

IPART-

Local Government Application for Rate Increases

Maitland City Council.

Submission by Ray Fairweather- former Mayor and Maitland City Councillor 35 years (1977 – 2012)

The article in the local newspaper on proposed rate increase by Maitland City Council came as no surprise to me as it was first mooted in council's newsletter in April 2013 to ratepayers.

I am disappointed that council sees it necessary to again visit the ratepayers so quickly after having only increased rates by 9.8% in 2011-2012 and 10.2% in 2012-2013, this equates to a 20% increase in rates with a compounded increase in percentage for evermore.

The proposed increase in rates of 7.25% (actual increase for residential rate of 7.70% due to adjustment to the business rate and lumped onto the residents) will almost double residential council rates in seven years, on top of this we have large increases in waste service costs.

Council had originally proposed to seek 8.95% increase in rates for residents over seven years, with compounding interest this would have seen an increase of 82.2% by the end of seven years.

However,

Due to public pressure the council was forced to reduce their proposed increase in rates, this has resulted in a slight reduction to 7.70% for residential ratepayers, this is still not acceptable to me. If you were to read media comments from the public, they still consider this increase to be excessive and unacceptable.

I accept that the 2.3% cap approved by the NSW Government is probably too low when compared with previous years (I think there was a 1% productivity requirement in there somewhere, how this is measured I am not sure) and to be

fair to council I think it would be difficult to catch up with infrastructure projects if they are restricted to the 2.3% cap. However, the council received their increase in rates of 20% over two years for that very purpose and as pointed out it will be there forevermore.

I would not object to a 5% increase in rates over seven years, this when compounded over the seven years would mean an increase of 40.7%, mind you , it is still a very substantial increase, but would be more acceptable than the 7.70% (residential) each year for the next seven years.

The residential ratepayer is at a distinct disadvantage when it comes to paying rates and I will give you a few examples;

- ***Businesses that pay rates can claim those rate payments as a tax deduction and pass on those increases by way of price increases for goods and services to their customers.***
- ***Lessees of business premises will eventually pay more rent. All of their increased costs will be passed onto the general public.***
- ***Rural Rates are also tax deductible.***
- ***Residential Rates are not tax deductible.***
- ***Pensioners who pay rates are entitled to a reduction of \$250, (approximately shared between council and the state government, this amount has not changed in the past 30 years.***
- ***Renters will find that their rents will increase as the owner of the property passes on those rate increases.***
- ***Young families with large mortgages will find the proposed increases another financial burden.***

So, one can see that a lot of people are affected by a large increase in rates, those people deserve due consideration by our elected council. It should be about ability to pay by our ratepayers, especially pensioners, low income families and young families paying off large mortgages.

Recent polls run by the local media have shown that the residents of Maitland are 3 to 1 against such a large increase in their rates. The polls conducted by

council are very suspect in the way the questions are worded. If you take into account the number of letters from residents to the local press condemning the large proposed increases in rates, I do not believe council has a mandate to increase rates by such a large percentage on the residents of Maitland

Maitland council needs to have independent auditors look at their mode of operandi to eliminate wasteful practices and improve sustainability. This is evidenced by council seeking large increases in rates on a number of occasions instead of looking first at council work practices, procedures and unnecessary involvement in some large community events.

Maitland is a fast growth centre with about 1000 homes being built every 12 months, with each new home comes section 94 developer contributions, some developments contributing up to \$30,000 per lot for provision of city services and infrastructure, for example roads, cycleways, recreation areas, community halls, library's, art gallery and other areas. Council has over \$36 million dollars in internal reserves from section 94 contributions to be spent in those areas I have listed.

They also have an internal reserve for assets, surely if funds are available to maintain council assets, it should be spent on those assets rather than sitting in investment portfolios.

Maitland Council also have large parcels of land zoned for residential and commercial development, (estimated value \$50 million dollars) surely they should be developed and increase council's rate base.

Council should sell off to private operators their childcare/preschool properties (5) that are a liability as they generate no income, but need to be maintained.

Council should review their user pays policy to include the Maitland Regional Art Gallery that generates no income to council and costs ratepayers \$1.5 million dollars per annum.

Note; Council has introduced a user pays for its sporting fields that require young children to each pay for the use of the fields, this is a progressive system

until it reaches a certain percentage. This is a cost to families and many families may have a number of children playing sport. I do support the principle of user pays – Yet we find that this principle of user pays does not apply to Maitland Art Gallery that cost over \$8 million dollars to construct with more planned to be spent on this facility and costs \$1.5 million dollars per annum with no income to council.

I request that IPART members refuse the large increase in rates sought by Maitland City Council; I believe council needs to work on their sustainability by other means instead of seeking extra revenue by increasing rates.

Ray Fairweather (Pensioner ratepayer)

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