

Rate rise options

Striking a balance between the needs of our community and Council's funded future



Base scenario
4.4% year 1
2.5% onwards



Reduced Independent scenario
rate increase
9.5% for 3 years

At the Council Meeting on the 8 November 2022, Council unanimously agreed to submit an application to IPART the Independent Pricing and Regulatory Tribunal for a special rate variation (SRV), known as a rate rise. This decision comes after months of conversations with our community investigating a range of non rate income and rate income options aimed at reducing a predicted \$80 million budget shortfall. We've been working closely with our community, considering their feedback while striking a balance and is a lower rate increase than originally proposed with the prioritisation of roads.

What amount is Council applying for?

We'll now submit an extensive application addressing IPART's criteria with the key purpose being financial sustainability. If approved, the Special Rate Variation will commence in the 2023-2024 financial year and will be a permanent increase that will be retained within the rate base.

The application will put forward an increase of

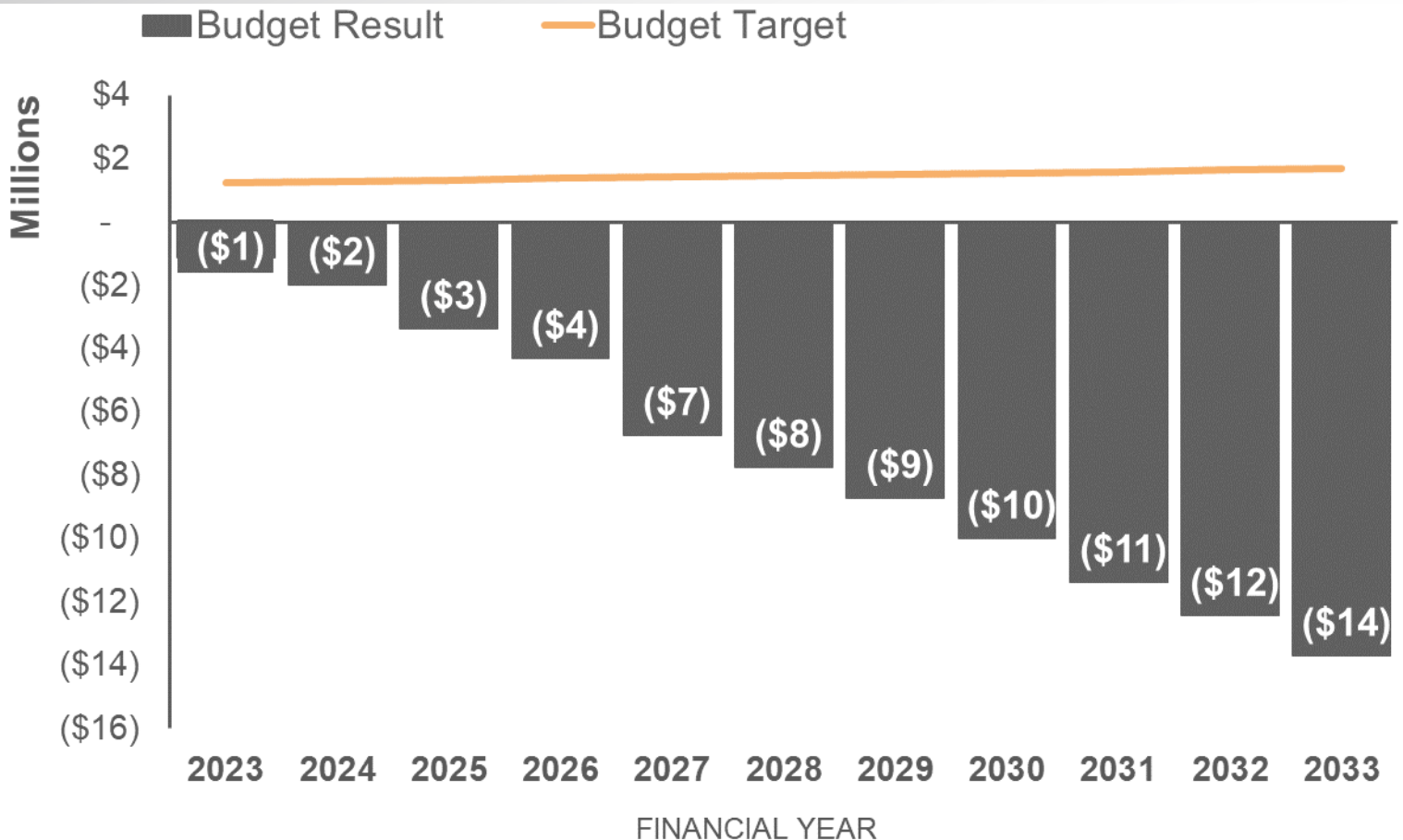
9.5% for three years, with a cumulative impact of 31.29%.

Base Scenario

Rate Capping
4.4% 202-2024
2.5% onwards

4.4% OR \$51
SINGLE YEAR CUMULATIVE COMPARISON

9.69% OR \$112
THREE YEAR CUMULATIVE COMPARISON



Impact Statement

Under the base scenario, we would not generate sufficient funds to continue providing existing service levels or renew its assets when required. We will not be financially sustainable and we will need to further look at reducing or ceasing services. If no corrective action occurred we would see annual operating shortfalls.

If this is the path forward, we and the community would have future lengthy community conversations to understand exactly what services the community is prepared to see reduced or stopped. The community would see an overall reduction in services in particular maintenance levels, for example more potholes as our road network deteriorates further, shorter hours at facilities, longer processing times for customer requests/applications, and fewer community events.

Base - Rate Cap 2.5%

Year 1	Year 2	Year 3	Cumulative Increase
4.4%	2.5%	2.5%	9.69%

Council assumes and applies the rate cap of 4.4% in the 2023-2024 year and then 2.5% increase onwards to rates under the current rate capping regime.

Average Residential Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,148	\$1,199	\$1,229	\$1,260	\$112
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Average Farmland Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,934	\$2,019	\$2,069	\$2,121	\$187
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Average Business Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average business rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$4,889	\$5,104	\$5,232	\$5,363	\$474
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Average Residential Williamstown Primary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential WP rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$690	\$720	\$738	\$756	\$66
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Average Residential Williamstown Secondary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential WS rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$740	\$773	\$792	\$812	\$72
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Base - Rate Cap 2.5%

Year 1	Year 2	Year 3	Cumulative Increase
4.4%	2.5%	2.5%	9.69%

Council assumes and applies the rate cap of 4.4% in the 2023-2024 year and then 2.5% increase onwards to rates under the current rate capping regime.

Average Residential Williamstown Broader Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential WB rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$906	\$946	\$970	\$994	\$88
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Average Farmland Williamstown Primary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland WP rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$897	\$936	\$959	\$983	\$86
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Average Farmland Williamstown Secondary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland WS rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,204	\$1,257	\$1,288	\$1,321	\$117
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Average Farmland Williamstown Broader Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland WB rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,375	\$1,436	\$1,444	\$1,480	\$105
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.69%

Reduced Independent Scenario

31.29%
CUMULATIVE

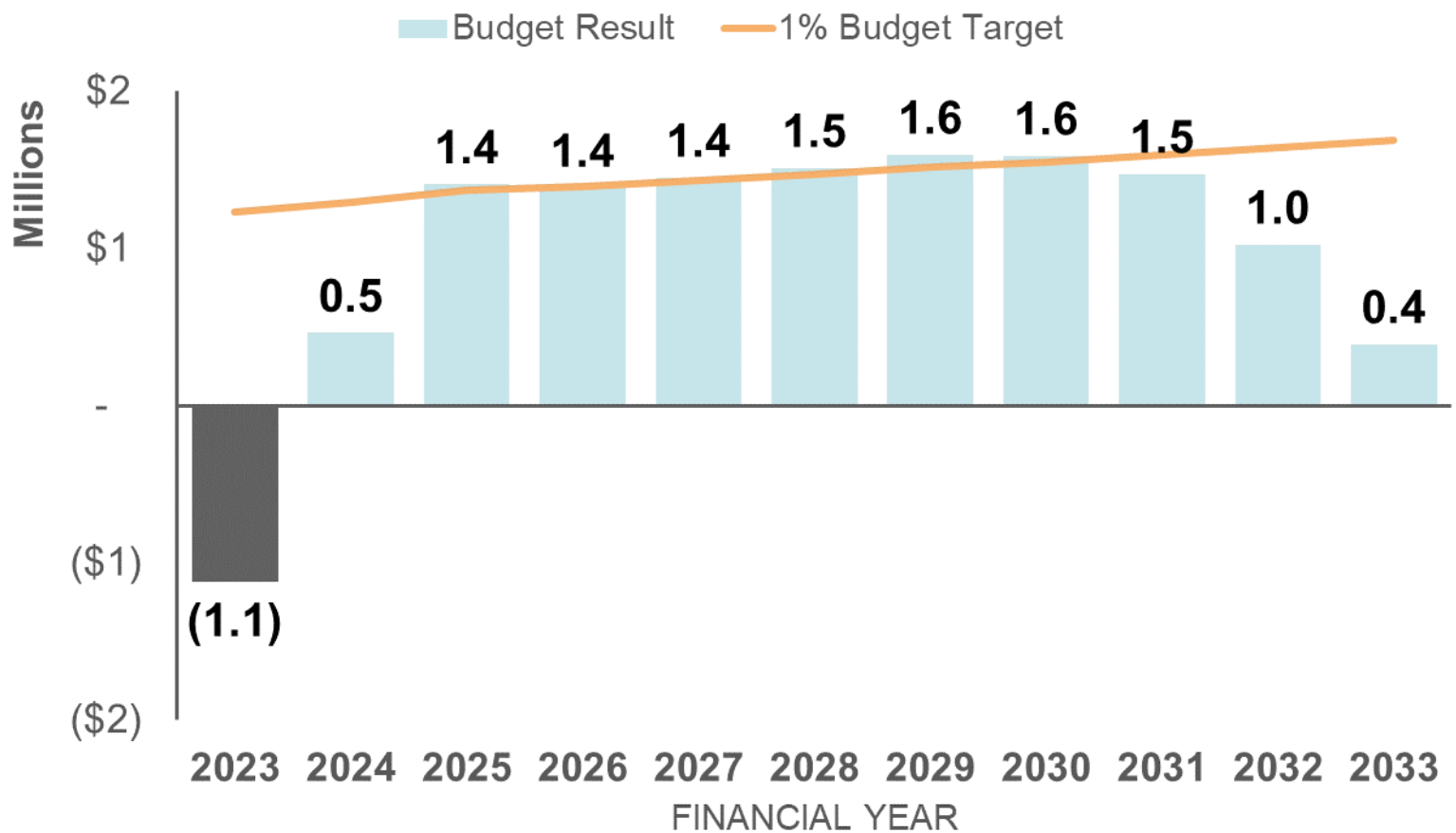
YEAR 1 **9.5%**

YEAR 2 **9.5%**

YEAR 3 **9.5%**

\$359 OR **\$6.9** PER WEEK
AVERAGE RESIDENTIAL

All figures are inclusive of the 4.4% 2023-2024 rate cap and future 2.5% rate caps and are permanent in nature



Impact Statement

Under the reduced independent recommendation scenario, the income generated would primarily be use to cover the increased costs and fund existing services at current levels over the next ten years. We would reach our 1% surplus resilience target for the majority of the next ten years and be financially sustainable.

Income generated above this is proposed to be spread across fixing our roads, looking after our public space and protecting our natural environment, waterways and foreshores, with roads maintenance prioritised.

Reduced Independent scenario



Fixing the budget, delivering planned services

\$99 million over ten years

Current levels of services to stay
Delivering planned services as outlined in the CSP

Below enhancements **gradual** as SRV funds builds up



Fixing our roads

\$7.1 million prioritised first - three year program

Targeting roads with a high number of reoccurring potholes



Protecting our natural environment

\$2.3 million over a four year program

Dedicated recurrent works focused on protecting and enhancing our natural environment



Looking after our waterways and foreshores

\$2 million over four year program

Dedicated recurrent maintenance works focused on proactively looking after our waterways and foreshores across Port Stephens



Looking after our public space

\$1.4 million over three year program

Fixing defects throughout our community buildings, and replacing lighting with more energy-efficient LED globes

Reduced Independent Recommendation

Year 1	Year 2	Year 3	Cumulative Increase
9.5%	9.5%	9.5%	31.29%

The proposed SRV is to be retained permanently in the rate base.

In the year following the end of the SRV and future years, the rate peg percentage increase will apply to rate levels with the SRV, and not to the rate level with the rate peg only. This means rates will stay at the increased level and only increase by the rate peg percentage after the end of the SRV period.

Average Residential Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,148	\$1,199	\$1,229	\$1,260	\$112
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.8%
Average residential rate with an SV of 9.5% p.a. for 3 years	\$1,148	\$1,257	\$1,376	\$1,507	\$359
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$109	\$228	\$359	
Cumulative difference between SV and rate-peg-only scenarios		\$58	\$147	\$247	

Average Farmland Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,934	\$2,019	\$2,069	\$2,121	\$187
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.7%
Average farmland rate with an SV of 9.5% p.a. for 3 years	\$1,934	\$2,118	\$2,319	\$2,539	\$605
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$184	\$385	\$605	
Cumulative difference between SV and rate-peg-only scenarios		\$99	\$250	\$418	

Average Business Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average business rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$4,889	\$5,104	\$5,232	\$5,363	\$474
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.7%
Average business rate with an SV of 9.5% p.a. for 3 years	\$4,889	\$5,353	\$5,862	\$6,419	\$1,530
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$464	\$973	\$1,530	
Cumulative difference between SV and rate-peg-only scenarios		\$249	\$630	\$1,056	

Reduced Independent Recommendation

Year 1	Year 2	Year 3	Cumulative Increase
9.5%	9.5%	9.5%	31.29%

The proposed SRV is to be retained permanently in the rate base.

In the year following the end of the SRV and future years, the rate peg percentage increase will apply to rate levels with the SRV, and not to the rate level with the rate peg only. This means rates will stay at the increased level and only increase by the rate peg percentage after the end of the SRV period.

Average Residential Williamstown Primary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential WP rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$690	\$720	\$738	\$756	\$66
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.6%
Average residential WP rate with an SV of 9.5% p.a. for 3 years	\$690	\$756	\$828	\$907	\$217
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$66	\$138	\$217	
Cumulative difference between SV and rate-peg-only scenarios		\$36	\$90	\$151	

Average Residential Williamstown Secondary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential WS rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$740	\$773	\$792	\$812	\$72
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.7%
Average residential WS rate with an SV of 9.5% p.a. for 3 years	\$740	\$810	\$887	\$971	\$231
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$70	\$147	\$231	
Cumulative difference between SV and rate-peg-only scenarios		\$37	\$95	\$159	

Average Residential Williamstown Broader Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average residential WB rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$906	\$946	\$970	\$994	\$88
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.7%
Average residential WB rate with an SV of 9.5% p.a. for 3 years	\$906	\$992	\$1,086	\$1,189	\$283
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$86	\$180	\$283	
Cumulative difference between SV and rate-peg-only scenarios		\$46	\$116	\$195	

Reduced Independent Recommendation

Year 1	Year 2	Year 3	Cumulative Increase
9.5%	9.5%	9.5%	31.29%

The proposed SRV is to be retained permanently in the rate base.

In the year following the end of the SRV and future years, the rate peg percentage increase will apply to rate levels with the SRV, and not to the rate level with the rate peg only. This means rates will stay at the increased level and only increase by the rate peg percentage after the end of the SRV period.

Average Farmland Williamstown Primary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland WP rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$897	\$936	\$959	\$983	\$86
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.6%
Average farmland WP rate with an SV of 9.5% p.a. for 3 years	\$897	\$982	\$1,075	\$1,177	\$280
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$85	\$178	\$280	
Cumulative difference between SV and rate-peg-only scenarios		\$46	\$116	\$194	

Average Farmland Williamstown Secondary Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland WS rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,204	\$1,257	\$1,288	\$1,320	\$116
Annual increase rate peg (%)		4.4%	2.5%	2.5%	9.6%
Average farmland WS rate with an SV of 9.5% p.a. for 3 years	\$1,204	\$1,318	\$1,443	\$1,580	\$376
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$114	\$239	\$376	
Cumulative difference between SV and rate-peg-only scenarios		\$61	\$155	\$260	

Average Farmland Williamstown Broader Rate	Base Year	Year 1	Year 2	Year 3	Cumulative Increase
Average farmland WB rate under assumed rate peg of 4.4% year 1 and 2.5% onwards	\$1,375	\$1,436	\$1,472	\$1,509	\$134
Annual increase rate peg (%)		4.4%	2.5%	2.5%	7.7%
Average farmland WB rate with an SV of 9.5% p.a. for 3 years	\$1,375	\$1,506	\$1,649	\$1,806	\$431
Annual increase with SV (%)		9.5%	9.5%	9.5%	31.29%
Cumulative impact of SV above base year levels		\$131	\$274	\$431	
Cumulative difference between SV and rate-peg-only scenarios		\$70	\$177	\$297	



Rates assistance

We understand paying your rates can sometimes be difficult. If you are experiencing financial hardship at any time, we may be able to:

- offer smaller regular payments
- extend the time for payment
- write off accrued interest
- defer payment of large rate assessments for aged pensioners against the property estate.
- provide assistance through our rates assistance program

Call us for a confidential discussion about your situation and how we can help.

Key dates

Milestone	Timeframe
Submit intent to apply	Before 25 November 2022
Submit application	Before 3 February 2023
IPART community consultation	February – March 2023
IPART determination	May 2023
Rate Increase (if approved)	1 July 2023



portstephens.nsw.gov.au/rate-rise-options



Visit your local library or Council administration building



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rateriseoptions@portstephens.nsw.gov.au



PORT STEPHENS
COUNCIL

Rate Rise Options Fact Sheet



PORT STEPHENS
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