

Submission to IPart in respect of
Gunnedah Shire Council's request for a
rate increase above the 3.6% and to be
submitted in March 2013.

Barry McRae



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The rate increase application should be rejected as a desperate move to cover the incompetence of previous councils and the incompetence of the senior officers of the councils.

This submission will also be in regard to the Tamworth Regional Council application for the exorbitant 17% rate rise applied for and the 14% granted in 2011-12 for 2012-13.

This submission has at its centre 3 issues of misleading and deception in the presentation to IPART of their applications

1. The misleading and deceptive conduct of both councils in conducting public surveys of rate payers and residents
2. The misleading and deceptive conduct of both councils in the provision of survey information to IPART.
3. The hardship that rate increases have imposed on ratepayers and residents of Tamworth Regional Council and will impose on the ratepayers and residents of Gunnedah Shire.

Tamworth Regional Council made the point in their glossy brochure to rate payers that since the amalgamation of the shires in 2005 to create the Tamworth Regional Council they had not had a special rate variation. What they didn't tell IPART was how every rural ratepayer was stung by a massive increase in rates as a result of amalgamation. Mayor Treloar at the time said the would be adjustments to get uniformity in rates "and some would go up and some would go down"

My rates rose 33%, my fodder supplier's rates rose 68% (on the back of astronomical increases in water prices for irrigation, my shearer's rates in the former Manilla Shire rose 400%. To date I have not found a single rural ratepayer from the former Parry or Manila Shire Councils whose rates went down. These increases have continued to compound and now in 2012-13 rural rates are now increased by 14%. No comfort was delivered by Mayor Treloar's statement after amalgamation that \$200,000 of savings had been identified. Of course with the number of Councillors reduced from 42 in the Shires prior to 9 after amalgamation a 75% reduction in democracy saved the cost of having 33 councillors (33 X \$10,000) and the rates went up! From 2005 to 2012, the rates on my rural holding (Wool growing, sheep breeding, cattle). From the end of 2004 to the end of 2012, rates have risen by 96.79% (effectively doubled) Rates went from being the 12th most expensive item in my yearly expenditure to 4th.

We used to get about 5 grades of our grave road and now get about 2 and a bit. Hence rates are doubled and the service has halved. The gross returns that can be made from grazing (and this is really the only use of the particular land) are still in 1990's prices, just like wheat, milk and other cereals. The gross returns from our primary production have not altered from the mid 1990s despite more efficient management, investment in fertiliser and other productivity improvements.

Rates for my rural holding used to be less than 5% in the the 1990's, fluctuating between 3% and 5% but consistently they have grown to represent 10% or more so that at this rate of increase in 2020 it will represent 25% of gross expenses!

Similarly, I don't expect that Gunnedah Shire Council will highlight the fact that when their Abattoir went broke in the 1990's, they applied for and were granted a special rate variation to pay off the resulting \$10,000,000 debt. When the debt was paid off by about 1998, the rates did not go down but the compounding of this special rate variation has continued to be built into the rates until the present day. So many farmers have to seek off farm income in the Gunnedah Shire in paid employment, mainly in the coal mining industry if they can get it, to pay the

expenses of farming. The three expenses of farming that have completely outstripped all other costs in the last 5 years are electricity, water (and especially in Tamworth Regional Council) rates. Gunnedah Shire have flagged a couple of different applications- either amounting to a compounding increase of either 42% or 38% over the next 3 years. Who can afford that?

If we look at the amount of tax revenue (rates) collected by NSW Councils over the past few years, the data coming from the Bureau of Statistics :

New South Wales	2005-6	2006-7	2007-8	2008-9	2009-10	2010-11
\$m	2647	2786	2945	3041	3184	3317

Source:

<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/5506.0Main%20Features82010-11?opendocument&tabname=Summary&prodno=5506.0&issue=2010-11&num=&view=>

It is to be noted that the GFC did not put a dent in the upward march of revenue collected in the form of tax (rate) revenue achieved by local governments- at all times rate pegging gave councils increase at least in line with inflation and often above the wage increases achieved by wage and salary earners or farmers farm gate prices. Compare the above table at the same source with revenues of State and Federal governments.

What Gunnedah Shire is arguing, on the basis of a report commissioned by Gunnedah Shire in its own interests ("the Integrated Planning and Reporting Process") is that it will need much more money to "maintain the infrastructure of the shire". I don't believe Gunnedah Shire has a monopoly on "infrastructure" that it has to maintain. Every ratepayer, every resident, every farmer has infrastructure to maintain- the car that gets the resident or ratepayer to work everyday, the pipes, electrical circuits, the painting internal and external, the rates, the tiles on the roof and so on of the house that they own or built into the rent they pay each week or fortnight. More importantly, they have to do this in recent years with increase that are about the same or less than the rate increase. This is especially the case in the last couple of years where Council rates have increased in excess of inflation but many employees have been limited to 2.5% increase per annum.

Gunnedah Council states that it has had an enormous increase in electricity prices- so too rate payers and residents. My home electricity prices have risen about \$190 per quarter to \$450 per quarter in 5 years despite throwing out the freezer (the latest account being \$550, 10% in 3 months), replacing the fridge with a new, more efficient one and replacing lighting with energy efficient globes. Councils are in even better positions to negotiate better deals for electricity. What if, at the LGA conference toward the end of 2012, they had all got together to do a collective deal with one energy supplier instead of comparing notes on how to conduct deceptive surveys of ratepayers over rate hikes?

A comparison of one pensioners costs of rates and electricity, resident in a Gunnedah Shire Village reveals what the struggle is without a rate hike of greater than the 3.6% permitted.

Electricity has gone from 16.3 cents per/unit to 31.29 from July 2009 to Jan 2013 for residential, off peak hot water from 6.290 to 12.29. Pensioners are not in a position to throw out old inefficient electrical appliances and replace with new

Renting in Gunnedah

http://www.housing.nsw.gov.au/NR/rdonlyres/33CD1DFB-9036-4241-9031-9DDABB113COA/0/Rents_Rural_LGA_2012q4.pdf

The average increase for a 3 bedroom median house in Gunnedah rose

<http://www.abc.net.au/news/2012-06-01/fair-work-increases-minimum-wage/4046618>

The workplace umpire Fair Work Australia has announced a 2.9 per cent increase to the minimum wage following its Annual Wage Review.

The additional \$17.10 a week takes the weekly income of the more than 1.4 million workers whose pay is set by awards to \$606.40 from July 1 this year. [2012]

"In this review we have decided that the relevant statutory considerations favour a moderate increase, which will improve the real value of award wages and assist the living standards of the low paid," said Fair Work president Justice Iain Ross.

Prime Minister Julia Gillard welcomed the decision, saying the Federal Government wanted to see low-paid workers "doing better".

What a load of garbage! For someone on 606.40 per week, \$20 went in increased rent, \$5 went in increased electricity costs and \$4 in income taxes before any other increases are taken into account!

Government employees have their pay rises limited to 2.5 % per annum

Gunnedah Shire already has a rate increase approved of 3.6 %

Just how will people be able to afford this on the top of the doubling of electricity prices over the last 3 years and rents increasing by more than 14%?

Generally rents have increased in previous years by about 10% including government rental accommodation (market rental increases). Much of this is due to the impact of coal mining but only a few people from Gunnedah get employment in the mining field and many of these have been laid off in the last 3 months.

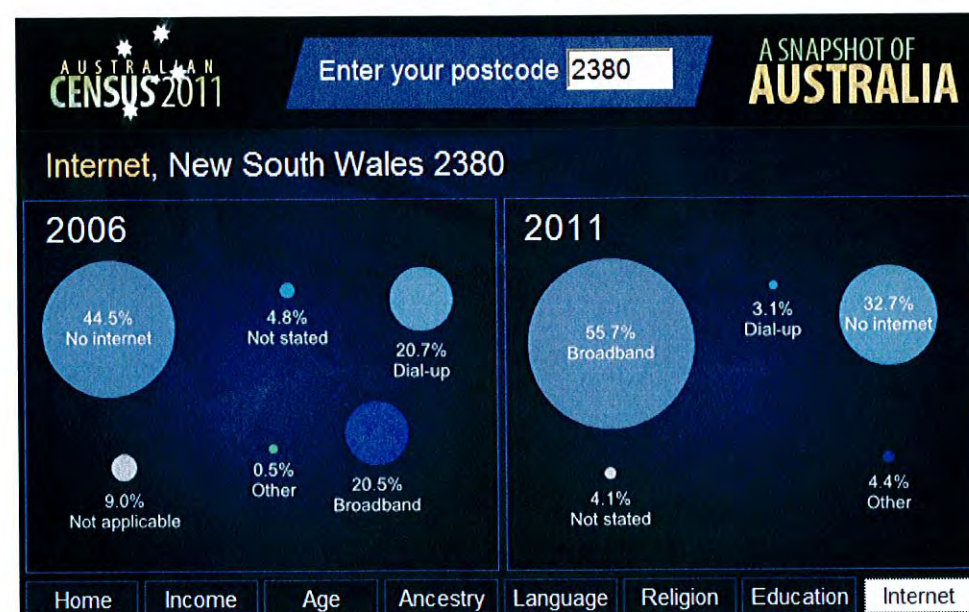
There are at least a dozen empty shops in the main street of Gunnedah and another 2 major retailers were lucky to be able to get out of business, thanks to Harvey Norman agreeing to take them over.

Gunnedah is a dying town. When I came to Gunnedah in 1978 it was a thriving community of 12,000 people (combined population of the municipality and surrounding Shire. In 2012 the population is still about 12,000. In the meantime the number of students at the only High School has declined from 1150 student to 490 by 2013. The community is aging with few opportunities for young people. The coalmines have had an impact on rents but not for business activities.

Most of the FIFO workers are based in Narrabri shire and none of the contractors to the mines or the mines buy from business houses in Gunnedah. Even Gunnedah Shire buy most of their consumables online so contribute very little to the commerce of the town other than through a few gravel contracting trucks and employee wages. 25% of the High school population identify as Aboriginal. The schools of Gunnedah attract PES and equity funding because of the low socio economic status of the population

Below are the comparison statistics for the Census returns for 2006 and 2011 for Gunnedah





Note that the Average Weekly wage in Gunnedah in August 2011 was \$494, \$83 lower than the National Average and in June 2011 The Fair Work Commission set the minimum wage at \$589.30. The average wage in Gunnedah averages \$90 below the minimum wage and Gunnedah Shire wants to raise rates by 39.7% over 3-4 years? How absurd!

Also note that while the average rent in 2011 was \$195 by last quarter 2012 on the Department of Housing website, the average for a 2 bedroom is \$240 house and \$320 for a 3 bedroom!

Gunnedah Shire (and Tamworth Regional Council) in conducting their community surveys.

This is where the greatest fabrication, deceit and misleading conduct occurs.

Gunnedah Shire Community Consultation. (see newspaper articles attached)

1. A public meeting to explain the rate increase but by invitation only
2. A second public meeting for 1 hour from 12.30 to 1.30 on a Friday but must register on the website (34% of Gunnedah residents don't have any type of internet connection – see 2011 Census results for Gunnedah)
3. Local meetings – short notice and the Council didn't even bother to turn up form one of these.
4. Gunnedah Shire did a letter box drop to explain how its new request of 38% increases over 3 years will work. Certainly tells you that at the end of 3 years your rates will be 38% more. About the time Gunnedah will cease to exist. Apparently though, those who rent do not count as no rented premise in Gunnedah actually received the little green slip and accompanying letter. And there is a special website where you can have your say- except the 33% of residents who don't have the internet! Who will tally up the results from this website- presumably the same people who conducted the audit on the infrastructure of Gunnedah Shire –Gunnedah Shire Council of course!

Tamworth Regional Council (authors of "How to conduct Community Consultation, Rorting Ratepayers and Pulling wool over the Eyes of IPART")

1. Had a link on their website which was buried 4 pages deep – no wonder they only got 65 responses on their website
2. Conducted poorly advertised local meetings- claimed that 73% of people approved a rate increase. Absolute fabrication. At the Kootingal meeting the council should have been left in no doubt that not a single person at the meeting wanted any increase beyond the rate pegging. From what I can find out all of the other meetings had the same result. There are lies, damned lies and government statistics.

But below is what came from Tamworth Regional Council:

What has the community told us so far?

Public and targeted meetings were conducted during the period 14 November 2011 to 29 November 2011.

A presentation on the concept of a two-staged approach for increasing rate revenue and a concept feedback form were placed on Council's website.

A full page open-letter to the residents of the Tamworth region, explaining the two-staged concept and requesting community feedback, was also placed in the Saturday 26 November edition of the Northern Daily Leader.

Meetings were held in Attunga, Bendemeer, Barraba, Dungowan, Kootingal, Manilla and Tamworth. Further meetings were also held to engage target groups including the indigenous, youth, the various government agencies, the Tamworth Regional Council Leadership Group and the Tamworth Regional Council staff. The meetings were reasonably attended with attendees generally supportive of the need for a rates rise for the purpose of maintaining community assets.

At the end of each meeting, community members were given the option of completing a feedback form indicating their support or non-support for the concept of a rating increase.

To date feedback has been received from 131 members of the community, with 96 (73%) indicating an acceptance of the need for a rate rise.

No meeting was ever held in Bendemeer. Everyone had to travel to Kootingal and not a person there supported any increase beyond rate pegging. To date, I have not found a single one of those 96 people but this could be expected to be difficult of a Region of 50,000.

3. The phone poll conducted by Tamworth Regional Council supposedly received "luke warm" support from 65% of the respondents" . Wonder what the question was(how phrased)? Have never been able to find someone who was telephoned.
4. Issued 4 page glossy brochure to say how supportive people were- and what they the Council were going to spend it on. I do have a feeling that a significant portion of it will be spent on some of the monuments council built – such as the ALEC, project managed by TRC this went from \$7m to \$30 in 3 years. Any private enterprise project would have been in the hands of the receivers by this stage but TRC had the good old ratepayer and a 14% increase to see them through Unfortunately, ALEC (equine centre) does not bring \$1 of benefit to 99% of TRC residents..
5. Why is it that the actual \$ increases on own home (moderate, median 2-3 bedroom), 2 rentals and a small farm show no resemblance to the small weekly increase given in the glossy brochures??
(Copy Attached)
6. Rents from rentals had to increase by \$10 per week just to cover the increased TRC charges before inflation.

My response and submission to IPART:

Given that I am a rural ratepayer of a number of years of the old Parry Shire and also an urban ratepayer within Tamworth City I think that any increase beyond rate pegging is another example of the continuation of a rip off of taxpayers. The average increase as a rural ratepayer from 1994 to 2012 has been 241% including a 38% increase in 2004 with amalgamation. During that same time

returns from primary production have remained at 1990's levels ie 0%. My wage/ salary from off farm work has increased 198%. At the same time the number of gradings of the rural roads has fallen from 4-5 per year to 2 and a bit (a hit here and there). Thus Council revenues from this point are 50% better off with only 50% of the service! At the time of the amalgamation the then mayor said increases as a result of amalgamation were to get uniformity amongst the old shires and some rates would go down. After 8 years I am yet to find one farmer amongst my numerous acquaintances whose rates went down. Some had increases well over 50% and some had their rates doubled. Now Council wanted more? Perhaps the Council might have engaged in some efficient management.

After all, if I were building a house and it trebled in price over three years as did the equine centre, then perhaps I would be called incompetent. When the average urban rates for a median house in Tamworth is \$2000, I can only conclude that the figure of about \$600 in the brochure sent to ratepayers must surely have been a reference to the quarterly instalments. For my rural property of 400 acres I pay almost \$1000 per year with no garbage collection, no waste water, no water supply!. Given the hikes of other essential services and taxes that have been imposed over the last few years, who can afford to pay these hikes? We also have to maintain our properties with less and less given that the take by governments is more and more. And yes, farmers will also have a 4% increase in costs due the carbon tax. I am not sure who the 73% of people are who supported a rate variation beyond rate pegging because all those I ask respond with the view that what council needs to do is be more efficient with spending other peoples money!

For Gunnedah residents the story will be the same. A massaged "community consultation" that does not give the responses of the community. After all, rates have been increasing under rate pegging faster than peoples wages and everyone knows it because they suffer it.

One interesting sideline to this has been the fact that the local paper will not publish any letters to the letter but have run an editorial in support of the council. Could the fact that Gunnedah Shire Council advertise extensively in the Fairfax owned local press have something to do with this?

In Tamworth the Northern Daily Leader only ever published one negative letter to my knowledge. This was from a pensioner who complained that although the rates went up, the pensioner discount did not go up at all, not even proportionately. Dead silence from Council. The paper, also owned by Fairfax does publish pages of advertisements for council. If councils were so keen on ratepayers having their say online, why don't they put all of their adds online as this would surely save ratepayers a lot of money?

The increases in Shire Rates is reflected in the course of what happened to the Rural Lands Protection Boards. These were amalgamated in to the ALPHA boards, larger and more efficient – then we got the next years rates with a 27% increase. In 25 years there has been only one occasion I got any service from the RLPB when a neighbour got footrot from another neighbours stock. They were checking that it had not spread to my land. Two years ago, I contacted the new ALPHA because we had begun to suffer damage from invading feral pigs. After a few phone calls to and fro as to the best place to conduct a community meeting I received one last phone call. They didn't think anything would be done... no money. So much for this service that is larger, more efficient and with more taxpayer money....Service? Nil.

Tamworth Regional Council pulled the wool over the eyes of IPART and duded the ratepayers and residents while paying for their own folly eg the ALEC or equine centre and other monuments.

While ever Councils come back to IPART and getting rate increases beyond the increases that wage and salary earners, they will never become more efficient or in sticking to core services. Armidale Dumaresq Shire Council are floating a plan to build a \$40 million civic redevelopment but don't have funds to upgrade their airport or even to mow some of the long grass on the public land in the centre of Wollomombi Village (where my father has a residence, and I am a regular subscriber to the Armidale Express). They can run a tram around the centre of the CBD at a loss however.

Gunnedah Shire should be required to keep to their rate pegging increases as they:

1. Do not have any expenses that residents and ratepayers don't have.
2. Do not have to pay rates themselves but do manage to drive much newer vehicles than the general population.
3. Are in a much better position than any other business in Gunnedah to take advantage of economies of scale
4. Have an executive who seem to plan grand schemes while over the years have knocked back commercial enterprises that could have added to the commercial growth of Gunnedah eg the expansion (doubling) of Manildra's flour mill, the opportunity to have a flight school at Gunnedah airport (which have no regular commercial services or airline)
5. Have had their Abattoir go bust leaving residents and ratepayers with a \$10 million debt while afterwards private enterprise have been able to establish a profitable Abattoir at Tamworth, just 80 kms away. Having got a special rate variation to pay off the debt, the council has continued to collect this levy for the past 12 years
6. Gunnedah has stagnated, with more empty shops, an aging population on low incomes and few opportunities for young people. The vast majority cannot afford it.
7. Gunnedah Shire could have saved ratepayers and residents over \$2,000,000 over the 10 years on the airport.
8. So called "consultation surveys" by Gunnedah Shire and Tamworth Regional Council are at best a fabrication and at worst a complete fraud- results based on 131 responses is a joke. It is nothing more than robbing people of their wealth to cover their incompetence when they have already been awarded rate increases greater than inflation (and Gunnedah Shire wants a compounding rate increase!) and greater than wage and salary increases. Please do not aid them when just as many other councils can live within their means and provide a satisfactory level of service to their ratepayers and residents. Please end the fiction of the "consultation surveys"

Attached:

Newspaper articles from local newspapers.

Brochures from Tamworth Regional Council – before and after their "success" in their rate increase.

Materials sent by Gunnedah Shire to some residents.