

**REFERENCE: SUBMISSION FOR A SPECIAL RATE
VARIATION MADE BY ARMIDALE DUMARESQ
COUNCIL**

OBJECTIONS

Ratepayer Submitter

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Date: 20/3/2014

Difficulty In Locating The Amount Of SRV For Which ADC Is Applying.

Pages 13 and 14 of the ADC submission lists 3 funding options based on the 3 options for a SRV.

One has to read until Page 32 and discover Item 5.1 of the Minutes (presumably) of the Extraordinary Council Meeting of 20/2/2014 to find Motion 31/14 "That Council submit an application to IPART for a special rate variation of 10% above rate pegging for 7 years commencing in the financial year 2014/15."

This is not an option that had been foreshadowed on Pages 13 and 14. Surely IPART should insist in future that a clear statement of what a council is asking for be clearly stated on the first page. Then the history could commence!

Outline Of Objections

- 1 ADC - Past History Of Ignoring Independent Reports On Its Finances
- 2 Inequity Of Any Across The Board Percentage SRV
- 3 Inability To Pay
- 4 Impact of any SRV on Local Businesses' Sustainability
- 5 Problems With Methods Of Consultation; Invalidity of ADC Claims of Ratepayer Support for SRV and ADC Duplicity In Persisting In Making Those Claims
- 6 Newspaper Clippings

1 **ADC - PAST HISTORY OF IGNORING INDEPENDENT REPORTS ON ITS FINANCES**

Armidale Dumaresq Council has consistently: refused to follow advice from independent consultants; has refused to balance its budget; has continued to spend profligately and without having carried out prior due diligence; funded its profligate spending by borrowing money for which ratepayers are now paying \$2 million + per year in interest; paid millions of dollars to "consultants"; and has used rural rates to subsidize city services and infrastructure while neglecting rural infrastructure and services. It has refused to "rebalance" rates to ensure that city ratepayers actually pay the full cost of the services and the infrastructure that they demand and receive.

ADC's spending patterns in the last 15 months indicates that it has not learned that it must balance its budget and that it cannot continue to expect to continue to inflict above rate-pegging levels of rate increases upon ratepayers - irrespective of the ability of those ratepayers to pay.

2009: External Reports Of ADC Finances Based On The 2007/2008 Rating Year.

Review Today: Prof. Percy Allen: Advice to ADC

- . *Review Today* found:
 - . ADC to be financially vulnerable "which will become unsustainable within a few years unless it changes its spending and revenue policies"
 - . that ADC's "spending on services has been growing twice as fast as its operating income while its spending on infrastructure - things like roads, bridges and culverts - has been shrinking over the last few years."
- . *Advice:*
 - . Slow growth in services spending
 - . Boost spending on infrastructure
 - . Raise rates, fees and charges by more than inflation rate

State Government Report

- . ADC's Rural ratepayers *continue* (my emphasis) to pay almost three times as much as their urban counterparts
- . Average farmland rate was the 6th highest of the 33 group 4 councils
- . Residential rate was 20th highest
- . Business rate was 15th highest

Council's Response: General Manager - Shane Burns (Source: Armidale Express)
 "One thing we have identified within a restructure of the rating system is the need for a redistribution of the rates burden over the various categories. It may be that residential ratepayers will need to share more of the load given that their average rate has increased by only 5.6%, compared with 14.6 % for farmland and 15.5% for business." *This redistribution has still not occurred.*

Councillor Waters:

It is misleading to suggest that rural ratepayers enjoy the same council facilities as those within the city boundaries.

Independent Audit Report - Paul Cornell of Forsyth's, Armidale.: Advice to ADC

- . Stop borrowing. Borrowings were above Group 4 average of 7% . ADC was in one of the higher percentiles in NSW.
- . Told ADC "... you're capped out and shouldn't be borrowing any more."

ADC Reaction: *Advice rejected by the GM, Shane Burns in media reports of his response. Borrowing continued.*

Since 2009, ADC has:

- . continued to borrow to fund its 'wish list' rather than reducing debt and concentrating spending on essential projects e.g., basic infrastructure, roads.
- . continued to neglect rural infrastructure - especially rural roads. Its 'explanation' for this neglect (Source: David Stellar - Director Public Infrastructure):
 - . people who choose to live outside the city's boundaries have chosen to have substandard roads
 - . no more sealing of rural roads because sealed roads are twice as expensive to maintain than are dirt roads.
 - . dirt roads are debits on the balance sheet - unlike sealed roads that are assets. Therefore, sealed roads must be maintained. Note: Sealed roads are predominantly within the city boundaries. All dirt roads are outside those boundaries.
- . refused to restructure rating categories
- . continued to cascade money into 'luxury' projects such as city sporting fields, sports facilities, subsidizing football carnivals and rock concerts.
- . In 2012, it refused to explain why expenditure on contractors and consultants rose from \$2.4 million (2010) to \$4.3 million (2011); why travelling expenses of council employees increased by 65% between 2010 and 2011.
- . refused to tell ratepayers how much of our money it "invested" in shonky investments.
- . refused to explain how \$900,000 disappeared from the balance sheets during its expensive computer upgrade
- . incurred large interest payments on loans - interest payments projected to be \$2,157,576 for 2013/2014
(Source: Report item 3.2 Attachment 1: ADC Business Paper Monday, 4/11/2013)

In 2013/2014 ADC has refused to explain the following to date:

- . Why it has borrowed \$14.2 million for a "Waste Facility" on land that it has not yet purchased. Cost to ratepayers: \$353,000 per annum - at current interest rates. ADC has refused to tell ratepayers why this money was borrowed and what has happened to it.
- . Why it spent \$808,000 on an electronic parking scheme for what it calls the CBD to ensure a turn-over of parking spots when it later admitted that there was no parking problem.
- . Why it intends to spend \$80,000 in 2014 + \$30,000 per annum subsequently to provide free WiFi in the Mall because the Mayor thinks that it is "a good idea".
- . Why it intends to spend an undisclosed sum on an 'artistic' hedging project in a city park.

- . Why it is selling public land within the city and spending the money received on sports projects e.g, further improving changing rooms on a sporting field rather on basic infrastructure e.g., drainage

It has announced its intentions to spend ratepayer money on non-essential city projects such as:

- . roofing the Mall
- . a new Library "project" - at a cost of \$15 million according to councilors.
Desirable - but not essential - infrastructure - and not in an austerity budget.

ADC has refused to consider:

- . charging non-ratepayers - "church", "charity" , "private" school owned investment land, residential and business premises - higher charges than ratepayers for accessing city services e.g., sewerage, water, garbage collection
- . increasing service charges for water, sewerage, garbage, etc. to users so that the maintenance and upgrading of infrastructure and cost of delivery are not subsidized from general rates

2 INEQUITY OF ANY ACROSS THE BOARD PERCENTAGE SRV

Rural ratepayers pay 3 times as much per capita in rates than do Armidale City dwellers - yet receive minimal (if any) services. Any across the board percentage SRV impacts upon rural ratepayers far more than it does upon city ratepayers.

An ADC *faq* on the Special Rate Variation states that for the 2013/2014 financial year 8771 residential/city ratepayers contribute 66% of rates collected, 573 Business (primarily city) ratepayers pay 17% and 898 rural ratepayers pay 18%. This means that each city ratepayer pays 0.008% of total rates revenue, each business ratepayer pays 0.03% while each Farmland/rural ratepayer pays 0.02%.

This disparity, then based on the 2007/2008 rates year, was pointed out in the State Government's 2009 report on ADC's financial position. Despite acknowledging this disparity, ADC has consistently refused to redress the balance.

This *faq* on Special Rate Variation provides the following information based on the original planned submission of a 20% rates levy for 7 years. Residential/city rates will increase by 24%, Business rates by 14% and Farmland rates by 26%. Similar disparities could be expected from the requested 10% across the board SRV.

Rural ratepayers already paying significantly more rates and receiving minimal services and a severely degraded road infrastructure in return, will be paying even more for those lack of services and infrastructure while their rates continue to subsidise city projects e.g., repeated Mall upgrades and service debt incurred to tackle city problems e.g., remediation of the old gasworks site.

An Armidale Dumaresq Ratepayers Association has been formed and is being incorporated as a result of widespread ratepayer anger over the ADC's submission for a SRV, its duplicity in claiming widespread ratepayer support, its profligate borrowing and spending, its refusal to exercise prudent financial management and

rural ratepayers' anger about the inequity of the rating system to date and the fact that they will have to contribute significantly more under any SRV than any other category of ratepayer.

This issue of inequality and the need to rectify it was raised by delegation from this association (ADRA) when it met with the Acting General Manager, Glen Inglis on 17/3/2014. He admitted that the rating categories have probably not been changed for many years Councils are slow i.e., very reluctant to revisit them as it impacts on other parts of the rating community.

That is, this council believes that it is justified in over-rating one section of the community while delivering minimal (if any) services and not maintaining/upgrading basic infrastructure while expecting that section to subsidise services and infrastructure maintenance and upgrades to a sector that demands, and receives, them but does not want to pay for them.

Glen Inglis did make a commitment to look at the rates "breakdown" and see if an adjustment can be made. If previous ADC actions are any guide, no adjustment will be made and the inequity will continue.

Spending of the Previous SRV - 2005/2006 to 2011/2012 Rating Years

(Source: ADC Letter to ratepayers)

Rural ratepayers contributed more per capita than did city ratepayers but received little more than that allocated to city sports infrastructure which, unlike rural roads, already received significant funding from General Rates.

ADC staff have told rural ratepayers that money to maintain and upgrade rural roads cannot be allocated from general rates - any such work has to be funded from state government grants. If this is so, then this SRV money was the main source of spending upon rural roads.

Projected income to be raised:	\$1,706,805
Amount to be spent on city projects:	\$1,256,805 (74%):
(Note: \$340,000 - 20% of the total projected and 27% of spending allocated to the city projects - to be spent on Sports infrastructure)	
Amount to be spent on rural areas - provision of culverts:	\$450,00 (26%)

Proposed Spending Of ADC's Requested SRV for 2013/2014 Onwards

(Source: Council Documents)

Note:

The rural/city distribution of the funds to be raised by this SRV is even more inequitable than that of the previous SRV.

Total Amount To Be Raised (Heading: Sum of 10 years):	\$9,814,446.00
<i>Spending on Rural Projects:</i>	
Rural road reseals, rural roads rehabilitation, Hillgrove Museum, Saleyards (within city boundary but a rural 'service'/business):	\$1,456,000 (15%)

Spending on City Projects

All items not otherwise specified in this summary: \$7,371,446 (75%)

Unknown division of rural/city proportions of:

Bridges (\$969,00) Upgrade of SES HQ

(Located in city but also servicing rural areas) (\$18,000) \$987,000 (10%)

3 INABILITY TO PAY

- . ADC area has a large number of old-age *pensioners* who are having difficulty managing to exist even when rates rebates are given. They cannot afford a 10% increase in rates.
- . ADC area has a large number of *self-funded retirees on fixed incomes* who receive no welfare or other subsidies even when their incomes are well below the average working wage. They cannot afford even a 10% SRV.
- . *Graziers* cannot afford even a 10% SRV - even in good times. But this is the sudden beginning of a drought cycle and there is *NO capacity to pay a SRV*. Because of lack of water and grass, stock have had to be sold at low prices (a sales glut), costs of fodder for remaining stock are already extremely high because of prolonged drought in Queensland and western NSW - and likely to rise even further given the scarcity of fodder supplies.

There is no income. Most graziers will have to increase mortgages to pay their usual rates bill let alone pay a SRV.

Graziers face years of negative income flow even after the drought ends because they will have to rebuild their herds/flocks and stock. Then purchase prices will be high because stock available for purchase will be few.

Already, there are worrying reports of increasing numbers of serious depression among graziers. Statistics indicate that such depression is followed by suicides - often disguised as accidents.

ADC Claims of The Affordability Of A SRV

ADC claimed that ADC ratepayers can afford to pay SRVs of 10% for 2014/2015, 20% for seven subsequent years (Page 21 of iPART submission).

It is interesting that the people who made this claim - the General Manager and Managers - are the highest paid employees in this area. The then General Manager did/does not live in the ADC area and would not have to pay any SRV.

ADC supports this claim by stating that there has been a:

- . 28.06% increase in median individual incomes from 2006-2011 (inclusive)
- . 15.9% increase in median household incomes from 2006-2011 (inclusive)

Between 2006 and 2014 (to date) there have been significant cost increases in all services, food, fuel, electricity, state government charges etc. that have outstripped any increases in wages (for most people), pension, farm income, self-funded retirement pensions, etc.

The ADC submission, conveniently does not give details of cost increases for the period 2006-2011 (inclusive) e.g.,

- . *electricity* (major) - significantly more costly for non-metropolitan users
- . *petrol* (a heavy burden for rural ratepayers because of their distance from Armidale, their need to access Armidale for services, and their need to have heavier, less fuel efficient vehicles than town dwellers because the degraded and neglected condition of rural roads means that they are not trafficable by smaller, lighter, fuel efficient vehicles.
- . For rural ADC residents - increases in the cost of *diesel* to power pumps, fuel farm vehicles, etc.
- . *food* (the cost includes transport costs from metropolitan suppliers and then GST on both)
- . *house and contents insurance* (NSW government levies, charges and taxes double the basic cost: - both basic cost and NSW government charges have risen significantly during this period.
- . Increases in *private health insurance, increased gap payments* because all medical providers costs have increased and Medicare rebates have not kept pace.
- . For ADC residents - increased *costs associated* with the need to *travel* to Sydney, Newcastle, Port Macquarie, Coffs Harbour, Toowoomba, Brisbane to access *specialist services not available here or in Tamworth*: medical and hospital costs, fuel and other vehicle costs, accommodation costs (for driver and patient) - and, for many, plane fares.
- . *State government charges* e.g., vehicle licences, green slips, pink slips, sales tax, registration.
Note: additional green slip levy for "trucks" which sees small rural trucks (e.g., a Mazda Bravo, used predominantly on private land, being levied the same amount as B-doubles, petrol tankers that are frequent users of all road systems.
- . Tradesmen and professional charges e.g., plumbers, electricians, mechanics, IT, builders, accountants have also increased significantly between 2006 and 2011 (inclusive). Because of the severely degraded state of the rural roads in the ADC area, rural ratepayers have greater vehicle repair and windscreen damage replacement costs than do city ratepayers.
- . *ADC Rate Increases from 2005/2006 to 1013/2014:*

These are our rates are for 104 acres 7 kilometres from the town boundary. We receive no services from council and live on a very degraded, poorly maintained by council, dangerous dirt road that we share with heavy quarry traffic and a B-double transport business.

Expand these increases for larger acreages where graziers are dependent upon weather, prices, etc. for unpredictable incomes and their rates bills are in the tens of thousands.

2005/2006	\$1,142.58	-	General Rate: \$1,105.17 + Capital replacement Levies totaling \$37.41
2013/2014	\$1,816.09	-	General Rate: \$1,582.79 + Levies for Rural for Rural Waste Management* (\$109.00) Landfill Charge* (\$124.30)

* Most rural residents do not receive garbage collection. We also bear the full costs of transporting both general and recyclable waste to garbage dumps - in our case 40 kms return trip (other have much longer distances) and then paying extra charges for any general 'waste'.

There has been an increase of 43.22% in our General Rates and a 58.95% in rates + levies paid to ADC between 2005/2006 and 2013/2014.

AND in 2013/2014 there has been the introduction of an annual "inspection" fee of \$35 for each septic system - even when no inspection occurs. Most properties have more than 1 septic system because of shearing/cattle sheds and employee housing.

4 Impact of any SRV on Local Businesses' Sustainability

The imposition of any SRV upon ratepayers will have a detrimental impact of local businesses. Each dollar paid to ADC because of a SRV will be a dollar NOT spent in local businesses.

Businesses in Armidale have already experienced the impact of decreased rural incomes - many businesses have closed down and there are many vacant premises in what the ADC calls the CBD.

More can be expected to close if a SRV further reduces ratepayers' disposable income.

4 COMMUNITY CONSULTATION

ADC Claims Of Community Support For A SRV - are what Churchill once described as "distortions of the truth" when told that he could not call a fellow member of the House of Commons a liar.

"Resigned Acceptance" - not "Support"

The "Public Workshop" held on 24/1/2014 and attended by 300-400 ratepayers. Attendees demanded a Public Meeting format where the Mayor, councillors and council staff would answer questions and not "discussion groups".

At this meeting, the Mayor told the attendees that "surveys showed widespread public support for the 20% SRV." When questioned by attendees he reluctantly admitted that the surveys showed that *ratepayers' attitude was of "resigned acceptance" rather than one of "support"*. Despite this admission, the council still claims in its mailouts, releases and in its submission to IPART that "surveys showed widespread public support for a SRV."

ADC CLAIMS OF SURVEY SUPPORT FOR A SRV

Distortions of results because of non-ratepayer inclusion In Jetty Survey

Page 3 of the ADC submission to IPART states "This decision is supported by the community" and refers to the Jetty Report findings of 56% support for a SRV.

10% of respondents were non-ratepayers who would not have to pay any SRV and therefore would be more likely to support a levy to provide services etc. that they would use but would not have to pay for. Their responses would have distorted measures of support/lack of support for a SRV.

The On-Line Survey results did NOT demonstrate community support for any rate increase. Only 22.4% of 181 responses stated that they would support higher rates 'to renew roads and other community infrastructure'

Demonstrated Lack of Community Lack Of Support For A SRV

The ADC claims of community support for a SRV did not mention:

- (i) the unanimous rejection of a SRV voiced by the 300-400 attendees (all seats were filled and over 50 ratepayers stood around the walls) at the ADC "Public Workshop" at the Town Hall on 8/2/2014. (See attached newspaper reports of that meeting)
- (ii) Nor did it mention the 50+ ratepayers who attended the Extraordinary Council Meeting at 5.30 pm on 20/2/2014 to register their rejection of a SRV. This number was significant because the time of the meeting and travelling distances and times made it too difficult for many rural ratepayers to attend this meeting. Nevertheless, the number of attendees far exceeded the number of community attendees at other council meetings - usually far fewer than 10.
- (iii) Nor did it mention the rejection of Delivery Program (i.e., how money from a SRV would be spent) and a SRV by 103 respondents after that program had been placed on display in the Library and Council Building.

An Informed Community? Not According To The Jetty Report!

On Page 3 of its IPART submission, the ADC stated that, "Council and staff are confident that the community has been well informed and appropriately consulted on the Special Rate Variation."

The ADC has ignored the findings of the Jetty Report viz. 58% of respondents were unaware of the proposed SRV before the survey and 72% said that they had read nothing about the SRV in local media.

The Bottom Line For Ratepayers

No SRV will be considered, or supported, by the community until the ADC accounts for its past wasteful spending decisions and its refusal to accept that austerity budgets must rule until the existing level of borrowings is significantly reduced, the financial position of the ADC improves significantly and sustainable financial health is achieved.

Austerity budgets must focus on basics/ essentials e.g., infrastructure maintenance and upgrades (especially rural roads).

Luxuries such as expenditure on even more sporting facilities WiFi in the Mall, subsidizing rock concerts, roofing the Mall, employment of liaison officers will not be considered, and even worthwhile projects e.g., a new library cannot occur until responsible financial viability and sustainability is restored.

No SRV will be considered by the community until ADC can prove that it has eliminated wasteful spending, significantly improved employee productivity (to be measured in monetary terms) and reduced staffing levels that are above comparable council average.

No SRV will be considered by the community until ADC financial records are made available to the community in a more transparent form in which spending and income sources are not "obscured", jargonese has been banished and all information is expressed in Plain English and unconvoluted sentence structures.

PROBLEMS WITH METHODS OF CONSULTATION RE: THE SRV EMPLOYED BY ADC THAT RENDER RESULTS INVALID.

Note:

- (i) *ADC did not consider carrying out the best form of survey - a 'pen and paper' questionnaire in Plain English included with the last Rates Notice. This would have ensured that only ratepayers could respond and that only 1 response per ratepayer would be received. In cases of multiple holdings, only one rates notice should contain the survey.*

This survey should have had: single stem questions expressed in a single sentence, using Plain English and no jargonese. Each option should have been jargon free, brief and *not* double-barrelled.

The survey should also have had a Preamble clearly stating each SRV option in non-jargonese.

City and rural ratepayers' responses should have been tallied separately because rural ratepayers will have to pay more per capita yet will receive less per capita return and because their priority needs i.e., safe, trafficable, well maintained dirt roads and sealed heavily trafficked rural roads - especially by heavy vehicles - differ substantially from those of city dwellers whose focus is more on comparative fripperies e.g., leisure, street lighting, sports fields.

COUNCIL CLAIMS TO HAVE CARRIED OUT WIDESPREAD COMMUNITY CONSULTATION SINCE 2012 AND THAT THIS HAS SHOWN WIDESPREAD SUPPORT FOR A SRV. BOTH CLAIMS ARE PATENTLY FALSE.

Display of Delivery Program

The ADC Council Meeting of 20/1/2014 decided to put on public display the Delivery Program (i.e., how money from a SRV would be spent) for 28 days. Such public

display usually entails a copy at the ADC building and at the Public Library. This limits access to those who know that these documents are available for scrutiny and who are able to access those buildings easily and within 'opening' times. I have been told that they were not available on line until after the council meeting of 24/2/2014. However, the ADC website is rather 'opaque' - it is difficult to locate specific information - and non-persistent searchers who do not have a large amount of time to spend on searching are easily deterred.

Despite ratepayers' limited exposure to such documents, Page 16 of ADC's IPART submission stated that ADC had received 103 submissions - *all opposing the SRV proposals*.

Local Area Committee Meetings - attendees report that they were told that there would be a SRV and what the rate would be i.e., there was no "consultation". They were not given a choice of whether or not a SRV would be levied - just a "choice" of how ratepayers would have to pay it.

Some areas do not have a Local Area Group and so were not involved in the LAC "consultation" process.

Jetty Survey of 300 Respondents

ADC has used the Jetty Report to support its claims that there is widespread community support for a SRV - claiming that 10% agreed that a SRV was necessary and supported a 20% SRV for each year for 7 years and that a further 46% agreed to a "necessary" SRV of 10% (Year 1) and 20% for the following 6 years. The ADC claimed that this proved "widespread community support" for what is, essentially, a 20% SRV.

ADC conveniently omitted to point out the inconsistency between these results and those on Page 21 of Jetty Report viz. that 84% of respondents to the Jetty Survey would not accept a SRV of more than 5% : 44% would accept a SRV of less than 5%, 40% would accept a SRV of 5%. A further 2% would be prepared to accept 10%.

Problems With Sample Selection:

- . only those with landlines and whose numbers were listed in directories were included in the group from which 300 were sampled.
- . 10% of respondents were non-ratepayers and should have been excluded because they will not have to pay any SRV. It may be assumed that they would support a SRV because they would receive the benefit of its spending without having to fund it. Their non-exclusion has biased all results - especially those regarding degree of support for a SRV.

Problems With Presentation Of Results Regarding Degree of Support for a SRV

- . There is no comparison of the degree of support for a SRV shown by: city and rural ratepayers; between ratepayers and non-ratepayers.

Problems with Survey Construction Render Its Results Regarding Levels Of Community Support For A SRV Invalid.

Lack of Prior Knowledge of Respondents

Despite the fact that ADC has claimed that it had carried out extensive community consultation in 2012 and 2013 i.e., before this survey in November/December 2013, this survey found that 58% of respondents were unaware of the proposed SRV before the survey. 72% said that they had read nothing about the SRV in local media.

Their ignorance meant that their responses were in response only to the limited information presented within the survey. Given the previous level of unawareness, the term Special Rates Variation should have been clearly defined before any question was asked about it and a more easily understandable synonym e.g., Rates Levy or Special Rates Levy/ Levy On Existing Rates provided for it. Or, the term "Rates Increase" as used by the ADC on Page 3 of its IPART submission. This information should have been presented in Plain English using simple/non-convoluted sentence structure.

There does not appear to be a Plain Language requirement e.g., those for Insurance Policies, for surveys such as this.

The results of question 12 relating to the SRV are invalid because this crucial question assessing respondents' awareness of a SRV is too wordy/convoluted, contains too much jargonese, is too information dense and contains sentences that are too long and poorly constructed.

These characteristics strain respondents' working memory and, therefore, their ability to integrate isolated chunks of information and comprehend what is being presented to them. Remember that this is presented orally - that there is no opportunity for rereading or consulting with others.

Note, also, that this Survey's Question 12 gives most respondents the only information that they have about the Special Rates Variation given that 58% of respondents were unaware of the proposed SRV before the survey and 72% said that they had read nothing about the SRV in local media. Note, also, that this question does not define Special Rates Variation nor provide an easier descriptor even though Question 13 refers to a "this proposed rate increase". Note, also, that it minimizes the impact of any Special Rates Variation.

Therefore, the responses to this question are invalid.

The question as presented by Jetty Research

"Armidale Dumaresq Council has indicated in-principle support for a special rate variation of 20% p.a in 2014 on general rates. This rate variation would last for seven years. It does not include the rate peg of 2.4% nor include this increase on water, sewer and waste charges. The rate variation is designed to fund asset sustainability and would address the current \$2.1million per annum funding gap for maintenance of local infrastructure.

The proposed increases would mean that for a ratepayer currently paying \$1000 in general rates, the special rate increase in the first year would be \$200 per year or approximately \$3.85 per week.

Were you aware of this proposed special rate variation?"

A Plain English Version (which will require renumbering of questions) could read:

Armidale Dumaresq Council has decided that it needs additional funds if it is to be able to maintain and upgrade essential infrastructure such as roads, bridges, sports grounds, drains.

It has decided that a levy on existing rates is the best way of raising such funds. This levy is called a Special Rates Variation.

Did you know about Armidale Dumaresq Councils plans for such a Rates Levy or Special Rates Variation?

Response Options: (a) Yes (b) No

Only for respondents who have answered (a) Yes

Did you know that this rates increase or Special Rates Variation will last for seven years

Answer (a) Yes (b) No

Did you know that this rates Increase or Special Rates Variation will mean a 20% increase in your general rates each year for each of those 7 years?

Answer (a) Yes (b) No

Do you understand that this rates increase or Special Rate Variation will mean that for every \$100 that you now pay in General Rates, you will have to pay \$5 extra?

Answer (a) Yes (b) No

Question 14 : "Are you aware of the following proposed programs or project in the special rate variation." Four high spending targets and the amount to be spent on them are mentioned in separate "stems". Each is preceded by *Increased* to ensure that the respondent 'gets' the positive message that cancels out the previous "payment" message.

This question should be asked only of those respondents who had answered *Yes* to both Question 12 and/or 13. For those who answered *No* to either or both of those questions, this question is redundant. That it continued to be asked when it was unnecessary appears to be part of positive conditioning for Questions 14 and 15.

Question 15 assumes that the respondent understands what " Special Rate Variation" means with most respondents i.e., those who have not heard and/or read about the SRV having to rely on information presented in Question 12 and their ability to work out the meaning of each piece of it, remember those bits of meaning, integrate them

into a full understanding of what a SRV involves and then interpret it after hearing the question..

It also assumes that respondents know what 'align' means in the context of the question.

Four options are given. Options 1 and 2 are double-barrelled i.e., demanding 1 answer for 2 questions and are long/wordy. This increases the likelihood of incomplete understanding of what is being asked. Both parts of each of these double-barrelled options are presented as statements rather than the easier to answer format of question form.

Option 2 does not make it clear that the increase will be 10% only for the first year and that in the subsequent 6 years, the increase will be 20%. The repetition of 10% in an orally presented and therefore transient piece of information is designed to reinforce a perception that the increase will be 10% for every year.

Below: Unlike the Jetty Survey question 15, my new questions 15 and 16 would elicit valid results.

New Question 15:

Do you agree that a rate increase or Special Rate Variation is necessary?

(a) Yes (b) No

For those who answer (b) No the next two questions are redundant and should not be asked.

New Question 16

To be presented only to those who have answered (a) Yes to *New Option 1*

Which rate increase would you prefer to pay?

(a) A rates increase of 20% each year for 7 years

OR

(b) A rates increase of 10% for the first year and 20% for each year afterwards for 6 years?

OR

(c) Neither

Old Question 16 (New Question 17)

This should be answered only by those who have given (c) as a response to the New Question 16

This should be expressed far more simply:

Instead of the Jetty Survey's "In percentage terms, what sort of rate variation do you feel would be appropriate?"

It should be: *You have said that you agree that a rates increase is necessary but that you do not agree that it should be (repeat the first two options from new Question 15).*

How much increase in rates would you prefer to pay each year for 7 years?

Options: Those presented in the Jetty Survey. Yes/No responses.

All options should be read first so that the respondent is aware of the full range of options and then repeated individually for judgement.

Question 22

While this is not relevant for data on support for feedback on any Special Rates Variation, it is too long and too full of jargon..

The Jetty report did not provide information on the number of respondents who would "be interested in participating in" or becoming a member of a council "consultative reference group for the provision of feedback on the special rate variation and possible adjustment in asset services levels."

The ratio of positive : negative responses would be interesting.

Council On-Line Survey

Biased Sample

- . Only those who knew about this survey and how to access it and had a computer were able to participate

Lack of Validity As A Sample

- . There was no check on:
 - . on the age of the respondent
 - . whether the respondent actually did live within the ADC area
 - . whether or not the respondent was a ratepayer.
 - . the number of times one person could make a response
 - . the number of respondents from the one household

Plain English

Questions and responses e.g., suffered from the same lack of Plain English as those evidenced in the Jetty Survey.

Council Non-On-Line Survey for those attending the Council's "Public Workshop" at the Town Hall on 8/2/2014

Problems With This Survey.

Biased Sample

- . Only those attending the "Public Workshop" had access to it.
- . There was no check on whether only 1 person/household completed and submitted the survey (additional copies were available) nor whether they had already completed the on-line survey.
- . Because they were attendees at the "Public Workshop", it could be assumed that the respondents were adults and ADC ratepayers but this could not be proved.

Plain English

Questions 12, 13, 14 on this survey were the same as Questions 12, 13 and 14 on the Jetty Survey and so shared the same deficiencies.

Respondents were unable to respond to some questions validly because the questions lacked relevant information.

Question 6 asked "What is your understanding of the proposed Special Rate Variation (SRV)? And gave a range of options.

However, Question 7 and 8 required understanding of the term *Special Rate Variation* and what "the current rate variation" meant. Question 9 also required knowledge of "current rate variation" if the respondent were to be able to give an opinion on being prepared "to support higher rates".

Respondents should have been told what those terms meant - irrespective of their responses to Question 6.

Because this information was not supplied, responses to Questions 7, 8 and 9 are invalid.

"Public Workshop" - Town Hall Meeting 8/2/2014

Council had refused to hold a Public Meeting with ratepayers. Instead, it publicized a "Public Workshop" which would assign ratepayers to a councillor for a 'discussion session'. This was rejected by the 300-400 ratepayers who attended. They demanded a Public Meeting format so that they could question councillors and the Relieving General Manager.

There was unanimous rejection of any SRV.

Attendees pointed out that ratepayers would not consider any level of SRV/rates increase until ADC eliminated wasteful spending and inefficiencies, increased productivity of council staff, reduced staffing (levels above those of comparative councils), used plain English in, and more transparent reporting of, financial information to ratepayers, and made genuine attempts to balance the budget i.e., use ratepayers money more wisely and to learn to live within its means.

Ratepayers were also astounded to be told that councillors are not responsible for financial management of ratepayers' money - that councillors set the general framework for spending but the General Manager determines how, and if, he will spend rates money, money from levies, special grants, etc. as the councillors wish. He can choose to disregard councillors' instructions if he chooses and councillors are unable to insist that he follow their instructions. Their only recourse is to apply to have him sacked. And this is a lengthy process.

Public Confusion Regarding The Amount of SRV Applied For And How It Will Be Levied

The Community has not been well informed about its proposals for a SRV. As recently as 17/3/2014, the Armidale Dumaresq Ratepayers Association, formed in response to ADC's refusal to listen to community views about the SRV, had to seek clarification from the Acting General Manager as to what ADC's future intentions regarding a SRV were. A Council Officer had told ADRA that ADC had applied for

10% SRV for 7 years but was going to submit another proposal next year for an additional 10%."

This would have been significantly in line with ADC's second model for a SRV after the unanimous rejection of a 20% SRV for 7 years by the 300-400 attendees at the ADC "Public Workshop". This was the third option supported by the ADC Council Meeting of 22/10/2012 and Item 2.3 Feedback on the options for a Special Rate Variation at the ADC Council meeting of 20/1/2014.

Year 1: 10% across-the-board levy (in addition to rate pegging increase);
Years 2-6: 20% across-the-board levy (in addition to rate pegging increase)
Year 7: 1 10% across-the-board levy (in addition to rate pegging increase)
(Rate pegging increases to be cumulative)

The Acting General Manager has stated that this is not going to occur. That a 10% SRV was being sought for 2014/2015 but that this "would not be compounded". This seems to suggest that a 10% SRV for 7 years was being sought. Yet this is not an option that ADC had considered.

One has to read until Page 32 and discover Item 5.1 of the Minutes (presumably) of the Extraordinary Council Meeting of 20/2/2014 to find Motion 31/14 "That Council submit an application to IPART for a special rate variation of 10% above rate pegging for 7 years commencing in the financial year 2014/15."

The amount of the SRV being sought by ADC is not common knowledge.