



Shoalhaven City Council

Special Variation Application 2025-26

Final Report

May 2025

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:

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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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1 Executive summary

Shoalhaven City Council applied to IPART to permanently increase its general income by 12% in 2025-26.¹

We approved the application.

Shoalhaven City Council applied to IPART^a to increase its general income through a permanent special variation (SV) of 12% for 2025-26.²

The council told us that it intends to apply this increase across all rating categories.

Table 1.1 Increase in general income under Shoalhaven City Council's SV application

	2025-26
Annual increase (%)	12
Cumulative increase (%)	
Additional annual income (\$'000)	11,283.5

The council stated that this proposed SV will assist it to:³

- move towards achieving financial sustainability and maintaining a greater level of fit-for-purpose infrastructure
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme natural event and growth shocks
- recover from recent financial impacts, including high inflation, COVID revenue losses, State Award-mandated staff wage increases, and unexpected NSW Government costs
- be in a stronger position to maintain and renew community assets, attract and retain staff and meet community expectations
- restore unrestricted cash reserves to a level that can sustain the council's operations
- increase investment in renewal of infrastructure assets.

^a On 6 September 2010, the (then) Minister for Local Government delegated to IPART all functions under sections 506, 507, 508(2), 508(6), 508(7), 508A, 548(3) and 548(8) of the *Local Government Act 1993* (NSW), including the power to grant SVs.

1.1 IPART's decision

We have approved the council's application as set out in Table 1.1.



Our approval is subject to certain conditions, including that the council:

- uses the additional income for the purpose outlined in its application
- reports in its annual report for 2025-26 until 2031-32 the actual program of expenditure funded by the additional income and the outcomes achieved.

The full conditions are set out in Chapter 10.

Our Instrument Under Section 508(2) of the Local Government Act 1993 - Special Variation for Shoalhaven City Council for 2025-26 gives legal effect to this decision and sets out the conditions of approval.

1.2 IPART's assessment of the council's application

To make our decision, we assessed the council's SV application and supporting materials against the 6 criteria set by the Office of Local Government (OLG) in its [Guidelines for the preparation of an application for a special variation to general income](#) (OLG Guidelines). We found the council met all of these 6 criteria.

We made this decision after balancing the council's financial need for additional income to deliver its core services with the impact of the proposed rates increase on its ratepayers.

With the SV, the council's operating expenses would still exceed its revenue. The operating deficit will continue to grow but would grow even larger without the SV. This is unsustainable if the council is to deliver the services and infrastructure in its adopted plans. The council has stated all of its additional income from the SV will be used to renew the council's asset base. The council's application shows that the council's average infrastructure renewal ratio over the next 5 years will be approximately 68% with the SV, which is still below the OLG benchmark of 100%.

The council previously started an SV application for a rates increase to take place from 2024-25 but resolved not to proceed with that SV application in response to community feedback. Instead, the council resolved to focus on maintaining strict budgeting measures, improving asset management planning practices and increasing its revenue from other sources before applying for a smaller SV.

The council demonstrated the impact on ratepayers is reasonable. The council's current residential average rates are generally lower than those of similar councils. With the approved SV, its average rates are expected to remain generally lower than those of comparable councils. Although the council does not have sub-categories of rates based on localities, the council stated the areas with more disadvantage within the LGA generally pay lower rates due to corresponding lower land values.⁴




The council demonstrated it has delivered productivity improvements and put in place cost containment strategies in the past. The council advised it commenced a financial sustainability project in December 2023, in response to an independent financial sustainability review finalised within the same year.⁵ This project identified several productivity improvements which are estimated to result in a minimum of \$10 million in operational savings over the next four years to 2028-29. Since December 2023, the council has delivered \$4.09 million of annual general fund recurrent savings with further one-off savings of \$1.7 million in 2023-24 and \$0.69 million in 2024-25.⁶



Furthermore, the council also reduced costs by deferring 13 significant capital projects until the council's financial sustainability improves. It also reduced budgeted loan borrowings due to cancelled projects.⁷ The council will need to continue to deliver on these productivity improvements and cost containment measures and potentially consider taking further steps to increase its revenue as this rates increase alone is insufficient to achieve long-term financial sustainability.

We have attached reporting conditions to our approval of this SV and we expect the council to fully comply. While the OLG is the body responsible for enforcing compliance with these conditions, we will consider the council's compliance in assessing any future SV applications it makes.

Our assessment against each criterion is summarised below. Chapters 4 – 9 provide our complete assessment, and the full criteria are set out in Appendix A.

Figure 1.1 Summary of our assessment against the OLG criteria

Criteria	Grading	Assessment
01	 Demonstrated	Financial need The council demonstrated a financial need for the SV to move towards achieving financial sustainability, maintaining fit-for-purpose infrastructure and increasing its capacity to absorb future financial shocks, extreme natural events and growth shocks. However, we consider, even with the SV, the council will still not be financially sustainable in the long term.
02	 Demonstrated	Community awareness The council satisfactorily engaged with and consulted its community. It provided sufficient information about the need for and extent of the proposed SV. It used an appropriate variety of engagement methods and considered the community's feedback.
03	 Demonstrated	Reasonable impact on ratepayers The council demonstrated that the impact on ratepayers is generally reasonable, commensurate to the size of the SV. With the SV, the council's average residential rates would be lower than its comparable councils based on locality, SEIFA ranking and OLG group. We note that Shoalhaven LGA has more socio-economic disadvantage than those of comparable council areas based on selected indicators, including median household income. However, the council has a hardship policy in place to assist ratepayers experiencing vulnerability and provides additional concessions to eligible pensioners.

Criteria	Grading	Assessment
04	 Demonstrated	Integrated Planning and Reporting documentation The council exhibited and adopted all necessary Integrated Planning and Reporting (IP&R) documents before submitting its SV application.
05	 Demonstrated	Productivity improvement and cost containment The council outlined that its past productivity improvement and cost containment initiatives have resulted in savings of approximately \$4.09 million in annual savings with further one-off savings of \$1.7 million in 2023-24 and \$0.69 million in 2024-25 since December 2023. ⁸ It also identified future initiatives which are estimated to result in a minimum of \$10 million in operational savings over the next four years to 2028-29, and indicated that it has incorporated the impact of future initiatives into its LTFP adopted by the council on 17 December 2024. ⁹
06		Other matters IPART considers relevant The council generally complied with the conditions attached to the SVs it was granted in the past 10 years. The council did not comply with the conditions attached to its 2015-16 SV from 2016-17 to 2022-23. However, it later added an addendum in its 2023-24 Annual Report to comply with the conditions. ¹⁰

1.3 Stakeholders' feedback

Councils are required to consult with their communities as part of the Integrated Planning and Reporting (IP&R) framework. The OLG criteria that we assess SV applications against requires us to look at this consultation as part of our assessment.

Shoalhaven City Council consulted on its proposed SV with its community using a variety of engagement methods. The council received 77 phone enquires and self-initiated feedback, recorded 1,966 survey responses, held public meetings attended by 50+ participants, and published website content that had 3,880 visitors.¹¹

The council has 60,789 rateable properties.

As a further input to our assessment, we published the council's application on our website for a 4-week consultation period and invited stakeholders to provide feedback directly to IPART.

Through this process, we received 388 responses to our feedback form and 46 submissions from stakeholders on Shoalhaven City Council's proposed SV. These submissions and responses raised concerns about the:

- affordability of the proposed rate increases
- council's financial management
- community service levels and infrastructure
- council's consultations with the community
- community's willingness to pay for an SV.

We also received some submissions that supported the increase in rates because the stakeholders want improvement to infrastructure, such as roads, and for the council to pay down debt and reduce interest costs. These stakeholders expressed that they see the council's efforts to be more efficient such as putting a hold on capital works whilst financial reserves are being restored.

We consider stakeholder feedback in more detail in [Chapter 3](#) and throughout this report as relevant to our assessment.



1.4 Next steps for the council

Our determination sets the maximum amount by which the council can increase its general income in 2025-26. The council can defer rate increases up to this maximum amount for up to 10 years.¹²

The council has proposed to increase rates as set out in Table 1.2. Subject to the council's final decision on increasing rates in line with the approved special variation, we understand average rates will increase by 12%. Table 1.2 presents the average rate increases across rating categories, which are lower than the 12% increase of the SV due to the impact of an expiring temporary SV that applies to some ratepayers. The increase in rates proposed by the council for most ratepayers is 12%. The council retains the discretion to revise how it raises its general income across the rating categories. We encourage the council to consult with its community to decide how best to implement the increase and any changes to the rating structure.

We note that this rate increase will not be sufficient to ensure the council's long term financial sustainability. The council may need to consult with its community on its service levels and consider taking further steps to increase its revenue. We expect the council to continue to pursue productivity improvements to minimise costs to ratepayers and improve its financial sustainability over the long term.

Table 1.2 Average rates increases under the approved SV

	2025-26
 Residential	10.2%
 Business	11.3%
 Farmland	11.9%

Note: These figures may have been rounded in calculation. These are the council's proposed increases but it retains the discretion to determine the structure of its rates.^b

Source: IPART calculations.

The rest of this report explains how and why we reached our decision on Shoalhaven City Council's special variation application in more detail.

^b The council has an expiring temporary SV from 2015-16 that will decrease the rate base of the council by around \$1.43 million on 30 June 2025. The council also has immaterial differences to some rating categories relating to shifts in the number of rateable properties. These factors contribute to the increase of the different rating categories for Shoalhaven City Council being less than what the council has applied for. However, as the 2015-16 SV only affected 138 ratepayers, the increase to rates for most ratepayers will be 12% in 2025-26.

2 The council's special variation application

This section of our report sets out the council's proposal and summarises the information that the council provided to support its application. The full application and all non-confidential supporting documents are available on our [website](#).

The council applied to increase its general income in 2025-26 by 12%. Table 2.1 sets out the percentage by which the council proposed to increase its general income and the expected annual revenue this would raise.

Table 2.1 Proposed SV

	2025-26
Annual increase (%)	12
Cumulative increase	
Additional annual income (\$'000)	11,283.5

Source: Shoalhaven City Council Application Part A, WS 2 and WS 6

The council proposed a permanent SV. This means, if approved, the increases would remain in the rates base permanently. The council's general income would not be reduced at the end of the SV year.

The council stated that this proposed SV will assist it to:¹³

- move towards achieving financial sustainability and maintaining a greater level of fit-for-purpose infrastructure
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme natural event and growth shocks
- recover from recent financial impacts, including high inflation, COVID revenue losses, State Award-mandated staff wage increases, and unexpected NSW Government costs
- be in a stronger position to maintain and renew community assets, attract and retain staff and meet community expectations
- restore unrestricted cash reserves to a level that can sustain the council's operations
- increase investment in the renewal of infrastructure assets.

2.1 Impact of the proposed special variation on ratepayers

The council proposed that rates would increase for all categories in 2025-26. It proposed that, on average,

- **Residential rates** in 2025-26 will increase by \$153.9 or 10.2%.
- **Business rates** in 2025-26 will increase by \$299.7 or 11.3%.
- **Farmland rates** in 2025-26 will increase by \$349.1 or 11.9%.

These are the average rate increases across rating categories, which are lower than the 12% increase of the SV due to the impact of an expiring temporary SV that applies to some ratepayers. The increase in rates proposed by the council for most ratepayers is 12%.

The council provided the number of rates notices that it expects to issue for 2025-26. See Table 2.2.

Table 2.2 Number of rates notices per category in 2025-26

Ratepayer category	Number of rate notices
Residential	57,567
Business	2,462
Farmland	760
Total	60,789

Source: Shoalhaven City Council, Part A application Worksheet 4.

2.2 The council's assessment of affordability and capacity to pay

The council assessed the affordability of its proposed rates increases, including the community's capacity to pay.

The council's analysis of its community's capacity to pay compares the council's demographics to those of regional NSW and other OLG group 5 councils to assess whether the proposed SV scenarios would increase council's current average rate unreasonably above those of comparable councils.¹⁴

It found that the proposed SV would place the council's rates just below the average of all comparable councils, which is appropriate as the council is within the mid-point for measures of socio-economic advantage and disadvantage compared to comparable councils.¹⁵

Although the council also found pockets of disadvantage throughout the LGA, they concluded that since such areas tended to have lower underlying land values, landowners in these areas will absorb a lesser impact of any rate increase than more advantaged communities.¹⁶

The council indicated that it has a financial hardship policy to assist ratepayers who have difficulty paying their rates.¹⁷ The policy includes allowing council to waive, reduce, or defer the payment, or to write-off or reduce the amount accrued.¹⁸ This is in addition to concessions provided to pensioners under the Local Government Act.¹⁹

2.3 Impact of the proposed SV on the council's general income

The council estimated that its proposed single-year SV, with an increase of 12% in 2025-26, would increase its permissible general income from \$94 million to \$105.3 million, which would remain permanently.

2.4 Further information provided

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

- why the base amount percentage of the total notional general income rate amount for the residential rating category for FY2024-25 exceeded 50%
- where future savings have been incorporated in the Long Term Financial Plan (LTFP)
- why no amounts have been reported for growth in employee numbers under the SV case nor the Base case
- whether the LTFP submitted as an attachment in the council portal is the same version as the one publicly available on the council's website (named '[Draft Long Term Financial Plan 2025-2034](#)').

The council provided correspondence to clarify the items above. We considered this additional information in our assessment.

3 Stakeholders' feedback to IPART

We expect the council to engage with its community so that ratepayers are fully aware of any proposed special variation and the full impact on them. This is one of the criteria we use to assess the council's application (see [chapter 5](#) for our assessment and [Appendix A](#) for the full criterion).

As a further input to our assessment, we published the council's application on our website for a 4-week consultation period from 25 February 2025 to 24 March 2025, inclusive. Stakeholders could complete a survey-style feedback form and make submissions directly to us.

We have taken all stakeholder feedback into account in making our decision in accordance with our [Submissions Policy](#), including responses to our feedback form and submissions. The key issues raised in the feedback form and all published (non-confidential) submissions are outlined below.

3.1 Summary of feedback we received

We received 388 responses to our feedback form and 32 public submissions from stakeholders.

There are 60,789 rateable properties in the council's local government area. There are 57,567 residential assessments, 2,462 business assessments, 760 farming assessments, and no mining assessments.²⁰

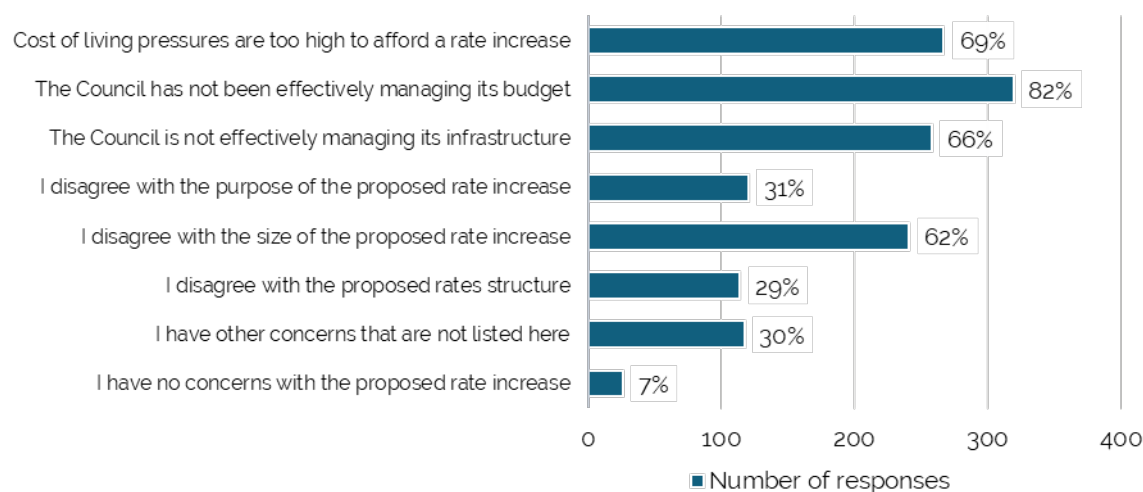
3.2 Responses to the feedback form

We published a feedback form to assist stakeholders to provide their views to IPART on the proposed SV generally, and on a range of specific topics. These included the affordability of the proposed rates increases, the council's consultation on the proposed SV, and the council's financial management. We note that while this was a survey-style feedback form, it was not a statistically representative survey and participants self-selected to provide feedback.

We received 388 responses relating to Shoalhaven City Council's application. Of these, 280 respondents (72.2%) were opposed to the proposed SV, 53 respondents (13.7%) partly supported it, and 47 respondents (12.1%) supported it.

Figure 3.1 and Figure 3.2 show the main reasons that stakeholders said they might oppose or might support the proposed SV.

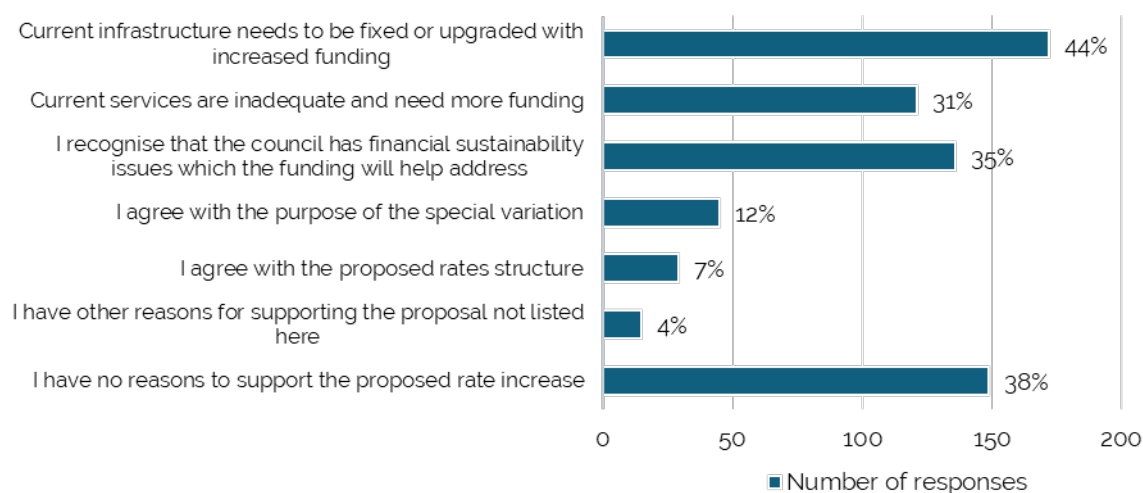
Figure 3.1 Reasons that respondents said they might oppose the proposed SV



Note: We received 388 responses to our feedback form and 46 total submissions of which 32 were not confidential. For this question, respondents could select more than one option. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART

Figure 3.2 Reasons that respondents said they might support the proposed SV



Note: We received 388 responses. For this question, respondents could select more than one option. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART

The other responses to the feedback form are considered in Chapters 5, 6 and 8. The full results are available in [Appendix C](#).

3.3 Summary of issues raised

The key issues and views raised in the public submissions and feedback form, and our responses to them, are summarised below.^c

3.3.1 Affordability of proposed rates increases

Submissions raised concerns about the impact of the council's proposed SV on the affordability of rates and suggested this would lead to financial hardship. We heard that a rise in rates would have a significant impact on the community in a cost-of-living crisis. Many submissions expressed concerns that pensioners, which make up a significant portion of ratepayers in Shoalhaven, are on fixed incomes and cannot afford the rate rise.

We have considered these concerns and outlined our conclusion in [Chapter 6](#).

3.3.2 The council's financial management

Submissions expressed the view that the council has not used its resources efficiently and that it is unfair for ratepayers to be charged for the council's mismanagement. A few stakeholders cited the recycling facility and the entertainment centre as examples of financial mismanagement.

Some submissions suggested that the council should stay within budget and perform due diligence before spending on projects. They say that new councillors have introduced new spending and reversed/watered down saving initiatives previously introduced. Furthermore, a few stakeholders stated they believed that the mayor spends excessively on travel allowances.

Many submissions raised concerns that the council focuses on non-essential projects while neglecting essential infrastructure like roads. Furthermore, some submissions suggested that the council's inefficiencies should be addressed before they are granted an SV.

The elected Councillors are responsible for managing council finances. IPART does not have authority to examine the council financial decisions or financial management more broadly, beyond our assessment of the SV application against the OLG Guidelines.

Submissions also said the council should explain how they will use the additional funding responsibly going forward and improve from past mismanagement.

We have considered these concerns and outlined our conclusion in [Chapter 8](#).

^c Where a submission was marked as confidential we have not raised it here to protect confidentiality. Matters raised in the feedback form free-text section have generally been treated as confidential submissions.

3.3.3 The council's current services and infrastructure

Some submissions expressed the view that the council's core current services and infrastructure are unsatisfactory. They mention roads, community parks, and footpaths as examples. Furthermore, a few submissions raised concerns about how the council is proposing to cut services to save money.

We have considered these concerns and outlined our conclusion in [Chapter 8](#).

3.3.4 The council's consultation with the community

Submissions raised concerns that the council was proceeding with the SV application despite majority community opposition indicated by its own survey. One ratepayer expressed that the consultations were a waste of ratepayer money as the council proceeded with a rate rise regardless of opposition. One feedback form said that since SV workshops were held in limited locations, some residents were excluded from offering their opinion.

We have considered these concerns and outlined our conclusion in [Chapter 5](#).

3.3.5 The community's willingness to pay for a special variation

Many submissions indicated ratepayers were unwilling to pay for some of the council's proposed projects. For example, many expressed the view that the council should spend on more essential infrastructure such as roads, parks and gardens rather than non-essential projects, including the Entertainment Centre. Some submissions expressed dissatisfaction with the number of rate rises that have been requested over the years. We heard from the community through submissions that they expect improved services from the council or greater transparency and accountability before the council can justify an increase in rates.

We have considered these concerns and outlined our conclusion in [Chapter 6](#).

4 Our assessment of OLG Criterion 1 – Financial need

OLG 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 the full criterion.

To assess whether the council met OLG Criterion 1, we reviewed the council's IP&R documents and the information in its application. We also considered stakeholders' comments on financial need received via our feedback form and submissions and undertook our own analysis of the council's financial performance and position. We do not audit council finances, as this is not part of our delegated authority.

We found that the council met this criterion. It adequately identified the need and purpose for the proposed SV in its IP&R documents and application. It demonstrated that currently its operating expenses exceed its revenue and this gap will be larger without the SV. We found that this is unsustainable if the council is to deliver the services and infrastructure in its adopted plans. We also found that the documents adequately communicated the canvassing of alternatives to the SV.

The sections below discuss our assessment of Criterion 1 in more detail.

4.1 Stakeholder comments on financial need

In their submissions to us, stakeholders that made submissions raised concerns related to the financial need criterion. In particular, they said:

- the financial need for rates increases results from poor financial management and oversight,
- additional funds could be raised through efficiency savings, including cutting the council's staff numbers and reducing its reliance on consultants, and
- council should explain how they will use the additional funding responsibly going forward and improve from past mismanagement.

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

4.2 The council's IP&R documents

We found that the council's IP&R documents, including its Long-Term Financial Plan (LTFP), Delivery Program and Asset Management Strategy, identify and articulate the need for the SV. However, only the Asset Management Strategy also identified and articulated the purpose of the SV.

The documents state that the proposed SV of 12% for 2025-26 is needed to:²¹

- move towards achieving financial sustainability and maintaining a greater level of fit-for-purpose infrastructure
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme natural events and growth shocks
- recover from recent financial impacts, including high inflation, COVID revenue losses, State Award-mandated staff wage increases, and unexpected NSW Government costs
- be in a stronger position to maintain and renew community assets, attract and retain staff and meet community expectations
- restore unrestricted cash reserves to a level that can sustain the council's operations
- increase investment in renewal of infrastructure assets.

The LTFP²² and the Delivery Program²³ explains that the current financial position is unsustainable, leading to a need for a SV. However, the purpose of the SV as set out in SV Application Part B²⁴ is not clearly articulated in the IP&R documents except for asset-related purposes in the Asset Management Plan.²⁵

The LTFP modelled 3 SV scenarios across a number of years.²⁶

The Asset Management Plan describes in detail the purpose of the SV in relation to assets.²⁷

4.3 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 analyse the council's financial performance and financial position and the impact the proposed SV would have on these. 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 the 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 SV on key indicators of the council's financial performance and position – namely its operating performance ratio, net cash (or net debt) and infrastructure ratios.

We have generally used averages of the forecasts over the next 5 years for these indicators to smooth annual variability. In this chapter we also present data over a longer timeframe in some tables and charts however we note that data beyond 5 years is subject to greater variability.

For Shoalhaven City Council, the forecasts under its Baseline and Baseline with SV expenditure scenarios are the same. This is because the council does not propose any specific additional expenditure that is contingent on the SV approval. As noted in its application, the purpose of the council's SV is to move towards financial sustainability whilst maintaining and renewing essential assets.²⁸

4.3.1 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 zero is considered to be financially sustainable because the OPR measures a council's ability to contain operating expenditure within operating revenue.²⁹ The OLG has set a benchmark for the OPR of greater than zero (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:

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

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. 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% may 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 OLG breakeven benchmark as set by OLG.

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

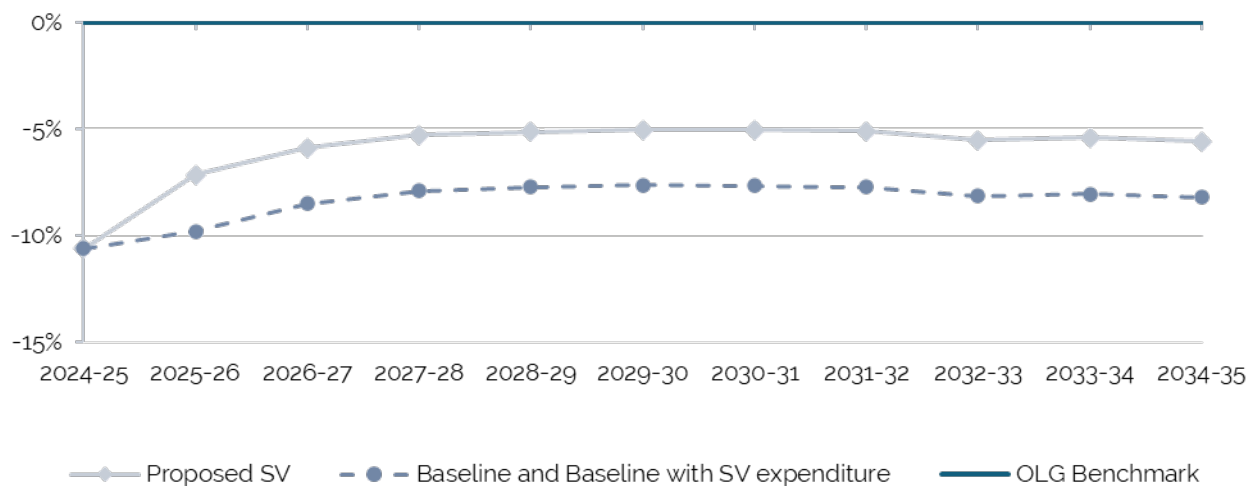
We found that, over the next 5 years:

- **Under the Proposed SV Scenario**, the council's OPR would not meet the OLG benchmark of above 0% and would remain below 0% for the next 5 years. Its average OPR over this period would be -5.7%.
- **Under the Baseline Scenario and the Baseline with SV expenditure Scenario**, the council's OPR would also not meet the OLG benchmark of above 0% and remain below 0% for the next 5 years. However, the OPR of both scenarios will be lower than the OPR under the Proposed SV Scenario. The average OPR over the period for both the baseline and the baseline with SV expenditure scenarios would be -8.3%.

This suggests that without the SV, the council would have larger operating deficits relative to the scenario with the SV. However, in both scenarios, council's operating expenses would exceed its operating revenue.

Our analysis of the impact of the proposed SV on the council's OPR over the next 10 years is summarised in Figure 4.1 and Table 4.1.

Figure 4.1 The council's projected OPR



Notes: OPR shown excludes capital grants and contributions. The Baseline scenario has the same 'line' as the Baseline with SV expenditure scenario (also see Table 4.1 below).

Source: Shoalhaven City Council, Application Part A.

Table 4.1 The council's projected OPR under 3 scenarios (%)

	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35
Proposed SV	-7.2	-5.9	-5.3	-5.2	-5.1	-5.1	-5.1	-5.5	-5.4	-5.6
Baseline	-9.8	-8.5	-7.9	-7.7	-7.6	-7.7	-7.7	-8.2	-8.1	-8.2
Baseline with SV expenditure	-9.8	-8.5	-7.9	-7.7	-7.6	-7.7	-7.7	-8.2	-8.1	-8.2

Note: The Baseline scenario has the same OPR values as the Baseline with SV expenditure scenario. The reasons for that are explained in section 4.3.

Source: Shoalhaven City Council, Application Part A.

4.3.2 Impact on net cash

A council's net cash (or net debt) position is an 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. We examined the council's cash and investments, and its net cash (debt) to income ratio. Box 4.2 explains these further.

Box 4.2 Cash and investments and Net cash (debt) to income ratio

Cash and investments

Councils hold cash and investments for a variety of purposes, but the use of these can be restricted in one of 2 ways:

- **Externally restricted.** These funds are subject to external legislative or contractual obligations.
- **Internally allocated.** These are subject to a council resolution to cover commitments and obligations expected to arise in the future and where it is prudent to hold cash to cover those obligations.

Unrestricted funds can be used to fund the council's day to day operations and may be able to be used for the same purpose as the proposed SV. In some cases, this may be enough to avoid or delay the SV, or reduce its size. However, this metric does not account for any borrowings or payables that need to be settled.

Net cash (debt) to income ratio

The net cash (debt) to income ratio can show whether a council has sufficient cash reserves left over that could be used to fund the purpose of the proposed SV, *after* taking out its payables and borrowing obligations.

$$\text{Net cash (debt) to income ratio} = \frac{(\text{Cash} + \text{Investments} + \text{Receivables}) - (\text{Payables} + \text{Borrowings})}{\text{Total operating revenue (excluding capital grants)}}$$

The cash and investments in this formula includes balances subject to *external* restrictions and *internal* allocations.

A positive ratio shows that a council may have access to cash reserves to help address its financial need. A negative ratio shows that a council may not have reserves to rely on to address financial sustainability issues.

For instance, a ratio of 10% means that an entity has 10 cents of net cash per \$1 of operating revenue. Conversely, a ratio of -10% means that an organisation has 10 cents of net debt (i.e. -10 cents net cash) per \$1 of operating revenue.

Cash and investments

The council advised us that on 30 June 2024, it held a total of \$132 million in cash and investments. This comprised:³⁰

- \$102.5 million externally restricted funds. For Shoalhaven City Council, examples include self-insurance claims, water fund, sewer fund, stormwater management and domestic waste management.³¹

- \$29.5 million internally allocated funds. For Shoalhaven City Council, examples include General Insurance, Financial Assistance Grant, Coastal Management and Sporting Facilities.³²
- \$0 unrestricted funds. These funds could be used to fund the council's day to day operations.

There are zero unrestricted funds, suggesting that all the council's cash reserves are committed to other purposes, and cannot be used to fund the purpose of the SV.

Net cash (debt) to income ratio

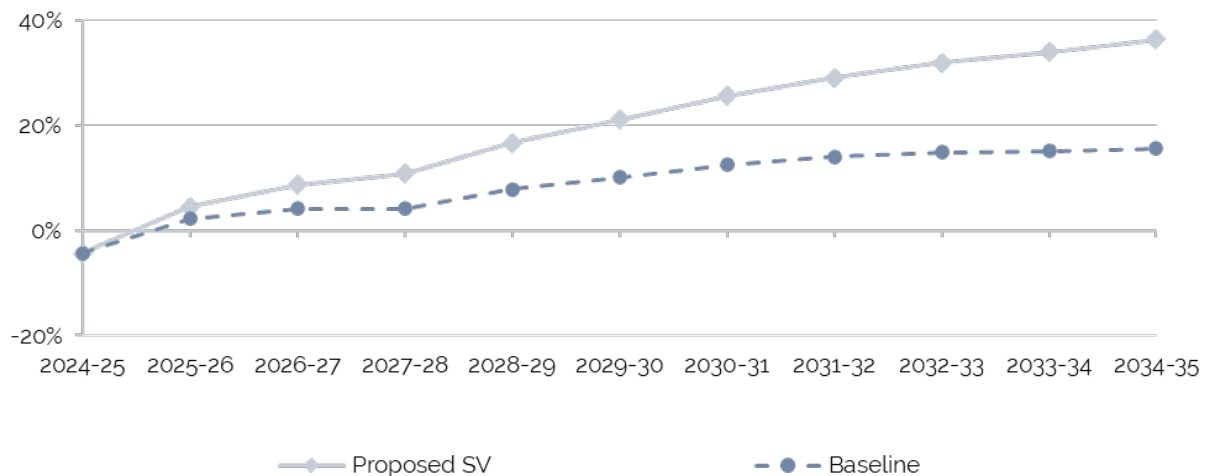
We calculated that as at 30 June 2025, the council would have net cash of -\$13.64 million (or a net debt of \$13.64 million). The council would have a net cash (debt) to income ratio of -4.4%.

Over the next 5 years:

- under the Baseline Scenario, the council's net cash (debt) to income ratio would gradually increase, averaging 5.7%
- under the Proposed SV Scenario, the council's net cash to income ratio would increase more quickly, averaging 12.3%.

The impact of the proposed SV on the council's net cash (debt) to income ratio over the next 10 years is presented in Figure 4.2.

Figure 4.2 The council's net cash (debt) to income ratio (%)



Source: Shoalhaven City Council, Application Part A, Worksheet 9.

Taking into account the council's OPR and net cash position, we found that the council has demonstrated a financial need for the proposed SV to address its operating deficit and deliver its core services.

Even with the SV, the council will not be able to meet OLG's benchmark of an OPR greater than 0% in the next 10 years. The council's OPR under the proposed SV scenario will grow from -7.2% in 2025-26 to -5.6% in 2034-35.

The OPR does not consider any capital expenditure planned by the council. All of the additional income from the proposed SV will be used for asset renewals which are capital expenses. The council has also deferred major projects which have not yet been costed or included in its forecasts.³³ These deferred projects may have a negative impact on the council's OPR once they have been costed.^d

Furthermore, the council does not have any money in its unrestricted reserves. The council requires a cash balance in its unrestricted reserves to meet costs it may face in the future such as from natural disasters. The council has experienced 15 declared natural disasters over the past 5 years.³⁴

4.3.3 Impact on infrastructure ratios

Managing infrastructure assets is an important council function. A council's ability to maintain and renew these assets as they depreciate is an indicator of its financial position and its capacity to provide services to the community. To measure this indicator, we used information provided by the council to assess its infrastructure backlog, infrastructure renewals and asset maintenance ratios, and compared 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%.
- The infrastructure renewals ratio measures the rate at which the council is renewing its infrastructure assets against the rate at which they are depreciating. OLG's benchmark for the infrastructure renewals ratio is greater than 100%.
- The asset maintenance ratio compares actual versus required asset maintenance. OLG's benchmark for the asset maintenance ratio is greater than 100%.

See Box 4.3 for more information on these ratios.

^d The cost of hiring staff, maintenance of project assets, interest payment from any debt funding and other operating expenses may further negatively impact the operating performance ratio. The capital and operating expenses resulting from the projects may increase debt or deplete council's available cash reserves.

Box 4.3 Infrastructure ratios for councils

Infrastructure backlog ratio

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

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

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

The infrastructure renewals ratio assesses the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. It is defined as:

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

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

Asset maintenance ratio

Where relevant, we may also consider the council's asset maintenance ratio. This compares the actual versus required asset maintenance.

$$\text{Asset maintenance ratio} = \frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$$

The 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

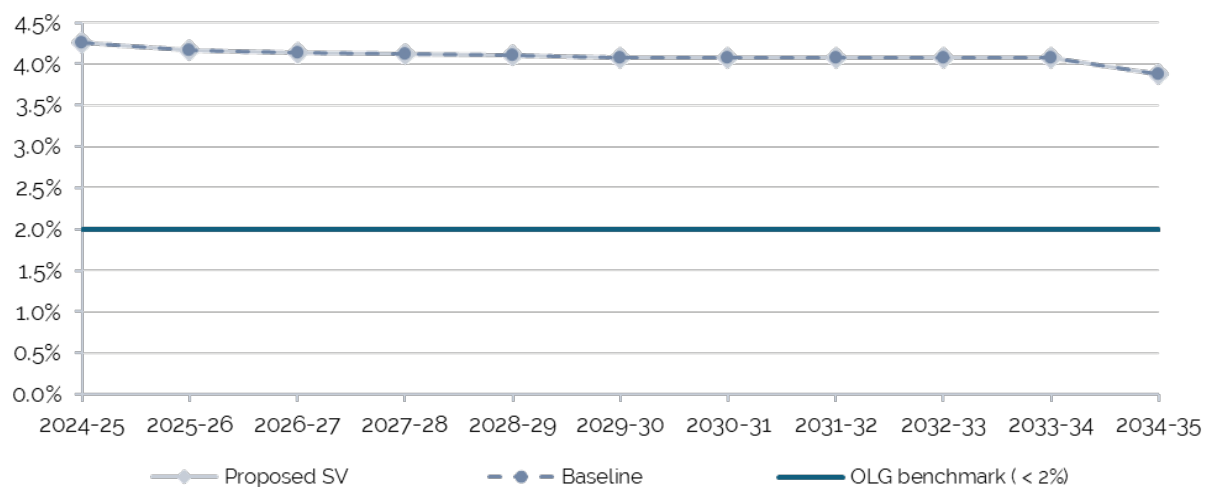
We found that over the next 5 years^e, the council's infrastructure backlog ratio would be:

- 4.1% under the Baseline Scenario
- 4.1% under the Proposed SV Scenario.

^e We considered the 5-year average to smooth annual variability. Data beyond 5 years is subject to greater variability.

As Figure 4.3 shows, we found that the council's infrastructure backlog ratio would be the same with and without the SV. We found that under both scenarios the council does not meet the OLG benchmark of less than 2.0% for the next 10 years. The council's stated purpose of the SV does not include addressing the asset backlog therefore we consider any additional income from the SV will not be used to fund this purpose. This is reflected in the infrastructure backlog ratio being identical with and without the SV across the next 10 years.

Figure 4.3 The council's infrastructure backlog ratio



Source: Shoalhaven City Council, Application Part A.

Impact on infrastructure renewals ratio

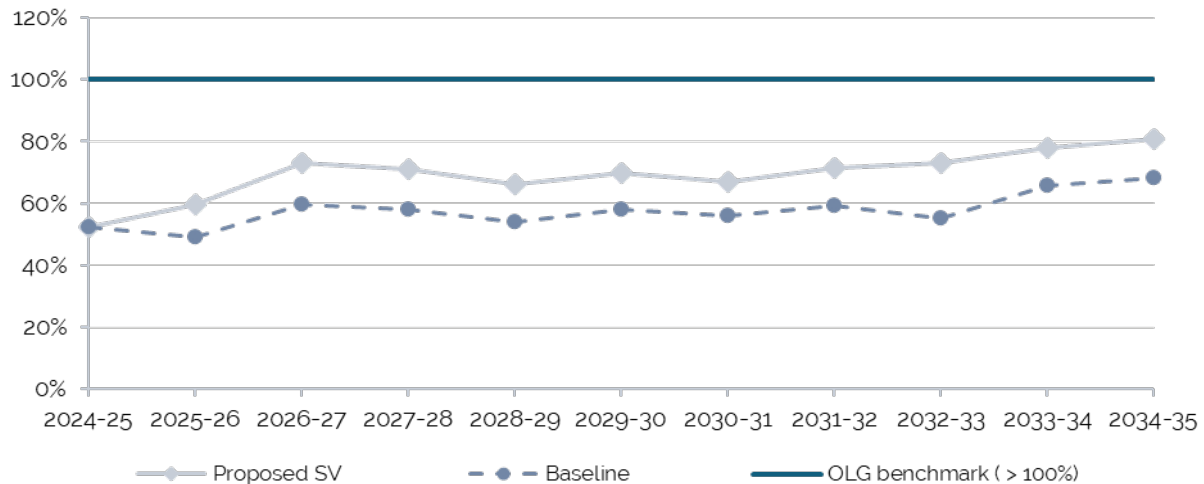
We found that over the next 5 years^f, the council's infrastructure renewal ratio would be:

- 67.9% under the Proposed SV Scenario.
- 55.8% under the Baseline Scenario.

^f We considered the 5-year average to smooth annual variability. Data beyond 5 years is subject to greater variability.

As Figure 4.4 shows, we found that both with and without the proposed SV, the council's infrastructure renewals ratio would be below the OLG benchmark of greater than 100% over the next 10 years. However, the ratio would be relatively higher (i.e. better) with the SV.

Figure 4.4 The council's infrastructure renewal ratio (%)



Source: Shoalhaven City Council, Application Part A.

Managing infrastructure assets is an important council function. A council's ability to maintain and renew these assets as they depreciate is an indicator of its financial position and its capacity to provide services to the community. To measure this indicator, we used information provided by the council to assess its infrastructure renewals ratios and compared them to OLG's benchmarks.

4.4 Alternatives to the rate rise

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 the council had exhausted all options before coming for the SV. The council currently has no funds in its unrestricted reserves that can be used to fund the purpose of the SV. The council contends that all scenarios in the LTFP assume that it will achieve \$10 million in operational savings over the next four years to 2028-29.³⁵ It also contends that all scenarios include a land sales program that is expected to generate \$37 million in sales proceeds over four years from 2025-26 and income generated from the council's Material Recovery Facility, a new commercial venture which will generate income from November 2025.³⁶

The Delivery Program says that the council will need to divert resources from other financial responsibilities to manage the cash position and to increase reactive maintenance, which will result in poorer quality infrastructure and reduced service over time.³⁷ It also notes that the council is working through a list of measures to increase revenue and decrease costs based on an independent report of the council's financial position in November 2023.³⁸

Both the LTFP³⁹ and the Delivery Program⁴⁰ refer to the Financial Sustainability Review Action Plan which identifies several past and future cost savings and efficiency measures. In the LTFP, the council has proposed to implement these measures in conjunction with the SV.

Initiatives include:⁴¹

- Review of corporate functions, focused on areas with the largest cost base
- rationalisation of under-utilised and excess assets (plant and fleet, land sales)
- review of fees and charges to reflect cost for services where practical to do so
- commercial businesses service reviews (Family Day Care, Bereavement Services, Shoalhaven Entertainment Centre and Holiday Haven Tourist Parks).

We have discussed further measures in [Chapter 8](#).

These measures have contained costs and increased revenue for the council.⁴² We found that the council provided sufficient evidence of adequately seeking alternatives through its LTFP, and consultation materials.

We also investigated whether and to what extent the council has any available deferred rate increases. We found that it does not have any available deferred rate increases.⁴³

5 Our assessment of OLG Criterion 2 - Community awareness

OLG 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 the full criterion.

To assess whether the council met OLG Criterion 2, we considered stakeholder comments on whether the community was made aware of the need for and extent of a rate rise, and we analysed the council's community engagement on the proposed SV.

We found that the council met this criterion.

Despite some shortcomings, we found that the council satisfactorily engaged with and consulted its community. It generally provided sufficient information about the need for and extent of the proposed SV. It used an appropriate variety of engagement methods, provided sufficient opportunities for the community to provide feedback, and considered this feedback in preparing its SV application.

The sections below discuss our assessment of Criterion 2 in more detail.

5.1 Stakeholder comments on community awareness

In submissions to IPART, several stakeholders raised concerns related to the council's community consultation, including that the council is proceeding with the SV application despite majority community opposition indicated by its own survey.

Further, in our feedback form, we asked respondents how much they agree or disagree with 4 statements about the community's awareness and understanding of the rate increase proposed by council.

- We received 388 survey responses. There were mixed views about whether the council had explained to the community its reasons for increasing rates, but the majority of responses did not agree that the council communicated with the community through various methods and provided adequate opportunity for the community to provide feedback. Over 75% of respondents disagreed that the council has considered community feedback in its decision-making process on the proposed rate increase. The full results are presented in Figure C.2. in [Appendix C](#).
- We considered these concerns, taking account of all the information available to us. Our assessment is discussed below.

5.2 Our assessment of the 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 generally sufficient and clear
- the variety of engagement methods used was effective
- the process used to consult the community provided timely opportunities for ratepayers to be informed and provide feedback on the proposed SV
- the outcomes from the consultation were considered in preparing the SV application.

5.2.1 Information provided to ratepayers

We found that the information the council provided to ratepayers about the proposed SV was sufficient to create awareness of the proposed SV.

The council's consultation materials are generally clear and set out:⁴⁴

- the financial need for the SV
- the full cumulative percentage increase of the proposed SV and the projected average rates in dollar terms for the residential category
- what the additional income from the proposed SV would fund, including:
 - renewal of roads, buildings, footpaths, and other infrastructure
 - maintenance of parks, sports fields, and other facilities
- how to find out more information
- how to provide feedback
- operational efficiency measures implemented by the council
- council contract details.

The council also provided an interactive calculator tool which allowed ratepayers to calculate their estimated rate under the SV scenario.

However, the council's IP&R documents and consultation materials have the following shortcomings:

- The Delivery Program does not set out the extent of the rate rise.⁴⁵ However, we did find that this information is set out in the LTFP.⁴⁶
- Some consultation materials did not include the cumulative percentage increase and total increase in dollar terms for the average farmland and business rate.
- There was a difference between the average rates exhibited at the time of consultation and the time of application submission. This appears due to a minor change in the average rate between preparing the consultation materials and the application. However, we found the difference between the average rates were relatively small and disclosed by the council.⁴⁷

Although we found some shortcomings in the council's community engagement process, we consider the council sufficiently addressed these shortcomings through other methods. We also consider the council's community engagement including information provided to ratepayers and the consultation material has sufficiently informed its community on the council's SV application.

5.2.2 Engagement methods used

We found the council used an appropriate variety of engagement methods to promote awareness of its proposed rates increase and provided opportunities for ratepayers to provide feedback.

Throughout its consultation period, the council told us its engagement activities included:⁴⁸

- a dedicated webpage for the SV (SV webpage), launched on 7 November 2024. The webpage included an online survey and instructions on how to make submissions. It also included a video of the CEO explaining the financial position of the council and what a potential SV would mean for the community. During the four-week community consultation campaign, 3,880 people visited the webpage.⁴⁹
- a rates calculator on the council's website. The calculator was used 911 times across the four-week consultation period
- the council hosted two community engagement workshops in Nowra and Ulladulla, which were attended by more than 50 participants
- a letter from the mayor which was sent to all ratepayers
- a digital poster outlining the consultation period and how the community could have their say was uploaded to 26 digital community information hub screens across the council LGA
- a media release which encouraged the community to visit the SV webpage, read the information on the proposed rate rises and have their say
- Flyers distributed to libraries, leisure centres, council customer service centres and provided to staff for distribution to members of the public, if asked
- a 30 second radio advertisement broadcast multiple times daily from 18 Nov – 23 Nov across Power FM and 2ST
- 6 Information stalls were held at various locations and times within the council area to generate awareness to the community. There were approximately 10 – 20 conversations per location

- social media posts on the council's Facebook page which has a following of more than 27,000 people
- a presentation by key council staff members at the Executive meeting with representatives of 24 Community Consultative Bodies in Bomaderry on 27 November 2024.

5.2.3 Process for community consultation

We found the process the council used to engage with and consult the community about the proposed SV was adequate. The council consulted with the community from 7 November to 5 December 2024.⁵⁰ This consultation period provided enough opportunity for ratepayers to be informed and provide feedback on the proposal.

5.2.4 Council consideration of outcomes of community consultation

As noted above, OLG 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 the council did adequately consider the results of community consultation.

Shoalhaven City Council prepared a [Community Engagement Outcomes Report](#).⁵¹ This report indicates that during the consultation period:

- the council's online survey received 1,966 responses⁵²
- the council received 168 written or emailed submissions about the draft Resourcing Strategy⁵³
- its community engagement workshops attracted more than 50 attendees⁵⁴
- its 6 information pop-up stalls attracted 10-20 attendees each⁵⁵
- its SV webpage received 3,880 visitors⁵⁶
- its calculator tool was used 911 times⁵⁷
- 77 phone enquiries and self-initiated feedback in written formats were sent in.⁵⁸

The report assessed that the community's response to the proposed SV was generally negative, with a majority of survey respondents preferring the base case option.⁵⁹

The report found that of the 1,966 responses to the council's online survey:⁶⁰

- a majority (64.8%) preferred the 3.8% Rate Peg base case, with 17.3% supporting an 8% rate rise over 1 year and 17.9% supporting the 12% proposed SV
- a large majority (98.3%) said they are aware of the financial position of the council
- 41.4% agree that in addition to operational savings and productivity improvements, an increase in rates is necessary.

The report found that of the 168 submissions about the draft Resourcing Strategy, 62 supported one of the rating options proposed. These 62 responses are categorised as follows:⁶¹

- no rate rise – 30.5%
- 3.8% Rate Peg base case – 30.5%
- 8% including the Rate Peg – 23%
- 12% including the Rate Peg – 16%

Additionally, of the 168 submissions:⁶²

- 46 discussed governance or organisational management
- 38 discussed financial management
- 34 discussed cost of living or economic pressures
- 30 discussed assets or infrastructure upgrades needed, primarily road assets
- 29 discussed operating efficiency suggestions, including staff reductions
- 22 discussed impact on seniors
- 19 discussed focusing on core services.

The council states that the issues raised in these submissions are similar to the themes outlined in the SRV Option survey comments⁶³

Although the council states that 'no substantive changes' were made in response to feedback from the community⁶⁴, we found that Shoalhaven City Council considered the results of its community consultation.

We found that the special variation application incorporates the feedback of the November 2023 to January 2024 community consultations.⁶⁵ Community consultation was conducted from November 2023 to January 2024, with two proposed SV options – 32% in year 1 or distributed over three years (18%, 13%, 8%). Due to community opposition,⁶⁶ in January 2024, Shoalhaven City Council resolved not to proceed with an application to IPART for a proposed SV. Instead, the council resolved to focus on maintaining strict budgeting measures, improving asset management planning practices and increasing revenue through immediate sales of underperforming property and assets, before returning for an SV.⁶⁷

Since February this year, the council has said that they have achieved \$3.2 million in cost savings through a range of revenue generation and workforce initiatives.⁶⁸ This includes cuts to overtime, adjustments to fees and charges, reduced recruitment, budget control measures and changes to operating hours of services and facilities. A further \$10 million has also been estimated as operational savings over the next four years to 2028-29.⁶⁹

The council addressed the concerns of stakeholders by providing responses to several concerns in its community engagement report.⁷⁰ At the council's Ordinary Meeting on 17 December 2024, councillors were presented with the community engagement report before resolving to proceed with the SV application.⁷¹

6 Our assessment of OLG Criterion 3 - Impact on ratepayers

OLG 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 the full criterion.

To assess this criterion, we considered stakeholder comments on the proposed SV's impact on ratepayers received through our feedback form and submissions and analysed the council's assessment of the impact of the SV on ratepayers. We also undertook our own analysis to assess whether this impact is generally reasonable.

We found that the council met Criterion 3.

We consider the impact of the proposed SV on ratepayers is generally reasonable.

The council's assessment of this impact concluded the community has sufficient capacity to pay the proposed rates increase as the SV would place council's rates just below the average of all comparable councils.⁷² The council stated this is consistent with the council being within the mid-point for measures of socio-economic advantage and disadvantage.⁷³ It notes that although parts of the LGA suffer from relatively higher disadvantage, the effect of rate rise would be partly mitigated as such parts are generally situated in areas with lower underlying land value. This means that landowners in these areas will absorb a lesser impact of any rate increase than more advantaged communities.⁷⁴

Our own analysis found that with the SV, the council's average residential rates would generally be lower than the averages for comparable councils based on locality, SEIFA rank and OLG group. The population of its area has more socio-economic disadvantage than those of comparable council areas based on selected indicators, including median household income. The council has a hardship policy and has resolved to provide additional concessions to pensioners.

The sections below discuss our assessment of OLG Criterion 3 in more detail.

6.1 Impact of the proposed SV on average rates

The council calculated the average impact on ratepayers. Table 6.1 sets out its expected increase in average rates in each ratepayer category under the proposed 1-year permanent SV. It shows that in 2025-26:

- the average residential rate would increase by \$154 or 10.2% in total
- the average business rate would increase by \$300 or 11.3% in total
- the average farmland rate would increase by \$349 or 11.9% in total.

Table 6.1 Impact of the proposed special variation on average rates

	2024-25 (Current)	2025-26	Cumulative increase
Residential average rates (\$)	1,505	1,659	
\$ increase		154	154
% increase		10.2	10.2
Business average rates (\$)	2,661	2,961	
\$ increase		300	300
% increase		11.3	11.3
Farmland average rates (\$)	2,930	3,279	
\$ increase		349	349
% increase		11.9	11.9

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

6.2 Stakeholder comments on the impact on ratepayers

Many of the public submissions we received raised concerns about the impact of the proposed SV on the affordability of rates, particularly for those experiencing financial hardship. We note that there are currently 57,567 rateable properties under the residential rating category in the council area.

For example, some submitters 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 on ratepayers on fixed incomes.

In our feedback form, we asked respondents how much they agree or disagree with 4 statements about the affordability of the rate increase proposed by the council.

We received 388 responses. Over 3-quarters of these responses did not agree that the rates increase was affordable (disagreed or strongly disagreed). A similar proportion did not agree that the application considers the financial constraints of ratepayers. A majority of respondents did not agree that the application considers different options to reduce the financial impact on ratepayers, or balances the community's need for services and its impact on ratepayers. The full results are presented in Figure C.3 in [Appendix C](#).

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, as outlined above, we consider the impact of the increases is generally reasonable, given that with the SV average rates would generally still be lower than that of comparable councils, and the council has resolved to increase the pensioner concession and has a hardship policy ([section 6.4](#) below discusses our reasons in more detail).

6.3 The council's assessment of the proposed SV's impact on ratepayers

The criterion requires that the Delivery Program and LTFP show the impact of any rate rises on the community, demonstrate the council's consideration of the community's capacity to pay rates, and establish that the proposed rate increases are affordable having regard to the community's capacity to pay.

6.3.1 The council's IP&R documents

We found that the council's LTFP clearly communicates the average rates per category, if the 1-year SV of 12% was implemented.⁷⁵ The LTFP also clearly shows the total (cumulative) dollar increase per rating category in an SV scenario.⁷⁶ Other than this, the IP&R documents did not consider the community's capacity to pay or establish that the rates are affordable in regard to the community's capacity to pay.

The council's Delivery Program does not present the impact of the proposed SV on rates.

6.3.2 The council's consideration of capacity to pay

The council's analysis of its community's capacity to pay compares the council's demographics to those of regional NSW and other OLG group 5 councils to assess whether the proposed SV scenarios would increase council's current average rate unreasonably above those of comparable councils.⁷⁷

Using a number of factors from the 2021 Census including age profiles, household incomes and occupations, housing tenure, housing stress, and measures of socio-economic advantage and disadvantage, the council concludes that:⁷⁸

- There are localised pockets of disadvantage throughout the LGA where incomes, education and qualifications, and workforce participation are lower.
- Despite the above, areas with higher levels of disadvantage typically correspond with lower rates of home ownership and greater reliance on private or social housing rentals. These areas are also observed to have lower underlying land values compared to other areas within the LGA, which means that landowners in these areas will absorb a lesser impact of any rate increase than more advantaged communities. This means that those residents at greater disadvantage are less likely to be directly affected by an increase in rates.

- A 12% SV would place council's rates just below the average of all comparable councils (OLG Group 5 plus the council's Illawarra Shoalhaven Joint Organisation member council - Kiama Municipal City Council). Overlayed with the demographic analysis performed, this rate would be reasonable given the council has stated it is within the mid-point for measures of socio-economic advantage and disadvantage.

6.4 Our analysis of the proposed SV's impact on ratepayers

To assess the reasonableness of the impact on ratepayers, we considered:

- how the council's rates have changed over time
- how current and proposed rates compare to councils in similar circumstances.
- the community's capacity to pay based on socio-economic indicators, historical hardship applications and outstanding rates data
- what hardship provisions the council has in place to mitigate the impact.

This assessment focused on residential rates, as residential ratepayers represent the large majority of ratepayers. With the proposed SV for 2025-26, residential rates would be lower than the average for comparable councils based on locality, SEIFA rank and OLG group. However, socio-economic indicators including median income suggest that the community has a lower capacity to pay with greater levels of disadvantage. This is further supported by the relatively high number of rate notices overdue.

We note that the council does have a hardship policy and concessions for pensioners. There were 41 applications for the hardship policy in the last 5 years, including 19 applications for residential properties and 22 applications for the Jerrberra special rates.⁹⁷⁹ We consider the number of people that have applied for the hardship policy is relatively small compared to the number of rates notices overdue. Despite this, due to the relatively small SV proposed reflecting a relatively small changes to rates, we found that on balance the impact on ratepayers is generally reasonable.

6.4.1 How the council's rates have changed over time

Over the past 5 years, the average annual growth in the council's residential rates has been higher than the rate peg. As Table 6.2 shows, residential rates have increased at an annual average rate of 3.6%, compared to the average rate peg of 2.9% over the same period. This is likely due to the other Special Variations, supplementary valuations or a redistribution of rates within the rating categories. We note that the council had a previously approved SV with a permanent increase of 5% in 2019-20 and another 5% in 2020-21 which was in effect during this period.^h

⁹ There were 22 hardship applications for the Jerrberra Estate special rate which expires on the 30 June 2025. The Jerrberra Estate special rate is only levied on rateable properties within the Jerrberra Estate. The council states that money collected from the Jerrberra Estate special rates were only spent for the estate and any unspent funds will go towards the delivery of infrastructure for the estate.

^h See [2018-19 Special Variation Report](#).

Table 6.2 Historical average rates in Shoalhaven City Council (\$nominal)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Average annual growth (%)
Residential	1,262	1,290	1,316	1,375	1,429	1,505	3.6
Business	2,278	2,135	2,183	2,409	2,525	2,661	3.2
Farmland	2,564	2,617	2,654	2,750	2,844	2,930	2.7

Source: OLG, [Time Series Data 2023-24](#), Shoalhaven City Council, Application Part A, IPART calculations

6.4.2 How the council's rates compare to other councils

We compared the council's current average rates, and what they would be with the SV, with those of comparable councils. We then considered these findings together with the socio-economic comparisons discussed in [section 6.4.3](#) and the available hardship provisions discussed in [section 6.4.4](#) to help us assess the reasonableness of the proposed rate increase. Box 6.1 outlines how we selected the comparable councils for this analysis.

Box 6.1 Comparable councils

In our analysis of rate level and capacity to pay indicators, we have compared Shoalhaven City Council to other councils that are comparable to it based on their locality, SEIFA rank, and OLG group.

Comparable councils based on locality

Comparable councils based on locality includes neighbouring and nearby local government areas (LGAs). These council areas are not necessarily similar, but as ratepayers are more likely to be familiar with them and the differing service levels they provide, this comparison may help them assess their own rates level.

The councils we used for this comparison are Eurobodalla, Goulburn Mulwaree, Kiama, Queanbeyan-Palerang Regional and Wingecarribee Shire. These councils are geographically close to Shoalhaven City Council, but do not necessarily share a common border.

Comparable council based on SEIFA rank

Box 6.1 Comparable councils

Comparable councils based on SEIFA rank means councils whose LGAs have similar levels of socio-economic advantage and disadvantage, as measured by Socio-Economic Indexes for Areas (SEIFA). SEIFA is a series of indexes that rank Australian LGAs according to relative socio-economic factors. It is developed by the [Australian Bureau of Statistics](#) using the latest census results (currently 2021). We used the 'Index of Relative Socio-economic Advantage and Disadvantage' which includes 23 variables covering income, household make-up, housing, education levels and employment.

Shoalhaven City Council has a SEIFA rank of 55 out of 128 NSW councils. In general, a lower SEIFA rank indicates a higher level of relative disadvantage.

We compared the council's average rates with those of other regional councils with a similar SEIFA rank. The 4 regional councils with the closest SEIFA rank are Albury City, Bega Valley Shire, Griffith City, and Mid-Western Regional.

Comparable councils based on OLG group

Comparable councils based on OLG group means the other councils in the same OLG group as Shoalhaven City Council.

The OLG sorts councils into groups for comparison purposes. These groups are based on broad measures such as their LGAs having similar levels of development (metropolitan, regional, rural), and populations. Councils in each group may have some similarities in terms of their service levels and costs, but there may also be some broad differences between them.

Shoalhaven City Council is in OLG Group 5, which comprises regional areas with a population of more than 70,000. Group 5 includes 11 councils in total, including Newcastle City, Tweed Shire, and Wollongong City councils.⁸⁰

Our comparison of the council's average residential rates is set out in Table 6.3. It shows that:

- In 2024-25, its average residential rates are lower than the average for comparable councils based on locality, SEIFA rank and OLG group.
- In 2025-26, these rates would remain lower than the average for comparable councils based on locality, SEIFA rank and OLG group.

Our comparison of the council's average business and farmland rates is set out in Table 6.4. It shows that:

- Its current average business rates are lower than the average for comparable councils based on locality, SEIFA rank and OLG group. In 2025-26, these rates would remain lower than the average for comparable councils based on locality, SEIFA rank and OLG group.

- Its current average farmland rates are lower than the averages for comparable councils based on locality, and SEIFA rank, but higher than the average for comparable councils based on OLG group. In 2025-26, they would remain lower than the averages for comparable councils based on locality, and SEIFA rank, but higher than the average for comparable councils based on OLG group.

Table 6.3 Comparison of the council's average residential rates under the proposed SV (Average residential rate (\$))

Council	2024-25 (Current)	2025-26
Shoalhaven City Council (OLG Group 5)	1,505	1,659
Comparable based on locality		
Kiama	1,791	1,858
Wingecarribee	2,213	2,300
Goulburn Mulwaree	1,467	1,529
Queanbeyan-Palerang Regional	2,136	2,521
Eurobodalla	1,318	1,372
Average	1,817	1,969
Comparable based on SEIFA rank		
Albury	1,676	1,745
Griffith	1,307	1,444
Bega Valley	2,262	2,372
Mid-Western Regional	1,142	1,185
Average	1,696	1,782
Comparable based on OLG group		
OLG Group 5 (excluding Shoalhaven City Council (OLG Group 5)) Average	1,662	1,747

- a. The average rate is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.
- b. To derive the 2024-25 average rates for comparable councils, we used OLG's time series data as at 2023-24 (latest available) and escalated this by its rate peg, or if applicable, its approved SV.
- c. To derive the 2025-26 average rates for comparable councils, we used OLG's time series data as at 2023-24 (latest available) and escalated this by its 2024-25, 2025-26 rate peg, or if applicable, its approved SV.
- d. To derive the average rates beyond 2025-26 for comparable councils, we used OLG's time series data as at 2023-24 (latest available) and escalated this by its 2024-25, 2025-26 rate peg then an assumed rate peg of 2.5%, or if applicable, its approved SV.

Source: OLG, [Time Series Data 2023-24](#); ABS, [2021 Census DataPacks](#), General Community Profile, Local Government Areas, NSW and IPART calculations.

Table 6.4 Comparison of the council's average business and farmland rates under the proposed SV

Council	Average business rate (\$)		Average farming rate (\$)	
	2024-25 (Current)	2025-26	2024-25 (Current)	2025-26
Shoalhaven City Council (OLG Group 5)	2,661	2,961	2,930	3,279
Comparable based on locality				
Kiama	2,418	2,507	3,189	3,307
Wingecarribee	5,029	5,225	4,591	4,770
Goulburn Mulwaree	7,361	7,670	2,390	2,491

Council	Average business rate (\$)		Average farming rate (\$)	
	2024-25 (Current)	2025-26	2024-25 (Current)	2025-26
Queanbeyan-Palerang Regional	8,582	10,127	4,373	5,160
Eurobodalla	4,459	4,642	1,958	2,039
Average	5,842	6,361	3,577	3,876
Comparable based on SEIFA rank				
Albury	7,293	7,592	3,844	4,001
Griffith	3,623	4,004	4,716	5,211
Bega Valley	5,145	5,397	4,144	4,347
Mid-Western Regional	2,583	2,681	2,949	3,061
Average	5,269	5,546	3,794	4,053
Comparable based on OLG group (average)				
OLG Group 5 (excluding Shoalhaven City Council (OLG Group 5)) Average	6,340	6,676	2,917	3,059

- a. The average rate is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.
- b. To derive the 2024-25 average rates for comparable councils, we used OLG's time series data as at 2023-24 (latest available) and escalated this by its rate peg, or if applicable, its approved SV.
- c. To derive the 2025-26 average rates for comparable councils, we used OLG's time series data as at 2023-24 (latest available) and escalated this by its 2024-25, 2025-26 rate peg, or if applicable, its approved SV.
- d. To derive the average rates beyond 2025-26 for comparable councils, we used OLG's time series data as at 2023-24 (latest available) and escalated this by its 2024-25, 2025-26 rate peg then an assumed rate peg of 2.5%, or if applicable, its approved SV.
- Source: OLG, [Time Series Data 2023-24](#); ABS, [2021 Census DataPacks](#), General Community Profile, Local Government Areas, NSW and IPART calculations

6.4.3 The community's capacity to pay based on socio-economic indicators

To assess the community's capacity to pay the council's proposed rates, we considered a range of indicators of socio-economic status and levels of vulnerability in the community, which is outlined in Box 6.2. We considered these indicators together with the average rate levels discussed in [section 6.4.2](#) above, and the hardship assistance available discussed in [section 6.4.4](#) below.

This assessment focused on residential rates, as residential ratepayers represent the majority of ratepayers.ⁱ

ⁱ Note that our assessment looks at the community as a whole and does not distinguish between those that directly pay rates and those that may indirectly be impacted.

Box 6.2 How we assessed capacity to pay

To help us understand the impact of the proposed SV on residential ratepayers, we compared selected socio-economic indicators for the council's community and the comparable councils' communities, using data from the 2021 census. We also considered the council's historical hardship and outstanding rates data. These measures provide an indication of the community's ability to pay additional rates and are useful to consider together with the average rates comparisons.

Socio-economic indicators

We considered:

- The median income levels, and the ratio of average residential rates to median household income, which are indicators of capacity to absorb cost increases.
- The proportion of people on selected Government payments^j, which could be an indicator of levels of vulnerability as recipients may generally be on lower and fixed incomes.
- The level of outright home ownership, where a higher level may indicate that a community has more capacity to pay (as more households do not need to pay mortgage or rent payments).
- The proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs, which can be an indicator of households experiencing cost-of-living pressures. However, putting 30% or more of a household's imputed income towards housing may not always be a sign of financial stress. A household may choose to make more mortgage repayments or reside in a more expensive area and have a sufficiently high income.
- We also note that the cost of living has increased since this data was collected in the 2021 census.

Hardship applications and outstanding rates

We collected 5 years of historical data related to a community's ability to pay rates to understand trends in the area. This included:

- how many applications for hardship assistance were made to the council
- how many ratepayers were on hardship arrangements
- the value of rates (\$) that were outstanding as at 30 June
- We note these indicators can apply to very small proportions of the population.

^j These are the Age Pension, Disability Support Pension and Jobseeker Payment.

Table 6.5 below shows that, socio-economically, Shoalhaven City Council's area is in a worse position to the comparable councils' areas, with indicators suggesting additional hardship. In particular:

- Median income is lower in the Shoalhaven LGA than the average for comparable LGAs based on locality, SEIFA rank, and OLG group.
- The typical household in the Shoalhaven LGA spends around 2.3% of its household income on residential rates. This is more than average in comparable LGAs based on locality (1.9%), SEIFA rank (2.0%) and OLG Group (2.2%).
- 7.0% of the council's rates were outstanding, which is higher than the average for other comparable councils and within the OLG benchmark of 10%.
- 14.7% of households in the Shoalhaven LGA meet the definition of housing cost stress. This is more than the average in comparable areas based on locality (12.3%) and SEIFA (12.4%) but less than average in comparable areas based on OLG Group (15.3%).
- 44.7% of dwellings in the Shoalhaven LGA are owned outright, which is higher than most other comparable areas.

Table 6.5 Comparison of the council's socio-economic indicators

	Median annual household income (\$) ^a	Current average residential rates to median household income ratio (%) ^b	Outstanding rates and annual charges ratio (%) ^c	Proportion of population in receipt of select Government payments (%) ^d	Proportion of households that pay more than 30% of income towards housing costs ^e	Dwelling owned outright (%) ^f
Shoalhaven City Council (OLG Group 5)	65,000	2.3	7.0	25.2	14.7%	44.7
Comparable councils based on locality						
Kiama	95,368	1.8	2.6	16.2	10.8%	47.5
Wingecarribee	86,996	2.4	6.4	17.2	13.5%	44.6
Goulburn Mulwaree	76,232	1.6	3.2	20.2	13.9%	35.3
Queanbeyan-Palerang Regional	119,340	1.5	8.7	10.1	10.6%	27.9
Eurobodalla	60,684	2.1	1.3	29.2	13.0%	49.3
Average	87,724	1.9	4.4	17.7	12.3%	40.9
Comparable councils based on SEIFA rank						

	Median annual household income (\$) ^a	Current average residential rates to median household income ratio (%) ^b	Outstanding rates and annual charges ratio (%) ^c	Proportion of population in receipt of select Government payments (%) ^d	Proportion of households that pay more than 30% of income towards housing costs ^e	Dwelling owned outright (%) ^f
Albury	74,360	2.2	4.6	19.9	13.8%	30.6
Griffith	90,376	1.3	3.0	14.1	10.5%	33.5
Bega Valley	62,400	3.0	4.9	25.2	11.9%	49.0
Mid-Western Regional	77,272	1.4	3.2	19.6	12.0%	38.9
Average	76,102	2.0	3.9	20.1	12.4%	38.0
Comparable councils based on OLG group (average)	77,126	2.2	6.3	21.7	15.3%	40.0

a. Median annual household income is based on 2021 ABS Census data.

b. The 2024-25 average rates for comparable councils are calculated based on the OLG's time series data as at 2023-24 (latest available data) escalated by a Council's 2024-25 rate peg or approved SV, as relevant.

c. The Outstanding rates ratio (%) is derived from the OLG's Rates & Annual Charges Outstanding Percentage for the General Fund as at 2023-24 (latest available data). The formula is 'rates and annual charges outstanding (\$)' divided by 'rates and annual charges collectible (\$)'.

d. Proportion of population in receipt of select Government payments (%) is based on the total number of Age Pension, Disability Support Pension and the JobSeeker Payments divided by the estimated resident population from the 2021 ABS Data by Region.

e. Proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs payments is calculated by the following formula - [households where mortgage repayments are more than 30% of the imputed household income (no.) + households where rent repayments are more than 30% of the imputed household income (no.)] / total occupied private dwellings (no.). These measures are from the 2021 ABS Data by Region.

f. Dwelling owned outright (%) is from the 2021 ABS Data by Region.

Source: OLG, [Time Series Data 2023-24](#); ABS, [Socio-economic Indexes for Areas \(SEIFA\) 2021](#), March 2023; ABS, 2021 Data by Region, Local Government Areas, NSW, Median Weekly Household Income and IPART calculations.

In addition to these socio-economic indicators, we considered historical data on the council's number of overdue rates notices and the number of ratepayers applying for hardship provisions. Recent trends can give an indication of ratepayers' ability to pay current rates levels and the potential impact of other recent cost increases. We note that these remain at a very small proportion of all ratepayers.

The council's number of overdue rates notices fell from 6,459 in 2020-21 to 5,259 in 2021-22 before increasing again to be 6,229 in 2022-23. It now sits at 6,383 in 2023-24, which represents 10.5% of rates notices overdue.^k Between 2019-20 and 2023-24, there were 41 hardship applications made under the council's hardship policy, including 7 in 2023-24.

^k This is different to the outstanding rates and annual charges ratio (%) mentioned in Table 6.5, which is based on dollar values (see note c of Table 6.5). The overdue rates percentage is calculated by dividing the total number of overdue rates (count) over the total number of issued rates (count).

Box 6.3 Rates and annual charges outstanding ratio

The rates and annual charges outstanding ratio measures the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of its debt recovery effort. This is defined as:

$$\text{Rates and annual charges outstanding ratio} = \frac{\text{Rates and annual charges outstanding}}{\text{Rates and annual charges collectible}}$$

The OLG has set a benchmark for the ratio of less than 5% for metropolitan councils and less than 10% for regional and rural councils.

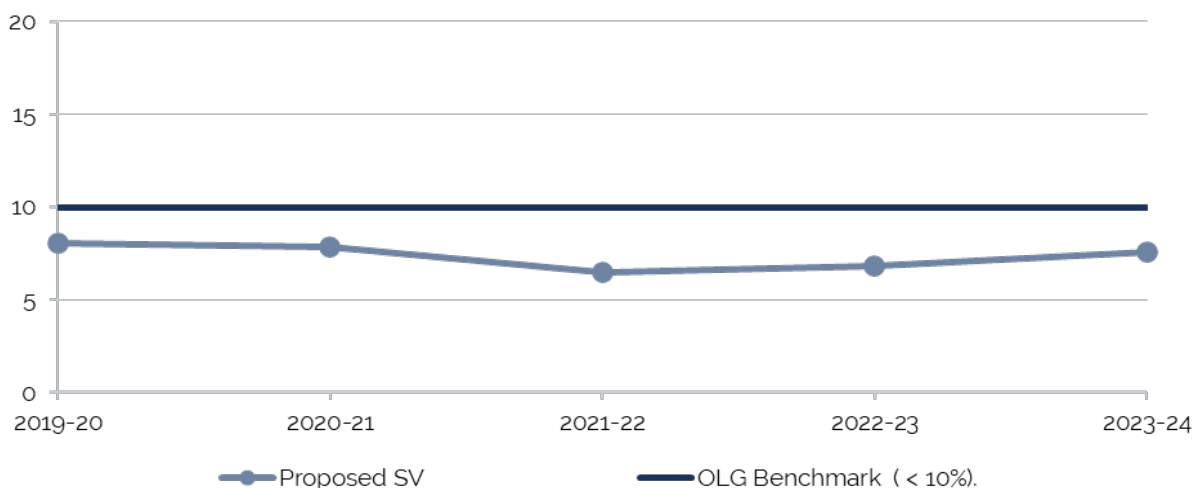
Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

We also considered the council's rates and annual charges outstanding ratio. While a rates and annual charges outstanding ratio above the OLG benchmark can be a reflection of how effectively the council has managed its debt recovery efforts, it can also be an indication that a greater number of ratepayers have been unable to pay their rates on time.

As Figure 6.1 shows, the average rates and annual charges outstanding ratio across 2019-20 to 2023-24 is 7.4%. This meets the OLG benchmark of less than 10% for regional councils.

The council's rates and annual charges outstanding ratio meet the OLG benchmark of below 10%.

Figure 6.1 The council's rates and annual charges outstanding ratio (%)



Source: Shoalhaven City Council, Application Part A.

6.4.4 The council's hardship policy and availability of concessions

A hardship policy can play an important role in mitigating the impact of an SV on ratepayers experiencing vulnerability. We are satisfied that the council has a hardship policy in place to assist ratepayers experiencing vulnerability, and it has appropriate strategies to make its community aware about how to access this.

The hardship policy provides assistance such as:

- payment plans and arrangements to pay
- writing off or reducing the amount of accrued interest
- waiving, reducing, or deferring the payment of the whole or part of the increase in the amount of the rate payable by the ratepayer experiencing substantial hardship resulting from a revaluation⁸¹
- in the case of eligible pensioners, allowing rates and interest charges to accrue against the property.⁸²

Council will also continue to implement its concessions for pensioners, which exceed the statutory minimum. These are outlined below:⁸³

- eligible pensioners receive a statutory reduction of 50% of all ordinary rates and domestic waste management charges up to a combined maximum of \$250
- an additional \$87.50 allowed for each of Water and Sewer charges, bringing the total mandatory pensioner concession to a maximum of \$425.00 across both Rates and Water/Sewer accounts
- council continues to fund an additional annual concession for pensioners of \$30 across Rates (\$10), Water (\$10) and Sewer (\$10) in 2024-25.

The council stated it makes such measures known to ratepayers through various channels including:

- a page dedicated to rates, which includes information on financial hardship arrangements⁸⁴
- the Debt Recovery and Hardship Policy via council's website⁸⁵
- council community engagement on the proposed [SV FAQs](#) specifically addressing hardship concerns
- the Debt Recovery and Hardship Policy and pension rebates are referenced in Council's Delivery Program Operational Plan.⁸⁶

The council has also said that they communicate the availability of measures outlined in its debt recovery and hardship policies in individual communications with affected property owners e.g. rates instalment notices and reminder letters.⁸⁷

7 Our assessment of OLG Criterion 4 - IP&R documents

OLG 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 the full criterion.

To assess whether the council met Criterion 4, we checked the information provided by the council.

We found that it met the criterion. It exhibited (where required), approved and adopted its IP&R documentation appropriately.

The relevant IP&R documents are described in Box 7.1.

The council:

- exhibited its current Community Strategic Plan from 11 March to 10 June 2022,⁸⁸ and adopted it on 12 September 2022⁸⁹
- exhibited its current Delivery Program⁹⁰ from 8 May to 10 June 2024⁹¹, and adopted it on 24 June 2024⁹²
- exhibited its current LTFP⁹³ from 7 November to 5 December 2024 and adopted it on 17 December 2024.⁹⁴ The adopted LTFP is available on the council's website
- exhibited its current Asset Management Plan (as part of the Resourcing Strategy)⁹⁵ from 7 November to 5 December 2024 and adopted it on 17 December 2024⁹⁶
- submitted its SV application on 3 February 2025.⁹⁷

Box 7.1 Integrated Planning & Reporting documents

The 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 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 further amended). Councils are also expected to post its LTFP on its website.

Source: Office of Local Government [Integrated Planning and Reporting Guidelines](#)

8 Our assessment of OLG Criterion 5 - Productivity and cost containment strategies

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

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 has been incorporated in the council's Long Term Financial Plan.

Note: See Appendix A for the full criterion.

To assess this criterion, we considered stakeholders' comments on the council's productivity and cost containment performance that we received through our feedback form and submissions. We also analysed information provided by the council on its productivity and cost containment performance and examined some key indicators of the council's efficiency.

We found that the council met this criterion. The council outlined that its past productivity improvement and cost containment initiatives have resulted in savings of approximately \$4.09 million in annual general fund recurrent savings with a further general fund one-off savings of \$1.7 million in 2023-24 and \$0.69 million in 2024-25 since December 2023.⁹⁸ It also identified future initiatives which are estimated to result in a minimum of \$10 million in operational savings over the next four years to 2028-29, and indicated that it has incorporated the impact of future initiatives into its LTFP adopted by the Council on 17 December 2024.⁹⁹ This includes operational savings of \$7 million in 2025-26 and \$1 million each year from 2026-27 to 2028-29 (inclusive), which the council told us equates to 2.12% of operating expenses over the next 4 years,¹⁰⁰ accounting for depreciation. Considering the relatively small SV proposed and the financial issues faced by the council, we are satisfied that these savings are proportionate to the size of the council and its resources.

The sections below discuss our assessment of Criterion 5 in more detail.

8.1 Stakeholder comments on productivity and cost containment

Some submissions to IPART expressed that the council should:

- improve its own efficiency instead of applying for a rate rise
- sell assets such as the caravan parks or Shoalhaven Entertainment centre instead of focusing on minor savings
- reduce the amount it spent on external consultants and hire qualified staff
- reduce allowances for council staff, in particular car allowances

- focus on core-services such as roads, parks and footpaths rather than non-necessities
- cut administrative staff and management pay.

Further, in our feedback form, we asked respondents how much they agree or disagree with 3 statements about the council's efficiency and communication of cost-saving strategies.

We received 388 responses. Of these, more than 60% disagreed that the council is effective in providing infrastructure and services for the community. A similar proportion did not agree that the council had explained past, or future cost-saving strategies. The full results are presented in Figure C.4 in [Appendix C](#).

We have considered these concerns as part of our assessment of this criterion.

8.2 The council's information on realised and proposed productivity savings

The council told us it commenced a financial sustainability project in December 2023, in response to an independent financial sustainability review finalised in November 2023. This project identified several productivity improvements which would result in a minimum of \$10 million in operational savings over the next four years to 2028-29.¹⁰¹ Since December 2023, the council has delivered \$4.09 million of annual general fund recurrent savings with a further one-off savings of \$1.7 million in 2023-24 and \$0.69 million in 2024-25.¹⁰²

8.3 Our analysis of the council's information on productivity savings

We analysed the information the council provided on its realised and proposed productivity improvements and cost containment strategies.

8.3.1 Realised productivity improvements and cost containment to date

We found that the council has made some substantial productivity and cost containment gains to date, considering its financial situation as described in Criterion 1. The council estimates that, since February 2023, it has delivered \$4.09 million of annual general fund recurrent savings with a further general fund one-off savings of \$1.7 million in 2023-24 and \$0.69 million in 2024-25.¹⁰³

Furthermore, the council also reduced costs by deferring 13 significant capital projects until the council's financial sustainability improves. It also reduced budgeted loan borrowings due to cancelled projects.¹⁰⁴

The application indicates that the savings are the result of the several initiatives including:¹⁰⁵

- The council reviewed and paused major capital projects that were partially or fully unfunded.
- A process was established to place a staffing freeze on all recruitment, except where the Executive Team determined the recruitment was high priority.

- A land sales strategy was established and enabled to fund critical capital works that otherwise could not be funded due to the financial position of council and to reduce council borrowings.
- An initiative was established to gather staff ideas to improve the organisation's efficiency and productivity. Over 440 ideas were submitted to identify process improvements, cost reduction and income generation initiatives. Staff ideas are triaged and implemented, and realised savings are reported through the financial sustainability project.
- A service review program was established, with priority placed on commercial services and high-cost corporate services. Service reviews completed to date include tourism and visitor services, fleet and mechanical services, and workers compensation. Service reviews in progress include Bereavement Services, Family Day Care, Shoalhaven Entertainment Centre, Communications and Media and Customer Experience. The outcomes from service reviews are being reported through the financial sustainability project.
- A comprehensive review of facility operating hours was conducted, with council resolving to reduce operating hours for facilities where the community impact was assessed as low.
- To support revenue generation, the budget parameters for 2024-25 fees and charges were set at 7.5% increase, over the standard 4-5% annual increase.
- An executive level restructure was completed in December 2024, resulting in the rationalisation of the executive structure from six directorates to four directorates and the disestablishment of 20 long-term vacancies.

8.3.2 Proposed productivity improvement and cost containment strategies in coming years

Council has committed to a minimum of \$10 million in operational savings from 2025-2026 to 2028-29.¹⁰⁶

We found that the council's application outlines some strategies and activities for further improving its productivity and efficiency in the coming years. These include:¹⁰⁷

- review of corporate functions, focused on areas with the largest cost base
- rationalisation of under-utilised and excess assets (plant and fleet, land sales)
- review of fees and charges to reflect cost for services where practical to do so
- commercial businesses service reviews (Family Day Care, Bereavement Services, Shoalhaven Entertainment Centre and Holiday Haven Tourist Parks)
- a centralised and simplified structure
- improved strategic and technical asset management structure and capability
- enhanced asset management system integration to enable full asset lifecycle visibility
- improvement in asset data collection to drive strategic decision making
- establishing an Enterprise Portfolio Management Office
- improving financial governance, accountability and financial acumen of staff at all levels of management.

The council states that delivering the estimated \$10 million in operational savings over the next four years to 2028-29 will equate to 2.12% of general fund total operating expenses for the period including depreciation.¹⁰⁸

8.4 Indicators of the council's efficiency

We examined indicators of the efficiency of the council's operations and asset management processes, including how its efficiency has changed over time and how its performance compares with that of similar councils. This data is presented in Table 8.1 and Table 8.2 below.

We found that between 2018-19 and 2022-23, the council's:

- number of full time equivalent (FTE) staff, on average, grew by 3.6% each year
- average annual cost per FTE increased by an average of 1.7% nominal per annum
- employee costs as a percentage of operating expenditure decreased by an average of 2.8% nominal per annum.

We also found that the council has:

- more staff per population than the Group 5 average – it has one FTE for every 100 residents, whereas the Group 5 average (excluding Shoalhaven City Council) is one FTE for every 152 residents
- higher operating expenditure per capita than the Group 5 average.

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

Table 8.1 Trends in selected efficiency indicators for Shoalhaven City Council

Performance indicator	2019-20	2020-21	2021-22	2022-23	2023-24	Average annual change (%)
FTE staff (number)	956	991	1,077	1,134	1,100	3.6
Ratio of population to FTE	109.2	106.6	99.5	95.7	99.9	-2.2
Average cost per FTE (\$)	95,902	93,115	89,359	91,302	105,129	2.3
Employee costs as % of operating expenditure (General Fund only) (%)	36.3	34.2	30.0	36.0	36.1	-0.2

Source: OLG, Time Series Data 2023-24, IPART calculations.

Table 8.2 Select comparator indicators

	Shoalhaven City Council	OLG Group 5 Average	NSW Average
General profile			
Area (km ²)	4,567	1,913	5,536
Population	109,895	123,309	64,814
General Fund operating expenditure (\$m)	258.4	226	113.4

	Shoalhaven City Council	OLG Group 5 Average	NSW Average
General Fund operating revenue per capita (\$)	2,984	2,392	na
Rates revenue as % of General Fund income (%)	36.7	44	41.5
Own-source revenue ratio (%)	64.1	65	64.8
Productivity (labour input) indicators			
FTE staff	1,100.0	811.6	393.5
Ratio of population to FTE	99.9	151.9	164.7
Average cost per FTE (\$)	105,129	103,359	110,092
Employee costs as % of operating expenditure (General Fund only) (%)	36.1	35	36.2
General Fund operating expenditure per capita (\$)	2,352	1,831	1,749

Source: OLG, Time Series Data 2023-24 and IPART calculations.

9 Our assessment of OLG Criterion 6 - Any other matter IPART considers relevant

OLG Criterion 6 provides that 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 in recent years, and if so, whether the council has complied with any conditions attached to that SV.

Since IPART was delegated the function of granting special variations in 2010, IPART has approved 4 SVs for Shoalhaven City Council:

- In 2013-14, IPART approved a permanent SV of 8.0% to fund a shortfall in spending on infrastructure assets.¹⁰⁹
- In 2015-16, IPART approved a temporary SV of 3.89% to improve financial sustainability whilst maintaining assets and service levels to service a loan for the funding of infrastructure for the Jerberra Estate.¹¹⁰
- In 2017-18, IPART approved a temporary SV of 13.2% to fund new infrastructure investment, reduce infrastructure backlogs and enhance financial sustainability.¹¹¹
- In 2018-19, IPART approved a permanent SV of 29.10% to fund infrastructure maintenance and renewal, reduce infrastructure backlog and improve financial sustainability.¹¹²

We found that the council generally complied with the conditions of previous SVs. The council indicated in its current SV application that it has complied with the conditions outlined in its previous SVs. It provided extracts from its annual reports in the relevant periods to help demonstrate its compliance.¹¹³

We note that the council did not report on compliance with the 2015-16 SV, except for in the 2015-16 Annual Report.¹ However, the council rectified this by adding a disclosure in the 2023-24 Annual Report.¹¹⁴

¹ One of the conditions in the 2015-16 SV was that 'the council reports in its annual report for each year from 2015-16 to 2024-25 on its compliance with the special variation.'

10 IPART's decision on the special variation

Based on our assessment of the council's application against the 6 OLG criteria and consideration of stakeholder feedback, we have approved in full the council's proposed permanent SV to general income in 2025-26.

The approved increase to general income is set out in Table 10.1 below.

Table 10.1 IPART's decision on the special variation to general income (%)

	2025-26
Annual percentage increase (%)	12

Source: IPART calculations.

Our *Instrument Under Section 508(2) of the Local Government Act 1993 - Special Variation for Shoalhaven City Council for 2025-26* gives legal effect to this decision and sets out the conditions of approval.

10.1 Reasons for our decision

To make our decision, we assessed the council's SV application and supporting materials 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 Guidelines). We found the council met all of these 6 criteria. We made this decision after balancing the council's financial need for additional income to deliver its core services with the impact of the proposed rates increase on its ratepayers.

With the SV, the council's operating expenses would still exceed its revenue. The operating deficit will continue to grow, but would grow even larger without the SV. This is unsustainable if the council is to deliver the services and infrastructure in its adopted plans. The council has stated all of its additional income from the SV will be used to renew the council's asset base. The council's application shows that the council's average infrastructure renewal ratio over the next 5 years will be approximately 68% with the SV, which is still below the OLG benchmark of 100%.

The council previously started an SV application for a rates increase to take place from 2024-25 but resolved not to proceed with that SV application in response to community feedback. Instead, the council resolved to focus on maintaining strict budgeting measures, improving asset management planning practices and increasing its revenue from other sources before applying for a smaller SV.

The council demonstrated the impact on ratepayers is generally reasonable. The council's current residential average rates are generally lower than those of similar councils. With the approved SV, its average rates are expected to remain generally lower than those of comparable councils. Although the council does not have sub-categories of rates based on localities, the council stated the areas with more disadvantage within the LGA generally pay lower rates due to corresponding lower land values.

The council demonstrated it has delivered productivity improvements and put in place cost containment strategies in the past. The council advised it commenced a financial sustainability project in December 2023, in response to an independent financial sustainability review finalised within the same year.¹¹⁵ This project identified several productivity improvements which are estimated to result in a minimum of \$10 million in operational savings over the next four years to 2028-29. Since December 2023, the council has delivered \$4.09 million of annual general fund recurrent savings with further one-off savings of \$1.7 million in 2023-24 and \$0.69 million in 2024-25.¹¹⁶

Furthermore, the council reduced costs by deferring 13 significant capital projects until the council's financial sustainability improves. It also reduced budgeted loan borrowings due to cancelled projects.¹¹⁷ The council will need to continue to deliver on these productivity improvements and cost containment measures, and potentially consider taking further steps to increase its revenue, as this rates increase alone is insufficient to achieve long-term financial sustainability.

We have attached reporting conditions to our approval of this SV and we expect the council to fully comply. While the OLG is the body responsible for enforcing compliance with these conditions, we will consider the council's compliance in assessing any future SV applications it makes.

We have put conditions on the special variation.

The approved special variation is subject to the following conditions:

- The council use the additional income for the purpose of funding the proposed program (see Table B.2 in appendix B).
- The council report in its annual report for each year from 2025-26 to 2030-31 (inclusive):
 - the program of expenditure that was actually funded by the additional income, and any differences between this program and the proposed program in Table B.2
 - any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the Long-Term Financial Plan, and the reasons for those differences
 - the outcomes achieved as a result of the additional income
 - whether or not the council has implemented the productivity improvements as set out in Appendix B, and
 - i if so, the annual savings achieved through these measures, and what these equate to as a proportion of the council's total annual expenditure, and
 - ii if not, the rationale for not implementing them
 - any other productivity 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.

10.2 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 10.2 below.

This shows that in 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 \$154 or 10.2%
- the average business rate would increase by \$300 or 11.3%
- the average farmland rate would increase by \$349 or 11.9%.

These are the average rate increases across rating categories, which are lower than the 12% increase of the SV due to the impact of an expiring temporary SV that applies to some ratepayers. The increase in rates proposed by the council for most ratepayers is 12%.

Table 10.2 Indicative annual increases in average rates under the approved SV (2024-25 to 2025-26)

	2024-25 (Current)	2025-26	Cumulative increase
Residential average rates (\$)	1,505	1,659	
\$ increase		154	154
% increase		10.2	10.2
Business average rates (\$)	2,661	2,961	
\$ increase		300	300
% increase		11.3	11.3
Farmland average rates (\$)	2,930	3,279	
\$ increase		349	349
% increase		11.9	11.9

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

10.3 Impact on the council

Our decision means that the council may increase its general income by \$11.28 million in 2025-26. These increases can remain in the rates base permanently.

Table 10.3 shows the percentage increases we have approved and estimates of the annual increases in the council's permissible general income.

Table 10.3 Permissible general income of council in 2025-26 from the approved SV

	2025-26
Increase approved (%)	12
Increase in PGI (\$'000)	11,283.5
PGI (\$'000)	105,289.3

Source: IPART calculations.

This extra income will enable the council to:¹¹⁸

- move towards achieving financial sustainability and maintaining a greater level of fit-for-purpose infrastructure
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme natural events and growth shocks
- recover from recent financial impacts, including high inflation, COVID revenue losses, State Award-mandated staff wage increases, and unexpected NSW Government costs
- be in a stronger position to maintain and renew community assets, attract and retain staff and meet community expectations
- restore unrestricted cash reserves to a level that can sustain the council's operations
- increase investment in renewal of infrastructure assets.

With the SV, the council's projected:

- OPR will improve and reach around -7.2% in 2025-26 but will not meet the OLG benchmark of greater than 0% – as shown in Figure 4.1 in Chapter 4.
- net cash to income ratio will improve and reach around 4.5% by 2025-26, averaging 12.3% over the next 5 years as shown in Figure 4.2 in Chapter 4.

We note that this SV will not be sufficient to ensure the council's long term financial sustainability. The council may need to consult with its community on its service levels and consider taking further steps to increase its revenue. We expect the council to continue to pursue productivity improvements to minimise costs to ratepayers and improve its financial sustainability over the long term.

Appendices

A Assessment criteria

A.1 Special Variations assessment materials

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. This includes information for councils on our expectations of how to engage with their community on any proposed rate increases (see our [guidance booklet](#)).

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:^m

- 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.

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.

^m OLG, IP&R Manual for Local Government "Planning a Sustainable Future", March 2013, p 71

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 documentsⁿ 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

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.

ⁿ 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 Shoalhaven Council projected revenue, expenses and operating balance

As a condition of IPART's approval, the council is to report until 2030-31 against its proposed SV expenditure and projected revenue, expenses and operating balance as set out in its LTFP (see Table B.1 and Table B.2) It also needs to report on its progress against productivity improvements and cost containment strategies that it set out in its application and as summarised below.

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.

Productivity improvements and cost containment strategies

Our analysis of the council's productivity and cost containment can be found in [Chapter 8](#) of this report.

As set out in the council's response in section 7.3(a) of its SV application Part B, it included:

- past productivity improvement and cost containment initiatives have resulted in savings of approximately \$4.09 million in annual general fund recurrent savings with a further general fund one-off savings of \$1.7 million in 2023-24 and \$0.69 million in 2024-25 since December 2023¹¹⁹
- future initiatives with an estimated \$10 million in operational savings over the next four years to 2028-29.

Table B.1 Long-Term Financial Plan - Summary of projected operating statement for Shoalhaven City Council under its proposed SV application (\$'000)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Total revenue	357,740	375,377	366,215	372,304	379,573	387,034	398,818	411,007	423,586
Total expenses	344,616	352,061	361,992	373,489	384,592	396,468	408,928	423,176	435,814
Operating result from continuing operations	13,124	23,316	4,223	-1,185	-5,019	-9,434	-10,110	-12,169	-12,228
Net operating result before capital grants and contributions	-21,687	-10,633	-8,242	-10,306	-14,489	-19,070	-19,916	-22,150	-22,390
Cumulative net operating result before capital grants and contributions	-21,687	-32,320	-40,562	-50,868	-65,357	-84,426	-104,343	-126,493	-148,883

Note: Numbers may not add due to rounding.

Source: Shoalhaven City Council, Application Part A, Worksheet 10 and IPART calculations.

Table B.2 Proposed Program - Summary of projected expenditure plan for Shoalhaven City Council under its proposed SV application (\$)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Asset Renewals	7,708,480	7,978,277	8,257,516	8,546,529	8,845,658	9,155,256	9,475,690	9,712,582	9,955,397	10,204,282

Source: Shoalhaven City Council, Application Part A, Worksheet 8 and IPART calculations.

C Results of IPART's public consultation feedback form

As part of our stakeholder engagement, we published a survey-style feedback form that asked respondents 15 questions relating to:

- support or opposition to the council's SV application
- views on the affordability of the proposed SV
- awareness of the proposed SV, and
- views on the council's past and proposed cost management strategies.

We accepted responses for 4 weeks from 25 February 2025 to 24 March 2025.

We received 388 responses on Shoalhaven City Council's SV application.

Some results are presented in Chapter 3 of this report and throughout our assessment in chapters 3 – 6, as relevant. This appendix provides the results for questions about affordability, awareness of the SV, and council's past and proposed cost management strategies. It also provides the breakdown of the categories of ratepayers that responded.

We note that while this was a survey-style feedback form, it was not a statistically representative survey. Respondents were able to self-select to provide feedback and the results may not be representative of the whole community's views.

Table C.1 Reasons that respondents said they might oppose the proposed SV

Reasons for opposing the proposed rate increase	Number of responses	Percentage of responses
Cost of living pressures are too high to afford a rate increase	267	69%
The Council has not been effectively managing its budget	319	82%
The Council is not effectively managing its infrastructure	258	66%
I disagree with the purpose of the proposed rate increase	120	31%
I disagree with the size of the proposed rate increase	241	62%
I disagree with the proposed rates structure	114	29%
I have other concerns that are not listed here	117	30%
I have no concerns with the proposed rate increase	26	7%

Note: We received 388 responses to our feedback form and 46 total submissions of which 32 were not confidential. For this question, respondents could select more than one option. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART

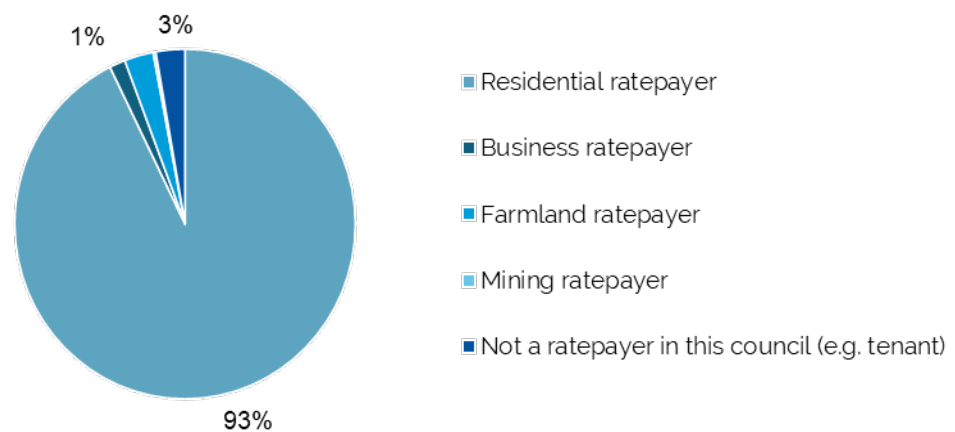
Table C.2. Reasons that respondents said they might support the proposed SV

Reasons for supporting the proposed rate increase	Number of responses	Percentage of responses
Current infrastructure needs to be fixed or upgraded with increased funding	172	44%
Current services are inadequate and need more funding	121	31%
I recognise that the council has financial sustainability issues which the funding will help address	136	35%
I agree with the purpose of the special variation	45	12%
I agree with the proposed rates structure	29	7%
I have other reasons for supporting the proposal not listed here	15	4%
I have no reasons to support the proposed rate increase	149	38%

Note: We received 388 responses. For this question, respondents could select more than one option. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART

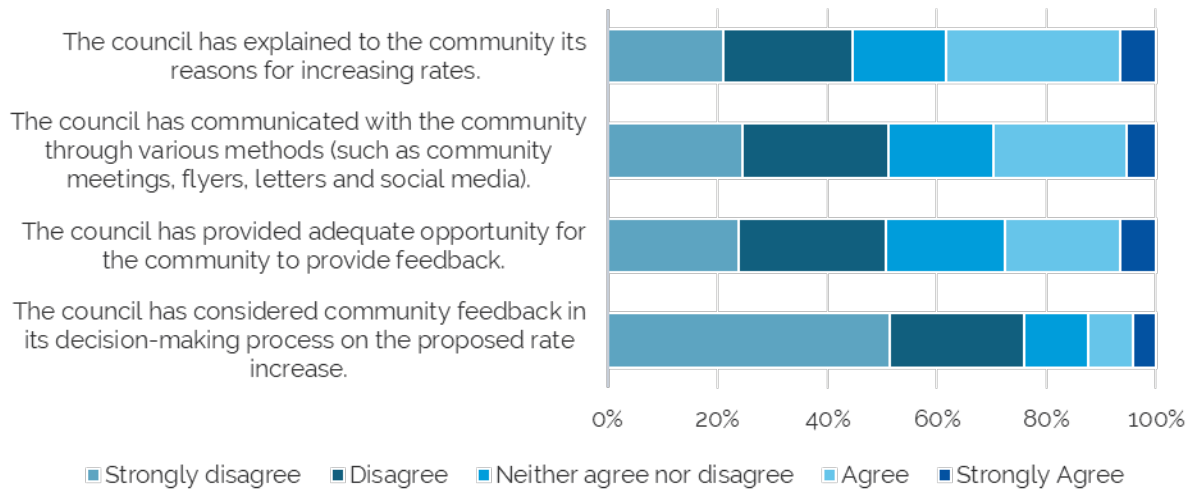
Figure C.1 Respondent ratepayer types



Note: The total number of responses for each question was 388. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not represent the distribution of ratepayer types in the council area.

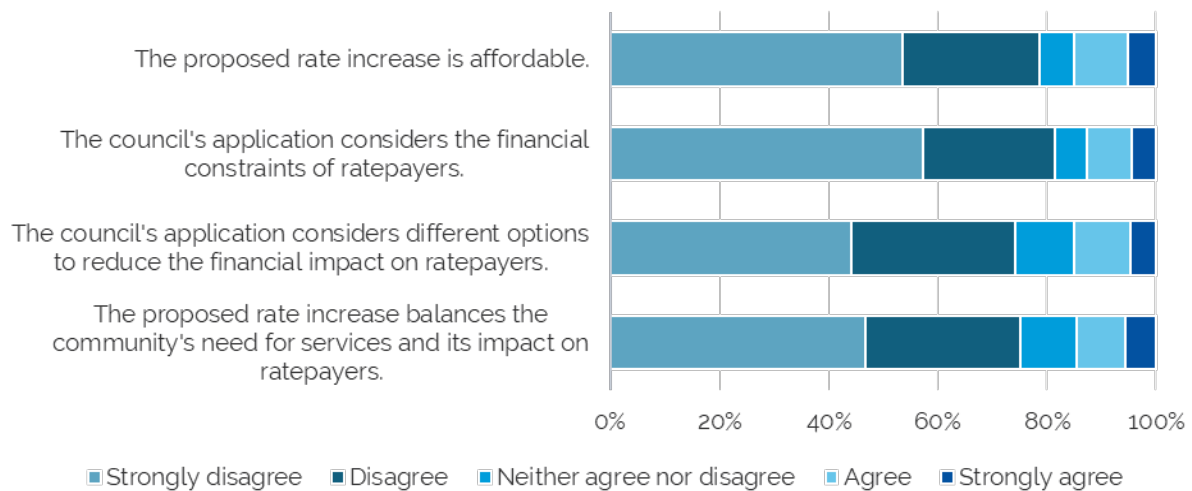
Source: IPART

Figure C.2 Responses to questions about awareness and understanding of the proposal



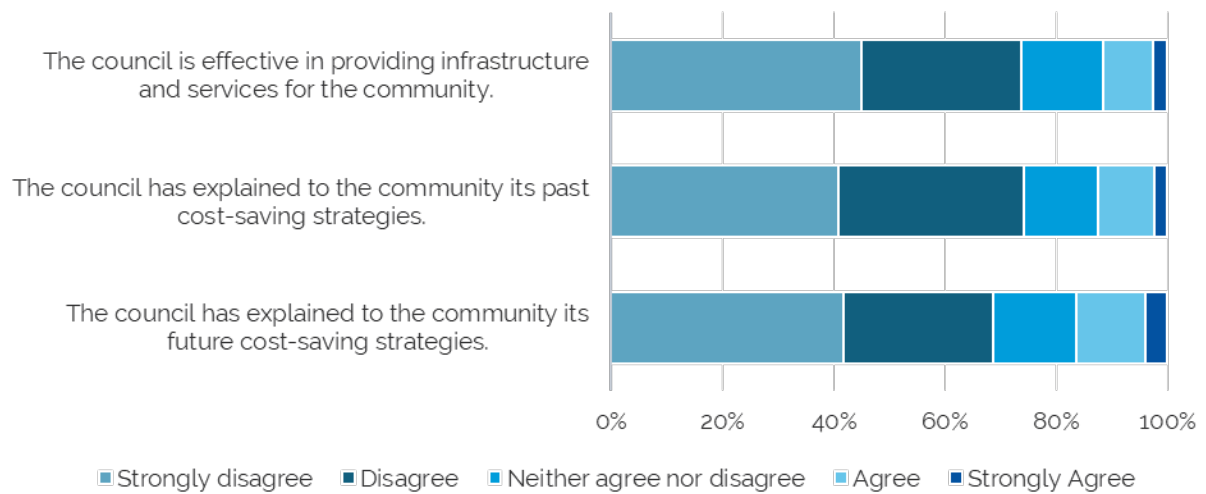
Note: The total number of responses for each question was 388. The numbers in the chart show the number of respondents that selected that response. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.
Source: IPART

Figure C.3 Responses to questions about affordability



Note: The total number of responses for each question was 388. The numbers in the chart show the number of respondents that selected that response. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.
Source: IPART

Figure C.4 Responses to questions about the council's cost-saving strategies



Note: The total number of responses for each question was 388. The numbers in the chart show the number of respondents that selected that response. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.
Source: IPART

D Glossary

Term	Meaning
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 & Reporting
Local Government Act	<i>Local Government Act 1993</i> (NSW)
OLG	The 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 than 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 <i>Local Government Act 1993</i> .
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 (IRSAD), 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 Shoalhaven City Council, [Application Part A, WS2](#).
- ² Shoalhaven City Council, [Application Part A, WS2](#).
- ³ Shoalhaven City Council, [Application Part B, February 2025](#), pp 5-6.
- ⁴ Shoalhaven City Council, [Application Part B, February 2025](#), pp 26-27.
- ⁵ Shoalhaven City Council, [Application Part B, February 2025](#), pp 34-35.
- ⁶ Shoalhaven City Council, [Application Part B, February 2025](#), p 36.
- ⁷ Shoalhaven City Council, [Application Part B, February 2025](#), p 36.
- ⁸ Shoalhaven City Council, [Application Part B, February 2025](#), p 36.
- ⁹ Shoalhaven City Council, [Sustainable Financial Futures Plan](#), December 2024, p 9.
- ¹⁰ Shoalhaven City Council, [2023-24 Annual Report](#), p 43.
- ¹¹ Shoalhaven City Council, [Community Engagement Report](#), February 2025, pp 51-52.
- ¹² [Local Government Act 1993 \(NSW\)](#), Section 511.
- ¹³ Shoalhaven City Council, [Application Part B, February 2025](#), pp 6-7.
- ¹⁴ Shoalhaven City Council, [Application Part B, February 2025](#), p 26.
- ¹⁵ Shoalhaven City Council, [Application Part B, February 2025](#), p 27.
- ¹⁶ Shoalhaven City Council, [Application Part B, February 2025](#), p 27.
- ¹⁷ Shoalhaven City Council, [Application Part B, February 2025](#), p 28-29.
- ¹⁸ Shoalhaven City Council, [Revenue - Debt Recovery and Hardship Policy](#), September 2022.
- ¹⁹ Shoalhaven City Council, [Application Part B, February 2025](#), p 29.
- ²⁰ Shoalhaven City Council, [Application Part A, WS3](#).
- ²¹ Shoalhaven City Council, [Application Part B, February 2025](#), pp 6-7.
- ²² Shoalhaven City Council, [Long-Term Financial Plan 2025- 2034](#), December 2024, p 7.
- ²³ Shoalhaven City Council, [2024-2025 Delivery Program Operational Plan](#) (Delivery Program), June 2024, p 14.
- ²⁴ Shoalhaven City Council, [Application Part B, February 2025](#), December 2024, pp 6-7.
- ²⁵ Shoalhaven City Council, [Resourcing Strategy 2022-26 - version 2024-25](#), December 2024, p 53.
- ²⁶ Shoalhaven City Council, [Long-Term Financial Plan 2025- 2034](#), December 2024, p 21.
- ²⁷ Shoalhaven City Council, [Resourcing Strategy 2022-26 - version 2024-25](#), December 2024, p 53.
- ²⁸ Shoalhaven City Council, [Application Part B, February 2025](#), pp 6-7.
- ²⁹ Office of Local Government, [Performance Benchmarks](#), May 2020.
- ³⁰ Shoalhaven City Council, [Application Part A, February 2025, WS7 – Financials](#).
- ³¹ Shoalhaven City Council, [2023/24 Annual Financial Statements](#), p. 33.
- ³² Shoalhaven City Council, [2023/24 Annual Financial Statements](#), p. 34.
- ³³ Shoalhaven City Council, [Sustainable Financial Futures Plan](#), December 2024, p 16.
- ³⁴ Shoalhaven City Council, [Long-Term Financial Plan 2025- 2034](#), December 2024, p 7.
- ³⁵ Shoalhaven City Council, [Long-Term Financial Plan 2025- 2034](#), December 2024, p 2.
- ³⁶ Shoalhaven City Council, [Long-Term Financial Plan 2025- 2034](#), December 2024, p 3.
- ³⁷ Shoalhaven City Council, [2024-2025 Delivery Program Operational Plan](#) (Delivery Program), June 2024, p 13.
- ³⁸ Shoalhaven City Council, [2024-2025 Delivery Program Operational Plan](#) (Delivery Program), June 2024, p 2.
- ³⁹ Shoalhaven City Council, [Long-Term Financial Plan 2025- 2034](#), December 2024, p 2.
- ⁴⁰ Shoalhaven City Council, [2024-2025 Delivery Program Operational Plan](#) (Delivery Program), June 2024, p 13.
- ⁴¹ Shoalhaven City Council, [Application Part B](#), pp 37-38.
- ⁴² Shoalhaven City Council, [Sustainable Financial Futures Plan](#), December 2024, p 14.
- ⁴³ Shoalhaven City Council, [Application Part B, February 2025](#), p 14.
- ⁴⁴ Shoalhaven City Council, [Community Engagement Report](#), pp 53-65.
- ⁴⁵ Shoalhaven City Council, [2024-2025 Delivery Program Operational Plan](#)(Delivery Program),, June 2024.
- ⁴⁶ Shoalhaven City Council, [Long-Term Financial Plan 2025- 2034](#), December 2024, p 59.
- ⁴⁷ Shoalhaven City Council, [Application Part B](#), p 24.
- ⁴⁸ Shoalhaven City Council, [Community Engagement Report](#), February 2025, pp 7-11.
- ⁴⁹ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 52.
- ⁵⁰ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 4.
- ⁵¹ Shoalhaven City Council, [Community Engagement Report](#) February 2025.
- ⁵² Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 7.
- ⁵³ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 7.
- ⁵⁴ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 7.
- ⁵⁵ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 8.
- ⁵⁶ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 52.
- ⁵⁷ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 8.
- ⁵⁸ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 18.
- ⁵⁹ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 17.
- ⁶⁰ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 7.
- ⁶¹ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 18.
- ⁶² Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 17.
- ⁶³ Shoalhaven City Council, [Community Engagement Report](#), February 2025, p 17.
- ⁶⁴ Shoalhaven City Council, [Application Part B, February 2025](#), February 2025, p 22.
- ⁶⁵ Shoalhaven City Council, [Minutes of Ordinary meeting, January, 2024](#).
- ⁶⁶ Shoalhaven City Council, [Attachments of Ordinary meeting, January, 2024](#).
- ⁶⁷ Shoalhaven City Council, [Minutes of Ordinary meeting, January, 2024](#).
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