



Local Government Team
Independent Pricing and Regulatory Tribunal of NSW
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Dear Team

Re Special Rate Variation Proposal 2019-2020 for Richmond Valley Council area


I should like it put on record that I oppose the granting of a Special Rate Variation 2019-2020 running over 4 years.

Richmond Valley Council unanimously voted at a meeting on 7th February to seek a 5.5% annual Special Rate Variation (SRV) for the period stated above. One reason put forward for this decision was the 'overwhelming support' received from a survey carried out by agents of the Council. I have no information as to whether this survey was conducted using sound methodology, whether the sample size was sufficient to draw firm conclusions or whether the sample adequately represented our local community. I trust that Richmond Valley Council has provided the IPART team with verifiable survey details. However, I have not met one person from the Evans Head community who is happy with the proposed rate rise.

As far as I am aware Richmond Valley Council (RVC) is one of only 7 regional and rural NSW local councils that are requesting rises above the pegged rate for this period. So why are many local authorities able to manage without requesting an SRV where RVC cannot? RVC is just coming to the end of its previous SRV that ran from 2014/15 that saw a cumulative rate increase of some 39% over 5 years. Prior to that time RVC has a history of being granted SRVs on a regular basis.

If the current SRV 2019-2020 request for 5.5% per annum is granted then the overall increase since 2014-15 to the end of the next 4 year period (9 years), will be 63%. This is untenable, particularly in an economic climate where wages are more or less static and pensions more or less fixed.

HealthOne Windfall

At the community consultation meeting held in Evans Head on 6th February 2019 the RVC General Manager, , when questioned, confirmed that the sale of the council owed Evans Head site for the proposed 'HealthOne' project would yield RVC a windfall of around \$1,000,000. Surely, if managed wisely with other economies, this amount should obviate the need for a special rate rise. RVC like all businesses and all households needs to live within its means.

Special Rate Rises for Special Purposes

Pegged rate rises were put in place to protect rate payers and local residents from exploitation by inefficient and poorly managed local councils. SRVs, as I understand it, should be for some special reason over and above the general running of a local council area and are not intended to be a yearly supplement for what would be considered ordinary operations. It appears to me that RVC uses the SRVs in order to do its general business. This general business should be covered by the pegged

annual increase as determined by IPART and by special grants where applicable. I believe that RVC and other small local authorities should not be able to use SRVs to prop up what are essentially unviable local government areas. As far as I can see from information supplied by RVC the primary reason for the SRV is for road-works which I would think is definitely ordinary business. Special grants are usually available for supplementary road works required after flooding.

The Pensioner Rebate

The pensioner rebate has not risen for 26 years. People renting a home get a fortnightly allowance towards their rental costs added to their aged pensions. However all pensioners have 'housing costs'. Pensioners who own their own homes or are still buying them have to cover maintenance, rates and water rates and often mortgage repayments which can be substantial and struggle without this extra amount from the commonwealth. It is time to acknowledge this and to raise the amount of the rate rebate and index it to rate rises. This would mitigate some of the financial hardship experienced by pensioners, particularly single pensioners, in relation to housing costs.

The inequity of percentage increases

The use of percentage rate rises has an unfair and insidious cumulative creep. If you start with a higher rateable amount the actual \$\$ increase will be greater than for the properties with a lower rateable amount. So over the years, with so many percentage increases the gap in actual rates paid, between areas where land has a low value and areas with a higher land value, grows exponentially and becomes increasingly unfair. Under s529 of the *Local Government Act 1993* RVC has the power to determine a different rate for a particular area and should be bound to do this in the interests of fairness and social justice under s8A(1)(h) and s8A(2)(b). At the community consultation meeting held in Evans Head on 6th February RVC councillors seemed very resistant to this idea.

Unfair percentages

According to the RVC Annual Report the total population of the shire is 22,807 persons (*ABS 2016*) the population of Evans Head is around 3,000, so has approximately 13% of the total population and yet, according to figures provided by RVC, Evans Head & Surrounds provides 20% of the rates revenue. (*Community Consultation Document, Casino Evans Head 4 & 6 February 2019*). I think it unlikely that all these monies come back to Evans Head. I have no information on the proportion of rates monies spent in Evans Head.

Misleading averages

In addition I would like to take issue with RVC for information put forward in their News Letter 'Valley Views' Issue 10 (sic) December 2018 and again in their *Community Consultation Document February 2019* in which a variety of graphs and tables were used to show that RVC local council area had the lowest rates on the far north coast using average household rates for each local government area for the rateable year 2016-17. Averages are a very misleading way of showing the rates in local government areas especially for those containing very disparate land values as is the case in the RVC council area. RVC came in with the lowest average at \$825.57 for the year. Any one in Evans Head would be very happy to have such a rate! My rates for the same year (before rebate) were [REDACTED] more than twice the 'average'. I can't help thinking that part of the reason for this disingenuous release was to neutralise protest against the current SRV request.

Capacity to Pay

The Guidelines (2018) that IPART released to local authorities in order for them to assess whether they could successfully apply for a SRV insists that councils must consider their ratepayers capacity to pay in Part 3 as follows:

**GUIDELINES FOR THE PREPARATION OF AN APPLICATION FOR
A SPECIAL VARIATION TO GENERAL INCOME**

3.1.3 (page 8)

Assessment criteria for special variation applications

- **The impact on affected ratepayers must be reasonable**, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. The Delivery Program and Long Term Financial Plan should:
- clearly show the impact of any rate rises upon the community,
- include the council's consideration of the community's capacity and willingness to pay rates, and
- establish that the proposed rate increases are affordable having regard to the **community's capacity to pay**.

As a rate payer in Evans Head, on a block of less than 600 square metres with a Valuer Generals value of [REDACTED] (01/07/2016), my rates were [REDACTED] for the current financial year plus another approximately [REDACTED] for water and sewage charges. This is a total of over \$3,000, a significant amount for someone whose only income is a single aged pension. I do get the pensioner rebate but this is a modest amount and as stated has not increased for around 26 years. In this same period my rates have increased exponentially! The rates and water rates are the bills that create the most financial stress in my life and this must be the case for many other older rate payers in Evans Head. In comparison power bills which make the news regularly are much easier to cover. It might be added that I can economise on my use of power & shop around for a better deal. I cannot do that with my rates and continue to stay in my much loved home of 17 years. No matter how well I sort my rubbish, limit my use of the road or return my library books on time I will not be offered a rate reduction.

RVC provided only average increase amounts over the 4 year period in their *Community Consultation Document* and as already stated I find average figures in no way represent the rates that, as a resident of Evans Head, I pay. However, I have no choice but to use the cumulative average percentage increase totals as detailed in this document to calculate the increases which I will face over the next 4 years if this SRV is granted. My rates will rise another 23.92% during the period to 2023, an increase for me of around \$494 bringing my general rates to [REDACTED]. If my water & sewage charges rise by a similar percentage then that bill will be around [REDACTED]. This is a combined total to RVC in year 2023 of approximately \$3952 Just under \$4 thousand and \$1 thousand per quarter. If my land value rises during this time, which is more than likely, then the amount will be more. It is impossible to imagine that my pension will rise by a similar amount during this time.

Under *s582 Local Government Act 1993* a local authority has the power to make rate variations for pensioners and others on benefits and allowances. It is time for RVC to use its power under the act to relieve the burden experienced by many pensioners in Evans Head.

At the public meeting with RVC on 6th February a number of Evans Head pensioners protested at the amount of rates they pay compared to that paid in other areas of the local government area. A local real estate agent spoke of single pensioners in tears as they were forced to put their loved homes on the market as they could no longer cover the rates.

I would argue that by using average rate figures as detailed above that RVC has not adequately considered the impacts of their desired SRV increase on the pensioners, particularly single pensioners, and others on low incomes in Evans Head or their capacity to pay as required by the Guidelines.

In Conclusions:

Why the application by RVC for a Special Rate Variation should be refused

- RVC will be receiving a financial windfall when the HealthOne development land is purchased by the Department of Health.
- SRVs should be for special projects not general business.
- Local authorities should live within their means and not burden local communities just because they are inefficient or unviable.
- The iniquities of percentage increases which widen gaps in household rates paid within local authority areas putting unfair burdens on small communities with higher land values.
- The use of ‘averages’ when comparing rates for different areas thereby hiding the much larger unfair amounts paid by one part of the community.
- RVC should not be able to raise rates beyond the capacity of pensioners and those on other low & fixed incomes to pay as per Part 3.1.3 of the ‘Guidelines’

What RVC & IPART should also consider

- Lifting the pensioner rebate to relieve hardship.
- *Local Government Act 1993 ss529, s8A(1)(h) and s8A(2)(b)* which allows a local authority to change the rate for a particular part of the council area to relieve inequity and provide social justice.
- RVC could choose to use its powers under *s582 Local Government Act 1993* to lower or remove the rate burden for pensioners in Evans Head.

Yours sincerely

