

# 2017/2018 STATEMENT OF REVENUE POLICY

## 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 2017/2018 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.

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.

The rate pegging limit for 2017/2018 determined by IPART is 1.5%.

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).

Council has applied to IPART for a permanent increase to total general income by 7.5% for each of the next four rating years commencing from 2017/2018, a cumulative increase of 33.50% over the four year period. This SRV percentage overrides the rate pegging limit and as a result, the announced rate pegging limit for the next four rating years but is assumed included for Byron Shire Council if the SRV application is approved.

IPART will announce their decision regarding Council's SRV application during May 2017.

The proposed additional revenue generated by the increase will perpetually fund asset renewal and maintenance programs.

## **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. Due to the new Fire and Emergency Services Levy (FESL) that Council will collect on rate notices from 2017/2018 on behalf of NSW Treasury, all NSW Councils received updated 2016 base date land valuations to use from the 2017/2018 rating year.

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](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 using the minimum rating structure in 2017/2018.

The methodology used to set 2017/2018 ordinary land rates is as follows:

1. Calculate **total permissible general income limit** for 2017/2018:
  - 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
  - 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 tables outline the proposed 2017/2018 rating structure. Table One (7.5% increase including rate peg) will be implemented if Council's pending SRV is successful and Table Two (1.5% rate pegging limit) will be implemented if not.

**Table One – 7.5% SRV Increase including 1.5% Rate Pegging Increase**

Category or Sub-Categories	Number of Properties	Rate in the Dollar (\$)	Minimum Rate (\$)	Total Income (\$)	Proportional Contribution of Yield (%)	Average Rate
Residential	13,311	0.2169	747	15,701,246	74.00%	1,180
Residential - Flood Prone	28	0.2169	374	10,782	0.01%	385
Business	1,098	0.3715	747	2,654,685	12.50%	2,417
Business - Byron Bay CBD	349	0.4730	747	1,805,272	8.50%	5,173
Mining	0	0.3715	747	0	0.00%	0
Farmland	542	0.1935	747	1,063,672	5.00%	1,963
Farmland - Flood Prone	0	0.1697	374	0	0.00%	0
<b>TOTALS</b>	<b>15,328</b>			<b>21,235,658</b>		

**Table Two – 1.5% Rate Pegging Increase**

Category or Sub-Categories	Number of Properties	Rate in the Dollar (\$)	Minimum Rate (\$)	Total Income (\$)	Proportional Contribution of Yield (%)	Average Rate
Residential	13,311	0.2049	705	14,829,330	74.00%	1,114
Residential - Flood Prone	28	0.2049	353	10,178	0.01%	363
Business	1,098	0.3508	705	2,506,620	12.50%	2,282
Business - Byron Bay CBD	349	0.4466	705	1,704,479	8.50%	4,884
Mining	0	0.3508	705	0	0.00%	0
Farmland	542	0.1827	705	1,004,300	5.00%	1,854
Farmland - Flood Prone	0	0.1827	353	0	0.00%	0
<b>TOTALS</b>	<b>15,328</b>			<b>20,054,907</b>		

## 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 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.

A pensioner concession is also applied to the Fire and Emergency Services Levy (FESL). See the following FESL section for further information.

## 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, 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 Local Government Act 1993. For the purpose of charging these non-rateable properties that actually use these services, 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 encourages 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, except for vacant land and properties that Council have decided not to provide a collection service to due to safety concerns. 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.

The following tables outline Council's Waste Management charges for the 2017/2018 rating year.

Waste Collection Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
<b>Domestic Waste Management Charges – s496 LGA</b>			
<b>Urban – 3 bin collection service</b> (Waste Operations Charge is also payable in addition to collection charge)			
<b>80 litre</b> mixed waste ( <b>fortnightly</b> ) + 240L Recycling (fortnightly) + 240L Organics (weekly)	123	518	63,714
<b>140 litre</b> mixed waste ( <b>fortnightly</b> ) + 240L Recycling (fortnightly) + 240L Organics (weekly)	260	6,889	1,791,140
<b>240 litre</b> mixed waste ( <b>fortnightly</b> ) + 240L Recycling (fortnightly) + 240L Organics (weekly)	386	1,619	624,934
<b>80 litre</b> mixed waste ( <b>weekly</b> ) + 240L Recycling (fortnightly) + 240L Organics (weekly)	543	0	0
<b>140 litre</b> mixed waste ( <b>weekly</b> ) + 240L Recycling (fortnightly) + 240L Organics (weekly)	680	0	0
<b>240 litre</b> mixed waste ( <b>weekly</b> ) + 240L Recycling (fortnightly) + 240L Organics (weekly)	867	0	0
<b>Rural – 2 bin collection service</b> (Waste Operations Charge is also payable in addition to collection charge)			
240 litre mixed waste (fortnightly) + 240L Recycling (fortnightly)	277	2,727	755,379
<b>Vacant Land</b>			
Urban	25	403	10,075
Rural	25	452	11,300
<b>Additional Single Bins</b> (mixed waste bin must be purchased as an additional collection service)			
240 litre Recycling (fortnightly)	86	91	7,826
240 litre Organics (weekly)	100	8	800
<b>Multi-Unit Developments (MUD)</b>			
<b>3 Bin MUD collection service per unit</b> Waste Operations Charge is also payable in addition to collection charge			
<b>80 litre</b> mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	123	218	26,814
<b>140 litre</b> mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	260	930	241,800
<b>240 litre</b> mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	386	157	60,602
<b>2 Bin MUD collection service per unit</b> Waste Operations Charge is also payable in addition to collection charge – Council must approve exemption of organics service			
<b>80 litre</b> mixed waste (fortnightly) + 240L Recycling (fortnightly)	123	5	615
<b>140 litre</b> mixed waste (fortnightly) + 240L Recycling (fortnightly)	260	55	14,300
<b>240 litre</b> mixed waste (fortnightly) + 240L Recycling (fortnightly)	386	14	5,404
continued over			



Waste Collection Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
<b>Domestic Waste Management Charges – s496 LGA (continued)</b>			
<b>3 Bin Shared MUD collection service – Between two units</b>			
Waste Operations Charge is also payable in addition to collection charge – Council must approve shared service			
240 litre mixed waste (fortnightly) + 240L Recycling (fortnightly) + 240L Organics (weekly)	207	411	85,077
<b>2 Bin Shared MUD collection service – Between two units</b>			
Waste Operations Charge is also payable in addition to collection charge – Council must approve shared service			
240 litre mixed waste (weekly) + 240L Recycling (weekly)	207	378	78,246
<b>Domestic Waste Charges Total</b>			<b>3,778,026</b>

Waste Collection Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
<b>Non-Domestic Commercial Waste Management Charges – s501 LGA</b>			
<b>Urban – Non-Domestic collection service</b> (Waste Operations Charge is also payable in addition to collection charge)			
140 litre mixed waste (weekly) + 240L Recycling (weekly)	420	191	80,220
240 litre mixed waste (weekly) + 240L Recycling (weekly)	481	1,027	493,987
140 litre mixed waste (weekly)	420	13	5,460
240 litre mixed waste (weekly)	481	120	57,720
<b>Rural – Non-Domestic</b> (Waste Operations Charge is also payable in addition to collection charge)			
240 litre mixed waste (fortnightly) + 240L Recycling (fortnightly)	433	49	21,217
<b>Additional Single Bins – Non-Domestic</b> (only available in addition to a collection service)			
240 litre Recycling (weekly)	108	319	34,452
<b>Organics Bin Collection – Non-Domestic</b>			
Schools, community centres and not-for-profit organisations - subject to eligibility criteria			
240 litre Organics(weekly)	100	20	2,060
<b>Non-Domestic Commercial Waste Charges Total</b>			<b>695,116</b>

Waste Operations Charge	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Waste Operations Annual Charge - Domestic	70	13,639	954,730
Waste Operations Annual Charge – Non-Domestic Commercial	70	1,666	116,620
<b>Waste Operations Charges Total</b>			<b>1,071,350</b>

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)	55	Unknown	Unknown

## **Stormwater Management Service Charges (Section 496A)**

In accordance with Section 496A of the Local Government Act 1993 Council will charge 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 levied 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. Council has a capital works program to complete for stormwater and therefore it has been adopted that 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.

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

Therefore, under these circumstances, Council officers have 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 sq metres
Impervious surface area*	1,000 sq 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. That is:

$$\begin{aligned}
 &\text{Impervious area} / 90 \times 100 \\
 &= 1000 / 90 \times 100 \\
 &= 1111 \text{ square metres.}
 \end{aligned}$$

Applying charges recommended for business properties, 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 the 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 350m<sup>2</sup> 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 2017/2018 charging structure and estimated revenue generated by Stormwater Management Service Charges.

Property Type	Number of Properties	Annual Charge (\$)	Yield (\$)
Residential Properties (not strata titled)	7,370	25.00	184,250
Residential Strata Units (not within a mixed development)	2,273	12.50	28,400
Business Strata Units (not within a mixed development)	598	<b>**Varying Amounts (5.00 minimum charge)</b>	12,277
Business Strata Units (within a mixed development)	123	12.50	1,538
Business Properties (not strata titled)	556	<b>**Varying Amounts (25.00 minimum charge)</b>	67,225
<b>Totals</b>	<b>10,814</b>		<b>293,690</b>

**\*\* 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 tiers, a fixed annual charge for all properties and a usage charge based on actual water consumed. In addition a small amount of revenue is generated from fixed annual charges for fire services.

Fixed water 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.

Vacant land which does not have a water meter connected will be charged the equivalent of 50% of the 20mm Service Charge.

To properly reflect the water load a water connection can place on the system, fixed annual 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 charges based on connection size is:

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

Where:

WF	=	Customer's Annual Water Fixed Charge (\$)
WF <sub>20</sub>	=	Annual Water Fixed Charge for a 20mm Diameter water supply service connection (\$)
D	=	Diameter of water supply service (mm)

Council decided not to increase the 2017/2018 unit price of water services from 2016/17 prices.

### Water Fixed Charge - Annual Charges (Section 501)

#### Residential Properties

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
20mm Service	179	8,092	1,488,468
25mm Service	280	53	14,840
32mm Service	459	7	3,213
40mm Service	716	15	10,740
50mm Service	1,119	11	12,309
65mm Service	1,891	0	0
80mm Service	2,864	0	0
100mm Service	4,475	0	0
Vacant Land	90	155	13,950
Strata Unit (Residential)	179	2,260	404,540
Fire Service	238	11	2,618
<b>Total – Residential Fixed Charges</b>			<b>1,910,678</b>

**Non-Residential Properties**

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
20mm Service	179	452	80,908
25mm Service	280	156	43,680
32mm Service	459	45	20,655
40mm Service	716	89	63,724
50mm Service	1,119	63	70,497
65mm Service	1,891	2	3,782
80mm Service	2,864	9	25,776
100mm Service	4,475	10	44,750
Vacant Land	90	39	3,510
Strata Unit (Business)	179	715	127,985
Fire Service	238	57	13,566
<b>Total – Non-Residential Fixed Charges</b>			<b>498,833</b>

**Water Usage Charges (Section 502)**

A charge will be raised for the use of the Water Supply Service on a quarterly basis based on the usage recorded through the water meter or meters servicing each property. The charge will be based on an inclining block tariff and will apply on an annual basis as follows:

<b>Residential Properties</b>	up to 450/kl per reading year	<b>\$2.47 per kl</b>
	usage above 450/kl per reading year	<b>\$3.70 per kl</b>
<b>Non-Residential Properties</b>	all water usage	<b>\$2.65 per kl</b>

- The estimated income from **Residential water usage** charges for 2017/2018 is **\$4,349,914**.
- The estimated income from **Non-Residential water usage** charges for 2017/2018 is **\$2,063,366**.

## Sewer Charges

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

An annual Sewer Fixed Charge will apply to all residential properties including strata title units. Land that is vacant with no connection to the council sewer system will be charged equivalent to 50% of the Residential Sewer Fixed Charge.

The **Sewer Fixed Charge for Residential properties** for 2017/2018 will be **\$819.00**.

The Sewer Fixed Charge for Non-Residential properties 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.

Properties which are not separately metered, and all Non-Residential Strata Title units will attract a Sewer Service Fixed Charge equivalent to that of a Non-Residential property with a 20mm water connection.

Land that is vacant with no existing premise connected to the council sewer system will be charged equivalent to 50% of the Non-Residential Sewer Fixed Charge for a 20mm connection.

### Sewerage Fixed Charge - Annual Charges (Section 501)

#### Residential Properties

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Residential Sewer Service Fixed Charge – 20mm	819	7,322	5,996,718
Strata Units (Residential)	819	2,260	1,850,940
Vacant Land – not connected to Sewer	410	346	141,860
Sewer Access Charge 25mm	1,280	40	51,200
Sewer Access Charge 32mm	2,097	7	14,679
Sewer Access Charge 40mm	3,276	13	42,588
Sewer Access Charge 50mm	5,119	9	46,071
Sewer Access Charge 65mm	8,651	0	0
Sewer Access Charge 80mm	13,104	0	0
Sewer Access Charge 100mm	20,475	0	0
Residential (with Sewer Pods)**	794	173	137,362
<b>Total Residential Fixed Sewer Charges</b>			<b>8,281,418</b>

\*\* Residential properties connected to Council's sewerage system via a Sewer Pod device (New Brighton / Billinudgel areas) are charged a sewerage fixed charge of \$777.00 which is \$25.00 less than the standard residential 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.

## Sewerage Fixed Charge - Annual Charges (Section 501)

### Non-Residential Properties (includes non-rateable properties)

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Sewer Service Access Charge - Non-Residential Strata Units	819	699	572,481
Sewer Service Access Charge – Vacant Land	410	53	21,730
Non-Residential Properties (with Sewer Pods)**	794	9	7,146
Sewer Service Access Charge 20mm	819	393	321,867
Sewer Service Access Charge 25mm	1,280	142	181,760
Sewer Service Access Charge 32mm	2,097	42	88,074
Sewer Service Access Charge 40mm	3,276	73	239,148
Sewer Service Access Charge 50mm	5,119	51	261,069
Sewer Service Access Charge 65mm	8,651	2	17,302
Sewer Service Access Charge 80mm	13,104	10	131,040
Sewer Service Access Charge 100mm	20,475	7	143,325
<b>Total Residential Fixed Sewer Charges</b>			<b>1,984,942</b>

\*\* Non-Residential properties connected to Council's sewerage system via a Sewer Pod device (New Brighton / Billinudgel areas) are charged a sewer fixed charge based on \$777.00 which is \$25.00 less than the standard residential 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)

A sewer discharge factor applies to all sewer infrastructure users. The discharge factor is applied to the total water usage for properties and reflects the typical load properties place on the sewer system.

The Sewer discharge factor is the ratio of all wastewater (sewage) discharged from a premises to the sewer system to the total water consumption expressed as a percentage.

For residential properties, the discharge factor is 75% and therefore the charge per kilolitre (1,000 litres) is **\$1.85** (being 75% of the water usage charge).

Sewerage discharge factors for non-residential properties are determined by the type of activity undertaken on the property and are calculated as defined in the NSW Department of Water and Energy, Liquid Trade Waste Regulation Guidelines April 2009.

- The estimated income from **residential sewer usage charges** for 2017/2018 is **\$2,906,283**.

Non-residential properties can have different sewer discharge factors dependent on the nature of the business. The sewer discharge factor (SDF) for non-residential properties has been determined using category of business guidelines set by the New South Wales Office of Water.

The sewer usage charge for non-residential properties is therefore calculated by applying the business category SDF for a specific property to a non-residential sewer usage charge of **\$2.47 per kilolitre**.

- The estimated income from **non-residential sewer usage charges** for 2017/2018 is **\$1,503,715**.



## Liquid Trade Waste Charges

### Liquid Trade Waste Fixed Charge (Section 501)

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.

**Liquid Trade Waste Annual Charge** is charged on properties that discharge liquid trade waste but are not required to apply for Council approval.

**Category 1** dischargers are those businesses which conduct an activity deemed by Council as requiring minimal pre-treatment and are considered low risk.

**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.

**Category 2S** dischargers are those businesses which conduct an activity of transporting and/or discharging septic tank or pan content into the sewerage system.

**Category 3** dischargers are those businesses which discharge large volumes of liquid trade waste (over 20 kl/d) to the sewerage system.

The following table outlines 2017/2018 liquid trade waste fixed charges. Council has decided not to impose any unit price increases for 2017/2018.

#### Liquid Trade Waste Fixed Charges

Service Type	Annual Charge (\$)	Number of Services	Estimated Yield (\$)
Liquid Trade Waste – Annual Charge	31	8	248
Liquid Trade Waste – Category 1 - Residential	153	1	153
Liquid Trade Waste – Category 1	153	83	12,699
Liquid Trade Waste – Category 2	255	189	48,195
Liquid Trade Waste – Category 2S	255	1	255
Liquid Trade Waste – Category 3 (Large Industrial and Commercial Premises)	429	3	1,287
<b>Total Liquid Trade Waste Fixed Charges</b>			<b>62,837</b>

### Liquid Trade Waste Usage Charges (Section 502)

Liquid trade waste dischargers have a Trade Waste Discharge Factor (TWDF) added to their Sewerage Discharge Factor (SDF) to determine their total sewerage 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 trade waste usage charge for non-residential properties is therefore calculated by applying the business category TWDF against the **liquid trade waste usage charge of \$2.24 per kilolitre**.

Usage charges will apply to Category 2 and 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.

- The estimated income from **liquid trade waste usage charges** for 2017/2018 is **\$262,227**.

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

Properties that are technically non-complying users of Council's sewerage reticulation system will be levied a sewerage usage charge of **\$3.70 per kilolitre**.

This charge is a valuable tool in achieving compliant sewerage infrastructure.

Council has issued advice to a property where a private sewer pumping station is not compliant. A three month period has elapsed and the premises remain non-compliant.

## Non-Complying Water Supply Users (Sections 501 and 502)

Properties that are technically non-complying users of Council's water supply will be levied a water usage charge of **\$5.30 per kilolitre**.

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.

## Calculation of Usage Charges

### Residential Property discharging Sewage

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

$$TUC = (C \times UC) + (SDF \times C \times UC)$$

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

### Non-Residential Property discharging Sewerage

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

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

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 Sewage & Trade Waste

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

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

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

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 OSMS fee for 2017/2018 is **\$44.00** per OSMS or Equivalent Tenement and it is expected that the fee will raise **\$154,220**.

## 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 allowable under Section 566(3) of the Local Government Act 1993 as determined by the Minister for Local Government each year. The interest rate to apply for 2017/2018 has yet to be determined.

### Part Year Adjustments to Rates and Charges

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.

Retrospective adjustments would usually be made for the current and previous years only however, Council may decide to make 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 Council considers that the account will be uneconomical to collect.

### Fire and Emergency Services Levy (FESL)

From 2017/2018 NSW Councils will collect the FESL (as a fee displayed on the Rates and Charges Notice) on behalf of NSW Treasury. Prior to 2017/2018, insurance companies collected this levy. According to NSW Treasury, levying the FESL on properties will be a fairer way of raising the funds that supports Fire and Emergency Services. Please note the FESL is not Council revenue nor does Council determine the rate to apply. Council is simply the collection agent for the NSW Treasury and all FESL revenue is remitted to the NSW Treasury.

Visit the NSW Treasury website at <http://fesl.nsw.gov.au>

## **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.

### *Land Assets*

Council has identified property for review and potential sale in its Financial Sustainability Project Plan. Potential sale of property may occur from time to time.

## **Loan Borrowings**

As part of Council's 2017/2018 Budget Estimates, Council proposing to borrow new loans totalling \$6,000,000 over the next three financial years commencing from 2017/2018 for a bridge replacement program. The 2017/2018 Loan Borrowings proposed are \$2,160,000. Council though may consider borrowing the full \$6,000,000 in 2017/2018 and reserve funds unexpended for use in future years depending upon testing the market at the time the loan borrowings are to be drawn and what option provides the best financial advantage to Council.

## **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. Caravan Parks