



**TOMAREE RATEPAYERS AND RESIDENTS ASSOCIATION INC.
MINUTES – GENERAL MEETING – TUESDAY FEBRUARY 16, 2016
Meeting held Bay Room, Nelson Bay Bowling & Recreation Club**

- ATTENDANCE:** 33 as per Attendance Sheets including
- APOLOGIES:** Ken Shadler, Ian & Judy Hearn, Joy Haines, Helen Hoskin-Kain, Pam Mumford
- OPENING:** President Geoff Washington declared the meeting open at 7-05pm and welcomed all present. He explained the reason for the change of meeting venue. (Club Renovations)
- PREVIOUS MINUTES:** The minutes of the General Meeting held on November 9, 2015 having been posted on the website were passed as a true and correct record on the motion of Geoff Basser and John James.
- TREASURER’S REPORT:** Treasurer Dennis Pittorino reported a credit balance of \$1225.20 with receipts of \$46.20 for the reporting period.
- CORRESPONDENCE:** As listed in the correspondence register.
- GUEST SPEAKER:** President Geoff introduced our guest speaker Dr Samuel Wills who addressed the meeting on the subject “How countries should manage their natural resource wealth”. The address was followed by some interesting questions and comments from the members.
- GENERAL BUSINESS:**
- 1. State Government Proposal for Merger of Newcastle City and Port Stephens Councils.***
- Included in these minutes is the following report by President Geoff Washington.
- “ In January this year the NSW Minister for Local Government, Paul Toole, in introducing the Merger proposal for Newcastle City and Port Stephens Councils claimed that “four years of extensive consultation, research, and analysis have demonstrated that change is needed in local government to strengthen local communities.”
- Having studied the “MERGER PROPOSAL” document, TRRA has formed the opinion that there is little evidence of this four year



process. Most importantly, we do not accept the claims made as to the potential benefits, as well as the justification given for this particular merger. TRRA expected far more hard evidence to support the claimed financial savings of \$65 million over 20 years. We have written to Minister Toole demanding that the source of the government's figures, a report by KPMG consultants, be released for public scrutiny.

TRRA has circulated a PORS and Cons Paper to all members and this is also on our website.

We are not alone in challenging the analyses and reasoning behind many of the proposed mergers across this State.

IPART made assessments of all Council performances to determine whether they were "Fit for the Future". Port Stephens was declared "fit for the future". Notwithstanding this status, PSC was recommended for merger with Newcastle City which failed this assessment. Our finance sub-committee, guided by an experienced accountant, one of our members Brian Frost, casts doubt on the figuring which went into the IPART project. Dick Appleby who is speaking after me will give you some further insight to this flawed process.

Most Port Stephens residents fear the prospect of a less financially viable Newcastle City raiding some of our substantial investment assets such as the Newcastle Airport, and the prospect of much higher rates which will ultimately reflect those Newcastle. For example the City has recently been granted a SRV rate increase of 31.7% over 5 years and its current business rates are much higher than ours.

The proposal document and the Minister make much of claimed net savings of around \$65 million to the new council over 20 years. On our calculation this results in a paltry saving of \$14 per head per annum. Recent press articles query whether this level of saving, which is principally raised from staff rationalization, can be achieved given the current contractual arrangements with employees and the Queensland experience.

At the recent inquiry, Port Stephens General Manager cast doubt on the claimed \$65million saving, advising that council staff has calculated the result to be a LOSS of \$20 million over the period. The other major sources of claimed saving are efficiencies through purchasing power of a larger business and reduction of the number of councillors.

Port Stephens Council already has co-operative and joint purchasing arrangements through Hunter Councils Incorporated and also delivers services such as libraries through joint arrangements. How can an additional gross saving of \$11 million be achieved?

The proposal is to reduce the total number of councillors to 13. The Port Stephens area might only be represented by as few as 3 councillors. There is no guarantee that the ward system will continue

Representation per Councillor will more than double from 7000 to 18,000, increasing workloads and raising the difficulty in communication with residents across our dispersed population.

It is also claimed that the proposed merger will “build on the shared communities of interest and strong local identity across the area”. In contrast with Newcastle which is a large regional and industrial city, Port Stephens has significant rural components and the Tomaree Peninsula is characterized by its tourism and retirement communities.

The Tomaree community is fearful that its geographical separation from Newcastle, and its significantly reduced representation by Councillors, will result in its being overlooked and afforded a lower priority for budgetary allocations and services.

In November 2015, as part of a Regional Planning initiative the NSW Department of Planning and Environment released a “Draft Plan for Growing “HUNTER CITY.”

In the Plan “Hunter City” is defined as the metropolitan area extending from Toronto and Swansea in the south to Raymond Terrace in the north and from Newcastle harbour in the east to Lochinvar in the west”. Whilst there is a statement in the merger proposal that it “aligns with the draft Hunter Regional Plan” the specific proposal for a Hunter City” is not acknowledged or discussed. The Tomaree Peninsula has far fewer traditional and geographical links with Newcastle City than communities such as Charlestown, Cardiff, Warners Bay and Toronto, which have been left in a stand-alone Lake Macquarie LGA despite the IPART recommendation to merge those areas with Newcastle.

Since the announcement of this merger proposal there has been a groundswell of public opinion in the **Tomaree Community against the proposed merger.**

Since the Merger Proposal was released in Late January, number of public meetings have been held to provide a vent for the mounting community opposition to the merger. Members of TRRA have attended each of these meetings and summaries of the proceedings have been posted on our website. Passionate opposition has been virtually universal.

On 19 January Port Stephens Council voted for the allocation of \$200,000 for initiatives to defeat the proposed merger including

\$80,000 for a consultant's study of the proposal and further consultants' advice and a comprehensive publicity campaign.

The State's process included a series of Public inquiries conducted by a delegate appointed under the Act.

Initially inquiry sessions were announced to be held on 4th February, one at Horizons Golf Resort and two others later that day and evening in Newcastle.

Some 350 residents attended at Horizons where 46 speakers all argued against the merger. The numbers were much fewer in Newcastle,, but again the mood was firmly against the merger. Significantly the Acting General Manager of Newcastle City strongly criticized the financial figures provided in the proposal document, stating that they were out of date and that Newcastle has turned its financial performance around by 2015 FY when it recorded the 8th largest surplus in the State.

At the Hearing at Horizons the Delegate advised that a further evening hearing in Port Stephens LGA would be offered at the Shoal Bay Resort. This has attracted significant criticism on the grounds that it fails to recognize the need to gauge public opinion in the south western sector of Port Stephens surrounding Raymond Terrace.

TRRA is working on a formal Submission to the Inquiry which is due on 28 February. Your comments tonight will be taken into account in drafting this document."

Discussion:

Members raised areas where they were confused because of lack of information and/or conflicting information from NSW Government.

Diverse views on what the response from TRRA should be. Some members voiced the opinion that we should oppose the proposal on the basis of the Government proposal whilst others thought we should question the information contained in the proposal.

Suggested TRRA approach to Submission

1. TRRA initially kept an open mind with a view to examining all the evidence and options for future council boundaries.
2. TRRA and many other interest groups in Port Stephens have become disillusioned with the performance of PSC in recent years. Concerns relate to:
 - a) failure to follow proper processes in administration and decision making
 - b) a lack of transparency and questionable accounting practices applied in managing and reporting Council's finances
 - c) inadequate public consultation and
 - d) unacceptable conduct by some Councillors in Council Meetings resulting in a chaotic climate for decision making.

3. TRRA was hopeful that the changes in local government promised in the Minister's foreword to the proposed merger would clear the way for a more effective, efficient and democratic local government in our locality.
4. TRRA, like many other resident and ratepayer groups across NSW, having studied the January 2016 Merger Proposal document, has concluded that the entire reform process is seriously flawed both in terms of:
 - a) the financial and other factual evidence presented to support the proposed merger of Port Stephens and Newcastle City Councils
 - b) the arguments adduced based on this data to support the merger.
5. TRRA found many of the specific proposals, such as the arrangements for councillor representation, to be lacking in essential detail. Accordingly, the Association has concluded that it is unable to make an informed judgement on the benefit or otherwise of many key proposals.
6. TRRA has made representations to the Premier and the Minister calling for release of the full KPMG report and a more rigorous evaluation of the financial data relied on by IPART to make recommendations on "Fit for the Future" status.
7. TRRA's confidence in the overall process has been undermined by the inclusion of proposals which clearly conflict with the criteria and principles claimed to be the basis for the overall reform initiative. The disregard for the "fit for the future" status of Port Stephens Council is a case in point. Similarly the evaluation of "*community of interest, geographic cohesion and scale and capacity*" criteria have been bypassed in the decision to exclude Lake Macquarie Council (or at least Charlestown, Cardiff and Warners Bay) from the Newcastle City aggregation. The only explanation of such anomalies is that the recommendation was reached on a political rather than a rational basis.
8. Against this background, TRRA has no option but to seriously question the entire proposal document, and to join the overwhelming call for its rejection.
9. TRRA's recommendation to the Inquiry (and to the NSW Government) is that the proposed mergers as promulgated should be revisited given the widespread public perception of lack of integrity and transparency of the process which underpins the initiative. We consider that all the financial and statistical data needs to be tested by an independent audit and that all conclusions and proposals for implementation, such as the effectiveness of representation and ward system, be clearly specified and justified with discussion of negative and positive outcomes.

TRRA Committee to consider their response and prepare same prior to deadline.

In view of the time President Geoffrey deferred other agenda items to another meeting.
Meeting was closed at 9.25pm

Next meeting: Tuesday April 19, 2016

Minutes accepted as a true and correct record of the meeting.

Signed

Date