

Introduction

Council is required to adopt an Operational Plan annually which is to include a Statement of Revenue Policy in accordance with Section 405 (2) of the Local Government Act 1993 (LGA) and Regulation 201 of the Local Government (General) Regulation 2005 (LGR).

The following paragraphs provide information regarding how Council will levy ordinary land rates, charges and fees in the 2019/20 rating year and the anticipated revenue that will be derived from each separate rate, charge or fee.

Ordinary Land Rates

Rating Categories and Sub-Category

Council has categorised all rateable properties in accordance with section 514 of the LGA to be within one of the following rating categories. Sections 515 to 519 of the LGA describe how land is to be categorised for rating purposes.

- Residential
- Business*
- Farmland
- Mining

Council has also declared a ***business sub-category** for the centre of activity being **Byron Bay CBD** in accordance with section 529 of the LGA. The following map defines properties that are to be sub-categorised as Byron Bay CBD if they are categorised as business.



Total Permissible Revenue - Rate Pegging or Special Rate Variation (SRV)

The rate peg is a percentage determined by the Independent Pricing and Regulatory Tribunal (IPART) each year that limits the maximum general income NSW Councils can collect above the income it collected in the previous year. The rate pegging limit for 2019/20 determined by IPART is 2.7%.

General Income comprises income from ordinary land rates and special rates (Byron Shire Council does not currently levy any special rates). It does not include income derived from fees or charges such as water, sewer, waste management, stormwater, on-site sewage management fees etc.

It is important to understand that the rate peg applies to total income. Individual property rates may fluctuate depending upon their rating categorisation, Council's adopted rating structure and their land valuation.

Councils may apply for an increase above the announced rate peg limit for a number of years, known as a Special Rate Variation (SRV) application (section 508A or 508(2) of the LGA). The SRV percentage overrides the rate pegging limit if approved.

Council applied to IPART under section 508A for a permanent increase to total general income by **7.5%** for each of the four rating years commencing from 2017/18, a cumulative increase of 33.50% over the four year period.

IPART approved Council's application in May 2017.

The additional revenue generated by the increase will perpetually fund asset renewal and maintenance programs, primarily our road network.

Land Valuations

Land valuations are supplied to Council by the NSW Valuer General's Office (VG) and ignore any developments on the land. Land valuations are used by Councils to levy ordinary land rates.

For equity purposes, the VG usually provides Council with updated land valuations every three years. July 2016 base date valuations supplied by the VG will be used for the rating years between 2017/18 and 2019/20.

Council uses land values to equitably levy ordinary land rates by applying a rate in the dollar to an individual property's land valuation. A different rate in the dollar applies to different rating categorisations. Effectively rates are an asset tax, the higher a property's land value, the more rates they will contribute based on the "ability to pay" taxation principle.

An increase in total land valuations received from the VG does not increase Council's total permissible annual income; they simply redistribute the rate burden between individual properties based on that property's change in comparison to others.

More information about land valuations and their use by councils is available from the Property NSW website at http://www.valuergeneral.nsw.gov.au/council_rates.

Council's Rating Structure

For many years Council has utilised a minimum rating structure pursuant to section 497 (a) of the LGA, with a minimum rate applied in accordance with section 548 of the LGA. A reduced minimum rate is applied to flood prone land in accordance with section 548 (c) (iii) of the LGA. Council will continue to levy rates pursuant to section 494 of the LGA in 2019/20 using the same minimum rating structure utilised in the previous rating year.

The methodology used to set 2019/20 ordinary land rates is as follows:

1. Calculate **total permissible general income limit** for 2019/20:
 - i. Pursuant to Chapter 15 Part 2 (sections 505 to 513 of the LGA)
2. Set required proportion of total permissible **income payable for each rating category or sub-category**:
 - i. These percentages of total permissible income are determined by Council
 - ii. Sub-Category of **Business Byron Bay CBD to pay 8.5%**
 - iii. Category of **Business to pay 12.5%** (i.e. other business properties excluding Byron Bay CBD)
 - iv. Category of **Farmland and Sub-Category of Farmland Flood Prone Land to pay 5.0%**
 - v. Category of **Residential and Sub-Category of Residential Flood Prone Land to pay balance** of required total permissible income.
3. Set the **minimum rate payable** for each category and sub-category:
 - i. Maximum minimum rate is varied from previous year pursuant to section 548 of the LGA or set as part of a special variation instrument.
 - ii. Set the **Residential, Business, Mining and Farmland category plus Business Byron Bay CBD sub-category minimum rate** – the minimum rate for the previous year increased by the rate pegging limit or approved SRV percentage increase, rounded down to the nearest dollar – these will all be exactly the same amount
 - iii. Set the **Residential Flood Prone Land sub-category minimum rate** to be half of the Residential category minimum rate, rounded to the nearest dollar
 - iv. Set the **Farmland Flood Prone Land sub-category minimum rate** to be half of the Farmland category minimum rate, rounded to the nearest dollar
4. Calculate the **rate in the dollar** payable for each category and sub-category
 - i. This calculation utilises land valuations and considers assessments where a minimum rate is payable.
 - ii. Calculate the rate in the dollar payable for the **Residential category** to achieve the desired income
 - iii. The rate in the dollar calculated for the Residential category becomes the rate in the dollar for the **Residential Flood Prone Land Category**
 - iv. Calculate the rate in the dollar payable for the **Farmland category** to achieve the desired income.
 - v. The rate in the dollar calculated for the Farmland category becomes the rate in the dollar for the **Farmland Flood Prone Land Category**
 - vi. Calculate the rate in the dollar payable for the **Business category** to achieve the desired income
 - vii. The rate in the dollar calculated for the Business category becomes the rate in the dollar for the **Mining Category** (Council does not currently have any mining properties)
 - viii. Calculate the rate in the dollar payable for the **Business sub-category "Byron Bay CBD"** to achieve the desired income

The following table provides Council's **2019/20 rating structure**, which includes a 7.5% allowable special rate variation total income increase from 2018/19. The actual income generated by the July 2019 rate levy will vary slightly from the amounts listed below as the rate levy will use properties and land valuations as at 30 June 2019 to calculate total permissible income.

The minimum rates listed in the following table will not change as they have been set by IPART under section 548 (3) of the LGA for the four year term of Council's approved SRV between 2017/18 and 2020/21.

Category or Sub-Categories	Estimated Number of Properties	Rate in the Dollar (\$)	Minimum Rate (\$)	Total Estimated Income (\$)	Proportional Contribution of Yield (%)	Estimated Average Rate
Residential	13,731	0.2485	863	18,351,742	73.95%	1,337
Residential - Flood Prone	28	0.2485	432	12,445	0.05%	444
Business	1,112	0.4371	863	3,104,396	12.50%	2,792
Business - Byron Bay CBD	348	0.5572	863	2,110,357	8.50%	6,064
Mining	0	0.4371	863	0	0.00%	0
Farmland	543	0.2274	863	1,241,559	5.00%	2,286
Farmland - Flood Prone	0	0.2274	432	0	0.00%	0
TOTALS	15,762			24,820,499	100.00%	1,575

Pensioner Concessions

Council provides concessions for eligible pensioners under Section 575 of the Local Government Act 1993 as follows:

- 50% of the combined ordinary land rate and domestic waste management charge up to a \$250.00 maximum rebate.
- 50% of water fixed and usage charges up to an \$87.50 maximum rebate.
- 50% of sewerage fixed charge up to an \$87.50 maximum rebate.

Council funds 45% of the total concessions granted with 50% funded by the State Government and the remaining 5% funded by the Federal Government.

Council has also adopted a Pensioner Concessions policy that outlines how Council will process pensioner concession applications where legislation is silent. Visit Council's web site for a copy of this policy.

Charges

In accordance with Sections 496, 496A, and 501 of the Local Government Act 1993, Council will levy annual charges for the following services:

- Water
- Sewer
- Domestic Waste Management
- Non Domestic Waste Management
- Stormwater Management

In accordance with Section 502 of the Local Government Act 1993 (LGA), Council will levy charges for actual use for the following services:

- Water Usage
- Sewer Usage
- Liquid Trade Waste

Water, Sewer and Waste Management Charges relating to non-rateable properties will be charged in accordance with Sections 496, 501 and 502 of the LGA. For the purpose of charging these non-rateable properties that actually use these services in accordance with section 503 (2) of the LGA, the charges to be applied are the same as those charged against rateable properties as these charges are representative of use.

Waste Management Charges

Council's waste management charging structure is designed to provide an incentive to customers to reduce the level of waste that ends up in landfill.

In accordance with Section 496 of the LGA, Council must make and levy an annual charge for the provision of **Domestic Waste Management** (DWM) services for each parcel of rateable land for which the service is available (i.e. properties that are along the route of the waste collection truck).

All serviced urban and rural domestic properties will pay a mandatory DWM collection service charge regardless of whether the service is utilised or not. Serviceable vacant land and properties that are occupied but where Council has decided not to provide a collection service (e.g. safety, physical limitations of the property etc) must still pay a DWM charge pursuant to section 496 of the LGA.

Customers may choose to receive additional services to meet their resource recovery needs.

In accordance with Section 501 of the LGA, Council will levy an annual **Waste Management Charge** for all **non-domestic customers** (e.g. business, commercial, industrial and schools) provided with a collection service identified in the table below. This is a voluntary collection service.

An annual **Waste Operations Charge** for on-going operations and future infrastructure requirements of Council's Resource Recovery Centre landfill site will be levied in addition to each waste collection service (domestic and non-domestic), except for single bin collection services requested in addition to the existing collection service.

Any collection service charge adjustments will be made on a pro-rata basis however, newly rateable domestic properties will attract charges from the next rating quarter after they became rateable.

2019/20 service charges have increased by 11.5% in comparison to 2018/19 due to expected significant external expenditure increases as follows;

- Queensland waste levy implementation for depositing waste to landfill sites.
- Increased recyclables processing costs resulting from an unprecedented downturn in the recyclable material commodity markets as a result of international changes China has made to recyclables acceptance (contamination levels and product acceptance pricing).

The following tables outline Council's Waste Management charges for the 2019/20 rating year.

Waste Collection Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Domestic Waste Management Charges – s496 LGA			
Urban – 3 bin collection service – Including Federal Village (Waste Operations Charge is also payable in addition to collection charge)			
80 litre mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	147	539	79,233
140 litre mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	310	6,849	2,123,190
240 litre mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	460	1,878	863,880
140 litre mixed waste (weekly) + 240L Recycling (weekly) + 240L Organics (weekly) – Subject to Council approval	812	12	9,744
240 litre mixed waste (weekly) + 240L Recycling (weekly) + 240L Organics (weekly) - Subject to Council approval	1,035	33	34,155
Rural – 2 bin collection service (Waste Operations Charge is also payable in addition to collection charge)			
140 litre mixed waste (fortnightly) + 240L Recycling (fortnightly)	222	590	130,980
240 litre mixed waste (fortnightly) + 240L Recycling (fortnightly)	330	2,538	837,540
Vacant Land / Serviceable Occupied Land Exempt From Collection Service			
Urban	30	381	11,430
Rural	30	79	2,370
Exempt Collection Service Charge (occupied land – no collection)	60	25	1,500
Additional Single Bin Collection Services (mixed waste bin must be purchased as an additional bundled collection service)			
240 litre Recycling (fortnightly)	103	130	13,390
240 litre Organics (weekly)	119	30	3,570
<i>continued over</i>			

Waste Collection Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Domestic Waste Management Charges – s496 LGA (continued)			
Multi-Unit Developments (MUD)			
3 Bin MUD collection service per unit			
Waste Operations Charge is also payable in addition to collection charge			
80 litre mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	147	225	33,075
140 litre mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	310	1,003	310,930
240 litre mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	460	168	77,280
2 Bin MUD collection service per unit			
Waste Operations Charge is also payable in addition to collection charge – Council must approve exemption of organics service			
80 litre mixed waste (weekly) + 240L Recycling (fortnightly)	147	5	735
140 litre mixed waste (weekly) + 240L Recycling (fortnightly)	310	82	25,420
240 litre mixed waste (weekly) + 240L Recycling (fortnightly)	460	16	7,360
Multi-Unit Developments (MUD) – Shared Services (between two units)			
3 Bin Shared MUD collection service – Between two units (charged listed payable per unit)			
Waste Operations Charge is also payable in addition to collection charge – Council must approve shared service			
240 litre mixed waste (fortnightly) + 240L Recycling (weekly) + 240L Organics (weekly)	246	428	105,288
2 Bin Shared MUD collection service – Between two units (charged listed payable per unit)			
Waste Operations Charge is also payable in addition to collection charge – Council must approve shared service			
240 litre mixed waste (weekly) + 240L Recycling (weekly)	246	355	87,330
Domestic Waste Charges Total		15,230	4,260,003

Waste Collection Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Non-Domestic Commercial Waste Management Charges – s501 LGA			
Urban – Non-Domestic collection service (Waste Operations Charge is also payable in addition to collection charge)			
140 litre mixed waste (weekly) + 240L Recycling (weekly)	501	167	83,667
240 litre mixed waste (weekly) + 240L Recycling (weekly)	574	1,085	622,790
140 litre mixed waste (weekly)	501	13	6,513
240 litre mixed waste (weekly)	574	92	52,808
Rural – Non-Domestic (Waste Operations Charge is also payable in addition to collection charge)			
240 litre mixed waste (fortnightly) + 240L Recycling (fortnightly)	516	61	31,476
Single Bin Collection Services – Non-Domestic			
240 litre Recycling (weekly)	129	330	42,570
Organics Bin Collection – Non-Domestic Schools, community centres and not-for-profit organisations - subject to eligibility criteria			
240 litre Organics (weekly)	119	48	5,712
Non-Domestic Commercial Waste Charges Total		1,796	845,536

Waste Operations Charge	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Waste Operations Annual Charge - Domestic	84	14,451	1,213,884
Waste Operations Annual Charge – Non-Domestic Commercial	84	1,688	141,792
Waste Operations Charges Total		16,139	1,355,676

Mixed Waste Bin Changeover Fee	Fee	Instances	Estimated Yield (\$)
Mixed waste bin – size/capacity changeover fee (first changeover free of charge then all subsequent changes per property per annum per owner/s attracts fee)	56	Unknown	Unknown

Stormwater Management Service Charges (Section 496A LGA)

In accordance with Section 496A of the Local Government Act 1993 (LGA), Council will levy a Stormwater Management Service Charge against rateable properties for which the service is available. Council has identified the residential and business properties that are within Council's urban stormwater catchment areas that will be subject to this charge.

The following charging methodology will be used by Council using the guidelines released by the Office of Local Government.

Charge Methodology

The guidelines provide Council with the opportunity to levy charges on a catchments area or global basis, while ensuring that the total income generated does not exceed the level of expenditure for new and additional stormwater management services. Council has a stormwater capital works program and as a result, a global approach will be used to enable significant works to be funded at a given time using all revenue levied, rather than waiting to collect enough funds in individual catchments. In accordance with these guidelines, councils still need to ensure equitable distribution of stormwater management services over time.

Properties categorised as Residential (Not being Strata Titled)

A flat charge of \$25.00 for a Stormwater Management Service Charge is to be charged against each eligible assessment categorised as Residential within the urban stormwater catchment. This charge is uniform across all urban catchment areas to minimise administration costs.

This amount of \$25.00 is the current upper charge limit for urban residential land stipulated in clause 125AA of the Local Government (General) Regulation 2005.

Properties categorised as Residential (Strata Units)

The cost of managing stormwater runoff from impervious surfaces is usually substantially less per residential strata lot than per standard residential property.

It is for this reason that a flat charge of \$12.50 for a Stormwater Management Service Charge is to be levied against each eligible residential strata unit within the urban stormwater catchment. This charge is uniform across all urban catchment areas to minimise administration costs.

This amount of \$12.50 has been recommended using the guidelines provided by the Office of Local Government.

Properties categorised as Business (Not being Strata Titled)

A Stormwater Management Service Charge is to be charged against each eligible assessment (not being strata titled) categorised as business within the urban stormwater catchment area based on the total area of the assessment. A charge of \$25.00, plus an additional \$25.00 for each 350 square metres or part thereof by which the area of the parcel of land exceeds 350 square metres will be levied.

The criteria for charging business properties by using property areas has been recommended using the guidelines provided by the Office of Local Government.

Exceptions to area based charging – Business Properties

After an analysis of business land areas it was discovered that certain business properties covering large property areas would incur significant charges for stormwater management that would not be reflective of the level of stormwater service provided by Council. These properties involve large portions of open space not being impervious in nature and therefore not producing an increased level of stormwater run-off.

Some examples of properties that fall into this category include:

- Bowling Clubs
- Golf Courses
- Caravan Parks
- Resorts
- Business properties populating a small portion of a total land area

Council has reviewed the Stormwater Management Service Charge to be applied to these types of properties so that a more equitable charge can be determined. This review process has involved an analysis of the impervious surfaces on each reviewed property to reflect a charging structure similar to business properties of a smaller land area. Properties with a land area in excess of 4,000 square metres have been reviewed in relation to the impervious surface area of the land, with the charge determined by grossing up the impervious surface area by a factor of 11%, in accordance with the assumptions made within the departmental guidelines. See example below:

Total land area	50,000 square metres
Impervious surface area*	1,000 square metres

* The impervious surface area is calculated by identifying this surface type on individual properties using Council's aerial photos and the GIS system.

Calculation of Area to be charged

As the departmental guidelines assume that 90% of business properties are impervious, the impervious surface is grossed up to determine the area of the land subject to the charge. The following example is for a property with an actual land area of 1,000 square metres:

Impervious area is divided by 90 and multiplied by 100

= $1,000 / 90 \times 100$
= 1,111 square metres.

The charge will be:

For the first 350 square metres	\$25.00
For the second 350 square metres	\$25.00
For the third 350 square metres	\$25.00
For the remaining square metres	<u>\$25.00</u>
Total charge	\$100.00

It should be noted that properties with an area less than 4,000 square metres are able to have the charge reviewed under Council's appeal process.

Properties categorised as Business (Strata Units)

A Stormwater Management Service Charge will be levied on each eligible business strata unit within the urban stormwater catchment area based on one of the following two scenarios:

Scenario 1 – Business Strata Units Only

If the strata complex contains only business properties (i.e. not mixed development) the charge per strata unit will be calculated by using a charge of \$25.00 per 350m² of the land area occupied by the strata scheme (or part thereof), proportioned by the unit entitlement of each lot in the strata scheme. In the event that this approach results in charge of less than \$5.00 per unit, a minimum charge of \$5.00 will be levied on each strata unit.

This method of charging is consistent with the methodology used to charge non-strata titled business properties.

Scenario 2 – Business and Residential Strata Units (Mixed Development)

If the strata complex contains mixed development (i.e. properties rated as both business and residential) the dominant rating category of the total parcel of land, using data provided by the Valuer General, must be determined and charges will apply for Business strata units or Residential strata units as previously adopted. In the event that a mixed development is 50% residential and 50% business, Council has the discretion to determine whether to charge the property as a residential or business property.

Urban Land Exempt from the Stormwater Management Service Charge

The same exemptions that apply to non-rateable properties for other rates and charges also apply in respect of the stormwater management service charge pursuant to the Local Government Act.

In addition, the following properties are also exempted from this charge under the provisions:

- Rateable land owned by the Crown
- Rateable land under a lease for private purposes granted under the Housing Act 2001 or the Aboriginal Housing Act 1998
- Vacant Land

Councils are also not to levy the charge on properties where they do not provide a stormwater management service.

The following table shows the 2019/20 charging structure and estimated revenue generated by Stormwater Management Service Charges.

Property Type	Number of Properties	Annual Charge (\$)	Yield (\$)
Residential Properties (not strata titled)	7,457	25.00	186,425
Residential Strata Units (not within a mixed development)	2,442	12.50	30,525
Business Strata Units (not within a mixed development)	608	**Varying Amounts (5.00 minimum charge)	12,648
Business Strata Units (within a mixed development)	125	12.50	1,563
Business Properties (not strata titled)	557	**Varying Amounts (25.00 minimum charge)	67,900
Totals	11,189		299,061

**** Varying Amounts:** A single annual flat charge does not apply to Business Properties (as charges are based on an individual property's impervious land area), or Business Strata Units not within a mixed development (as charges are based on the common property land area and strata unit entitlement for each strata complex). As a result, individual annual charges have been omitted from the above table.

Funds derived from the Stormwater Management Service Charge must be spent on transparent (i.e. on ground) works and the community must be advised of the proposed works and projects as part of the Operational Plan consultation process.

Details of expenditure on overall stormwater/drainage capital works can be found in Capital Works section of the Budget document as part of this Revenue Policy.

Water Charges

Council's water charging structure is made up of two components, a fixed annual access charge levied on properties with access to the water supply and a usage charge based on the volume of water consumed.

Water Fixed Access Charge - Annual Charges (Section 501 LGA)

Fixed water access charges for both Residential and Non-Residential properties are charged depending on water meter connection size and the number of services connected to the property.

An annual water fixed access charge will apply to all properties (including strata titled lots and vacant land) that are able to connect and are within 225 metres of Council's water mains.

Vacant land which does not have a water meter connected will be charged the equivalent of 50% of the 20mm standard fixed access charge.

To properly reflect the water load a water connection can place on the system, fixed annual access charges are proportional to the square of the size of the customer's water supply service, which is in accordance with the NSW State Government's "Best Practice Management of Water Supply and Sewerage Guidelines".

The formula used to derive annual water fixed access charges based on the connection size is:

$$WF = WF_{20} \times (D^2/400)$$

Where:	WF	=	Customer's Annual Water Fixed Access Charge (\$)
	WF ₂₀	=	Annual Water Fixed Access Charge for a 20mm Diameter water supply service connection (\$)
	D	=	Diameter of water supply service (mm)

Water Fixed Access Charges - Residential Properties

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Water Fixed Access Charge 20mm Service	187	8,235	1,539,945
Water Fixed Access Charge 25mm Service	293	57	16,701
Water Fixed Access Charge 32mm Service	480	8	3,840
Water Fixed Access Charge 40mm Service	749	14	10,486
Water Fixed Access Charge 50mm Service	1,170	10	11,700
Water Fixed Access Charge 65mm Service	1,977	0	0
Water Fixed Access Charge 80mm Service	2,995	0	0
Water Fixed Access Charge 100mm Service	4,679	0	0
Water Fixed Access Charge Vacant Land	94	131	12,314
Water Fixed Access Charge Strata Unit	187	2,427	453,849
Water Fixed Access Charge Fire Service	249	9	2,241
Total – Residential Water Fixed Access Charges			2,051,076

Water Fixed Access Charges - Non-Residential Properties

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Water Fixed Access Charge 20mm Service	187	456	85,272
Water Fixed Access Charge 25mm Service	293	164	48,052
Water Fixed Access Charge 32mm Service	480	45	21,600
Water Fixed Access Charge 40mm Service	749	91	68,159
Water Fixed Access Charge 50mm Service	1,170	63	73,710
Water Fixed Access Charge 65mm Service	1,977	2	3,954
Water Fixed Access Charge 80mm Service	2,995	8	23,960
Water Fixed Access Charge 100mm Service	4,679	9	42,111
Water Fixed Access Charge Vacant Land	94	35	3,290
Water Fixed Access Charge Strata Unit	187	723	135,201
Water Fixed Access Charge Fire Service	249	57	14,193
Total – Non-Residential Water Fixed Access Charges			519,502

Water Usage Charges (Section 502 LGA)

A volumetric water usage charge will be levied based on the water usage recorded as passing through the water meter/s servicing each property. Water meters are read and billed on a quarterly basis.

The 2019/20 usage rate/s will apply to water consumed from the end meter reading date for the previous billing year (being the start reading for the following year), which is usually taken during the month of May.

Council has changed the method of levying residential water usage charges from 2019/20. Previously, the rate per kilolitre (1,000 litres) charged for residential customers increased once a threshold of 450 kilolitres per annum per water meter was consumed. This was originally designed as a pricing signal to encourage consumers to conserve water. Council reviewed this charging structure during 2018/19 and decided to levy a single rate per kilolitre for all water consumed, which is now consistent with Council's pricing structure for non-residential water consumers.

Council also decided to apply the same water usage rate per kilolitre to all water consumers (residential and non-residential). Council decided to transition the implementation to minimise the impact of pricing increases by freezing the 2018/19 non-residential rate per kilolitre until such time natural price increases result in the residential water usage charge being equivalent to the non-residential water usage charge. Council anticipates that the same single water usage rate per kilolitre for all consumers will be implemented from the 2021/22 rating year.

Council considered that the previous charging structure applied unfairly and was an inefficient and complex charging system. This pricing change complies with NSW Water best practice water pricing guidelines and is consistent with other NSW local water utilities.

Non-Complying Water Supply Users

Properties that are technically non-complying users of Council's water supply will be levied an increased water usage charge. This charge is a valuable tool in achieving compliance with water supply and private fire hydrant systems.

There are two possible scenarios on why this charge can be applied to a property:

1. Council has issued advice to the owner that no backflow device or private fire hydrant system has been installed where necessary. A three month period has elapsed and the premises remain non-compliant.
2. Council has issued advice to the owners that no backflow devices or fire hydrants maintenance report has been provided. A three month period has elapsed and the premises remain non-compliant.

Water Usage Charges

Charge Type	Rate per Kilolitre (\$/KL)	Estimated Yield (\$)
Residential		
Residential Water Usage Charge	2.60	4,838,788
Residential Water Usage Charge – Non-Compliant User	5.40	Unknown
Non-Residential		
Non-Residential Water Usage Charge	2.70	2,178,810
Non-Residential Water Usage Charge – Non-Compliant User	5.40	Unknown
Total Water Usage Charges		7,017,599

Sewer Charges

Council's sewer pricing structure is similar to water pricing and incorporates a two component pricing structure, a fixed annual access charge for all properties with access to Council's sewer system and a usage charge based on the estimated percentage of water usage returned to the sewer system.

Sewer Fixed Access Charge - Annual Charges (Section 501 LGA)

An annual sewer fixed access charge will apply to all properties (including strata titled lots and vacant land) that are able to connect and are within 75 metres of Council's sewer mains.

The Sewer Fixed Charge is proportional to the size of the water supply service connection to the property in order to reflect the potential load placed on the sewer system.

Vacant land with no connection to the sewer system will be charged equivalent to 50% of the standard 20mm Sewer Fixed Access Charge.

Properties which are not separately metered will attract a Sewer Fixed Access Charge equivalent to the standard 20mm Sewer Fixed Access Charge.

Sewer Fixed Access Charges - Residential Properties

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Sewer Fixed Access Charge 20mm	857	7,412	6,352,084
Sewer Fixed Access Charge 25mm	1,338	44	58,872
Sewer Fixed Access Charge 32mm	2,193	7	15,351
Sewer Fixed Access Charge 40mm	3,425	14	47,950
Sewer Fixed Access Charge 50mm	5,352	9	48,168
Sewer Fixed Access Charge 65mm	9,045	0	0
Sewer Fixed Access Charge 80mm	13,700	0	0
Sewer Fixed Access Charge 100mm	21,407	0	0
Sewer Fixed Access Charge - Vacant Land (Not connected to Sewer)	428	321	137,388
Sewer Fixed Access Charge - Strata Units	857	2,427	2,079,939
Sewer Fixed Access Charge - Sewer Pods**	830	174	144,420
Total Residential Fixed Sewer Access Charges			8,884,172

** Residential properties connected to Council's sewer system via a Sewer Pod device (New Brighton / Billinudgel areas) are charged a sewerage fixed charge which is \$25.00 less than the standard 20mm charge. The \$25.00 reduction per annum is to assist in paying for electricity costs incurred by customers in the use of the Sewer Pods.

Sewer Fixed Access Charges - Non-Residential Properties (includes non-rateable properties)

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Sewer Fixed Access Charge 20mm	857	394	337,658
Sewer Fixed Access Charge 25mm	1,338	151	202,038
Sewer Fixed Access Charge 32mm	2,193	42	92,106
Sewer Fixed Access Charge 40mm	3,425	76	260,300
Sewer Fixed Access Charge 50mm	5,352	51	272,952
Sewer Fixed Access Charge 65mm	9,045	2	18,090
Sewer Fixed Access Charge 80mm	13,700	9	123,300
Sewer Fixed Access Charge 100mm	21,407	6	128,442
Sewer Fixed Access Charge - Vacant Land (Not connected to Sewer)	428	55	23,540
Sewer Fixed Access Charge - Strata Units	857	707	605,899
Sewer Fixed Access Charge - Sewer Pods**	830	9	7,470
Total Non-Residential Fixed Sewer Access Charges			2,071,795

** Non-Residential properties connected to Council's sewer system via a Sewer Pod device (New Brighton / Billinudgel areas) are charged a sewer fixed charge based which is \$25.00 less than the standard 20mm charge. The \$25.00 reduction per annum is to assist in paying for electricity costs incurred by customers in the use of the Sewer Pods.

Sewer Usage Charges (Section 502 LGA)

Similar to the water usage charge, a volumetric sewer usage charge will be levied on a quarterly basis to all properties that discharge wastewater (sewage) to Council's sewer system.

The 2019/20 usage rate/s will apply to from the end water meter reading date for the previous billing year (being the start reading for the following year), which is usually taken during the month of May.

A sewer discharge factor (SDF) is applied to all properties that discharge to Council's sewer system. The SDF is the estimated percentage of water consumed by a property that is returned to the sewer system.

SDF's for non-residential properties are determined by the type of activity undertaken on the property and are set for each property in accordance with NSW Department of Water and Energy, Liquid Trade Waste Regulation Guidelines April 2009. Council may review the SDF for non-residential properties for non-standard activities.

The fixed sewer usage charge rate per kilolitre for residential properties is set based on the average SDF for all residential properties being 75% of the non-residential sewer usage rate (i.e. 100% SDF), which is the average residential/household SDF suggested by NSW Department of Water and Energy, Liquid Trade Waste Regulation Guidelines April 2009. The residential sewer usage charge is a fixed rate per kilolitre based on the methodology explained above and is not open for review regardless of an individual property's actual discharge to sewer.

Council may provide an adjustment to a property's sewer usage charge if the property experienced a significant water leak event in which the water lost as a result of the leak event was proven not to have returned to Council's sewer system.

Sewer Usage Charges

Charge Type	Rate per Kilolitre (\$/KL)	Estimated Yield (\$)
Residential		
Residential Sewer Usage Charge (Set SDF of 75% applied to rate/KL)	1.94	3,422,214
Non-Residential		
Non-Residential Sewer Usage Charge (Individual Property SDF to be applied to rate/KL)*	*2.60	1,670,308
Total Sewer Usage Charges		5,092,522

Liquid Trade Waste Charges

Liquid Trade Waste Fixed Charge (Section 501 LGA)

Liquid Trade Waste means “all liquid waste other than sewage of a domestic nature.”

The purpose of this charge is to cover the costs incurred by Council for the administration and management (including inspections) of these systems.

The liquid trade waste classifications are based on the level of impact dischargers have on the sewerage system.

Category 1 dischargers are those businesses which conduct an activity deemed by Council as requiring minimal pre-treatment and are considered low risk. They pay an annual fixed charge but not a volumetric based charge (unless non-compliant).

Category 2 dischargers are those businesses which conduct an activity generating medium to high level liquid trade waste that requires a pre-treatment equipment (such as a grease trap) to be installed. They pay an annual fixed charge and a volumetric usage charge based on the property’s assessed TWDF (non-compliant usage charges may also apply).

Category 2S dischargers are those businesses which conduct an activity of transporting and/or discharging septic tank or pan content into the sewerage system. They pay an annual fixed charge and a volumetric usage charge based on the property’s assessed TWDF (non-compliant usage charges may also apply).

Category 3 dischargers are those businesses which discharge large volumes of liquid trade waste (over 20 kl/d) to the sewerage system. They pay an annual fixed charge and excess mass charges based on the concentration of substances discharged to the sewer system in excess of deemed domestic discharge levels.

The following table outlines 2019/20 liquid trade waste fixed charges.

Liquid Trade Waste Fixed Charges

Charge Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Liquid Trade Waste – Category 1	160	86	13,760
Liquid Trade Waste – Category 2	267	201	53,667
Liquid Trade Waste – Category 2S	267	1	267
Liquid Trade Waste – Category 3 (Large Industrial and Commercial Premises)	757	2	1,514
Total Liquid Trade Waste Fixed Charges			69,208

Liquid Trade Waste Usage Charges (Section 502 LGA)

Liquid trade waste dischargers have a Trade Waste Discharge Factor (TWDF) added to their Sewerage Discharge Factor (SDF) to determine their total sewer usage charge.

Like the SDF factors, the TWDF factors have been determined using category of business guidelines set by the NSW Department of Water and Energy. The TWDF factor is the estimated ratio of liquid trade waste discharged from a premise to the sewer system to the total water consumption expressed as a percentage.

Usage charges will apply to Category 2 liquid trade waste dischargers and charges will be calculated as defined in NSW Department of Water and Energy, Liquid Trade Waste Regulation Guidelines April 2009.

Excess Mass charges will apply to Category 3 liquid trade waste dischargers and charges will be calculated as defined in NSW Department of Water and Energy, Liquid Trade Waste Regulation Guidelines April 2009. See Council's adopted Schedule of Fees and Charges for chemical composition charge rates.

The trade waste usage charge for non-residential properties is calculated by applying the property's business category TWDF against the liquid trade waste usage charge.

Non-Complying Trade Waste Discharge Users (Sections 501 and 502 LGA)

Properties that are technically non-complying users of Council's sewer reticulation system will be charged a higher liquid trade waste usage charge. This pricing signal is a valuable tool in achieving compliance and reducing adverse impacts of non-compliant discharge to Council's sewer infrastructure.

The following table outlines 2019/20 liquid trade waste (volumetric) usage charges.

Liquid Trade Waste (volumetric) Usage Charges

Charge Type	Rate per Kilolitre (\$/KL)	Estimated Yield (\$)
Liquid Trade Waste Usage Charge	2.34	316,976
Liquid Trade Waste Usage Charge – Non-Compliant Category 1	3.87	Unknown
Liquid Trade Waste Usage Charge – Non-Compliant Category 2 and 2S	16.95	Unknown
Liquid Trade Waste Usage Charge – Non-Compliant Private Pumping Station	3.87	Unknown
Total Liquid Trade Waste (volumetric) Usage Charges		316,976

Method of Calculating Usage Charges - Water, Sewer and Liquid Trade Waste

Residential Property discharging Sewer

The following formula indicates how total usage charges would be calculated for a residential property consuming water and discharging sewage.

$$\text{TUC} = (\text{C} \times \text{UC}) + (\text{SDF} \times \text{C} \times \text{UC})$$

Where:	TUC	=	Total Usage Charges (\$)
	C	=	Water Consumption (kilolitres)
	UC	=	Water Usage Charge (\$)
	SDF	=	Sewerage Discharge Factor (%)

Non-Residential Property discharging Sewer

The following formula indicates how total usage charges would be calculated for a non-residential property consuming water and discharging sewage.

$$\text{TUC} = (\text{C} \times \text{UC}) + (\text{SDF} \times \text{C} \times \text{UCs})$$

Where:	TUC	=	Total Usage Charges (\$)
	C	=	Water Consumption (kilolitres)
	C	=	Water Usage Charge (\$)
	UCs	=	Sewerage Usage Charge (\$)
	SDF	=	Sewerage Discharge Factor (%)

Non-Residential Property discharging Sewer and Liquid Trade Waste

The following formula indicates how total usage charges would be calculated for a non-residential property consuming water and discharging both sewer and liquid trade waste.

$$\text{TUC} = (\text{C} \times \text{UC}) + (\text{SDF} \times \text{C} \times \text{UCs}) + (\text{TWDF} \times \text{C} \times \text{UCt})$$

Where:	TUC	=	Total Usage Charges (\$)
	C	=	Water Consumption (kilolitres)
	UC	=	Water Usage Charge (\$)
	UCs	=	Sewerage Usage Charge (\$)
	UCt	=	Liquid Trade Waste Usage Charge (\$)
	SDF	=	Sewerage Discharge Factor (%)
	TWDF	=	Trade Waste Discharge Factor (%)

Fees

On-Site Sewage Management System (OSMS) Fee (Section 608 [2] LGA)

Council will levy an annual OSMS fee on Rates and Charges Notices that partly funds a range of services provided by Council in regard to the management of on-site sewage management systems such as compliance, administration and education. The balance of funding is provided from Council’s general fund.

The OSMS fee also replaces the annual approval to operate an OSMS renewal application process for an existing OSMS however, it does not replace the Approval to Operate application fee for new systems or additional non-compliance inspection fees.

The following table details the OSMS fee for 2019/20 per system or equivalent tenement.

Fee Description	Fee (\$)	Quantity	Estimated Yield (\$)
On Site Sewage Management System Fee (OSMS)	47	3,767	177,049

Address Skip Tracing Fee - At Cost (minimum Fee \$30)

Charged for tracing a customer’s current address in cases where external costs are incurred by Council after initial standard searches prove unsuccessful (e.g. unclaimed returned mail / legal debt recovery processes).

Copy of Rates or Water Notice Fee – \$5 per notice

Charged for requests for copies of rates or water notices issued/mailed more than 12 months prior to the customer request. Documents will be provided to the customer within 5 business days. Customers will be encouraged to register for email delivery of rates and water notices as this process will enable them to access electronic copies of historical notices from within their eNotices account free of charge.

Rating Information Search / Administration Fee - \$50 per hour (minimum fee \$30)

Charged for requests for historical rating information. Rating information could include but is not limited to levy transaction data, payment receipt listings, historical documentation, archive searches but does not include copies of notices (covered by a separate fee). Information or documentation requests for the current and/or previous rating year is free of charge.

Sundry

Interest on Overdue Rates & Charges (Section 566 LGA)

Interest accrues on a daily basis on rates and charges that remain unpaid after they become due and payable. Council will apply the maximum interest rate allowable under Section 566 (3) of the LGA as determined by the Minister for Local Government each year.

The Minister announced a maximum 2019/20 rating year interest rate of **7.5%** on 24 April 2019 (Office of Local Government Circular 19-05). The 2019/20 rate remains unchanged from the 2018/19 rating year.

Description	Rate
Interest Rate – Overdue rates and charges	7.50%

Part Year Adjustments to Rates and Annual Charges – Property Changes

In accordance with sections 527 and 546 of the LGA and pursuant to Council policy, a property's rates and charges will be adjusted on a quarterly basis following a change in circumstances (e.g. subdivision or change in rating categorisation).

Relevant adjustments to rates and charges will be made from the next rating quarter following the effective date of the change (e.g. subdivision plan registration date or date an application for categorisation review was made).

The exception to this is for waste collection charges where adjustments are made either as above or on a pro-rata basis, whichever event is earlier and also for water and sewer usage charges that are based on the date the water meter is read.

Retrospective adjustments would usually be made for the current rating year only however, Council may decide to make retrospective adjustments for a period outside this range in certain cases at its discretion depending upon equity and specific circumstances.

Council may choose not to make current year adjustments if the value of the adjustments is less than \$50 if Councils considers that the account will be uneconomical to collect.

Making the rates and charges and setting the interest rate – Rate Notice rate and charge short names

In accordance with sections 533, 534, 535, 543 and 566, Council must make the rates and charges and set the interest rate annually. Council must also give a short name to each rate or charge made. A separate report is presented to Council in June annually to adopt rates, charges, fees and interest charges to satisfy these legislative requirements.

Asset Replacement Programs

Plant and Equipment

Plant and equipment to be disposed of or replaced has either reached the end of its economic life or is no longer required for Council's operations.

Motor Vehicles

Council's sedan type vehicles are traded at the time considered the most economically viable, taking into account age, kilometres travelled, changeover costs and market demands.

Loan Borrowings

During the 2019/2020 financial year, Council is proposing to borrow the following new loan amounts:

Fund	Proposed New Loan Borrowings \$	Loan Purpose
General Fund	1,844,000	Bridge and Culvert Replacement Program \$1,644,000 and South Golden Beach Flood Pump Replacement \$200,000
Water Fund	0	
Sewerage Fund	0	
Total New Loan Borrowings	1,844,000	

Pricing Policy/Competitive Neutrality

Council's Pricing Policy is to recover full costs for consumer specific services except where a community service obligation exists to justify charging less than full costs. Full cost attribution is applied to all business activities. The following programs are considered to be of a commercial nature:

Category One Businesses

(Turnover greater than \$2 million)

1. Water Supplies
2. Sewerage Services
3. Holiday Parks