

Draft Revenue Policy and Statement

2011/2012

Part A

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Revenue Policy (with Fees and Charges)

Introduction

Integrated Planning and Reporting is a continuous process that provides a framework for the organisation to achieve effective and efficient resource utilisation. The Revenue Policy is a key component of the functionality of the Operational Plan as it is a list of Council's Fees and Charges for 2011-2012 including all areas that support the generation of Council's income.

The revenue categories include rates, annual charges for services, fees for services, federal and state government grants, earnings from investments and entrepreneurial activities.

Local Government is the third tier of government, which is closest to the people. Tweed Shire Council exists to provide a wide range of services for the benefit of its local community. Council operates in a complex legislative, economic, and social framework, and with the participation of the community, services and facilities are provided in an efficient and effective manner. A strategy identified in the Community Strategic Plan:

"1.2.3 Financial requirements and the community's capacity to pay will be taken into account when meeting the community's desired levels of service."

It is an underlying component of the Revenue Policy.

Council has the autonomy to determine appropriate fees or charges to be levied for any goods or services provided in accordance with its agreed activities and functions, except where provided by legislation.

The Local Government Act 1993 encourages greater reliance on user charges and less reliance on rates. Council's Revenue Policy aims to balance these considerations with its community service obligations and in context of the objectives and strategies of the Community Strategic Plan.

The Revenue Policy for a charge or fee identifies;

- Cost relating to a particular service or function of local government;
- Any revenue which may be earmarked for that service or function; and
- Options for recovering the cost of a service or function.

Council exists to provide a wide range of services for the benefit of the local community; therefore it should operate in an efficient manner. The provision of services must take account of a number of major characteristics of local government including:

- A large part of its revenue comes from ratepayers who understandably expect a certain level and quality of service for payment of rates;
- Local government policies, budgets and pricing are developed and set by representatives elected by the ratepayers;
- Local government receives grants from other spheres of government which often prescribe policies and pricing practices;

- Commonwealth and State legislation are prescriptive in certain areas in relation to the powers of local government; and
- A responsibility of allocating revenues in the most efficient and effective manner and in the long term interests of the community.

What services can be charged for?

The following questions are addressed when considering the level of fees and charges covered in the Revenue Policy:

Which groups (persons or entities) will benefit from the service?

- Can this target group be charged for the service?
- Should this target group be charged for the service?
- How will the target group be charged?
- Will the target group pay, or will other groups be forced to subsidise the provision of the service?

The traditional role of councils to provide physical and property based services has evolved into a far more complex one, which involves the provision of a wide range of physical, social, and recreational services and facilities.

It is within this context that the Revenue Policy is formulated to form part of the Operational Plan for the 2011-2012 Financial Year.

Revenue Policy Statement

Introduction

It is a requirement of Section 405(2) of the Local Government Act 1993 to incorporate in Council's Operational Plan a Revenue Policy.

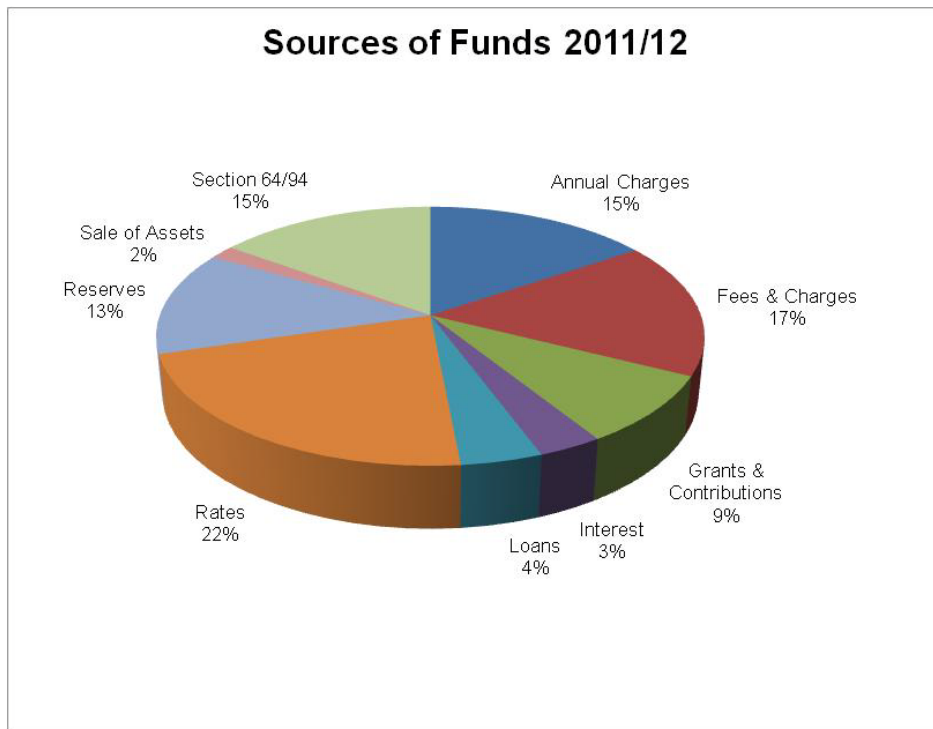
The objectives of Tweed Shire Council's Revenue Policy are;

- i. To meet statutory requirements,
- ii. To establish the total revenue required by Council to fund its activities,
- iii. To identify the revenue sources available to Council.

Sources of Funds

The following table details the recurrent and capital revenue sources available to Council. Column 2 details who has the authority to set the amount of revenue and Column 3 records Council's discretionary power if such powers exist.

1. Revenue Sources	2. Amount Set By (Authority)	3. Discretionary Policy Disclosed
Recurrent		
Rates	Local Government Act/Council	Rating Policy
User Fees & Charges	Various Acts/Council	Revenue Policy
Interest on Investments	Local Government Act/Market Forces/Council	Investment Policy
Grants & Subsidies	Various Government Departments	N/A
Contributions/Donations/Sponsorship	EPA Act/Local Government Act/Council	Revenue Policy/Section 94 Plan
Entrepreneurial Activities	Local Government Act/Council	N/A
Leasing	Local Government Act/Council	Accounting Policies
Gain on Disposal of Assets	Market Forces	Accounting Policies
Capital		
Borrowings	Local Government Act/Council	Accounting Policies
Grants & Subsidies	Various Government Departments	N/A
Internally Restricted Funds	Council	Accounting Policies



Critical to the development of the Revenue Policy is that the principles of efficiency; effectiveness and equity are demonstrated.

Efficiency generally means ensuring that resources are devoted to the most valuable ends as determined by Council, using as few resources as possible. It generally relates to the cost at which services and facilities desired by the community are delivered or provided - refer to Community Strategic Plan Strategy as follows:

"1.3.2 Council will seek the best value in delivering services."

Effectiveness relates to the satisfaction of stated objectives so that outcomes of decisions and the needs and demands of consumers are taken into consideration. Effectiveness is clearly demonstrated by service standards and meeting these to the satisfaction of the community - refer to Community Strategic Plan Strategy as follows:

"1.2.2 Decisions made relating to the allocation of priorities will be in the long term interests of the community."

Equity ensures that services are provided to those who need them, even though they may be unable to pay for the particular service - refer to Community Strategic Plan Strategy as follows:

"1.2.3 Financial requirements and the community's capacity to pay will be taken into account when meeting the community's desired levels of service."

This document provides pricing policies for rates, annual charges for services and fees for specific services provided by Council.

Rating Statement

Rates and Charges 2011-2012

Categories:-

Residential

Section 516 of the Local Government Act 1993 provides that land be categorised as residential if it is a parcel of rateable land valued as one assessment and:

- i. Its dominant use is for residential accommodation otherwise than as a hotel, motel, guest house, boarding house, lodging house or nursing home or any other form of residential accommodation prescribed by the regulations,
- ii. In the case of vacant land, it is zoned or otherwise designated for use under an environmental planning instrument (with or without development consent for residential purposes), or
- iii. It is rural residential land.

Council has determined those parcels of land as "residential" which conform to the above definition.

Farmland

Section 515 of the Local Government Act 1993 provides that land is to be categorised as "farmland" if it is a parcel of rateable land valued as one assessment and its dominant use is for farming (that is, the business or industry of grazing, animal feedlots, dairying, pig farming, poultry farming, viticulture, orcharding, beekeeping, horticulture, vegetable growing, the growing of crops of any kind, forestry, oyster farming, or fish farming, within the meaning of the Fisheries Act and Oyster Farms 1935, or any combination of those businesses or industries) which:

- i. Has a significant and substantial commercial purpose or character,
- ii. Is engaged in for the purpose of profit on a continuous or repetitive basis (whether or not a profit is actually made).

Council has determined those parcels of land as "farmland" which conform to the above definition.

Business

Section 518 of the Local Government Act 1993 provides that land is to be categorised as "business" if it cannot be categorised as farmland, residential or mining.

Mining

Section 517 of the Local Government Act 1993 provides that land is to be categorised as "mining" if it is a parcel of rateable land valued as one assessment and its dominant use is for a coal mine or metalliferous mine.

Council has determined that there are no properties, which conform to the above definition.

Rate Pegging

The NSW Government introduced rate pegging in 1987. Rate pegging limits the amount that Council can increase its rate revenue from one year to the next by a specific figure determined by the Minister for Local Government.

Approved Rate Variation 2004

The Minister for Local Government in 2004 approved an increase to general income by 7.48% for seven years commencing in 2004/2005. This comprised 3.96% as a special variation and 3.52% as a general variation. The special variation component was approved for the purpose of assisting with costs associated with asset maintenance in general and the sealing of unsealed roads as defined by Council.

The approval was also granted on the condition that Council reduce its general income for the 2011/2012 rating year by the amount of the special variation granted in 2004/2005 plus the equivalent cumulative proportion of this increase from any general variation increases or special variation increases approved for the 2005/2006 to 2010/2011 rate years inclusive.

Department of Local Government has advised an amount of \$1,540,371.00 is required to be adjusted as a result of this action. For calculation refer page 15 of this document.

Approved Rate Variation 2006

The Minister for Local Government in 2006 approved Council increasing its general rate income for two years only based on Council's application to fund the 7 Year Infrastructure and Services Plan as follows:

- 2006/2007 is 7.60% above that for 2005/2006
- 2007/2008 is 8.00% above that for 2006/2007

Approved Rate Variation 2007

Council sought ministerial approval for increases to general income for the periods 2008/2009 to 2012/2013 inclusive for projects proposed in the original 7 Year Infrastructure and Services Plan.

On 15 August 2007 the Minister for Local Government approved Council increasing its general income as follows:-

- 2008/2009 is 9.50% above that for 2007/2008
- 2009/2010 is 9.50% above that for 2008/2009
- 2010/2011 is 8.50% above that for 2009/2010
- 2011/2012 is 7.50% above that for 2010/2011
- 2012/2013 is 7.50% above that for 2011/2012

It should be noted that the approval is not an endorsement of the Councils rating structure.

The Minister's approval is on the basis that the Council makes and levies its rates according to the provision of the Local Government Act 1993.

General income comprises income from ordinary rates and special rates. It does not include income from Waste Management service charges, water and sewerage service charges.

Valuations

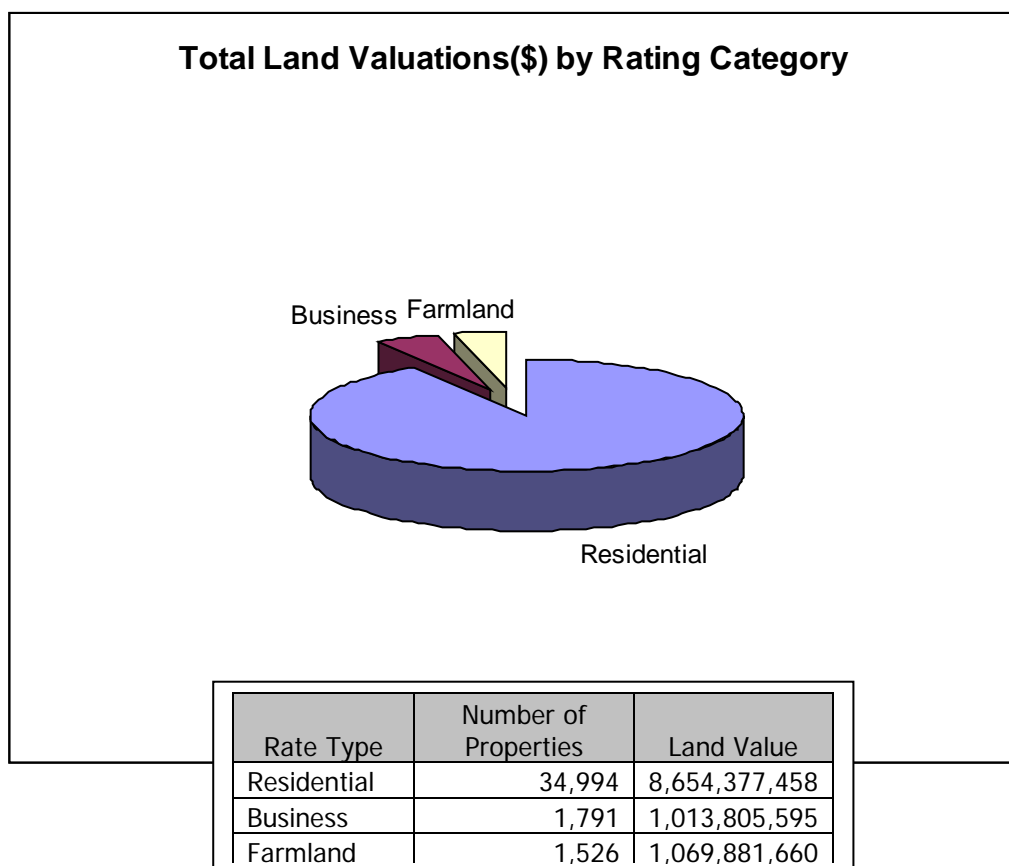
Rates are assessed on a rate in the dollar as a product of the land value supplied by the Valuer General. The Valuation of Land Act 1916 (NSW) requires Council to assess the rates on the most recent values provided by the Valuer General.

Council cannot make and levy a rate in respect of a parcel of land, unless Council has been furnished with a valuation of that land under the Valuation of Land Act. Council does not participate in the valuation of land for rating purposes. The Valuer General assesses all values independently of Council. Council has the right to appeal against any land valuation furnished by the Valuer General for Tweed Shire. The last revaluation of the shire took place during 2008.

Whenever a revaluation occurs the rating distribution within the council area changes.

Although the total rating income generated is restricted by the rate-pegging limit, individual ratepayers will receive varying increases or decreases in their rates, dependent upon how their property has been affected by the revaluation.

The valuation spread for the 2011/2012 rating year over the three rating categories is detailed below.



Equity Consideration in Rate Structure

The rating structure is Council's method of collecting local 'taxation' from property owners. The funds generated are used to carry out works and services provided within the general fund.

Events in neighbouring council areas and for that matter all over the state indicate that there are great difficulties to be faced when a council receives new valuations and more so when there is a combination of changes to a rating structure and a new general valuation.

The Local Government Act 1993 (LGA) sets out the methodology by which a council can collect its rate income. The Division of Local Government also publishes a Rating and Revenue Manual (see their website www.dlg.nsw.gov.au, click on Local Government Publications) that is intended to be a guide for councils and it provides some interesting observations.

Contained in the LGA are the two allowable methods of rating:

1. Ad valorem rating

Ad valorem (at value) rating is based on using the land value of the property, supplied to council by the Valuer General and is the form of rating that has traditionally been used by local government.

Within the LGA, there is also the ability to use differential levels of rating for various categories of property. This practice, by its nature either discounts or inflates the valuation dependent upon whether you are paying the highest rate in the dollar or the lowest.

As valuations apply to all rateable land, any argument for or against the use of valuations should be able to be applied to all rating categories and not quarantined to a particular category.

2. Base Amount

This method allows the use of both a set amount (up to 50% of the rate assessment) as well as using valuations for the balance of the assessment.

This process does have the impact of reducing variations within rate categories as it effectively disregards up to 50% of the valuation and replaces it with a fixed amount.

A base amount allows Council to determine if there are some facets of its operations that every ratepayer should make a contribution towards and allows these to be charged for in a base amount or alternatively, if there are some activities that are common to a rates category that should be paid for by the group and almost anywhere in between.

This is the opposite of the use of valuations as a rating method. Base amounts equate rates to some general funds services delivered and not to valuations.

These two methods of rating offer any number of combinations and possibilities, what is important is arriving at a philosophy for rating that is clear, supportable and easy to administer.

As previously mentioned, various councils have had great difficulty in arriving at a rating policy that is fair, acceptable and transparent following the receipt of new valuations.

Importantly, it is the need for Council to look at why it rates as it does, why certain rating categories pay more or less than others and the overall income that Council gathers from each category. Council must determine its preferred rating method, valuations or base amounts and then clearly set out why the rating process it is going to use for 2011/2012 is the right one for the Tweed Shire Council and by implication its ratepayers.

Conclusion and Councils Proposal

Council's present rate structure is based on an ad valorem amount subject to a minimum amount. This system is used by approximately 62% of councils in NSW.

The base rate structure does not follow the concept that everyone should pay at least a "minimum" amount and therefore has the potential to create the perception that not all ratepayers are making an adequate contribution towards the costs of providing all services.

Whilst the Local Government Act makes provision for "base amounts", the overriding characteristic of Local Government rating is that the assessments that are produced will be primarily and predominately determined via the ad valorem method whereby the incidence of any rate burden is split differentially according to the value of the rateable property: see *Sutton v Blue Mountains CC (21977) 40 LGRA 51*.

The 2011/2012 structure provides for a minimum rate and ensures that everyone pays at least the minimum amount of \$871.40 for Residential and Farmland properties and \$931.20 for Business properties. The minimum rate was introduced as a means of ensuring that all ratepayers paid at least an amount sufficient to cover the average cost of providing the basic services. A base rate structure does not follow this concept and most properties now paying a "minimum" would pay less under a Base Rate structure.

Base rating methodology shifts the burden of paying rates from the higher and lower valued properties to the middle range of valued properties. The demographics of Tweed Shire properties suggest the lower valued properties are predominately units with a large quantity of investor ownership who have the ability to minimise the rate impact and also pensioners who receive a rate reduction.

Conversely an examination of properties valued higher than \$1,500,000 reveal the vast majority are land awaiting subdivision owned by developers, land where non-strata units apply or farmland properties.

Council's rating structure for the 2011/2012 rating period is to continue with the ad valorem rating method subject to a minimum rate.

Rating Percentage Component and Mix

Since the introduction of farmland rating, Council has adopted a procedure of determining the rating mix by a system of reducing the rate in the dollar or ad valorem component of the residential and business rate in the dollar by a certain percentage to produce a rate in the dollar for farmland properties. This produced a result that complied with the Local Government Act 1993.

To clarify the situation Council resolved in 2005 to set the percentage mix based on notional or rate yield. It was agreed the change produced a fairer or more equitable system. The percentage mix or how much each category pays can change dependent upon Council's attitude or circumstances both internal and external at any given point in time.

For example the economic environment may dictate a lower yield from farmland properties. Over the years Council has left the business and farmland yield at the same or lower than previous years. However in the 2006/2007 rating year Council increased the permissible income for the Business category by 18.6% from the previous year's permissible income, as a result of the 7 Year Infrastructure Plan. The increased mix for business purposes will continue for the 2011/2012 rating period.

Council's approved action for the 2011/2012 rating period is to increase the total permissible rating income from 2010/2011 by 7.50% and to apply a percentage mix of:-

Residential	84.18%
Business	9.86%
Farmland	5.96%

Special Rates

In addition to the Ordinary Rates, the Local Government Act 1993 makes provision for a Special Rate. Council may consider special rates if it proposes to finance a project that will benefit either the whole of the shire or part of the shire. A project may be comprised of works, services, facilities or activities.

A special rate can be levied on any rateable land which, in the Council's opinion, benefits or will benefit from the project in question; or contributes to the need for the project; or projects, or for similar projects in different parts of it's area.

When setting special rates, it is important that Council is able to define with some precision how the project will effect land parcels. The rate must then be applied consistently to the effected properties. All land which benefits from the project must be rated the special rate.

A special rate may be made for, or towards meeting the cost of any existing or proposed project within any part or the whole of Council's area. The amount of the special rate is determined according to the assessment of the relationship between the estimated cost of the activity and the degree of benefit afforded to the ratepayer by providing the activity.

Like an ordinary rate, a special rate is based on the land value of rateable properties and may consist of an ad valorem rate (which may be subject to a minimum rate) or a base amount to which an ad valorem rate is added.

If the purpose of any income to be levied by a special rate is not for water supply, sewerage charges or domestic waste management services, then the income raised will form part of Council's General Income. This income will need to form part of Council's permissible general income or require Ministerial approval if the income exceeds the permissible limit.

Council has utilised the special rate provisions of the act culminating in the issuing of several special rates; refer to the structure of rates.

Maps are available for perusal at Council's offices at Murwillumbah and Tweed Heads, which will identify lands mentioned for special rates.

Rate Reductions for Eligible Pensioners

Council provides for rate reductions to eligible pensioners under section 575 of the Local Government Act 1993.

Postponement of Rates

Where a property is used as a single dwelling but because of zoning or permitted use has a land value that reflects the potential use rather than the actual use, Council will provide a postponement of rates in accordance with Section 591 of the Local Government Act 1993.

Interest on Overdue Rates

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 for the 2011/2012 rating year which will be advised by the Division of Local Government.

Non-Rateability

Council deems land to be non-rateable strictly in accordance with Sections 555 and 556 of the Local Government Act 1993.

Payment of Rates

Ratepayers may pay their rates in four payments being: 31 August, 30 November, 28 February and 31 May. Council is obliged to forward reminder notices one month in advance. Council is required to reduce rates for pensioners who hold the pensioner concession card. Those pensioners who are uncertain of their status should contact Council's Revenue section.

Annual Charges (Section 501)

In addition to ordinary rates and special rates, Council may levy an annual charge for any of the following services:

- Water supply services;
- Sewerage services;
- Drainage services;
- Waste management services (excluding domestic waste services); and
- Any services prescribed by the regulations.

Statement of each Ordinary Rate and Special Rates to be levied

On 15 August 2007 the Minister for Local Government approved Council increasing its general income as follows:-

- 2011/2012 is 7.50% above that for 2010/2011

Structure of the Rate

Section 497 of the Local Government Act 1993 provides the method of the structure of the rate.

Council has considered the methods and has decided on the structure of the rates being an ad valorem rate subject to a minimum amount for all properties categorised.

A. Residential

The categorisation determined for this ordinary rate has not changed from those previously applied.

B. Farmland

Categorisation determined for this ordinary rate is as applied to previous years. Land is categorised as farmland if its main use is for commercial farming.

C. Business

The Local Government Act 1993 stipulates that in categorising land that any parcel of land that cannot be identified as residential, farmland or mining, be placed in the business category.

The following table provides a summary of the number of rateable properties within each of the rating categories, the rate in the dollar applicable to the category, and the number of properties within the category to be rated at the minimum amount for the 2010/2011 year. This table is used to estimate the permissible rating revenue for 2011/2012 and to calculate the minimum rate.

2010/2011	No of Properties	Rate	Minimum \$	No. of Minimums	Yield as at 28/03/2011
Residential	35,177	0.3693	810.60	17,931	38,432,017.00
Business	1,790	0.4054	866.25	842	4,534,934.20
Farmland	1,540	0.2394	810.60	271	2,804,042.90
Tweed Heads	151	0.1000			87,326.10
Koala Beach	499	0.0056			65,634.10
TOTAL	38,507			19,044	45,923,954.30

The estimated permissible rating revenue for 2011/2012 is as follows:

Description	2011/2012 Rate Income Estimate \$
Permissible Rating Income from 2010/2011	45,923,954.30
Approved Increase 7.5%	3,444,296.57
Previous Years catch up / surplus adjustment	-646.00
	-1,540,371.00
Total Permissible Rating Income 2011/2012	47,827,233.87

D. Impact of the Proposal on Ratepayers

The rate revenue to be generated from the special variation will apply to each rateable assessment within the Shire and it will be levied as a rate in the dollar on the land value of the land subject to minimum rating.

The impact of the special variation for 2011/2012 of minimum rates upon Council ratepayers is as follow: -

2011/2012 Rates and Charge Structure (Minimum Rates)

Item	2010/2011 \$	2011/2012 based on allowed Ordinary Rate increase 7.50%
Ordinary Rate		
Residential	810.60	871.40
Business	866.25	931.20
Farmland	810.60	871.40
Sewerage Charge	568.00	609.00
Water Access Charge	106.00	118.00
Domestic Waste Service Charge	99.20	118.30
Domestic Waste Management Charge	47.35	50.70
Waste Minimisation and Recycling Charge	60.30	60.80
Landfill Management Charge	25.00	30.00
Total		
Residential	1,716.45	1,858.20
Business	1,772.10	1,918.00
Farmland	1,716.45	1,858.20
Increase in total minimum rates (including all charges) compared to 2010/2011	Residential	141.75
	Business	145.90
	Farmland	141.75
Percentage increase in total minimum rates from 2010/2011	Residential	8.29%
	Business	8.23%
	Farmland	8.29%

Council Opinion

By virtue of Section 495(2) of the Local Government Act 1993, the special rate is to be levied on such rateable land in Council's area as, in Council's "opinion":

- Benefits or will benefit from the works, services, facilities or activities; or
- Contributes or will contribute to the need for the works, services, facilities or activities; or
- Has or will have access to the works, services, facilities or activities.

Council is required to form a certain "opinion" as a necessary precondition to the making and levying of a special rate.

The opinion relates to the land that will benefit from, contribute to the need for, or have access to the particular works, services, facilities or activities the subject of the rate.

The opinion must correspond exactly with the “substance” and the “effect” of the rate, that is, all land rated must be identical to the land which will benefit from, contribute to the need for, or have access to the particular works, services, facilities or activities the subject of the rate. Thus, the rates must not be levied on any land that will not, in Council’s reasonable opinion, benefit from, contribute to the need for, or have access to those works, services, facilities or activities.

Council is required to form a certain “opinion” as a necessary precondition to the making and levying of a special rate.

E. Tweed Heads Street Scaping

In 1996-1997 an application was made to the Minister for Local Government for a Special Variation to General Income to allow for a Tweed Heads Special Rate to be applied to all properties that benefited from such works.

The Local Government Act 1993 states a special rate can be levied on such rateable land in the Council’s area. Council levies a special rate to part of its area within Tweed Heads for the purpose of street scaping Tweed Heads with an estimated yield of \$87,821.00.

One of the key initiatives is a major improvement in the urban environment of the Centre. There is abundant international and national evidence to support public investment in improved street scaping: repairing, visitor, consumer and investor attraction.

The real challenge for the Tweed community is funding the street improvements. Council’s budget contains provision for a \$2,000,000 loan with annual repayments of about \$230,000. A Special Rate has been levied for directly benefiting property owners to repay a \$500,000 loan over 15 years.

Maps are available identifying the special rate area for Tweed Heads Street Scaping Special Rate.

Allowable Increase 7.5%

Description	No. of Properties	Rate	Revenue \$
Tweed Heads Street Scaping	151	0.1040	87,821.00

F. Koala Beach

The Local Government Act, 1993 states a Council may make a Special Rate for or towards meeting the cost of any works, services, facilities provided or undertaken or proposed to be undertaken by Council within the whole or any part of the Council’s area.

The Local Environmental Study for Koala Beach identified a number of environmental values for the property, including areas of significant koala habitat.

As a result, Council agreed to the rezoning of land for urban development subject to the protection of those values. That area is now being developed in accordance with those requirements. To the benefit of those who have subsequently purchased

residential allotments, the responsibilities for the protection of the environmental values at Koala Beach does not cease with the completion of construction. There is an ongoing financial requirement to be met by the residents of Koala Beach as part of the responsibility for the release of urban land at Koala Beach in the first place.

This special rate will provide for that activity.

The amount will be collected from the residents of Koala Beach Estate annually for the intrinsic value of the koalas and their environmental habitat and will be expended for regulatory, educational and some specialised maintenance functions.

Whilst this activity and its funding as a special rate only relates to the Koala Beach Estate it appears in the submission because of the “rate capping” process.

In February 1995 the rezoning of the Koala Beach site was gazetted setting aside approximately 89 hectares of a 360-hectare site for urban development (915 dwellings). Approximately 248 hectares of the site was zoned Habitat Protection.

An Environmental Study, Fauna Impact Statement and Koala Management Plan highlighted a number of management issues, which result from the urban development of the site. The proximity of over 900 dwellings adjacent to an area with demonstrated high conservation value clearly had the potential to significantly compromise the long-term ecological integrity of the adjoining natural areas.

Therefore it is to the benefit of the wider community that Tweed Shire Council allocates Human and Financial Resources to the community Koala Management Committee for the purpose of maintaining and managing environmentally significant areas of the Koala Beach site.

Maps are available identifying the special rate area for Koala Beach.

Allowable Increase 7.5%

Description	No. of Properties	Rate	Revenue \$
Koala Beach	499	0.0581	68,113.11

G. On Site Sewage Management Charge

Since July 2008 households with an On-Site Sewage Management System have been charged an annual management fee. This is required to issue the necessary approvals to operate and to ensure basic operational standards for on site management systems are maintained.

Council’s strategy to improve the management of on-site sewage systems (OSMS) is to protect the community by inspecting and monitoring the health and environmental risks of these systems on an annual basis.

The 2011/2012 annual fee will be \$31.50 which will yield \$154,224.00 for the purpose of this strategy.

No.	Amount	Yield
4,896	\$31.50	\$154,224.00

Rates in the Dollar 2011/2012

A. Allowable Increase to General Income of 7.50%

Categories

- Residential Rate 0.3764 cents in the dollar
Minimum \$871.40
- Business Rate 0.4195 cents in the dollar
Minimum \$931.20
- Farmland Rate 0.2486 cents in the dollar
Minimum \$871.40

Special Rates

- Tweed Heads Street Scaping 0.1040 cents in the dollar
- Koala Beach 0.0581cents in the dollar

Note: Minimum charges as per the Ministerial Approved Rate Variation Instrument of 2007 and categories Rates in the Dollar are indicative of the reduction in General Income from the approved variation of 2004.

Proposed Statement of Charges to be Levied

In accordance with Sections 495, 501 and 502 of the *Local Government Act 1993, as amended*, Council proposes to make and levy the following charges.

Water Charges

Introduction

With the increasing demands on the limited water resources for this country, the Council of Australian Government (COAG) developed a "*Strategic Framework for Water Reform*", agreed to by all Australian governments, which requires compliance under National Competition Policy. Council conducted an extensive investigation of the COAG principles resulting in the adoption of a new Water Pricing Policy on 21 November 2001, effective from 1 July 2002.

The NSW State Government's implementation through the NSW Office of Water, have prepared best-practice pricing guidelines which require Councils' to:

- Raise the annual income required for the long term financial sustainability of the water and sewerage business;
- Remove any cross-subsidies, so that all customers pay a fair price for water and sewerage services.

Water Pricing Policy

The NSW Office of Water have continued to revise best-practice pricing guidelines and now require the income received from volumetric charges to be a minimum 75% of the combined access and volumetric income, for residential assessments and 50% for business assessments. This is intended to send a stronger water conservation signal through pricing to consumers. The increase would signal the need for consumers to review their water usage, with the aim of reducing consumption and therefore delaying growth related capital works.

Additionally, to encourage water conservation, high consuming residential consumers should be subjected to a step price increase (expressed as an "excess water charge") of at least 50% for incremental usage above the specified threshold. This threshold should not exceed 300kL/per year per household.

To achieve compliance the pricing path detailed in the table below was implemented.

Financial Year	Access Charge \$	Volumetric charge \$/kL	Excess Water Charge \$/kL
2004/2005	\$106.00	\$0.68	N/A
2005/2006	\$90.00	\$0.82	N/A
2006/2007	\$95.00	\$1.04	N/A
2007/2008	\$95.00	\$1.23	N/A
2008/2009	\$98.00	\$1.36	\$2.04
2009/2010	\$102.00	\$1.50	\$2.25
2010/2011	\$106.00	\$1.65	\$2.50
2011/2012	\$118.00	\$1.85	\$2.80

To ensure compliance with the best practice pricing guidelines, Council will continue to review its Water Pricing Policy on an annual basis.

Water Access (\$501) and Volumetric Charges (\$502)

The proposed charges applying from 1 July 2011 are as follows:

- Residential assessments – an access charge of \$118.00
- Business assessments - an access charge based on residential assessment 20mm access charge, multiplied by the ratio of meter size cross sectional area. (For possible reduction of access Charge related to previous year's consumption refer to Table 1 below.)
- Volumetric charge of \$1.85/kL for non-residential assessments.
- Volumetric charge of \$1.85/kL for residential assessments for each kL up to and including 300kL per annum.
- Excess volumetric charge of \$2.80/kL for residential assessments for each kL in excess of 300kL per annum consumption.
- The above volumetric charges relate to the reading period between May/June 2011 to May/June 2012.
- Bulk water sales from standpipes for use within the shire will be charged at \$2.80/kL in 2011/12. For use outside the shire will be charged at \$8.40/kL in 2011/12.
- Vacant properties rated to water are subject to an access charge of \$118.00.
- Unpaid accounts are subject to interest charges of 9% calculated from the due date.

It is estimated that the notional yield from access charges will be \$4,233,952.30 and \$13,605,400.00 from the volumetric charge.

Volumetric Charge Comparison for Residential Households (includes “excess water” charge for consumption above 350kL in 2010/11 and above 300kL in 2011/12).

	2010/2011	2011/2012	
Annual Consumption in Kilolitres	Volumetric Charge \$1.65/kL (excess over 350kL \$2.50/kL)	Volumetric Charge \$1.85/kL (excess over 300kL \$2.80/kL)	Increased Amount
	0.00	0.00	0.00
100	\$165.00	\$185.00	\$20.00
150	\$247.50	\$277.50	\$30.00
200	\$330.00	\$370.00	\$40.00
250	\$412.50	\$462.50	\$50.00
300	\$495.00	\$555.00	\$60.00
350	\$577.50	\$695.00	\$117.50
400	\$702.50	\$835.00	\$132.50
450	\$827.50	\$975.00	\$147.50
500	\$952.50	\$1,115.00	\$162.50

550	\$1,077.50	\$1,255.00	\$177.50
600	\$1,202.50	\$1,395.00	\$192.50
1000	\$2,202.50	\$2,515.00	\$312.50
2000	\$4,702.50	\$5,315.00	\$612.50

It is proposed for the next four years the volumetric charge per/kL will continue to rise by \$0.20 per year as detailed in the table below to cater for increased regulatory compliance, impacts of the proposed emissions trading scheme, growth and the associated increases in operational costs.

Volumetric Charge (\$502)	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Volumetric Charge	\$1.36	\$1.50	\$1.65	\$1.85	\$2.05	\$2.25	\$2.45
Excess Volumetric Charge	\$2.04	\$2.25	\$2.50	\$2.80	\$3.10	\$3.40	\$3.70

Excess Volumetric Charge is 150% of the volumetric charge, rounded to the nearest five cents.

Business Assessments Access Charge

The introduction of the Water Pricing Policy in 2002/2003 has resulted in business assessments incurring a substantial increase in the water access charge due to the water meter size. However, the size of the water meter does not always reflect the volume of water used, for example:

- A larger meter is often installed to meet fire flow requirements; and
- Premises previously occupied by a business with high water usage may be replaced by a business with a lower water requirement.

Therefore, Council has implemented a consumption factor, whereby the size of the water meter and water usage over the past twelve months are taken into consideration for the determination of the next year's access charge.

Table1 Consumption Factors, shown below, is used to calculate the access charge for business assessments. Council Officers will be required to calculate the access charge on an annual basis for water meters where the consumption factor is less than 1.00.

Table 1 Consumption Factors

Consumption Scale		Consumption Factors										
KL from	KL To	Meter size (mm)										
		20	25	32	40	50	80	100	150	200	250	300
0	290	1.000	0.640	0.391	0.250	0.160	0.063	0.040	0.018	0.010	0.006	0.004
291	454	1.000	1.000	0.610	0.391	0.250	0.980	0.063	0.028	0.016	0.010	0.007
455	743	1.000	1.000	1.000	0.640	0.410	0.160	0.102	0.046	0.026	0.016	0.011
744	1,160	1.000	1.000	1.000	1.000	0.640	0.250	0.160	0.071	0.040	0.026	0.018
1,161	1,814	1.000	1.000	1.000	1.000	1.000	0.391	0.250	0.111	0.063	0.040	0.028
1,815	4,640	1.000	1.000	1.000	1.000	1.000	1.000	0.640	0.284	0.160	0.102	0.071
4,641	7,250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.444	0.250	0.160	0.111
7,251	16,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.563	0.360	0.250
16,315	29,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1000	0.640	0.444
29,001	45,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1000	1.000	0.694
Over 45,314		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Meter Size Access Charge

Size	\$
20 mm	118.00
25 mm	184.10
32 mm	302.10
40 mm	472.00
50 mm	737.50
80 mm	1,888.00
100 mm	2,950.00
150 mm	6,637.50
200 mm	11,800.00
250 mm	18,437.50
300 mm	26,550.00

Access Charge and Volumetric Charges:-

1. Access notional yield \$4,233,952.30
2. Volumetric notional yield \$13,605,400.00

2011/2012 Proposed Access Charges for Meter Size

Description Meter Size	Number of Properties	Rate \$	Revenue \$
20 mm	33,965	118.00	4,007,870.00
25 mm	87	184.10	16,016.70
32 mm	41	302.10	12,386.10
40 mm	71	472.00	33,512.00
50 mm	55	737.50	40,562.50
80 mm	10	1,888.00	18,880.00
100 mm	31	2,950.00	91,450.00
150 mm	2	6,637.50	13,275.00
200 mm	0	11,800.00	0
250 mm	0	18,437.50	0
300 mm	0	26,550.00	0

Pensioner Rebate

In accordance with Section 575 of the Local Government Act, 1993 eligible pensioners can have their combined water access charge and water volumetric charge accounts reduced by 50% up to a maximum of \$87.50 per year. The pensioner rebate must be applied against the rate assessment or water usage account in the name of the ratepayer not the Body Corporate or a Company, except where it is allowed by special agreement. Based upon the proposed water access charge of \$118.00 for 2011/2012, eligible pensioners will receive a rebate of \$59.00 applied on their rate notice leaving a balance of \$28.50 to be applied to their water consumption account.

In respect to strata or community title developments, the water consumption accounts are directed to the Body Corporate. Eligible pensioners residing in strata or community title developments will be able to obtain the remainder of their water pensioner rebate, up to a maximum of \$28.50.

Sewerage Charges

Introduction

The principle of the NSW Office of Water Sewerage best-practice pricing guidelines is that Council must adopt sewerage charges, which reflect efficient costs of service provision, including a return on infrastructure capital, and an appropriate two-part tariff for business customers. Appropriate charges are essential to signal the need for business customers to make informed decisions on their water use and their resulting sewerage discharges.

Sewerage Charging Policy

Council complies with NSW Office of Water guidelines having access charges independent of land value. Residential assessments are levied a uniform cost-reflective access charge. The guidelines require the business access charge to be based on the ratio of meter size cross sectional area, as is the case with water access charge. Council introduced this method for the determination of the business access charge in the 2009/2010 financial year and the increase in charge is being phased in over 3 years. The same consumption factor used for the water access charge calculation is applied. Business assessments also incur a uniform sewer usage charge per kL (refer to Sewer Usage and Trade Waste Charges).

Sewerage Access Charge (Section 501)

The proposed charges applying from 1 July 2011 are as follows: -

Residential Assessments

- Residential assessments – an access charge of \$609.00
- Vacant properties rated to sewer are subject to an access charge of \$609.00
- Unpaid accounts are subject to interest charges of 9% calculated from the due date.

Description	Number of Properties	Charge \$	Revenue \$
Sewerage Charge	32,466	609.00	19,771,794

It is estimated that the notional yield from access charges will be \$19,771,794.

It is currently proposed the residential access charge will rise by \$41.00 per year until 2014/2015, where it will be reviewed to cater for increased regulatory compliance, impacts of the proposed emissions trading scheme, growth and the associated increases in operational costs.

Sewerage Access Charge (\$501)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Sewerage Access Charge	\$527.00	\$568.00	\$609.00	\$650.00	\$691.00	\$732.00

Business Assessments

- The minimum business sewerage access charge equivalent to the residential sewerage access charge being \$609.00 in 2011/12.
- The business sewerage access charge for assessments with a 20 mm water service or smaller equivalent to the residential sewerage access charge being \$609.00 in 2011/12.
- The business sewerage access charge for assessments with a larger than 20 mm water service be calculated by multiplying the residential sewerage access charge by the ratio of the water meter's cross sectional area to that of a 20 mm water meter's cross sectional area.

However, the size of the water meter does not always reflect the volume of water used, for example:

- o A larger meter is often installed to meet fire flow requirements; and
- o Premises previously occupied by a business with high water usage may be replaced by a business with a lower water requirement.

Therefore, Council has implemented a consumption factor, whereby the size of the water meter and water usage over the past twelve months is taken into consideration for the determination of the next year's access charge.

Table 2 Consumption Factors, shown below, is used to calculate the access charge for business assessments. Council Officers will be required to calculate the access charge on an annual basis for water meters where the consumption factor is less than 1.00.

Table 2 Consumption Factors

Consumption Scale		Consumption Factors										
kL from	kL To	Meter size (mm)										
		20	25	32	40	50	80	100	150	200	250	300
0	290	1.000	0.640	0.391	0.250	0.160	0.063	0.040	0.018	0.010	0.006	0.004
291	454	1.000	1.000	0.610	0.391	0.250	0.980	0.063	0.028	0.016	0.010	0.007
455	743	1.000	1.000	1.000	0.640	0.410	0.160	0.102	0.046	0.026	0.016	0.011
744	1,160	1.000	1.000	1.000	1.000	0.640	0.250	0.160	0.071	0.040	0.026	0.018
1,161	1,814	1.000	1.000	1.000	1.000	1.000	0.391	0.250	0.111	0.063	0.040	0.028
1,815	4,640	1.000	1.000	1.000	1.000	1.000	1.000	0.640	0.284	0.160	0.102	0.071
4,641	7,250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.444	0.250	0.160	0.111
7,251	16,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.563	0.360	0.250
16,315	29,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1000	0.640	0.444
29,001	45,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1000	1.000	0.694
Over 45,314		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

This increase in business assessments access charge is being phased in over 3 years which commenced 1st July 2009.

Pensioner Rebate

In accordance with the *Local Government Act, 1993, as amended*, Section 575, eligible pensioners can have their sewer access charge reduced by 50% up to a maximum of \$87.50 per year. The pensioner rebate must be applied against the rate assessment of the ratepayer not the Body Corporate or a Company, except where it is allowed by special agreement. Based upon the proposed sewer access charge of \$609.00 for 2011/12, eligible pensioners will receive a rebate of \$87.50 applied on their rate notice.

Special Sewerage Charges (Section 495)

A number of existing areas have been seweraged, which required a contribution from properties for Council to recoup part of the capital investment in the sewerage system. Payments could be either an upfront capital contribution (Section 565) or annual payments over ten years (Section 495). The standard sewer access charge also applies after scheme completion.

Burringbar / Mooball Sewerage Charge

The construction of a reticulated sewerage system in Burringbar / Mooball will eliminate the risk to public health from on-site disposal and the environmental consequences of the failure of such systems.

For Burringbar and Mooball villages, Council at its meeting of 18 December 2002 adopted a special sewer charge of \$3,500.00 per tenement, or alternatively annual payments of \$350.00 for 10 years to commence in the 2003-2004 rating period. The standard sewer charge will only occur after the property is connected to the sewerage system.

The special sewer charge is being levied as the contribution towards the cost of the reticulated sewerage scheme to service the property. The balance of the cost approximately \$51,400.00 per property, will be provided by Council up front. Council will continue to apply for Government Subsidy for this project which could provide up to \$17,000.00 per property.

Maps are available at Council offices identifying the special sewer charge area for Burringbar and Mooball.

Description	Number of Properties	Charge \$	Revenue \$
Burringbar/Mooball Sewerage Charge	165	350.00	57,750.00

Dobbys Crescent Sewerage Charge

Council introduced a Dobbys Crescent Sewerage Charge in the 2003-2004 rating year. The annual payment was fixed at \$450.00 per property for a ten-year period.

The construction of the sewerage system at the adjoining Lovat Brae development to the unserviced properties in Dobbys Crescent will eliminate the ongoing health concern from on-site effluent disposal systems in use on premises due to steep blocks and clay soils.

Council at its meeting of 7 May 2003 adopted a fixed term (10 years) special sewer charge of \$4,500.00 per tenement for Dobbys Crescent to commence in the 2003-2004 rating period. The standard sewer charge will only occur after the property is able to be connected to the sewerage system.

The special sewer charge is being levied as the property owners' contribution towards the cost of the reticulated sewerage scheme to service the property. The balance of the cost will be provided by Council.

Maps are now on display at Council offices identifying the special sewer charge area for Dobbys Crescent.

Description	Number of Properties	Charge \$	Revenue \$
Dobbys Sewerage Charge	36	450.00	16,200.00

Sewerage Usage and Trade Waste Charges

Introduction

NSW Office of Water Best Practice Pricing Guidelines require Council to adopt appropriate sewer usage and trade waste charges, which reflect the additional loading and associated costs, which can be placed on the sewer systems by business customers.

Council generally complies with the intent of NSW Office of Water best-practice pricing guidelines. However a minor review is required for full compliance.

Sewerage usage and Trade Waste charges are levied in accordance with Council's adopted policy "Trade Waste Management" and the annual "Fees & Charges". This policy was implemented to manage and control sewerage trade waste discharges to the public sewer system and to recover Council's additional costs in the transportation, treatment and disposal of trade waste discharges.

Sewerage usage and Trade Waste charges are applicable to premises, which produce an effluent exceeding specified volume and/or pollutant loading limits. The volumetric component is charged at \$1.14 per kL, where a sewer access charge is applicable with the first 180kL discharged to sewer per year being exempt. The extensive list of pollutant charges estimates are detailed in the "Fees and Charges" document.

Council has previously resolved that public hospitals will have their combined sewer usage and trade waste charge discounted by 50%.

Copies of the Trade Waste Management Policy are available on Council's website or from Council offices.

Description	Number of Properties	Charge \$	Revenue \$
Sewerage Usage Charge	401	1.14/kL	1,010,000

To move the Sewerage usage to a level where it meets NSW Office of Water Guidelines requirements the following pricing path phased in over three years is proposed:

Description	2008/09	2009/10	2010/11	2011/12
Sewerage Usage Charge	\$0.85	\$0.95	\$1.05	\$1.14

Additionally to have the Trade Waste usage charge better reflect actual cost recovery, the following pricing path phased in over three years is proposed:

Description	2008/09	2009/10	2010/11	2011/12
Proposed Trade Waste usage charge per kL discharged for categories 1A	\$1.12	\$1.31	\$0.00	\$0.00
Proposed Trade Waste usage charge per kL discharged for categories 1B & 2	\$1.12	\$1.31	\$1.50	\$1.70
Proposed Trade Waste usage charge per kL discharged for category 2S only	\$7.20	\$8.42	\$9.70	See below

From 2011/12 Category 2S discharges will be charges per kL for the type of waste being disposed as per the Fees & Charges. The following Category 2S discharges types; septage, leachate, ship to shore; will be 3 times the charge when received from outside the shire.

Large or Industrial Discharges (Category 3) will have their trade waste usage charge calculated based on excess mass amounts for each pollutant type. For each pollutant the excess mass charge is calculated by the following formula: (Pollutant discharge concentration less deemed concentration of domestic sewage) multiplied by the volume of trade waste discharged, multiplied by the pollutant unit price per kilogram divided by 1000.

The pollutant unit price per kg and deemed concentration of domestic sewage are listed in the table below.

Deemed concentrations of domestic sewerage	
BOD	300mg/L
Suspended Solids	300mg/L
Total Oil & Grease	50mg/L
Ammonia (as N)	35mg/L
Total Kjeldahl Nitrogen	50 mg/L
Total Phosphorous	10 mg/L
Total Dissolved Solids	1,000 mg/L
Sulphate SO ₄	50 mg/L
Pollutant Unit Price per kilogram	
BOD	0.77
Suspended Solids	1.00
Total Oil & Grease	1.35
Ammonia (as N)	2.20
Total Kjeldahl Nitrogen	0.25
Total Phosphorous	1.55
Total Dissolved Solids	0.15
Sulphate SO ₄	0.20

Non compliance trade waste usage charges as listed in the table below will replace the previous strength charge for higher concentrations.

Non Compliance – Trade Waste Usage Charges	2011/12
Category 1A premises charge per kL	1.70
Category 1B premises charge per kL	10.90
Category 2 premises charge per kL	10.90
Category 2S as specified in the Trade Waste Agreement and associated correspondence	
Category 3 premises charge per kL. Plus pH calculations as listed below:	
pH charge per kL = $ k \times \text{abs}(\text{actual pH} - \text{approved pH}) \times 2^{\text{abs}(\text{actual pH} - \text{approved pH})} $, where k = coefficient (\$)	0.40
For all other pollutants refer to clause 3.7.6 of the Trade Waste Policy	

The following annual charges also apply.

		2011/12
Annual Trade Waste Fee	Cat 1A	\$26.00
(Applies to all Trade Waste premises)	Cat 1B*	\$87.00
	Cat 2*	\$125.00
	Cat 2S	\$650.00
	Cat 3 minimum **	\$650.00

(* per trade waste business within the premise)

(**as per trade waste agreement)

Other administrative fees and usage charges are detailed in Council's annual Fees and Charges.

Waste Management Activities

Introduction

The management of the Shire's waste is a high priority issue; minimising waste to landfill by improving resource recovery and recycling initiatives, and ensuring those wastes that are landfilled are managed using best practice techniques.

The Tweed Shire Council Domestic Solid Waste Management Strategy was developed and adopted by Council in 2007. The Domestic Solid Waste Management Strategy identifies 35 recommendations to build on the existing recycling initiatives, one of which was the need for a best practice multi-bin system, with dedicated bins for recycling, garbage and green waste.

In December 2009 each single unit residential dwelling received a 140L mobile garbage bin (MGB) with a red lid for waste collected weekly, and 240L MGB with a yellow lid for recyclables collected fortnightly. The 240L optional green waste MGB is still available to those residents within the green waste service area. Multi unit dwellings had the opportunity to share MGB's for waste and recycling to limit the number of bins requiring storage and servicing for the unit complex, or employ a bulk (skip) bin for waste and several 240L MGB's for recycling. The multi bin system has improved recycling rates in the Shire.

In addition to the bin system, several other initiatives are being implemented to minimise waste to landfill and preserve the limited capacity at Council's landfill, the Stotts Creek Resource Recovery Centre. Electronic waste, fluorescent light bulbs, and vehicle tyres have been included in the recycling program, and are collected in separate areas and sent to designated recycling facilities for reprocessing. The facility continues to recycle concrete demolition waste, wood and tree waste, metal, steel and white goods, gas bottles, car batteries, oil and empty chemical drums. The remaining waste streams are landfilled and the gas collected from the decomposing waste is piped to a micro-engine to produce enough electricity to power 400 homes per year. Murwillumbah landfill closed in November 2009, centralising landfill operations at Stotts Creek. The Tyalgum Transfer Station continues to operate to service rural residents.

To counter the eventual closure of Stotts Creek Resource Recovery Facility, investigations have continued to establish a landfill and resource recovery infrastructure at adjacent Council land holdings. These investigations aim to seek approval to secure landfill airspace for the years ahead.

Education is fundamental to the implementation of all the recommendations of the Domestic Solid Waste Management Strategy. All contributors to the waste stream must understand the consequences of their actions and the role and obligations that they have in waste minimisation, re-use and recycling. Council's information, marketing and promotion activities have a common theme which emphasises the need to reduce waste to landfill.

Domestic Waste Management (DWM) Service

The Domestic Waste Management charge, unlike other fees and charges, has very specific requirements prescribed by Section 504 of the Local Government Act 1993. They are:

- i. A Council must not apply income from its ordinary rate towards the cost of providing Domestic Waste Management services,
- ii. Income to be applied by Council towards the cost of providing Domestic Waste Management services must be obtained from the making and levying of a charge,
- iii. Income obtained from charges for Domestic Waste Management must be calculated so as to not exceed the reasonable cost to the Council of providing those services.

The effect of these requirements is that Council cannot subsidise Domestic Waste Management services and any revenue raised will be determined by a combination of:

- User Pays Principle,
- Customer Service.

All costs that can be reliably measured and reasonably associated with providing Council's Domestic Waste Management service have been included in Council's Domestic Waste Management charge and are detailed as part of this Plan.

Annual charge for domestic waste management (DWM) services is made for each parcel of rateable land for which services are available. The DWM charge is based on cost of providing the service and all revenue applicable to DWM service restricted to the DWM activity and accounted for as a distinct activity.

In accordance with Section 496 of the Local Government Act 1993 Council levies an annual charge for the provision of domestic waste management services on the following basis;

- Rateable Land - Management,
- Properties with MGB Services,
- Recycling per MGB Service.

Other legislation and strategies

In 2009 the NSW State Government introduced a Waste and Environment Levy, aimed at increasing the price of disposing waste to landfill in an effort to promote recycling. In 2011/2012 the levy is approximately \$31.40 (dependant on CPI) per tonne of waste sent to landfill. The levy increases by \$10 plus CPI per tonne each year until 2015/2016.

The NSW Waste Avoidance and Resource Recovery Act 2001 identifies the NSW Waste Strategy 2003. The Strategy sets a target of 66% diversion from landfill for domestic waste. This target is the guiding principle for Council to adopt improved resource recovery and recycling initiatives for domestic waste, and was the precursor for developing The Tweed Shire Council Domestic Solid Waste Strategy.

Domestic Waste Management Charge

The Domestic Waste Management Charge is an annual charge, which by virtue of Section 496 of the Local Government Act 1993 all councils must levy in respect of all rateable land within their areas for which the service is available.

The Domestic Waste Management Charge is partly determined by reviewing financial commitments for domestic waste in future years. These financial provisions are as follows:

1. Land rehabilitation @ 52%	\$5,000,000 over 20 years
2. Roadwork's relating to garbage collection @ 52%	\$1,000,000 over 15 years
3. Acquisition of land for future garbage depots @ 52%	\$2,000,000 over 20 years
3a. Acquisition of land for future garbage depots @ 52%	\$1,000,000 over 10 years
4. Financial Assurance @ 52%	\$5,000,000 over 20 years
5. Provision of Landfill Environmental Management @ 52%	\$2,000,000 over 10 years
6. Implement waste disposal technology @ 100%	\$2,500,000 over 20 years
7. Provision for Management Plan @ 52%	\$400,000 over 10 years

8. Provision for EIS @ 52%	\$1,000,000 over 10 years
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This relates to an amount of \$1,865,221 to be raised by the Domestic Waste Management Charge in the financial year 2011-2012.

The major costs in the Domestic Waste Management Charge include the above financial provisions, pensioner rebates for garbage and administration overheads. These costs are then divided by the number of domestic properties within the areas for which the garbage service is available to calculate the Domestic Waste Management component of the annual garbage charge. In 2011-2012 it will be \$50.70 per annum per service.

Domestic Waste Service Charge

In December 2009 Council replaced the divided bin with a dedicated 140L bin for garbage collected weekly. The Domestic Waste Service Charge is raised to cover costs associated with the removal and collection of domestic garbage. These costs include payments to the contractor for collection of garbage, landfill management expenses, and the bi-annual clean up, and are estimated to total \$3,473,356 in 2011-2012. The charge is calculated by dividing this cost by the number of domestic garbage services within the designated area. In 2011-2012 the Domestic Waste Service Charge for the standard 140L garbage bin will be \$118.30 per annum per service.

Waste and Environment Levy

Included in the Domestic Waste Services Charges is a fee for the NSW State Government Waste and Environment Levy. This fee is \$20.20 and is calculated using the average volume of waste collected per annum per household multiplied by the State imposed waste and environment levy of \$31.40 per tonne.

Domestic Waste Service Charge - Alternate 80L garbage bin

A smaller 80L garbage bin is available to those residents who have low waste generation, generally for single or dual occupancy dwellings. In 2011-2012 the Domestic Waste Service Charge for the 80L garbage bin is \$99.00 per annum per service.

Domestic Waste Service Charge - Alternate 240L garbage bin

A larger 240L garbage bin is available to those residents who have high waste generation rates, generally larger families and high occupancy dwellings. In 2011-2012 the Domestic Waste Service Charge for the 240L garbage bin is \$183.60 per annum per service.

Waste Minimisation and Recycling Charge

The Recycling Charge is raised to cover the costs associated with the recycling of domestic garbage within the Shire. In December 2009 Council replaced the current divided bin with a dedicated bin for recyclables collected fortnightly.

The costs relate to the collection of recyclables, promotion and education initiatives, the employment of an Education Officer and provision for future recycling projects. With the introduction of the multi bin system there are now dedicated low emission vehicles servicing the recycling bins. This assists in improving the quantity and quality of the recyclables collected for reprocessing. The recycling charge will also assist with the commissioning of a new recycling facility which will be commissioned in April 2011, called a materials recovery facility (MRF). The estimated yield is \$2,151,798. The recycling charge in 2011-2012 will be \$60.80 per annum per service. Additional recycling bins are available to domestic properties at a charge of \$52.00 per annum per additional bin (pro rata)

Total Domestic Waste Management Charge

The total domestic garbage charge will therefore be \$229.80 per annum per service made up as follows:

	2011/2012
Domestic Waste Management Charge	\$50.70
Domestic Waste Service Charge	\$118.30
Recycling Charge	\$60.80

This is an increase of \$22.95 per annum on the 2010/2011 domestic garbage charge or 11.09%

This charge will cover all current domestic waste costs in 2011/2012 as well as providing a reserve for future costs in Domestic Waste Management in accordance with Section 504 of the Local Government Act 1993.

Green Organics Collection Charge

Council at its meeting of 12 January 2005 resolved to implement a garden waste collection service and that the fee be set at \$30.00 for the 2005-2006 rating year and that this fee be gradually increased to the full cost recovery. The fee applicable for 2011-2012 is set at \$52.00 per green bin per annum (pro rata) Additional bins are available at the same charge.

Landfill Management Charge

In accordance with Section 501A of the Local Government Act 1993, Council levies a Landfill Management Charge. The purpose of the charge is to partially assist with the cost of the provision of funds for the establishment of future landfills, the cost of current landfill operations and the remediation of past, current and future landfills to help minimise the environmental impact of landfills and also be ecologically sustainable.

The charge is levied on all rateable properties within the boundary of the Tweed Shire and is estimated to yield approximately \$1,185,000.

Description	No of Properties	Charge \$	Revenue \$
Landfill Management Charge	39,500	30.00	1,185,000

Overall Domestic Waste Management (DWM) Services

Type of Service	Services	Charge \$	Revenue \$
Domestic Waste Management Charge	36,810	50.70	1,865,221
Domestic Waste Service Charge	35,419	98.10 (excl levy of \$20.20)	3,473,356
Waste Minimisation and Recycling Charge	35,419	60.80	2,151,798
Green Organics Collection Charge	14,000	52.00	728,000
Landfill Management Charge	39,500	30.00	1,185,000

Interest on Investments Statement

Introduction

Council has adopted an Investment Policy that provides the framework by which Council maximises its revenue from interest on investments. Surplus funds are only invested in authorised institutions having Trustee status and in accordance with Council's powers of investment under the Local Government Act 1993. Council does not engage in speculative investments including the equities market. All funds invested are secured as to both principal and interest.

Funds invested represent:

- i. Revenue raised in the current financial period to be expended in the current period,
- ii. Funds held to maintain Council's liquidity,
- iii. Funds internally restricted for future use,
- iv. Unexpended loan funds,
- v. Funds externally restricted for future use (funds held by Council with a legal obligation to use for the purpose for which they were received).

Note: Council brings to account interest earned on reserves against these reserves.

Grants and Subsidies

Council attempts to maximise its grant and subsidy income. Grants and subsidies should be seen as a supplement to operational income. Council is not, and should not become dependent upon them. Ultimately, the raising of grant and subsidy revenue is, to a large extent, out of the control of Council.

Various grants and subsidies that are made available to Local Government require additional funding by Council. Such grants and subsidies shall only be considered where they are consistent with organisational objectives as detailed in the Management Plan.

Internally Restricted Funds Statement

Council has by resolution set aside funds for specific purposes. These are called internally restricted funds and are for longer term funding requirements of a capital nature.

The setting aside of funds for internally restricted purposes allows Council to smooth the impact of one-off major capital projects or purchases that would otherwise have a significant impact on Council's finances. Details of these funds form part of the Budget papers in this Plan.

Statement of Revenue Policy/Charges for Works Carried Out On Private Land

Private Works

"The Council may by agreement with the owner or occupier of any private land carry out on the land any kind of work that may lawfully be carried out on the land" (S.67(1)).

Section 67(2) prohibits a Council from carrying out private works unless it has first fixed a rate after considering the actual cost and current market rates. The estimated yield is \$120,000.00.

Council's charges for works on private land, is as follows:-

"Council carries out work for external parties on private land. In performing this work Council is generating additional income and/or acting in a community service role. Income from these works will cover all incremental direct costs and overheads and where appropriate add a profit element. The profit element of pricing varies with the relevant organisations taking into account the considerations of service to the community and general market competitiveness."

These private works include:

- Kerb and gutter construction (as per fees and charges),
- Road contribution,
- Drainage contribution,
- Water, sewerage and drainage connection.

Council has a cost recovery strategy in regard to private works as follows:

"13% is added to the total cost of works (as per fees and charges) to recover administrative and supervision overheads and 36.9% to 49.7% is added as an "on cost" to labour direct costs to recover labour overheads. These percentages are periodically reviewed to take into consideration movements in workers compensation, superannuation, leave entitlements and `award provisions'."

Within the "Fees and Charges Schedule" the proposed private hire rates for each item of council plant is shown.

Loan Borrowing Statement

Introduction

For many years Council has maintained a borrowing program to finance its annual roads, bridges and drainage construction and asset management works. With an extensive list of future works of this type still to be undertaken, Council expects to continue borrowing for this purpose.

The proposed external borrowing for 2011/2012 (subject to an approved allocation by the Division of Local Government) is available for comment in the Tweed Shire Council's 2011/2012 Budget.

These borrowings will be secured by the usual method of a mortgage over Council's income. Competitive quotations will be obtained from major banks with the aim of securing an interest rate below the indicative local government rate.

New borrowing must have regard to:

- Self funding ability
- Audit management principles
- Interest rates
- Current debt level
- Alternative finance options
- Long-term debt
- Statutory loan borrowing limits

Renewal and new loans are documented in the Tweed Shire Council's 2011/2012 Budget. The purpose of the loan funds is also detailed in the Budget.

Debt Policy and Administration Statement

Introduction

Debt is used for a variety of purposes and in a variety of ways. The principal use of debt by the Shire has been for making capital expenditures. The use by the public of capital assets stretches over many years, and it is appropriate that those who enjoy the benefits should also pay the costs. This general principle of intergenerational equity, however, must be applied cautiously. The public capital of one generation may be regarded as a dubious asset by the next.

The solid financial management practices of the Tweed have permitted the Council to obtain very favourable loan ratings and consequently lower interest rates. The Shire has adopted the following policy statements as guidelines for the use of debt:

1. Short term borrowing for support of routine operations is not to be used unless borrowed funds can be obtained at a lower rate of interest than invested funds.
2. Debt payment shall not exceed the anticipated useful life of an improvement and in no case exceed 30 years.
3. The Debt Service Ratio for General Fund is not to exceed 20%.

Based on the approved allowable increase of 7.50%

Rate	Category	Ad-Valorem Amount	Charge \$	Minimum Rate \$	Yield \$
Ordinary	Residential	0.3764		871.40	40,025,870.52
Ordinary	Business	0.4195		931.20	4,722,458.25
Ordinary	Farmland	0.2486		871.40	2,919,706.69
Special	Sewerage		609.00		19,771,794.00
Special	Burringbar/Mooball Sewerage		350.00		57,750.00
Special	Dobbys Crescent Sewerage		450.00		16,200.00
Special	Sewerage Usage/ Trade Waste		1.14/kL		1,010,000.00
	Water				
	20mm		118.00		4,007,870.00
	25mm		184.10		16,016.70
	32mm		302.10		12,386.10
	40mm		472.00		33,512.00
	50mm		737.50		40,562.50
Special	80mm		1888.00		18,880.00
	100mm		2950.00		91,450.00
	150mm		6637.50		13,275.00
	200mm		11800.00		0
	250mm		18437.50		0
	300mm		26550.00		0
Special	Koala Beach	0.0581			68,113.11
Special	Tweed Heads Streetscape	0.1040			87,821.00
Charge	Water Volumetric Charge	1.85/kL			13,605,400.00
Charge	On Site Sewage Management Fee		31.50		154,224.00
Charge	Domestic Waste Management Charge		50.70		1,865,221.00
Charge	Domestic Waste Management Service Charge		118.30		4,190,067.70
Charge	Waste Minimisation and Recycling Charge		60.80		2,151,798.00
Charge	Green Organics Collection Charge		52.00		728,000.00
Charge	Landfill Management Charge		30.00		1,185,000.00

Comparison of rate increases

Year	Allowable Increase for General Fund	Tweed Shire Council Adopted Change	Variation
1977	12.0%	12.0%	Nil
1978	9.5%	9.5%	Nil
1979	8.0%	8.0%	Nil
1980	10.0%	10.0%	Nil
1981	12.5%	10.2%	-2.3%
1982	12.0%	10.0%	-2.0%
1983	11.0%	11.0%	Nil
1984	8.0%	8.0%	Nil
1985	8.0%	8.0%	Nil
1986	8.0%	8.0%	Nil
1987	7.0%	7.0%	Nil
1988	6.5%	6.5%	Nil
1989	6.5%	6.5%	Nil
1990	7.3%	5.9%	-1.4%
1991	6.7%	6.7%	Nil
1992	0.0%	0.0%	Nil
1993	2.6%	2.6%	Nil
1994	3.5%	13.5%	+10.0%
1994/95	0.0%	1.9%	+1.9%
1995/96	2.2%	9.7%	+7.5%
1996/97	2.7%	10.5%	+7.8%
1997/98	3.1%	8.1%	+5.0%
1998/99	1.7%	7.9%	+6.2%
1999/2000	2.4%	2.4%	Nil
2000/01	2.7%	2.7%	Nil
2001/02	2.8%	2.8%	Nil
2002/03	3.3%	3.3%	Nil
2003/04	3.6%	3.6%	Nil
2004/05	3.5%	7.48%	+3.98%
2005/06	3.5%	3.5%	Nil
2006/07	3.6%	7.6%	4.0%
2007/08	3.4%	8.0%	4.2%
2008/09	3.2%	9.5%	+6.3%
2009/10	3.5%	9.5%	+6.0%
2010/11	2.6%	8.5%	+5.9%
2011/12	2.8%	7.5%	
2012/13		7.5%	Approved

Statement of Pricing Policy Principles - In Respect to Goods and Services

Introduction

Council may charge and recover fees for any service it provides. This is exclusive of annual charges for services provided on an annual basis.

The Pricing Policy is made up of a number of principles that are used by Council in determining the level of revenue to be raised from a particular revenue source. These principles are not mutually exclusive; several may be used in determining the appropriate amount.

Fees and Charges Statement

In accordance with Section 608 of the Local Government Act 1993, Council proposes a range of fees and charges as contained in the 2011/2012 Fees and Charges schedule appended to this document. Generally, these fees are intended to cover the following contingencies:

- Supply of a service, product or commodity
- Giving information
- Providing a service in connection with the Council's regulatory functions, including receiving an application for approval, granting an approval, making an inspection and issuing a certificate

Section 501(1) of the Local Government Act 1993 permits a council to make and levy an annual charge for the following services provided on an annual basis:

- Water supply services,
- Sewerage services,
- Drainage services,
- Waste management services (other than domestic waste management services)
- Any services prescribed by the regulations.

Council Obligation

In accordance with Section 532 of the Local Government Act 1993 a council must not make a charge until it has considered submissions on the Operational Plan. It is the responsibility of Council to be fully aware of the pricing policy for the fees and charges and the need to consider each and every fee and charge.

Section 403(3) requires the following particulars for each charge:

- The amount of rate per unit (eg. kilolitres, tonne) of the charge
- The differing amounts for the charge, if relevant
- The minimum amount or amounts of the charge, if relevant
- The estimated yield of the charge

A detailed schedule of fees forms part of this Management Plan.

Section 539 states that in determining the amount of the charge for a service the council may have regard to the following criteria:

- The purpose for which the service is provided,
- The nature, extent and frequency of the service,
- The cost of providing the service,
- The categorisation for rating purposes of the land to which the service is provided,
- The nature and use of premises to which the service is provided,
- The area of land to which the service is provided,
- In the case of water supply - the quantity of water supplied.

The application of these proposed fees and charges will reduce the level of cross subsidisation, inherent in service provision, required to be funded by general rates.

The following factors have been taken into account in determining the fees proposed:

- The cost of providing the service,
- The importance of the service to the community,
- The price fixed by the relevant industry body,
- Any factors specified in the Local Government Regulations,

The fees set for a wide range of goods and services are based on recovery of operating costs, contributing to the cost of replacement of the assets utilised.

Categories of Pricing Policies Proposed in Respect of the Advertised Schedule of Fees

- A. The price for this good/service is set to make a significant contribution towards the cost of providing the service. The remainder of the costs are met from general purpose income.
- B. The price charged for this good/service is a statutory charge set by government regulation.
- C. The price for this service is set to make a minimal contribution to the annual operating and maintenance costs of the facility. The remainder of the costs are met from general purpose income.
- D. The price for this service is set to make a contribution towards the cost of replacing the infrastructure assets utilised in the provision of the service.
- E. The price for this good/service is based on the full cost of providing the service.
- F. The price for this good/service is set by reference to prices charged for similar goods/services provided by like councils.

Where additional costs are incurred in the course of providing a service for which a fee is charged, the fee determined by Council will be varied upon resolution of Council to recover such additional cost.

Set by Statute

Prices are set to apply to State and Commonwealth Government legislation. In an event of a new or amended statutory / regulatory fee being legislated subsequent to the adoption or printing of this document, Council has the right to apply these new charges without further notice.

Conditions of grant funding is a category of pricing, which restricts the level of fees, which can be recovered for the service. Grant funding provided by the State and Commonwealth Governments frequently establishes fee structures for the charging of services for which Council is the sponsor organisation of the particular service.

Goods and Services Tax (GST)

The New Tax System took effect from 1 July 2000. This package included the introduction of the Good and Services Tax (GST).

Many Local Government services have been declared exempt from GST. Any services provided by Council that are subject to GST have had their prices adjusted in the attached Fees and Charges document.

In the event that the GST status of a particular good and service changes after the preparation of this document or during the 2011/2012 financial year, then the price of the good or service will be adjusted accordingly to reflect the correct GST status. If a fee that is shown as being subject to GST is subsequently proven not to be subject to GST then that fee will be amended by reducing the GST to nil. Conversely if Council is advised that a fee which is shown as being not subject to GST becomes subject to GST then the fee will be increased but only to the extent of the GST.

The following schedule of fees and charges has been prepared using the best available information in relation to the GST impact on the fees and charges at the time of publication.

GST Registration

One of the requirements of the Federal Government's New Tax System is that enterprises be registered for GST and hold an Australian Business Number (ABN). Tweed Shire Council is registered for GST.

The ABN of Council is 90 178 732 496

Interest on Overdue Rates

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 for the 2011/2012 rating year which will be advised by the Division of Local Government.

When advised of the 2011/2012 interest rate, a Council report will be presented for its adoption.

Interest on Overdue Sundry Debts

Sundry Debts greater than 30 days may incur interest charges at the same rate, which is applicable to overdue rates. In 2011/2012 this rate will be advised by the Division of Local Government.

Statement of Section 64 Development Contributions and Section 94 Contribution Plans

Section 64 Developer Contributions

Section 64 of the Local Government Act 1993 enables Council to levy a contribution charge towards the provision of water and sewerage infrastructure services, which are required as a consequence of land development. The levying of this charge is in addition to any other requirement, which Council may impose in granting development consent.

The Section 64 Developer Contributions for water and sewerage have been prepared for 2011/2012 financial year based upon NSW Office of Water guidelines requiring a Long Term Financial Plan for Water and Sewerage and Development Servicing Plans. Council implemented Development Servicing Plans from 1 July 2005.

NSW Office of Water guidelines permit five yearly reviews; adopted charges can only be increased by CPI between reviews. However, NSW Office of Water can approve an earlier review where significant changes in growth and/or circumstances can be demonstrated. Due to the significant increase in construction costs Council made application to NSW Office of Water for the early review of Development Servicing Plans which were implemented on 1 July 2007.

The individual charges for each Development Servicing Plan Area are detailed in the Annual Fees & Charges document.

Section 94 Contribution Plans

Section 94 of the NSW Environmental Planning and Assessment Act enables Council to levy contributions for public amenities and services required as a consequence of development. Council may only seek contributions, where there is a valid Section 94 Contribution Plan in place and the decision whether to prepare a plan is part of a corporate wide strategy of infrastructure funding.

The power to levy a contribution relies on there being a clear link between the developments being levied and the need for the public amenities or service for which the levy is required.

The contributions can only be made towards:

- Capital costs including land acquisition costs;
- Public facilities which the Council has responsibility to provide; and
- Public facilities, which are needed as a consequence of or to facilitate new development.

Council does regularly monitor its Section 94 Contribution Plans and whenever necessary amend the plans to ensure that they provide the needs of the new development and that the contribution rates are appropriate. The regular monitoring and periodic review of the plans is part of Council's risk management procedures and it helps reduce the uncertainties associated with anticipated development.

Land Cost Indexation

In accordance with clause 31(2) of the Environmental Planning and Assessment Regulation 2000, in 2008-2009 Council introduced the Tweed Shire Council Land Cost Index. The Index is calculated by taking all the land sales data for the Shire in a given year and then calculating the median price and comparing the percentage movement from one year to the next. The Land Index will be published annually in the Revenue Policy.

Section 94 plans contain provisions for annual indexation of contribution rates to be used in conditions of consent. When consent is issued, the contribution amounts contained in the conditions are fixed until the next 30 June. On each 1 July the amount payable will be adjusted by the change in the Tweed Shire Council Land Cost index that occurred over the 12 months preceding.

Indexes for the years from 2002/2003 to 2010/2011 are as follows:

Tweed Shire Council Land Cost Index

Index Date 30th June	Financial Year	Median sale price	Index	%change
2003	2002/2003	205,000	100	
2004	2003/2004	280,000	136.59	36.59%
2005	2004/2005	302,000	147.32	7.86%
2006	2005/2006	336,000	163.9	11.26%
2007	2006/2007	368,000	179.51	9.52%
2008	2007/2008	405,000	197.56	10.05%
2009	2008/2009	399,000	194.63	-1.48%
2010	2009/2010	400,000	195.12	0.25%

* *Index for 2010/2011 will be updated effective 1 July 2011.*

This information may be used to periodically adjust specific land valuations in Council's contributions documents pending formal revaluation.

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