

7 March 2019

Our Ref: SM/L07032019

Dr Paul Paterson
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
HAYMARKET NSW 1240

Dear Sir

Tamworth Regional Council – Special Rate Variation Application Event Levy February 2019

The proposal as submitted by Tamworth Regional Council (TRC) is to increase the rate applicable to business rates 2% above the rate peg over three years and to remain permanently after 1 July 2020.

The application of the increase is described by TRC as:

The amount to be raised through this SRV will require an increase of 0.34% in 2020/21, 0.38% in 2021/22 and 0.38% in 2022/23 above rate peg consecutively over the three year period, and would derive additional income of approximately \$125,000 in 2020/21, \$270,000 in 2021/22 and \$418,000 in 2022/23.

At a meeting of the Tamworth Residents and Ratepayers Association Executive, and invited attendees, convened at 5 pm on 4 March 2019 at the Tamworth Hotel, the following objections to the TRC special rate variation application were approved.

Community Consultation

1. The 1,828 business ratepayers (as set out in the proposed Special Rates Variation TRC document) directly affected by the proposed special levy could have been directly contacted by mail with a description of the proposal and a survey response provided to those affected ratepayers at the same time.
2. TRC conducted 20 information sessions described in their application. TRC is unable to provide numbers for attendances at those sessions of person who were actual business ratepayers.
3. In Tamworth, the number has been estimated as 10 at one of the best attended meetings at IBIS at 7.00 am on 14 November 2018 where about 37 people attended, the majority of whom were lessee business owners and not owners of business premises to which rates applied. Tamworth has 1,495 business properties.

4. Attendances at the meeting at Barraba, 92 Kilometres north of Tamworth, we are advised was attended by about four actual business ratepayers. Barraba has 91 business properties according to TRC records.
5. Attendances at the meeting at Manilla, 48 Kilometres north of Tamworth, we are advised was attended by actual business six ratepayers. Manilla has 56 business properties according to TRC records.
6. Attendances at the meeting at Nundle, 60 Kilometres east of Tamworth, we are advised was attended by 10 actual business ratepayers.
7. There were three meetings at Tamworth on 5 December 2018. The 7.00 am meeting we are advised had one actual business ratepayer in attendance. The meeting at 12 noon we are advised had 20 ratepayers in attendance. The meeting at 5.30 pm we are advised had four actual business ratepayers in attendance.
8. A major proponent of the Special Rate Variation was the Tamworth Business Chamber (Chamber). It is submitted that the Chamber has a conflict of interest that should have been declared because TRC is a major sponsor of some the Chamber events.
9. Based on the observation of some of the business ratepayers who attended meetings, very small numbers of business ratepayers attended the information sessions, possibly as low as 55 actual business ratepayers.
10. The ownership and addresses of the 1828 business properties are known to TRC, but they are unable to provide an unbiased, reliable response from the ratepayers to be affected by the Special Rate Variation Event Levy.

Purpose of the Events Levy

1. TRC has provided two main documents to the community meetings to support their proposal for a special rates variation events levy.
2. The first document is the proposed *Special Rate Variation New Events Overview*. This document sets out the proposal to raise \$184,680 in year 1 at an increase of 3%, \$384,135, \$384,135 in year 2 at an increase of 6.2% and \$599,292 in year three at an increase of 9.7%.
3. The *Special Rate Variation New Events Overview* states that the extra revenue will be used to '*...attract and create new events, conferences and sporting opportunities in the regions...*'. The documents also states that '*...the focus of the event strategy is to consider off peak and shoulder season events, new events that complement the existing calendar of events around the region, attract intrastate, interstate and international visitors, and maximise the utilisation of venue infrastructure...*'.
4. TRC document *Event Attraction Strategy* on pages 5 and 6 identifies the objectives to promote a diverse calendar of events, attract and target iconic events, support growth and sustainability of existing events, support and promote the Destination Tamworth brand, develop partnerships to increase investment and support of events in the TRC Local Government Area (LGA) and ensure alignment with regional plans and strategies.
5. TRC document *Event Attraction Strategy* on page 7 states that business conferences are a major opportunity.
6. TRC document *Event Attraction Strategy* on pages 10 to 13 sets out objectives, action, outcome, measure and partners on each page under the four headings tourism and marketing, economy, investment and lifestyle. The heading measure appears to be intended to track the success of initiatives by measuring the number of events held, events established, attendance and increase economic activity.
7. TRC document *Event Attraction Strategy* on page 14 states that the key focus is to identify major events that will deliver the greatest return on investment.
8. The objective for the use of the funds appears to be broad and largely undefined.
9. Business ratepayers have commented that a bidding war may be encouraged to get major events to TRC LGA and that this may encourage other LGA's to undertake a similar subsidisation of major events to attract them to their LGA. Promoters of events will play LGA's off against each other. The only winner will be the promoters of events.

10. Business ratepayers are concerned that the eventual use to which the funds are put may be ineffective.

Supervision of Levy Funds

1. TRC states that Special Rate Variation expenditure will be reported to the community on a regular basis through its quarterly and annual reporting.
2. TRC states that an independent panel of experts will be sourced from the community to oversee the assessment process for events. TRC states that the Tamworth Business Chamber will be an automatic appointment to this panel and a nomination process will be opened to find other suitable members.
3. When the General Manager, Paul Bennet, was questioned at Tamworth on 5 December 2018 he stated that the independent panel would have no status other than to advise and make recommendations and that decisions on funding would be retained by the elected TRC councillors.
4. Business ratepayers are concerned that oversight and recommendation for the use of funds provided by the independent panel of experts may lack adequate commerciality, without detailed specification of the skills and people required to be appointed to such a panel.
5. Business ratepayers are concerned that any independent panel appointed will have no power to enforce its recommendations.
6. Business ratepayers are concerned none of the people paying the Special Rates Variation, the business ratepayers, may not be appointed to the independent panel.

Impact on Business Ratepayers

1. The TRC LGA is currently in severe drought. At this point there is no Bureau of Meteorology forecasts that indicate a break in the drought.
2. The impact of the drought is having a negative impact on the local economy. Businesses such as medical doctors, professionals, trades people and other business will need to pass their costs on to customers and all ratepayers.
3. If business property owners have a lease agreement with commercial tenants that includes responsibility for outgoings and rate increases due to the Special Rate Variation, the increase in rates can probably be passed on to the lessee. This increase in overheads will reduce the lessee's business profits.
4. If business property owners have a lease agreement with commercial tenants that does not include responsibility for outgoings and rate increases due to the Special Rate Variation, the increase in rates probably can not be passed on to the lessee. The increase in rates will reduce the net return on the rental property and will probably reduce the net market value of the property.
5. The increase in rates to 6% over three years will be an impost to the lessee's business owners and to the business property owners.

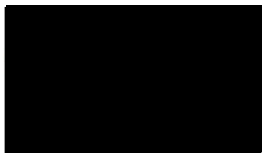
Summary

1. TRC has conducted an opaque consultation with the business community, which has not necessarily included the business owners that will be liable for the Special Rate Variation.
2. The Special Rate Variation will probably have a negative impact on the business owners who are lessees of business premises and on the business owners who are unable to pass on the rate increase to tenants. The timing of the Event Levy in the middle of a severe drought with the probability of an extended recovery period is poor.
3. Business ratepayers are concerned that representation on the proposed independent panel of experts will be inadequate, that the recommendations made by the independent panel are not enforceable, and that the people appointed to the independent panel of experts may lack adequate commerciality.
4. Business ratepayers are concerned that the eventual use to which the funds are put may be ineffective.

Conclusion

1. The community consultation engaged with only a small section of the business ratepayers in what was a significant programmed attempt to run information sessions. The response to the information session was substantially ineffective. TRC could have easily circulated a written survey to each business ratepayer and all probability got an acceptable response rate. The question must be asked 'Why did they not conduct such a survey?'
2. The proposed purpose of the Special Rate Variation to raise an Events Levy may well be counterproductive, promoting a bidding war that will only benefit the event promoters.
3. It is not apparent from the Event Attraction Strategy selects opportunities that are clearly identified and that designated desired outcomes that are appropriately targeted. There is high concern that the application of funds from the Event Levy will be ineffective.
4. The **Tamworth Regional Residents and Ratepayers Association does not support the proposed Special Rate Variation application.**

Yours sincerely



Robyn Lang
Secretary