Jeff Lowien
[redacted]
23 March 2014

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

Dear Sir,

Re Glen Innes Severn application for Special Rate Variation.

I wish to provide the following comments regarding the Glen Innes Severn Council's application for special rates variation (SRV) especially for the farmland category.

1. As the community has been informed, the farmland SRV applied for by Glen Innes Severn Council is 10% + full rate pegging year 1, 10% + full rate pegging year 2 and 5% + full rate pegging year 3 – on a cumulative basis, an effective rate increase in excess 37% over 3 years. A massive increase with farmers already facing great financial hardship due to one of the worst droughts on record.
2. We all have to live within our means (budgets) and Glen Innes Severn Council (GISC) should be no different. In fact we as farmers have no way of passing on extra costs as we are price takers not price setters which is quite different to urban businesses.
3. Running a farm is a business which we have to run efficiently otherwise we go out of business. GISC is primarily a business (with some social responsibilities) and as such they must also be run highly efficiently – this I believe is not the case as will be demonstrated in points below (9, 10, 11).
4. The consultation process for the SRV was extremely limited. Consultation to me is where you go to the public, discuss the issues and listen to suggestions, then make adjustments to the original proposal, then back to the public for finalisation. This did not happen as the only public meetings held were those that were close to (20 Jan – 3 Feb 2014) the closing period of the submission to IPART. Notification of those meetings with information to assess the proposal only arriving in the mail 3 days prior to first meeting (17 Jan 2014) – completely insufficient time for any proper assessment to be undertaken by the individual.
5. IPART's own criteria is to "canvas alternatives to a rate rise, the impact of any rises on the community and the council's consideration of the community's capacity and willingness to pay". GISC to my mind has not satisfied this criteria very well at all in their application – what alternatives have they canvased, research on the impacts and capacity to pay. They (GISC) openly say urban businesses can't afford an increase, then how can farmland when they are struggling with possibly the worst drought ever.
6. TCORP's recommendation (as stated in the application) is to "secure new and additional revenue" – raising rates is not new and there are a whole range of other avenues for additional revenues (grants, private enterprise (quarry, former day care centre), running GISC more efficiently to name a few).
7. TCORP's statement (as stated in the application) of "Councils unrestricted current" financial "ratio has been above benchmark each year indicating Council has sufficient liquidity". This

indicates that GISC is not in as bad a financial situation as they say and therefore not requiring the huge farmland rate increase they seek – just to readjust how they go about their business and use what they already have more effectively and efficiently. The question has been raised: "As the table on page 5 of the GISC propaganda dated 10/1/14 indicates a considerable improvement in Council's TCORP Local Government Benchmarks with the SRV implemented - how does this impact on the General Managers KPIs?"

8. TCORP's statement (again stated in application) of "Council is not investing sufficient funds on asset renewals to keep assets in their current condition". TCORP need to investigate this more thoroughly and IPART need to consider this in the GISC's application for SRV in the fact that GISC is investing funds on assets renewal in the wrong area – in other words in non-productive areas like Grey Street and not in rural areas where the big backlog in asset renewal is reportedly located. It is the rural area that GISC is claiming the extra funds raised by SRV are needed – is this where funds are now being spent and will the extra raised end up there?
9. Inefficiencies – Grey Street was originally budgeted $2.4 million, and now is estimated to blow out to within the vicinity of $4 - $5 million depending on, what is and should be included in the project. Past record has shown GISC is rarely capable of bringing a project in on or under budget or on time, particularly the Infrastructure portfolio.
10. Where the majority of the extra funds raised from the SRV is to be spent, [redacted] – the above example, resurfacing of a section of Grey Street in last 12 months over budget and time, miscalculations on road water tanks resulting in financial losses, failure of pumping water from new water storage, hence financial losses just to name a few examples.
11. New positions being asked for by the General Manager at next council meeting (27 March) – a Management Accountant and an Assets Officer (the later previously budgeted for), presumably to manage the extra funds raised by the SRV. The addition of these new positions (possibly funded by the SRV) really rubs salt into the wound for the hundreds of ratepayers already concerned about administration staff numbers and hence the need for such a huge SVR.
12. IPART I believe should speak with others outside the management & Mayor to assess the real situation. [redacted]

In summary with the above in mind there is no justification for such a massive increase in farmland rates, particularly in view of the present circumstances faced by farmers and the lack of efficiencies so far being implemented by GISC.

Thank you for your time in reading this and taking account of the issues I've raised. If you have any questions or require clarifications to any issues raised, please feel free to call me [redacted]

Yours faithfully

[redacted]

Jeff Lowien