

Submission
No 92

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

Name: Name suppressed

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Partially
Confidential

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Submission to the
Standing Committee on State Development

Committee Members,

My submission touches on a number of matters in the Terms Of Reference.

Firstly, a proportion of council spending will involve transport infrastructure maintenance and renewal.

A user pays mechanism exists toward this purpose. This is the Fuel Excise, which is currently 49.6 cents per litre of fuel including Diesel and Petrol. As you are most likely well aware, this excise is administered by the Federal Government as the State Governments are forbidden from raising taxation under the Australian Constitution.

According to the Australian Automobile Association (information available at aaa.asn.au), *“over the past decade (up until 2022-23) only 57% of fuel excise has been reinvested in land transport projects. The AAA would like to see every cent of fuel excise re-invested into transport projects”*.

Given this mechanism, one source of funding for a proportion of Local Government Council expenditure on roads indefinitely into the foreseeable future will therefore be Grants of funds distributed from the Federal Government via the State Government and then to various Councils for transportation projects.

It is imperative therefore that the State Government put higher emphasis on procuring a greater share of the Fuel Excise from the Federal Government so that closer to 100% is utilized for intended purpose rather than 57% as outlined by the AAA above. This would help assist sustainability of Councils.

Also I am not aware what mechanism exists, if any, to ensure that EV owners contribute equitably towards road maintenance and transport infrastructure. **If there is nothing currently in place then some equitable mechanism should be implemented.**

Secondly, being an agricultural landholder, I have become increasingly concerned about issues involving “unimproved” land valuations conducted by the Valuer General, and therefore the level of rates charged to agricultural landholders by the Snowy Valleys Council [SVC] which have increased in my case by 91% in 2 years such that SVC and Local Land Services rates are now my third highest expense. I am concerned that part of the price paid for agricultural property is not supported by cash-flow that could be generated from said properties and the only way of eventually repaying principal appears to **rely heavily in large part on capital appreciation** and therefore possible future sale of said assets or a proportion thereof.

For Agricultural sustainability, I believe that valuations for rating purposes should be de-coupled from the speculative proportion of land valuations. I define speculative as being that proportion of land value where principle cannot be entirely repaid from cash-flow over 20 years irrespective of debt serviceability.

With certain classes of assets there can be an accounting NPV calculation to determine the value of an asset or business. The proportion beyond the value that could be supported by NPV of cash-flow I consider as being speculative. When assets are over-valued we are beckoning a "correction event" The fact that Agricultural commodities have fallen in the vicinity of 50% in the past 18 months is a significant concern.

I am resident in the former Tumbarumba Shire Council area that was forcibly merged to become the Snowy Valleys Council. We have incurred a nearly 36% SRV already, with another significant SRV proposed.

The following injustice now exists: Agricultural land in the former Tumbarumba Shire is now valued significantly higher. This means that council rates are significantly higher here when compared on a per Ha per annum basis with our agricultural counterparts in the former Tumut Shire in the northern half of the SVC. Rates harmonization? If it were ever to be a fair process then the rates per Ha per annum on agricultural landholdings should have minimal variation right across the SVC area. Comparable properties with similar carrying capacities in both the North & the South of SVC should be valued similarly and rates per Ha per annum should be similar. This disparity is grossly unfair. Even a commercial business is paying higher rates in Tumbarumba than for conducting the same nature of business in Tumut. This is also wrong.

It is imperative that the reasons for seeking SRV be thoroughly scrutinized if costs cannot be contained within a couple of percentage points of CPI. **A mechanism to facilitate much more rigorous scrutiny and independent evaluation or audit is needed.** IPART it appears does not have the scope for this purpose.

Are there structural changes occurring including, for example, increased reliance on outside contractors and decreased reliance on Council employees and Council owned plant & equipment. If so, do efficiencies actually exist or will cost blow-outs continue relentlessly and ultimately far exceed what SVC would otherwise have incurred had it continued with in-house employees and plant.

I was RFS Captain here during the 2019/20 fires. In my opinion there are ongoing sustainability issues with the softwoods industry with inadequate fire trail preparation and little blackberry control hindering firefighting access and impairing firefighter safety. Graders are a critical asset for fire containment though I don't think SRV have them anymore.

I am further dismayed by the fact that my private pine plantation neighbor and all private pine plantations in my brigade area have their land valued at around 18% or lower by the Valuer General compared to my property. This infers that private plantations are paying far lower rates per Ha per annum whilst relying on those of us predominantly from Agricultural enterprises to assist with firefighting. If no funding is being provided in terms of the following paragraph, then this is also most unjust and unsustainable.

Thirdly, with reference to the Plantations and Reafforestation Act, please check whether Part 5 clauses 39 – 45 is still in force. This legislation provides a framework for financial contribution for transport infrastructure expenditure for timber industries. It would be useful to know what contributions have been made in the past decade.

Thankyou for your consideration.

I have appended my recent submission to IPART for your further information. Thankyou.