

Revenue Policy

2026-27

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PORT MACQUARIE
HASTINGS COUNCIL

Contents

Part 1	Context and Legislative Framework	3
	Introduction	3
	Revenue Sources and Categories	3
	Policy Context: Balancing Rates, User Charges and Community Obligations	3
	Characteristics of Local Government Revenue and Pricing	4
	Determining What Services Can Be Charged For	4
	Role of the Revenue Policy within the Integrated Planning and Reporting (IP&R) framework	5
Part 2	Revenue Policy Statement	6
	Purpose and Objectives	6
	Sources of Funds and Discretionary Authority	6
Part 3	Statement of Ordinary and Special Rates	7
	Rates Strategy	7
	Rateable Land Categories and Sub-Categories	7
	Council's Rate Categories	7
	Rate Pegging and General Income	8
	Rating General Income Yield (2026–27)	9
	Valuations and Revaluation	9
	Equity Considerations in the Rating Structure	10
Part 4	Statement of Fees, Pricing and Charging Methodology	11
	Fees and Charges and the Schedule	11
	Pricing Methodology Categories (Codes A–G)	11
	Community Service Obligations	12
	Cost Recovery and Full Cost Attribution	12
	Competitive Neutrality and National Competition Policy	12
	Goods and Services Tax	13
Part 5	Annual and Usage Charges for Major Services	14
	Stormwater Management Services Charge (Section 496A)	14
	Projected Stormwater Income (2026–27)	14
	Stormwater Expenditure and Funding Sources (2026–27)	15
	On-Site Sewerage Management System Annual Charges	15
	Projected On-Site Sewerage Income (2026–27)	15
	Water Supply Charges (Sections 501 & 502)	16
	Projected Water Revenue (2026–27)	16
	Recycled Water Charges	17
	Sewerage/Wastewater Charges (Sections 501 & 502)	18
	Projected Sewer Revenue (2026–27)	18
	Trade Waste Charges – Annual Charge	19
	Waste Management Charges (Sections 496, 501, 502 and 504)	20
	Domestic Waste Management Services (Annual Charges)	20
	Projected Domestic Waste Revenue (2026–27)	20
	Other Waste Management Services (Non-Domestic Annual Charges)	21
	Projected Waste Management Revenue (2026–27)	21
Part 6	Interest, Hardship and Debt Recovery	22

Interest on Overdue Rates and Charges (Section 566)	22
Rates and Charges Hardship Assistance	22
Debt Recovery	22
Part 7 Statement of Borrowings	23
Proposed New Borrowings (Forward Program)	23
Part 8 Statement of Private Works and Charging Policy	24
Charging Policy for Private Works	24
Overhead Charges:	24
Part 9 Statement of Business and Commercial Activities	25
Part 10 Financial Statements and Supporting Disclosures	26
Statement of Estimate of Council's Income and Expenditure (Budget Summary)	26
Environmental & community infrastructure levy expenditure: 2026-27	27

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Part 1 Context and Legislative Framework

Introduction

The Integrated Planning and Reporting (IP&R) framework is the mechanism through which NSW councils plan, resource and report on the delivery of services and infrastructure for their communities. It enables councils to develop plans of an appropriate size, scale and level of detail for local circumstances, while maintaining clear alignment between long-term community priorities, annual resourcing decisions and performance reporting.

The Revenue Policy and Statement is a core public-facing document within this framework. It supports the Operational Plan by explaining how Council proposes to raise the revenue required to deliver planned activities for the financial year. It also provides transparency to the community about Council's approach to rating, annual charges, fees and pricing methodologies, borrowings, grants, and other income sources. Importantly, it articulates the balance Council must achieve between financial sustainability, affordability for the community, and Council's community service obligations.

This document should be read alongside the Community Strategic Plan, Delivery Program, Long Term Financial Plan and the detailed Schedule of Fees and Charges, as together these documents provide the complete picture of what Council intends to do, why it is being done, and how it will be funded.

Revenue Sources and Categories

Council raises income from a range of sources, which together fund the delivery of essential services, community facilities, maintenance of infrastructure networks, and investment in future growth and renewal. For the purpose of this Revenue Policy and Statement, Council's revenue is presented across the key categories of:

Rates, including ordinary rates and approved special rates; annual charges levied for specific service availability and delivery; fees and charges for services provided directly to customers; Commonwealth and State Government grants and subsidies that support operations and capital investment; earnings from investments and entrepreneurial activities; borrowings that finance long-life infrastructure where intergenerational funding is appropriate; and other revenue sources such as contributions, sponsorship, and income from the sale of assets.

The mix of these revenue sources reflects both Council's legislative responsibilities and the particular service profile of the local government area. Council's approach seeks to maintain a stable, predictable and sustainable revenue base, while ensuring that those who use specific services contribute appropriately to their costs where that can be done fairly and lawfully.

Policy Context: Balancing Rates, User Charges and Community Obligations

The Local Government Act 1993 encourages councils to place greater reliance on user charges and less reliance on rates over time. This policy direction recognises that where a service is delivered to identifiable users, and where the cost of providing the service can be measured or reasonably estimated, pricing those services can improve equity, transparency and financial sustainability. At the same time, councils exist to deliver public value. Many services provide broad community benefit rather than benefit confined to a specific user group, and in those cases, it is often appropriate that services be funded wholly or partly through rates.

Council's Revenue Policy aims to balance user-pays principles with Council's broader community service obligations and with the goals and strategies contained in the Community Strategic Plan. The policy recognises that pricing decisions have distributional impacts. Decisions about whether and how to charge for services influence affordability, inclusion, demand for services, and the extent to which costs are borne by users versus the broader rate base.

Council also recognises that it has autonomy to determine fees and charges for the goods and services it provides, except where charges are prescribed by legislation or regulation. Where Council does have discretion, it applies pricing principles intended to support fairness, transparency, cost recovery where appropriate, and the long-term financial interests of the community.

Characteristics of Local Government Revenue and Pricing

Council's revenue and pricing decisions are influenced by the distinctive operating environment of local government. A significant proportion of Council's recurring revenue is sourced from ratepayers, who reasonably expect a certain level and quality of service in return for rates and charges. Council's budgets and pricing decisions are set by elected representatives, which means revenue settings must be transparent, defensible, and aligned with community priorities.

Council also receives grants from other spheres of government that may prescribe or influence policy settings, service delivery models, and in some cases pricing practices. Additionally, Commonwealth and State legislation can be prescriptive in relation to Council powers and responsibilities and can constrain Council's discretion in particular service areas.

Council is expected to allocate revenue efficiently and effectively, and to make decisions that are in the long-term interests of the community. This includes ensuring that revenue strategies support sustainable service delivery, appropriate asset renewal, and prudent management of financial risk.

Council must ensure that fees and charges contribute appropriately to the ongoing maintenance, renewal and eventual replacement of the assets used to deliver services. Many Council services rely on long-life infrastructure such as roads, drainage networks, water and sewer systems, buildings and community facilities. Where pricing and revenue settings do not adequately account for the full lifecycle costs of these assets, including maintenance and renewal, there is a risk that assets will deteriorate prematurely, service levels will decline, or future communities will face higher costs to restore infrastructure. Council therefore considers asset lifecycle funding as a key factor when setting fees and charges, with the objective of maximising asset life, maintaining service reliability, and ensuring that the cost of asset consumption is shared equitably between current and future users in a manner consistent with long-term financial sustainability.

Determining What Services Can Be Charged For

When Council considers the introduction of a fee or charge, or reviews the level of an existing one, Council's approach is guided by a set of core questions. Council first considers which groups benefit from the service, and whether the benefit is predominantly private, predominantly public, or shared between the user and the broader community. Council then considers whether it is lawful and practical to charge the relevant group for the service, taking account of legislative constraints, the ability to identify users, the capacity to enforce payment, and the cost of administration.

Even where Council can charge, Council considers whether it should charge. This includes consideration of whether the service is essential, whether charging would create barriers to access, whether a

concession or subsidy is appropriate, and whether there is an overriding public interest in supporting broad uptake.

Finally, Council considers the structure of charging. This includes how charges should be applied, whether pricing should be annual, per use or per unit of consumption, and whether a two-part tariff is appropriate. Council also considers the consequences of charging arrangements for cross-subsidisation, including whether costs will be shifted from direct users onto other groups, and whether such subsidies are deliberate and justified as part of Council's community service obligations.

These questions are increasingly important because the traditional role of councils has expanded. While councils continue to provide physical and property-based services such as roads, drainage, waste, and water and sewerage, councils also deliver a wide range of social, recreational and community services. Revenue and pricing frameworks must therefore respond to a complex and diverse service offering, while remaining understandable to the community and defensible under scrutiny.

Role of the Revenue Policy within the Integrated Planning and Reporting (IP&R) framework

The Revenue Policy and Statement is prepared as a core component of Council's Integrated Planning and Reporting (IP&R) framework and forms part of the Operational Plan for the relevant financial year. It provides the critical link between Council's long-term strategic objectives set out in the Community Strategic Plan, the medium-term commitments of the Delivery Program, and the annual resourcing decisions contained in the Operational Plan and Budget.

Within this framework, the Revenue Policy Statement sets out Council's revenue strategy and the proposed rates, charges and pricing settings that support the delivery of planned services and capital works. It explains how Council intends to fund its activities in a financially sustainable manner and how the cost of services is shared between service users and the broader community, ensuring transparency, accountability and alignment between strategic planning and annual financial decision-making.

Part 2 Revenue Policy Statement

Purpose and Objectives

In accordance with legislative requirements, Council incorporates a Revenue Policy in its Operational Plan each year. This statement is intended to be transparent and accessible to the community while also providing a robust policy foundation for Council's revenue settings.

The objectives of Port Macquarie-Hastings Council's Revenue Policy Statement is to meet all statutory requirements; to establish the total revenue required to fund Council's activities and deliver the Operational Plan; to identify and describe the revenue sources available to Council and the degree of discretion Council has in setting them; and to ensure that Council's revenue settings are fair and equitable in their application.

Sources of Funds and Discretionary Authority

Council's income includes both recurrent and capital sources. Some revenue streams are primarily determined by Council (within legislative constraints), while others are determined by external agencies or market forces. Understanding where discretion sits supports, transparency and strengthens governance.

The table below summarises key revenue sources, the authority setting the amount, and where Council discloses discretionary policy settings.

Revenue Sources	Amount Set By (Authority)
Recurrent	
Rates	Local Government Act / Council
User Fees & Charges	Various Acts / Council
Interest on Investments	Local Government Act / Market Forces / Council
Grants & Subsidies	Various Government Departments
Contributions / Donations / Sponsorship	Local Government Act / Council
Entrepreneurial Activities	Local Government Act / Council
Leasing	Local Government Act / Council
Sale of Assets	Market Forces
Capital	
Borrowings	Local Government Act / Council
Grants & Subsidies	Various Government Departments
Contributions	Council
Internally Restricted Funds	Council

Part 3 Statement of Ordinary and Special Rates

Rates Strategy

Section 494 of the Local Government Act 1993 requires Council to make and levy ordinary rates for the 2026–27 financial year. Section 495 of the Act allows Council to levy special rates.

Council applies a rating structure that combines a base amount with an ad valorem (rate in the dollar) component. This approach supports equity by ensuring that all properties within a category contribute a base amount towards the cost of services, while the ad valorem component reflects relative land values.

The base amount may vary by rating category or sub-category and the amount generated by the base rate for each rating category may not exceed 50% of the total levy amount generated for each category. All rateable properties within each category or sub-category are charged a base amount regardless of land value. Council has determined that a portion of the base amount will be allocated to Environmental and Community Infrastructure (ECI) expenditure each year.

The remaining revenue requirement for ordinary rates is generated through applying the rate in the dollar to the land value of each assessment. As a result, the amount payable under the ad valorem component increases with land value, ensuring that properties with higher land values contribute proportionately more to the overall rate yield.

The total amount collected from ordinary rates each year is also influenced by the rate peg and any other approved adjustments that affect general income.

Rateable Land Categories and Sub-Categories

In accordance with section 514 of the Local Government Act 1993, all parcels of rateable land within the Council area are classified within one of the following categories: residential, farmland, mining and business.

Council may also apply sub-categories and differential rating under sections 528 and 529 to better reflect variations in land use, service demand, and equity considerations across the local government area.

Council's Rate Categories

Council must categorise all rateable land and make ordinary rates based on these categories. Council may also make special rates that apply to specified land. The total income that can be raised from ordinary and special rates is controlled by the rate peg framework. Within that overall constraint, Council uses allowable rating structures and current land valuations for each category to determine the rates applied to individual assessments.

1 Residential

Section 516 of the Local Government Act 1993 provides that land is categorised as residential if it is valued as one assessment and its dominant use is for residential accommodation (other than prescribed accommodation types), or in the case of vacant land it is zoned or otherwise designated for residential use, or it is rural residential land.

Council has 2 sub-categories of ordinary residential rates:

- *Defined Urban* – residential properties within the localities of Bonny Hills, Camden Head, Dunbogan, Kendall, Kew, Lake Cathie, Lakewood, Laurieton, North Haven, Port Macquarie, Wauchope and West Haven

- *Other Hastings* – all other residential properties not located in the defined urban area.

2 Farmland

Section 515 of the Local Government Act 1993 provides that land is categorised as farmland if it is valued as one assessment and its dominant use is for farming with a significant and substantial commercial purpose or character and is carried on for profit on a continuous or repetitive basis, (whether or not a profit is actually made).

3 Business

Section 518 of the Local Government Act 1993 provides that land is categorised as business if it cannot be categorised as farmland, residential or mining. Section 518 applies to occupied land. Where a property is vacant and cannot be categorised as residential, farmland or mining, the categorisation will generally reflect zoning and applicable provisions.

Council has 3 sub-categories of ordinary business rates:

- *Defined Urban* – business properties within the designated urban centres in Council's rating maps, not otherwise designated to the Port Macquarie CBD
- *Port Macquarie CBD* – all business properties within the Port Macquarie CBD
- *Other Hastings* – all other business properties not located in the defined urban area.

4 Mining

Section 517 of the Local Government Act 1993 provides that land is categorised as mining if its dominant use is for a coal mine or metalliferous mine. Council has determined that there are no properties that currently conform to this definition.

5 Special – Broadwater

This rate is levied on an ad valorem basis only for those properties in the designated Broadwater area. It is for the specific purpose of routine and flood damage maintenance of the canals.

6 Special – Sanctuary Springs

This rate is levied on an ad valorem basis only for those properties in the designated Sanctuary Springs subdivision. It is for the specific purpose of landscaping maintenance.

Council's Rating maps should be used in conjunction with the above categorisation details to assist with identifying the defined areas.

Rate Pegging and General Income

Rate pegging is the NSW framework that limits the amount Council can increase its total general income from ordinary rates and special rates from one year to the next. The rate peg is determined annually by the Independent Pricing and Regulatory Tribunal (IPART) and applies to Council's overall general income, rather than to individual ratepayers.

For the 2026–27 rating year, IPART has determined a final rate peg (including population factor) of 3.4% for Port Macquarie-Hastings Council. This means that Council's total general income from rates for 2026–27 may increase by up to 3.4% compared with the prior year, after considering the legislative calculation requirements and any relevant adjustments prescribed and allowed by the Office of Local Government.

At the time of preparing the draft budget, the general income has been calculated at \$66,950,051 an increase of approximately \$3,800,000. This includes the rate peg of 3.4% and an additional adjustment of \$1,400,000 as allowed under S511 of the Local Government Act.

Council uses the annual rate peg as a key constraint when setting its rating structure, including the balance between base amounts and ad valorem rates and the distribution of rate income across categories and sub-categories. While the rate peg controls the total general income Council can raise, changes in individual assessments may vary depending on land valuations, rating category and sub-category settings, and any differential rating approaches applied by Council.

General income subject to the rate peg includes ordinary rates and special rates (including any postponed rates component where applicable). It does not include income from water supply charges, sewerage charges, waste management charges, stormwater management charges, or other charges that are excluded from general income under the legislative framework.

Rating General Income Yield (2026–27)

The following table sets out the rating structure across categories and sub-categories, including base amounts, ad valorem rates and estimated yields, together with the special rates.

Category / Sub-Category	General Base Amount	ECI Base	Base Amount %	Ad Valorem Rate in \$	Estimated Gross Yield	% of Total	Average Rates
Residential							
Defined Urban Centre	\$678	\$28.00	48.05%	0.19265	\$47,349,335	70.72%	\$1,469
Other Hastings	\$578	\$28.00	39.25	0.16880	\$7,240,346	10.81%	\$1,544
Farmland	\$733.00	\$28.00	31.52%	0.16354	\$2,819,612	4.22%	\$2,414
Business							
Port Macquarie CBD	\$678.00	\$28.00	7.84%	1.27819	\$2,422,652	3.63%	\$9,006
Defined Urban Centre	\$678.00	\$28.00	19.65%	0.39811	\$6,556,991	9.79%	\$3,593
Hastings Other	\$578.00	\$28.00	32.14%	0.30344	\$390,344	0.58%	\$1,886
Special Rate							
The Broadwater	-	-	-	0.04175	\$126,289	0.19%	\$373
Sanctuary Springs	-	-	-	0.10612	\$44,482	0.07%	\$404
Total Yield					\$66,950,051	100%	

Valuations and Revaluation

Rates are calculated using the land value supplied by the Valuer General under the Valuation of Land Act 1916 (NSW). Council must assess rates on the most recent values provided and cannot levy rates on land unless a valuation has been supplied. Council does not participate in the valuation process; the Valuer General independently assesses values.

Changes in land valuations do not change the total rate income Council can raise under the rate peg; rather, they redistribute how the total requirement is shared across individual assessments.

The rating calculations are based on land valuations as of 1 July 2024.

Equity Considerations in the Rating Structure

Rates are the primary mechanism through which Council raises general revenue to fund services and works in the General Fund. The Local Government Act provides the method by which Council sets and levies rates, including permitted categories, use of base amounts, and the role of valuations.

Council's rating structure seeks to balance equity, simplicity and sustainability. The base amount ensures that all properties contribute to the cost of services, while the ad valorem component provides a progressive element based on land value. Council also uses differential rating and sub-categories where appropriate to better align contributions with service demand and local circumstances.

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Part 4 Statement of Fees, Pricing and Charging Methodology

Fees and Charges and the Schedule

Council's full listing of fees for 2026–27 are detailed in the Schedule of Fees and Charges, with this Statement explaining the pricing principles and policy settings that underpin those fees. In determining appropriate fees for Council services and facilities, Council's guiding principle is that charges should be fair and equitable for the community, while also supporting the long-term sustainability of the services and assets used to deliver them.

Council recognises that essential services must remain accessible, and that no individual should be unreasonably excluded from accessing essential services due to financial constraints. Where subsidies are applied to support participation or equity outcomes, Council seeks to apply those subsidies transparently, and in a manner consistent with Council's community service obligations. In practice, this means Council distinguishes between services that provide a predominantly private benefit and can appropriately be priced on a user-pays basis, and services that deliver broader community benefit where Council may intentionally subsidise access through general revenue sources.

In setting fees, Council also considers the need to adequately fund the ongoing maintenance, renewal and eventual replacement of the assets that support service delivery. Many Council services rely on long-life infrastructure such as buildings, plant, equipment and networks. Pricing that does not reflect the full lifecycle costs of these assets can lead to premature asset deterioration, reduced service reliability, and increased costs for future users. Council's pricing framework therefore seeks, where appropriate, to incorporate asset lifecycle considerations so that the cost of asset consumption is shared equitably between current and future users, supports the objectives of Council's Asset Management Plans and Long-Term Financial Plan, and maximises the useful life of community assets.

The pricing framework also improves transparency by clearly describing the rationale for differences in pricing between services, including variations driven by legislative settings, cost structures, market conditions, asset lifecycle requirements and community service obligations. This approach supports informed community understanding of fees and charges and reinforces Council's commitment to sustainable financial and asset management practices.

Pricing Methodology Categories (Codes A–G)

Given the diverse range of services Council provides, no single pricing approach is appropriate across all service areas. Council therefore applies pricing categories that reflect the underlying intent of pricing, the extent of cost recovery, and the presence of external constraints.

A Economic Cost

Under the Economic Cost approach, Council seeks to recover the total efficient cost of providing services that are primarily private benefit in nature. This includes direct and indirect costs and, where applicable, relevant capital-related costs.

B Community Service

Under the Community Service approach, Council recognises that some services deliver substantial public benefit beyond the direct user. In these cases, Council may set fees below full cost to support access and participation, with the foregone revenue effectively treated as a deliberate subsidy funded by rates or other revenue.

C Regulated Charges

Regulated charges are those set by the Commonwealth or State Government, meaning Council's discretion is limited to administration and compliance rather than pricing.

D User Pays Principal

Under the User Pays principle, fees are set so that costs are recovered from the user where costs can be directly attributed and where it is equitable and practical to do so.

E Market Forces

For services exposed to competition, Council may apply market-based pricing so that charges reflect prevailing market conditions, ensuring Council's services remain competitive and do not distort the market.

F Cost Plus

The Cost Plus approach applies where Council provides a service on a commercial basis and includes an element for risk and return, reflecting the commercial character of the service.

G Section 7.11 (Developer Contributions)

Section 7.11 (developer contributions) pricing is set in accordance with Council's adopted contributions framework, including indexation as prescribed

Community Service Obligations

Community service obligations arise where Council provides services that deliver broad community benefit beyond direct users. These services are central to Council's role in promoting inclusion, wellbeing, culture, recreation and community resilience. Council's pricing for such services reflects the value of broad participation and may involve planned subsidies funded by the General Fund. Council reviews the extent and appropriateness of community service obligations annually as part of the fees and charges setting process.

Cost Recovery and Full Cost Attribution

Where appropriate, Council applies full cost recovery principles to determine the total cost of providing services. Full cost includes direct costs such as labour and materials, indirect costs such as corporate overheads and support functions, and accrual costs such as depreciation where relevant. Council uses full cost attribution to inform decisions about service priorities, pricing pathways, resource allocation, and the extent of community subsidy embedded in particular service areas.

Competitive Neutrality and National Competition Policy

Where Council competes in the marketplace with private businesses, Council applies the principle of competitive neutrality so that Council does not gain an unfair advantage from public ownership. Water and sewer funds are treated as Category 1 business activities for National Competition Policy purposes, and Council applies full cost attribution and appropriate governance arrangements to support a level playing field.

Goods and Services Tax

GST is applied to non-exempt fees and charges in accordance with Commonwealth legislation. Council includes GST indicators in the Schedule of Fees and Charges. Council notes that GST treatment can change through legislative amendment or interpretive rulings, and the Schedule will be maintained accordingly.

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Part 5 Annual and Usage Charges for Major Services

Stormwater Management Services Charge (Section 496A)

Council applies a stormwater management services charge to eligible urban properties (excluding vacant land) within the residential and business rating categories where Council provides a stormwater service. The stormwater charge has remained unchanged since its introduction in 2006–07. Stormwater levy revenue is allocated to maintenance, remediation and operation of the existing urban stormwater system. Council also funds additional stormwater-related works through General Fund resources, loans and reserves where stormwater levy revenue is insufficient to cover the full program of work required.

Projected Stormwater Income (2026–27)

Description	Charge	Number of Assessments	Total Annual Income
Business – 0 to 350m ²	\$25.00	60	\$1,500.00
Business – 351m ² to 700m ²	\$50.00	188	9,400.00
Business – 701m ² to 1,000m ²	\$75.00	115	8,625.00
Business – 1,001m ² to 1,400m ²	\$100.00	147	14,700.00
Business – 1,401m ² to 1,750m ²	\$125.00	70	8,750.00
Business – 1,751m ² to 2,100m ²	\$150.00	57	8,550.00
Business – 2,101m ² to 2,450m ²	\$175.00	53	9,275.00
Business – 2,451m ² to 2,800m ²	\$200.00	42	8,400.00
Business – 2,801m ² to 3,200m ²	\$225.00	27	6,075.00
Business – 3,201m ² to 3,500m ²	\$250.00	18	4,500.00
Business – 3,501m ² to 3,850m ²	\$275.00	19	5,225.00
Business – 3,851m ² to 4,200m ²	\$300.00	30	9,000.00
Business – 4,201m ² to 4,600m ²	\$325.00	17	5,525.00
Business – 4,601m ² to 4,900m ²	\$350.00	8	2,800.00
Business – 4,901m ² to 5,200m ²	\$375.00	12	4,500.00
Business – 5,201m ² to 5,600m ²	\$400.00	8	3,200.00
Business – 5,601m ² to 5,950m ²	\$425.00	9	3,825.00
Business – 5,951m ² to 6,300m ²	\$450.00	11	4,950.00
Business – 6,301m ² to 6,600m ²	\$475.00	7	3,325.00
Business – Greater than 6,600m ²	\$500.00	141	70,500.00
Business Strata	\$12.50	663	8,287.50
Residential	\$25.00	24,243	606,075.00
Residential Strata	\$12.50	7,224	90,300.00
Gross Income		33,169	\$897,287.50

Stormwater Expenditure and Funding Sources (2026–27)

Purpose	Funding Source	Amount
Operational Maintenance and Remedial Works	General Fund Revenue	\$1,230,670
Road Drainage	Stormwater Levy/General Fund Revenue	\$1,348,637
Loan Repayments – HCA Urban Stormwater – Belah Rd Drainage	Stormwater Levy	\$121,932
Loan Repayments – Major Stormwater remediation works	General Fund Revenue	\$34,490
Stormwater Renewal Program	General Fund Revenue/	\$212,300
Floodplain Risk Management Study and Plan	Environment Community and Infrastructure	\$100,000
Total		\$3,048,029

On-Site Sewerage Management System Annual Charges

Properties with an on-site sewerage management system are charged an annual fee based on the system's risk level. This risk-based approach recognises that higher-risk systems require greater oversight to manage potential impacts on public health and the environment. Council reviews these charges annually, with a forecast increase in 2026-27 of 5%.

Projected On-Site Sewerage Income (2026–27)

Description	Annual Charge	Assessments Charged	Total Annual Income
Low Risk System	\$48.30	1,871	\$90,369.30
Medium Risk System	\$95.55	2,373	\$226,740.15
High Risk System	\$136.50	493	\$67,294.50
Small Commercial	\$273.00	89	\$24,297.00
Large Commercial	\$340.20	13	\$4,422.60
Gross Income		4,839	413,123.55

Water Supply Charges (Sections 501 & 502)

Council is the local water utility for the local government area and follows the NSW regulatory and assurance framework for local water utilities.

Properties connected to, or capable of connecting to, Council's water main, are subject to an annual charge.

Water pricing is designed to recover efficient costs of providing water supply services to customers through prices, and to apply a cost-reflective two-part tariff structure that includes annual availability charges and usage charges. Council also considers revenue volatility and aims for a relatively stable price path over time while funding service delivery, network renewal and growth.

Water consumption charges are prorated across financial years based on the applicable charging period. Accounts are issued in accordance with Council's billing cycle and, where amounts remain unpaid after the due date, daily interest is applied from the due date until payment is received, consistent with Council's adopted debt recovery and revenue management practices.

For 2026–27, Council is proposing that annual availability charges and usage charges increase by 7%. This increase is intended to support the ongoing delivery of safe and reliable water services, and to fund priority renewals and growth-related infrastructure required to meet current and future demand. This includes supporting key network expansion and supply security initiatives such as the Cowarra Water Supply Scheme.

Council's water pricing is set to support:

- long-term asset sustainability, including renewals and lifecycle management of water infrastructure
- regulatory compliance, including water quality, environmental and reporting obligations
- service continuity, ensuring reliable supply, operational resilience and appropriate capacity for growth

Charges are set consistent with best-practice NSW local water utility principles, with the objective of maintaining a sustainable, transparent and equitable funding model for water service delivery over the long term.

Projected Water Revenue (2026–27)

Description	Annual Charge	Services Charged	Total Annual Income
Availability charge	\$212.68	806	\$ 171,420.08
20mm Water Meter (incl. Vacant Land)	\$212.68	36,050	\$ 7,667,114.00
25mm Water Meter	\$332.60	803	\$ 267,077.80
32mm Water Meter	\$544.40	225	\$122,490.00
40mm Water Meter	\$848.28	150	\$127,242.00
50mm Water Meter	\$1,325.48	75	\$ 99,411.00
80mm Water Meter	\$3,390.60	12	\$ 40,687.20
100mm Water Meter	\$5,297.40	20	\$105,948.00
150mm Water Meter	\$11,918.48	1	\$ 11,918.48

200mm Water Meter	\$21,186.84	0	\$0
Equivalent Tenants	\$212.68	2,616	\$556,370.88
Fire Service – 32mm Water Meter	\$272.64	1	\$272.64
Fire Service – 40mm Water Meter	\$424.60	2	\$849.20
Fire Service – 50mm Water Meter	\$663.20	9	\$5,968.80
Fire Service – 80mm Water Meter	\$1,695.72	0	\$0
Fire Service – 100mm Water Meter	\$2,649.08	150	\$397,362.00
Fire Service – 150mm Water Meter	\$5,959.68	13	\$77,475.84
Fire Service – 200mm Water Meter	\$10,593.84	2	\$21,187.68
Gross Income from Annual Charges		40,935	\$9,672,795.60

Water consumption charges are structured in tiers. The projected rates and income outcome are as follows:

Consumption Charge Tier	Rate per kL	Total Usage Income
Tier 1	\$4.44	\$21,141,943.00
Tier 2	\$8.84	\$6,676,403.00
Gross Income from Consumption Charges		\$27,818,346.00

The overall projected totals are:

Net Income (Annual Charges + Consumption)	\$37,491,141.60
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Recycled Water Charges

Council applies recycled water charges with differential arrangements for residential and non-residential customers. For non-residential properties, recycled water is charged at 50% of annual water and usage charges. For residential properties, the charge is set at 80% of the water usage charge only.

Revenue generated from recycled water charges and usage is split 60% to sewer and 40% to water, reflecting the relationship between recycled water and both service funds.

Sewerage/Wastewater Charges (Sections 501 & 502)

Properties connected to, or capable of connecting to, the sewerage system are subject to an annual charge.

In addition, where properties have materially higher water consumption and therefore higher expected sewer load, an additional charge is applied based on water usage. This approach generally applies to premises such as large shopping centres, caravan parks, apartments, retirement homes, motels, clubs, hotels, schools, and similar uses. Sewer usage charges are applied in accordance with Council's water billing cycle, with consumption and service charges apportioned where relevant across financial years.

For 2026–27, Council is proposing that annual sewer availability charges and usage charges increase by 9%. This increase is required to support the ongoing delivery of reliable wastewater services and to fund critical renewals and capacity upgrades across the sewer network. The proposed increase also supports major network expansion and treatment capacity works, including projects such as the Thrumster Wastewater Treatment Plant, which are necessary to meet regulatory requirements and accommodate growth.

Council's sewer pricing is set to support:

- long-term asset sustainability, including renewal and lifecycle management of wastewater infrastructure
- regulatory compliance, including environmental protection, licensing and reporting obligations
- service continuity, ensuring system reliability, public health protection and sufficient capacity to meet current and future demand

Sewer charges are set consistent with best-practice NSW local water utility principles, with the objective of maintaining a sustainable, transparent and equitable funding model for wastewater service delivery over the long term.

Projected Sewer Revenue (2026–27)

Description	Annual Charge	Assessments Charged	Total Annual Income
Available	\$1,223.95	34,579	\$42,322,967.05
Available Pump Out	\$1,191.25	440	\$524,150.00
Non-rateable (other than Churches & Halls s555)	\$ 975.45	86	\$83,888.70
Non-rateable (Churches & Halls s555)	\$ 785.80	21	\$16,501.80
Non-rateable (Other s556)	\$1,223.95	167	\$204,399.65
Gross Income from Annual Charges		35,293	\$43,151,907.20

Consumption Charge	Usage Charge	Expected Water Usage (Kl)	Total Usage Income
Additional Charge (based on water usage)	\$1.80	985,000	\$1,773,000
Gross Income			\$1,773,000

Trade Waste Charges – Annual Charge

Liquid trade waste means all liquid waste other than sewage of a domestic nature.

Sewerage systems are generally designed to cater for liquid waste from domestic sources that are essentially of predictable strength and quality. Council may accept liquid trade waste into its sewerage system as a service to businesses and industry. Liquid trade wastes may exert much greater demands on sewerage systems than domestic sewage and, if uncontrolled, can pose serious problems to public health, worker safety, Council's sewerage system and the environment. For further information refer to Council's policy on Liquid Trade Waste Regulation.

Council provides liquid trade waste services on a commercial basis, with full the intent being to reach full cost recovery from trade waste customers, to ensure that the cost of trade waste acceptance is not being borne by the community.

Description	Annual Charge	Services Charged	Total Annual Income
Deemed to be Approved Activities	\$58.00	15	\$870.00
Category 1	\$117.00	60	\$7,020.00
Category 2	\$234.00	400	\$93,600
Category 3	\$739.00	2	\$1,478.00
		477	\$102,968.00

Waste Management Charges (Sections 496, 501, 502 and 504)

Waste management charges are set in accordance with the Reasonable Cost Guidelines issued by the NSW Office of Local Government. Charges apply to both domestic and non-domestic properties where waste services are available and are structured to reflect differing service levels, service frequencies and availability arrangements, ensuring that charges are equitable and defensible.

Domestic Waste Management (DWM) income is restricted and may only be used to fund the costs associated with providing waste management services. This ensures compliance with legislative requirements and provides transparency to the community that waste charges are not used to subsidise other Council activities.

In determining waste management charges, Council considers the reasonable cost of service delivery, which may include:

- collection services, including labour, plant and fleet costs
- processing, treatment and disposal costs
- contractual costs associated with waste service providers
- regulatory compliance, environmental management and reporting requirements
- an appropriate allocation of indirect costs and overheads attributable to the provision of waste services

For 2026–27, Council is proposing that annual waste charges and usage charges increase by 7%.

Domestic Waste Management Services (Annual Charges)

All properties with access to a domestic waste management service incur an annual charge in accordance with Section 496 of the Local Government Act 1993. Charges for multiple services are calculated by multiplying the relevant service charge by the number of services provided. The table below is presented as provided.

Projected Domestic Waste Revenue (2026–27)

Description	Cost per Service	Services Provided	Estimated Income
Standard Service (240 Litre Fortnightly General Waste)	\$634.00	20,471	\$12,978,614.00
Minimiser Service (140 Litre Fortnightly General Waste)	\$555.00	9,819	\$ 5,449,545.00
Excess Service (240 Litre Weekly General Waste)	\$920.00	2,831	\$ 2,604,520.00
On Application Only Special Weekly Service (140 Litre Weekly General Waste)	\$769.00	9	\$ 6,921.00
Special Half Weekly Service (140 Litre Weekly General Waste) - (Shared) Multi-unit dwellings only	\$419.00	12	\$ 5,028.00
Half Minimiser Service (140 Litre Fortnightly General Waste) - (Shared) Multi-unit dwellings only	\$309.00	32	\$ 9,888.00
Half Excess Service (240 Litre Weekly General Waste) - (Shared) Multi-unit dwellings only	\$493.00	189	\$ 93,177.00

Half Standard Service (240 Litre Fortnightly General Waste) - (Shared) Multi-unit dwellings only	\$348.00	661	\$ 230,028.00
Availability Charge on Land Not Receiving Full Charge - Multiunit dwellings only	\$182.00	2,397	\$ 436,254.00
Availability Charge on Vacant Land	\$100.00	1,267	\$ 126,700.00
Additional Recycling Service (240 Litre Fortnightly)	\$97.00	332	\$ 32,204.00
Additional Organics Service (240 Litre Weekly)	\$126.00	582	\$ 73,332.00
Additional Weekly Garbage Service (240 Litre General Waste)	\$476.00	108	\$ 51,408.00
Additional Weekly Garbage Service (140 Litre General Waste) - Multi-unit dwellings only	\$362.00	12	\$ 4,344.00
Minimum Waste Charge - Single dwelling	\$555.00	59	\$ 32,745.00
Net Income for Domestic Waste Services		38,781	\$22,134,708.00

Other Waste Management Services (Non-Domestic Annual Charges)

Properties with access to non-domestic waste services incur annual charges. Charges for multiple services are determined by multiplying the relevant service charge by the number of services.

Projected Waste Management Revenue (2026–27)

Description	Cost per Service	Services Provided	Estimated Income
Commercial Weekly Service (140 Litre Weekly General Waste)	\$769.00	441	\$339,129.00
Commercial Excess Service (240 Litre Weekly General Waste)	\$920.00	421	\$387,320.00
Commercial Half Weekly Service (140 Litre Weekly General Waste) - (Shared)	\$419.00	2	\$838.00
Commercial Half Excess Service (240 Litre Weekly General Waste) - (Shared)	\$493.00	10	4930.00
Commercial Availability Charge on Land Not Receiving Full Charge	\$100.00	1,109	\$110,900.00
Commercial Availability Charge on Vacant Land	\$100.00	311	\$31,100.00
Commercial Additional Recycling Service (240 Litre Fortnightly)	\$97.00	152	\$14,744.00
Commercial Additional Organics Service (240 Litre Weekly)	\$126.00	40	\$5,040.00
Commercial Additional Weekly Garbage Service (240 Litre Weekly General Waste)	\$476.00	272	\$129,472.00
Commercial Additional Weekly Garbage Service (140 Litre Weekly General Waste)	\$362.00	26	\$9,412.00
Waste Management Access Charge – Rural Properties	\$40.00	1,865	\$74,600.00
Net Income for Other Waste Management Services		4,649	\$1,107,485

Part 6 Interest, Hardship and Debt Recovery

Interest on Overdue Rates and Charges (Section 566)

Interest is charged on outstanding rates and charges, including water billing and applicable sundry debtors. The interest rate is set at the maximum rate advised by the NSW Office of Local Government, which for 2026–27 is (yet to be determined) xx.xx% (10.50% for 2025-26). Interest is calculated daily from the due date on any overdue amount and continues to accrue until the account is paid.

Council applies interest to support timely payment, encourage responsible account management, and promote equitable revenue collection across the community.

Rates and Charges Hardship Assistance

Council also recognises that some customers may experience genuine financial difficulty. Where this occurs, customers are encouraged to contact Council early to discuss support options available under Council's Rates and Charges Hardship Assistance Policy, including negotiated payment arrangements and, where appropriate and in accordance with the policy, consideration of other relief measures.

Council encourages early engagement from customers so that support can be assessed and provided as appropriate. To promote fairness, accessibility and transparency, Council also aims to clearly outline the practical types of assistance that may be available (for example payment plans, and in defined circumstances deferral or waiver of interest), together with a clear referral pathway.

This policy was reviewed in 2025 to broaden the scope and provide stronger support to the community, and Council adopted the revised Rates and Charges Hardship Assistance Policy on 18 September 2025.

Further information is available on Council's website:

<https://www.pmhc.nsw.gov.au/Your-Council/Policies-plans-and-strategies/Policies/Hardship-Policy>

Debt Recovery

Council has implemented an early intervention debt recovery strategy that reflects its commitment to fair, transparent and effective debt recovery practices.

The current policy was reviewed in 2025 to strengthen Council's financial sustainability while balancing social responsibility.

Further information is available on Council's website:

<https://www.pmhc.nsw.gov.au/Your-Council/Policies-plans-and-strategies/Policies/Debt-Recovery-Policy>

Part 7 Statement of Borrowings

Council borrows to fund infrastructure and community assets that cannot be funded solely through regular revenue sources, particularly where the assets will deliver benefit over a long period, and it is equitable to share the cost across current and future users. Loan terms are aligned to the economic life of the asset or a reasonable fixed term, whichever is shorter.

Loans are subject to ongoing review, prioritisation and delivery considerations.

Loans are obtained from recognised financial institutions and are secured by a mortgage deed over Council's revenue. Council discloses proposed borrowings over the forward years to support transparency around funding strategy and the capital program.

Proposed New Borrowings (Forward Program)

Purposed New Borrowings	2026-27	2027-28	2028-29	2029-30
General Fund				
Beechwood Road Upgrade Stage 6	\$10,600,000	\$1,000,000	-	-
Port Macquarie & Wauchope Works Depot		\$1,126,780	\$5,553,560	\$4,777,830
Water Fund				
Cowarra Water Scheme	\$23,000,000	\$28,800,000	\$8,200,000	-
Sewer Fund				
Thrumster Wastewater Treatment Plant Scheme	\$28,000,000	\$47,000,000	\$24,000,000	\$21,000,000
Waste Fund				
	-	-	-	-
Total	\$61,600,000	\$77,926,780	\$37,753,560	\$25,777,830

For information on Council's debt cover ratio refer to the Annual Financial Statements available on Council's website

Part 8 Statement of Private Works and Charging Policy

Council is authorised under the Local Government Act 1993 to undertake private works for residents and organisations on private land where it is appropriate for Council to provide the service and where the work can be delivered in a safe, lawful and efficient manner. Private works may include paving and road making, kerbing and guttering, demolition and excavation, water, sewerage and drainage connections, land clearing and tree felling, tree planting and maintenance, fencing and ditching, and canal maintenance. The application of Goods and Services Tax (GST) varies depending on the nature of the work undertaken, and Council applies GST in accordance with Commonwealth legislation and relevant taxation guidance.

Charging Policy for Private Works

Council's charging approach for private works is designed to ensure that the full cost of delivering the work is recovered from the customer requesting the service. This is important to maintain fairness and to avoid private works being unintentionally subsidised by the broader community through the general rate base. Charges are therefore set on an "actual cost" basis and include a contribution for Council overheads that reflects the true cost of undertaking the works.

Overhead Charges:

Overhead recovery includes employment on-costs and related obligations that Council incurs in providing the work, such as workers' compensation, leave entitlements and superannuation, as well as administrative and support costs required to plan, schedule, supervise, procure, and manage the delivery of the works. This ensures that the price charged reflects the real cost of service provision rather than only the direct, visible costs such as labour hours and materials.

Council applies differentiated overhead rates based on the type of work and the scale of the job, recognising that different work types carry different levels of risk, urgency and administrative effort.

- Private works: Actual costs + 25%

Part 9 Statement of Business and Commercial Activities

Council has been involved in commercial activities for several years, currently managing the following:

- Port Macquarie Airport
- The Glasshouse Arts, Conference, and Entertainment Centre

While the primary goal of most business operations is to generate a profit from the invested funds, these activities also have a social and community component. Each commercial unit plays a role in enhancing community well-being and contributing to the economic infrastructure of the Port Macquarie-Hastings region.

Council regularly reviews the operations and performance of each commercial unit to ensure their charges are commercially competitive and aligned with market requirements.

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Part 10 Financial Statements and Supporting Disclosures

Statement of Estimate of Council's Income and Expenditure (Budget Summary)

The estimated income and expenditure for 2026-27, is detailed in the table below:

	2026-27 Budget
Continuing Operations Movements	
Income	
Rates and annual charges	\$141,024,336
User charges and fees	\$52,326,829
Interest received	\$12,705,947
Operating grants and contributions	\$19,004,823
Capital grants and contributions	\$35,978,378
Other operating receipts	\$7,596,942
Expenses	
Employee costs	\$(77,427,115)
Materials and services	\$(70,736,997)
Depreciation	\$(67,777,883)
Interest paid	\$(3,892,641)
Other operating payments	\$(10,010,905)
Operating Result from Continuing Operations	\$38,791,714
Restricted Asset Movements	
Receipts	
Transfer from restricted assets	\$110,358,110
Payments	
Transfer to restricted assets	\$(72,803,387)
Net Revenue (Used in)/Provided by Restricted Assets	\$37,554,723
Property, Plant and Equipment Movements	
Receipts	
Sale of fixed assets/real estate development	-
Payments	
Purchase of assets	\$(202,376,553)
Net Revenues (Used in)/Provided by Property, Plant & Equipment	\$(202,376,553)
Financing Movements	
Receipts	
Proceeds from borrowings	\$61,600,000
Payments	
Repayment of borrowings and advances	\$(3,347,767)
Net Revenues (Used in)/Provided by Financing Activity	\$58,252,233
Net Result (including depreciation)	\$(67,777,883)
Add back: Non-cash items	\$67,777,883
Budget Surplus/(Shortfall)	-

Environmental & community infrastructure levy expenditure: 2026-27

Proceeds from the partial allocation of the base rate will be distributed as follows:

Project	Amount
Ecological Restoration - Weed Control on Council Owned Land	\$174,188
Floodplain Risk Management Planning and Works	\$100,000
Urban Stormwater Network Model	\$118,201
Biodiversity Management - Flying Fox Management	\$49,892
Koala Action Plan - Delivery	\$70,000
Biodiversity Management - Vertebrate Pest Management	\$32,137
Biosecurity - Ecological Restoration - Environmental Volunteers	\$31,820
Biosecurity - Ecological Restoration - Illegal Track Management	\$50,000
Coastal Management Program Delivery	\$143,300
Coastal and Estuary Water quality testing	\$32,137
Hazard Management - Bushfire Mitigation	\$79,161
Pathway Renewals	\$100,000
Sporting Infrastructure Renewals	\$150,000
Total	\$1,130,836



PORT MACQUARIE
HASTINGS COUNCIL

Port Macquarie Hastings Council

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