



Higher Rates - A Mayoral chain around our necks!

Port Stephens residents already pay one of the highest rate levels in NSW, so it is incredible that the Council wants to impose an 8.86% increase, 6.26% above the rate level recently set by the State Government.

Council's parlous financial situation, primarily caused by major investment losses, huge increases in the cost of employee salaries and benefits, and the depreciation of public assets is but a small indication of mismanagement of enormous proportions. And the ratepaying community is being asked to wear it!

At the end of 2009 Council showed a loss of almost \$11 million on top of a loss of \$1.7m for the year before.

According to by Price Waterhouse Coopers audit, “Councils net current assets stood at \$872,000 compared to \$5.5m the previous year. A staggering situation for a council that was the richest in the State only 10 years ago.

Given the way the Council operates with an estimated annual income of \$87 million, with \$40m for staff costs, \$33m for Supply of Services we are left with only \$15 million for infrastructure, improvements and investment throughout the entire Port Stephens Local Government Area.

Council budgets \$5 million for infrastructure – how many gold chains is that??

Council now has approximately 600 staff and salary increases have been 15.2% over 2008/09 period – we should all work for the council.

They have approximately 300 cars and 1 grader! No wonder our roads are in such an appalling state!

Let's look at some of the poor commercial decisions Council has made.

Instead of settling the legal battle over drainage at the Lagoons Estate, the fiasco continues and rather than settling for \$1 million 2 years ago, TRRA estimates Council

legal bills, the cost for installing an alternative drainage system and a yet to be determined settlement judgement will set the community back about \$15 million.

Now you know why we are all paying for pavements in front of our homes!

The Council owned Samurai Resort continues to run at an estimated annual loss of \$700,000. Council voted to allocate \$4m last year on improvement works! That follows from the \$4m they have spent on this ‘asset’ since it was purchased for 1.9m in 2001.

At the denuded Taylors Beach, the ‘roundabout’ for the new Bunnings development is costed at around \$950,000, and how much is the developer’s contribution – about \$145,000. The Ratepayer coughs up the shortfall!

This doesn’t add up to sensible commercial decisions being taken on behalf of residents.

A \$10m land sale at Heatherbrae sent the council into a buying frenzy for a \$5.8m Newcastle commercial property. Then they agreed to complete road works of around \$2m, and then reduced the selling price to \$7.5m because the Developer couldn’t raise the bank finance! A loss of around \$500,000!

The Mayor was quoted last week as saying he “thinks the Heatherbrae sale will go ahead”. If it falls over, we have another out of area \$6m ‘investment’ on more borrowed funds!

‘And this is just the tip of the iceberg, TRRA Chairman Bob Young said.
‘If council continues along the current path of questionable commercial investments, substantial borrowing to cover its shortfalls and ever increasing staff costs, Port Stephens could be bankrupt within 5 years.’

‘The council needs to be able to demonstrate to the community that it has the ability and the will to reduce its overall operating costs, without reducing the appropriate and basic services that the ratepayers are expecting,’ he said.

The council has to show some sensible, viable and financially responsible budgeting, and eliminate other ‘extraneous’ and financially draining ventures.

Considering the state of much of the infrastructure it is going to be a very hard for the Council to convince residents to accept such huge rate hikes considering the flamboyance with which it wastes money in other areas.

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