



SUBMISSION TO THE INDEPENDENT PAYMENT AND REMUNERATION TRIBUNAL

In the matter of Application by **Bega Valley Shire Council** for Special Rating Variation for the years 2013/14, 2014/15 & 2015/16.

Submitted by **Peter Richard Rogers**, Rate paying resident [REDACTED]

I wish to submit the following matters to the Tribunal for your consideration:

The Need for Special variations.

A review of Council Finances and needs into the future under taken by a Professor Allen some months ago, indicated that Council, to maintain its Assets would need a large amount of Money, amounting to millions of dollars to keep it assets viable and in good order. With the passage of time this amount quoted was \$30 million, then it grew to \$70 million, now I hear quotes of \$84 million. I do not know what the figure is but no doubt Council will have quoted it in its application before you.

I would point out that Prof. Allen in his report indicated that all the information he needed was furnished by Council Staff and he therefore could not verify how realistic it was. Prof. Allen, to be fair would have had to be a civil engineer and a quantity surveyor at the very least to be able to confirm it all. It is my own belief that the Report is based on a Staff wish list rather than on what is demonstrably needed.

The Special rate variation for the first year 2013/14 is based on the promise that it will be entirely earmarked for 'collector' roads. That may be so but the levy will be continued on forever, and there can be no binding promise that future collections of this levy will continue to expended solely for this purpose. This is of concern to me. Council's own Finance director confirms that compounding with future inflationary rises will raise ever increasing amounts of funds for the next ten years covering a commitment by the present Council to not make any further applications for that period. A commitment that they cannot bind a future Council to keep.

Socio-economic circumstances of the above Council area.

With reference to the 2011 Australian Census, it will be noted that the median Household weekly income for the Council area is given as \$848. This compares to a NSW median of \$1248. This gives a shortfall below the State median of \$400 per household.

In addition to this from the Council's own figures (disregarding business rating which is not eligible for pensioner rebate) the number of assessments granted pensioner rebate amounts to a fraction over 20% of assessments issued. This figure indicates that one in five assessments is pensioner occupied. I can give no indication of course of the ratio between part-pensioners and full pensioners but the fact that Centrelink has seen fit to grant at least a part pension is an indication of the overall depressed income levels in the Shire.

I would further point out that from the same census figures it may be noted that the median age of residents is 48, compared to the NSW State median of 38. This due in part from the shire being a haven for a large number of retirees from other areas, and in part from the fact that low employment opportunities lead a large number of younger people to seek employment in other areas.

I would respectfully point out that although your brief is to examine the General rates as such and that the Charges are outside your ambit, I contend that in determining your findings consideration should be given to the fact that the minor Funds of Water, Sewerage and Waste Collection loom extremely large the personal economies' of the average ratepayer. The Shire's contention that the rating as such compares favourably with other level four Councils, it is a different picture when rates & charges are considered together as an impost which are overall an almost intolerable burden for a low income sector.

Council currently intends to apply the 3.4% which you have permitted to the Rates levy, to each of the Minor Funds as well as Charges. It does not of course need consent for this but the effect of it will see a much larger impact than the initial 2% being applied for 2013/14. A fact which Council is at pains not to emphasise in its engagement with the public on this issue.

This has been forcibly pointed out in the almost laughable (if it weren't so serious) attempts by Council to engage Ratepayer support for the Variations applied for. One former Councillor at the Public meeting held at Merimbula tried hard to get an answer to the question "At what point or income level does Council consider the Rates and Charges unaffordable?" No response.

It is of interest to note that Merimbula in the geographic middle of the Shire is probably the more affluent centre due to active catering to Tourism, particularly Victorian holiday makers. It is the main settlement area of retirees, the auxiliary village of Tura being virtually developed for that purpose, attracting city dwellers to a sea change. Eden is also tourist oriented but by no means as popular and due to closures of business, restricted supplies of timber for the local sawmill, very much reduced commercial fishing etc., results in quite a depressed area compared to twenty years ago. Bega itself, not being directly on the coast is very limited as to tourism and is a service centre for the dairy industry, historically the basis of the town's economy. Due to increased costs, whole milk production is deemed to be a current loss maker, although beef and cheese production brings a measure of prosperity. The number of persons employed in agricultural pursuits is historically declining, not only locally but Australia wide, together with the drift of young people away for educational and employment sees a constant decline in the younger sector.

My concern about ability to pay more Rates, is reinforced by four of the nine Councillors voting against the application currently being made to your Tribunal. All of them, in the debate raising their concern about the ability of their constituents to pay.

One of whom, the Deputy Mayor, made the (at the relevant meeting of Council) point that big expenditure may shortly loom in the Water Charges, which will make and

very large increase necessary, not with standing the pro rise majority of Council stating the no further applications would be made for ten years,

No Council can make such a commitment for a future Council, nor can they claim to be able to see what economic conditions would pertain over such a period.

So a substantial segment of the Council already can see my position here.

The majority, in their speeches, made the position that they had the overriding obligation to maintain Council assets despite the hardship this will impose, so they too see a problem but they take a position that assets are more important than people.

Support for a Special variation.

Due in part because of poor publicity (the Bega District News did not print any news item of such meeting for any of the locations within the Shire. The only mention was buried in a Council full page advertisements of mandatory publication of Council notices of DAs, Tenders, etc. which in practical effect few people of the General public read at all. As a result 6 persons attended at Bermagui and only 3 at Bega, the main centre. 20 persons attended at Merimbula. I attended the latter two. I did not know of the Bermagui one at the beginning of the week as I only heard it was on at 5.50 pm, the meeting commencing at 6.00pm. it is regrettable that the Newspaper, the above mentioned Bega District News does not report any Council doings at any depth, nor does it pursue any investigations in Council activities as one might expect of the press.

The hiring of a consulting firm to undertake a survey of random ratepayers and residents, with a view I feel to bolster Council's case for the Variations has been undertaken. An initial survey of about 1,000 was done by telephone with a promise to follow with a supplementary survey of the same sample was not entirely followed up, as only 400 or so got the follow up call.

The suspicion arises that the 'too negative' respondents were dropped out, which hardly fulfils the statistical requirement of 'randomness' in selection. I would further point out that in my opinion and many statisticians might agree, that a slanted result can be obtained by carefully selecting the questions and their sequence. For example, a lengthy series of questions dealt with Council's performance and the respondent's satisfaction level, in various aspects of their activities. Then after responses, in negative fashion to many of the questions, the question is then posed, "Would you be prepared to pay more money to correct these shortfalls, on a scale of 1 to 5. ranging from a flat 'no' to 'maybe' in the median to a 'yes' at the other extreme. It does not seem from what I can ascertain that this scale had any means of ascertaining what conditions might be given or implied by a respondent for those choosing a positive or vaguely positive option.

It is my respectful contention therefore that the tribunal might treat this survey evidence with some caution.

There is no doubt in my mind that a large amount of apathy is generated by the rather hopeless view that despite their protests over the previous Special Variation applications, Council's application will almost inevitably be acceded to.

Past Variations.

The Tribunal will no doubt be aware that some 19 applications have been requested over some years since rate pegging or capping was introduced for Special variations. It should be noted that when the decision was in the hands of the Minister for local Government, on a number of occasions, the Minister said he/she had not had any serious indication or evidence of endeavours to increase efficiency, reduce waste, duplication of effort or other efforts to economise, with the further implication that despite the consent given, Council should be expected to seriously try to do so.

Since IPART has now been given the role, the application or conditions attached to the granting the application are not always adhered to.

I cite the example of a "Sports levy" of some four years ago. The Tribunal saw fit to grant this but only for five years only, to **maintain and upgrade existing** sports facilities. There have been some upgrades from this levy, but note that a new facility altogether at the small location at Kalaru village. "Evans Park", previously a vacant paddock, is being created from scratch to service a village, with no school, no discernable sporting teams and a population of perhaps two hundred, while about five Kms., away at Tathra there are already good sporting facilities, a thriving primary school, AFL team, cricket team etc. Just who are these facilities to serve? A vocal minority? This cost to create more when Council already claims that they can't maintain the existing infrastructure they have!

I contend your indulgence of their application then, is now busy creating more new operations which the Shire then told you it couldn't maintain the ones it has.

So now they calmly ask that the levy agreed for a five year term is to be continued by your tribunal but this time with no period. So in plain words, they want it forever.

Compounding Effect.

My final submission is dealing with the compounding effect of the rises granted. You will of course be aware of the compounding effect of percentages rises given over the base rate at the time of granting. It is reasonable to assume that barring a financial catastrophe, the annual IPART approved rise allowed to all Council will continue and another reasonable assumption would be that it will be around the 3% level, give or take.

This being so, any Special Variation without a time limit, will be compounded over the future years to raise ever increasing money amounts. So any variation given in addition to the inflationary one will raise more and more in money terms. It has been calculated by a ratepayer, and confirmed by Council's Director of Finance, that the Special variation given for spending at the airport at Merimbula, will result in \$3 million extra, over and above the amount required for loan repayment, in the period of the loan.

This will be additional money available to Council for whatever purpose they please.

It is my final contention to your Tribunal, that a term limit be placed on percentage rises over the inflationary percentage, other wise the compounding effect will make Council's taxes on the community a constant impost which in future years may impact more and more on the poorer section of the community, much more so in proportion to the better off part.

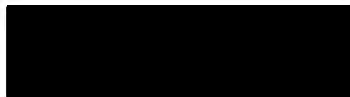
It is a truism that 'the poor will always be with us' but they deserve an affordable life too.

In addition, Council should be made to justify a rate rise only for the financial year ahead, not be able to apply for additional future rises for future years in one application.

This applies in this case to the continuation of the 'Sports' levy and to the application for the Special variation for a Council Building Levy in the third year.

Respectfully submitted for your consideration,

I am, Yours faithfully



Peter Rogers.

