

Dr. Peter J. Boxall, AO
Chairman
Independent Pricing and Regulatory Tribunal



Dear Dr. Boxall,

I write to oppose Kiama Municipal Council's application for an increase in rates by way of a Special Rate Variation of 9.83% for 2019/20 and 6% for 2020/21 and for such increases of 19.1% to be permanently retained in the Rate Base. As you are aware Council received an increase in the SRV of 6% in 2018 for the year 2018/19, but it was not to be retained in the Base Rate. Council is obviously attempting to overcome the Tribunal's approval in 2018 by increasing its request for an SRV of 9.83% in 2019/20. With a tongue-in-cheek comment on my part - it's a bit like "Ground Hog Day" all over again.

Council has a habit of seeking and receiving additional rate increases over previous years. For example, for each of the 5 years commencing in 2009/10 it received rate increases of 6.5% and further increases of 6.5% each of the three years 3 years commencing in 2010/11, parts of which was rolled into the 9.74% Base Rate. It has become patently obvious that Kiama Council considers that it cannot survive without constant additional increases in its base rates. As a former Councillor and Mayor of Canterbury Municipal Council I consider that it is time that Kiama Council needs to operate in a positive and sound financial manner by proper implementation of its income and expenditure.

The major consideration requiring the Tribunal's decision is the impact that such rate increases will have on residents whether they be residential, rural or business, bearing in mind that the proposed increase of 19.1% is to be a permanent increase in the Base Rate. Pages 40 and 41 outline the increases on each type of land use. The increases to Rates by the third year of 2020/21 and thereafter would be \$10.18 per week and \$1,588 per year for Residential; \$19.60 per week and \$3,058 per year for Rural Residential; \$15.45 per week and \$2,410 per year for Business Commercial Industrial; \$6.66 per week and \$1,039 per year for Business Ordinary; and \$17.60 per week and \$2,746 per year for Farmland.

I have carefully examined the 105 page submission by Kiama Council seeking further SRV's for the next two years and thereafter, and have come to the conclusion that Council will have more than sufficient funds available for future years operations by utilising the sale of a number of its assets, which I will now outline for the Tribunal's information and consideration.

- Kiama Council is presently constructing "*Blue Haven Bonaira*" on the former site of Kiama Hospital bounded by Bonaira, Reid and Holden Streets. It will have 59 Independent Living Units contained within four 3-storey buildings and providing accommodation for 134 residents. Council is already reserving the units off the plan and advises that the project will be completed by mid-2019. A copy of the outline plan of the units are attached. Council have advised that the units would be selling between \$750,000 and \$850,000, which means the 59 units would bring in approximately \$47 million dollars. The Independent Units and the Accommodation Care Units would also bring in a steady income stream to Council each year.


- Kiama Council also owns the existing "*Blue Haven*" Complex in Terralong Street where it has Over 200 Independent Living Units and a large number of Accommodation Care Units covering Hostel and Nursing Home accommodation. When the Independent Living Units become vacant they resell from between \$230,000 and \$960,000. According to the list supplied to me by Council these 200 units currently have a total resale value of over \$100 million dollars.
- Kiama Council owns land bounded by Terralong, Akuna and Shoalhaven Streets. This land had a development application submitted by the same Developer that has just completed a 79 unit complex comprising shopping and residential units on the corner of Manning and Bong Bong Streets. The Development application for the previously mentioned land was eventually approved by the Southern Joint Regional Planning Panel in mid-2018. However, the Council resolved in August 2018 not to proceed with development of the land at the present time. The land was proposed to be sold to the Developer for \$10 million dollars and was proposed to be partly used for an Aldi Supermarket. I consider Council's decision was wrong and shows poor judgement.
- Kiama Council also owns land at Spring Creek (East of Kiama Cemetery) which the Mayor in his Mayoral Column advised in 2018 would be developed into 100 land sites available for sale to the public in the future. With the average residential land value in Kiama presently being \$418,000, Council could have a gross profit in the order of \$42 million dollars.

Council has not advised the Tribunal of the future sale of such assets, probably because it has not been called upon to do so. I suggested to the Tribunal in my letter of 20th February, 2018 that it should insist on Councils provide details of the future sale of assets which obviously form a valuable part of their income.

I have outlined the impact that any further approval by the Tribunal that further SRV's would have on residents and landholders, and the reasons why Kiama Municipal Council has sufficient future incomes to more than cover its infrastructure and other needs and requirements. I therefore recommend that the Independent and Regulatory Tribunal refuses the Council's request for further Special Rate Variations.

Yours Sincerely


John G Mountford, JP, CPA

 Kiama Heights, NSW 2533

February 26th, 2019

