

DC and B Heywood

7 April 2012

IPART—Independent Pricing and Regulatory Tribunal
Local Government Section
Level 8, 1 Market Street
SYDNEY NSW 2000

SUBMISSION TO IPART - RE: GUNNEDAH SHIRE COUNCIL SPECIAL RATE VARIATION APPLICATION

This is a personal submission in relation to Gunnedah Shire Council's application to IPART for a Special Rate Variation. It outlines our opposition - as rural ratepayers - to the proposed rate increases and briefly points out several criticisms of Council in regard to how they conducted the community consultation process.

PART 1 - OPPOSITION TO RATE INCREASES

Personally, we believe the magnitude of the increases would be catastrophic to many ratepayers in this community and cause extreme hardship across many sectors (farmers, retail businesses and pensioners to name a few). Whilst the town may be at the centre of a coal/gas boom, not everyone in the district benefits from these industries and many are suffering from a severe down-turn due to low commodity prices, high input costs and slow rates of growth. As cattle farmers we fall into this category and therefore do not support council's application for a 38.2% rise in rural rates over the next 4 years. This is a completely unreasonable burden on an industry which has, and continues to be, one of the lifeblood's of this community.

In council's submission they state that "the land value for the average farmland assessment is \$975,000", and indicate that the total rate increase on a rural property of that size would be \$1082.49 pa. They then state that "71.6% of farmland rate assessments are below the average rate depicted above and accordingly their impact will be less than that used in the example".

However, if council staff really knew and understood the community they work for, they would understand that this is not a realistic depiction of the rural sector given that most farmers have more than one rateable property. In this day and age most serious farmers need an investment of several million dollars to make even a modest living from agriculture. (The average income from a cattle farm in NSW is similar to the average wage of a SINGLE person in Australia and most farms are now dependent on off-farm income to supplement their household budgets - please refer to ABARE and ABS for more detailed statistical information). If the Council's proposed rate increases go ahead,

it will result in increases of several thousand dollars for most rural landholders - a cost which cannot easily be absorbed into most farming enterprises. It is a sad reflection that the highly paid bureaucrats running our Council have no empathy, but even worse, no significant understanding of the true implications of their proposed rate increases on the rural sector and how their lack of insight will further contribute to the degradation of this important industry.

As cattle producers, we cannot pass costs on as other businesses do and the prices we receive for our products do not automatically rise with inflation each year. For example, in 2005, the Eastern Young Cattle Indicator averaged 375.64 c/kg carcass weight, whereas, in 2012 it averaged 371.67 c/kg. Every year in between it was below both those amounts except one, that is 2011. It started this year below 320 c/kg and is currently sitting at 325.75 c/kg. In other words, current prices are approximately 15% BELOW what they were in 2005. (Please refer to Meat and Livestock Australia for confirmation of these figures). For farmers, the only avenue to deal with poor prices and increased costs is by working harder and smarter and becoming more efficient and productive.

However, in the council's situation, we note that the IPART rate caps do fairly compensate councils for inflationary pressure and feel that if they are unable to operate within their budget it is because:

1. They have failed to budget correctly,
2. They have allowed themselves to grow out of proportion to the population and means of the community,
3. They have failed to make commensurate increases in efficiency and productivity, or
4. They have failed to contain expenses by dealing with issues of inefficiency and waste.

If you take the time to actually speak to members of the community about council operations it does not take long to hear numerous examples of endemic problems such as overspending, overstaffing, inefficiency, incompetence and wastefulness observed in the community. This is reflected strongly in many of the participant comments in the surveys conducted by Council. These are included as attachments to the council's application to IPART, and give voice to the concerns of many community members. **This is not to say that our council doesn't do some things very well** - just that they could improve their operations extensively BEFORE looking to ratepayers for more money.

Thankfully, the message has been heard (at least in part) by councillors. Due to the high level of public criticism that was directed at the Council during the community consultation process, they have now taken the decision to engage a firm to conduct an Independent Organizational Review of council operations. Whilst this review is very narrow in its scope, it is a step in the right direction. Unfortunately, the results of this

review are not available prior to the deadline for the Special Rate Variation application and therefore the level of the proposed rate increases could not be adjusted in accordance with any potential savings the review panel might identify. This is another example of Council putting the cart before the horse. If they had chosen to get their own affairs in order so that the community could actually see and appreciate good governance, it may have made smaller, future rate increases more palatable and acceptable.

PART 2 - OPPOSITION TO COUNCIL'S COMMUNITY CONSULTATION PROCESS

We also have some concerns in relation to the council's community consultation process for the Special Rate Variation (SRV) application - particularly in regard to the design and wording of their surveys/questionnaires and also the way information was reported in the local media.

Firstly, some of the questions were clearly biased towards the council's purpose in seeking a SRV. For example, Q5 of their online survey asks:

5. As a ratepayer/resident of Gunnedah Shire, would you prefer to see a Special Rate Variation to support the gap in funding for renewal and maintenance of infrastructure or would you prefer a reduction in standards of infrastructure and services?

This question is worded in such a way that it depicts just 2 options: 1 - accept councils SRV and infrastructure will be renewed and maintained, OR, 2 - Don't support the SRV and council will reduce infrastructure and services. This question does not give respondents an avenue to vote for any alternate options such as: A smaller rate variation coupled with increased productivity and efficiency. As a result, many people voted YES, even when they **DID NOT** agree with the actual amount of council's proposal.

This was further complicated by the fact that the Mayor (who was appointed to liaise with the public) began council's campaign to sell the SRV to the community by only referring to the amount of rate increases OVER AND ABOVE THE RATE CAP (that is 28% rather than 42%). When some community members attempted to clarify the figures in the media, the council did eventually respond by presenting the facts more carefully. Never-the-less, many community members completed surveys and questionnaires on the basis of the original misleading information. (Please refer to the attached newspaper articles, dated 27 November 2012 and 11 December 2012).

In its Executive Summary - Attachment V, Council has tried to gild the lily by saying 61.9% of RESIDENTS support the Special Rate Variation. However, this cannot actually be inferred. In truth, due to poor methodology and improper wording, the council's survey's can actually only find that 61.9% of RESPONDANTS (not residents) have indicated that they would support a SRV to cover a gap in funding for renewal and maintenance of infrastructure. It CANNOT be inferred that they support the full amount

being asked for by the council or that this is their preferred method of dealing with the council's budgetary shortfall. The attached comments (for example: Attachment T, Question 6) give a more realistic view of the community's feelings. From our own discussions with a large cross-section of community members, many have indicated they would be prepared for a smaller single figure increase over and above the rate cap, on the condition that the Council make an effort to become more productive and efficient in return.

Some other criticisms of the community consultation process are:

- * People without access to a computer OR without an email address could not register and participate in the on-line survey.

- * The Intergenerational Video that was shown at the beginning of each community consultation forum was a blatant example of self-serving propaganda - designed to influence viewers and promote the Council's cause. During the course of the community consultation process it was also shown to captive audiences at the local cinema as a means of influencing community opinion.

- * The final community consultation meeting to be held in Gunnedah was evidently cancelled without notice. A number of community members turned up only to find it wasn't on. A staff member from the Council arrived some time after it was due to commence and said she had forgotten to put an advertisement in the paper to say it was cancelled.

- * The timing of the whole community consultation process was abysmal - coinciding with the lead-up to Christmas and school holiday period throughout January. Although we recognize this was mostly to do with meeting IPART deadlines and not a council ploy to avoid more scrutiny, it certainly meant that many people in the community were unable to give the matter the attention it deserved.

Thank you for taking the time to read this submission. We understand the pressure that many local council's are under but feel the amount that is being asked by Gunnedah Shire is EXCESSIVE and UNREASONABLE. For the sake of our long-term future and true inter-generational equity, we believe the community would be better served if council took steps to reign in it's growth and spending, so that their operations are more sustainable in the years to come.

Yours faithfully

David and Brenda Heywood