	Farmland	Already aggregated	\$1,260,000	\$5,146.38		\$9,606.65		OSMS x 3 & HCM	Yes	
						\$11,288.74		\$21,839.79		
Family 3	Residential – Ordinary	No	\$216,000	\$1,457.86		\$2,446.61		Yes	Yes	Two people of Pension age – no pension entitlements.
	Residential - Ordinary	No	\$158,000	\$779.33		\$1,541.37		HCM only	No	Another property leased for stock agistment – Currently \$1,500 pa and will rise to \$2,750 by owners if SRV is approved at 98%
						\$2,237.19		\$3,987.98		