

Independent Pricing and Regulatory Tribunal of NSW  
PO Box Q290  
QVB Post Office NSW 1230

**RE: SPECIAL RATE VARIATION PROPOSAL ARMIDALE DUMARESQ COUNCIL**

I am totally opposed to any special rate variation by this council which is clearly not listening to the community and appears to be completely unaware of the economic situation facing not only the rural area due to the drought but also the whole town. There are currently well over 100 commercial premises vacant for rent and in the rural area many properties have either sold all livestock at distressed prices or considerably reduced stock numbers. I personally sold all sheep in November for 30% normal prices and recently sold all weaner cattle for 60% normal rates. If there is no heavy rain within the next 3 weeks all livestock will have to be sold due to lack of water in dams and there will be a lack of feed growth in autumn & winter. It is not economically viable to cart water( 30 litres per cow per day or feed cattle until November) Many rural ratepayers are facing the situation of either no income for 3 to 5 years assuming they can afford to restock with sheep or cattle after the drought breaks or severe cash flow problems for quite a few years. This will flow onto the town with reduced income to shearers, shed hands, rural supply shops, motor vehicle dealers, livestock and general carriers, livestock agents & general contractors.

Council has had two special rate variations in previous years both of which fell heavily on rural ratepayers with little or no benefit to them. The first was to remedy the Armidale gas works site and to shift the gas supply to West Armidale. This has now been discontinued and town residents have to use bottled gas. The second was to close the mall to traffic, pave it, put in planter boxes and central shade cloth. Some of the second special rate variation may have been used for upgrading Air Conditioning and helping fund the problems at the New England Art museum.

**CONSULTATION PROCESS**

This was seriously flawed . The Mayor addressing Six Rotary or Lions Clubs, A CWA & U3AA are not representative of the community nor confined to Armidale residents or ratepayers. The business breakfast was by invitation only. The three local area committees were largely comprised of rural residential blocks. Large rural areas are conspicuous by their absence. The phone survey also has issues as most residents were ill informed when phoned. Also several over 70 residents were told they were ineligible to participate. What steps were taken to secure survey to stop multiple entry of survey forms on paper or the WEB. There did not appear to be any security in either case such as requiring a name or rate assessment number separate to the survey to validate.

Council states 350 people attending the public workshop on 8 Feb were only 1.5% of the population, not all attending were against the rate rise and that their opposition was driven by emotion rather than understanding the service and councils statutory obligations. The phone survey only attempted to reach 700 which is only twice the number attending the workshop. Despite councils claims those at the workshop were probably better informed on the implications. This workshop was poorly organised and run. To appoint a highly paid consultant to run it without a chairman to justify a major increase in rates was a major mistake. This followed a late change in time of the meeting and an attempt to restrict residents by trying to restrict people hearing other views by seating in groups at tables with an individual councillor. Paper survey forms were handed out at this forum. How many had been filled in previously?

**COUNCIL AGENDA SPECIAL MEETING 20 FEB**

The agenda states a number of issues are not applicable. They may not be to council, but are very applicable to the community.

### **Financial Implications:**

The revised 10% special rate variation will still take close to \$2,000,000 out of a distressed community despite Council consultants saying they can afford it. This is clearly untrue by looking at the number of vacant commercial premises, current wool and stock prices. Another indicator of lack of money is that 3 hotels went into receiver ship with one still closed. Armidale is basically a service centre supplying education & other public services with other services provided by the private sector but largely dependent on flow on effects. It is also dependent on the rural area. Approximately 60% of the workforce is employed in the public sector which does get annual salary increases in line with inflation. This does not apply in the private or rural sector. For example the rural sector has been subjected to price squeeze for years. In the last 6 years electricity prices have increased over 120% with no change in consumption, insurance over 170% with decrease in coverage with increase in excess, council rates & charges by 70%. Other farm inputs are also increased but wool & stock returns in good years by only about 20% in good seasons.

### **ENVIRONMENTAL CONSIDERATIONS**

In the rural area money will not be available for weed & pest control. In my case over 100 hectare of high performance pasture is unlikely to come back after the drought breaks as it appears dead with no shoots after several low rainfall events. This will cost over \$300 per hectare to replant. Meanwhile the area is subject to weed growth & soil erosion. Fodder supplies also bring in additional new weeds. Properties will also overstock to try and improve income.

### **SOCIAL IMPLICATIONS**

These are very important to the rural community. This is an ageing community with children not wanting to inherit the property due to lack of returns for the amount of work involved. They also hold the view that they are working long hours of physical work to provide facilities for the town & fund political & green agendas. There is a lack of opportunities for wives to obtain suitable employment to subsidise the farm costs. In other cases rural residents cannot afford employees. In many cases rural children cannot participate in town sport activities as they cannot get to training or events because of costs involved. Parents have to take time off to drive considerable distances to town or pick them up as the school bus has long departed. This has effects on rural schools eg Wollomombi has dropped to about 12 students, Ebor to 8. These will eventually close. Many rural properties have already been sold mainly to people or companies with outside business interests. They will further amalgamate them to get economies of scale. This will have economic effects on the town by purchasing cheaper supplies elsewhere, using contractors, supplying abattoirs direct.

### **INTEGRATED PLANNING and REPORTING ISSUES**

In a rural area the rate rise does not support excellent lifestyle – Sustainable growth. Let alone sustainable assets. Rural assets are currently unsustainable with returns in good years often less than 2% based on property valuations. This does not include livestock, fencing, dams or machinery. These are undoubtedly in a far greater backlog than council assets. When this included many would face losses. Many finance institutions consider 50% of the valuation, when considering assets & liabilities for assessing cutoffs for interest rates & periodic reviews. The current drought & proposed rate variation is likely to push many over the limit. Government drought relief has limited use due to eligibility rules and ability to repay loans

### **RISK MANAGEMENT ISSUES**

These are significant in rural areas due to inability to finance new fences, machinery or yards etc. Special rate variations do not help this situation particularly as many cannot afford adequate insurance cover or in some cases comply with occupational health & safety issues. I would expect Councillors to consider these effects when voting on SRVs.

## **DOES COUNCIL NEED A SPECIAL RATE VARIATION**

I do not agree that council needs a special rate variation or that the community can afford it. The treasury review states that Armidale Dumaresq is moderately sustainable. Not once in any Public forum has this been discussed while council prefers the far more expensive consultants review. Council needs to look at much tighter control of expenditure & learn to live within their income like the rural community does.

Currently council has 236 employees with only 10260 rate assessments. Many rural ratepayers have more than one assessment. This is clearly unsustainable in the longer term.

The financial reports with no special rate variation page 42 shows a drop in fees & charges of approximately \$2,900.00 in the current year from 2012/13 Why & where did it go as it does not recover until 2019/20. Changes in other revenues, Grants & other contributions decline by a further \$4,100,000. Are these figures realistic or just guesses

The current council overturned a tender to repair Dumaresq dam from Public works at a cost of over \$ 30000, Has spent a fortune with consultants after Vetoing the planned construction of new waste management facility, previous approval costing approximately \$ 2000000 and borrowing \$14 million with interest costing a fortune. In addition construction costs increase with the delay needing waste to be carted elsewhere at considerable cost. The delivery plan indicates the current proposal being implemented in 2014/15 . What is the real story?

Strategic delivery plan requires close examination as I believe it involves cost shifting & financing other activities.

Library & civic area is not off future plans . Further investigation & application for another SRV of 5% with a further \$10000000 loan.

Sports facilities More use of consultants to investigate feasibility study of winter sports facilities at Aquatic centre , investigate opportunity of water based activities at existing facilities ,feasibility of development of multifunctional indoor recreation facility

Mall Investigate weather proofing the mall with shade, rain and wind protection. Scope potential for free WIFI hotspot internet connection in Mall & airport. Travellers & business people need to be aware of security risks . Their portable laptops will be configured for a national wireless network provider.

Improve & conserve biodiversity. This will largely fall on rural ratepayers if implemented. They already pay local land services rates to maintain travelling stock routes which are basically fauna refuges & somewhat helpful to flora diversity. Most properties have restrictions on slopes , plant trees for shade & stock protection.

Clean Air & water. Policy transfers pollution to other areas with costs of Electricity & gas soaring. The policy is clearly unsustainable with loss of jobs to other areas. Policy to fence 50 km of river frontage from livestock. This indicates staff or community have no idea of fence costs, provision of alternative water sources or cost of maintaining flood gates.