Submission on Draft Report Review of the Rate Peg Methodology

In response to the suggestion by some Councils that the rate peg should be abolished and either it made easier for Councils to apply for Special Variations or indeed, set their own rate increases, I believe this would be disastrous from my experience of our own Council, who demonstrate very little responsibility regarding financial management.

While Councils claim to be financially affected by extreme disastrous climatic events, ratepayers, and especially farmland ratepayers, are often far more affected. This makes large rate increases unaffordable and hardship policies that only allow for deferral of payment until the end of June are of little benefit. Councils invariably focus on residential rates which are much lower, and these ratepayers are far less affected by such events.

Some councils have become involved in providing services of low priority which are unaffordable and deny funds for far more essential core infrastructure services. Without a rate peg to encourage prudent financial restraint, Councils will continue to live beyond their means. Such behaviour highlights the need for a rate peg to act as a constraint. It is completely unreasonable to expect ratepayers, who must live within their means, to finance a Council who chooses not to. The more services Council provides to the community, the more the community will expect, whether affordable or otherwise.

While Councils continually claim to have achieved productivity improvements, we rarely see the realisation of such improvements.

All options of increasing Council revenue must be explored before ratepayers are asked to accept large rate increases. User fees must be appropriate, otherwise it results in an unfair distribution of costs on other ratepayers. Development Application fees and Service Charges for new developments should cover true costs and not be subsidised by ratepayers.

Grant income must be carefully budgeted for and only applied for to build projects that are affordable into the future and will not become an impost on future generations. While Councils target select niche groups, seeking community feedback regarding community infrastructure, Council will not gain a true reflection of the entire community's thoughts regarding such projects. Poor prioritisation of spending too often leads to core infrastructure being neglected and results in an ever increasing infrastructure backlog. This is then used as an excuse to apply for large Special Variations, which are unaffordable for many ratepayers such as farmland ratepayers who pay a disproportionate level of rates compared to the level of services they receive.

Governments should provide grants for the operation and maintenance of projects and not just initial construction. It is often the ongoing costs of 'Ribbon Cutting Events' that leads Councils into financial difficulties.

Councils need to realise that pensioners are not the only financially vulnerable ratepayers. The more they raise rates, the more vulnerable people there will be, as climatic and economic conditions deteriorate. It is not reasonable for Councils to expect ratepayers to subsidise a Council's level of spending that ratepayers themselves cannot afford.

Any rate increases should be applied evenly to all ratepayers and not affected by large variances in land values which appear to vary markedly for no apparent reason. This would also greatly simplify calculations of rates by Councils.

It is imperative that Councils are closely monitored to ensure that they practice exemplary financial management. Any advantages of improving the methodology behind setting the rate peg is very easily negated by allowing Councils to continually apply for large Special Variations.

Please redact my name if this submission is published.

Regards,

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Farmland Ratepayer, Federation Council