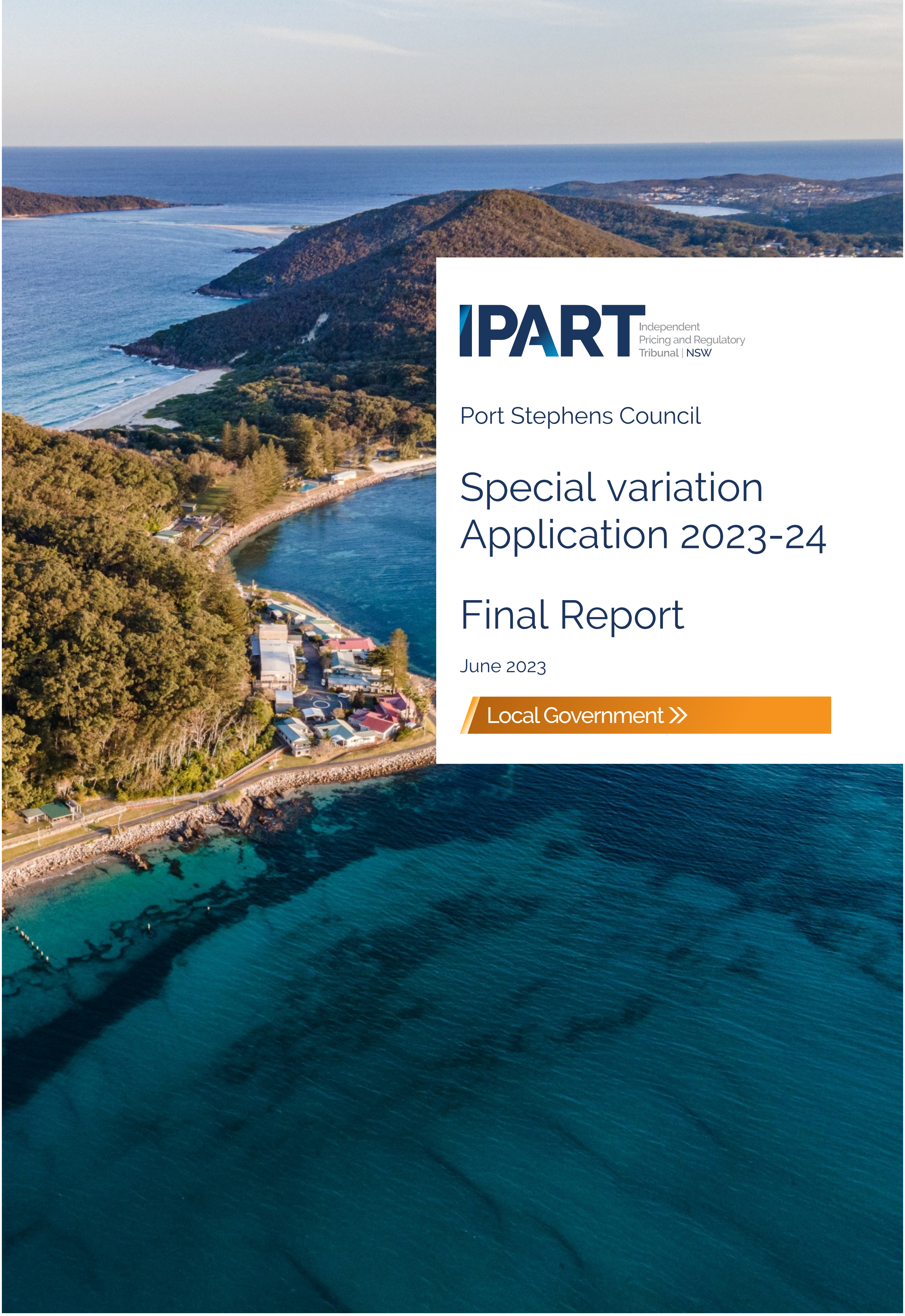

Port Stephens Council

Special variation Application 2023-24

Final Report

June 2023

Local Government

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Tribunal Members

The Tribunal members for this review are:
Carmel Donnelly PSM, Chair
Deborah Cope
Sandra Gamble

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The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website.

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Foreword from the Chair

The 128 councils in NSW are an important part of our democracy and significant providers of essential services. On average they raise about a third of their revenue through rates and the Independent Pricing and Regulatory Tribunal of NSW (IPART) determines how much each council's total rates revenue can increase each year through the rate peg.

IPART has recently consulted widely with ratepayers, councillors, council staff and other stakeholders across NSW about council rates. Our consultation has been an important part of IPART's current review of the rate peg methodology which is how we calculate the rate peg for each council each year.

When councillors decide they need total rates revenue to increase above the rate peg, they can apply to IPART for a special variation. We have also consulted about 17 council special variation applications, received in February and March 2023, seeking rates increases above the rate peg, including some very large proposed increases.

We want to thank every single person who has come forward and provided feedback. We have considered every issue raised in that consultation.

We have heard that some councils are experiencing financial sustainability problems, which they suggest are related to the current financial model for councils. This is requiring strong financial management and council action to either increase rates or cut services, at a time when many people are less able to afford higher rates or to do without essential council services.

We heard that ratepayers are indeed concerned about cost of living pressures and affordability of rates while they also depend on council services.

This has raised the question of whether the funding and financial model for councils is as good as it needs to be, at a time when NSW has faced drought, bushfires, floods, COVID, supply chain disruption, labour shortages, higher inflation and rising interest rates.

Feedback to IPART indicates communities want councils to demonstrate good financial management and provide services that are efficient and value for money, so they can be confident the rates they pay are well used. Councillors, as the representatives of the community, play a key role in holding council management to account, and need the tools and information to do so.

Ratepayers have told us they want to be better consulted about council priorities, so councils deliver good quality services that are needed by their local community. We also heard ratepayers would like more consultation about the way rates are set - so rates are fair, reasonable and affordable.

Some councils have stronger financial sustainability than others. A range of reasons have been suggested for why this is the case. We have heard that the capability, workforce shortages, resources and alternative sources of revenue available to councils are not the same across NSW. Populations, economies, distances and geography are quite varied. Councils are very diverse and we have heard that a 'one size fits all' financial model does not make sense.

Our proposed new rate peg methodology is designed to respond to many of the issues raised in the review so far, including being more forward looking and agile, while recognising the diversity of councils. But it cannot address all the issues people have identified.

The rate peg sets the appropriate movement in a council's existing cost base but does not address the cost base itself. Trying to fix the cost base through the rate peg could potentially lead to unwarranted increases for some councils that could do more to control costs, and insufficient increases for councils with genuine financial need.

In assessing special variation applications, in line with current laws and guidelines, the Tribunal has carefully considered the impact of any increases in rates on individual ratepayers and whether increases in total rates revenue are needed so council services can continue to be provided. We note that, within the total rates revenue approved by IPART, it remains the responsibility of councillors to set rates in a way that takes into account the circumstances of their constituents. Councillors also have the authority to provide hardship programs that lessen the impact on people who cannot afford increased rates.

The Tribunal also questions whether the large special variation applications lodged in February and March indicate the financial model needs closer investigation, if the only way a council is able to address financial sustainability is through seeking substantial rates revenue increases.

The Tribunal believes it would be timely for NSW Government to initiate an independent investigation into the financial model for councils in NSW, including the broader issues highlighted in our draft report on the rate peg methodology.

IPART stands ready to work with the NSW Government, councillors, ratepayers and communities to address the issues we have heard through our consultation over recent months.

Carmel Donnelly PSM
IPART Chairperson

1 Executive summary

Port Stephens Council (the council) applied for a permanent special variation (SV) to increase its general income by 31.29% over 3 years. This includes increases of 9.50% in 2023-24, 2024-25, and 2025-26. The council sought the special variation to:

- improve its financial sustainability
- eliminate the successive operating budget shortfalls
- enhance existing services.

1.1 IPART's decision

We have approved the council's application. Our decision means the council can raise up to an additional $19.0 million in general income (above the rate peg) in total over the next 3 years. The council can permanently retain the increased income in its rate base.

We understand that the SV is likely to create affordability challenges for some ratepayers – particularly when combined with other cost-of-living pressures, such as high inflation and increases in mortgage interest rates. In making our decision we had regard to the purpose of the SV being to ensure the council's ongoing financial sustainability, and to continue to provide services that the local community depends on. Without the SV, the council forecasts operating losses which are not sustainable.

We found that the impact of the proposed SV on ratepayers is generally reasonable, given the council's current rate levels and the community's capacity to pay. The council's average rates are currently lower than those of similar and neighbouring councils. With the approved SV, its average rates for the next 3 years are expected to remain below the average for similar and neighbouring councils. To support vulnerable customers, the council has committed to increasing its concessions for both pensioners and non-pensioners and reviewing its existing hardship policy.

1.2 IPART's assessment of the council's application

To make our decision, we assessed the council's proposed SV against the 6 criteria set by the Office of Local Government (OLG) in its *Guidelines for the preparation of an application for an SV to general income* (OLG Special Variation Guidelines). We found that the proposal met these criteria. Our assessment against each criterion is summarised below.

Criteria	Grading	Assessment
01	Demonstrated	**Financial need** The council demonstrated a financial need for the SV to meet its short-term deficits and maintain its service levels. Without the SV, its financial performance and position would deteriorate. It has no cash reserves to draw on. It adequately considered alternative revenue streams to meet this need.
02	Demonstrated	**Community awareness** The council provided sufficient evidence that the community is appropriately aware of the need for and extent of the SV and its impact on rates. It provided all necessary information, communicated clearly, used a variety of engagement methods to promote awareness and consult with the community, and considered the results of this consultation in preparing its application.
03	Demonstrated	**Reasonable impact on ratepayers** The SV's impact on ratepayers is generally reasonable, given the council's current rate levels and the community's capacity to pay. With the SV, the council's average rates will be lower than those of neighbouring and comparable councils. The council has a hardship policy that can help mitigate impacts on vulnerable ratepayers.
04	Demonstrated	**Integrated Planning and Reporting documentation** The council exhibited and adopted all necessary Integrated Planning and Reporting (IP&R) documents.
05	Demonstrated	**Productivity improvement and cost containment** The council provided information on past and planned productivity and cost containment strategies. It also provided savings estimates for both past and future initiatives.
06		**Other matters IPART considers relevant** The council previously applied for a permanent SV in 2019 for a rate increase of 7.5% per annum for 7 years, ending in 2025-26. We did not approve that application as the council only partly demonstrated a financial need for the proposed SV. The council has also received an Additional Special Variation (ASV) of 2.5% in 2022-23.

1.3 Stakeholders' feedback

We expect the council to engage and consult with its community so that ratepayers are fully aware of any proposed SV and the impact on them and have opportunities to provide feedback to the council. This is one of the OLG assessment criteria we use to assess the council's application.

Port Stephens Council consulted on its proposed SV with its community using a variety of engagement methods. [1] The council recorded 55 face-to-face interactions with individual ratepayers and 1,075 survey responses, held public meetings attended by 165 participants and published website content that had 4,884 visitors.[2]

As a further input to our assessment, we published the council's application on our website where stakeholders could make submissions directly to IPART. Through this process we received 341 submissions on Port Stephens Council's proposed SV. Stakeholders that made submissions to us raised the following concerns:

- affordability of the proposed rate increases
- impact of recent land valuations on the council's income
- the council's financial management
- the council's consultation with the community
- equity of the current rating system.

We consider the council's community engagement in more detail in section 4.2, and stakeholder feedback to IPART in more detail in section 3 and throughout this report where relevant.

1.4 Next steps for the council

Our determination sets the maximum amount by which the council can increase its rates revenue over the 3-year period. We encourage the council to consult with its community to decide how best to implement the increase. The approved SV is the maximum permitted amount, and the council can choose to set its rates including deferring any increases for up to 10 years.[3] Below are the council's proposed increases, and it retains the discretion to revise how it raises its general income across the rating categories.

The council will still need to deliver on its proposed productivity improvements. Increasing rates as proposed will not be sufficient on its own to achieve long-term financial stability.

Table 1.1 The council's proposed increase in rates

	2023-24	2024-25	2025-26	Cumulative increase
Residential	9.50%	9.50%	9.50%	31.29%
Business	8.50%	9.50%	9.50%	30.09%
Farmland	19.40%	9.50%	9.50%	43.16%

Note: These figures have been rounded in calculation and summations on a whole may not appear to be correct.
Source: IPART calculations

The rest of this report explains how and why we reached our decision on Port Stephens Council's proposed special variation in more detail.

2 The council's special variation application

Port Stephens Council applied to IPART to increase its general income through a permanent SV of 9.5% per year (including the rate peg) for 3 years from 2023-24 to 2025-26.

The council's application notes that financial sustainability is a key concern, and that it has engaged with the community and exhausted alternatives to a rate rise. The alternatives considered include cost saving initiatives, increasing fees and charges, additional debt funding and increasing income from smart parking.

The council sought the special variation to:

- Improve its financial sustainability
- eliminate its successive operational budget shortfalls
- modestly enhance 4 key existing services:
  - road maintenance
  - condition of public space
  - protecting the natural environment
  - protecting water ways.

2.1 Impact of the special variation on ratepayers

The council proposed that rates would increase for all rating categories over the 3-year SV period. On average, it proposed:

- Residential rates by 2025-26 would increase by $358, or 31.29%
- Business rates by 2025-26 would increase by $1,473, or 30.09%
- Farmland rates by 2025-26 would increase by $805, or 43.16%.

The council has provided the number of rate notices that were issued for 2022-23 in Table 2.1.

Table 2.1 Number of ratepayers per category in 2022-23.

Ratepayer category	Number of rate notices
Residential	32,946
Business	1,930
Farmland	485

Source: Port Stephens Council, Part A application Worksheet 2

2.2 Assessment of affordability and capacity to pay

The council assessed the affordability of the proposed rate increases, including the community's capacity to pay. Its analysis recognised that while some in the community will face financial challenges in paying the proposed increases beyond 2023-24, the council must consider the consequences of not improving its financial sustainability for future generations. In assessing these consequences, it considered the public safety risks, social and economic impacts, and impact on essential or valued infrastructure.

The council's Capacity to Pay report examined the socio-economic characteristics of the Port Stephens local government area (LGA) and compared them to those of neighbouring LGAs. For example, these characteristics include the levels of employment, income and expenditure, housing costs, and the levels of homeownership and renting. It also examined the impact of COVID-19 and recent increases in inflation on the area.

The council indicated that it has a financial hardship policy to assist ratepayers who have difficulty paying their rates. It currently partners with 3 local welfare and financial counselling services, who refer ratepayers experiencing financial hardship to the council. Ratepayers referred and approved by the council can have $250 of council rates and charges written off annually with each participating service limited to an annual cap of $5,000.

This program is restricted to non-pensioners; however, pensioners are able to receive a $250 per annum rebate on their rates bill as part of an existing rebate available in all NSW councils. It is noted that this existing rebate is not automatic and eligible pensioners can apply for the rebate at their local council office.[4]

2.3 Impact of the special variation on the council's general income

The council estimated that the proposed SV would result in a cumulative increase in its permissible general income (PGI) of:

- $19.0 million cumulative increase above what the assumed rate peg would deliver over 3 years
- $99.3 million cumulative increase above what the assumed rate peg would deliver over 10 years.

2.4 Further information provided

Following our preliminary assessment of the council's application, we asked the council to provide further evidence of its:

- recent procurement of vehicles for council staff
- productivity and efficiency improvements.

In response to this request, the council provided:

- correspondence regarding council's procurement of vehicles
- a costed list of implemented and planned productivity improvements, including an analysis of the proposed projects showing their efficiency dividends that were noted in their IP&R documents.

3 Stakeholders' submissions to IPART

We expect the council to engage with its community so that ratepayers are fully aware of any proposed SV and the full impact on them. This is one of the OLG assessment criteria we use to assess the council's application (see Appendix A).

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period, and stakeholders could make submissions directly to us. The Tribunal has taken all submissions into account in making its decision in accordance with our Submissions Policy, including any confidential submissions. In this section, we summarise the key issues raised in all published (non-confidential) submissions.

3.1 Summary of submissions we received

We received 341 submissions from stakeholders between 10 February 2023 and 3 March 2023. The key issues and views raised in these submissions, and our response to them, are summarised below. There are approximately 35,000 ratepayers in the council's local government area.

3.1.1 Affordability of proposed rate increases

Around 240 submissions raised concerns about the impact of the council's proposed SV increase on the affordability of rates and suggested this would lead to financial hardship. Many noted worsening financial circumstances brought about by a high inflationary environment with a focus on an increase in mortgage interest rates.

For the minority of ratepayers experiencing financial hardship, the council has hardship policies in place. We note it has resolved to expand these policies in response to community feedback during its consultation on the SV. See section 4.2.2 for more information.

3.1.2 Impact of recent land valuations on the council's income

Around 60 of the submissions we received suggested the SV was not necessary because the recent land valuation increases in the Port Stephens area would automatically increase councils' income.

This is not the case. Changes in land valuations do not increase income for councils. Rather, they redistribute the council rates between ratepayers. It is the responsibility of the council to set a rating structure that is suitable for its community.

Box 3.1 Effect of land valuation on rates

Routine changes to land valuations do not increase the total amount of general income the council can recover from ratepayers (also known as the 'permissible general income' or PGI). A council's PGI for each year is limited by the rate peg or a percentage determined by IPART in a special variation.[a] However, individual ratepayers may pay either higher or lower rates.

Individual rates depend on the combination of:

- the council's rating structure
- the relevant rating category
- the property's unimproved land value.

The variable component of rates, ad valorem, is determined by:

$$\textit{ad valorem component} = \textit{amount in the dollar} \times \textit{land value}$$

Generally, the council recalculates the 'amount in the dollar' rate every year to ensure the council does not collect rates above its PGI.

A routine increase in a ratepayer's land value by the Valuer-General does not mean that a ratepayer's rates will automatically increase. The impact on rates depends on whether the land value has increased or decreased compared to others in the ratepayer's local government area.

3.1.3 The council's financial management

One-third of submissions that we received raised concerns that the council has not used its resources efficiently and said that the proposed SV is a way for the council to mitigate its financial mismanagement. Some also submitted that, to improve the existing services and infrastructure, the council requires a change in management or operating strategy.

Our assessment of the council's efficiency is discussed in section 4.5.

Several submissions raised specific concerns about the council's procurement of a new utility vehicle. The council clarified via an email that this vehicle is currently under lease to the mayor under a salary sacrifice agreement, and ownership will be handed to the council after the mayor's term has ended.

[a] Councils' PGI may be affected by supplementary valuations of rateable land under the *Valuation of Land Act 1916* and estimates provided under section 513 of the *Local Government Act 1993*. Such supplementary valuations and estimates are made when land within a council area has changed outside the general valuation cycle (such as where land has been subdivided or rezoned). This is distinct from the routine changes in land value by the Valuer-General.

3.1.4 The council's consultation with the community

Around 60 submissions considered the council's consultation with the community on the proposed SV was not transparent. Some indicated that the council's surveys did not allow the community to voice support for the council to reduce services to preclude an SV. Some said the lack of transparency led to concerns about whether the council operates according to the best interests of ratepayers. Our assessment of the council's consultation with the community is in section 4.2.

3.1.5 Equity of the current rating system

Around 10 submissions expressed concern that the current rating system is inequitable, with particular focus on retirement villages. They stated that retirement villages pay reduced rates compared to the average ratepayer, and in some cases no rates due to the properties being rates exempt. Some stakeholders submitted that the increased development of retirement villages in the council area has led to a sense of inequity in how rates are distributed. They suggested that future rate-exempt properties should be restricted to mitigate this issue.

We acknowledge stakeholders' concerns about the distribution of rates.

It is a matter for the council to determine the rating structure, including distribution of rates among ratepayers in compliance with the current regulatory framework. For example, the council cannot levy rates on exempt land and must categorise land according to the Local Government Act and Regulations[b]. These requirements, which are outside the scope of IPART's role assessing SVs, may contribute to some stakeholders' sense of inequity in how rates are distributed.

3.1.6 Sufficiency of existing financial resources

One stakeholder suggested that the council already has sufficient financial resources to maintain services and infrastructure, and hasn't justified the need for the SV. They said that the council has approximately $86 million in funds that could be used, thus precluding the need for an SV. Our assessment of the council's net cash reserves is discussed in section 4.1.3.

[b] See, e.g. *Local Government Act 1993* (NSW) s 556(h) which relates to exemptions for land owned by public benevolent institutions or charities used for certain purposes, and *Local Government (General) Regulation 2021* (NSW) cl 122 which relates to the categorisation of land used for retirement villages, serviced apartments or a time-share scheme.

4 IPART's assessment of the council's application

The Minister for Local Government has delegated the power to grant special variations to IPART.[c] We are required to assess the council's SV application against the 6 criteria set out in the OLG's Guidelines. We found that the council met all OLG assessment criteria for its proposed SV. Specifically, we found the council:

- demonstrated a financial need for the proposed SV, and that alternatives to the SV have been considered
- provided evidence that it engaged effectively with the ratepayers and the community to ensure they are aware of the need for and extent of the rate rise associated with the SV
- showed that the impact of the SV on ratepayers is reasonable
- exhibited, approved and adopted its IP&R documentation appropriately
- explained and quantified the productivity improvements and cost containment strategies it has realised in past years and plans to realise over the SV period
- previously applied for a 7-year permanent SV which was not approved and received an ASV of 2.5% in 2022-23.

Our assessment against each criterion is discussed below.

4.1 OLG Criterion 1: The council demonstrated a financial need for the SV

> Criterion 1 requires the council to clearly articulate and identify the need for, and purpose of, the proposed SV in its IP&R documents. It also requires the council to demonstrate the financial need for the SV by assessing the impact of the SV on its financial performance and position, and to canvass alternatives to the SV to meet the financial need.

Note: See Appendix A for more details.

To assess whether the council met this criterion, we reviewed the council's IP&R documents and the information in its application. We undertook our own analysis of the council's financial performance and position. We also considered stakeholders' comments on financial need in the submissions we received. We do not audit council finances, as this is not part of our delegated authority.

The sections below discuss our assessment, and why we found that the council met this criterion.

[c] By delegation dated 6 September 2010, the Minister for Local Government delegated to the Tribunal all her functions under sections 506, 507, 508(2), 508(6), 508(7), 508A, 548(3) and 548(8) of the *Local Government Act 1993* (NSW), pursuant to section 744 of that Act.

4.1.1 Stakeholder comments on financial need

In their submissions to us, stakeholders raised a range of concerns related to the financial need criterion. In particular, they:

- questioned whether the council needed the rate increase at all
- suggested that additional income could come from alternative funding sources
- accepted that the council needs to invest more in infrastructure, but were concerned that the additional revenue from the SV would not be used for its intended purpose
- considered the financial need for the SV resulted from poor financial management and oversight
- questioned how the council will be held to account going forward
- said that the council is excessively withholding financial resources and infrastructure assets that could be used instead of seeking an SV.

We considered these concerns, taking account of all the information available to us.

4.1.2 Council's IP&R documents and application

We found that the council's IP&R documents, including its Long-Term Financial Plan, Delivery Program and Asset Management Program, clearly identify and articulate the need for and purpose of the SV. The documents state that the proposed SV of 9.5% per year (including the rate peg) for 3 years is needed to:

- eliminate the successive operational budget shortfalls.
- improve the council's ongoing financial sustainability.
- modest enhancement of four key existing services:
  - road maintenance
  - condition of public space
  - protecting natural environment
  - protecting water ways.

The council's assessment of the financial impact of the SV on its financial performance and position states that without the SV, it would:

- face a budget shortfall of $80 million over the 10 years to 2032
- be required to sell-off or dispose of certain assets to reduce infrastructure expenditure
- be required to review current and future expenditure commitments with the possibility of reduced service levels.[5]

The council's IP&R documents indicate that it thoroughly canvassed alternatives to the SV to meet the financial need.

4.1.3 Our analysis of the council's financial performance and position

We used information provided by the council in its application and IP&R documents to do our own analysis of the impact of the proposed SV on the council's financial performance and financial position. This involved calculating financial forecasts under 3 scenarios:

1. **Proposed SV Scenario –** which includes the council's proposed SV revenue and expenditure.
2. **Baseline Scenario –** which does not include the council's proposed SV revenue or expenditure.
3. **Baseline with SV expenditure Scenario** – which includes the council's full expenditure from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application but could only increase general income by the rate peg.

We then used these forecasts to examine the impact of the proposed SV on key indicators of its financial performance and position – namely its Operating Performance Ratio, net cash (or net debt) and infrastructure ratios. Finally, we examined the IP&R documents to assess whether the council had canvassed alternative sources of funding to the SV.

Impact on Operating Performance Ratio

The Operating Performance Ratio (OPR) is a measure of a council's ongoing financial performance or sustainability. In general, a council with an OPR consistently greater than 0% is considered to be financially sustainable, because the OPR measures a council's ability to contain operating expenditure within operating revenue.[6]. The OLG has set a benchmark for the OPR of greater than 0%. (See Box 4.1 for more information.)

Box 4.1 Operating Performance Ratio

The OPR measures whether a council's income will fund its costs and is defined as:

$$OPR = \frac{Total\ operating\ revenue - operating\ expenses}{Total\ operating\ revenue}$$

Where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.

The OLG has set a benchmark for the ratio of greater than 0%.

The ratio measures net operating results against operating revenue and does not include capital expenditure. That is, a positive ratio indicates that an operating surplus is available for capital expenditure.

Generally, IPART considers that a council's average OPR over the next 10 years should be 0% or greater, as this represents the minimum level needed to demonstrate financial sustainability. An OPR consistently well above 0% would bring into question the financial need for an SV.

However, we recognise that other factors, such as the level of borrowings or investment in infrastructure, may affect the need for a council to have a higher or lower operating result than the breakeven benchmark as set by OLG.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

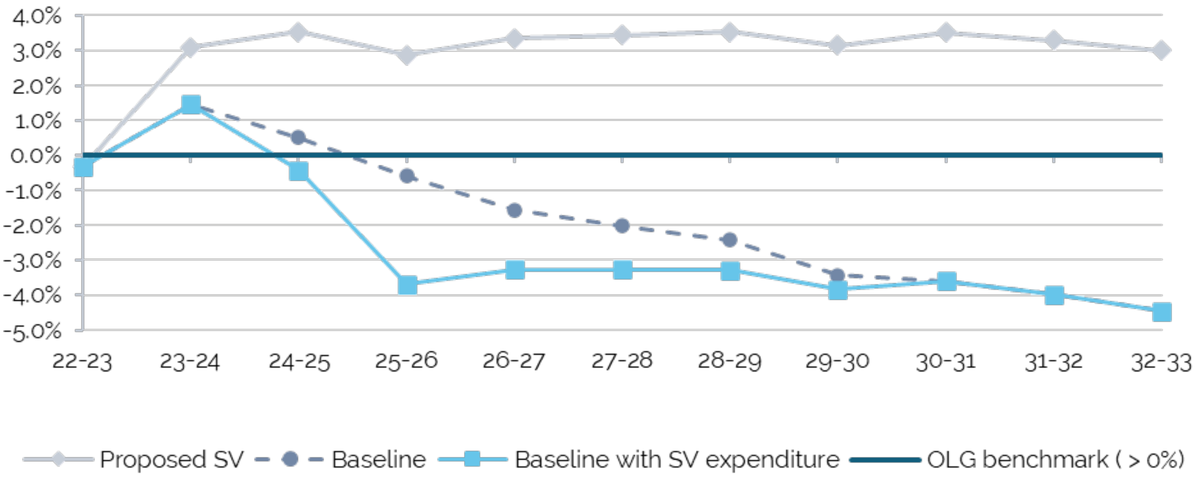
We calculated the council's forecast OPR over the next 10 years under the 3 scenarios (see Figure 4.1 and Table 4.1). Our analysis found that, over the next 5 years[d]:

- **Under the Baseline Scenario**, the council's OPR would fall below the OLG benchmark of greater than 0%in 2025-26 and continue to decline (Figure 4.1). Its average OPR over this period would be -0.4%.
- **Under the Baseline with SV expenditure Scenario**, the council's OPR would fall below the OLG benchmark of greater than 0% in 2024-25 and continue to decline (Figure 4.1). Its average OPR over this period would be -1.8%.
- **Under the Proposed SV Scenario**, the council's OPR would meet the OLG benchmark of greater than 0%in each year of the 10-year period (Figure 4.1). Its average OPR over the period would be 3.3%.

This suggests that without the SV, the council may not be able to maintain its current service levels and expenditure. In this situation, council may not be financially sustainable and may need to reduce expenditure, including the possibility of service level reductions.

[d] We averaged over a 5-year period rather than 10 years because we recognise forecasts are subject to variability.

Figure 4.1 The council's OPR from 2022-23 to 2032-33



Source: Port Stephens Council, Application Part A
Note: OPR shown excludes capital grants and contributions

Table 4.1 The council's projected OPR with proposed special variation, 2023-24 to 2032-33 (%)

	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
Proposed SV	3.1	3.5	2.9	3.3	3.4	3.5	3.1	3.5	3.3	3.0
Baseline	1.5	0.5	-0.6	-1.6	-2.0	-2.4	-3.4	-3.6	-4.0	-4.5
Baseline with SV expenditure	1.5	-0.4	-3.7	-3.3	-3.3	-3.3	-3.8	-3.6	-4.0	-4.5

Source: Port Stephens Council, Application Part A and IPART calculations.

Impact on net cash

A council's net cash (or net debt) position is another indicator of its financial position. For example, it indicates whether a council has significant cash reserves that could be used to fund the purpose of the proposed SV.

On 30 June 2022, the council held a total of $70.6 million in cash reserves. Of these funds:

- $29.9 million was externally restricted funds
- $40.7 million was internally restricted funds
- $0 was unrestricted funds (available to fund the purpose of the proposed SV).

This suggests that the majority of the council's cash, cash equivalents and investments are committed to other purposes, and are not available for council's requirements. This includes:

- **Externally restricted funds**: Funds that are subject to external legislative or contractual obligations.
  - Examples include bonds paid to councils by developers, developer contributions and monies collected under the Domestic Waste Services & Management Levy.

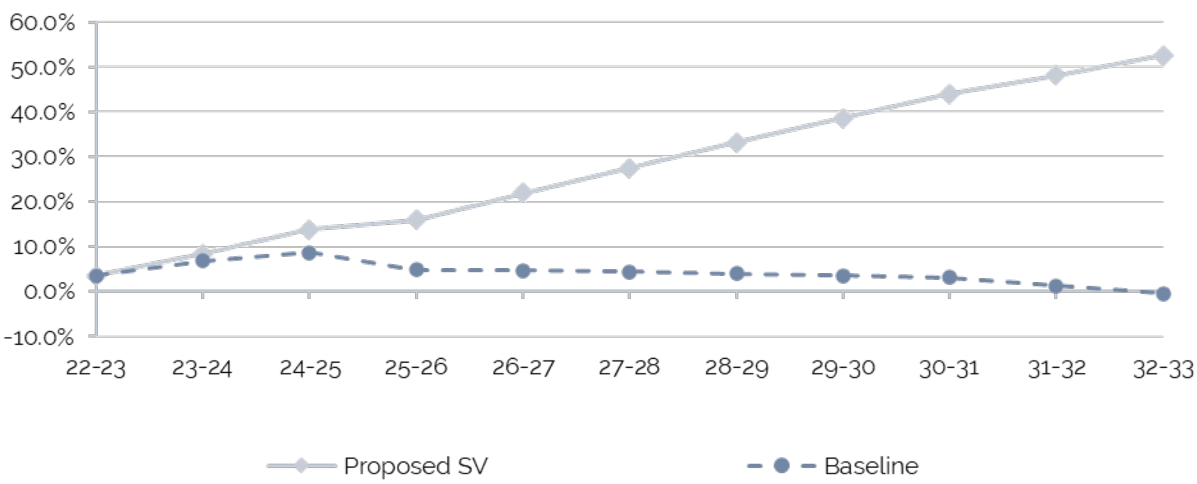
- **Internally restricted funds**: Funds restricted by resolution of the council to cover commitments / obligations that are expected to arise in the future and where it is prudent for the council to hold cash in restrictions to cover those obligations.
  - Examples include funds generated from parking meters being set aside for future works and surplus from investment property portfolio used to fund future commercial investments.

We calculated that as at 30 June 2023, the council will have net cash of $5.0 million, or 3.6% of its total revenue. As Figure 4.2 shows, our analysis found that, by 30 June 2033:

- **under the Proposed SV Scenario**, the council's net cash would be about $104.7 million, with a net cash to income ratio of 52.6% of its $199.2 million income.
- **under the Baseline Scenario**, its net cash would be about -$0.7 million (or a net debt of $0.7 million), with a net cash (debt) to income ratio of -0.4% of its $185.2 million income.

This suggests that the council would have negative cash reserves by 2033 in the Baseline scenario and would not be financially sustainable.

Figure 4.2 The council's net cash (debt) to income ratio, 2022-23 to 2032 33 (%)



Note: Baseline Scenario is where the council does not receive, revenue from the proposed SV.
Data source: Port Stephens Council, Application Part A and IPART calculations.

Taking into account the council's OPR and net cash position, we consider the council is in financial need for the proposed SV to enhance its financial sustainability and deliver adequate service levels.

Impact on infrastructure ratios

The management of infrastructure assets is an important council function. We have used information provided by the council to assess the extent to which a council can maintain and renew its infrastructure assets as they depreciate which is an indicator of its financial position. We did this by assessing the council's infrastructure backlog ratio and infrastructure renewals ratio and comparing them to OLG's benchmarks:

- **The infrastructure backlog ratio** indicates whether the council has a need for additional revenue to maintain its infrastructure assets. It shows the infrastructure backlog as a proportion of the total value of a council's infrastructure. OLG's benchmark for the infrastructure backlog ratio is less than 2.0%.
- **The infrastructure renewals ratio** measures the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. OLG's benchmark for the infrastructure renewals ratio is greater than 100%. (See Box 4.2 for more information on these ratios and how we interpret them.)

Box 4.2 Infrastructure ratios for councils

Infrastructure backlog ratio

The infrastructure backlog ratio measures the council's backlog of assets against its total written down value of its infrastructure and is defined as:

$$Infrastructure\ backlog\ ratio = \frac{Estimated\ cost\ to\ bring\ assets\ to\ a\ satisfactory\ standard}{Carrying\ value\ of\ infrastructure\ assets}$$

where the carrying value of infrastructure assets is the historical cost less accumulated depreciation.

OLG has set a benchmark for the ratio of less than 2%.

Infrastructure renewals ratio

Where relevant, we may also consider the council's infrastructure renewals ratio, which assesses the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. It is defined as:

$$Infrastructure\ renewals\ ratio = \frac{Infrastructure\ asset\ renewals}{Depreciation, amortisation\ and\ impairment}$$

OLG has set a benchmark for the ratio of greater than 100%.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

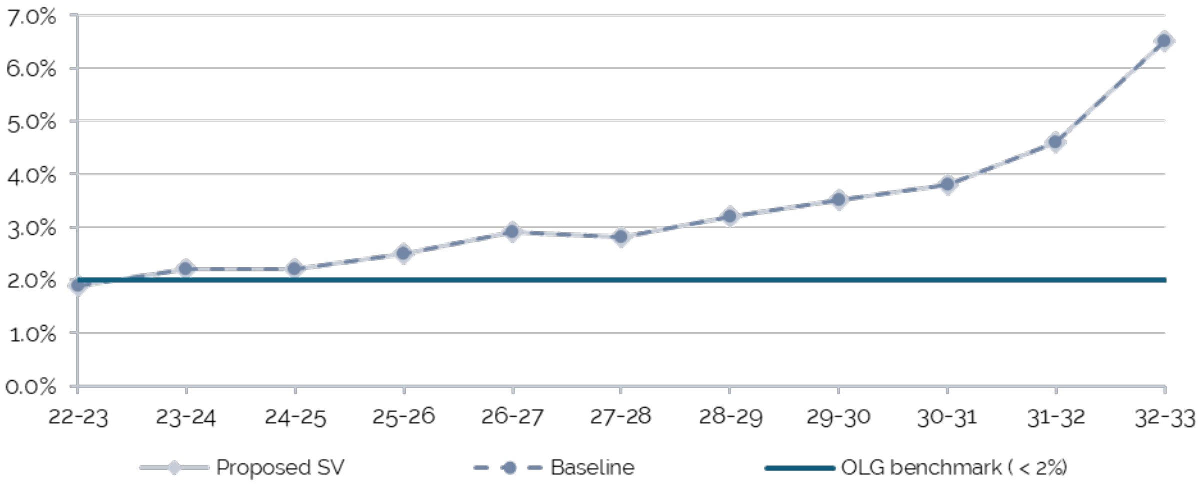
Impact on infrastructure backlog ratio

The council's analysis found that over the next 10 years, the council's infrastructure backlog ratio would be the same with or without the SV. As Figure 4.3 shows, under both the Proposed SV Scenario and the Baseline Scenario, the council's infrastructure backlog ratio would be above the OLG benchmark of 2.0%, increasing to 6.5% in 2032-33. In principle, a consistently increasing infrastructure backlog ratio indicates increased costs to bring assets to a satisfactory condition.

The council indicated that, as of 30 June 2022, its infrastructure backlog is $15.5 million. Most of this backlog (78%) is maintenance of sealed roads.[7] The council stated that it expects to see the backlog increase over the life of its Long-Term Financial Plan. It indicated that external impacts from extreme weather events will further deteriorate its road network.

It also indicated that, due to the lack of community support for reduced services, most of the SV revenue will be used to maintain existing services and improve financial sustainability – not to reduce its infrastructure backlog. As noted in its Delivery Program, the council has only budgeted $7.1 million of the SV revenue over 3 years to go towards road maintenance.[8]

Figure 4.3 The council's infrastructure backlog ratio 2022-23 to 2032-33 (%)



Source: Port Stephens Council Application Part A
Note: Both the proposed SV and baseline graphs are the same.

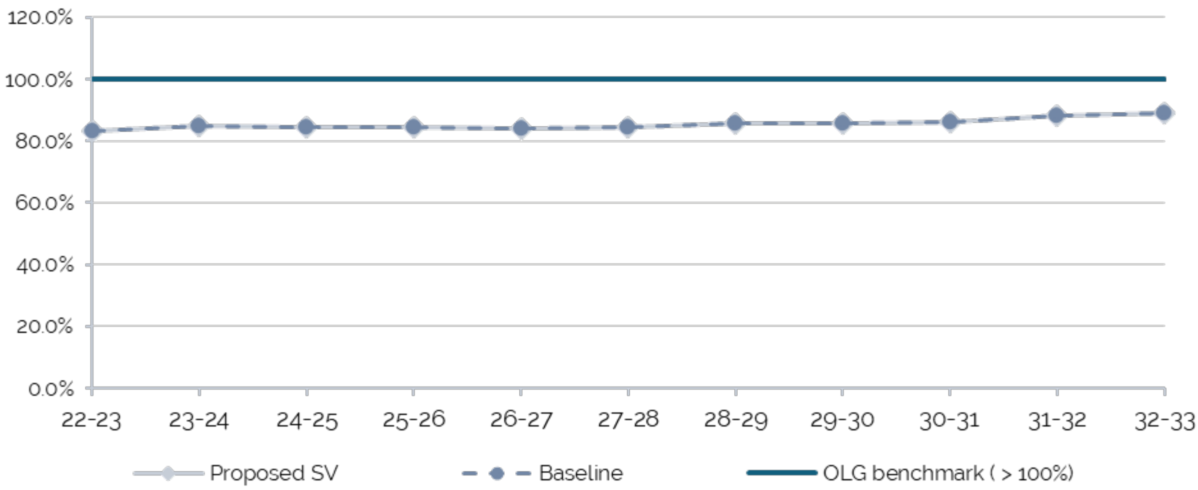
Impact on infrastructure renewals ratio

Similarly, our analysis found that over the next 10 years, the council's infrastructure renewals ratio would the same with or without the SV. Under both the Baseline Scenario and the Proposed SV Scenario, the council's infrastructure renewals ratio would range from 84.7% in 2023-24 to 88.9% by 2032-33 (Figure 4.4). This is well below the OLG benchmark of 100%.

The council has noted in Part B of its application that the proposed SV will mainly enable the council to maintain existing services and improve its underlying financial position. It will not be used to increase spending on infrastructure renewals.

We consider the council's infrastructure ratios show it is not in a strong financial position as the council does not have the required resources to maintain ratios to the baseline levels.

Figure 4.4 The council's infrastructure renewal ratio, 2022-23 to 2032-33 (%)



Source: Port Stephens Council, Application Part A

Alternatives to the rate rise

As required we assessed whether, in establishing the need for the SV, the council's relevant IP&R documents canvassed alternatives to the rate rise to meet the financial need.

We found that council thoroughly considered alternative funding sources in its IP&R documents, including:

- a 10% one-off increase in non-rate fees and charges for 2022-23
- greater rollout of smart parking areas across the LGA
- designation of a grants officer to more adequately pursue grant funding
- review of community grant schemes from both state and federal governments available to council
- development of a grants co-contribution reserve to apply for grant funding that requires a contribution from council
- financial restructure of the council's stake in the Newcastle Airport Partnership and the Greater Newcastle Aerotropolis Partnership
- development of the Financial Sustainability & Resilience Fund to capture council's profits from the airport's operation and use it for council's operations
- surplus land review, including considering the sell-off of land with a potential to generate $4 million in revenue by 2025-26.[9]

The council has indicated in its application that due to rising interest rates, it has elected not to undertake additional loan offerings.

After considering alternative revenue streams the council decided that the proposed SV would be the most feasible funding source to address its financial need.

4.2 OLG Criterion 2: The council provided evidence of community awareness

Criterion 2 requires the council to provide evidence that the community is aware of the need for and extent of the proposed rate increase. It requires the council to:

- communicate the full cumulative increase of the proposed SV in percentage terms and in dollar terms for the average ratepayer, by rating category
- outline its ongoing efficiency measures and performance
- use a variety of engagement methods to ensure community awareness and provide opportunities for community input.

The criterion does not require the council to demonstrate community support for the SV application.

Note: See Appendix A for more details.

To assess this criterion, we considered stakeholder comments about community awareness. We also analysed the council's community engagement on the proposed SV. The sections below discuss our assessment, and why we found that the council met this criterion.

4.2.1 Stakeholder comments on community awareness

In submissions to IPART, stakeholders raised concerns that the council:

- was not transparent in its consultation on the proposed SV
- did not allow ratepayers to voice their objections in its survey
- did not consult in good faith by sending out direct letters requesting support
- did not respond to their concerns about the proposed SV
- did not make the community aware of its IP&R documentation
- did not inform the community of the rate increase
- was not clear about the reason for the rate increase or the alternative sources of funding
- did not include the community's input in informing the council's strategic priorities.

We considered these concerns, alongside other available information. Our assessment is discussed in section 4.2.2.

4.2.2 Our assessment of council's engagement and consultation

To assess the effectiveness of the council's community engagement and consultation on the proposed SV, we considered whether:

- the information provided to ratepayers was sufficient and clear
- the variety of engagement methods used were effective
- the process used to consult the community provided timely opportunities for ratepayers to provide input and feedback on the proposed SV, and
- the outcomes from the consultation were considered in preparing the SV application.

Information provided to ratepayers

We found that the information provided to ratepayers about the proposed SV was clear. It also conveyed all necessary details to ensure ratepayers were well informed and able to engage with the council during the consultation process.

For example, the council's Long-Term Financial Plan set out the annual percentage increase in rates under the different proposed SV scenarios[10], and the Delivery Program set out the extent of the rate rise in both percentage and dollar terms.[11]

The council's engagement materials for all phases of its community engagement process outlined:

- the need for the SV
- what the additional income from the SV would fund
- the proposed rates with and without the SV for the period 2023-24 to 2025-26, for residential, business, and farmland ratepayers in dollar and percentage terms
- the average annual increases and the cumulative increase with the SV for residential and business ratepayers for the period 2023-24 to 2025-26 in dollar and percentage terms
- the average annual weekly increases with the SV for residential ratepayers in 2023-24 in dollar and/or percentage terms[12].
- changes to the hardship policy to better support residents experiencing financial difficulty[13]
- how to find out more information.

Engagement methods used

We found the council used an appropriate variety of engagement methods to promote awareness of and obtain community views on its proposed rate increase. For example, its engagement activities throughout the consultation period included:

- direct mail (both physical and digital) to all ratepayers
- newspaper advertisements through physical and digital channels (e.g., via printed inserts in local newspapers and e-newsletters)
- social media channels
- local radio channels

- council's webpage (Our Funded Future)[14]
- community roadshows or face-to-face forums (including an online option) with a variety of community groups
- static displays at 15 sites, including council and sporting venues
- seven face-to-face community sessions in phase 2 of the engagement plan
- Q&A live Facebook event, plus a recorded version of a community presentation on the proposed SV[15]
- key stakeholder meetings with MPs and local community groups.

Process for community consultation

We found the process the council used to engage with and consult the community about the proposed SV was effective. It was divided into phases that focused on different aspects of the proposed SV. The first 2 phases provided opportunities and sufficient time for ratepayers to provide input and feedback on the proposed SV.

Phase 0&1

This phase ran from 29 June to 25 August 2022. It focused on the current and future financial situation of the council, including the council's investigations towards being financially secure. These included efforts to increase non-rate revenue, identifying potential deficits in the future and investigating SV options.

During this phase, the council used newsletters, direct emails and surveys to engage and consult with ratepayers. It also conducted community drop-in sessions and meetings with special interest groups. It received 404 survey responses from ratepayers, and 110 residents attended community sessions. It also recorded 39 interactions with individual ratepayers during this phase.[16]

Phase 2

Phase 2 ran from 14 September to 25 October 2022. It focused on consulting on the SV application. During this phase, the council communicated the SV options it was considering through public notices in a range of media outlets, by publishing its IP&R documents, fact sheets and media releases.

It conducted a survey to gauge ratepayers' preferred SV option, and received 671 survey responses. It also conducted face-to-face drop-in sessions to discuss the options, which were attended by 55 people. It also recorded 16 interactions with individual ratepayers during this period.[17]

During the first 2 phases of the process, the council's "Our Funded Future" webpage received 3,794 visits.[18]

Phase 3

The final phase (from 10 November 2022 to February 2023) involved communicating the council's chosen SV option, and their intention to submit an application to IPART, through public notices on digital and physical media, including through notices on rates letters.

Outcomes of community consultation

As noted above, Criterion 2 does not require the council to demonstrate community support for the proposed special variation. However, it does require the council to consider the results of community consultation in preparing its application.

We found that the council did consider these results in preparing its application. It prepared reports that summarised the outcomes of each phase of its process, and made resolutions in response to the community feedback it received during the process.

For example, its engagement report on phase 2 stated its survey asked ratepayers whether they supported an SV:

- Of the 671 responses, 53% supported an SV, and 47% did not.
- Feedback from who supported the SV included:
  - rising costs/prices are affecting the council, as well as the community
  - the SV is required to maintain services at levels the community is currently receiving.
- Feedback from those who did not support the SV included:
  - the associated rate increase would be too high and unaffordable (particularly for pensioners and retirees), especially in the current economic conditions of inflation, interest rate rises and general cost of living pressure
  - the growth in development (unit and apartments) should be providing a base for increased rates and levies
  - the nominated priorities are not what the community desired and only essential projects and core services should be funded
  - rather than the SV, alternatives should be considered including reducing services, prioritising projects, increasing productivity and efficiency, reducing staff salaries or overhead costs and better financial management, increasing rates on over-55s retirement villages or proposing a form of 'tourist tax'.

In response to the community consultation feedback, the council committed to increase its concessions for both pensioner and non-pensioners if the SV was approved, and review its hardship policy. In particular, it resolved to:

- Increase the scope of the Rates Assistance Program to include pensioners to a limit of $250 (while still maintaining their pensioner rebate) and increase the limit for non-pensioners to $500.
- Increase the scope of the Debt Recovery and Hardship Policy to include a mechanism, within appropriate parameters, for the referral of financial hardship matters to Council in the event of a significant event affecting Port Stephens primary producers.
- Increase the debt balance threshold for the commencement of legal action from $1,200 to $1,400.
- Partner with local welfare and local financial counselling services who will refer non-pensioner ratepayers experiencing financial hardship to the council. Ratepayers referred and approved by council can have $250 of council rates and charges written off annually with each participating service limited to an annual limit of $5,000.[19]

4.3 OLG Criterion 3: The council demonstrated the SV's impact on ratepayers is reasonable

Criterion 3 requires the council to show that the impact on ratepayers is reasonable considering current rates, the community's capacity to pay, and the proposed purpose of the special variation.

Note: See Appendix A for more details.

To assess this criterion, we considered stakeholder comments on the SV's impact on ratepayers, and whether the council has policies in place to mitigate impacts of rate rises, including whether there is a hardship policy in place. We also analysed the council's assessment of the impact of its proposed SV on ratepayers.

The sections below discuss our assessment, and why we found that the council met this criterion.

4.3.1 Stakeholder comments on impact on ratepayers

More than 200 of the 341 submissions we received raised concerns about the impact of the proposed SV on the affordability of rates, particularly for those experiencing financial hardship.

Some commented that the SV would have:

- a significant impact on ratepayers due to broader circumstances such as ongoing economic pressures of high inflation
- a large impact for ratepayers on fixed incomes.

We have considered these concerns as part of our assessment of this criterion, alongside other available information. We acknowledge that ratepayers are experiencing cost-of-living pressures, and the rate increases associated with the SV will add to those. However, on balance, we consider the impact of the increases is reasonable, given the council has a hardship policy (see section 4.3.3) and the council's average rates are relatively low compared to neighbouring councils and councils with communities of similar socio-economic demographics, even with the SV (see section 4.3.2).

4.3.2 Our analysis of the council's assessment of the SV's impact on ratepayers

We analysed the council's assessment of the impact of the proposed SV on ratepayers, and the community's financial capacity to pay the proposed increased rates. We also considered how the council's rates have changed over the past 6 years, and how its rates compare to those of other councils.

Impact on average rates

The council estimated the increase in average rates associated with its proposed SV for each main ratepayer category. As Table 4.2 shows, it estimated that over the 3-year period of the SV, average residential and business rates would increase by about 31.3% and 30.1% respectively, while farmland rates[21] will increase by approximately 43.1%.

Table 4.2 Impact of the proposed special variation on average rates

	2022-23	2023-24	2024-25	2025-26	Cumulative increase $	Cumulative increase %
Residential average $ rates	1,143	1,251	1,370	1,500		
$ increase		109	119	130	358	
% increase		9.5	9.5	9.5		31.3
Business average $ rates	4,892	5,308	5,813	6,365		
$ increase		416	504	552	1,473	
% increase		8.5	9.5	9.5		30.1
Farmland average $ rates	1,867	2,228	2,440	2,672		
$ increase		362	212	232	805	
% increase		19.4	9.5	9.5		43.1

Note: These figures have been rounded in calculation and summations on a whole may not appear to be correct.
Source: IPART calculations

Community's capacity to pay

The council's capacity to pay analysis found that:[20]

- The Port Stephens LGA generally has similar levels of advantage, and disadvantage, when compared with comparable councils in its OLG group (Group 5). It has a Socio-Economic Index Rank of 70, compared to the Group 5 average of 68.
- The areas within the LGA expected to pay more under the proposed rate rises were also areas with higher equalised income, higher socio-economic advantage, lower mortgages, few dependents and less socio-economic disadvantage.
- The council's level of outstanding rates is regularly among the lowest levels of the councils in its OLG group. On average, it is 3.3%, compared to 5.7% for OLG Group 5. This is an indication of capacity pay.[21]

The report concluded that ratepayers do have a capacity to pay the proposed rate increases as the outstanding rates level is low and the median household income is similar to comparable councils. It noted that there is a minority of the council's population who may experience a high level of financial disadvantage. However, this could be addressed with an appropriate hardship policy, including reviewing and ensuring such policies are targeted towards ratepayers likely to be adversely affected by the SV.

How the council's rates changed over time

Over the past 6 years, the average annual increases in the council's rates for residential, business and farmland ratepayers have been only slightly higher than the rate peg. For example, as Table 4.3 shows, over this period residential rates have increased at an annual average of 2.9%. This compares to the average rate peg of 2.1% over the same period.

Table 4.3 Historical average rates in Port Stephens Council 2017-18 to 2022-23 ($)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Average annual growth (%)
Residential	989	1,040	1,067	1,092	1,113	1,143	2.9%
Business	4,142	4,249	4,377	4,537	4,627	4,892	3.4%
Farmland	1,609	1,631	1,682	1,778	1,814	1,867	3.0%

Note: FY22 and FY23 are estimated based on FY21 escalated by the rate peg or the council's SV.
Source: IPART calculations

How the council's rates compare to other councils

The council's current average rates – that is, before the proposed SV – are low compared to those of its neighbouring councils and comparable NSW councils in terms of their SEIFA score (which measures their population's relative socio-economic disadvantage) and their population's median household income. These differences are noted in Box 4.3.

Box 4.3 Comparable councils

In our analysis, we have compared Port Stephens Council to other councils in several ways.

Office of Local Government (OLG) groups

- The Office of Local Government (OLG) groups similar councils together for comparison purposes.
- Port Stephens Council is in OLG Group 5 which is considered a regional town/city area and also includes Coffs Harbour City Council, Lake Macquarie City Council, Maitland City Council and Shoalhaven City Council.
- The OLG groupings are based on broad demographic variables such as total population, level of development, and typical land use. It should be noted that there can still be broad differences between councils within the same OLG group.

Box 4.3 Comparable councils

Socio-Economic Indexes for Areas (SEIFA) rank

- SEIFA is a product developed by the Australian Bureau of Statistics that ranks areas in Australia according to relative socio-economic advantage and disadvantage.
- Port Stephens Council has a SEIFA rank of 70 out of 130 councils in ABS 2016 which is moderate and indicates moderate levels of advantage
- The 4 councils with closest SEIFA rank within the OLG Group 5 are Maitland City Council, Lake Macquarie City Council, Port-Macquarie Hastings and Shellharbour Council.

Median household income

- The councils can be ranked by the median household income.
- We compared Port Stephens Council to the 4 councils within OLG group 5 with closest median income ranking. These are Lake Macquarie City Council, Shellharbour Council, Coffs Harbour City Council and Tweed Shire Council.

Neighbouring councils

- We compared Port Stephens Council to the neighbouring councils of Newcastle Council, Dungog Shire Council, Mid-Coast Council, Cessnock City Council, Lake Macquarie City Council and Maitland City Council.
- These councils are geographically close to Port Stephens Council but do not necessarily share a common border.

As Table 4.4 shows, in 2022-23 the council's:

- average residential rates were the lowest among its neighbouring councils and comparable councils based on both SEIFA score and income, and were lower than the OLG Group 5 average.
- average business rates were lower than 3 of the 6 neighbouring councils, second lowest of comparable councils based on SEIFA score, third lowest based on income, and lower than the OLG Group 5 average.
- average farmland rates were the second lowest among its neighbouring councils, the lowest of comparable councils based on both SEIFA score and income, and lower than the OLG Group 5 average.
- outstanding rates ratio are lower than its neighbouring councils, comparable councils, and the OLG Group 5 average.

Table 4.4 Comparison of the council's average rates and socio-economic indicators with those of other councils prior to the SV (2022-23)

Council (OLG Group)	Average residential rate[a] ($)	Average business rate ($)	Average farmland rates ($)	Median annual household income[b] ($)	Average residential rates to median household income ratio (%)	Outstand-ing rates ratio	SEIFA Index NSW[c] Ranking
Port Stephens (5)	1,143	4,892	1,867	71,344	1.6	3.3	70
Neighbouring councils							
Newcastle	1,670	12,534	2,556	91,520	1.8	3.9	96
Dungog	1,427	1,462	3,575	77,220	1.8	6.2	83
Mid-Coast	1,426	4,088	1,550	55,120	2.6	9.3	20
Cessnock	1,299	3,714	3,196	77,636	1.7	5.6	12
Lake Macquarie	1,551	5,084	2,317	84,396	1.8	4.0	89
Maitland	1,726	8,232	3,454	91,832	1.9	5.4	75
Average	**1,517**	**5,852**	**2,775**	**79,621**	**1.9**	**5.7**	**63**
Comparable councils (SEIFA)							
Maitland	1,726	8,232	3,454	91,832	1.9	5.4	75
Lake Macquarie	1,551	5,084	2,317	84,396	1.8	4.0	89
Port Macquarie-Hastings	1,284	3,957	2,117	65,676	2.0	5.7	68
Shellharbour	1,631	5,182	3,941	85,644	1.9	5.2	66
Average	**1,548**	**5,614**	**2,957**	**81,887**	**1.9**	**5.1**	**75**
Comparable councils (Income)							
Lake Macquarie	1,551	5,084	2,317	84,396	1.8	4.0	89
Shellharbour	1,631	5,182	3,941	85,644	1.9	5.2	66
Coffs Harbour	1,334	4,288	2,201	70,876	1.9	6.8	61
Tweed	1,566	3,059	2,358	67,392	2.3	4.3	65
Average	**1,520**	**4,403**	**2,704**	**77,077**	**2.0**	**5.1**	**70**
Group 5 average (excluding Port Stephens)	**1,511**	**6,100**	**2,604**	**76,492**	**2.0**	**5.7**	**68**

a. The average residential rate (ordinary and special) is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.
b. Median annual household income is based on 2021 ABS Census data.
c. This is the SEIFA index of Relative Socio-economic Advantage and Disadvantage. The highest possible ranking is 130, which denotes a council that is least disadvantaged in NSW.
Source: OLG data ABS, Socio-economic Indexes for Areas (SEIFA) 2016, March 2020; ABS, 2021 Census DataPacks, General Community Profile, Local Government Areas, NSW, Median Weekly Household Income and IPART calculations.

With the proposed SV, the council's rates are still expected to be relatively low. Table 4.5 shows that in 2025-26, the council's:

- average residential rates would be below the average for its OLG Group, comparable councils based on both SEIFA and income, and neighbouring councils
- average business rates would be below the average for its OLG Group, and neighbouring councils and higher for councils based on both SEIFA score and income.
- average farmland rates would be below the average for its OLG Group, comparable councils based on both SEIFA and income, and neighbouring councils.

There are limitations with this analysis, as it does not include the impact of other councils potentially receiving an SV from 2023-24 onwards.

Table 4.5 Comparison of the council's average rates with those of other councils for period of the SV ($)

Council (OLG Group)	2022-23	2023-34	2024-25	2025-26
Residential				
Port Stephens	1,143	1,251	1,370	1,500
OLG Group 5 (excluding Port Stephens)	1,511	1,574	1,614	1,654
Neighbouring councils (average)	1,517	1,595	1,634	1,675
Comparable councils (SEIFA) (average)	1,548	1,618	1,658	1,700
Comparable councils (Income) (average)	1,520	1,578	1,618	1,658
Business				
Port Stephens	4,892	5,308	5,813	6,365
OLG Group 5 (excluding Port Stephens)	6,100	6,352	6,510	6,673
Neighbouring councils (average)	5,852	6,116	6,269	6,426
Comparable councils (SEIFA) (average)	5,614	5,877	6,024	6,174
Comparable councils (Income) (average)	4,403	4,570	4,684	4,801
Farmland				
Port Stephens	1,867	2,228	2,440	2,672
OLG Group 5 (excluding Port Stephens)	2,604	2,713	2,781	2,851
Neighbouring councils (average)	2,775	2,928	3,002	3,077
Comparable councils (SEIFA) (average)	2,957	3,091	3,168	3,247
Comparable councils (Income) (average)	2,704	2,807	2,877	2,949

a. The average residential rate (ordinary and special) is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.
Source: IPART calculations.

4.3.3 The council's hardship policy

Based on our assessment of the hardship policy and the annual report, we are satisfied that council has a hardship policy in place.

A hardship policy can play an important role in mitigating the impact of an SV on vulnerable ratepayers. We examined the council's hardship policy, which provides assistance to ratepayers who are experience genuine financial difficulties in paying their rates and charges. This assistance may take the form of:

- flexible periodic payment options
- extending the period in which the outstanding rates may be repaid
- interest reduction
- pensioner concessions
- writing off outstanding rates for households in financial stress.

The council's website includes information on the hardship assistance available, including a contact phone number, email and assistance application form.[22]

The council's 2021-22 annual report indicated that it had written off over $1.5 million in rates and charges in that year.[23]

Some of the submissions we received indicated that the council's hardship policy is limited with the policy only affecting a small proportion of a household's rates and rates that are deferred being subject to interest accruals. We note that the council has committed to increase its concessions for both pensioner and non-pensioners and review its hardship policy (see section 4.3.3).

4.4 OLG Criterion 4: The council appropriately exhibited, approved and adopted its IP&R documents

Criterion 4 requires the council to exhibit, approve and adopt the relevant Integrated Planning and Reporting (IP&R) documents before applying for the proposed SV.

Note: See Appendix A for more details.

To assess whether the council met this criterion, we checked the information provided by the council. We found that it met the criterion. The council:

- publicly exhibited its current Community Strategic Plan from 28 April to 26 May 2022 and was adopted on 28 June 2022
- publicly exhibited its current Delivery Program, Long-Term Financial Plan, and Strategic Asset Management Plan from 13 September to 12 October and adopted on 8 November 2022
- submitted its SV application on 27 January 2023.

Box 4.4 IP&R documents

The Integrated Planning and Reporting (IP&R) framework allows councils and the community to engage in important discussions about service levels and funding priorities and to plan for a sustainable future. This framework therefore underpins decisions on the revenue required by each council to meet the community's needs.

The relevant documents are the Community Strategic Plan, Delivery Program, Long-Term Financial Plan (LTFP) and, where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended) public exhibition for 28 days (and re exhibition if amended). The OLG Guidelines require that the LTFP be posted on the council's website.

Source: Office of Local Government Integrated Planning and Reporting Guidelines

4.5 OLG Criterion 5: The council explained and quantified its productivity and cost containment strategies

Criterion 5 requires councils to explain the productivity improvements and cost containment strategies that have been realised in past years and are expected to be realised over the proposed SV period.

Councils should present their productivity improvements and cost containing strategies in the context of ongoing efficiency measures, and indicate if the estimated financial impact of those measures have been incorporated in the council's Long Term Financial Plan.

Note: See Appendix A for more details.

To assess this criterion, we considered stakeholders' comments on the council's productivity and cost containment strategy, analysed the information provided by the council, and examined some key indicators of the council's efficiency. The sections below discuss our assessment, and why we found that the council met this criterion.

4.5.1 Stakeholder comments on productivity and cost containment

Some submissions to IPART raised concerns relevant to this criterion. In particular, some stakeholders said the council could:

- improve its own efficiency to cover the revenue shortfall
- improve its labour productivity
- reduce the amount spent on consultants and contingent labour
- demonstrate its ability to deliver on productivity improvements and cost savings.

We have considered these concerns as part of our assessment of this criterion. On balance, we found the council provided sufficient evidence of its past and planned productivity and cost containment strategies to meet the criterion.

4.5.2 Our analysis of the council's information on productivity and cost containment strategies

The council provided information on its past and current productivity and cost containment strategies and initiatives in its SV application, IP&R documents and correspondence with IPART. The SV application and Long-Term Financial Plan quantify the modest productivity gains it expects to realise over the SV period.

Past productivity and cost containment strategies

The council's application outlined its past initiatives to increase productivity and ensure cost containment. It has used several approaches, including:

- Conducting the Service Review Program. This program examined the services council delivers and the level of service required with a view to identify non-value adding activities. The program began in 2011 and with reviews completed over a 4-year cycle for every service package.
- Developing a Climate Change Policy which includes approaches to contain costs associated with resource use. For example:
  - installing solar systems at council assets, such as libraries and community centres, to reduce energy costs
  - using LED field lighting at community centres and other council locations to increase energy efficiency.
- Introducing the Plan, Do Study, Act (PDSA) Process Improvement Methodology. The council uses this method to review processes for improvement and outline the cost-benefit analysis towards new processes. The council has completed 8 PDSA processes in the past 2 years including:
  - improving planning and processes in face-to-face interactions between the community and customer service officers
  - renegotiating existing maintenance contracts and digitisation of applications for cemeteries.

- Establishing a Business Improvement Idea Register to encourage employees of all ranks to provide ideas to improving the council.
- Increasing digitisation of records and communications and using online self-services for customers to reduce administrative costs.
- Reviewing the council's loan portfolio and renegotiating with lenders in anticipation of rising interest rates.
- Adopting zero-based budgets. The council now requires that all expenses for new financial years to be justified to reduce unnecessary costs.
- Using private asset delivery to reduce the council's operational expenditure on maintaining council-owned service delivery.

Planned productivity and cost containment strategies over the SV period

The council's IP&R documents note that it plans to implement strategies to improve productivity and contain costs over the SV period where possible. Its application notes that it has undertaken the following initiatives to contain costs and improve productivity over the SV period:

- Continuing the Service Review Program. The council is committing to continually reviewing its methods through this program. In the next cycle, it is focusing on investigating further efficiency savings, including through the potential reduction of services to the community. It has also sought a hybrid approach in aligning service reviews more closely with the community's willingness to pay for council services scheduling this approach into ongoing business operations.
- Implementing initiatives identified through the Business Improvement Register. These include:
  - introducing a digital calendar application to track waste disposal dates and reduce printing costs for physical calendars
  - implementing software solutions to reduce the administrative burden in booking children's services, including childcare bookings
  - using website publication tools to reduce costs in developing hardcopy magazines as well as increase efficiency in developing website and videos
  - using the Brolly Social Media application to streamline the council's social media accounts and reduce cost inefficiencies
  - developing an image library to centralise a database for images used in the council's publications and reduce time consumed in contracting professional photography
  - introducing the Bing Mail system to digitise the council's communications and reduce the costs associated with hardcopy production.
- Processing garden waste. The council plans to introduce a green bin to divert garden organics from general waste and reduce land fill processing costs.
- Further rollout of solar panels. The council plans to install solar systems across 14 community assets to reduce energy costs.
- Using an eInvoicing system to increase efficiency in the processing of invoices from suppliers and encourage faster payment turnaround.

The council's Long-Term Financial Plan did not factor in any revaluation increases in any of the asset categories due to difficulties in changes with market conditions and construction costs. It noted instability in material costs has made revaluation difficult and the council is unsure of the extent of these costs for the future.

We consider the council has:

- demonstrated past achievements in delivering productivity improvements and cost containment, which is proportionate to the size and resources of the council
- outlined strategies and activities for further improving its productivity and efficiency, and quantified savings for several initiatives which were not proportionate to the size and resources of the council.

Although there were shortcomings with its planned initiatives, on balance, when assessed with the council's large savings to date, we assess that the council has demonstrated this criterion.

4.5.3 Indicators of the council's efficiency

We examined a range of indicators of the efficiency of the council's operations and asset management, including looking at how these indicators have changed over time and how they compare with those of similar councils. This data is presented in Table 4.6 and Table 4.7 below.

We found that, over recent years, the council's:

- staff numbers (FTE) have decreased by an average annual rate of about 0.8% per annum
- the ratio of population to the council's FTEs has improved by an average of 2.1% per annum from one FTE per 147.9 people in 2017-18 to one FTE per 157.5 people in 2020-21.
- average costs per employee have increased by an average of 7.1% per annum, and employee costs as a percentage of operating costs have fluctuated from year to year.

We also found that, compared to other councils in its OLG Group, the council has less FTEs, a similar population to FTE ratio, a higher average cost per FTE, and higher operating expenditure per capita.

We noted that these performance indicators only provide a high-level overview of the council's productivity at a point in time and additional information would be required to accurately assess the council's efficiency and its scope for future productivity gains and cost savings.

Table 4.6 Trends in selected performance indicators, for Port Stephens Council, 2017-18 to 2020-21

Performance indicator	2017-18	2018-19	2019-20	2020-21	Average annual change (%)
FTE staff (number)	485	503	534	473	-0.8
Ratio of population to FTE	147.9	144.5	137.6	157.5	2.1
Average cost per FTE ($)	88,874	96,012	93,281	109,222	7.1
Employee costs as % of operating expenditure (General Fund only) (%)	36.9	39.5	39.3	40.5	

Source: IPART calculations.

Table 4.7 Select comparator indicators for Port Stephens Council

	Port Stephens Council	OLG Group 5 Average	NSW Average
General profile			
Area (km2)	858	2,284	5,566
Population	74,506	122,052	63,717
General Fund operating expenditure ($m)	127.6	197.9	94.2
General Fund operating revenue per capita ($)	2,153	1,886	
Rates revenue as % of General Fund income (%)	39.5	51.3	46.1
Own-source revenue ratio (%)	71.4	74.6	67.1
Productivity (labour input) indicators			
FTE staff	473.0	813.5	379.8
Ratio of population to FTE	157.5	150.0	167.8
Average cost per FTE ($)	109,222	93,357	98,816
Employee costs as % of operating expenditure (General Fund only) (%)	40.5	35.4	37.6
General Fund operating expenditure per capita ($)	1,713	1,621	1,478

Source: OLG, Time Series Data 2020-21;;and IPART calculations.

4.6 OLG Criterion: Any other matter that IPART considers relevant

IPART may take into account any other matter that it considers relevant.

We consider that a relevant matter is whether the council has been granted an SV over the past 5 years, and if so, whether the council has complied with any conditions.

In 2019, the council applied for a permanent SV of a rate of 7.5% per annum for 7 years, ending in 2025-26. This would have meant a cumulative increase of 65.9%. IPART did not approve that application as the council only partly demonstrated a financial need for the proposed SV. The magnitude of the proposed increase in total dollars and percentage for the average ratepayer was also considerable.

In our report on this previous application[24], we stated that the council should be able to implement its proposed business recovery plan without the SV and should consult with its ratepayers regarding appropriate service levels and then reapply for a permanent SV if required.

In 2022-23, we granted the council a rate increase of 2.5% as part of an Additional Special Variation (ASV).[25]

5 IPART's decision on the special variation

Based on our assessment of the council's application against the OLG Guidelines and consideration of stakeholder submissions, we have approved the council's proposed permanent SV to general income from 2023-24 to 2025-26.

The approved increase to general income is set out in Table 5.1 below.

Table 5.1 IPART's decision on the special variation to general income (%)

	2023-24	2024-25	2025-26
Permanent increase above the rate peg	5.10	7.00	7.00
Rate peg[a]	4.40	2.50	2.50
Total increase	9.50	9.50	9.50
Cumulative increase	9.50	19.90	31.29

a. The 2023-24 rate peg is the actual rate peg issued by IPART. The rate peg of 2.5% from 2024-25 is the assumed rate peg that the OLG Guidelines advise councils to use in their forecasts. The approved total increase will not change when an actual rate peg is set in future years.

Source: Port Stephens Council Application Part A, Worksheets 1 and 4 and IPART calculations.

The special variation is subject to the following conditions:

- The Council use the Additional Income for the purpose of funding the Proposed Program.
- The Council report in its annual report for each Year from Year 2023-24 to Year 2027-28 (inclusive):
  - the program of expenditure that was actually funded by the Additional Income, and any differences between this program and the Proposed Program;
  - any significant differences between the Council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in its Long-Term Financial Plan, and the reasons for those differences;
  - the outcomes achieved as a result of the Additional Income;
  - the productivity savings and cost containment measures the Council has in place, the annual savings achieved through these measures, and what these savings equate to as a proportion of the Council's total annual expenditure; and
  - whether or not the Council has implemented the productivity improvements identified in its application, and if not, the rationale for not implementing them.

5.1 Impact on ratepayers

IPART sets the maximum allowable increase in the council's general income, but the council determines how it allocates any increase across different categories of ratepayer. Based on what the council has told us in its application, the expected impacts on ratepayers under the approved SV are shown in Table 5.2 below. This shows that over the 3-year period from 2023-24 to 2025-26, if the council chooses to increase rates so as to recover the maximum permitted general income under the approved SV:

- the average residential rate would increase by $358 or 31.29%
- the average business rate would increase by $1,473 or 30.09%
- the average farmland rate would increase by $805 or 43.16%.

Table 5.2 Indicative annual increases in average rates under the approved SV (2023-24 to 2025-26)

	2022-23	2023-24	2024-25	2025-26	Cumulative increase $	Cumulative increase %
Residential average $ rates	1,143	1,251	1,370	1,500		
$ increase		109	119	130	358	
% increase		9.5	9.5	9.5		31.29
Business average $ rates	4,892	5,308	5,813	6,365		
$ increase		416	504	552	1,473	
% increase		8.5	9.5	9.5		30.09
Farmland average $ rates	1,867	2,228	2,440	2,672		
$ increase		362	212	232	805	
% increase		19.4	9.5	9.5		43.16

Note: These figures have been rounded in calculation and summations on a whole may not appear to be correct.
Source: Port Stephens Council, Application Part A and IPART calculations.

5.2 Impact on the council

Our decision means that the council may increase its general income by $19.0 million above the rate peg by 2025-26, $40.6 million by 2027-28 and $99.3 million above the rate peg by 2032-33. This increase can remain in the rate base permanently.

Table 5.3 shows the percentage increases we have approved and estimates the annual increases in the council's general income.

Table 5.3 Permissible general income (PGI) of council from 2023-24 to 2025-26 from the approved SV.

	Increase approved (%)	Cumulative increase approved (%)	Increase in PGI above rate peg ($'000)	Cumulative increase in PGI ($'000)	PGI ($'000)
2023-24	9.50	9.50	2,448	4,620	52,616
2024-25	9.50	19.90	6,192	9,618	57,614
2025-26	9.50	31.29	10,380	15,092	63,087
Total cumulative increase approved	31.29	31.29	19,020		

Source: Port Stephens Council, *Application Part A*, Worksheets 1 and 4 and IPART calculations.

We estimate that over the 10 years from 2023-24 to 2032-2033, the council will be entitled to collect an additional $99.3 million in rates revenue compared with an increase limited to the assumed rate peg.

This extra income will enable the council to:

- improve its long-term financial sustainability
- maintain infrastructure and service levels

With the SV, the council's projected:

- OPR will improve and remain greater than 0% over the SV period – as shown in Figure 4.1 in section 4.1.3.
- net cash to income ratio that is currently projected to decline will reverse, and increase to above 50% by 2032-33 as shown in Figure 4.2 in section 4.1.3.

Appendices

A Assessment criteria

The Office of Local Government (OLG) sets the criteria for assessing special variation applications in its special variation guidelines. The guidelines help councils prepare an application to increase general income by means of a special variation.

A special variation allows a council to increase its general income above the rate peg. Special variations can be for a single year or over multiple years and can be temporary or permanent.

IPART applies the criteria in the guidelines to assess councils' applications. In brief, the 6 criteria for a special variation include:

1. the need for, and purpose of a different revenue path for the council's General Fund must be clearly set out and explained in the council's IP&R documents
2. there must be evidence that the community is aware of the need for and extent of a proposed rate rise
3. the impact on affected ratepayers must be reasonable
4. the relevant IP&R documents must be exhibited (where required) approved and adopted by the council
5. the IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies of the council
6. any other matter that IPART considers relevant.

We also provide comprehensive guidance on our approach to assessing special variation applications in fact sheets and information papers available on our website. Additionally, we publish information for councils on our expectations of how to engage with their community on any proposed rate increases above the rate peg.

Criterion 1: Financial need

The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified in the council's IP&R documents, in particular its Delivery Program, Long-Term Financial Plan and Asset Management Plan where appropriate.

In establishing need for the special variation, the relevant IP&R documents should canvass alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long-Term Financial Plan applying the following two scenarios[e]:

- Baseline scenario – General Fund revenue and expenditure forecasts which reflect the business as usual model, and exclude the special variation, and
- Special variation scenario – the result of implementing the special variation in full is shown and reflected in the General Fund revenue forecast with the additional expenditure levels intended to be funded by the special variation.

[e] Page 71, IP&R Manual for Local Government "Planning a Sustainable Future", March 2013

The IP&R documents and the council's application should provide evidence to establish the community need/desire for service levels/project and limited council resourcing alternatives. Evidence could also include analysis of council's financial sustainability conducted by Government agencies.

In assessing this criterion, IPART will also consider whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the special variation.

Criterion 2: Community awareness

Evidence that the community is aware of the need for and extent of a rate rise. The Delivery Program and Long-Term Financial Plan should clearly set out the extent of the General Fund rate rise under the special variation. In particular, councils need to communicate the **full cumulative increase** of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. Council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. The IPART fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.

Criterion 3: Impact on ratepayers is reasonable

The impact on affected ratepayers must be reasonable, having regard to the current rate levels, existing ratepayer base and the proposed purpose of the variation. The council's Delivery Program and Long-Term Financial Plan should:

- clearly show the impact of any rate rises upon the community,
- include the council's consideration of the community's capacity and willingness to pay rates, and
- establish that the proposed rate increases are affordable having regard to the community's capacity to pay.

In assessing the impact, IPART may also consider:

- Socio-Economic Indexes for Areas (SEIFA) data for the council area; and
- Whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act.

Criterion 4: IP&R documents are exhibited

The relevant IP&R documents[f] must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general income. We expect that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

Criterion 5: Productivity improvements and cost containment strategies

The IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies the council has realised in past years and plans to realise over the proposed special variation period.

Councils should present their productivity improvements and cost containment strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of the ongoing efficiency measures have been incorporated in the council's Long-Term Financial Plan.

Criterion 6: Any other matter that IPART considers relevant

The criteria for all types of special variation are the same. However, the magnitude or extent of evidence required for assessment of the criteria is a matter for IPART.

[f] The relevant documents are the Community Strategic Plan, Delivery Program, and Long-Term Financial Plan and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended), public exhibition for 28 days. It would also be expected that the Long-Term Financial Plan (General Fund) be posted on the council's web site.

B Port Stephens Council's projected revenue, expenses and operating balance

As a condition of IPART's approval, the council is to report over the next 5 years against its proposed SV expenditure and its projected revenue, expenses and operating balance as set out in its LTFP (see Table B.1 and Table B.2).

Revenues and operating results in the annual accounts are reported both inclusive and exclusive of capital grants and contributions. To isolate ongoing trends in operating revenues and expenses, our analysis of the council's operating account in the body of this report excludes capital grants and contributions.

Table B.1 Summary of projected operating statement for Port Stephens Council under its proposed SV application 2023-24 to 2032-33 ($'mil)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Total revenue	157	165	173	178	182	187	192	197	202	207
Total expenses	144	151	160	163	167	171	177	181	186	191
Operating result from continuing operations	13	14	14	15	15	16	15	16	16	16
Net operating result before capital grants and contributions	6	7	6	7	8	8	7	8	8	8
Cumulative net operating result before capital grants and contributions	6	13	19	27	34	42	50	58	66	74

Note: Numbers may not add due to rounding.
Source: Port Stephens Council, *Application Part A*, Worksheet 8 and IPART calculations.

Table B.2 Summary of projected expenditure plan for Port Stephens Council under its proposed SV application 2023-24 to 2032-33 ($)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Sum of 10 years
Road Maintenance - Enhancement		1,421,385	4,749,840	1,054,035							7,225,260
Natural Environment - Enhancement				610,000	750,000	450,000	490,000				2,300,000
Waterways - Enhancement				610,000	750,000	450,000	190,000				2,000,000
Public Space - Enhancement				414,208	528,587	530,132					1,472,927

Source: Port Stephens Council, Application Part A, Worksheet 6.

Glossary

ABS	Australian Bureau of Statistics
Baseline Scenario	Shows the impact on the council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.
Baseline with SV expenditure Scenario	Includes the council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application, but could only increase general income by the rate peg percentage.
General income	Income from ordinary rates, special rates and annual charges, other than income from other sources such as special rates and charges for water supply services, sewerage services, waste management services, annual charges for stormwater management services, and annual charges for coastal protection services.
IPART	The Independent Pricing and Regulatory Tribunal of NSW
IP&R	Integrated Planning and Reporting framework
Local Government Act	*Local Government Act 1993* (NSW)
OLG	Office of Local Government
OLG SV Guidelines	Guidelines for the preparation of an application for a special variation to general income.
OPR	The Operating Performance Ratio (OPR) measures whether a council's income will fund its costs, where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.
PGI	Permissible General Income is the notional general income of a council for the previous year as varied by the percentage (if any) applicable to the council. A council must

	make rates and charges for a year so as to produce general income of an amount that is lower that the PGI.
Proposed SV Scenario	Includes the council's proposed SV revenue and expenditure.
Rate peg	The term 'rate peg' refers to the annual order published by IPART (under delegation from the Minister) in the gazette under s 506 of the *Local Government Act 1993*.
SEIFA	Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census. It consists of four indexes, the Index of Relative Socio-economic Disadvantage (IRSD), the Index of Relative Socio-economic Advantage and Disadvantage (IRSAD), the Index of Economic Resources (IER), and the Index of Education and Occupation (IEO).
SV	Special Variation is the percentage by which a council's general income for a specified year may be varied as determined by IPART under delegation from the Minister.

1 Port Stephens Council, Our Funded Future, Communications and Engagement Report Phase 0&1 p 4-7
2 Port Stephens Council, Our Funded Future, Communications and Engagement Report Phase 2, p 5-8
3 Local Government Act 1993, Section 511
4 Service NSW, Apply for pensioner council rates rebates website, November 2022.
5 Port Stephens Council, 2023-24 Special Variation Application Part B, p 8-9
6 Office of Local Government, Performance Benchmarks, May 2020.
7 Port Stephens Council, 2023-24 Special Variation Application, Part B, p 31
8 Port Stephens Council Delivery Program 2022 to 2026 and Operation Plan 2023 to 2024, p 28
9 Port Stephens Council, 2023-24 Special Variation Application Part B, p 83-95
10 Port Stephens Council, Long-Term Financial Plan 2023/24-2032-33, p 62-64.
11 Port Stephens Council, Delivery Program 2022 to 2026 and Operation Plan 2023 to 2024, p 108
12 Port Stephens Council, Phase 2 Community Presentation, Slide 7-8
13 Port Stephens Council Delivery Program 2022 to 2026 and Operation Plan 2023 to 2024, p 107
14 Port Stephens Council, Our Funded Future, Website, 18 July 2022
15 Port Stephens Council, Our Funded Future, Facebook Live Event, 20 July 2022
16 Port Stephens Council, Our Funded Future, Communications and Engagement Report Phase 0&1, p 4-7
17 Port Stephens Council, Our Funded Future, Communications and Engagement Report Phase 2, p 5-9
18 Port Stephens Council, Our Funded Future, Communications and Engagement Report Phase 0&1, p 26
19 Port Stephens Council, 2023-24 Special Variation Application Part B, p 55-60
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