



Shoal Bay Community Association Inc.

15 February 2019

Shoal Bay Community Association Inc Submission to IPART on Port Stephens Council Proposal for Special Rate Variation (SRV)

Introduction

The Shoal Bay Community Association Inc (SBCA) was incorporated in 2010 to provide a voice for the community seeking infrastructure improvements and environmental protection for the benefit and enjoyment of Shoal Bay residents and visitors now and into the future. Through submissions and working closely with Port Stephens Council, we have played a major part in achieving upgrades that have transformed the amenity and made Shoal Bay truly live up to its name as the 'jewel of Port Stephens'.

SBCA committee members have participated in numerous public meetings regarding the SRV and SBCA hosted a public meeting at which Port Stephens Council made a presentation on the SRV as part of the Council's consultation and communication process. SBCA has made submissions to all stages of the SRV process.

The Need for an SRV

To date, SBCA has supported the need for an SRV in principle. SBCA appreciates that without a lift in revenue, many of the major projects and even some ongoing maintenance obligations, may not be deliverable. SBCA accepts the fact that Port Stephens rate level is one of the lowest among Lower Hunter Councils. However, the potential benefit in terms of delivering more of the requested projects needs to be balanced against the potential impact of rate increase options on affordability and the viability of business operations across the LGA.

Affordability of an SRV

At Council meetings, Councillor Giacomo Arnott has made strong pleas for consideration of the impact of the proposed increases on some segments of the community. At public meetings that SBCA has attended, these concerns have been echoed by other speakers and members of the community.

SBCA is concerned that the option of a 7.5% increase over 7 years, as proposed by Council, represents a significant increase in rates for all ratepayers which may not be affordable for a significant segment of the community. Also, the intention that the increased rate base would be maintained permanently after the 7 years means that any ratepayers who are struggling will continue to suffer.

SBCA is also concerned that the Council's intention to fund projects with loan monies especially in the earlier years with interest and repayments being met from later rate revenues will commit future Councils to those repayments and expose Council to increases in interest rates.

SBCA notes that the State Government's proposal to merge Councils in NSW has resulted in the current Port Stephens Council only having three years of its term left to run. If there were to be a protest vote against the Council because of the SRV, then the new Council would be locked into the 7.5% increase over 7 years as well as any repayment towards the loan monies.

Capacity of Council

SBCA has concerns regarding the capacity of the Port Stephens Council to manage the ambitious list of projects and enhanced services which would come on stream over a relatively short time period. Final priority setting, design, documentation, approval, oversight of implementation and on-going management will require significant additional resources over and above council's current capacity.

The Council's 2018 Community Satisfaction Survey results show that 27% of respondents expressed little or no confidence in the way Council is managing its resources, including assets and finances. SBCA has concerns in regard to possible outstanding liabilities involving the Lagoons Estate and the business track records for Treescapes and Thou Walla resorts. Questions have also been raised in relation to the cost/benefit outcome of the recent council expenditure in and around the Salamander Shopping centre.

Summary

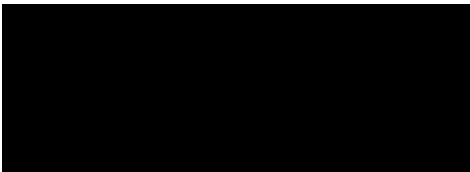
At the most general level of analysis the point has been made that Council is proposing options for an increase in rates, which far exceed the recent trends in cost of living and wages. The logic of such a level of increase is thus difficult to justify.

IPART's Website provides a listing of SRVs approved in recent years which provides guidance as to which applications are accepted, modified or rejected. Our analysis of this list indicates that the majority of approvals are for SRVs which apply for periods of less than 5 years and for increases which are typically 6% or less.

As a result, SBCA submits that:

1. The SRV should be approved for a three-year period, not 7 years, as the current Port Stephens Council has only three years of its term left to run.
2. The SRV should be approved at an increase between 5% and 6%, not 7.5%, in consideration of the impact of the proposed increases on some segments of the community.
3. Any loan should be restricted to a short to medium period and not long-term, to reduce exposure to an interest rate increase.

Yours sincerely



Tim Meharg
Chairperson Shoal Bay Community Association Inc.



The Shoal Bay Community Association Inc. has made no reportable political donations or gifts