

## **SUBMISSION re PORT STEPHENS COUNCIL SRV APPLICATION**

I have lived in this shire my whole life (69 years) and my ancestors came to this area over 170 years ago. I plan to live the rest of my life with my family on my property. I am retired with limited income. I own an area of approximately 2.5 acres that I inherited from my father, in the rural area of Anna Bay. My 2018/2019 rates were over \$2700.

### **General**

In Council's document titled 'Briefing Note – SRV Myths' Myth 2 noted " Port Stephens Council currently runs its operation at a surplus. It makes us a rarity amongst regional councils and is something we are justifiably proud of. By running efficiently we have also managed to keep our residential rates some of the lowest in the Hunter..... we've been running lean and mean for a long time now, but mean is no way to treat our community for the long term".

The process the Council have been using for 'a log time now' is not 'lean and mean' but prudent. This prudent approach has got our Council into a position of 'currently runs its operation at a surplus'. This current Council appears to be hell bent on destroying that position. Their complete lack of understanding of what they are doing is incredible. They can't even see that their proposed increase to our rates by 65.9% is not 'mean'.

All of us rate payers have to manage the income we receive. We have day to day living expense bills to pay eg food, council rates, water bills, rent/mortgage repayments etc. We generally are able to make ends meet but it is getting harder and harder due to rising costs passed on and the low to nil increase in income. It puts a lot of people under financial stress. There are always projects we would like including a more reliable car, a new washing machine, new clothing wardrobe, new BBQ, repaint the home etc, etc. the vast majority of rate payers don't have the money for the instant gratification of paying for all the projects at the same time. The members of the household discuss, plan and prioritise the various projects, as each project has a cost/benefit analysis to the family for the limited discretionary money we have to spend.

Council is no different to a household – it has an income and has expenses to pay and fortunately for us rate payers the Council currently runs its operation at a surplus. Any spending of the surplus has to go under very close scrutiny to identify those projects that need to be done now or can wait, those projects that provide maximum benefit to the maximum number of ratepayers etc. Council want instant gratification for projects they claim the community wants now without any statement of necessity, cost benefit analysis, or analysis if project delayed. They don't even group the projects they claim the community wants under the headings; 'Must Have,; Should Have; Nice to Have.

Further council is asking rate payers to increase our rates to build specific projects and then when we have paid for those projects the council wants the rate payers to continue to pay for those specific projects for perpetuity. Even the Banks at the recent Royal Commission were not accused of this 'Highway Robbery'. When you have paid the loan back to the bank, they allow you to stop paying for whatever you wanted the loan for. They do not say 'well, you must continue to pay for that loan indefinitely'. Unfortunately, this is exactly what the Council want IPAC to approve and the Council proudly say that this approach is "not mean".

The approach the Council has adopted in this SRV process has been one of 'the children in the lolly shop who wants every lolly they see and expects the parents to pay for them'. It clearly demonstrates the naivety of the newly elected Council.

I object to the proposed SRV rate increase and I address my objections under IPART Criteria used to approve the SRV as follows:

## **1. Community Awareness of Their Plans**

### **1.1 Deceitful approach by the council candidates**

There was no mention in candidates election campaign in 2017 for any rate rise request yet early in 2018 the Councillors particularly the Mayor was pressing for a massive increase in capital expenditure projects requiring rate payers to pay for it.

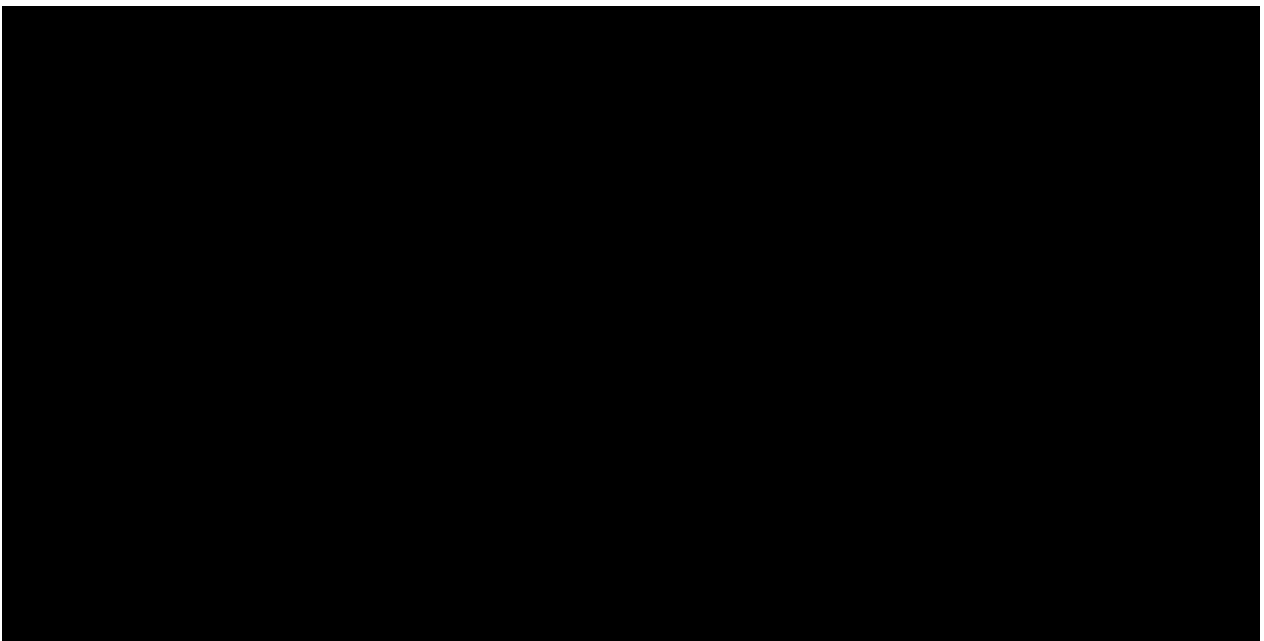
### **1.2 council not listening to rate payers**

Council's letter dated 22 October 2018 to residents, signed by Mayor Palmer and General Manager Wayne Wallis, noted they had conducted extensive community consultation in July and August. However, they failed to add that the overall overwhelming response had been against the plan. The letter then deceitfully stated that "whilst some in our community do not support increase in rates, there is strong support for improving infrastructure... "Council offered absolutely no evidence to support the claim of "strong support". The letter would not even admit that the overwhelming response was against the Council's proposal. The Council then went on to say "after reviewing what our community have told us they want, we have modified our proposal". With Council inaccurate reporting like this, we as rate payers do not stand a chance of being listened to.

### **1.3 Council not consulting with rate payers**

Following on from point 2 above, council did not submit their modified proposal to the community seeking comments and feedback on their new proposal. This is the proposal that was submitted to IPART. Council appears to have adopted the mantra of 'we are asking for community feedback but 'we will not listen' and as government regulation requires we have consultation 'we will record what we like about that consultation' – don't let the truth get in the way.

### **1.4 Council have history of not advising their plans**



[REDACTED] Where will this be spent and what now is the total sum of money in the section 94 pigeon hole for the sports and leisure facilities. The section 94 money appears to just go into Council consolidated revenue without any transparency to those who paid the contribution and to the community generally. What projects the Council are collecting the money for should be easy for them given they can determine exact contributions against specific areas. They do not tell the contributors or the rate payers exactly what projects they are planning and collecting money for, we are treated like mushrooms. By accumulating the section 94 contribution, council have clearly demonstrated they are unable to manage spending of money that they said was collected for specific areas. What hope have rate payers got with the council's current proposal to IPAC in Council being able to execute projects in an efficient, timely and worthwhile manner. All that Council is good at is collecting money.

### 1.5 unsubstantiated statements on Council's website

On [www.haveyoursay.portsephens.nsw.gov.au/srv](http://www.haveyoursay.portsephens.nsw.gov.au/srv)

- council claim "Port Stephens Council is facing increased pressure to provide enhanced services and facilities to meet the high standards our community expects". The document does not refer you to surveys etc to identify;
  - Who is applying the increased pressure
  - what are the enhanced services and facilities requested
  - what are the high standards our community expects

The council statement is a motherhood statement that offers absolutely no basis for its justification and no mean of verifying it. It is therefore impossible for rate payers to conduct any scrutiny on the claims made by the Council

- further, Council claims "however our community is telling us they want more investment in their local area". Where is the justification for this claim. Again, Council offers no reference to surveys, Council conducted meeting to get feedback etc to see who, what, where, when and how the community is "telling us". Surely this justification, if it is genuine, would not be difficult to provide.

### 1.6 Why the need for ongoing payment for SRV increase

The SRV is to cover projects that normal rates cannot deliver and need to be approved by IPART. Council has informed us ratepayers we will have to continue paying for them to eternity without any consultation, justification of why they need to do it. Will it bypass the need to seek IPART's approval for any future SRV's? Council has not communicated what are the specific projects that the SRV is required for – it is just buried in a 'wish list' of projects costing \$100million over 10 years that the Council want to build. Even in a full page Council advertisement in Port Stephens Examiner newspaper dated 7 March 2017 under the heading 'Special Rate Variation projects' it says " Council is proposing to invest over \$100m into Port Stephens over the next 10+ years. ***If approved***, the projects below are planned to commence within the current Council's term." Council is asking IPART to approve an SRV to cover an unknown investment over an unknown time frame (what does "over \$100m" mean it could be \$150m or \$200m, what does "over the next 10+years" mean it could be 20 years. Council don't even know themselves or they would have decency to tell the Community and IPART) **So to cover Council's uncertainty of knowing how much expenditure is actually required and having doubts of how long it will take Council to build the projects, Council are asking IPART 'make the rate payers pay the increased rates covered by the SRV in perpetuity'.**

### 1.7 Process used

The Council did not use a systematic process in arriving at the proposal sent to IPART that would stand up to scrutiny by the community. The Council's information focussed extensively on various rate rises through SRV rather than establishing with the community what it really wanted including why, when and how to arrive at a list that best serves the community and not the 'wants of the loudest voice'

- Council did not submit any evidence of where the projects came from other than that is what the community wants
- There was no attempt to categorize the projects into 'must have, should have and nice to have' categories.
- There was no attempt to ask the community their feedback on what they believed should be done first etc or whether they should all be done now.
- Following the above there were no costings done to see if the community was prepared to pay for those projects
- There was no analysis done on alternatives
- There was no feedback allowed on the projects /rate increase sent to IPART – this was prepared after one round of consultations with the community that over 70% of the respondents rejected. Given the overwhelming rejection you would think the Council would have enough intelligence to ask the community for feedback on its revised plan before asking for a SRV .
- Where is the one document that details exactly what projects will be done with the SRV and exactly when they will be done. Compare this to Councils advertised claim they need 'over \$100m and it will take 10+ years to complete' as noted in 1.6 above.

### **1.8 Conclusion to 'Community awareness of their plans'**

As a member of the community I can say that I am aware that the Council has a wish list of projects that Council does not know how much money they need for the projects and that they don't know how long they will take to complete but they do know how much they want to increase my rates by. Oh, I also know to cover their incompetence of managing projects they want me and my family to continue paying for these projects until eternity.

## **2. A demonstrated need for higher increases to charges**

### **2.1 lack of information**

Council has not prepared a document identifying projects they want to do, identifying why it needs to be done now, the benefits of doing the project, alternatives to what they propose and why they are unsuitable, nor cost benefits to the community.

2.2 The new Mayor in early 2018 claimed projects being asked by the community offered the following benefits:

- Town centre redevelopment
- Stimulate the local economy
- Drive business growth
- Attract more visitors
- Fill empty streets
- More events in Port Stephens Shire

All of these projects he extolled have the obvious direct benefit of financially helping business people. There was no supporting documented evidence that the rate payers had been asking for these projects other than the Mayor saying 'this is what they told me'. I say

“show me the evidence to support this claim”. It was definitely not presented to the rate payers.

- 2.3 A project identified at that time was for \$5 million dollars to be spent on a new depot for the Council. Could you imagine in your wildest dreams, the ratepayers saying “we want a new Council depot and we are prepared to spend 5 million dollars on it”. But again, there was absolutely no evidence to support the claim that we as rate payers wanted it.
- 2.4 Another project Council included was a masterplan for APEX Park, spending \$4 million dollars. I have lived in the area all my life and APEX Park has been the subject of many Masterplans and upgrades. It is already a beautiful park and does not need an upgrade. Absolutely no evidence was offered to support that the ratepayers want another masterplan to upgrade it.
- 2.5 Council asked for feedback on what it was putting forward during mid 2018. That feedback identified 70% of the respondents were against the proposal. The council ignored the wishes of the majority of the ratepayers and produced another list of projects it said was what the ratepayers wanted/ there was no attempt to offer documented evidence to support their claim. This was in their letter addressed to the residents noted in point 1.2 above. This new proposal was not submitted for feedback from ratepayers, nor was any justification offered why the projects were needed instead of those, that were on the previous list.
- 2.6 The council took out a whole-page-add in the ‘Examiner’ dated 7 March 2019 re: special rate variation as noted in 1.6 above. The only demonstrated need for ‘higher increase to charges’ the Council presented in that add was a graph of how our rates will increase in 7 years relative to surrounding Council’s. The Council proudly claimed ‘if approved this puts “our rates on par with Lake Macquarie and below both Maitland and Newcastle”. It is not difficult to draw the conclusion that the Council’s justification for the rate increase was to increase the rates so that we are not the lowest rated Council area relative to neighbouring Councils. What rates are payable in other Councils is totally irrelevant to the rate payers of Port Stephens Council. **It is disgusting that at such a late stage in the process the Council takes out an advert and offers the rates relative to other Council Areas for the only justification for the SRV rate increase.** It confirms the total disdain the Council has shown towards the rate payers in this process.

### **3. A reasonable increase on rate payers**

- 3.1 The Council has not attempted to articulate to the rate payers that what they are proposing is a reasonable impact on rate payers. In my case the cumulative increase of 65.9% sought by the council will increase my rates by \$1785.25 to \$4494.30. I certainly consider this unreasonable particularly when Council have not offered any demonstratable need for the projects and the high increase via SRV. I am supported by my Super Fund which is steadily diminishing each year. I do not receive any pension by the Federal Government and therefore do not qualify for a pensioner rate reduction. This rate increase will have a significant impact on me.

### **4. Sustainable Financing Strategy**

Council never articulated to the rate payers the alternatives to SRV including:

- What could be done under current rates plus rate peg
- Projects that could be done with section 94 funds given that it was collected for some of the projects identified by Council
- Borrowing money - how much, what projects could be done, how long to repay the loan?

- Why the need for all projects to be done now committing the rate payers to approximately \$100M taking 10 + years to complete. Why not a prudent approach, small steps at a time -there is absolutely no justification offered by the Council to put us, the community who has to foot the bill, into a massive financial commitment based on the whim of the Council – it certainly is not what the people want as demonstrated in feedback as noted in 1.2 above. Even the Councillors themselves don't all agree on the proposal to IPART but Council majority rules – OK then why won't council listen to the majority (over 70%) of respondents who were against the Council proposal. There is something sus with what the Council are trying to do with 'ramming it down our throats'

Council never communicated to the community, a sustainable financial strategy. It never took into account section 94 funds and potential money for projects arising from promises both major political parties offered if elected to Government, eg. The government announced it would reduce the number of roads the Council would be required to maintain if they won the March 2019 election. Equally there is no provision for projects that may arise over the next 10+ years that can be adequately justified at the time. A prudent small step approach to completing identifiable projects allows for such unforeseen projects arising at a later date.

## 5. History of Well Documented Council Productivity Improvements

The Council have not articulated any new productivity improvement it plans to make to minimise the need to increase the rates by under the SRV. Sure, it has, in the past done this, that is part of the reason why Port Stephens Council currently runs its operation at a surplus. This unsubstantiated proposal to IPART, if approved, will certainly put that credential at grave risk.

## Conclusion

This SRV was instigated by a newly elected set of Councillors who made no mention of the need for an SRV during the Council election process in the lead up to the September 2017 elections. Within just several months of being elected they are claiming that we, the ratepayers, want a lot of things done and subsequently, Council would need to significantly increase our rates.

- 1 Throughout the process of preparing this application to IPART the council has:
  - 1.1 Not articulated to the ratepayers:
    - Basis for the need of the projects
    - Cost benefit to the ratepayers
    - Impacts of not proceeding with the projects – why they all need to done now
    - Alternative funding considerations
    - Utilisation of section 94 funds
    - How unforeseen capital expenditure requirements will be managed as community needs change
    - Will this proposal impact on Council being able to continue to run its operation at a surplus in the future.
    - Councils ability of completing projects in a timely cost effective manner.

1.2 Not Listened to the Ratepayers, who overwhelmingly rejected Council proposal during the consultative process.

- 2 Both major parties are offering funding to Port Stephens Council which would significantly impact on funding requirements reducing the need for SRV. This funding needs to be evaluated following the March 2019 state Government elections.
- 3 The Councillors are not unanimous in the decision to press ahead with the SRV. In fact, 30% of the Councillors voted against it and two of the councillors in favour of the SRV increase will financially benefit from the proposed rate rise. Not only did they not abstain from voting, they did not advise the financial benefit they could potentially gain from Council proceeding with rate increase. If we ignore their impact, [REDACTED]
- 4 I respectfully ask IPART to pose to themselves the question "are you satisfied that by approving this application the Council has done its 'due diligence' and will not put its current position of running "its operation at a surplus" in jeopardy."

I would respectfully submit to IPART that this rate increase (planned to be in perpetuity) be refused and the Council undertakes a proper, transparent and thorough relook at the projects and the process it under took to:

- Demonstrate the need of the projects
- Demonstrate what happens if project delayed
- Demonstrates the spending of section 94 funds against the projects for which the fund money was collected for
- Submit alternatives to the community for feedback
- Listen and respond to community feedback
- Demonstrate a sustainable financial strategy
- Demonstrate Councils ability to complete projects in a timely cost effective manner

Council should undertake this review and consultation with the community and submit a proposal at the next Council election in September 2020 for final acceptance/rejection by the community. Given the level of community outcry against the current Council proposal and disunity amongst Councillors themselves, it will take the Council that long to get into a position to submit a proposal for a vote at the next General Council Election.

This is too big of an impact on ratepayers, to be based on the whim of a number of Councillors. It needs to be done having full, proper and meaningful interaction with the community, based on verifiable evidence.

Yours sincerely,

[REDACTED]

[REDACTED]