

# LG Submission Form 2021-2022 - Applications

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## IPART Special Variation Submission Form - Applications

Industry	Local Government
Review	(LG) Special Variations & Minimum Rates 2021-2022
Document Reference	
Council	Armidale Regional Council, Special Variation Application

If you have any general feedback regarding your council's proposed SV, please leave your comments in the comment box below.

I am writing in regards to Armidale Regional Council's recent Application for a permanent 8.5 special rate variation. While such an SRV would give the impression of improving Armidale Regional Council's unrestricted funds, the detrimental effects on the community would outweigh the perceived improvement in Council's ability to provide services for two reasons.

Firstly, the region is suffering from the negative impacts of the worst drought ever recorded in the New England region of NSW, compounded with bushfires and the current corona virus pandemic. In addition the University of New England has closed 165 jobs with another 35 to go. The local Big W has closed and the local Target is closing. Numerous other small businesses and shops are closing and leaving the region. It is estimated that the local economic output

of the region has shrunk by a staggering 20% in the 2020/2021 financial year, however this figure could be larger than 20%.

Secondly, Armidale Regional Council has a demonstrated track record of financial mismanagement. Armidale Regional Council's staff manage projects in an [REDACTED] way. The anecdotes that are shared around the community range from taps being turned on at the water treatment plant and millions of litres of water being wasted during the drought, to the recent building of a roundabout at Armidale Regional Airport being built with the wrong materials and having to be rebuilt at a cost blowout of over \$1 million. Anecdotes continue to include poor workmanship on the second runway at the airport and tree stumps not being properly removed at the recent works on the Rockvale Road such that wood from the stumps persists in the road base. Furthermore, in the Finch report, it is stated that in the year that [REDACTED] was administrator alone, Council went over budget on capital projects by over \$12 million. To put this figure into context, the current 7 year temporary SRV which is shortly to expire only generated \$10.5 million. The allocation of SRV's to Armidale Regional Council simply allows the continuation of this reckless spending. Although rising rates may appear to balance Armidale Regional Council's budget, due to the frequent reports of financial mismanagement we do not believe that increasing available cash will remedy the underlying problems.

It is our firm belief for these reasons that Armidale Regional Council should contract to its core responsibilities gaining greater focus on these at lower risk to ratepayers. Once the Council has been deemed to handle this task responsibly, we may then consider trusting the Council with a greater level of responsibility. Then and only then, would it be wise to

trust the Council with increasing its non-core activities. As [REDACTED] (recent Administrator) stated in his final Mayoral minute - "Council should get its own house in order first". The Council has addressed this issue of lack of trust during its recent community consultation regarding the SRV. The Council is of the opinion that they will first apply for the money, then seek to increase the trust of the community. However, Trust does not work this way. Trust must be built before it can be drawn upon.

Many members have brought these concerns to our Council, however there seems to be an element in our Council that continues to disregard the majority of the community. We have strong evidence of this in the recent consultation process regarding the special rates variation (SRV). Recently our Council consulted with the community, as is required, regarding the need for an SRV. Three options were put to the community: Option 1 A ~20% increase in rates (a permanent increase ? continuing the current SRV of ~10% plus an additional 10%) (You need to check this wording ) Option 2 A ~ 10% increase in rates (simply continuing the current temporary SRV of 10% permanently) Option 3 No SRV (discontinuation of the current temporary SRV) In the business paper presented to the councillors for deliberation about community consultation at the recent January ordinary meeting, there was little relationship between the data and how the author of the report has portrayed the results. The overwhelming majority of written responses were in fact in favour of Option 3 - discontinuation of the current SRV at 47%, almost half of all respondents. It far exceeded the number of submissions to maintain the current SRV at 21% and dwarfs the 9% seeking to increase rates by the maximum amount. There remains the issue of the 23% remaining responses which were difficult to categorise. Their value cannot be assumed and

therefore cannot be included in the count. However the Council has attempted to “lump” these responses in favour of Option 2.

In my personal opinion, the recent economic stress has sparked engagement of a large number of people from lower socioeconomic groups. Logically this would coincide with a limited – (perhaps another word is needed – lessened / poorer/less confident) ability to articulate themselves. I would also logically expect this group to opt for Option 3 as they are the most financially strained group, and increasing taxation in this group puts greater pressure on their finances than it does for people with a greater level of disposable income. Should people with a poorer ability to articulate themselves be dictated to as to how their opinion is grouped? I would hope not.

In addition to receiving written responses, the Council also organised for a telephone survey to be conducted. The telephone survey was carried out with a clear bias toward Council’s Option 1 and the potential to influence respondents was undeniable. We were also disappointed to see that the survey did not include a question, and therefore clear results, on the number of respondents in favour and opposed to Option 3. Of our members only 6 individuals when asked, indicated they had been involved in the survey. One respondent who chose Option 2 was satisfied with the way the survey was conducted. The other 5 who wanted no SRV were quite dissatisfied with how the survey was conducted. Responses ranging from surveyors discontinuing the survey when asked critical questions, to discontinuing the survey because the respondents were “too old, Yes, that’s right, too old! Some replied that the survey was so lengthy and wordy that respondents were not sure what questions they were actually answering - the likely cause that number 5 in the Council reported scale graph has

such a high number of responses, because people were so unsure, they were unwilling to answer either way. From the comments of our members it is impossible to rule out bias in the delivery of ARC's survey. Please see Appendix 1. I encourage our IPART not to be misled by the way in which the telephone survey was carried out and stick to the evidence clearly provided.

The majority of the ARC community do NOT want an SRV. I attended two community consultation sessions, both in Armidale. I agree with the business paper's claim that the majority of attendees to these events were in favour of Option 3. To this point the Council has focused on its own need for revenue, but has neglected to acknowledge the impact upon the community of the current level of rates. The business paper makes mention that Morrison and Low consultants performed a review of Armidale's capacity to pay. The report stated that although Armidale has greater levels of wealth than regional NSW, it also has greater wealth inequality than regional NSW. This put simply means that Armidale has a larger gap between rich and poor than regional NSW. This report was conducted prior to the closing of BigW and the call for 200 voluntary redundancies at the University of New England (UNE), Armidale's biggest employer.

In the case that rates are increased, allowances need to be made to ensure poorer homeowners and poorer renters do not become more disadvantaged. No steps have been taken to ensure this. In fact the Council lacks any kind of hardship policy as a formal procedure whatsoever. It was stated in the agenda that the Option 1 SRV would only increase costs to each ratepayer by approximately \$2.50 per week. However, this statement failed to include the extra fees and charges that have been recently added to

our rates bill which equate to approximately \$15 per week. It further fails to acknowledge the substantial rates that we already pay of approximately \$70 per week. The rate peg alone is outgrowing real estate growth in the region. Over the last 10 years the rate peg has increased by 2.5% per annum whereas real estate values over the same period of time have increased by less than 2% pa. The rates are already an unacceptable burden upon our community. Every dollar that is paid in rates is money that cannot be directly circulated into our local businesses.

Our community pays its fair share of taxes, we need to see these funds brought into the community, and used on essential services such as maintaining the aging water treatment plants, instead of splashing funds on eye catching recreational facilities that are not essential. The Council needs to open consultations with residents about which areas they would accept reduced services. Those that have been responsible with little can be given more. Those that have been irresponsible with much, should be given less. There is a very clear path for the Council to go down which will result in people trusting it with more funding, and that is to demonstrate a track record of sound financial management. The Council exists solely to serve the community. We cannot have a prosperous Council if the community does not prosper first. If the community is suffering, the council must stand in line with the community.

#### APPENDIX 1

Anecdotes of the telephone survey:

- “Interestingly I had a phone call from ‘[REDACTED]’ late yesterday (an 07 prefix) wanting me to participate in a survey with regards to the rate options. When challenged who was funding this survey - he assumed ARC. (I gave) a quick spray that I didn’t think 3 varying levels of pain were an adequate amount of options -

merely corralling! - threw him under... I further questioned would this survey be deemed "ratepayer consultation"? He replied "I think we will agree to end this conversation."

- Another respondent replied to this comment "We had a similar phone call with a similar result. Yes, we received the call and when they asked for our age they said we were too old to be eligible for the survey - what the [REDACTED] are they on about? So rude and belittling. I told them I don't do phone surveys as the way questions are asked are misleading and to send it by post or email with an option to add comments. No can do apparently.

- I actually received a call at my aunt's house I said I lived in Guyra and they replied they were actually after people from Armidale.

- There was one anecdote where the member stated that they were quite satisfied with the telephone survey. Appendix 2 options for managing the finances of ARC.

Your comments on Criterion 1:

Your comments on Criterion 2:

Your comments on Criterion 3:

Your comments on Criterion 4:

Your comments on Criterion 5:

If you have attachments you would like to include with your feedback, please attach them below.

## Your Details

Are you an individual or organisation?

**Individual**

If you would like your submission or your name to remain confidential please indicate below.

**Publish - my submission and name can be published (not contact details or email address) on the IPART website**

First Name

**Joshua**

Last Name

**Fittler**

Organisation Name

Position

Email

**[REDACTED]**

IPART's Submission Policy

**I have read & accept IPART's Submission Policy**