

Mr D Francis
Director, Local Government, IPART

Thank you for your letter of 1st February in reply to my letter of 22nd January which was sent prior to Kiama Council's submission of the 12th February. I would like my letter of the 22nd (copy attached) to be taken into consideration when you are reviewing Council's submission for an SRV.

I would also like the following comments to be taken into consideration when the review is taking place before a decision is taken by IPART.

A matter of importance is the Council owned land in Terralong, Akuna and Shoalhaven Streets. This land which includes a Council Carpark and land on which a Hardware Store was located in Terralong Street and extending through to Akuna Street and land fronting Shoalhaven Street formally owned by [REDACTED] A plan showing the lands in red hatching is attached for information.

This land, which is proposed to include an Aldi Supermarket, has a development application submitted by a Developer which under consideration by the Regional Planning Committee. The Developer is the same company that is presently developing the shopping and residential complex on the corner Manning and Bong Bong Streets.

I have requested details of the asset value of this land from Council but have not received a reply. The sale value however, would probably be in the order of \$5,000,000. Council's application for an SRV of 6% each year for the next 3 years, totalling income of \$3,577,000 would therefore appear to be unnecessary when the sale of this land is concluded in the near future. You may wish to contact Council to ascertain the land's sale value.

Indeed, I would suggest that IPART in future should request Councils to provide details of their assets and values and whether they intend to dispose of any such assets in the future. I have read Council's submission to IPART of 98 pages and I am still not convinced that the requested SRV should be approved as Council should be able to carry out its duties and obligations without continually relying on SRV's. It is all a matter of efficiency.

Therefore, as I indicated previously, I firmly believe that IPART should refuse Council's request for three years of SRV's totalling 19.1% increases in rates.

Yours sincerely

[REDACTED]
John Mountford, JP, CPA
[REDACTED]

February 20th, 2018



Copy

The Chairperson
Independent Pricing and Regulatory Tribunal

I write further to my earlier email. Firstly I wish to correct my comments concerning Council's proposal that the 6% Special Rate Variation (SRV) for each of 3 years and now agree that such increases would include any normal Rate Peg increases and not as I originally stated that they would be in addition to the SRV.

The Council proposal is that the special Rate Variations amounting to 19.1% after 3 years would then be permanently retained in the Rate Base. As you are aware the last SRV approved by IPART to Council was 9.74% in 2013/14 which was also permanently included in the general base rate Including the Rate Peg of 3.4%.


However, are you also aware that Council also received Ministerial approval for additional rate increases of 6.5 percent each year for 5 years from 2009/10 and a further increase of another 6.5 percent from 2010/11 for 3 years parts of which was rolled into the 9.74%. It is obvious that Kiama Council needs to operate in a positive and sound financial manner by proper implementation of its internal income and expenditure.

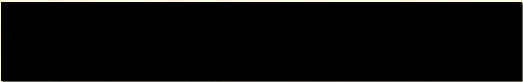
As the former Mayor of the City of Canterbury, I realise that Kiama Council would need to examine staff levels and ensuring that its assets such as the existing and proposed Blue Haven Retirement Complexes, the Recreation Centre, Caravan and Tourist Accommodations, and the Showground Pavilion Centre are profitable and not losing money. Also Council's large tracts of land in Terralong, Akuna & Shoalhaven Streets, acquired for future development, such as an Aldi Supermarket Complex, when sold would bring in millions of dollars to Council thereby overcoming its present financial situation.

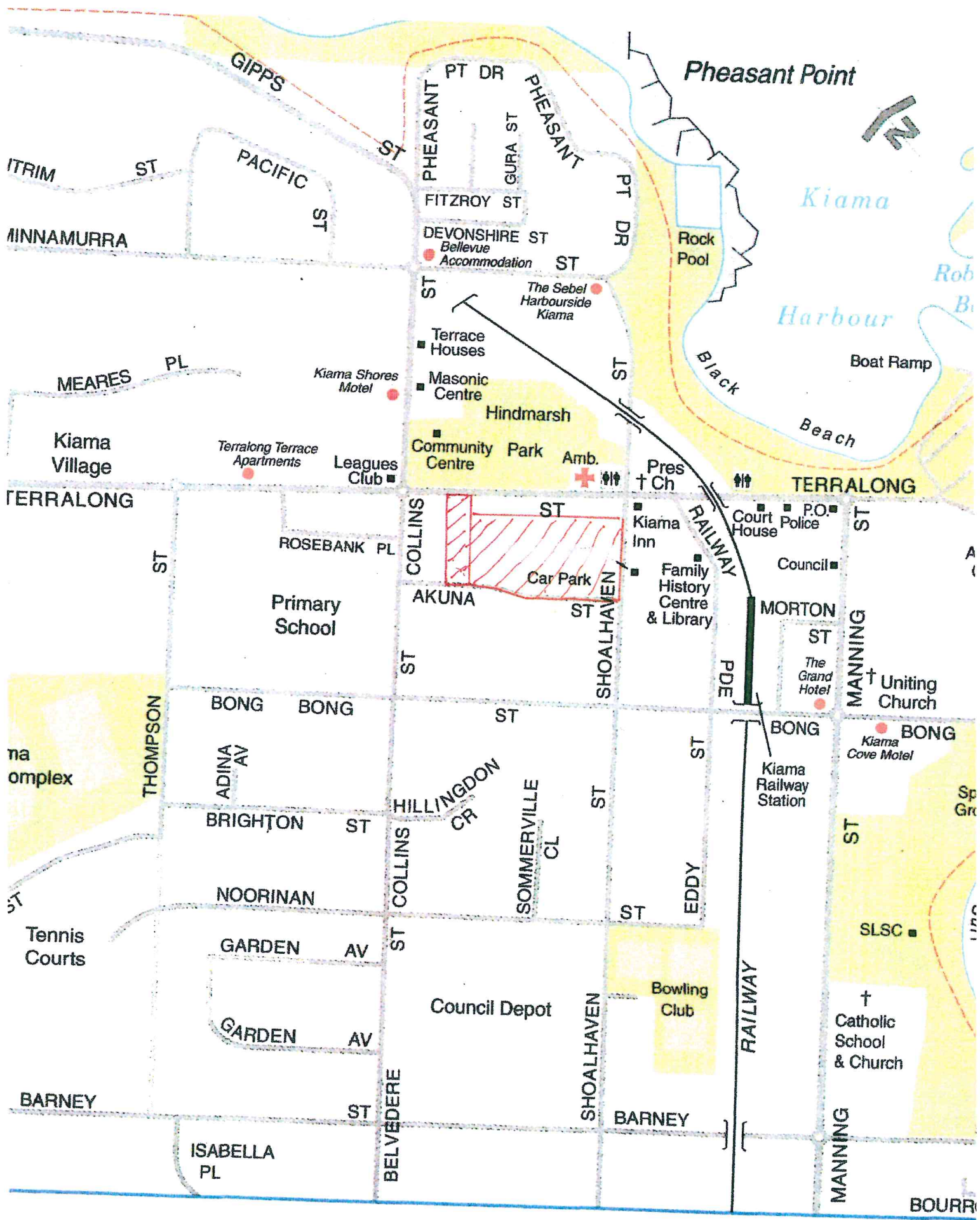
Council rates are already high and any further increases are outrageous and unnecessary. These continual requests for Ministerial and SRV increases have only created further burdens on ratepayers. For example the rates on my property in 2012/13 were \$1,680 and in 2016/17 were \$2,276 an increase of \$596 or 35.48%. If IPART approves Council's proposal with another 19.1% to be added to the 2017/18 present rates my rates would rise to approximately \$2,460 an increase over the 8 years from 2012/13 to 2020/21 by \$780 or 46.43%. These continual requests for Ministerial and IPART special rate variations have and will continue to create further burdens on Kiama ratepayers.

Therefore on behalf of my own family and other ratepayers I request that IPART not approve Council's application for a further SRV of 6% each year for 3 years to 2020/21.

Yours sincerely


John Mountford, JP, CPA


January 22nd, 2018



Mr D Francis
Director, Local Government, IPART



I am writing to you again because I have recently become aware of Kiama Council's proposal to sell further land which it owns at Spring Creek, opposite to the main entrance to Kiama. *See attached copy of notice in the recent issue of "The Bugle" a fortnightly local newspaper.*

Council's proposal for Spring Creek is to have up to 100 home sites available for sale to the public. As the normal price for building blocks in Kiama is presently between \$350,000 and \$400,000 dollars, the ultimate gross profit of such sales would be in the order of \$35 to \$40 million dollars of which Council's net share after development costs, would be at least \$20 to \$25 million dollars.

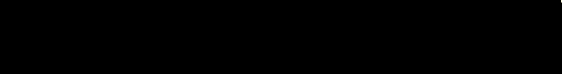
This additional revenue, together with the sale of land bounded by Terralong, Akuna and Shoalhaven Streets, which I outlined in detail in my previous letter of 20th February, means that Council stands to have a total gain of approximately \$30 million dollars over the next few years.

As you may also be aware, that Kiama's New Blue Haven Bonaira Project at the old Kiama Hospital site is scheduled for completion in 2019 and will provide for 59 Independent Living Units and a further accommodation for 134 residents in care accommodation. *See attached recent Mayoral Report in the "Kiama Independent" a weekly local newspaper.* The sale of the 59 Independent Units would bring in at least \$30 million dollars and funds deposited for entry to the care accommodation units is usually between \$350,000 to \$500,000 depending on clients' assets and income, bringing in some \$35 to \$50 million dollars. Total sales income would therefore be in the order of \$65 to \$80 million dollars which would be sufficient to repay the \$60 million dollars loan. The independent units and the accommodation care units would then bring in a steady income stream to Council.

I have also examined Council's Balance Sheet for 2017 which shows it has Current Investment Assets of \$37,278,000, which I assume includes land which could be sold. All these assets shows that Kiama Council is not in financial trouble if it manages its assets and future income in a competent manner. In my opinion therefore there is no need for Council to receive any SRV increases in rates and IPART should refuse Councils request.

I would appreciate if you would take the matters outlined in this letter and my previous correspondence of 22nd January and February 20th into consideration when considering Kiama Council's Submission for SRV of 6% for each of the next 3 years.

Yours sincerely


John Mountford, JP, CPA
March 7th, 2018