



**Media Release:** PSC Councillor Geoff Dingle

## **Is Port Stephens Council as financially viable as they would like us to believe?**

Port Stephens Council is busy spending up big out of any bucket of money it can find. Latest example is the \$1 million plus capital works extension to Peppertree road in Medowie. The Council proposes to use \$600,000 in road rehabilitation budget allocation to fund this capital infrastructure to service its development lands, at a time when it has almost \$29 million dollars' worth of road repairs backlog. Cr Dingle asked Carmel Foster on June 25<sup>th</sup> at PSC ordinary meeting, why Council is not using investment funds for this this project? She replied "yes we could justify the use of investment portfolio funds".

Independent Councillors understand now why this option isn't being offered. PSC proposes to spend over \$655,000 of its investment portfolio funds to build a men's shed in Raymond Terrace Boomerang Park in 2015. The complex is designed and sponsored by Hilton Gudgeons Hunter lands, and if constructed and fitted out would cost almost \$1 million dollars. This aircraft hangar sized building, 43 metres long x 23 metres wide x 7 metres high contains: computer, first aid , meeting, lunch and storage rooms, a massive workshop, alfresco areas, toilets kitchens, car parks, drive ways etc. etc. This is the Mayors handpicked project for a small incorporated local group that will be given a lease of the complex for a peppercorn rent. Ratepayers will have every right to ask where the return on their investment funds is, and where are the funds for infrastructure in other communities throughout Port Stephens coming from?

It's an appropriate time to ask where the balance of funds came from to build the recently constructed Birubi surf house. Almost half the \$4.5 million dollar price tag came from a Federal infrastructure grant courtesy of the previous labor government, the balance came from section 94 funds, sports and recreation funds in Medowie \$300K, Salamander \$574,372 and Fern Bay \$700K, a total of \$1.574 million and from holiday park trust funds. While it's perfectly legal to borrow section 94 funds it is also a statute requirement that Councils provide a plan for repayment and place this on public exhibition, but this has not occurred, and only Medowie has had its funds replaced. Fern Bay contributed almost half the funds, yet the Mayor is not supportive of staff's recommendation to replace the existing Fern Bay Community Centre at a cost of around \$800,000 in the capital works budget, arguing they don't need it. Maybe Council has designs on the rest of Fern Bay's section 94 funds?

Port Stephens Council budget is contingent on annual sustainability reviews of every department to continuously cut costs and prune staff numbers, under the guise of productive improvements. This is supposed to support an argument that no projected future increases in rates over and above the State average are required. All future increases in revenue will principally come from commercial sources.

- 1) **Royalties from a sand mine at Cabbage Tree Road**, following a lease with CQP, an off shoot of the Buildev organization, now announced bankrupt. CQP had its major tangible resources at Fullerton Cove liquidated following its failure to pay lease fees and royalties to the parent company Buildev and it was recently sold by receivers, there is little evidence that CQP still exists as a viable organisation.
- 2) **Annual dividends from the Newcastle Airport**. These returns can't be relied upon and have been heavily overestimated in previous budgets.
- 3) **Returns from Council owned Holiday Parks, Soldiers Point and Samurai resorts**. There is little evidence to date that these facilities, notably Samurai rebadged as Treescape, can turn a profit to stem massive loss making over its lifetime following upgrade investments. On 26<sup>th</sup> May Councilors voted to sell cabins from Treescape to Middle Rock Caravan Park, its competing neighboring resort for only \$220,000. A total of ten units sold at bargain basement prices. PSC borrowed \$450,000 from the holiday parks trust funds and spent an estimated \$500,000 building amenities and a camp kitchen to meet regulation requirements. The cabins were originally purchased at a cost of \$130,000 each representing a massive loss, regardless of depreciation. PSC has added substantially to the accumulated losses of \$17 million over the life of the Samurai Resort.

Does Port Stephens Council currently pride itself on its financial performance or is this just smoke and mirrors, is Port Stephens financial fit for the future or it just playing to the Mayor's fiddle?

19 July 2015

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