1. Acknowledgement of Traditional Owners – Worimi Nation

- Off the top - PSC formal submission not yet finalised – following is a preliminary summary of key aspects which will be put forward.
Slide 2. Port Stephens Council supports the NSW State Government’s intent to strengthen local government

**Introduction:**

- **PSC has been a strong supporter of the State Government’s reforms to strengthen local government** – certainly necessary in many parts of our State
- Process since 2012 has been thoughtful, well planned, inclusive and logical - until final announcement…
- **Logic thrown out the door with current merger proposal.**

**Summary: PSC**

- We **actively collaborate** with surrounding Councils and **cooperate regionally** through **Hunter Councils** and various State and Federal government agencies.
- We have been **declared ‘Fit for the Future’** by the NSW State Government, meeting the financial, scale and capacity requirements.
- We operate a healthy surplus.
- We have **strong commercial investments** and **alternative revenue streams** – which keep our rates very affordable.
- We deliver 51 different services and provide over 500 local jobs in our community.
• We continuously strive to provide the best services possible to our community – we consult regularly and benchmark annually to make sure.
• Our annual community surveys consistently show high levels of community satisfaction with PSC services – around 80% - 8/10 - remarkably high levels for an LGA.
In terms of the NCC/PSC Merger Proposal:

- Our independent analysis has demonstrated the KPMG Model to be flawed and inconsistent (and is based on old 2013/2014 data).
- The model itself does not adhere to the Government’s own Treasury guidelines – (uses nominal value, not NPV).
- Our analysis shows that there will not be a $65M dollar saving, as stated.
- Our independent analysis shows it will cost the community in excess of $20M – not a saving at all – meaning less service delivery – as cost to merge will come out of our pockets!
- **Bottom line:** Most importantly, our analysis shows that the cost of service delivery by PSC, as a stand alone council, is more efficient than the proposed merged entity.
- **WHAT BENEFIT?**

Some examples to use:
- IT costs applied under the model total $3M. In reality, based on real life examples, will be closer to $30M.
• Harmonization of wages not included.
• Redundancy costs understated and staffing savings well over stated.
• Procurements savings overstated.
• Transition costs well under stated.
The Merger proposal advocates in terms of ‘like’ communities:

**Port Stephens:**
Made up of villages & coastal communities;
Tourism focused;
Dispersed settlement patterns;
E.g. 490 properties on farm rate in PSC vs 18 in Newcastle;
PSC boundaries relate well to the boundaries of the Worimi LALC.

**Newcastle:**
Highly urbanised;
Industrial & Commercial focused; – world’s largest coal port,
Industrialised economy.

**Difference between the two communities - couldn’t be more striking if you tried.**
Serious community concerns raised about local representation and decision making:

Currently, Port Stephens has **10 elected representatives** making decisions on behalf of its 65K residents.
That number **could** drop to **as low as three** (out of 13) if a merger goes ahead (230K residents).

**Community fears:**
Loss of local decision making over service delivery standards and rate setting;
Loss of control over our significant commercial investments, which have been built up over many years to make us sustainable and fit;
**Our say in all matters will shrink.**

**Community concern** is that PSC assets and investments **could** be used to **pay down NCC debt and/or fix the NCC infrastructure backlog.**
Meaning **reduced reinvestment** in necessary assets or services across Port
Stephens.

Commercial investments include: airport, property portfolio, holiday parks, development land – value ~$200M.
Slide 6. Impact on Volunteers

A unique feature of Port Stephens is its community involvement and volunteer support.

We currently have some 800 registered volunteers and approx. 50 local 355c Committees.

Our volunteers conservatively undertake in excess of $1M worth of labour per annum. Our community involvement in local facilities and services is unsurpassed across LG.

In stark contrast, Newcastle has only a small number of 355c committees.

The merger proposal is silent on these different community operating models and what may be employed in future.
What should matter most to the Government about the Merger Proposal is the ‘voice’ of our community:

Our community is shouting a loud and clear – NO MERGER
Community Survey results so far: 1,000+ responses, 91% against merger.
Attitude of residents is clearly that they believe their personal circumstances will not improve under a merged council.
Also, Petition: 1,000+ signatures since Australia Day – saying NO to the proposed merger.

We are calling on the Delegate to conduct a formal poll of residents and hold more public meetings locally in PSC.
We believe there has been limited opportunity for real community debate on such an important matter.
Council’s vision is ‘A great lifestyle in a treasured environment’ – it’s why most people live and visit our area.

Managing the balance between our natural and built environments takes considerable skill and judgement. Always drawing community involvement and debate. Within our community there is a significant amount of knowledge about our unique environment – and how it should be best managed.

City management expertise is not useful at all.

A merger with Newcastle would mean opportunity is lost for the Port and catchment area of Port Stephens being under one focused management.

The Port Stephens-Great Lakes Marine park is of national significance.

In its submission, PSC will be making a case for alternative boundary changes, which we believe will deliver a stronger solution for the Port and for local government in the region.
Slide 9. Service Delivery

Local Government is about delivering ‘local’ services to ‘local’ people – hence the focus on the word ‘local’ in its title.

PSC enjoys 70% staff engagement levels - engaged staff are productive workers - which leads to excellent business results and great customer service.
The Merger Proposal’s forecasted reduction in staff levels will most definitely impact on existing service delivery standards.

In 2015/2016, we recorded a 79% community satisfaction rating on our service delivery. Our services are annually benchmarked against industry best practice.
Our infrastructure backlog is under control and being effectively managed – NSW Treasury backs this position.
All ‘Fit for the Future’ ratios can be met.

Consequently, we were declared ‘fit for the future’ and always have been seen so by the NSW Government – why the change?
Slide 10. Economic Impact & impact on young people in the workforce

Merger proposal **savings are predicated on staffing reductions** and consolidation of administration activities.

The merger proposal **anticipates redundancies and staff relocations**, in time, REMPlan economic data suggests this is likely to result in a **$95M pa loss** to the Port Stephens economy.

Evidence on LG reform across Australia shows that centralisation occurs to the larger centre in mergers of this magnitude.

Port Stephens currently has an unemployment rate of 9.9%.

This exceeds the Hunter by 2.7%.

**Youth unemployment (Dec 2015) – Hunter: 21.9%.**

Maintaining local jobs is crucial to the health of our local communities.

**We need to be looking to create more local job opportunities – particularly for our young people – not less!**
Slide 11. Impact on local business

Not only could there be a loss to the local economy of $95M annually, we **do not know with any certainty** what will happen to **business and residential rates** at the end of the four year rate freeze.

What we do know is **there is a massive difference** between the business rates paid in Newcastle to what is paid in Port Stephens.

**Currently, that difference is more than double.** And the difference may only get bigger.

**How will our businesses cope with double the rates and lower service?**

Modelling shows that in 2019/2020, the average business in Port Stephens will pay $4,600 in business rates. The average business in Newcastle will pay $13,000 – a difference of $8,400
Slide 12. Impact on local families

The difference in rates is not just for business - residents will feel it too.

Newcastle’s approved special rate variation will mean NCC rates on average will be $500 more than PSC by 2019/20 – which represents a 45% increase on Port Stephens rates.

Again, more to pay, with no additional services proposed.

Can our families afford that?
Also, if you live in Port Stephens and run a business in Port Stephens – you will experience a double whammy!
Merger proposal just does not stack up from the PSC perspective.

We urge all residents to have their say:
• Complete an online survey;
• Sign a petition;
• Lodge a submission;
• Support our public rally on 14 February 2016.

Thank you.