

10 March 2019

IPART  
PO Box K 35  
Haymarket Post Shop NSW 1240

Dear Sir

**RE: PROPOSED SPECIAL RATE VARIATION - PORT STEPHENS COUNCIL**

Thank you for reading my submission. While I agree with PSSC that we need an increase to residential rates to provide further amenities to our area, **I am very concerned on the effect that the variation will have on our small commercial districts.** Through-out Port Stephens we have quite a lot of small commercial zones with many of the shops owned by small businesses, and “mum and pop” investors.

The current **Base Rate for Business** zoned properties in Port Stephens is significantly higher than the Residential Base and is therefore somewhat inequitable (currently \$1557.00 per annum versus \$369 for residential. **Over 4x**). Accordingly, it is **an imposition on business development in Port Stephens.** On top of this is, of course, the high UCV rate for Business rated properties compared to the Residential rate eg .008513 v .003033 [**almost 3x**].

While I understand that the range of services provided maybe higher for commercial areas, this is already reflected by the status quo.

Even without the rate variation, this inequity is having an impact.

- The high Base rate for Businesses has a particularly strong impost on businesses that occupy small sites. **A large “flat” charge (the base rate) is a regressive tax,** having greater impact on small businesses. The smaller the shop size, the larger percentage is being levied of the UCV.
- As an example, there is a particularly high vacancy rate in Nelson Bay Town Centre and Foreshore which is primarily small sites and could be for a number of reasons, but I believe that the business rate expense [which forms a key part

of the outgoing component of a tenant's lease] is contributing to the high vacancy level.

- The disproportionately high rates on these properties has further impact, as these **small premises are the incubators of new business in the area.**
- Businesses that could be occupying these spaces move out into residential areas (home industries) and operate with the lower costs.

**It is my understanding that the proposed SRV will apply to the entire rated amount, including the Business Base, worsening the already high and disproportionate commercial rates in the area, with a direct impact on small business, small investors, occupancy and small townships in general.**

**For these reasons, with the commercial/residential mix that the Port Stephens council currently employs, I do not believe that the SRV will have a "reasonable impact on ratepayers".**

Our region does need the investment that the SRV could provide, and an equitable (and affordable) increase will bring many necessary improvements to our commercial districts and the Port Stephens area in general, but the rating mix should first be reconsidered.

Yours sincerely,

Heath Jones

