

## **SUBMISSION TO IPART REGARDING ITS DRAFT REPORT ON RATE PEGGING AND COUNCIL FUNDING**

I wish to make a submission in response to this draft report. Unfortunately when I click on the “Lodge a Submission” link the response is “Page not found”!

Like many online operations this one does not seem to work as intended.

In any event my submission relates to the rating of farmland. I own farmland in the Wingecarribee Shire area. I am rated at roughly 65% of the base rate in the dollar paid by residential rate payers.

I can find nothing in the draft report which considers the position of non-residential rate payers. The report proceeds on the basis that the residential population is growing, which is incontrovertible. However it is growing much more rapidly in cities and towns, with their new sub-divisions, than in rural areas.

Currently, as has always been the case, owners of “farmland” subsidise residents of towns and the services and infrastructure provided to them.

(I do not make any submission in relation to other businesses. Wingecarribee Council seems to have a business rate, which seems to be double the residential rate. The position of businesses is a matter for them, but few businesses would occupy or require as much land as farming operations do. They also benefit from increased population.)

Rural residents, that is, those living on rural properties and paying the farmland rate, receive no services from councils. They must provide not only their own water, drainage, sewerage and garbage services, but also the infrastructure necessary to handle those services. If I wish to use the Council “recycling centre”, I must pay to do so, in addition to paying my rates, currently about \$7,000 p.a.

By contrast, while there may be a garbage charge for town residents, they are not required to contribute to the cost of infrastructure. This is particularly the case for new subdivisions: by definition the future residents are not rate payers at the time the infrastructure (roads, water, sewerage and drainage) is put in place. This is paid for by the existing rate payers, including those farmland ratepayers who must also pay to install their own infrastructure<sup>1</sup>.

Residential rate payers living in cities and towns generally benefit from the expenditure by their council in maintaining and upgrading infrastructure needed to

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<sup>1</sup> When I built a new house ten years ago I had to abandon the existing septic tank sewerage system and install a complex Enviro-cycle system which I have to have inspected monthly to ensure compliance with Council requirements, for an annual fee of \$320.

provide them with these services. Farmland rate payers do not get any benefit, but contribute in the proportion of 2:3 of each dollar spent by the council.

Farmland rate payers are a convenient cash-cow for councils. They cost nothing to service, apart from roads (of which a number in this Shire are in a deplorable state), which in any event are used by all, not just rate payers, but they contribute to council's income at a disproportionately high rate.

If the recommendation in the draft report is adopted, without any regard for non-residential rate payers, but based on the proposition that councils must be compensated for increasing populations, this anomaly will only be intensified.

Rural residents in Australia are used to receiving inferior services compared to those in cities and towns, for example internet and telephone (fixed and mobile). In some cases this is due to the additional cost and distance involved. That should not be an excuse for increasing their council rates based on a perceived need to provide even more services for residential rate payers due to increasing populations.

Any increase in populations on rural areas is dependent on council regulations regarding minimum areas, and owners of farming land being prepared to sell. From observation and anecdotal evidence this is a much more limited phenomenon than the increase in residential rate payers, and in any event, where there are subdivisions of former farming land the future occupants of the resulting areas will be subject to the higher residential rate, as well as having their infrastructure initially subsidised by all current rate payers. There appears to be no justification for any alteration to the current rate pegging insofar as it may increase farmland rates, which are already disproportionately high, as contended above.

While it was not a requirement of the work undertaken by IPART, these considerations cannot be ignored as if the only rate payers were those receiving services from their councils.

The current farmland rate fixed at two-thirds of the residential rate appears quite arbitrary. If the Ipart recommendation is to be adopted the farmland rate should be reconsidered and put on a rational basis, reflecting the fact that farmland rate payers receive no services in return or, at least, decoupled from the automatic increases to which it is presently subject. Farmland rate payers should not be burdened with the costs of providing infrastructure and services for future rate payers.

31 July, 2021.

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