

**Submission
No 12**

**INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO
FUND INFRASTRUCTURE AND SERVICES**

Name: Andrew Street

Date Received: 19 April 2024

I wish to raise with you your proposed Special Rate Variation (SRV) for the Snowy Valley Council in the coming 2 - 3 years depending on your proposed option. I find these proposals an objectionable impost on our business. HOW? How can you request or demand yet another circa 40% from rate payers after slugging us with the recent 35.95% SRV ? Now you request a further circa 40% increase to our rates and to cause insult to injury, you the Snowy Valley Council, have just recorded a surplus/profit in the most recent financial statement posted a \$14.766 Million Surplus/Profit or as you like to record it a \$187,000 surplus profit before grants.

Let me tell you about things from our perspective. Before the unrequested merger by the Baird NSW Liberal Government where Tumbarumba had a financial surplus and Tumut a deficit caused chiefly by Tumut Shire Council mismanagement we had modest rates with modest expectations from our council. We are forcibly merged to fix Tumut Shire Councils losses on US financial markets in the GFC to fix the deficit. Then the newly merged Snowy Valley Council now head quartered from Tumut need to "harmonise" our rates to bring us in line with Tumut Shire Council rates. On top of that we are told a SRV is needed. We are shown SRV options in September 2021 of between 15 - 30%. Remarkably this is increased at the 11th hour to 35.95% and all agreed to by IPART.

The Cost

From our family perspective our ordinary Farmland Rates excluding other charges are as follows

2020/21 - 6,908.40

2023/24 - \$12,873.06

that is a 86% increase

+40% that will be \$18,022.28

That is a 260% increase in 5 years. In our business you have gone from asking for 1.8% of turn over to 5.5% of turnover

The Ability to Pay

Now onto our ability to pay your demands; land valuations were completed at the top of the property and commodity cycle. Many in primary production are now closer to the bottom of the commodity cycle, I hope. Wool, lambs, mutton, grapes and beef are at historic lows. Input prices have increased as you have observed and interest rates have doubled. We know you don't get rates from NSW Forestry or National Parks so we are lumbered with their share or rates. I would suggest many of your primary producers (read those who pay as rates opposed those who don't), will post a loss. We will not post a \$14.766 Million profit and we can not pass our loss on. On my readings of council pamphlets and the IPART website they seem to care little about rate payers ability to pay and more for legislated covenants of surplus funds held. Well that is just unacceptable when those levied can't afford it and I suggest something has to change.

The Results

As we are 80km from Tumut and would average one visit per year to the town, we feel violated and used. We feel we are drained of funds via rate harmonisation and SRV in order to pay this we don't want, don't ask for, never use and can't afford. We don't want vanity projects in Tumut that we don't use. We didn't ask for the new evacuation centre to be built in Tumut that we couldn't use in the event of a fire/disaster and we can't afford the depreciation and upkeep on this asset. In short you might find this acceptable as a town rate payer in Tumut not so if you are at the other end of the shire.

Suggestions

As you well know items like the above mentioned and the new RFS building proposed for Tumut are added to to you depreciation schedule and we, the rate payers, pay for it. I suggest you do not go ahead with the proposed RFS building and hangar in order to contain costs and our rates. What will this RFS development cost us as rate payers year on year? I suggest that we need a change to accounting, we need many or most of your assets that we pay for put in some sort of trust that

Council is not required to pay the depreciation on. Further more I am led to believe that the Metropolitan and town fire brigades are not part of any Councils asset pool and there for not depreciated by council and paid for by rate payers. Why? We need to have a "harmonisation" and move these assets that are paid for by the State Government away from Council inline with our metropolitan equivalents.

Perception

It feels to me like there are those on staff in the SVC that have an interest in amassing more assets to manage and ribbons to cut which improves their CV credentials for their next professional move while we pay for these assets for the rest of time. I note of the last 17 IPART submissions made all 17 were approved in part or full. This to me feels like we will be rail roaded in to this SRV unless you the Councillors stand up for us, your constituents. The recent circular makes mention of covering "unexpected new service deliveries as was the case during Covid-19". What exactly did Covid-19 service deliveries directly cost the council? The circular also justifies the proposed SRV to "long-term allow Council to invest responsible in infrastructure and avoid burdening future generations with excessive costs or excessive reductions to services". I would make the comment this sounds similar to the justification of the previous SRV and based on a poor track record of responsible investment what is to say the SVC will not be simply be back in two years time asking for another 40% emboldened by previous successes with the rubber stamping from IPART? Based on history and rate peg rules, none.

In conclusion I feel I speak for many in our district that we as Farmland Rate Payers are struggling to pay your most recent harmonisation and SRV and it seems unfair that we have been forcibly merged with a larger poorly run council that has higher aspirations for which we have to pay and receive little. Often these aspirations and assets are unaffordable, out of our reach and non essential. All this in the face of a very testing economic environment while the council recorded a profit/surplus but is requesting yet another SRV completely out of kilter with any other Local Council . It's time for the SVC to tighten its belt, reduce costs and services, ask more from the State Government whether it be broadening its revenue base, changing accounting or simply more grants and funding. There must be a change on the part of Council otherwise I fear the SRV request will be just an ongoing demand until something breaks.