

Submission to IPART

11 March 2019

Special Rate Variation Proposal – Port Stephens Council

As a Port Stephens Council Ratepayer for 20 years, I wish to record my strenuous objection to the proposed 7.5% Special Rate Variation (SRV) above the prescribed State Government Rate Cap. The Council has not convinced this community that it is necessary or desirable to implement this long term cumulative impost on its ratepayers that cannot be recouped by most.

Port Stephens Council has form from the past on this type of financial blackmail.

In 2009/10 Port Stephens Council threatened ratepayers that it would not spend the money it said was required on the following:

- \$1M on Clarencetown Road,
- \$615,000 on sports asset management,
- \$230,000 on library books and multimedia items,
- \$140,000 on community halls
- \$63,000 on cemetery maintenance
- \$15,000 on Medowie before and after school care, and child care centres

It said to do so it would need to apply for an 8.5% rate increase above the then prescribed rate cap of 2.6% per annum, over four years to complete these essential works, which would have resulted in a cumulative rate rise of 22.85%.

At the time Council was losing about \$750,000.00 per annum on a failed business venture, a nudist colony that it had purchased in 2000 and tried to turn into a luxury tourist resort. (Samurai Beach Resort, now Treescape. They still own it, are investing more in it, and it is still losing money, but not as much.)

This followed these previous successful applications in:

- 2000/01, 5.5% for 10yrs + 3yrs
- 2003/04, 7.13% - 3yrs
- 2006/07, 9.96% - Ongoing
- 2008/09, 5.3% - Ongoing

The Tomaree Ratepayers and Residents Association opposed the 2009/10 proposal in a strongly worded submission to the then Minister for local Government, the Hon Barbara Perry. The Minister agreed with TRRA's contention that:

- Council did not present a proper business case to support the increase
- Did not canvass all the alternatives available
- Did not consult properly or gain the support of the community.

TRRA Press Release:

[MINISTER REJECTS PORT STEPHENS COUNCIL RATE RISE](#)

The Current SRV proposal sounds all too familiar. The above points are still relevant to this proposal. It's Dissatisfaction with the 2.8% Government rate peg available, which is above the inflation rate of 2.1% and will result in a 19% cumulative increase anyway over seven years, provokes the response that it can grudgingly "maintain existing service levels" for that amount.

The alternatives originally proposed were a 56%, a 66%, or a cumulative 77% increase in rates over the next 7 years. It seems that the Council is once again abrogating its responsibilities to provide basic services within its means. Wage earners have had to survive the last 8 years with no increase, and some have gone backwards against the CPI, with power prices doubling during that period. There is no way that ratepayers on fixed incomes or wages can recoup this increase.

Since that last proposal was rejected the Council has managed to survive and provided most of the basic services without going over the rate peg. However it has spent all the section 94 fund contributions received from developments that were supposed to fund revitalizing the town centres, provide parking facilities and community amenities, on two new Surf Clubs, a big Men's Shed in Raymond Terrace and an controversial recreational "club with no beer" in Medowie. Now it wants to fund its essential basic responsibilities with a massive rate hike.

A smaller increase on a one off basis may have been more acceptable, but that was rejected by this Council. Instead we have a proposal which will have a permanent, cumulative effect. And to have this Council race in and borrow money for their grandiose schemes and spend it all in their term, then expect subsequent Councils to pay it all off over the next 20 years is ludicrous and irresponsible in these financially uncertain times. It is clear from the figures, this grab bag of promises won't be paid off in seven years, which is why it has to be cumulative.

Ordinary ratepayers have had to face reality and find reductions in unnecessary expenditure to balance their books in this environment to survive. We would all like to have access to a 66% increase in expenditure above the CPI over the next seven years too, but based on the last seven years, that is extremely unlikely.

Council will have to face the same realities before making this unscrupulous impost on its ratepayers. Of those that were consulted, the majority did not support this proposal for a variation above the rate peg, and trust that the IPART

will apply the same vigorous scrutiny to this greedy application that the Minister did in with the last one, and reject it.

