

[REDACTED]
Sent: Tuesday, 12 February 2019 8:42 PM

To: Local Government Mailbox <localgovernment@ipart.nsw.gov.au>; [REDACTED]
[REDACTED]

Subject: IPART Submission

IPART Submission

Dear IPART,

Thank you for accepting our submission against Port Stephens council's SRV application for 2019-2020.

Below are our observations relating to each of the outlined SRV criteria.

1. Demonstrated need for the proposed SRV:

Many of the projects listed in the IP&R documents formed part of the 2017 council election campaign. There was never any mention of the need to increase rates by 66% over seven years in order to fund these promised projects. To add to the confusion of this proposal, many of the figures provided in the Strategic Asset Management Plan (SAMP) are inflated and/or not relevant, to say the least. For example; the council uses a figure of approximately \$297.00/ linear metre (lm) for costing pathways, shared or otherwise. I need to replace approximately 40 linear metres of paths around my house and have been quoted \$140.00/lm. A significant difference one would say, especially if your own employees are doing the work and you can purchase materials under bulk contracts at a significantly lower price than the public! The council has budgeted \$70,000.00 to replace a "Double Swing" in one suburb, a double swing for heaven's sake, this is outrageous and requires greater transparency of council's contacts to justify such a figure. I have received a quote to re clad the entire exterior of a two story, five bedroom house for just \$10,000.00 more! They have also budgeted \$71,000 in at least two (2) instances for the replacement of 3 BBQ's along with two absolutely serviceable shelters they occupy. The community has no problem with the replacing of unserviceable, dangerous infrastructure or renovating infrastructure that still has life in it however, replacing serviceable infrastructure is a mis-use of public funds. These examples demonstrate that the need for the proposed SRV is fluid to say the least and there should be much closer scrutiny of the spending of public money.

Within the SAMP, the council has included numerous projects that are already funded or self-funded through legislation and will not impact the future operating expenses of the LGA. For example, the budgeted amounts for the Holiday Parks, some \$7 million comes directly from the profits of these parks, income which can only be spent on those parks. None of this money can be used for the direct benefit of the community. Another example is the \$3 million budgeted for Stage 2 of the Birubi

Tourist Centre. I was under the impression that this money would come from the profits generated by the leases to the commercial contractors, over the life of the SAMP. It should be noted that some of these proposed projects have been promised to the community at LGA elections for 25 years or more, yet never managed to find their way into fruition, yet other than “we never had the funds” no other reasons have been provided. To frustrate the community further the proposed projects within the council’s SAMP come with a very big caveat, that being, nothing is cast in stone and could change according to the economic situation among other things as time goes on, perhaps another 25 years for some.

While I do agree that there are no doubt numerous worthy projects that the community would like to see completed, there is only so much which can be done with a finite budget. Imposing a 66% rate rise over 7 years to fund “unguaranteed” projects, many of which the greater community of Port Stephens will receive no direct benefit from, is against the best interests of our community. If this proposal is needed and supported by the community at large let council take the proposal to an election, thus confirming the council’s position that the silent majority support this SRV.

2. Demonstrated community awareness and engagement:

Council’s claims of extensive community awareness and engagement are somewhat overstated. Yes there was a period during which the council conducted various forms of “information” activities. However, comments by members of the public at the information meetings and on social media highlighted a significant level of confusion over the extent of the rate rise proposed and the need. One particular media report identified the rise as 7.5% over 7 years, which had to be amended in the next issue. The council continues to identify the SRV as a 7.5% p/a, rate rise over 7 years and always neglect to mention the compounding nature and that it will remain in place at the end of the 7 years.

Awareness was so poor that council itself mis-interpreted the scope of the original requirement. The council concluded that a large proportion of the respondents wanted improved infrastructure and services however, **this was not the scope of the community consultation.**

The scope of the community consultation as defined by the council, was: ***“As part of Council’s consultation of the community through the Integrated Planning Reporting Framework, Council has sought views on the possibility of a rate rise to fund a wide range of projects that the community has consistently raised as needed in the Community”***. The last part of this statement has not been substantiated or quantified and there is no, repeat no mention of a rise above the rate peg, which is claimed in the councils Extra Ordinary Meeting minutes of 29 January 2019.

Council also identifies that ***“Overall 74% of respondents selected Option 1 (rate peg only) as their first preference”*** implying that this suggests support for the SRV option process and the council’s actions. It does not, it supports the community’s opposition to the SRV. This was also articulated in the following statement from the consultation report, ***“Support for a SRV, while in the minority, recognised the need for infrastructure improvements and planning for the future.”*** My interpretation of this statement is that the minority of those surveyed recognised the need for infrastructure improvements and planning for the future.

The opt-in survey clearly showed a vast number of the community were willing to be actively involved in the community consultation process. The “weighting” of the opt-out survey identifies that the council and the surveying contractor felt it necessary to skew the data results. The results of both surveys, including the weighted opt-out survey identify strong community opposition to the SRV. The council however, has decided to proceed with the SRV application basing its decision upon the ***“Silent Majority”*** wanting improved infrastructure. Such a decision is outrageous, how can anyone assume what the ***“Silent Majority”*** wants? They’re silent for a reason, normally born out of apathy for a system of government that does what they see fit and to hell with the public and its opinions!

The lack of community awareness during the entire SRV process is reinforced further by the submissions relating to the Draft IP&R documents. Almost all of the submissions presented during this phase of the SRV process, referenced opposition to the SRV either entirely or partially. Less than 30% of the submissions dealt solely with the Draft IP&R documents, which is what this stage was for. The council had failed to properly inform the community regarding the nature of this stage. This action has allowed the council to make very minor changes based upon limited community input. All of these items and facts confirm that the community have very poor awareness and understanding of the SRV or its long term impacts.

During this entire process many in the community have been asking what the full cost of this application has cost the council. This includes the wages of those council staff dedicated to the development of the documentation, plans and application, advertising and printing of information literature. So far the council has declined to release this information. Such an act of defiance does not build confidence in the accuracy and availability of councils SRV reporting.

3. Impact on Ratepayers:

The impact which the SRV will have on ratepayers is understated by the council. Port Stephens is not an affluent LGA, in-fact of the other LGA’s that the council uses for comparison of rates charges, Port Stephens has the lowest SEIFA Socio-economic Index and this includes some which have already had an SRV approved.

The Unemployment rate for Port Stephens as of October 2018 was 0.8 percentage points **higher** than the NSW average for the same period. This is just the tip of the iceberg. There are a high proportion of low, fixed income people who live in the Port Stephens LGA. According to council's own report into Affordability and Hardship there are 6,000 residents receiving the mandatory age pensioner concession from council. This does not include self-funded retirees, those on New Start and the working poor or under employed.

Council is proposing an amended Hardship assistance program for eligible non-Aged Pension recipients. While this is an outstanding decision, council is admitting that the SRV will have a negative impact upon many residents of the LGA other than aged pensioners. One of the partnering welfare agencies approached by council to participate in the management of the Affordability and Hardship Support Program, has identified that money budgeted will only provide assistance for approximately half of those they calculate who will need this assistance, rather worrying really.

While this is concerning to say the least, it has the potential to become an even greater burden as more individuals and families find themselves affected by the increasing cost of living. Council has flagged Waste Charges to increase by \$110.00 over the same period, coupled with the normal CPI cycle of goods and services, an average ratepayer will find it even more difficult to keep their head above water.

The council argues that an extra \$9 or \$10 a week after 7 years is a small price to pay however, all the other ***Staples of life*** will also go up by just \$9 or \$10. Food; fuel; education; health; medications; water; power and communications adding just another \$80; \$90; \$100 or more to the weekly household budget. To be fair wages will rise somewhat but if the last 10 years is any indication, any rise will be minimal and more than likely swallowed by bracket creep.

In the IP&R documents, in particular those dealing with Affordability and Hardship, the council endeavoured to minimize the overall impact of the SRV with the following statement:

“The impact of a SRV increase is mitigated to an extent by the tax deductibility of rates as a business expense for farms, businesses and rental properties.”

This is an inconsiderate, obtuse position, totally void of empathy for a significant portion of their rate payers who will not have this option but will be directly affected by the result. Farm produce, business goods and services and rents will all rise as a result of an SRV. These price rises will be further impacted by an added GST component to boot.

I don't believe council have taken into account the very real domino effect of the SRV. That \$9 or \$10 may be the difference between a child receiving adequate medical care. A family being able to provide three healthy meals a day. And in the worst case it could be the deciding factor which destroys a family through domestic violence, substance abuse or the appearance of the “Black Dog”

of depression. This would have such a negative impact upon the greater Port Stephens community it doesn't bare thinking of.

Finally, in recent days, the Reserve Bank of Australia has downgraded the countries future economic outlook considerably. The economy is slated to grow at about 2.5% until 2020 and inflation for the same period has been revised down to 2.0%. This being the case, the current Rate peg of 2.4% will see the council receiving a 0.4% above inflation windfall.

4. Cost Savings – past and future:

After reviewing the draft IP&R documents I noticed that there was no reference to the cost saving criteria. It was my understanding that the council must provide requested information to the public which does not impact 'commercial in confidence' or personal information. As such I request information on both past and future cost savings, along with the council's critical positions succession plan, both of which are an integral part of this SRV process. Unfortunately, council decided to withhold this information from the community. How can the community make informed decisions if we are not provided with "All" the relevant information.

I would have liked to review these documents for two reasons.

Firstly, I have no idea what the council's purported past saving are and I'm sceptical that they truly exist. My rational for this statement. The council was identified as "Fit for the Future" and avoided a merger, yet after their own admission by using a different costing model they now need an SRV. Talk about smoke and mirrors!

Secondly, without knowing what savings are intended in the future, how can the community be sure that some of these promises or current services will not become one of those so called savings? I can guarantee that the executives will continue to get their performance bonuses even when the council's debt has risen along with our rates and charges. How can this be seen as performing above expectation? I can and would have offered a number of cost savings that would see the council operate far leaner and more efficiently.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]