

5 February, 2014

Mr David Farmer
General Manager
Wollongong City Council
Locked Bag 8821
Wollongong DC NSW 2500

Dear Mr Farmer,

Re: Securing Our Future Review

Thank you for the opportunity to comment on Wollongong City Council's financial sustainability review. Our comments are brief due to the time constraints of returning to operations this week.

The Property Council is the nation's peak representative of the property industry. Our 2,200 members are Australia's major investors, developers and owners of commercial, residential, retail, industrial, retirement living and hotel assets worth over \$320 billion.

The Property Council commends the WCC in reviewing its financial sustainability and in seeking business and residential comment on its considerations. We understand the significant challenges that local governments face in maintaining and renewing community assets with limited revenue streams, particularly for this region with its downturn in the manufacturing sector. This is exacerbated in Wollongong by community pressures to maintain services, yet avoid rate rises.

Whilst the Property Council supports WCC's consideration of reviews that consider services levels, efficiency measures and revenue income, we are concerned at the approach of raising fees/charges/rates before efficiency measures have been analyzed and trialed.

Business Rates

We are particularly concerned at the proposal to increase rates for businesses in Wollongong who already pay significantly higher rates compared to councils of similar size and others located in the Illawarra. Apparently this equates to the third highest in the state according to the most recent data available from the Division of Local Government, see table below.

Council	Average Business Assessment (\$)
Parramatta City Council	9,793
Council of the City of Sydney	9,582
Wollongong City Council	8,995
The Council of the City of Botany Bay	8,253
Newcastle City Council	7,031
Ryde City Council	6,887
Fairfield City Council	6,417
Auburn City Council	6,402

In the interests of supporting local jobs growth, we recommend this information should be considered and businesses excluded from a rate increase, particularly in a region with high unemployment levels, restricted growth and during a time when the CBD is under revitalization, which is affecting the return of some businesses.

There is significant concern whether businesses can currently absorb this proposed increase at a time when the above factors are already taking an effect.

Likewise, for those property owners in the central location of the city, there is already a substantial, additional City Centre/Mall levy and the investment commitment by those owners who wish to participate in WCC's façade program. The danger of an additional increase in rates adds more financial burden and simply defeats the purpose of encouraging city centre investment. If the façade program works effectively, it will hopefully improve the value of this precinct anyway.

A rate rise for a business community already paying dearly is simply a disincentive that will drive business outside the LGA, particularly the city centre.

Introduce rate increases of between 17 – 26% over the next three years will cost the city in terms of business/Wollongong based jobs (and viability of the property markets), profitability and economic growth. In the current economic conditions, local businesses simply cannot pay even higher rates.

We recommend that to support and promote job creation and business growth, WCC should expand the exclusion from Special Rate Variation to all businesses, not just the 3c Regional Business and Heavy 1 Activity 1.

Services

When reviewing services to make efficiency savings WCC needs to be cautious reducing services which support and promote job creation, business growth and the resilience of emerging businesses.

The establishment of WCC's Economic Development Unit has been a proactive move by WCC to help foster stronger businesses in Wollongong which has had measurable, positive results. The Economic Development Strategy, the Small Business concierge to help navigate development applications, the Façade Program, and the unit's role in developing the Evening Economy Strategy and Cultural Plan are some of the commendable achievements of this unit so far. The business community and our councillor representatives need an appropriate forum to collaborate for the long-term development of jobs for Wollongong (and the wider region). Jobs growth and the vitality of the city will attract more residents, more university students and more entrepreneurs with new business ideas, in addition to supporting the existing growth of business and the livability for our community. We have advocated for some time that an "economic measure or KPI" be applied to many WCC business divisions/decisions, for example the economic cost of red tape planning delays.

Like the wider community, we are also concerned by the potential reduction for the community services which enhance our lifestyle, such as beach lifesaving and community pools without consideration for how they might operate more efficiently. Such services are essential for the city to retain its competitive, positive livability measures, as indicated annually in the Property Council *My Cities* poll. Livability measures attract businesses and residents, and encourage communities to grow in harmony.

We recommend WCC retain services which support economic development and analyse community services which provide a competitive, positive livability status for our city.

Efficiency

The Property Council supports WCC plans to improve the efficiency of Council. This obviously poses challenges but in some instances it may be better to outsource or sell non-essential council assets which are not core local government business, such as tourist parks or golf courses, in order to release capital to invest in core infrastructure requirements or attract a greater income for WCC.

The Property Council recommends council consider improved efficiency targets for its operations as a core part of the financial review process before any increases to rates are implemented.

We appreciate the opportunity to provide some comment on this process. Please don't hesitate to contact me should you require more information.

Regards,



Amanda Kunkler
Regional Policy Advisor
Property Council of Australia