

SUBMISSION TO IPART  
TO WHOM IT MAY CONCERN  
PO Box K35  
Haymarket Post Shop  
NSW 1240

RE: SHOALHAVEN CITY COUNCIL SPECIAL RATE VARIATION APPLICATION DATED 14/2/18

## 5.2 Consideration of affordability and the community's capacity and willingness to pay

I seek your utmost consideration in rejecting Shoalhaven City Councils (SCC) proposed Special Variation rate increase on the basis of the Community's inability & indeed unwillingness to pay for such a huge increase in rates.

I note from SCC's submission to IPART that they consider that only 'some' of the community will be impacted by these large rate increases. However, I hope to demonstrate that it will in fact, impact a majority of rate payers and renters in the Shoalhaven region in a number of different ways & increase the already disadvantaged status of the region significantly. Please bear with me as I am but one individual and do not have the ratepayer resources that Council has applied to their submission in pursuit of these rate increases. I can only submit known factors and statistics (which Shoalhaven City Council neglected to include in Section 5.2 of their SRV application) in the forlorn hope that it will demonstrate that the Shoalhaven can ill afford to have higher rates of this proportion imposed upon us without serious impact on our already disadvantaged economic status.

Reading SCC's submission relative to section 5.2, I believe that Council has failed to establish that these rate increases are reasonable or affordable for this community or that ratepayers are willing to pay the increases.

In Councils submission to IPART (section 5.2) they make comparisons with other LGA's in terms of what they're paying vs what we're paying, rather than dealing with economic indicators in this region specifically with regard to the impact of higher rates on an already impoverished community. Just because rates may be higher in these other LGA's does not mean that this community will be able to afford these rate increases, and indeed it says nothing of the impact on those other communities (or the Shoalhaven) in terms of increased disadvantage, housing stress & poverty resulting from higher rates.

It seems that Council believe that if other comparative LGA's are paying more, then that is justification enough for raising the rates in the Shoalhaven irrespective of the impact. Out of these comparative LGA's, Shoalhaven has the lowest SEIFA rating, & it follows that if rates are increased, so too will poverty & economic disadvantage increase. If anything the SEIFA score for the Shoalhaven is evidence of the fact that this community can't afford these rate increases in comparison to the other LGA's cited.

They appear to have included little evidence that the Shoalhaven can afford these rate increases and have omitted to include factors that would demonstrate that these rate increases are in fact unaffordable. These factors include the following:

### DISADVANTAGE

Shoalhaven LGA's relative disadvantage is of course evidenced in its lower than average ABS (2011) SEIFA score (954.6) being in the lowest 40% of NSW areas & the lowest of comparative Councils

cited in SCC's application. In many areas of the LGA however, with high concentrations of social housing, Aboriginal Communities and older private renters, the disadvantage is more pronounced. This fact is acknowledged in Shoalhaven Councils Housing Affordability Discussion Paper and Draft report, and yet their submission to IPART is conspicuously lacking these details. You'll note I've included links to these documents for IPARTS edification.

Although updated statistics on Shoalhaven's current level of poverty are about to be released, they were not available in time for this submission. I would however, like to submit the upcoming report once it is released later this month. Working on the 2013 Statistics compiled by National centre for Social and Economic Modelling, 17 per cent of the Shoalhaven population was considered to be in poverty at that time.

The 2013 figures also revealed a distressing level of childhood poverty, with 21 per cent of children in the Shoalhaven living in poverty compared with Wollongong at 14%. I have no doubt that the upcoming poverty report will demonstrate an even higher number of individuals and Children living in poverty as unemployment has risen along with cost of living, including significant rises in Power prices. Power Poverty is a whole new bracket of disadvantage in this region and indeed across the country since privatisation & the prices just keep rising. By Comparison wages have stagnated, penalty rates have recently been cut & Shoalhaven has a much lower wage rate compared with state & National averages.

2013 national poverty figures released by the Australian Council of Social Services (ACOSS) highlighted that Shoalhaven has a significantly higher number of people struggling to survive on incomes which put them below the poverty line compared with other regions. I believe that the 2018 report will demonstrate even greater poverty as unemployment is much higher and our population is bigger and four years older.

## UNEMPLOYMENT/UNDEREMPLOYMENT & LOWER WAGE RATES

This entrenched poverty is due in large part to the historically high unemployment & lower wage rates in comparison to NSW and National figures. The following is taken from ABS quick Stats.

### Median weekly incomes

Shoalhaven (C) % New South Wales % Australia %				
<i>People aged 15 years and over</i>				
Personal	511	-- 664	-- 662	--
Family	1,226	-- 1,780	-- 1,734	--
Household	992	-- 1,486	-- 1,438	--

We have a high proportion of people who are unemployed & Underemployed in the Shoalhaven, particularly our young people & this too is a major factor impacting poverty.

Unemployment is an important indicator of the economic status of a region. A high rate can indicate a declining economy with closures of key industries, or a residential area with a significantly disadvantaged population. Shoalhaven has lost a number of major employers including the Paper Mill, with thousands of job losses in the space of 5 years. Ironically, the Greens candidate for the South Coast in 2015, Amanda Findley (who is now the Mayor of Shoalhaven) acknowledged at the time that:

*“The Shoalhaven and Southern Highlands area has lost over 10,000 jobs since the Abbott government came to office. This must be turned around.”*

In the 2017 September quarter, the unemployment rate in Shoalhaven City was 9.16%, almost twice that of the State & National average.

This figure however, is not entirely reliable in that the strict criteria set out by ABS in their employment survey, excludes anyone who isn't actively seeking work on the day of the survey. This exclusion applies to anyone on Work for the Dole, in Training, & the high number of individuals receiving Newstart but excluded from Mutual Obligation on the basis of disability. This last group comprises 25% of all Newstart recipients. These groups are not counted in the unemployment statistics but they are nonetheless unemployed, hence the true unemployment rate is much higher.

ABS estimates also fail to take underemployment into account with a significant number of people in the Shoalhaven surviving on only part time seasonal work.

Of employed people in Shoalhaven (C) (Local Government Areas), 36.7% of the workforce are working part time.

Youth unemployment in particular is considered to be at crisis point in the Shoalhaven, increasing from 25.4% in June 2017 to 29% currently according to figures from the Department of Employment's [Labour Market Information Portal](#).

This contrasts with significantly lower state youth unemployment figures. Across NSW, the rate hardly changed, decreasing from 11.9 to 11.8 per cent in the same period.

The Shoalhaven's Youth Unemployment Rate is currently the highest in NSW and has now risen to the second highest in Australia, only behind Outback Queensland.

At the other end of the scale Over 50's unemployment is also rising 5 times faster than any other age group however, it is difficult to get accurate stats on this group as they're not as readily reported on by local media as youth unemployment. Also unemployment data is difficult to extrapolate in this region ever since we were enveloped as part of the Illawarra instead of treated as a separate city/region. Even so, it is an accepted fact that older Australians remain unemployed longer and have significant difficulty competing against younger people for available jobs. Taking the high youth unemployment in this region into account, it could be argued that the mature age unemployment rate is reasonably similar.

There is a shortage of jobs in the Shoalhaven LGA, particularly full time positions and that situation is only likely to worsen with the imposition of these rate increases. Small Businesses will be even less able to afford to create jobs than they currently are, as they will have to find almost 30% extra over 3 years to pay for either rates or increased rents, which landlords will surely impose to offset the rate increases. It may also lead to further business closures & jobs being lost as smaller employers struggle to meet the escalating cost of doing business.

## HOUSING STRESS

The lack of affordable housing is also putting enormous stress on families and individuals in the Shoalhaven. It is very difficult to get public housing any more so people are paying up to 50 per cent of their income on rent if they are able to find affordable accommodation in the first place.

It is widely acknowledged (even by Shoalhaven City Council= see housing affordability link below), that Shoalhaven LGA is one of the least affordable areas for both low income purchasers and renters. It now has the highest level of housing stress in the Illawarra Shoalhaven Region.

Rents are increasing significantly compared with local incomes & a growing number of people are unable to meet the cost of local rents. This has led to a much higher rate of housing stress than NSW and Greater Sydney. Around 46% of renting households were in housing stress in 2011 in the Shoalhaven LGA compared with 40% for NSW and 39% for Greater Sydney. No Doubt current housing stress is even greater with increases in power and various other expenses vs cuts to penalty rates and stagnant wage growth. However, current figures are difficult to find and were not cited in Shoalhaven Councils housing affordability discussion paper.

In terms of purchasing households, housing stress is an even more serious local issue when compared with benchmark areas with around 32% in the Shoalhaven LGA in housing stress compared with 23% for NSW and 22% for greater Sydney. Compounding this is the much lower incomes in the region generally.

According to the SCC Housing Affordability discussion paper, (see link below) 46% of renting households in the Shoalhaven LGA are in the very low income band compared with Greater Sydney - 28%, and low income purchasers make up 21% of renting households compared with 16% for Sydney.

Purchasers are likewise far more disadvantaged in the LGA, very low income purchasing households are 16% of the total in the LGA compared with 8% for Sydney; and 18% of local purchasing households on low incomes compared with 10% for Sydney.

Ironically, much of the disadvantage within the Shoalhaven is cited in SCC's Affordable Housing Discussion Paper & Draft Report (See Links below) and yet there is a complete disconnect in terms of the impact these rate increases will have in escalating our already high housing stress for both renters and ratepayers. Council had access to this information as they commissioned the draft report and discussion papers and yet none of this information was made available to IPART in terms of taking the community's ability to pay higher rates into account.

Though more recent figures are not currently available (& no doubt the current status is even worse than 2011 figures), an increase in rates to the degree being sought by SCC can be expected to drive housing stress much higher in comparison to NSW and Greater Sydney.

### **Shoalhaven Affordable Housing strategy draft report**

**Shoalhaven Affordable Housing strategy Discussion paper**

## AGEING POPULATION ON FIXED INCOMES.

Currently according to ABS statistics people aged 65 years and over account for up to 26.4% of the Shoalhaven population & in real figures this represents approx. 26,347 individuals.

The majority of this age group are on fixed incomes either receiving aged pension, self funded retirement funds/superannuation etc, or a mixture of both. It can be expected that the housing stress and disadvantage of this particular group of Shoalhaven residents will also be seriously impacted by an increase of nearly 30% in rates over 3 years, given that their incomes are not likely to increase by 30% in the same period. In effect, they'll simply go without necessary items such as power, food, clothing etc.

This impact will continue on, well past 3 years in as much as the Shoalhaven LGA has one of the oldest and most rapidly aging profiles in the State. The median age is much higher (46 compared with 38 for NSW and 36 for Greater Sydney)

Some local areas within the LGA have a particularly old age structure, with rural and coastal areas in north and far south of the LGA, and around Vincentia having a median age older than 50 years, and the area around Sussex Inlet having the oldest median age at 58 years.

By 2031, More than half of the population of the LGA will be 50 years or older, compared with 37% for NSW and 33% for Greater Sydney. For those aged 70 years or older on fixed incomes, Shoalhaven's rate is projected to be more than double that of Greater Sydney.

Source: New South Wales State and Local Government Area Population Projections: 2014 Final and JSA calculation

Cited in:

**Shoalhaven Affordable Housing strategy draft report**

**Shoalhaven Affordable Housing strategy Discussion paper**

In conclusion, this very high rate increase will seriously impact a good majority of people already experiencing disadvantage in the Shoalhaven. Taken together, Retirees, Disability Pensioners, Unemployed, Underemployed individuals & low wage earners will be left nearly 30% worse off, thereby increasing poverty, disadvantage, housing stress & indeed homelessness. One might expect the child poverty rate to increase significantly & disadvantage to move closer to crisis point. Jobs may be lost as small businesses struggle to meet these increases whether in rate payments or increased rents that will almost certainly be passed on by Landlords. The shortage in affordable housing will also be seriously impacted as rental rates increase beyond the means of most people on lower incomes. Spending in the economy will also be reduced significantly with obvious potential for business closures and job losses.

The current Mayor has stated that

*"There is two very clear options for Council to adopt. Either we cut our services to reduce the amount of money we are spending or we increase the revenue that we receive each year."*

This assertion however, doesn't seem to be supported by the fact that Council has increased their General Fund Cash position from \$64 Million only a few years ago, to \$110 Million currently. Surely if Services were so constrained they would not be able to build the General Fund cash position to this extent.

Though I realise that IPART has little power over how Councils spend 'Our' money, I think it bears mentioning that this current council are intending to earmark tens of millions of ratepayer funds to develop two Sporting Centres of Excellence at Bomaderry and Vincentia while telling the community these rate increases are necessary to maintain current services. Surely if Council is finding it difficult to meet their purview via the normal rate peg (minus the 13.2% it was granted for one year) & the \$110 million they have stockpiled in their General Fund, they shouldn't be allocating 'our' money to projects that are outside of their purview at the expense of the services that aren't. Furthermore, they surely shouldn't be asking ratepayers to go without basic needs such as food, power, clothing etc to fund a project that may in all probability return nothing to the community paying for it & in fact, cost us even more money in losses. SCC's track record in this regard is not something that inspires confidence.

For instance, Over the years there has been a vast amount of money invested in various facilities with a promise of generous returns & benefit to the community. These include (but are not limited to) The Bay and Basin Leisure Centre - \$15 million, which loses over \$3Million per annum; the Entertainment Centre \$24 Million, which loses \$2 Million per annum, Ulladulla Pool \$6 Million, Nowra Pool \$9 million, & Sussex Inlet Pool \$5 Million, none of which have returned the money invested and which operate at a loss. As a ratepayer I'm concerned that this council intends to invest more money than all of the above facilities combined, for sporting centres that will also potentially run at a loss and cost ratepayers millions into the future. Meanwhile they are asking this community to foot the bill for existing services to remain viable while stockpiling over \$100 Million dollars. It simply doesn't add up.

The huge impact this rate increase will have on the community in terms of the various factors I've highlighted above, cannot and should not be taken lightly. Our economic security relies on IPART making a responsible decision on our behalf given that Shoalhaven Council seem disinterested in either considering, or indeed acknowledging the factors that demonstrate this community's inability to pay for these rate hikes. Your utmost consideration is therefore vital in ensuring the disadvantage that already exists in the Shoalhaven is not cemented further.

It is important to note that prior to IPART approving the 13.2% special variation last year, the land values in this region were increased by 22% by the Valuer General, equating to an even higher impost on ratepayers in the same period. This needs to be considered in terms of the overall impact of the current proposed increases.

I ask on behalf of my rather disempowered community that you give this your utmost consideration in terms of the impact these rate increases will most definitely have on a majority of residents in terms of increasing poverty, unemployment, housing stress & decreasing spending in the community, which in turn, may lead to business closures and job losses.

Sincerely [REDACTED].  
Shoalhaven Ratepayer

Cc: Minister for Local Govt.