

Submission to IPART on Port Stephens Council Proposal for Special Rate Variation (SRV)

To date, I have supported the need for a SRV in principle. I appreciate that without a lift in revenue, many of the major projects and even some ongoing maintenance obligations, may not be deliverable. I accept the fact that the Port Stephens rate level is one of the lowest among Lower Hunter Councils. However, the potential benefit in terms of delivering more of the requested projects needs to be balanced against the potential impact of rate increase options on affordability and the viability of business operations across the LGA.

At Council meetings, Councillor Giacomo Arnott has made strong pleas for consideration of the impact of the proposed increases on some segments of the community. At public meetings that I have attended, these concerns have been echoed by other speakers and members of the community.

I am concerned that the option of a 7.5% increase over 7 years, as proposed by Council, represents a significant increase in rates for all ratepayers which may not be affordable for a significant segment of the community. Also, the intention that the increased rate base would be maintained permanently after the 7 years means that any ratepayers who are struggling will continue to suffer.

I am also concerned that the Council's intention to fund projects with loan monies especially in the earlier years with interest and repayments being met from later rate revenues will commit future Councils to those repayments and expose Council to increases in interest rates.

I note that the State Government's proposal to merge Councils in NSW has resulted in the current Port Stephens Council only having three years of its term left to run. If there were to be a protest vote against the Council because of the SRV, then the new Council would be locked into the 7.5% increase over 7 years as well as any repayment towards the loan monies.

At the most general level of analysis, the point has been made that Council is proposing options for an increase in rates which far exceeds the recent trends in cost of living and wages. The logic of such a level of increase is thus difficult to justify.

IPART's Website provides a listing of SRVs approved in recent years which provides guidance as to which applications are accepted, modified or rejected. My analysis of this list indicates that the majority of approvals are for SRVs which apply for periods of less than 5 years and for increases which are typically 6% or less.

As a result, I submit that:

1. The SRV should be approved for a three year period, not 7 years, as the current Port Stephens Council has only three years of its term left to run.
2. The SRV should be approved at an increase between 5% and 6%, not 7.5%, in consideration of the impact of the proposed increases on some segments of the community.
3. Any loan should be restricted to a short to medium period and not long-term, to reduce exposure to an interest rate increase.

David Wilson
Rate Payer

