



Investing in our community

# Proposed Special Rate Variation

2018-2021: **Our place. Our plan.**

Revised January 2019



PORT STEPHENS  
COUNCIL

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## Proposed Special Rate Variation

Council is proposing to make an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of 7.5% per annum (inclusive of rate peg) for seven years from 2019-2020 to 2025-2026 inclusive.

Council's decision to apply for a rate increase has not been taken lightly and follows considerable community consultation.

The cumulative percentage increase, including rate peg, of this proposal is 65.9% over the seven years. Council is proposing that the increase be retained permanently in its rates general income base. This means that the rate levels in 2025-2026 will increase by the rate peg in 2026-2027 and subsequent years and rates will not be reduced to pre-SRV levels.

The SRV is proposed to commence in the financial year starting on 1 July 2019.

The purpose of the SRV would be to fund a range of infrastructure, facilities and services to meet community expectations as outlined in Council's Community Strategic Plan 2018-2028 (CSP).

### Background

Shortly after the local government elections in September 2017, Council sought views on the possibility of a rate rise as part of community consultation on our Integrated Planning and Reporting (IP&R) Framework.

A discussion paper to review the Community Strategic Plan 2018-2028 was circulated in the community for comment and feedback and further input from Councillors on key priorities was also sought at a Councillor Workshop on 21 October 2017.

Specific feedback received from these activities included:

- Town centres need attention to make them more attractive to visitors and residents.
- Need for improved public amenities and more pathways for walkers and cyclists.
- Infrastructure should be first with proper planning.
- Much greater priority needs to be given to place making and strategic planning of our urban centres.
- Ecologically sustainable development should be formally recognised as a key commitment.

These items, as well as Councillor priorities (developed from their own discussions with the community), were included in the development of the draft CSP and other IP&R documents, which were placed on public exhibition in April 2018.

From this public consultation, a number of topics were recurring across the submissions relating to:

- Special Rate Variation
- Height increases
- Drainage
- Roads
- Anna Bay
- Cycleways and pathways
- Ecologically sustainable development
- Readability of the documents

In response to this feedback, the IP&R documents were revised and adopted by Council on 26 June 2018.

As part of the endorsed Delivery Program 2018-2021, Key Priorities were detailed (pages 6-11) and Council further considered a SRV as a way to raise funds to undertake these unfunded projects and others outlined in the Strategic Asset Management Plan (SAMP 8: 2018).

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*Please note, this document is an extract from Council's proposed Integrated Planning and Reporting Documents and as such page numbers are not aligned. For more information or to view the full suite of documents please visit [portstephens.nsw.gov.au](http://portstephens.nsw.gov.au)*

In July/August 2018, Council undertook extensive community consultation about a proposed SRV, possible rate options and projects and services to be funded.

Council considered the community feedback from this consultation at its meeting in October and resolved to move forward with an application for increased rates to assist with better town centres, improved infrastructure including safer roads and more effective drainage, enhanced library/ community services and support for tourism which attracts people, investment, jobs and events.

In October 2018, Council reviewed community feedback and formally resolved to apply to IPART for a SRV.

Council's current income streams cover a substantial delivery program with a modest surplus (approximately \$1m in 2017-2018).

Some of these revenue sources, such as developer contributions (formerly section 94, now known as section 7.11) and grants, cannot be planned in advance. For example, Council does not control when the funding collected through developer contributions

will become available as it depends on when new developments go ahead. The expenditure of these funds is also highly regulated through legislation (*Environmental Planning and Assessment Act 1979*).

Similarly, grant programs may have different priorities and so may not be available to fund the identified local community priorities. They also often require matching funding.

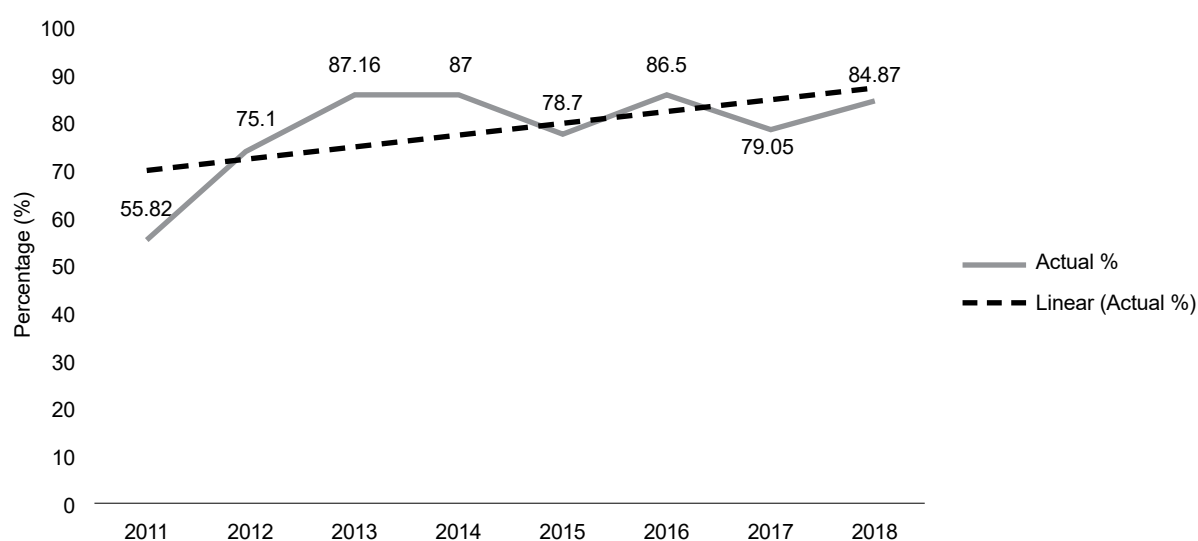
It is proposed that the revenues from Council's Williamtown sand extraction contract will be used to part fund the redevelopment of Council's depots. Some proposed SRV funds will also be used for this project.

## Benefits of a SRV

The community has consistently provided feedback that while it is generally happy with Council's delivery of infrastructure, maintenance and services, it aspires for more major community projects to enhance the local area.

Council's annual Customer Satisfaction Survey results confirms this satisfaction with overall scores above 75% since 2012.

## Overall Satisfaction with Council's Services



While Council is financially fit, it does not have the required additional resources to deliver additional community infrastructure and services, as consistently requested as part of IP&R community consultation.

## Asset maintenance

Service	2018-2019 annual budget	Increased service
Tree maintenance	<p>\$0.350m per annum</p> <p>This fluctuates each year due to weather conditions.</p>	<p><i>Proposed recurring cost per annum of \$0.100m in 2019-2020 increasing to \$0.650m pa from 2023-2024 onwards.</i></p> <p>The current backlog of works for street trees is \$0.200m and parks/reserves is currently \$0.050m.</p> <p>This funding would address the backlog of hazardous trees in parks, reserves and street reserves with removal and replacement of trees rated 3 and 4 and the development of a proactive tree inspection program in line with Council's insurer's best practice manuals and guidelines.</p> <p>This funding would also allow inspection of trees that, while not dangerous in themselves are causing and will cause damage to Council's infrastructure.</p> <p>Ratings:</p> <ol style="list-style-type: none"> <li>1. Needs to be done immediately</li> <li>2. Needs to be done within three months</li> <li>3. Needs to be done within 12 months</li> <li>4. Reviewed and carried out within two years</li> </ol>
Open drain Maintenance	<p>\$0.400m per annum</p> <p>This fluctuates each year due to weather conditions.</p>	<p><i>Proposed additional recurring cost per annum of \$0.100m in 2019-2020 increasing to \$0.500m pa from 2023-2024 onwards.</i></p> <p>Council's assets are rated in one of following five asset condition-rating categories:</p> <ol style="list-style-type: none"> <li>1. Near perfect</li> <li>2. Good</li> <li>3. Satisfactory</li> <li>4. Very poor</li> <li>5. Unserviceable</li> </ol> <p>With additional funds, undertake additional drainage maintenance – excavation, mowing and spraying (varying from year to year based on growing conditions).</p> <p>Council will increase service level from Level 4 to Level 2.</p>
Sports facilities maintenance	<p>\$0.400m per annum</p> <p>This fluctuates each year due to breakdowns and vandalism.</p>	<p><i>Proposed additional recurring cost per annum of \$0.100m in 2019-2020 increasing to \$0.500m pa from 2023-2024 onwards.</i></p> <p>Current allocation is not adequate to reduce the logged defect list impacting on services provided to community.</p> <p>Council's defect list currently includes 706 carpentry defects, 453 paint defects, 77 electrical defects and 80 plumbing defects. These are defects on Council's community and recreation buildings with the majority of them on sporting facilities. This does not include any upgrades or proactive maintenance.</p> <p>Funding will increase Council's capacity to undertake large scale maintenance tasks across sporting facilities to:</p> <ul style="list-style-type: none"> <li>• Improve functionality and visual amenity.</li> <li>• Repair or replace deteriorated assets (including carpentry, paint, electrical and plumbing defects).</li> </ul>

Service	2018-2019 annual budget	Increased service
Roads	Approximately \$4m per annum of Council funds augmented by external grants.	<p><i>Proposed additional recurring cost per annum of \$0.500m in 2019-2020 increasing to \$5m pa from 2025-2026 onwards.</i></p> <p>The road network condition is functioning well given Council's focus on asset management as documented in Council's Strategic Asset Management Plan. A large portion of our road network is currently in the satisfactory to good condition rating. Though it should be noted, like most Councils, there is still a road pavement backlog that requires work.</p> <p>While our focus is road user safety and keeping good roads good, the increasing costs for road maintenance above income and grants will, in the future, result in an increasing backlog and road network deterioration. This will move the road network overall "satisfactory to good condition rating" down to a level, which would be lower than the community expectation.</p>

## Increased events and library services

Service	2018-2019 annual budget	Increased service
Library	<p>Operational budget \$1.78m per annum</p> <p>Capital budget \$0.250m per annum</p>	<p><i>Proposed additional recurring cost per annum of \$0.100m in 2019-2020 increasing to \$0.500m pa from 2024-2025 onwards.</i></p> <p>Library services currently fall well below the NSW Living, Learning Libraries Standards and Guidelines for Public Libraries 2014 for Library Expenditure per capita per annum. Port Stephens libraries receive \$28.63 per capita per annum whereas the baseline Standard is \$49.70 per capita per annum.</p> <p>While increasing the library budget will not meet the baseline standard, it will improve operational performance and services to the community.</p>
Events	\$0.164m per annum	<p><i>Proposed additional recurring cost per annum of \$0.350m in 2019-2020 increasing to \$0.500m pa from 2023-2024 onwards.</i></p> <p>In 2017-2018, Council provided financial support for 23 events across Port Stephens totalling \$115,237; providing an economic benefit to the area of approximately \$8.26 million.</p> <p>Council proposes to establish an expanded event management team as well as sponsorship programs designed to support events which increase visitation and visitor spend and reduce seasonal fluctuations. This will increase economic output across the community and also drive key social and cultural outcomes.</p>

## Increased infrastructure maintenance

Service	2018-2019 annual budget	Increased service
Infrastructure maintenance	N/A	<p><i>Proposed recurring cost per annum increasing as the SRV projects are delivered to \$2.5m pa in 2028-2029.</i></p> <p>As new and upgraded infrastructure is completed, their ongoing maintenance gradually increase over 10 years.</p> <p>The life of new assets is estimated at 20 years.</p>

## Proposed SRV funds expenditure

If successful, the proposed rate increase will provide additional funds (with the use of loans) to deliver major projects and increased services requested by the community; in particular:

- town centre and neighbourhood revitalisation
- new and improved infrastructure
- enhanced services and maintenance.

It will fund projects that will stimulate the local economy, drive business growth, attract visitors and enhance our region for residents. It will fund more cycleways and footpaths, allow for a boosted road resealing and rehabilitation program, improved amenities, enhanced services in the libraries and provide stronger support for local events.

The rate increase would remain permanently in place to fund ongoing delivery of events and community services, continue capital road projects, service the remaining loan requirements and maintain existing and new infrastructure built as part of the SRV program.

Over the 10 year period from 2019-2020 to 2028-2029, Council proposes to use the SRV funds to:

### 1. Fund major, one-off infrastructure projects with additional loan borrowings

The estimated \$133.4m raised over ten years through the proposed SRV will be leveraged with loans of \$60 million over

20 years for new and enhanced major infrastructure projects as well as renewal of existing assets to be built over a 10 year period. These are:

Town centre and neighbourhood revitalisation	\$43m
Road resealing and rehabilitation	\$35.150m
Paths and cycleways	\$9.7m
New and improved community amenities	\$8m
Sports facilities upgrades	\$6.8m
Depot relocation and rehabilitation	\$5m
Foreshore improvements	\$3m
Shoal Bay drainage	\$2m
Street lighting upgrade	\$2m
Soldiers Point carpark	\$0.500m
	<b>\$115.150m</b>

More details are available in the LTFFP.



## 2. Fund enhanced services with ongoing infrastructure maintenance SRV funds only

The followings services are recurring costs per annum which will increase as SRV funds become available over 10 years.

10 year spend	
Library, Community and Event Services	\$7.6m
Open Drain Maintenance	\$3.65m
Tree Maintenance	\$4.6m
Sporting Facilities Maintenance	\$3.65m
Ongoing maintenance of upgraded and new infrastructure	\$11.2m

More details are available in the LTFP.

## 3. Fund repayments for loans borrowed to undertake the projects.

The estimated costs of loan repayments in the first ten years are as follows:

- \$18.17m on loan interest payments, and
- \$25.2m on loan principal repayments.

## Loans

The reason for loan funding in addition to the SRV income is to provide funds to start and complete the SRV capital works program in reasonable time frame, that 10 years, while maintaining cash flow for the enhanced services and loan repayments. The loans and their repayments are over 20 years, the estimated life of new infrastructure assets.

Historically, Council's policy regarding the use of loan funding has been that loan funding is only available where the proposed expenditure will result in a future revenue stream that will fund the loan repayments. As a result, the majority of

Council's existing debt portfolio relates to its commercially focused activities being the holiday parks, Newcastle Airport and the commercial property portfolio.

Council's current debt portfolio is detailed in the LTFP.

Council would raise all external borrowings at the most competitive rates available and from sources available as defined by legislation. Loan drawdowns will be timed to optimise cash flow and minimise interest expenses. A summary of expected loan drawdowns over the next four years based on the capital works delivery schedule attached to the SRV is as follows:

Purpose of loan	Loan amount per annum			
	2019-2020	2020-2021	2021-2022	2022-2023
<ul style="list-style-type: none"> <li>• Town centre revitalisation</li> <li>• Community amenities</li> <li>• Carparking</li> <li>• Sport facilities</li> <li>• Paths and cycleways</li> <li>• Drainage</li> <li>• Roads</li> </ul>	\$11m	\$11m	\$10m	\$8m

## Revision of the Integrated Planning and Reporting documents

The revised IP&R documents are the plans that outline how Council will deliver the SRV funded projects over the next 10 years.

More detail about the proposed SRV projects for the next two years is available in the Delivery Program and Operational Plans 2018-2021.

The IP&R documents have been revised in a way that:

- If the SRV application is successful, the plans clearly show how Council will deliver the identified SRV projects and programs; or
- If the SRV application is not successful, show how Council will continue to deliver its program with a rate rise of rate pegging only.

The IP&R documents, as legislated under the Local Government Act 1993, are:

- Community Strategic Plan 2018-2028;
- Delivery Program 2018-2021;
- Operational Plans 2018-2021 including a Statement of Revenue Policy;
- Strategic Asset Management Plan 2019-2029\* (SAMP 9);
- Long Term Financial Plan 2019-2029\*; and
- Workforce Plan 2018-2021.

All are reviewed annually with some being rolling 10 year plans (marked \*), while others are fixed to the term of council. In this case, Council's current term expires in September 2020.



# Proposed SRV projects

## Town centre and neighbourhood revitalisation – \$43m

Location	Cost	Details
Nelson Bay	\$15m one off cost	Implement Stage One of Nelson Bay Town Centre and Foreshore Strategy actions, including: <ul style="list-style-type: none"> <li>• implement proposed Public Domain Plan</li> <li>• implement Apex Park Masterplan</li> </ul> Provide new car parking facilities
Raymond Terrace	\$15m one off cost	Implement Stage One of Raymond Terrace and Heatherbrae Strategy by upgrading William Street between Sturgeon and King Street, including: <ul style="list-style-type: none"> <li>• drainage works</li> <li>• kerb and gutter upgrades</li> <li>• street tree planting and gardens</li> <li>• increased pedestrian access for greater accessibility and dining</li> </ul> Undertake King Street revitalisation including: <ul style="list-style-type: none"> <li>• construct footpaths along the riverbank</li> <li>• provide access connection from King Street to the levee</li> <li>• reintroduce heritage streetscape</li> </ul>
Medowie	\$5m one off cost	Aligned with the Medowie Planning Strategy, enhance the town centre as a focus for commercial and community activity.  Review purchase of land for centrally located open space and drainage works to reduce flooding, improve planning and release land for development.
Karuah	\$2m one off cost	Aligned with the Karuah Growth Strategy, undertake Mustons Road culvert widening and pedestrian walkway.  Provide main street vista with: <ul style="list-style-type: none"> <li>• town signage</li> <li>• formalised parking</li> <li>• gardens on road blisters and footpaths</li> </ul>
Anna Bay	\$2m one off cost	Review and refine Anna Bay Strategy and Town Plan and implement with construction of: <ul style="list-style-type: none"> <li>• footpaths for pedestrian access</li> <li>• town signage</li> <li>• formalised parking</li> <li>• gardens on road blisters and footpaths</li> </ul>

Location	Cost	Details
Lemon Tree Passage/ Tanilba Bay	\$2m one off cost	<p>Implement McCann Park improvements.</p> <p>Provide a sense of town arrival from Lemon Tree Passage Road and John Street.</p> <p>Provide main street vista with:</p> <ul style="list-style-type: none"> <li>• footpaths for pedestrian access</li> <li>• town signage</li> <li>• gardens on road blisters and footpaths</li> </ul>
Fern Bay	\$1m one off cost	<ul style="list-style-type: none"> <li>• Construct pathways for pedestrian access along Nelson Bay Road and the original Fern Bay suburb</li> <li>• Construct bus shelter</li> </ul>
Fingal Bay	\$0.500m one off cost	<p>Provide main street vista with:</p> <ul style="list-style-type: none"> <li>• footpaths for pedestrian access along and to Market Street</li> <li>• town signage</li> <li>• formalised parking</li> <li>• gardens on road blisters and footpaths</li> </ul>
Seaham	\$0.500m one off cost	<p>Provide a sense of place through:</p> <ul style="list-style-type: none"> <li>• road pavement delineation</li> <li>• bus stop interchange</li> <li>• street trees planting</li> </ul>

## Road resealing and rehabilitation — \$35.15m over 10 years

Road resealing and rehabilitation projects are funded as a recurring cost per annum.

This program will increase the number of road rehabilitations and sealing of gravel roads. The first two years will focus on the first seal on gravel roads and the required design and investigation in preparation of future road rehabilitations to match allocated funds. The third year of the SRV program (2021-2022) will substantially increase the amount of first seal gravel roads and road rehabilitation.

Depending on the road pavement terrain, location and surrounding environment road rehabilitations cost \$60 per m2 to \$120 per m2 and gravel road first seals cost \$850,000 per km to \$1.4mil per km.

The level of work varies from year to year across 10 years. The details of specific road projects are listed in Attachment 4 of SAMP 9 with funding listed in the LTFP.

Roads	Cost	Details
Resealing and rehabilitation	Recurring cost per annum	<p>Increase the number of road rehabilitation and road reseals as outlined in SAMP 9 (Attachment 4).</p> <p>Per annum amount will increase as SRV funds become available over seven years.</p> <p>Please refer to the LTFP for details.</p>

## Enhanced community services, event management and asset maintenance – \$19.5m over 10 years

This includes library, community and event services (\$7.6m over 10 years), tree maintenance (\$4.6m over 10 years), open drain maintenance (\$3.65m over 10 years) and sporting facility maintenance (\$3.65m over 10 years).

These services are funded as a recurring cost per annum. The service levels

gradually increase over 10 years in line with the SRV.

After Year 10, the services will continue to be funded by the rates income based on the SRV that will remain permanently in place.

Please refer to LTFP for details.

Service	Cost	Details
Event management	Recurring cost per annum	<p>Establish and resource a team to develop, manage and attract events to drive cultural and economic benefits for Port Stephens.</p> <ul style="list-style-type: none"> <li>Establish an expanded events team to manage events sponsorship and coordination of Council owned and operated events across the LGA</li> <li>Establish expanded event sponsorship and procurement program. Focus is attracting events that will deliver economic benefit to Port Stephens, particularly through overnight visitation in 'off peak' tourism season</li> <li>Initiate, coordinate and manage 2 to 3 community based events throughout the year to complement Council's place making and place activation programs, driving desired social and cultural outcomes</li> </ul> <p>Per annum amount will increase as SRV funds become available over seven years.</p> <p>Please refer to the LTFP for details.</p>
Library and community services	Recurring cost per annum	<p>Expand homebound delivery and children's literacy programs, extend technology training for seniors, increase opening hours.</p> <p>Per annum amount will increase as SRV funds become available over seven years.</p> <p>Please refer to the LTFP for details.</p>
Open drain maintenance	Recurring cost per annum	<p>Undertake an additional drainage maintenance program of 250 lineal metres (lm) of excavation, 1,500 lm of mowing and 5,000 lm of spraying per \$0.100m.</p> <p>Maintenance is a mixture of spraying and mechanical works, which varies from year to year based on growing conditions.</p> <p>Per annum amount will increase as SRV funds become available over seven years.</p> <p>Please refer to the LTFP for details.</p>

Service	Cost	Details
Sports facilities maintenance	Recurring cost per annum	<p>Funding will increase Council's capacity to undertake large scale maintenance tasks across sporting facilities to:</p> <ul style="list-style-type: none"> <li>• Improve functionality and visual amenity</li> <li>• Repair or replace deteriorated assets (including carpentry, paint, electrical and plumbing defects).</li> </ul> <p>These funds would be used to reduce the defect list by rectifying an estimated 150 additional building trade defects (including carpentry, paint, electrical and plumbing defects) per \$0.100m (actual number dependent on final inspections prior to work and time taken to undertake each remediation).</p> <p>Per annum amount will increase as SRV funds become available over seven years.</p> <p>Please refer to the LTFP for details.</p>
Tree maintenance	Recurring cost per annum	<p>This funding would address the backlog of hazardous trees in parks, reserves and street reserves with removal and replacement of trees rated 3 and 4 and the development of a proactive tree inspection program in line with Council's insurer's best practice manuals and guidelines.</p> <p>This funding would also allow inspection of trees that, while not dangerous in themselves, are causing and will cause damage to Council's infrastructure.</p> <p>Per annum amount will increase as SRV funds become available over seven years.</p> <p>Please refer to the LTFP for details.</p>

After Year 10, the services will continue to be funded by the rates income based on the SRV that will remain permanently in place.

## Increased infrastructure maintenance – \$11.2m over 10 years

Infrastructure Maintenance	Cost	Details
Infrastructure maintenance	Recurring cost per annum	<p>As new and upgraded infrastructure is completed, their ongoing maintenance will increase as reflected in the increasing recurring cost across 10 years</p> <p>Per annum amount will increase as SRV funds become available over seven years.</p> <p>Please refer to the LTFP for details.</p>

## Paths and cycleways – \$9.7m

Infrastructure Maintenance	Cost	Details
Paths and cycleways	\$7.7m one off cost	<p>Paths to provide connectivity along major community and tourist centres in accordance with Council's Pathway Plan:</p> <ul style="list-style-type: none"> <li>• Anna Bay – two missing links on Gan Gan Road</li> <li>• Medowie – Medowie Rd from Ferodale Rd to South St intersection and Waropara Rd from Ferodale Rd to school.</li> <li>• Shoal Bay Foreshore – missing link from Shoal Bay Centre towards Nelson Bay past Anzac Park</li> <li>• Raymond Terrace – multiple missing links across suburb</li> <li>• Tilligerry – The missing Mallabula to Lemon Tree Passage link, LTP Boat ramp to Rudd Reserve, shared waterfront path between Swan Street, Tanilba Bay and Tanilba Sailing Club</li> </ul>
Brandy Hill	\$2m one off cost	Design and construct safe pedestrian and cycle access in an area where the community has been impacted by increased trucking movements for two quarries.

## New and improved community amenities – \$8m

Infrastructure Maintenance	Cost	Details
Art Centre	\$2m one off cost	<p>Provide a multi-functional cultural space in Raymond Terrace</p> <p>To construct a facility to replace the modest arts space, currently in Raymond Terrace library, better meeting the community's cultural needs.</p>
Birubi Information Centre	\$3m one off cost	To support the implementation of the Birubi Point Aboriginal Place Management Plan, the proposed Birubi Information Centre has been designed to provide increased car and coach parking, reduce congestion and other site access issues around visitor activity at Birubi Point. It will provide a sheltered area and space for dune operators and amenities, including public toilets and a kiosk.
BBQ facilities	\$0.500m one off cost	<p>Full replacement of BBQ shelters and seating at:</p> <ul style="list-style-type: none"> <li>Henderson Park, Lemon Tree Passage</li> <li>Fingal Bay Foreshore</li> <li>Caswell Reserve, Mallabula</li> <li>George Reserve, Soldiers Point</li> <li>Memorial Park, Karuah</li> <li>Boomerang Park, Raymond Terrace</li> <li>Medowie Town Centre</li> </ul> <p>Please refer to SAMP 9 (Attachment 4) for details.</p>



Infrastructure Maintenance	Cost	Details
Mallabula Hall	\$0.500m one off cost	Upgrade of community hall to improve safety, convenience and reliability of current hall Provide potential youth facility adjacent to other youth infrastructure
Public amenities	\$2m one off cost	Provision of toilets, bike racks, drinking fountains and beach showers: Shoal Bay West Foreshore Longworth Park, Karuah Neil Carroll Park, Nelson Bay Aliceton Reserve, Karuah Henderson Park, Lemon Tree Passage Fingal Bay North Foreshore Bettles Park, Raymond Terrace George Reserve, Soldiers Point Spencer Park, Soldiers Point Little Beach Foreshore One Mile Beach Shoal Bay East Foreshore Meadowie Town Centre Please see SAMP 9 (Attachment 4) for details.

## Sports facilities upgrades – \$6.8m

Sports Facilities	Cost	Details
Tomaree Sports Complex	\$3m one off cost	In accordance with the Tomaree Sports Complex Master Plan, undertake renovation and expansion of sporting grounds, new multipurpose amenities buildings, car parking and traffic improvements, accessibility upgrades and improved community and event spaces.
King Park Sports Complex	\$3m one off cost	In accordance with the Master Plan (to be completed in 2019), undertake car parking and traffic upgrades, stormwater harvesting, field lighting upgrades, playing surface renovations and landscape movements.
Stuart Park, Hinton	\$0.800m one off cost	Replace out of date facility which is no longer fit for purpose with a new multipurpose sports amenities building.

## Depot relocation and rehabilitation – \$5m

The existing Raymond Terrace depot has passed its asset and economic life, is functionally obsolete and meets with difficulty current safety and environmental practices. The depot is also physically separated from other functions of Council that it relies on.

Combining the Raymond Terrace depot and Administration Building into a single location would reduce Council's facility footprint and improve overall staffing and services function, hence reducing administration waste and re-work.

This location is also near a small industrial section of Raymond Terrace. Material stockpiles traditionally located at depots are no longer needed and sourced through suppliers and not stored on depot site.

The existing Nelson Bay depot is currently situated on NSW Crown land which is not suitable for this location. Similar to the Raymond Terrace depot, combining Council facilities at the Salamander Bay Waste Transfer Station reduces the overall Council facility footprint and improves the Council's overall staffing and services function, hence reducing administration waste and re-work.

This project also includes the rehabilitation of the existing sites.

SRV funds will be used to part-fund this project with the remaining funds sourced from other Council revenue.

Depots	Cost	Details
Depot relocation and rehabilitation	\$5m one off cost	Relocate the Raymond Terrace depot adjacent to the Council administration building as a single functioning space in accordance with concept plans and preliminary costings. This project also includes the rehabilitation of the existing site.  Relocate Nelson Bay depot to Salamander Bay Waste Transfer Station in accordance with concept plans and preliminary costings. Rehabilitation of existing sites.

## Foreshore improvements – \$3m

Foreshore	Cost	Details
Foreshore improvements and coastal protection works	\$3m one off cost	Conroy Park, Corlette - Coastal Process Study - Precinct 1-4 outcomes stage 1 to 3  Little Beach, Nelson Bay - boat ramp upgrade and sand back passing  Soldier's Point – Foreshore revetment and pathway west of Thou Walla Retreat  Gibber Point Reserve, Lemon Tree Passage and Tilligerry Habitat and Caswell Reserve, Mallabula - bank stabilisation, vegetation and repair  Waterfront Road, Swan Bay – revetment wall upgrade

## Shoal Bay drainage – \$2m

Drainage	Cost	Details
Shoal Bay drainage	\$2m one off cost	Stage 2 Creation of a large detention basin between Horace Street and Government Road. Works includes augmentation to trunk system, kerb inlet and infiltration pits from Rigney Street to Shoal Bay Beach outlet.

## Street lighting upgrade – \$2m

Street lighting upgrade	Cost	Details
Street lighting upgrade	\$2m one off cost	Stage One: Replace approximately 2,600 of 4,400 ageing street lights with LED lights to improve energy efficiency and cost savings.

## Soldiers Point carpark – \$0.500m

Carpark	Cost	Details
Soldiers Point	\$0.500m one off cost	Improve traffic facilities on the peninsula which is subjected to high levels of traffic during peak seasons.  Provide formal car parking adjacent to Spencer Park to ease traffic congestion

### Please note:

These figures are rounded and indicative, based on 2018 estimates and are subject to change. More details are available in the LTFP. All IP&R documents are reviewed annually.

Identified priority projects may change over time dependent on ongoing needs such as community preferences (as identified in regular IP&R consultations) and successful grant funding. In this case, Council would notify IPART of the change.

More details on the staged expenditure is available in the LTFP.

## Reporting

If the SRV application is approved by IPART, Council would be required to report in Council's Annual Report on the amount collected from the variation and its expenditure on specified projects.

SRV funds collected and unspent for the purpose in which it was intended (eg capital works delivery schedule) will be restricted until such time as an alternate project is identified.

## Impact on Ratepayers

The following tables outline the financial impact on ratepayers of the proposed rate rise.

Table One is based on the standard rate peg increase without any special variations (rate rise). Table Two is based on the proposed SRV of 7.5% inclusive of the rate peg increase. The effect of multi-year increases means there is a cumulative impact on ordinary rates. The effect of multi-year increases on the average rate assessment in each land category is shown in the following tables.

*Note: IPART has advised NSW councils that the 2019-2020 rate peg is set at 2.7%. Councils have been advised to model any Special Rate Variation application on the actual rate peg for 2019-2020 and assume a rate of 2.5% for 2020-21 and in the future.*

**Table One – The impact of Rate Peg only increases on average residential, business and farmland rates**

Comparison Item	Average Land Value <sup>1</sup>	Current rates 2018-19 <sup>2</sup>	Year 1 2019-20	Year 2 2020-21	Year 3 2021-22	Year 4 2022-23	Year 5 2023-24	Year 6 2024-25	Year 7 2025-26	Cumulative Increase
Rate Peg Percentage Increase			2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	19.10%
Average Residential Rate Levy	\$224,000	\$1,048	\$1,077	\$1,104	\$1,131	\$1,159	\$1,188	\$1,218	\$1,249	\$201
Average Business Rate Levy	\$340,000	\$4,451	\$4,571	\$4,686	\$4,803	\$4,923	\$5,046	\$5,172	\$5,301	\$850
Average Farmland Rate Levy	\$422,000	\$1,649	\$1,693	\$1,736	\$1,779	\$1,824	\$1,869	\$1,916	\$1,964	\$315

1. 2016 base date category average land value. 2. Current Rates are ordinary rates excluding annual charges.

Under the rate peg only option, there is a cumulative increase of 19.10% over the seven years which will see rate rises of \$201 for the average residential rate assessment, \$850 for the average business rate assessment and \$315 for the average farmland rate assessment.

**Table Two – The impact of Special Rate Variation of 7.5% per annum (including rate peg) on average residential, business and farmland rates**

Comparison Item	Average Land Value <sup>1</sup>	Current rates 2018-19.2	Year 1 2019-20	Year 2 2020-21	Year 3 2021-22	Year 4 2022-23	Year 5 2023-24	Year 6 2024-25	Year 7 2025-26	Cumulative Increase
Rate Peg Percentage Increase			2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	19.10%
SRV Percentage Increase			4.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	40.44%
<b>Total proposed rate increase</b>			<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>65.90%</b>
Average Residential Rate Levy	\$224,000	\$1,048	\$1,127	\$1,212	\$1,303	\$1,401	\$1,506	\$1,619	\$1,739	\$691
Average Business Rate Levy	\$340,000	\$4,451	\$4,785	\$5,144	\$5,530	\$5,945	\$6,391	\$6,870	\$7,385	\$2,934
Average Farmland Rate Levy	\$422,000	\$1,649	\$1,773	\$1,906	\$2,049	\$2,203	\$2,368	\$2,546	\$2,736	\$1,087

1. 2016 base date category average land value. 2. Current Rates are ordinary rates excluding annual charges.

Under a rate increase of 7.5% per annum option, there is a cumulative increase of 65.90% over the seven years which will see rate rises of \$691 for the average residential rate assessment, \$2,934 for the average business rate assessment and \$1,087 for the average farmland rate assessment.

This rate increase will remain permanently in the rate base.



**Table Three – Summary of the annual and cumulative increases of a SRV of 7.5% per annum (including rate peg) for seven years**

This table shows the annual and cumulative impact of the proposed SRV.

Year	Financial Year	Rate Peg Limit Percentage	Additional Percentage Requested	Total Annual Percentage	Cumulative Percentage Impact from 2019-2020	IPART Application Percentage	Additional annual impact on \$1,000	Cumulative Impact on \$1000 in rates
1	2019-2020	2.7%	4.8%	7.5%	7.5%	7.5%	\$75	\$1,075
2	2020-2021	2.5%	5.0%	7.5%	15.56%	7.5%	\$81	\$1,156
3	2021-2022	2.5%	5.0%	7.5%	24.23%	7.5%	\$86	\$1,242
4	2022-2023	2.5%	5.0%	7.5%	33.55%	7.5%	\$93	\$1,335
5	2023-2024	2.5%	5.0%	7.5%	43.56%	7.5%	\$101	\$1,436
6	2024-2025	2.5%	5.0%	7.5%	54.33%	7.5%	\$107	\$1,543
7	2025-2026	2.5%	5.0%	7.5%	65.90%	7.5%	\$116	\$1,659

**Table Four – Annual residential rate increases under the proposed SRV**

Land value	2018-2019 Current rates	Annual increase							Totals 65.90% \$	2025-2026 Future rates
		Year 1 7.5%	Year 2 7.5%	Year 3 7.5%	Year 4 7.5%	Year 5 7.5%	Year 6 7.5%	Year 7 7.5%		
\$50,000	\$521	\$39	\$42	\$45	\$59	\$52	\$56	\$60	\$343	\$864
\$100,000	\$672	\$50	\$54	\$58	\$63	\$67	\$72	\$78	\$443	\$1,115
\$150,000	\$824	\$62	\$66	\$71	\$77	\$83	\$89	\$95	\$543	\$1,367
\$200,000	\$976	\$73	\$79	\$85	\$91	\$98	\$105	\$113	\$643	\$1,619
\$224,000*	\$1,048	\$79	\$85	\$91	\$98	\$105	\$113	\$121	\$691	\$1,739
\$300,000	\$1,279	\$96	\$103	\$111	\$119	\$128	\$138	\$148	\$843	\$2,122
\$400,000	\$1,582	\$119	\$128	\$137	\$147	\$158	\$170	\$183	\$1,043	\$2,625
\$500,000	\$1,886	\$141	\$152	\$163	\$176	\$189	\$203	\$218	\$1,243	\$3,128
\$600,000	\$2,189	\$164	\$176	\$190	\$204	\$219	\$236	\$253	\$1,443	\$3,631
\$800,000	\$2,795	\$210	\$225	\$242	\$260	\$280	\$301	\$324	\$1,842	\$4,638
\$1,000,000	\$3,402	\$255	\$274	\$295	\$317	\$341	\$366	\$394	\$2,242	\$5,644

\*\$224,000 is the category average land value, amounts are subject to rounding.

**Table Five – Annual business rate increases under the proposed SRV**

Land value	2018-2019 Current rates	Annual increase							Totals 65.90% \$	2025-2026 Future rates
		Year 1 7.5%	Year 2 7.5%	Year 3 7.5%	Year 4 7.5%	Year 5 7.5%	Year 6 7.5%	Year 7 7.5%		
\$50,000	\$1,983	\$149	\$160	\$172	\$185	\$199	\$213	\$229	\$1,307	\$3,289
\$100,000	\$2,408	\$181	\$194	\$209	\$224	\$241	\$259	\$279	\$1,587	\$3,996
\$150,000	\$2,834	\$213	\$228	\$246	\$264	\$284	\$305	\$328	\$1,868	\$4,702
\$200,000	\$3,260	\$244	\$263	\$283	\$304	\$326	\$351	\$377	\$2,148	\$5,408
\$300,000	\$4,111	\$308	\$331	\$356	\$383	\$412	\$443	\$476	\$2,709	\$6,820
<b>\$340,000*</b>	<b>\$4,451</b>	<b>\$334</b>	<b>\$359</b>	<b>\$386</b>	<b>\$415</b>	<b>\$446</b>	<b>\$479</b>	<b>\$515</b>	<b>\$2,934</b>	<b>\$7,385</b>
\$400,000	\$4,962	\$372	\$400	\$430	\$462	\$497	\$534	\$574	\$3,270	\$8,233
\$600,000	\$6,665	\$500	\$537	\$578	\$621	\$668	\$718	\$771	\$4,392	\$11,057
\$800,000	\$8,367	\$628	\$675	\$725	\$780	\$838	\$901	\$969	\$5,515	\$13,882
\$1,000,000	\$10,070	\$755	\$812	\$873	\$938	\$1,009	\$1,084	\$1,166	\$6,637	\$16,707
\$1,200,000	\$11,773	\$883	\$949	\$1,020	\$1,097	\$1,179	\$1,268	\$1,363	\$7,759	\$19,531

\*\$340,000 is the category average land value, amounts are subject to rounding.

**Table Six – Annual farmland rate increases under the proposed SRV**

Land value	2018-2019 Current rates	Annual increase							Totals 65.90% \$	2025-2026 Future rates
		Year 1 7.5%	Year 2 7.5%	Year 3 7.5%	Year 4 7.5%	Year 5 7.5%	Year 6 7.5%	Year 7 7.5%		
\$100,000	\$672	\$50	\$54	\$58	\$63	\$67	\$72	\$78	\$443	\$1,115
\$200,000	\$976	\$73	\$79	\$85	\$91	\$98	\$105	\$113	\$643	\$1,619
\$300,000	\$1,279	\$96	\$103	\$111	\$119	\$128	\$138	\$148	\$843	\$2,122
\$400,000	\$1,582	\$119	\$128	\$137	\$147	\$158	\$170	\$183	\$1,043	\$2,625
<b>\$422,000*</b>	<b>\$1,649</b>	<b>\$124</b>	<b>\$133</b>	<b>\$143</b>	<b>\$154</b>	<b>\$165</b>	<b>\$178</b>	<b>\$191</b>	<b>\$1,087</b>	<b>\$2,736</b>
\$500,000	\$1,886	\$141	\$152	\$163	\$176	\$189	\$203	\$218	\$1,243	\$3,128
\$600,000	\$2,189	\$164	\$176	\$190	\$204	\$219	\$236	\$253	\$1,443	\$3,631
\$700,000	\$2,492	\$187	\$201	\$216	\$232	\$250	\$268	\$288	\$1,642	\$4,135
\$800,000	\$2,795	\$210	\$225	\$242	\$260	\$280	\$301	\$324	\$1,842	\$4,638
\$900,000	\$3,099	\$232	\$250	\$269	\$289	\$310	\$334	\$359	\$2,042	\$5,141
\$1,000,000	\$3,402	\$255	\$274	\$295	\$317	\$341	\$366	\$394	\$2,242	\$5,644

\*\$422,000 is the category average land value, amounts are subject to rounding.



## Williamtown Management Area subcategory

In 2018-2019, Council made sub-categories of the ordinary residential and farmland rate categories for properties located within the Williamtown Management Area. The Williamtown Management Area is an area defined by the NSW Environment Protection Authority (EPA) consisting of three zones - the Primary Management Zone, the Secondary Management Zone and the Broader Management Zone which have or may potentially have contamination from per- and poly- fluoroalkyl substances (PFAS) associated with the use of fire-fighting foam at the Department of Defence RAAF Base at Williamtown.

Council made sub-categories of the residential rate and farmland rate affecting 471 properties reducing ordinary rates by approximately 50% in the Primary Management Zone, approximately 25%

in the Secondary Management Zone and approximately 10% in the Broader Management Zone.

There are 44 business rate assessments within the Williamtown Management Area - primarily aviation industries, service stations, public utilities and sand extraction. Council is unable to make a different business rate for only some of the business premises and there is little justification for reducing rates for Newcastle Airport, Hunter Water, Telstra and Council infrastructure, service stations, hotel, restaurant, tourist facilities, sand extraction and aviation related businesses.

Table Seven shows the cumulative effect of the proposed SRV on the Williamtown Management Area sub-categories since Council implemented reduced rates in 2018-2019.



**Table Seven – Special Rate Variation increases of 7.5% per annum (including rate peg) for seven years on average residential and farmland rates in the Williamtown Management Area**

*Note: Ordinary Rates for 2017-2018 are included in this table to show the decrease that occurred with the introduction of the Williamtown Management Area sub-categories in 2018-2019. Those average rates in 2017-2018 however are excluded from the cumulative change figures to clearly show the impact of the proposed SRV increases on these sub-categories over the seven years commencing 1 July 2019.*

Comparison Item	Category	Average Land Value <sup>1</sup>	Prior Year 2017-18	Current Year 2018-19 <sup>2</sup>	Year 1 2019-20	Year 2 2020-21	Year 3 2021-22	Year 4 2022-23	Year 5 2023-24	Year 6 2024-25	Year 7 2025-26	Cumulative Increase <sup>3</sup>
SRV Percentage Increase					7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	65.90%
Primary Mgt. Zone Average Rate Levy	Residential	\$225,454	\$1,028	\$525	\$565	\$607	\$653	\$702	\$754	\$811	\$872	\$347
Secondary Mgt. Zone Average Rate Levy	Residential	\$198,907	\$949	\$728	\$782	\$841	\$904	\$972	\$1,045	\$1,123	\$1,207	\$479
Broader Mgt. Zone Average Rate Levy	Residential	207,618	\$975	\$897	\$964	\$1,037	\$1,114	\$1,198	\$1,288	\$1,384	\$1,488	\$591
Primary Mgt. Zone Average Rate Levy	Farmland	\$328,444	\$1,333	\$681	\$732	\$787	\$846	\$910	\$978	\$1,051	\$1,130	\$449
Secondary Mgt. Zone Average Rate Levy	Farmland	\$378,471	\$1,481	\$1,135	\$1,220	\$1,312	\$1,410	\$1,516	\$1,630	\$1,752	\$1,883	\$748
Broader Mgt. Zone Average Rate Levy	Farmland	\$360,125	\$1,426	\$1,312	\$1,411	\$1,517	\$1,630	\$1,753	\$1,884	\$2,025	\$2,177	\$865

*1. 2016 base date sub-category average land value. 2. Current year rates are ordinary rates excluding annual charges. 3. Cumulative increase is over the life of the SRV 2019-2020 to 2025-2026*

Properties within the Williamtown Management Area are proposed to be subject to the same SRV increases as the rest of Port Stephens, however average residential and farmland rate assessments in the Williamtown Management Primary Zone are expected to have rates in 2025-2026, the seventh year of the SRV, that are lower than they were in 2017-2018, subject to the effect of general revaluations expected in 2019 and 2022. Rates in the secondary and broader management zones are expected to be higher in 2025-2026 than they were in 2017-2018 by approximately 27% and 53% respectively.

## Affordability and Hardship

Council is aware that a rate rise may cause hardship for some ratepayers. Council currently has the following hardship mitigation measures in place to assist ratepayers experiencing financial hardship:

- mandatory pensioner rate concession (half up to \$250 per annum)
- flexible repayments
- interest reduction
- financial assistance in the year following a general revaluation
- backdating of pensioner rate concessions and extending concessions

- deferral of rates against their estate for aged pensioners
- Williamstown residential and farmland rate sub-categories

Should the SRV proceed, Council proposes to introduce two programs to assist eligible rate payers. These are:

1. domestic waste service annual charge reductions for eligible pensioners; and
2. a new Rates Assistance Program.

## Domestic Waste Service annual charge reduction for pensioners

*Note: Domestic Waste Management Charges are not subject to rate pegging. They are subject to the reasonable cost of providing the service. Some costs associated with domestic waste management are beyond Council's control including State Waste Levies and potential cost changes when collection, recycling and disposal contracts are renewed, including during the term of the SRV.*

If the SRV application is successful, Council plans to phase in domestic waste

service charge reductions for eligible pensioners over the term of the SRV. The existing \$418 annual charge will be reduced by increments of approximately \$30 per annum. The annual charge for eligible pensioners would be pegged at approximately 50% of the non-pensioner domestic waste service annual charge from 2026-2027 onward.

Table Eight shows the effect of reducing domestic waste service annual charges for pensioners.

**Table Eight – Domestic Waste Service Annual Charges for pensioners: 2019-2020 to 2026-2027**

Comparison Item	Current Year 2018- 2019	Year 1 2019-2020	Year 2 2020-2021	Year 3 2021-2022	Year 4 2022-2023	Year 5 2023-2024	Year 6 2024-2025	Year 7 2025-2026	Post SRV 2026-2027
No SRV – Waste Service Charges <sup>1</sup>	\$418	\$428	\$439	\$450	\$461	\$473	\$485	\$497	\$509
Proposed SRV – eligible pensioner <sup>2</sup> reduction	\$0	\$30	\$60	\$90	\$120	\$150	\$180	\$210	\$228
Proposed SRV – Pensioner waste service annual charge	\$418	\$398	\$379	\$360	\$341	\$323	\$305	\$287	\$281
Proposed SRV – Non-pensioner waste service charge	\$418	\$436	\$453	\$471	\$490	\$508	\$527	\$546	\$563

1. Estimated domestic waste management service charges assume a 2.5% annual increase. These charges will apply to all ratepayers including eligible pensioners if the SRV does not proceed.

2. An eligible pensioner is a pensioner eligible for a pensioner rate concession under the Local Government Act 1993.



## Rates Assistance Program

To further mitigate hardship, Council is reviewing its current Debt Recovery and Hardship Policy and assessing additional ways to assist ratepayers. If the SRV proceeds, Council proposes to incorporate a Rates Assistance Program into the policy.

As part of the Rates Assistance Program, Council would partner with local welfare/ financial counselling services to act as a referral points for ratepayers experiencing financial hardship.

Council envisages potential partnering organisations to be delegated to assess ratepayer's individual financial

circumstances and recommend to Council that assistance of up to \$250 be provided due to financial hardship.

Each participating service would be given an annual limit that they could recommend for financial assistance. Assistance would be limited to non-pensioners to assist individuals or families who are experiencing financial hardship and difficulty paying rates, but are not eligible for a pensioner rate concession.

Council's Debt Recovery and Hardship Policy provides further detail about existing hardship mitigation measures and the proposed Rates Assistance Program.





# Proposed Special Rate Variation

2018-2021: **Our place. Our plan.**  
Revised January 2019

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