

IPART SUBMISSION OPPOSING PORT STEPHENS COUNCIL'S PROPOSED SPECIAL RATE VARIATION

Reasons for not approving Councils proposal

1. Lack of affordability for many residents especially pensioners

Most pensioners manage to build some wealth over a lifetime through a process of financial discipline. We need to choose not to go on that expensive holiday, or to buy that large fishing boat, or expensive car so that we are able to contribute the major part towards our own support. To subject these residents to such an extreme increase over such a long time period is unjustified and not sustainable given the cost of living along with other household utilities.

2. Financial mismanagement of millions of dollars lost in fighting litigation

Examples of irresponsible mismanagement

Nelson Bay Lagoons Estate case,

"The council's silence since May about the loss and its consequences – with a total possible bill of \$20 million for legal costs, failed drainage by the council since an earlier council court loss in 2006, damages and new drainage works – has coincided with its public push for extraordinary rate increases over the next seven years".

Medowie Medical Centre

Port Stephens Council risks a legal bill of up to \$100,000 after councillors voted at the 26 February 2019 meeting to reject a development application for a medical centre in Medowie's Boundary Road.

Despite the warnings of legal action by some of their colleagues and a recommendation by planners to approve the DA, the five councillors who voted to dismiss the advice and refuse the application have been labelled by one councillor as being "irresponsible".

3. Lack of consultation and due process

The staff report to councillors showed that much of the feedback from the community opposed increasing rates, with 61 percent of the random telephone calls and 74 percent of the opt-in survey voting Option 1 (to retain the existing rate peg as set by IPART).

The majority of respondents opposed to the larger increase cited lack of affordability (38 percent), council living within its means, and lack of trust in the council to deliver.

The report also outlined a number of measures to assist pensioners and those who qualify under the 'hardship policy', such as rate concessions, flexible repayments, interest reductions, and financial assistance. Councillors said these measures would be negotiated in time.

Council's proposal, consultation, survey process was very poor, to say the least. Councillors said 'hardship policy' measures would be negotiated in time. Had they prepared and presented this in a professional manner at the time of proposal they may have had a more favourable survey outcome. It was virtually limited to their proposed plan, information sessions and surveys. There were no amended proposals after the results of the surveys. Council elected to rush off and notify IPART of its intention to apply for a rate increase of 7.5 percent per annum over a seven-year term.

Summary

Port Stephens Council should

○ Go back and prepare a few alternative, more realistic and acceptable rate increases better aligned with residents wishes

OR

○ adopt a policy of living within its means through a process of fiscal discipline and management. If they want to fund a wish list, then implement policies such as the successful private organizations or Federal and State Government's where user pays. Road tolls would be one example