

17. 3. 15

DEAR SIR / MADAM

I recentley wrote to you opposing the 46.9% rate rise proposed by the newcastle City Council for the rate payers and thank you for your reply AND advice.

I WAS in the process of writing to Council when they lodged their claim with you for this rise, but not long After this the Newcastle Herald released a statement showing the amount of money each council had in their bank accounts and Also commen made by various factions within council on this matter.

I have enclosed the Herald PAGES to you and hope they may be of some interest.

Thanking you
Steve Cooper

Rate rise only way: mayor

By MARK CONNORS

LORD mayor Nuatali Nelmes has accused her fellow councillors of "scaring the general public" with claims that a proposed rate rise would heavily impact on residents financially.

The 46.9 per cent rate increase has the support of Labor and Greens councillors, but not the Liberal-independent alliance.

The council voted in favour of a new long-term financial plan last Tuesday night, which raises rates for both residents and businesses significantly.

Cr Nelmes said the rate rise was closer to 25 per cent, if you took into account CPI of 3 per cent for five years.

She said the council would be left with no

lifeguards, no art gallery, footpaths or libraries if a rate rise did not go ahead.

Liberal councillor Brad Luke said the rate increase was unwarranted and instead called on the council to cut out more waste.

Greens councillor Michael Osborne said the council's financial problems were partly due to the state government cost shifting, highlighting street-lighting and waste revenue.

He said local governments collected money on behalf of the state government and were handed back "some crumbs".

A final decision on the rate rise is expected in May and will be handed down by IPART, the Independent Pricing and Regulatory Tribunal of NSW.

\$132m in councils' money pile

By DAMON CRONSHAW

HUNTER councils have stashed \$132 million of cash meant for infrastructure, despite never-ending cries that they don't have enough money. The money pile is growing each year, amid calls for state reforms to allow the cash to be spent faster.

But the state government insists councils have been given the power to do this.

Lake Macquarie, Maitland, Newcastle, Cessnock and Port Stephens councils have collected \$132 million, but they spent only \$23 million of their stash in the 2013-14 financial year.

The cash stash totalled \$125 million the previous year.

The money comes from developers who pay councils under state laws for infrastructure in areas they develop.

Lake Macquarie council's latest financial report showed it had accumulated \$70 million in developer contributions.


It received \$11 million in 2013-14, but spent only \$4 million that financial year.

Lake Macquarie councillor Brian Adamthwaite said the state government should allow more flexibility, so the council could prioritise spending the money "in a more appropriate way".

However, the NSW Department of Planning said councils were allowed to "adopt a flexible approach" using developer contributions, based on demand for infrastructure.

They could "prioritise certain projects, borrow funds against future contributions or utilise general revenue".

The department had



Council	2013-14	2012-13
Lake Macquarie	\$69.7 million	\$91.1 million
Maitland	\$37.2 million	\$36.3 million
Newcastle	\$12.7 million	\$15.2 million
Port Stephens	\$7.8 million	\$8.2 million
Cessnock	\$4.2 million	\$3.9 million
Total	\$131.6 million	\$124.7 million

"provided a guide for councils on how to pool funds" to build priority projects, "rather than holding contributions in separate accounts for extended periods".

A Lake Macquarie council statement said the state government had been "reviewing the development contributions system for more than seven years and the review has not been finalised".

The council said it was improving its spending of contributions through a review, which it expected would lead to more "efficient and effective use" of the money.

With some councils under threat of merger and no end in sight to a push for big rate rises, some say it's not a good look for councils to be sitting on big cash piles.

Lake Macquarie councillor Rob Denton suspected councils used the money to "make their bottom line appear to be a lot better than it is, rather than building the necessary and required infrastructure".

Cr Denton said this type of "creative accounting" was unacceptable.

McCloy Group managing director Brian Swaine said developer contribution plans need improvement.

"The system hasn't been able to provide the infrastructure that the community requires," Mr Swaine said.

Despite the cash stash, delays in building infrastructure mean councils sometimes have to dip into general revenue to cover cost shortfalls.

Councils do collect interest on the money, but sometimes it doesn't keep pace with construction costs.

Cr Adamthwaite said it would be better to build infrastructure earlier in the development process to save costs and provide for the community.

"The later you build it, the more it costs - then you often don't have the money to do it," he said.

The NSW Planning Department said a draft Lower Hunter Regional Growth and Infrastructure Plan was being prepared for release soon.

This would outline regional priorities and help councils with infrastructure decisions.