



BRAIDWOOD COMMUNITY ASSOCIATION

Submission on the QPRC Special Rate Variation Proposal

Summary

- While the need for an SRV was inevitable, the timing for this could not be worse given the cost-of-living crisis many are facing.
- Council's core funding is being squeezed by both federal and state governments. The BCA urges QPRC and the Local Government Associations to increase their lobbying activities to improve the core funding by both federal and state governments.
- Ratepayers want a Council that delivers the services they need at a cost that they can afford and a Council that improve its efficiency and does not over-extend itself.
- There is a perception that the previous Council has over-committed to many major capital projects, over-extending Council's commitments and workload.
- The dramatic increase in loans is an illustration of this. Since amalgamation \$99.2m in loans have been taken out with a further \$113.1m flagged for the future, bringing the total loans to a staggering quarter of a billion dollars (\$253.9m). The fact that Council has been refused TCorp loans recently underlines its serious financial situation and can only increase cost to ratepayers.
- The BCA urges Council to carefully scrutinise all existing and new projects where a final commitment is not yet made and only commit to new projects where clear value is demonstrated. The BCA wants to see accountability and transparency.
- The BCA believes Council should seriously consider deferring or cancelling the Monaro Street upgrade project and redirecting the \$15.25m allocated toward rural roads where the needs are much greater.
- The BCA believes Council managers need to focus on a coordinated delivery of services to ensure that all projects are delivered on time and on budget and that QPRC undertakes a full review of managerial and administrative practices to improve efficiency and reduce waste and duplication.
- Cuts flagged under Scenario 1 would seriously disadvantage rural areas where there are fewer services. Many community activities rely on small funds from Council that are multiplied by community in-kind and financial contributions. These activities can represent the heart of a local community.
- Loss of community services such as community halls and meeting spaces, pools, libraries, customer service centres and depots would adversely impact small communities in terms of employment, local businesses, education and the physical and mental well-being of residents.
- The BCA supports engaging the community in seeking improvements to Council services. The BCA recommends that seeking engagement of the community, and in particular staff, in suggesting efficiency improvements should be part of Council's ongoing work practices.
- The BCA does not agree with the use of dividends from the water and sewer funds to prop up the income of the general fund.
- The possibility of reducing the number of Councillors is not supported by the BCA. Reducing the number of Councillors will lead to a further concentration of representation in the areas of highest population, leading to a reduction in democracy.
- The BCA undertook a survey of its members and the broader community in the post code area 2622 on the SRV. The results are included and discussed at the end of our submission.

BCA Comments on the QPRC Special Rate Variation Proposals

The Braidwood Community Association welcomes the opportunity to comment on the Queanbeyan-Palerang Regional Council [Special Rate Variation scenarios](#) (SRV).

The need for an SRV

Before amalgamation, both Palerang and Queanbeyan Councils were in financial difficulties. Consideration of an SRV is not new.

Palerang Council was intending to request a cumulative SRV of 24.0 per cent over a five-year period from 2016–17, while Queanbeyan City Council received approval for an SRV of 5.8 per cent over a one-year period in 2012–13¹.

The amalgamation incentive payments injected funds into Council's budget at the time, but this just delayed the impact of the 4-year rates freeze following amalgamation.

QPRC is not alone in considering a Special Rate Variation. Many councils, especially amalgamated councils, find themselves going through this difficult process.

The timing of this consideration is unfortunate given the increasing cost-of-living and current inflationary pressures.

Structural problem in funding councils

The BCA believes there is a structural problem in the way the rates cap is currently calculated by the Independent Pricing and Regulatory Tribunal (IPART). By not increasing rates on an annual basis sufficiently to meet the escalation of costs, the council will see itself in the same position time and again in the future.

The BCA appreciates that the rate cap system is aimed at improving the efficiency of councils. There is a limit to how much efficiency gains can contribute to reducing costs without impacting on services, especially in this period of rising costs for councils.

The decline in funding by the Federal Government is also an important factor, with the Commonwealth Financial Assistance Grants falling as a proportion of Commonwealth taxation revenue from about 1% to around just 0.53% over the last couple of decades². This needs to be reversed.

Council's core funding is being squeezed by both Federal and State governments and so the BCA urges QPRC and the NSW and Australian Local Government Associations to increase their lobbying activities to improve the core funding by both federal and state governments.

Ratepayers want value for money

Ratepayers want a Council that delivers the services they need at a cost that they can afford and a Council that improve its efficiency and does not over-extend itself

There is a perception that the previous Council made the situation worse. Council had too many major capital projects at once³, over-extending its commitments and workload. A failure to seriously scrutinise these numerous projects enabled loans and subsequent debts to dramatically increase. As a result, Council is left with too many legacy projects which are costly, potentially high risk, and beyond its ability to fund.

¹ Source: [Merger Proposal: Palerang Council \(part\) Queanbeyan City Council](#), NSW government (2016)

² Source: [Importance of The Financial Assistance Grants](#), Australian Local Governments Association (2022)

³ Including the Ellerton Drive Extension, QEII Park, Indoor Sport Centre, Queanbeyan Civic and Cultural Precinct, Street lighting / Bicentennial Hall, Regional Sport Complex and Monaro St upgrade.

The BCA is disappointed that there is little apparent accountability on those who made these decisions.

From a loans summary sheet provided, it appears that before amalgamation the combined loans of the two Councils were \$41.5m, with a balance remaining at 30 September 2022 of \$29.8m. Since amalgamation a further \$99.2m in loans has been taken out, bringing the balance remaining at 30 September 2022 to \$115m. Plans made by the previous Council to take out a further \$113.1m in new loans from 2023-27 would bring the total loans to a staggering quarter of a billion dollars (\$253.9m).

While not all these loans are to be financed out of general rates, too many are. Many will need to have the interest and repayments paid out of general rates. Out of the loans taken out since amalgamation only \$9.4m are fully funded by fees, \$40.4m by rates alone, and a further \$51.7m by rates, fees and developer contributions. For the future the balance is better with \$80m of the loans to be fully funded from service charges, \$24.4m by rates alone and \$9m by rates and charges. Legacy loans from Palarang Council were predominantly for essential infrastructure, and were funded from fees and charges paid by users of those services, not from general rates. By contrast, most loans inherited from Queanbeyan City Council were for capital works in Queanbeyan and funded from general rates. The only loan for Braidwood since amalgamation is \$2.75m for the Waste Transfer Station, to be funded by service charges.

It is extremely disappointing that QPRC finds itself in a position that it recently was unable to borrow from TCorp because of its extremely serious financial situation. The details of commercial loans at higher interest rates are yet to be disclosed. For transparency reasons, it is necessary that these loan interest rates are known.

The BCA is not aware how many future loans QPRC has already committed to, but it urges Council to carefully scrutinise existing projects where a final commitment is not yet made and only commit to new projects where clear need and value is demonstrated. The BCA recommends that Council takes a far more critical approach to any large capital works projects. The BCA wants to see due diligence, accountability and transparency in all Council considerations.

Our experience with Council staff is that they are typically dedicated, but are over-worked. This is linked to having too many projects to be managed by too few people, which leads to inefficiencies and mistakes in delivery. We see too many projects behind schedule (in part due to the exceptional weather) adding to the final cost and Council's bottom line.

The BCA hopes there is a centralised project management system, and requests that a live, current report on the status of projects be made available on Council's website.

Equity of treatment of ratepayers

The BCA fully supports the following statement by the Araluen Progress Association.

"The amalgamation has left us with a clumsy demography, where the bulk of the population lives in the urban areas close to Queanbeyan which already has access not just to QPRC services, but to the National services available in Canberra for arts, sports, recreation, specialist healthcare and commercial activity. Further centralising services into that geographic patch, while expecting outlying communities to increase their funding of those services, with no realistic benefit to them is not fair. We derive no realistic benefit from new sports centres close to Queanbeyan, and while we don't begrudge them to people who will use them it's a bit rich to ask us to pay for them."

It is understandable that rural communities resent the proposed SRV, when they will receive little benefit from the increase. They struggle to see any benefit while travelling on dangerous roads that are desperately in need of major maintenance.

Appendix B of the Organisational Service Review Report suggests that Council could stop sealing new roads and focus on existing assets saving a mere \$39,000 over 2 years. We wonder if this refers to the sealing of gravel roads, as all new roads in new developments should surely be paid for by the developers. The BCA urges that no cuts be made to the sealing and maintenance of rural roads, and instead more funds be devoted to this activity.

The BCA acknowledges that average general rates in Braidwood and villages are lower than in other parts of QPRC. But there are some strange anomalies in the services provided. For example, footpaths in Queanbeyan are swept daily, but only weekly in Bungendore and Braidwood. You have to ask the question why the footpaths in Queanbeyan need to be swept daily but only weekly elsewhere? Surely the frequency of sweeping in Queanbeyan can be reduced.

Scenarios being considered.

During this process the scenarios or options being considered have evolved with some options being rejected by Council.

The final three scenarios going to public consultation are:

Scenario 1: Significantly Reduce Services: Increase rates by 12% every year for 3 years. This scenario does not fully fund current Council operations and will require a strategy to find immediate savings of \$12 million each year.

Scenario 2: Reduce Services: Increase rates by 18% every year for 3 years. This scenario maintains only core services and requires a strategy to find immediate savings of \$5.5 million each year.

Scenario 3: Maintain Services: Increase rates by 28% in year 1, 25% in year 2 and 23% in year 3. This scenario maintains current services and asset renewal and allows for improvements to facilities and roads.

The BCA understands that, until a decision has been made, it is difficult to detail what services will be cut under Scenario 1 or 2. Appendix B of the Organisational Service Review Report gives some costed service reductions. Many of these⁴ are not service reductions but efficiency improvements which Council should already be doing and needs to do urgently.

Most of the suggestions in Appendix B are for incremental savings, with the exception of a review of the capital works (survey number 57) which leads to \$14m in savings. Unfortunately, the detail is not given in the document, but in a pdf document which is not provided. The BCA notes the [3 page explainer](#) provided by Council also gives some of the possible uncosted cuts which appear to be quite different to those set out in Appendix B. This lack of transparency undermines confidence in the process.

The BCA notes that Council in its SRV survey has asked in Q4 “*Are there any services you think Council should change, reduce or stop doing? If so, what are they and how should they change?*”. The BCA believes that seeking engagement of the community, and in particular staff, in suggesting efficiency improvements should be part of Council’s ongoing work practices. While many of the ideas coming forward may not be practical, it only takes a few good ideas to make such a process worthwhile.

⁴ eg sell excess properties, stop outsourcing recruitment, plant utilisation review, more efficient shower heads in swimming pools, review state roads on-costs, feasibility study of the business opportunities of the Q performing Arts Centre, purchase a specialist sport field mower, fleet utilisation review, gas connection for 257 Crawford St, selling GIS expertise, in-house v external hire of expertise review, new efficient water boilers, reuse furniture, shared services with other Councils, undertake audit of space requirements.

The BCA is disappointed that Council appears to not be considering savings from delaying or cancelling some of the major projects of the previous Council. Notably there is no discussion on the scope for potential savings on the \$48m expenditure on the QBN Civic & Cultural Precinct in 2022-23. This expenditure represents half of the expenditure in the general fund in that year and is bigger than the total expenditure in any of the outlook years, except for 2024-25.

In particular, the BCA believes Council should seriously consider deferring or cancelling the Monaro St upgrade project, or cut it down to essential work only, to negate the need for a \$5.25m loan. Council should explore whether the \$10m grant can be diverted to rural roads where dangerous conditions necessitate urgent work. These roads convey local children to school, sport, and social events on a daily basis. A bus accident on any of these roads will be a tragedy.

Some of the cuts flagged under Scenario 1 would be an enormous loss, particularly to rural areas where there is a greater sense of community and fewer council services. These include:

- Stop funding community activities, (arts, community development, youth, seniors, heritage grants and First Nations activities)
- Stop funding community halls and meeting spaces
- Closing pools, some sportsgrounds and playgrounds
- Closing libraries, customer service centres and depots at Bungendore and Braidwood
- Removing community grant support.

These are all facilities and activities that help make communities what they are, and the loss of them could be devastating, as rural people are dependent on them.

Many community activities rely on relatively small seed funding by Council which is multiplied many times by in-kind and financial contributions by community associations. These activities can represent the heart of a local community.

The cost of the use of community halls and meeting spaces is already financially stretching community organisations using these facilities. To further increase this cost may well result in stranded assets which are not used because the cost is too high. This is recognised in the answers to Questions on Notice in the minutes of the public forum held on 14 December 2022, with Q15 answer stating *“There is of course a price point that would make these facilities unaffordable to the general public, and this is not the intent of a community service. It is Council’s preference that sporting and recreational facilities, community halls and meeting spaces are used to their full potential. This may mean that user charges and fees remain nominal for all residents, volunteer community groups and sporting associations.”*

The current spate of tragic deaths by drownings underlines the crucial need for local swimming pools so all can learn to swim and enjoy water safely. The operation of the pools is a loss-making exercise for Council; however, they more than make up for this by preventing loss of life. Further, with climate change, swimming pools are an important refuge during periods of extreme heat.

Libraries are important centres for rural communities, and the mobile service is highly appreciated. Those living alone and/or on low incomes appreciate the library as a refuge particularly on very hot or cold days. Many children seek out the library after school as shelter, and a safe space and use its facilities. Young parents and small children spend time in the library on a regular basis. The computer and printer access at Council libraries is an essential

service for some of our residents. There is no other public access to this technology in the Braidwood region.

We assume that 'removing community grant support' would include removing the heritage grants (flagged in Scenario 2). While these grants are modest, they are important to a heritage town like Braidwood in helping maintain our heritage values, which in turn encourages tourism and thus supports the local and regional economy.

All these cuts would individually only make limited contributions to reducing expenditure. The potential sale of the Q Theatre appears to be the only really significant saving option proposed.

We note that Scenarios 1 and 2 rely on the additional income from water and sewer dividends. The BCA does not agree with the use of dividends from the water and sewer funds to prop up the income of the general fund. There is already a 4% management charge on these funds for any capital works. Adding a dividend is effectively a backdoor approach to increasing the water and sewer rate charges and cross-subsidising expenditure under general rates.

The possibility of reducing the number of Councillors is not supported by the BCA. A number of Councillors do their best to represent the voice of Braidwood district on Council. Reducing the number of Councillors can only lead to a further concentration of representation in the areas of highest population. This reduces any rural voice, creating an undemocratic City Council.

Questionnaire results

The BCA undertook a survey of its members and the broader community in the post code area 2622 on the SRV. Other than collecting some information on the respondents (which types of rates and are they members of the BCA), this simply asked which of the three scenarios being considered by Council did they prefer (see attachment 1 for questionnaire).

Some 88 residents responded to the questionnaire, of whom 26 stated they are members of the BCA. This is a much lower response rate than BCA previous surveys. We suspect this is because many ratepayers do not want to have any of the scenarios presented, but want to see a lower increase in rates and substantial improvements in efficiency and reduced waste and duplication; while others believe that Council has already made up its mind and are just going through this consultation because it is a requirement when applying for a SRV. The complexity of the documentation provided does not help either.

The results reflect the disparity of views within the community.

Some of this may well reflect different political perspectives on small versus big government; some reflects the cost-of-living crisis and the inability to pay higher rates and some reflects the view that they do not receive value for money for the current level of rates.

The results are as follows:

Views on scenarios by rate type and all respondents

	Residential		Business		Farmland		BCA Members		Non-members		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
Scenario 1: Significantly Reduce Services	20	29.4	1	25.0	22	66.7	5	19.2	29	46.8	34	38.6
Scenario 2: Reduce Services	15	22.1	0	0.0	4	12.1	1	3.9	16	25.8	17	19.2
Scenario 3: Maintain Services	33	48.5	3	75.0	7	21.2	20	76.9	17	27.4	37	42.1
Total	68	100	4	100	33	100	26	100	62	100	88	100

Note: Some respondents had more than one rate type

The BCA operates as a consensus organisation⁵ and clearly from the results above there is no consensus within our community, nor its membership. Therefore, as an organisation, the BCA cannot give preference to any of the scenarios presented.

Thank you for considering our submission.

Sue Murray

President

Braidwood Community Association

31/01/23

⁵ Under the BCA Constitution, consensus is defined as “being where 80 per cent of the members present vote in favour of a resolution”.

BCA Special Rate Variation Questionnaire

QPRC is currently consulting on a Special Rate Variation with all the options involving a significant increase in general rates over 3 years, and two of the options involving cuts in services. The BCA appreciates while none of us want to pay higher rates, some of our members would prefer to have all the services provided by QPRC maintained and enhanced, while others would prefer to see cuts. Which option is best is not an easy thing to decide, with the BCA submission to be guided by the views of its members and the broader community.

The BCA therefore encourages all residents in Braidwood and Villages to complete this short online questionnaire on which option you prefer.

Before you give your opinion we encourage to study carefully the information provided by Council on their Your Voice website at: <https://yourvoice.qprc.nsw.gov.au/srv>. If you want to make a direct submission to QPRC you need to do so by 31 January 2023.

When considering these options please note:

- The proposed increases are only on the general rates component of your rates bill. Garbage, stormwater, sewer access, water access and waste programs charges are not covered by this proposal.
- Reflecting our lower level of services, average residential general rates in Braidwood, at \$754pa, are lower than most other areas of QPRC. For example, they are \$1,773pa in Jerrabomberra, \$1,532pa in Googong, 1,348pa in Queanbeyan and \$1,033pa in Bungendore.
- With rates frozen for four years after amalgamation and both Palerang and Queanbeyan in financial difficulties prior to amalgamation (eg Palerang was actively considering a 7% pa SRV over 5 years in addition to the 2.5% rate cap before amalgamation – ie a 9.5% pa increase over 5 years) the need for SRV is inevitable and the situation has been made worse by delays in considering it.

1. **Name (optional):** _____

2. **Are you a Ratepayer in post code area 2622?** Yes No

3. **Which Rates do you pay (can be more than one)?**

Residential Business Farmland

4. **Which scenario proposed by Council is your preferred scenario (tick only one)?**

Scenario 1: Significantly Reduce Services: Increase rates by 12% every year for 3 years.

This scenario does not fully fund current Council operations and will require a strategy to find immediate savings of \$12 million each year.

Scenario 2: Reduce Services: Increase rates by 18% every year for 3 years. This scenario maintains only core services and requires a strategy to find immediate savings of \$5.5 million each year.

Scenario 3: Maintain Services: Increase rates by 28% in year 1, 25% in year 2 and 23% in year 3. This scenario maintains current services and asset renewal and allows for improvements to facilities and roads

5. **Are you a member of the Braidwood Community Association?** Yes No

6. **Do you want to join the Braidwood Community Association?** Yes No

Complete the membership form [here](#) or email: info@braidwoodcommunity.org.au

Thank you for taking the time to complete the questionnaire. Your views are important to us.