

Director of Local Government  
Independent Pricing and Regulatory Tribunal of NSW  
P O Box Q290  
QVB Post Office NSW 1230



Dear Sir/Madam

## **SPECIAL RATE RISE VARIATION APPLICATION- ARMIDALE DUMARESQ COUNCIL**

**We strongly oppose the application for Special Rate Variation by Armidale Dumaresq Council for the following reasons**

### **1) Impact , affordability and sustainability**

- **Lack of regard for the impact on us as rural ratepayers and the very sustainability of our business and lives on the land. This is totally unreasonable and unfair.** We are dependent on the land for our income. **We are price takers and have to survive through the ups and downs of life the land in an environment and market place beyond our control.** We certainly do not expect that our income will increase to accommodate such a rise in any year and for 7 years. - Our expenses such as electricity etc are rising at the same rate as Armidale Dumaresq Council's increases .We have to adjust our expenditure accordingly so we can live within our means.
- **We are already contributing a significant percentage of our income** (many thousands of dollars) annually to Armidale Dumaresq Council in rates which is in reality already an unaffordable tax on our income but has no relation as to whether the year has been average or desperate.
- **We are in a desperate drought – as bad as experienced in 980's.** **We are all struggling to keep stock alive** .Costs are huge as fodder has to be transported from South Australia and Victoria. Large numbers of stock of different categories have had to be sacrificed to save core breeding stock .Landholders have had to make desperate decisions due to lack of rain for pasture growth and in many cases shortage water for stock. Stock normally fattened for sale this year and weaners (next year's income) have been sold for a pittance of potential value as record yarding s forced prices down.
- **At this stage State and Federal Governments are striving to provide some assistance for those areas so badly affected by drought.** This includes our Council area which is in a bad situation as winter approaches with no pastures. This assistance includes waiving of annual rates for Local Land Services for this year. Instead in this difficult year which will take many years for recovery the Council seeks to impose a cruel, unsustainable rate rise over seven years.
- **A number of local properties have been sold at inflated prices recently** to European Super Funds. The prices paid for these properties are unrelated to the actual value as they are not concerned with income. These sales create a false value for rural lands as percentage of return is low and varied
- **Our property provides a living for the lifetime of each generation.** Over the past 30 years annual income has been low. . Generations of this family have operated this property for

139 years. Never in the history of this property has there been such an obstacle to sustainability caused by what is a tax on our business.

2) When the Special Rate Variation was to be 20% we; as rural ratepayers were required to pay the following increase  $20\% + 2.30\%$  (rate peg compounding)  $+ 8.31\% = 30.61\%$  of our annual rates. When Armidale Dumaresq Council decided to reduce application to 10% we are I to pay an increase of  $10\% + 2.30\%$  (rate peg)  $+ 5.42\% = 16.88\%$  see pages 9 and 10 of *Community Strategic Delivery Program 2014-2015* in Armidale. Dumaresq Council's application to IPART 24/2/2014. We have asked several councillors and employees from Armidale Dumaresq Council why we as a category of ratepayer are required to contribute this extra percentage. No one has been able to provide this information. Our rates are large so that even a small rate rise equates to a significant sum. The \$337.89 stated as average on page 9 of IPART application of Armidale Dumaresq Council *Community Strategic Delivery Program 2014-2018* is totally incorrect for us as **landholders solely dependent on land for income**. as so many small properties of a few acres near the city are wrongly placed in the same category. There should be a separate category for Lifestyle Land as this inclusion brings the average down so that it is totally irrelevant as a figure for farmland category.....

**3) We do believe our predicament is a result of amalgamation of a rural council with a city based council.** As rural ratepayers we pay high rates to Armidale Dumaresq Council but we receive no services. We are responsible for all our own services such as water, septic, internal roads, garbage disposal to name a few.

Our roads are allowed to deteriorate over a long period before attention is given. This year we finally had the 7.5 km of our gravel road repaired. Road users had been complaining over a period of 2 years as the road was almost impassable due storm damage and neglect. **ADC had applied for storm damage but did not use it for our road until 2013.** Despite complaints our road had not received attention for 4 years even though ADC has listed repair in budget annually. We believe that no amount of funding will improve this situation as ADC has not displayed consideration for our needs as rural ratepayers contributing large amounts for no service.

4) **We cannot afford any rate rise.** Any increase will have a big impact on our business because of high rates already being paid by us. **Armidale Dumaresq Council has not used its discretionary powers to review rate categories and the availability of services to the separate categories.** In the Comparable Table Local Government NSW Farmland rates are well above the average for NSW.

**5) We are concerned about the flow on effect of rate hikes at this difficult time on the retail section of Armidale so obviously struggling.** We have been told by an informed researcher that 150 businesses including retail, offices etc have closed in last 18 months. The rents are too high at this stage. How will retailers cope with an additional impost as rate increases are passed on? Our lovely city is already suffering.

**6) It is our understanding from information recently received that Council should have explored all other opportunities t before applying to IPART for a special rate variation.** .These include applying for funding and reducing expenditure on unnecessary services which have been allowed to increase over the years and looking closely at productivity. .

**7) We have heard from senior bank employees that there will be significant cash flow problems in 3-4 years for the rural industry as there has been record sales of core breeding stock due to**

drought for which at this stage there is no predicted end as winter looms with no grass and a shortage of water .Many local businesses will be directly affected by this. We see retail is struggling in Armidale and there are many empty shops. As a consequence many people are without jobs and pay high rents for accommodation.

#### **8) Lack of Consultation for Rural Ratepayers.**

This is a record of consultation available for us as rural ratepayers in rural Wollomombi We first heard of the-possibility of a rate rise from a concerned landholder near Armidale in early June 2013

a) Meeting 25/6/ 2013 of Wollomombi Local Area Committee .This meeting was held to discuss talk of a possible rate rise. We were told that this was not so and- this was only a rumour and there could be no rate rise without community support. It was commented by local people at the meeting that there was no way the rural community could cope with any rate rise.

b)Meeting WLAC 2/7/2013 with our Council representative and senior Council employees. No mention was made of the rumoured rate rise. It was presumed that the rumour had no basis.

c) Meeting September WLAC. Invited Council employees arrived with an unannounced presentation of plans for 20% rate rise accompanied by our Councillor who was very supportive of Council employees and unsympathetic of expressed concerns and shocked dismay by Local Area Committee members. All present strongly objected to the proposal for SRV. No mention was made of an option to choose just the rate peg. This was an option in notification to IPART.

**This was the extent of consultation with us as rural ratepayers already paying significant rates with no opportunity to use any of services provided in Armidale.**

e) On 23/12/2013 we received a letter announcing opportunity for us to write a submission by 10/1/2014 regarding planned special rate variation. We believe the timing of this letter was unjust being in the busy Christmas period. Many people were unable to respond as they were on holidays. We do not believe that Council was unaware of this as we have been told by an informant that it was actually planned.

f) I was phoned to take part in a survey which was an insult and a disgrace because it was so skewed. It did not matter how I answered the questions which were geared to suit Council to the disadvantage of the ratepayers. This survey was conducted by Jetty Research....

g) Council organised a meeting for rural ratepayers in January 2014.A neighbour heard about this from a council maintenance worker. He was told he needed to phone if he planned to attend. When he phoned Council he was told that the meeting had been cancelled due to lack of interest as no one had indicated they would be present .**The fact is there was no advertising and not one ratepayer was aware such a meeting was planned.**

We understand the same procedure was adopted for city business ratepayers.

h) On 8/2/2014 we heard of a meeting to be held in the Armidale Town Hall at 5pm.This was poorly advertised so ratepayers used phone and email networks to inform others of meeting. A few days before this meeting a few people discovered the time had been changed to 2pm until 4pm on 8/2/2014.The meeting was no longer to be a meeting as planned but was now to be a Workshop. ADC was told there would be large numbers attending present by a number of people. At this workshop tables were set up for only 90 people. There were over 350 people present.

A consultant was used to present the case for rate variation. This was a disaster and an insult to those present. Towards the end of the meeting the Mayor finally took charge and some semblance of order was established. We have never been to a meeting with such a poor presentation and a complete lack of organisation.

**.This meeting was the only “consultation” opportunity for most rural ratepayers as well as Armidale residents and local businesses.**

**Armidale Dumaresq Council listened but they did not hear.**

**Consultation with ratepayers was flawed.**

9) We do believe Armidale Dumaresq Council has a duty to rural ratepayers and should have regard for our sustainability. This variation will mean several thousands of dollars for us annually. It will create problems directly for city businesses as flow on effect will be created as a result of the significant increase in rates rural ratepayers as well as the higher rates for the local businesses.

8) We do not understand the fact that the Treasury Report dated 13 March 2013 rates Armidale Dumaresq Council as moderately sustainable .The majority of Councils in NSW are able to live within their means.

We do believe this Council has been mismanaged over many years and the ratepayers have been overcharged. This is evident as \$20,000,000 was able to be invested overseas a few years ago on bad advice. We are concerned that this income was not used on the roads, bridges and infrastructure at that time as there was a need.

9) It is unfair that because of poor management ratepayers have been requested to agree to a rate rise which will be unaffordable in normal conditions and add to extreme hardship in drought conditions. This rate rise will make possible for further mismanagement, inefficiencies and waste to continue for a long period.

**Armidale Dumaresq Council has failed the ratepayers of this this local Government Area.**

**Our city and the surrounding rural area deserves better.**

**We believe there should be no Special Rate Variation and ADC should make suitable changes which have been suggested consultants employed to advise and advice has unheeded and no action taken.**

**Rural ratepayers afford a special rate variation.**

**Armidale Dumaresq Council should look to its core business at this stage, reduce unnecessary services and increase productivity.**

Yours sincerely,

Patricia and Allan McRae