



# 2020-21 Draft Budget

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City of Newcastle

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## Introduction

We make this submission in response to the City of Newcastle's (CN) invitation for feedback on the draft Delivery Program 2018-2022 and Operational Plan 2020-21.

The Hunter Business Chamber (the Chamber) represents over 2,000 member businesses across the Hunter region, many of which are based in the Newcastle local government area (LGA). These businesses span a range of industry sectors. Many have experienced trading challenges and difficulties over a sustained period, which have been exacerbated by the recent impact of the COVID-19 pandemic.

The Chamber has received representations from businesses and local chambers of commerce expressing some concerns in relation to the Budget. We welcome the opportunity to make a submission on the budget on behalf of our cohort of members within the Newcastle LGA.

The Chamber appreciates that CN has recognised the context of and impacts on the community of COVID-19 and moved quickly to consider and implement a range of stimulus measures to complement actions being taken by other levels of government. The Chamber was grateful for the opportunity to work with the CN on elements of the Community and Economic Resilience Package and continues to participate as a member of the council's COVID-19 Taskforce. The Chamber looks forward to engaging with CN further to discuss the possibilities of extending and fine-tuning elements of the program.

The primary source of concern from members relates to the planned increase in land rate charges into the new financial year. It is noted that the general increase in rates is budgeted at a rate of 2.6 per cent. This is in excess of the current underlying rate of inflation and at odds with the current COVID-19 environment. The increase also comes at a time when the cumulative increase over the past five years has amounted to an approximate increase of 45 per cent. We acknowledge this rate increase refers to the total rating base for the entire LGA and the change in the charge on individual properties varies.

In this context, Council has the capacity to adjust charges based on the rates in the dollar between residential and business rates, as well as within the categories themselves. We believe there is an opportunity to use this mechanism to provide relief to the business sector in acknowledgement of the cost pressures that have been brought by the COVID-19 crisis and other factors.

The hardest-hit business sectors within Newcastle are generally the inner-city areas. Businesses in these districts have sustained a long period of revitalisation and redevelopment activity, which has been in many cases disruptive to business. While the potential long-term benefits of these programs are recognised, the immediate impacts of the changes have affected many businesses adversely in ways that are beyond their control. We have a massive task to work together to focus on the rejuvenation of CBD businesses, particularly ground-level retail and commercial spaces, and the challenge to revive these spaces will go well beyond one budget and business plan cycle. The Chamber is keen to continue working with CN to devise and implement strategies that will see the city make the

most of the opportunities presented by revitalisation, for the benefit of individual businesses and the local community.

Many businesses are doing what they can to sustain activity and their livelihood by keeping costs down at a time when it is difficult to increase income. It does not appear these circumstances will change for some time, given the impacts of the pandemic, particularly on businesses in the hospitality, tourism, cultural and recreation sectors.

The Chamber appreciates that council has limited flexibility to manipulate rate income as a consequence of factors that govern rate pegging and charging. However, we argue that there is a strong case to use what flexibility is available to provide rate relief to businesses at this time. The Chamber wrote to CN in late March urging that consideration be given to suspending the Special Business Rate and Hunter Mall special rate while businesses were grappling with the impacts of coronavirus shutdowns and restrictions.

Given the extreme economic circumstances, we believe the survival of the city's businesses must be given immediate priority over the promotion, beautification and development of the business precincts – which are the activities funded by the Special Business Rate. As the majority of contestable funding from the scheme has to date gone to events, which are not feasible in the current climate, it would seem reasonable to set the precinct promotion and improvement program aside for a period of time in order to relieve small business of a significant cost pressure.

While we appreciate that not all of the property owners who pay the levy are operators of the businesses in those buildings, there are a number of owner occupiers, and we believe there is a case for extending rate relief to them in the current environment on a needs basis.

The Chamber would also like to see more council resources directed to programs that will assist businesses through the pandemic recovery, and sees opportunity in the use of funds collected through the SBR to augment the funding in this area in order to improve the outcomes.

In areas that are not covered by the SBR, we suggest there is an opportunity to partner with local chambers of commerce to deliver programs that will assist growth in both business-to-business and business-to-customer trade, and we note that other councils across the region have successfully adopted this model.

## **Conclusion**

In summary, we make the following recommendations:

1. The increase in rates should be moderated and reduced to the current rate of inflation;
2. Alternatively, ad valorem rates in the hardest-hit business areas should be reassessed with a view to reducing or minimising the increase in these districts;

3. SBR relief should be extended to owner-occupier businesses that can demonstrate hardship as a result of COVID-19;
4. Consideration should be given to broadening business growth and recovery programs to include partnerships with local chambers of commerce where there is no SBR program in place.

We are happy to discuss any of these matters further and look forward to working with Council in the interests of enhancing the business environment within the LGA.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bob Hawes".

Bob Hawes  
CEO, Hunter Business Chamber

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