



Outcomes of Community Engagement on Options for Rate Harmonisation

Background

In February 2020, Snowy Valleys Council endorsed the *Snowy Valleys Council Rate Options Study* outlining options for rate harmonisation for the purpose of seeking community feedback on the options. The harmonisation of the rating structures from the two former Shires would not change the total rate revenue received by Council. The engagement was specifically about which option was fairest in the long term for all ratepayers.

The community engagement process was subsequently delayed due to the impacts of the COVID-19 pandemic, during which time the NSW Valuer General issued updated land valuations for all land in the Snowy Valleys Council local government area, and a Special Rate Variation in the former Tumut Shire expired decreasing rates for residential and business ratepayers in the former Tumut Shire.

Engagement program and overall participation

Council undertook an engagement program regarding options for rate harmonisation over July and August 2020. The program excluded 'in person' events in order to minimise risks associated with the COVID-19 pandemic.

A hard copy *Rates Review Survey* (which included the options presented in the *Study*) was mailed out with the first quarter rates notices. Council received a total of 24 responses, although around a third of these provided preferences for only some land use categories.

An online version of the survey was made available on the 'your voice Snowy Valleys' website. A total of 98 people visited the site, with 59 submissions actually being received.

Further information was also available on the website including the *Rate Options Study* and videos providing a more detailed explanation of the options for each land use category.

Supplementary information was added in August that clarified the options originally proposed in the *Rate Options Study* in terms of the updated land valuations and the expiry of the Special Rate Variation in the former Tumut Shire, and updated the recommendation regarding residential land.

The community engagement was promoted via social media and traditional media outlets.

There was an opportunity to attend one of three 'virtual community meetings' or to book in 'one-on-one' sessions, although interest in these was poor with only five people taking up the opportunity. There were also a number of telephone conversations, where individuals contacted Council to clarify and/or to comment on the issue. A virtual meeting with Chambers of Commerce from both Tumut and Tumbarumba was also held.

Drawing conclusions about community views based on feedback received

It is not possible to draw statistically significant conclusions about the views of the community across the Snowy Valleys Council local government area based on the information received because of both the very limited number of responses and 'opt-in' nature of the process.

Also, while some demographic information on survey participants was collected – age, town and land category, as well as their status as a ratepayer (or not) – the value of their land was not, and this is the key determinant of individual impacts (which option results in lower or higher rates).

However, participants in the 'virtual community meetings' and individual sessions did discuss their land values, and it was clear that for most people, the key question they were naturally trying to answer was 'which option will result in the lowest rates for me?'

It is unfortunate that the restrictions on the engagement program prevented a more interactive approach because the feedback Council needs to inform its decision is not *which* option is preferred by the community, but *why* they prefer that option and, ideally, why they consider it the *.*

Analysis of feedback received

The charts below summarise the preferences of respondents overall, together with comments regarding preferences for those within particular demographics where applicable.

Note: the charts show preferences for all survey respondents, but in most cases, the comments made relate to preferences for particular groups. For example, survey respondents generally preferred option A for rural residential land but the 15 respondents who indicated they own rural residential land (a subset of both the online and hard copy surveys) preferred option B.

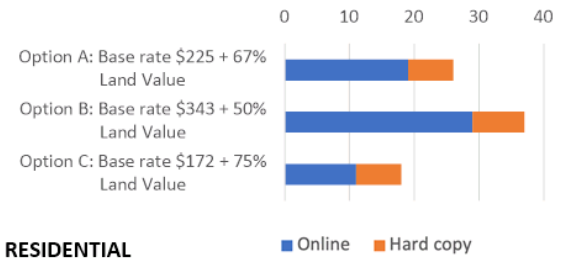
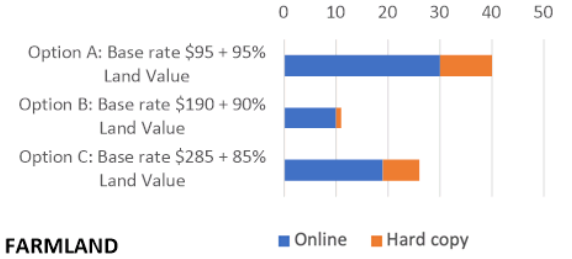
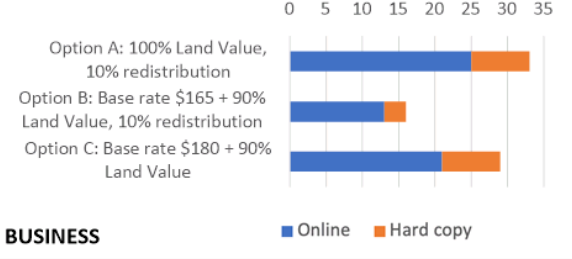

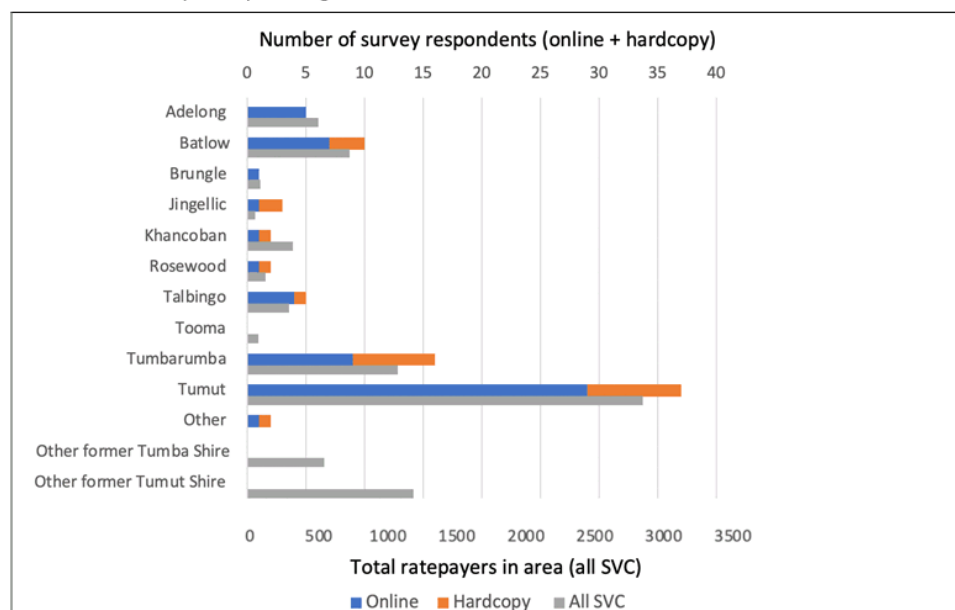
 <p>RESIDENTIAL</p>	<p>Residential ratepayers made up the majority of respondents.</p> <p>Online respondents living in Tumut preferred option B, hardcopy respondents living in Tumbarumba preferred options A and C, but other responses were generally spread amongst the 3 options.</p>
 <p>FARMLAND</p>	<p>A total of 17 farmland ratepayers participated in the survey overall.</p> <p>Hardcopy respondents from farmers living in the former Tumbarumba Shire preferred option C. There was no other discernible difference in preferences for particular groups.</p>
 <p>BUSINESS</p>	<p>There were only 3 business ratepayers who participated, two chose option A, one option C.</p> <p>There was no discernible difference in preferences based on the area the person lived in.</p>
 <p>RURAL RESIDENTIAL</p>	<p>There was a total of 15 rural residential ratepayers who participated. The majority of these respondents indicated they preferred to retain the subcategory.</p>

Table 1 – preferences of survey respondents

Demographics of participants

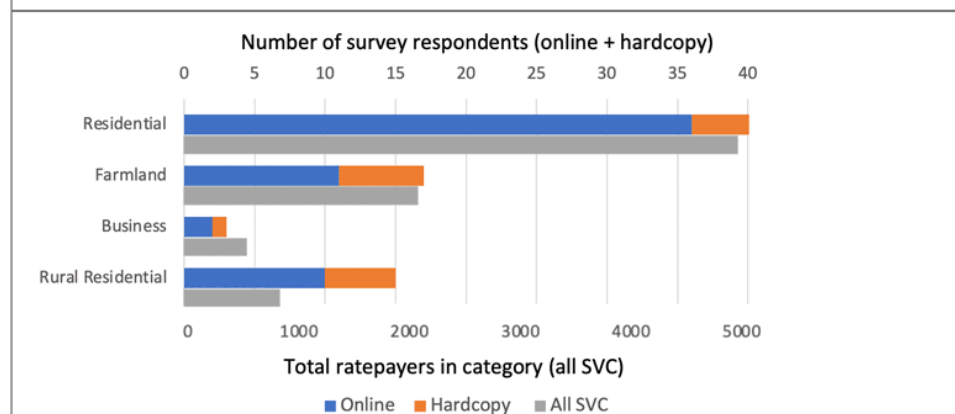
The charts below summarise the demographics of respondents to the survey. These are compared to those for Snowy Valleys local government area overall.



Town of residence

This highlights that the demographics of survey participants broadly reflect the area overall.

Note that not all localities for SVC overall were easily classified into the main 'town of residence' and so have been separately identified at the bottom. The majority of these are farmland.



Land use category

This highlights that rural residential ratepayers were over-represented in the survey and business ratepayers slightly under-represented.

Unfortunately, respondents could only choose one option for land use so it is not possible, for example, to identify where a person is a business ratepayer in addition to paying rates on residential land. All apart from one survey respondent confirmed they pay rates.

Table 2 – demographics of survey respondents

SVC Rates Harmonisation: Outcomes of Community Engagement, September 2020

3

Comparison of respondent's preferences to recommended options

The preferred options selected by survey respondents generally (the ones receiving the most 'votes') align with the recommendations in the *Rate Options Study* for all land use categories. This includes the updated recommendation for residential land in the supplement to the Study issued in August.

Where there were identifiable preferences within a specific group of respondents (such as those noted in Table 1), the preference was understandably toward the option they perceived was most likely to benefit that group. For example:

- ratepayers living in Tumut preferred option B in residential land, which reduces the gap between higher and lower value land (in general, residential land in Tumut is of higher value, and the majority of respondents from Tumut were in the residential category).
- rural residential ratepayers preferred option B in rural residential, which retains the subcategory (even though there is virtually no difference in the rates payable under this option compared to eliminating it).

The basis of Council's decision about its rating structure

As noted earlier, it is unfortunate that the restrictions on the community engagement program prevented a more interactive approach because the feedback Council needs to inform its decision is not *which* option is preferred by the community (the key question for most participants is, naturally, 'which option will result in the lowest rates for me?'), but *why* they prefer that option and, ideally, why they consider it *the fairest option for all ratepayers*.

The *Rate Options Study* emphasised that the fairest rating structure will be a balance between two key tax principles (rates are a tax, not a fee for service):

- people who benefit from Council's services pay for them (the *benefit principle*)
- people who pay for Council's services are able to do so (the *ability to pay principle*).

The ability to pay principle also has two components:

- the *horizontal equity principle* requires people of equal capacity to pay the same
- the *vertical equity principle* requires people who are better off to pay more than those who are worse off, and for those of equal ability to pay the same.

The Study contained detailed evidence-based analysis in relation to these principles (which ratepayer groups receive more benefits, which are likely to be able to afford to pay more and which are likely to be able to afford to pay less) and the Study and Supplement explained *why* the recommended options are considered the fairest with reference to these principles.

Unfortunately, the community engagement process did not shed much light on the issues that would help Council to better understand the 'fairest' rating structure. General comments and issues raised during the engagement are summarised in the Appendix.

Minor subcategories (inundated land and rural clubs)

In addition to the three land use categories and one subcategory above, Council currently has two minor subcategories: inundated lands (in both former Shires) and rural clubs (in the former Tumbarumba Shire).

No specific engagement was undertaken with the relevant stakeholders in these areas. Details about the key issues are provided in the *Rate Options Study*.

APPENDIX: Summary of comments and questions collected and answered through enquiries via telephone during submission period

1. Demerge
2. What was the financial status of each Shire before merger?
3. Do any options cost more to administer?
4. Was Tumbarumba doing better financially before the merger than Tumut?
5. What type of private works does Council do?
6. What does ad valorem mean?
7. The inequity between Rural Res and Residential ratepayer is because residential have access to more benefits like kerb and guttering, easy access to libraries, garbage depots, garbage collection, rural ratepayers have to fit trips to town with restrictive opening hours at the tip, rural ratepayers receive no support in removal of weeds and pest that overrun Council land and invade private properties, although we chose to live in a rural setting Council does nothing for us.
8. Tumbarumba rates are high enough and we get nothing from SVC – my nature strip was increased in size when I got new kerb and gutter.
9. You get better value for less rates on the coast.
10. Increasing rates any amount is not fair.
11. I cannot comment until I know the exact impact on my rate bill.
12. How is ad valorem calculated?
13. People in old Tumbarumba Shire will pay more and they don't deserve it.
14. How does this fit with the merger when it said it wouldn't increase costs.
15. If I am Rural Residential what category would I go to if it no longer exists?
16. Will the survey be skewed due to higher population base in Tumut where the impact is not as much?
17. How do I address my land valuation?
18. Raising the base rate for business seems logical.
19. How do you balance increased costs for individuals when calculating rates on farmland with high value.
20. Preferred Option for Farmland would be C.
21. How much can Council raise through base rates?
22. What is the base rate percentage? A percentage of what?
23. Can't we keep the same rates?
24. People in Tumbarumba will pay more after harmonization and that isn't fair.
25. Farmers pay more relative to the benefits they get and that isn't fair.