

Trader levy deal...and the Jennifer Lowe factor



The controversial Warrnambool traders levy is set to be revised and relaunched in late September as a compromise.

OPINION

[dropcap style="color: #a5cecd;"] A [/dropcap]s the proposed Warrnambool traders levy rolls into another month without a resolution between the two sides, there is a burning question that remains unanswered: why is the council persisting with it?

Bluestone has been looking for clues.

As we know, [more than 100 angry traders](#) crammed into the **Warrnambool City Council** chambers for its last meeting and demanded that it quash moves to raise \$3 million over five years for **Commerce Warrnambool** via a compulsory levy on businesses.

Despite this show of dissatisfaction, Mayor Michael Neoh used his casting vote to give Commerce Warrnambool more time –

until the end of September – to try and negotiate a deal with traders.

What this means is that, behind the scenes, the push is on to split the levy between traders and the council and call it a “compromise”.

[As we wrote last month](#), instead of traders paying the full \$600,000 a year, they will be asked to pay less – say, \$450,000 – and the council will chip in the remaining \$150,000 because it has decided it really wants to help Commerce Warrnambool along.

The council’s enthusiasm is where we have our first clue about what we believe is really going on.

It is a rare day that the council finds a group that is willing to tax its own members to pay for things that the council should be doing, ie. supporting businesses and promoting the city.

If this \$3 million fund goes ahead, the council can justifiably shift the bulk of the cost (and responsibility) of marketing, promotions and supporting businesses on to Commerce Warrnambool and have the traders fund it.

Initially, the council thought it would not have to pay a cent (more about that in a moment), but even if it contributes \$150,000, all it needs to do is cut a couple of people from its marketing department and “voila!” it has broken even.



It's a rare day when a lobby group agrees to tax its own members to raise funds for work previously done by the council.

[dropcap style="color: #a5cecd;"] F [/dropcap]or the council's beancounters, this is a sweet deal in the making, even if not quite as sweet as the traders being hit with the full \$600,000 a year, it is an excellent start.

Angry traders, of course, will be told that they can still vote "no" to stop the levy, but if the pressure on opposing traders is considerable now, I can only imagine what it will be like when they are seen to be objecting to a "compromise".

Given the levy idea has created such a toxic split in the business community, why didn't Commerce Warrnambool just ask the council for \$150,000 in the first place and start small? Well, it did.

Bluestone has learned that since Commerce Warrnambool began in 2010, it has approached the council many times to see if it would provide seed funding (something like \$80,000-\$100,000 a year for three years) until it found its feet and became

financially independent.

At that time, Commerce Warrnambool was primarily a business advocacy, network and support group, which is what chambers of commerce are all about, rather than focussing on the much larger role of promoting and marketing the whole city.

It was knocked back each time.

So what has changed?

We believe the clues lie in a series of events late last year.



Former outspoken
Warrnambool City Councillor
Jennifer Lowe, who was a
key player in Commerce
Warrnambool.

[dropcap style="color: #a5cecd;"] B [/dropcap] that time,

Commerce Warrnambool had in its hands a proposal prepared by consultants **Peter McNabb and Associates** which, in the face of the council's persistent knock backs, detailed how a business levy could not only fund its activities, but widen them substantially.

The business levy would not be a seed fund for Commerce Warrnambool until it attracted memberships and corporate sponsorships, but virtually its *entire* fund. Its budget would no longer be around \$300,000 over three years, but \$3 million over five years.

Some (but not all) members of Commerce Warrnambool got very excited and *now* the council was also listening – for the cost-saving reasons mentioned earlier. But there was still a sticking point.

Commerce Warrnambool, at that time, was still operating under its original board of management including secretary **Jennifer Lowe**.

It's no secret to those who have watched the council for a long time that Ms Lowe, who is a former city councillor, was not universally embraced by fellow councillors and council staff during her term (that ended in 2012) because of her outspoken stand on many issues.

Imagine if Commerce Warrnambool learned that the council liked its big, bold levy idea to raise \$3 million from traders, but it didn't like Ms Lowe holding a key role in an organisation that was set to become much more influential. The money, or the secretary?

Whatever the scenario, Ms Lowe [suddenly stepped down](#) in late November, together with two other founding board members in **Darren Harris** and **Peter Watson**.

From there, the levy proposal was rolled out in something of a rush.

Within a few months, a new Commerce Warrnambool board of management was elected – with **Tony Herbert** replacing **Richard Montgomery** as president – a business plan went to council, the levy was ticked off at its May meeting, the public notices were being prepared...and then an increasing number of traders realised that they would have to pay for it and the wheels began to fall off.

As it stands, the traders are [holding off on their threatened legal action](#) pending more discussions which may or may not see Ms Lowe back at the negotiating table.

It is understood that, privately, she has made her feelings about the levy debacle well known to her Commerce Warrnambool colleagues, but is also among those keen to see the impasse resolved.

Whether somebody left outside the tent can now clean up the mess within it, remains to be seen.

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Traders levy takes a new twist



The traders levy for Warrnambool has taken a twist, with a proposal that half of the cost be shifted to general council funds.

OPINION – CAROL ALTMANN

[dropcap style="color: #a02f2f;"] P [[/dropcap]lans to [introduce a new trader levy](#) to raise \$3 million over five years for Commerce Warrnambool have taken a dramatic twist.

A Facebook post by Commerce Warrnambool (CW) president Tony Herbert has revealed that CW is no longer seeking \$600,000 a year from the trader levy, but \$300,000 – with the remaining \$300,000 to come straight from the Warrnambool City Council coffers.

This new idea is central to the negotiations between CW and the Warrnambool Traders Action Group – with Mayor Michael Neoh sitting in the middle – to try and reach a compromise, after the initial levy proposal sparked an angry and rolling protest.

It might look like an attempt at a compromise, but to me it sounds like policy on the run and former Labor leader Kevin Rudd is living proof of where that can lead: disaster.

Commerce Warrnambool no doubt has noble intentions in trying to raise funds to spend on promoting Warrnambool, but its proposals continue to raise more questions than they answer.

Shifting half of the cost burden from traders to general ratepayers does not change the need for a full and robust discussion on *how* the funds will be spent.

It also raises the question of whether this is the best use of \$1.5 million of public funds. (Especially when the council is already spending close to \$1 million a year on propping up Fun4Kids and Flagstaff Hill).

Indeed this new idea, if it is accepted, only widens the discussion – from traders to the general community – and we should now *all* be invited to have a say.

Bluestone Magazine is not alone in its concerns.



Mayor Michael Neoh is in the middle of the negotiations between angry traders and Commerce Warrnambool.

[dropcap style="color: #a02f2f;"] A [dropcap]s it so happens, not only did we stumble across Mr Herbert's Facebook post today, but the council sent us a wad of documents in response to a Freedom of Information request we lodged in late May regarding the levy.

We are still working our way through these documents and will reveal more over time, but email correspondence between the council's Director of City Growth, Bill Millard, and Commerce Warrnambool as recently as April this year indicates that both councillors and Council Chief Executive Officer Bruce Anson wanted to see much more detail on how the first \$600,000 would be spent.

"I think one of the things you guys do need to work on is

answering the question that Bruce asked Richard (Montgomery, from CW) ie. what is the \$600k going to be spent on in year one, remembering that council needs to sign on to the quantum and the KPIs," Mr Millard wrote on March 6.

"Personally, I think you need to be definitive here. It will hurt your overall push if the councillors don't know what the money will be spent on."

You were not wrong there, Bill!

Mr Millard wrote another email dated April 1 – just weeks before the levy process was approved by the council – indicating councillors were still seeking critical details.

The email is too long to reproduce in full here, but it summarises the questions from councillors, including, again, the need for some firm details on how the money will be spent in the first year, how Commerce Warrnambool decided on the figure of \$600,000 as an annual total, and what was the level of support for the levy among traders.

I would strongly argue that these questions still stand.



[dropcap style="color: #a02f2f;"] I [/dropcap] spoke to Mr Herbert today and he said he was hopeful of reaching some middle ground, although he did not wish to go into any further detail because the negotiations were at a critical stage.

"Members of Commerce Warrnambool and Warrnambool Traders

Action Group are working together with the council to try and get an outcome that is hopefully more suitable," he said.

The trader action group has put forward a compromise of their own which, I understand, has already been knocked on the head by Commerce Warrnambool.

Their suggestion was to withdraw the levy proposal, have key members of the action group join the Commerce Warrnambool board and start from scratch as a united group.

This united group would review the business plan, look at how other towns run their Chambers of Commerce and come up with a fresh approach to council by November.

Perhaps that would provide the breathing space that this whole messy proposal so desperately needs.

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