

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240

[REDACTED]
4th March 2019

Dear Sir/ Madam,

Please find attached my personal submission related to Port Stephens Council's application for a "Special rate variation" to apply between 2019 and 2026 for a 7.5% increase in rates cumulative until 2026.

I wish to object to this rate variation which I consider both excessive and not justified. The social ramifications and economic impact on a large sector of the Port Stephens ratepayers and the residential population overall is unacceptable. With large communities of under employed and disadvantaged residents, pensioners and self-funded retirees a large portion of the Port Stephen's population have little recourse to pay for increases in rates well above inflation levels.

Example. Based on my current property rates of [REDACTED] this will rise to [REDACTED] between 2019 and 2026 an increase of [REDACTED] per annum compounding 7.5% each year to [REDACTED] per week.

The proposed impact on ratepayers is much higher than generally understood by most PS residents and the compounding impact of the proposed rate variation has not been adequately explained by the Council, indeed the entire process has lacked transparency and a logical open conversation with our community.

Community consultation and transparency.

Port Stephens Council has failed in its attempt to discuss rate variation increase options and outcomes with the PS community. PSC staff ran a series of workshops in the major communities across Port Stephens but left out many of the smaller communities. They came to my community of Medowie to talk about rate increases and how this would convert to infrastructure but failed to take the very first step which is to discuss what infrastructure the community would like to see, followed by preparation of optional draft strategic infrastructure plans costed and prioritized. Sessions were run during the day and late afternoons when working ratepayers with young families are committed to employment and family activities.

At an ordinary meeting of Port Stephens Council on the 9th October 2018, a majority of Councillors voted to support a staff recommendation with only one option on offer as follows:

- 1) Note the outcomes of community consultation for a proposed Special Rate Variation.

- 2) Notify the Independent Pricing and Regulatory Tribunal of its intention to apply for a Special Rate Variation of 7.5% per annum (including the rate peg), over seven years, to be a permanent increase which will be retained within the rate base.

3) Endorse the development of the Integrated Planning and Reporting documents for further consideration.

Council does not have the communities support for its proposed special variation rate increase, they received hundreds of letters objecting with a very small percentage of supporting letters. PSC continues to argue it has the support of the broader community for its proposed rate increase but cannot provide any statistical evidence to support their case.

PSC Financial track record.

PSC wrote in its submission to the State Government "Fit for the Future" in 2015 that it would not need to increase rates for the next ten years based on its financial viability, so what has changed?

NB. PSC applied for special rate increase of 6.4% in 2010 rejected by IPART, PSC having failed to mount a financial or convincing case.

Extract from Councils SUBMISSION Port Stephens Council Improvement Proposal Council Resolution
At its ordinary meeting on 9 June 2015 Port Stephens Council endorsed this submission (Minute 153). Executive Summary Port Stephens Council has been deemed to have the scale and capacity to remain an independent entity through the findings of Treasury Corporation and the Independent Review Panel.

In the past Council has applied for special variations to rates to fund economic development; environmental works; and re-development of the Nelson Bay town centre. Historically Council has applied the normal annual rates increase allowed by the Office of Local Government and later IPART and will continue to do so. However in the interests of our community it is not anticipated that Council would seek any special variations to rates for the foreseeable future.⁵

Poor track record on financial management and expenditure by PSC.

Legal cases: The Lagoons Estate case has continued to fester in the courts for over fifteen years. In 2006 PSC was deemed to have "not acted in good faith" and given 12 months to cease placing in excess of natural flow through onto Lagoons Estate. PSC have continued to waste ratepayer's money installing a \$3.5 million-dollar infiltration system in the Seabreeze Estate which the courts have rejected through expert peer review and settlement is currently being negotiated in the courts. Total costs are estimated to exceed \$20 million dollars despite the fact there have been many opportunities to settle and mediate, all rejected by PSC.

Community Projects: \$250,000 spent on a BMX track at Salt Ash pony Club site. The EPA forced the Council to remove waste building materials and acid sulphate soil from the site (Hunter Water catchment area) and restore the land to its original purpose.

\$300,000 wasted on a croquet court and club house in Boomerang Park Raymond Terrace with almost no community consultation or support, this political project completed however the initial small band of club members and participants have abandoned the site and the doors and gates are locked.

One million dollars expended on a massive hanger style men's shed in Raymond Terrace Boomerang Park, despite the fact that many men's sheds exist in communities built for substantially less than this amount, many communities throughout Port Stephens do not have access to men's sheds.

Land Subdivision and investment:

PSC attempted to recategorize public land around Raymond Terrace Boomerang park and sub divide it into residential lots. They spent considerable sums in the recategorization process and preparation of submissions to the State Planning authority and preparation of park strategic plans to incorporate this subdivision. The Council has recommended withdrawal of this proposal recognising that the development costs now outweigh the benefits.

Aliceton Park reserve Karuah, the Council attempted to rezone and subdivide community title land surrounding the community centre and park. The Council failed to consult with the community, Councillors shut the project down and rezoned the land back to community land after \$350,000 had been expended.

Council was offered \$18 million for its land surrounding Salamander Shopping centre. They rejected the offer and took a written agreement from Nathan Tinkler to take a slightly larger amount within the next twelve months. This agreement never materialised, the documentation was not legally binding and PSC missed a financial opportunity leading up to the GFC that would not return. The investment of these substantial funds would have meant Council would not need to seek future large special rate variations.

Improper use of section 94 funding

PSC transferred section 94 funds to Fingal and Birubi Surf Clubs for new construction using section 94 funds taken from areas outside the section 94 planned locations. They took funds from growth areas such as Medowie and Fern Bay and did not consult with the effected communities or produce any borrowing plans at the time required under the act.

PSC has commenced the construction of Sports and Community Centre in Medowie with a tender price of \$6.7 million for a building and a bowling green. PSC intend using 100% Section 94 funds only allowable under the Act if the facility is a 100% community facility. Plans show that 70% of the building floor space contains licenced bars, restaurant, dining room, food and beverage storage for kegs and drinks. This area will be controlled through commercial tenant not available for community hire. There is no business or financial plan supporting this project, the community is asking how this facility become economically viable without remaining on the PSC drip.

Poor investment decisions re holiday park commercial facilities:

PSC has lost millions of dollars of investment funding through its lease of a crown land site at Gan Gan Rd., the Treescape tourist facility. Treescape makes annual loses despite considerable reinvestment and changes in operational direction. Council borrowed millions of dollars to rebuild the services infrastructure and buildings of the run-down and non-compliant tourist facility. Ten upmarket transportable villas valued at \$130,000 each where added to the accommodation mix, then in a few short years sold to neighbouring competitor "Red Rock Tourist park" next door to Treescape for \$25,000 each in very good condition, a bargain. The money from this transaction was then invested

in “temporary permanent” amenities moving Treescape from unit accommodation to primarily a camping style operation.

Soldiers Point Holiday park has struggled to make break even for many years, an investment in glamping tents closing the popular family camping area has not been a financial success. Despite contractual arrangement that guaranteed profits of up to \$400,000 per annum these numbers have never been achieved and the site continues to struggle financially.

Community Title Estates.

There are several large community title estates in Port Stephens, they are located on the perimeters of communities with development growing pains most notably Medowie and Fern Bay. With large increases in population and little infrastructure to show for it, these communities should be benefiting from community title development but apart from section 94, one off payments, they are not. All of the rates collected in these estates goes directly into Councils coffers. PSC have no responsibility for any infrastructure within the community title estates and they are not obliged to spend one dollar of any rates variation in these communities. Residents that occupy over 55’s villages and community title estates are paying levies to cover infrastructure costs for roads, drainage, parks street lighting verge maintenance and specialised facilities such as tennis courts and pools, they are effectively already paying additional rates and should not face rate increase of the magnitude proposed by PSC.

In summary

Port Stephens Council should go back out and consult with its community about their infrastructure needs, then prepare infrastructure plans for each of its thirteen major residential communities. These plans should be costed (not estimated) and prioritized and offer a range of financial options, PSC should take these proposals out to the community for discussion to seek their support. Only after this process has been followed should PSC be nominating and supporting increases in rate variations.

Thank you for taking the time and effort to read my submission, I very much appreciate it.

Yours Faithfully,

Geoff Dingle

