

## **Revenue Policy and Statement**

2013/2014 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 and Statement is a key component of the functionality of the Operational Plan as it is a list of Council's Fees and Charges for 2013/2014 including all areas that support the generation of Council's income.

The revenue categories include:

- Rates
- Annual charges for services
- Fees for services
- Commonwealth and State Government grants
- Earnings from investments and entrepreneurial activities
- Borrowings
- Other revenues, including income from the sale of assets.

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 and Statement.

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 and Statement 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 and Statement 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 and Statement is formulated to form part of the Operational Plan for the 2013/2014 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 and Statement are;

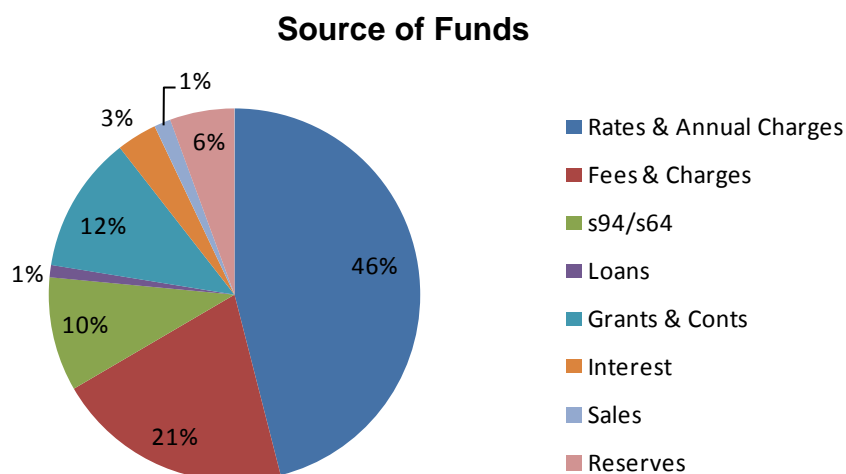
- i. To meet statutory requirements,
- ii. To establish the total revenue required by Council to fund its activities,
- iii. To identify the revenue sources available to Council.

### 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
<b>Recurrent</b>		
Rates	Local Government Act/Council	Revenue Policy and Statement
User Fees & Charges	Various Acts/Council	Revenue Policy and Statement
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 and Statement/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
<b>Capital</b>		
Borrowings	Local Government Act/Council	Accounting Policies
Grants & Subsidies	Various Government Departments	N/A
Internally Restricted Funds	Council	Accounting Policies

The following Pie Chart details where Council proposes to obtain its income.



Critical to the development of the Revenue Policy and Statement 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 2013/2014**

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 Independent Pricing and Regulatory Tribunal (IPART).

For 2013/2014, IPART has announced the limit by which Council's general income may be varied as 3.4 percent.

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 and other 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.

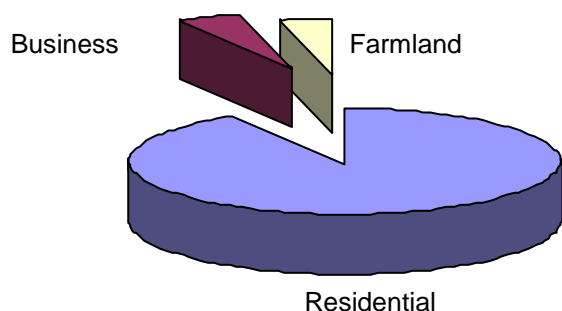
Council cannot make and levy a rate in respect of a parcel of land, unless Council has been furnished with a valuation of that land under the Valuation of Land Act. Council does not participate in the valuation of land for rating purposes. The Valuer General assesses all values independently of Council. Council has the right to appeal against any land valuation furnished by the Valuer General for Tweed Shire. Council received revised valuations as at 1 July 2011 and these revised values will be used to assess the 2012/2013, 2013/2014 and 2014/2015 rates.

The total land value in the Tweed Shire Council area is \$10,092,407,420.00.

The valuations do not impact on the total value of rates levied by Council but they can have an impact on rates levied on individual properties within the Local Government Area.

The valuation spread for the 2013/2014 rating year over the three rating categories is detailed below:

**Total Land Valuations (\$) by Rating Category**



Rate Type	Number of Properties	Rateable Land Value
Residential	35,525	7,694,043,821
Business	1,795	928,327,472
Farmland	1,540	993,113,350

## **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.

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](http://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.

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 2013/2014 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 60% of councils in NSW.

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 existing 2012/2013 structure provides for a minimum rate and ensures that everyone pays at least the minimum amount of \$940.25 for Residential and Farmland properties and \$1,004.80 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.

Council's rating structure for the 2013/2014 rating period is proposed 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 2013/2014 rating period.

Council's approved action for the 2013/2014 rating period is to increase the total permissible rating income from 2012/2013 by 3.40% and to apply a percentage mix of:

Residential	84.19%
Business	9.89%
Farmland	5.92%

### **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 its area.

When setting special rates, it is important that Council is able to define with some precision how the project will affect 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 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 and listing of affected properties 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 2013/2014 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 26 November 2012 the Independent Pricing and Regulatory Tribunal (IPART) advised that Council could increase its general income as follows:

- 2013/2014 is 3.40% above that for 2012/2013

## **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 provide 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 2012/2013 year. This table is used to estimate the permissible rating revenue for 2013/2014 and to calculate the minimum rate.

2012/2013	No of Properties	Rate	Minimum \$	No. of Minimums	Yield as at 21/02/2013
Residential	35,525	0.4693	940.25	18,046	43,403,375.95
Business	1,795	0.5015	1,004.80	841	5,099,320.10
Farmland	1,540	0.3032	940.25	270	3,050,798.80
Koala Beach *	499	0.0696			72,695.90
<b>TOTAL</b>	<b>38,860</b>			<b>19,157</b>	<b>51,626,190.75</b>

\* Koala Beach properties are already included in Residential category and are therefore not included in the total no. of properties in the above table.

The estimated permissible rating revenue for 2013/2014 is as follows:

Description	2013/2014 Rate Income Estimate \$
Permissible Rating Income from 2012/2013	51,626,190.75
Previous Years catch up / surplus adjustment	12,273.00
Approved Increase 3.4%	1,755,707.77
<b>Total Permissible Rating Income 2013/2014</b>	<b>53,394,171.52</b>

### D. Impact of the Proposal on Ratepayers

The rate revenue to be generated 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 3.4% increase for 2013/2014 on minimum rates for Ordinary Rates only upon Council ratepayers is as follow:

Item	2012/2013 \$	2013/2014 based on allowed Ordinary Rate increase 3.40%	\$ variation	% variation
Ordinary Rate				
Residential	940.25	972.20	31.95	3.40%
Business	1,004.80	1,038.95	34.15	3.40%
Farmland	940.25	972.20	31.95	3.40%
Sewerage Charge	650.00	691.00	41.00	6.31%
Water Access Charge	128.00	138.00	10.00	7.81%
Domestic Waste Service Charge	144.55	161.15	16.60	11.48%
Domestic Waste Management Charge	54.30	56.55	2.25	4.14%
Waste Minimisation and Recycling Charge	61.50	61.55	0.05	0.08%
Landfill Management Charge	35.00	45.70	10.70	30.57%

<b>Total Residential (minimum rate)</b>	2,013.60	2,126.15	112.55	5.59%
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### 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. 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, and 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 3.4%

Description	No. of Properties	Rate	Revenue \$
Koala Beach	499	0.0718	75,018.54

#### **F. 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 2013/2014 annual fee will be \$35.00 which will yield \$173,040.00 for the purpose of this strategy.

No.	Amount	Yield
4,944	\$35.00	\$173,040.00

## Rates in the Dollar 2013/2014

### Allowable Increase to General Income of 3.40%

#### Categories

- Residential Rate 0.4854 cents in the dollar  
Minimum \$972.20
- Business Rate 0.5188 cents in the dollar  
Minimum \$1,038.95
- Farmland Rate 0.3143 cents in the dollar  
Minimum \$972.20

#### Special Rates

- Koala Beach 0.0718 cents in the dollar

### 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.

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

Council complies with NSW Office of Water guidelines having access charges independent of land value.

The NSW Office of Water best-practice pricing guidelines require the income received from volumetric charges to be a minimum 75% of the combined access and volumetric income for Residential 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.

To further encourage water conservation, the NSW Office of Water requires that 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 ensure ongoing compliance with the best practice pricing guidelines, Council will continue to review its Water Pricing Policy on an annual basis.

### Water Access (S501) and Volumetric Charges (S502)

The charges applying from 1 July 2013 are as follows:

- Residential assessments – an access charge of \$138.00
- 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 \$2.25/kL for non-residential assessments.
- Volumetric charge of \$2.25/kL for residential assessments for each kL up to and including 300kL per annum.
- Excess volumetric charge of \$3.40/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 2013 to May/June 2014.
- Bulk water sales from standpipes for use within the shire will be charged at \$3.40/kL in 2013/2014. For use outside the shire will be charged at \$10.20/kL in 2013/2014, being three times the standard charge.
- Vacant properties rated to water are subject to an access charge of \$138.00.
- Unpaid accounts are subject to interest charges applicable calculated from the due date.

It is estimated that the notional yield from access charges will be \$4,975,512.30 and \$16,461,173.46 from the volumetric charge.

### Volumetric Charge Comparison for Residential Households

Annual Consumption in Kilolitres	2012/2013	2013/2014	Increased Amount
	Volumetric Charge \$2.05/kL (excess over 300kL \$3.10/kL)	Volumetric Charge \$2.25/kL (excess over 300kL \$3.40/kL)	
	0.00	0.00	0.00
100	\$205.00	\$225.00	\$20.00
150	\$307.50	\$337.50	\$30.00
200	\$410.00	\$450.00	\$40.00
250	\$512.50	\$562.50	\$50.00
300	\$615.00	\$675.00	\$60.00
350	\$770.00	\$845.00	\$75.00
400	\$925.00	\$1,015.00	\$90.00
450	\$1,080.00	\$1,185.00	\$105.00
500	\$1,235.00	\$1,355.00	\$120.00
550	\$1,390.00	\$1,525.00	\$135.00
600	\$1,545.00	\$1,695.00	\$150.00

1000	\$2,785.00	\$3,055.00	\$270.00
2000	\$5,885.00	\$6,455.00	\$570.00

It is proposed that the volumetric charge per/kL will continue to rise by \$0.20 to \$0.25 per year as shown in the table below. This caters for increased regulatory compliance impacts, carbon pricing, growth and the associated increases in operational costs.

<b>Volumetric Charge (\$502)</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>Volumetric Charge</b>	\$2.05	\$2.25	\$2.45	\$2.70	\$2.95
<b>Excess Volumetric Charge</b>	\$3.10	\$3.40	\$3.70	\$4.05	\$4.45

The 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	1.000	0.640	0.444	
29,001	45,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	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	138.00
25 mm	215.30
32 mm	353.30
40 mm	552.00
50 mm	862.50
80 mm	2,208.00
100 mm	3,450.00
150 mm	7,762.50
200 mm	13,800.00
250 mm	21,562.50
300 mm	31,050.00

**Access Charge and Volumetric Charges:-**

Access notional yield \$4,975,512.30

Volumetric notional yield \$16,461,173.46

## 2013/2014 Access Charges for Meter Size

Description Meter Size	Number of Properties	Rate \$	Revenue \$
20 mm	34,254	138.00	\$4,727,052.00
25 mm	75	215.30	\$16,147.50
32 mm	36	353.30	\$12,718.80
40 mm	72	552.00	\$39,744.00
50 mm	47	862.50	\$40,573.50
80 mm	8	2,208.00	\$17,664.00
100 mm	33	3,450.00	\$113,850.00
150 mm	1	7,762.50	\$7,762.50
200 mm		13,800.00	
250 mm		21,562.50	
300 mm		31,050.00	

## Pensioner Rebate

In accordance with the *Local Government Act, 1993, as amended*, Section 575, eligible pensioners can have a rebate up to a maximum of \$87.50 per year applied to their combined water access and volumetric accounts. 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.

## 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. Business assessments also incur a uniform sewer usage charge per kL (refer to Sewer Usage and Trade Waste Charges).

### Sewerage Access Charge (\$501)

The charges applying from 1 July 2013 are as follows:

#### Residential Assessments

- Residential assessments – an access charge of \$691.00
- Vacant properties rated to sewer are subject to an access charge of \$691.00



- Unpaid accounts are subject to interest charges applicable calculated from the due date.

Description	Number of Properties	Charge \$	Revenue \$
Sewerage Charge	32,715	691.00	\$22,606,065.00

It is estimated that the notional yield from access charges will be \$22,606,065.00

It is proposed the residential access charge will continue to rise by \$41.00 to \$50.00 per year, as shown in the table below, to cater for increased regulatory compliance impacts, carbon pricing, growth and the associated increases in operational costs.

Sewerage Access Charge (\$501)	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Sewerage Access Charge	\$650.00	\$691.00	\$732.00	\$782.00	\$832.00

### Business Assessments

- The minimum business sewerage access charge equivalent to the residential sewerage access charge being \$691.00 in 2013/2014.
- The business sewerage access charge for assessments with a 20 mm water service or smaller equivalent to the residential sewerage access charge being \$691.00 in 2013/2014.
- 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:

- 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 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. These consumption factors are the same as those used for Water.

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	1.000	0.640	0.444
29,001	45,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	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

### 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 sewer access charge of \$691.00 for 2013/2014, eligible pensioners will receive a rebate of \$87.50 applied on their rate notice.

### Special Sewerage Charges

In accordance with the *Local Government Act, 1993, as amended*, Section 495 and Section 565, council can charge additional annual payments or an upfront capital contribution for the provision of sewerage to areas previously not serviced.

### 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.

Sewer 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 sewer and 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.

Sewer usage and Trade Waste charges are applicable to premises, which produce an effluent exceeding specified volume and/or pollutant loading limits. 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.

### Sewer Usage Charge

The sewer usage charge applying from 1 July 2013 is \$1.30 per kL.

Description	Number of Properties	Charge \$	Revenue \$
Sewer Usage Charge	1386	1.30/kL	1,620,000

Where a sewer access charge is applicable to a premise, in 2013/2014 the first 60kL discharged to sewer per year is exempt from the sewer usage charge. However, this exemption is being phased out as shown in the table below in order to achieve compliance.

	2011/2012	2012/2013	2013/2014	2014/2015
Exempt Allowance	180kL	120kL	60kL	Nil

### Trade Waste Usage Charges

Complying Trade Waste usage charges for 2013/2014 is shown in the table below:

Complying Trade Waste Usage Charges	2013/2014
Category 1A premises charge per kL	\$0.00
Category 1B premises charge per kL	\$0.00
Category 2 premises charge per kL	\$1.90
Category 2S charge per kL	See below
Category 3 charges	See below

Category 2S discharges will be charged per kL for the type of waste being disposed as per the Fees and Charges. The following Category 2S discharge types: septage; leachate; ship to shore, will be three 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 sewage	
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 <sub>4</sub>	50 mg/L

Pollutant Unit Price per kilogram	2013/2014
BOD	0.80
Suspended Solids	1.00
Total Oil & Grease	1.50
Ammonia (as N)	2.40
Total Kjeldahl Nitrogen	0.30
Total Phosphorous	1.70
Total Dissolved Solids	0.20
Sulphate SO <sub>4</sub>	0.20

For non-complying trade waste discharges, the trade waste usage charges as listed in the table below will replace the previous strength charge for higher concentrations.

Non-complying Trade Waste Usage Charges	2013/2014
Category 1A premises charge per kL	1.90
Category 1B premises charge per kL	1.90
Category 2 premises charge per kL	13.30
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 the Trade Waste Policy	

### Additional Annual Charges

The additional annual charges also apply as per the table below:

		2013/2014
Annual Trade Waste Fee	Cat 1A	\$29.00
(Applies to all Trade Waste premises)	Cat 1B*	\$96.00
	Cat 2*	\$138.00
	Cat 2S	\$717.00
	Cat 3 minimum **	\$717.00

(\* per trade waste business within the premise)

(\*\*as per trade waste agreement)

Description	Number of	Charge	Revenue
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	Properties	\$	\$
Trade Waste Usage Charges	300	Upon Category	520,120.00

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 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. Council is now participating in a regional waste management strategy process with other Northern Rivers Councils.

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. This year Council is introducing a 360L recycling bin primarily for multi unit dwellings and commercial complexes.

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. A dedicated facility was completed in January 2013 to receive and store household quantities of unwanted chemicals. The chemical are then transported off-site to a dedicated facility for recycling or responsible disposal. 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.

In November 2012 Council was granted approval to develop new landfill and recycling facilities at an adjacent site to Stotts Creek Resource Recovery Centre. This facility, once built, will counter the eventual closure of Stotts Creek Resource Recovery Facility. In the interim, Council will transport wastes to an alternative facility.

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 2013/2014 the levy is approximately \$54.00 (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 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 @ 50%	\$5,000,000 over 20 years
2. Roadwork's relating to garbage collection @ 50%	\$1,000,000 over 15 years
3. Acquisition of land for future garbage depots @ 50%	\$2,000,000 over 20 years
3a. Acquisition of land for future garbage depots @ 50%	\$1,000,000 over 10 years
4. Financial Assurance @ 50%	\$5,000,000 over 20 years
5. Provision of Landfill Environmental Management @ 50%	\$4,000,000 over 20 years
6. Implement waste disposal technology @ 100%	\$2,500,000 over 20 years
7. Provision for Management Plan @ 50%	\$400,000 over 10 years
8. Provision for EIS @ 50%	\$1,000,000 over 10 years

This relates to an amount of \$2,069,546 to be raised by the Domestic Waste Management Charge in the financial year 2013/2014.

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 2013/2014 it will be \$56.55 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 \$5,663,564 (after income) in 2013/2014. The charge is calculated by dividing this cost by the number of domestic garbage services within the designated area. In 2013/2014 the Domestic Waste Service Charge for the standard 140L garbage bin will be \$161.15 per annum per service.

### **Waste and Environment Levy**

Due to the interim transport of domestic waste to an alternative facility, it is not anticipated that Council will collect, nor remit, any Waste and Environment Levy in 2013/2014.

### **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 2013/2014 the Domestic Waste Service Charge for the 80L garbage bin is \$109.10 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 2013/2014 the Domestic Waste Service Charge for the 240L garbage bin is \$202.40 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 also assisted with the commissioning of a new recycling facility in April 2011, called a materials recovery facility (MRF). The estimated yield is \$2,163,303. The recycling charge in 2013/2014 will be \$61.55 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) and 360L bins are available for \$94.90.

## Total Domestic Waste Management Charge

The total domestic garbage charge will therefore be \$279.25 per annum per service made up as follows:

	2013/2014
Domestic Waste Management Charge	\$56.55
Domestic Waste Service Charge	\$161.15
Recycling Charge	\$61.55

This is an increase of \$18.90 per annum on the 2012/2013 domestic garbage charge or 7.26%

This charge will cover all current domestic waste costs in 2013/2014 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 \$35.00 for the 2005/2006 rating year and that this fee be gradually increased to the full cost recovery. The fee applicable for 2013/2014 is set at \$54.00 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.

In accordance with a recent Australian Tax Office ruling, Council must now charge, and remit, GST on this component of the waste charge. The charge is levied on all rateable properties within the boundary of the Tweed Shire and is estimated to yield approximately \$1,641,647 excluding GST.

Description	No of Properties	Charge \$	Revenue \$
Landfill Management Charge	39,500	45.70 incl GST	1,805,150 incl GST



## Overall Domestic Waste Management (DWM) Services

Type of Service	Services	Charge \$	Revenue \$
Domestic Waste Management Charge	36,585	56.55	2,069,546
Domestic Waste Service Charge	35,147	161.15	5,663,564
Waste Minimisation and Recycling Charge	35,147	61.55	2,163,303
Green Organics Collection Charge	15,500	54.00	837,000
Landfill Management Charge	39,500	45.70	1,805,150

## 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 regulated by the Australian Prudential Regulation Authority (APRA) and in accordance with Council's powers of investment under section 625(2) of the Local Government Act 1993. Council is not permitted to engage in speculative investments including the equities market.

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).

### Grants and Subsidies

Council attempts to maximise its grant and subsidy income. Grants and subsidies should be seen as a supplement to operational income even though grants such as the NSW Grants Commission Financial Assistance Grant are paid annually. The raising of grant and subsidy revenue is however, 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 mainly 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 expenditure 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.

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:

- Road contribution,
- Drainage contribution,
- Water, sewerage and drainage connection.

Council has a cost recovery strategy in regard to private works. Applicable rates are included in the "Fees and Charges Schedule".

## Loan Borrowing Statement

### Introduction

For many years Council has maintained a borrowing program to finance annual bridges, 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 2013/2014 is included in Tweed Shire Council's 2013/2014 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

Renewal and new loans are documented in the Tweed Shire Council's 2013/2014 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 (consolidated) is not to exceed 15%.

### Approved allowable increase of 3.40% for Ordinary Rates

Rate	Category	Ad-Valorem Amount 3.40%	Charge \$	Minimum Rate \$	Yield \$
Ordinary	Residential	0.4854		972.20	44,887,679.23
Ordinary	Business	0.5188		1,038.95	5,274,832.37
Ordinary	Farmland	0.3143		972.20	3,156,130.97
Special	Sewerage		691.00		22,606,065.00
Special	Water	20mm	138.00		4,727,052.00
		25mm	215.30		16,147.50
		32mm	353.30		12,718.80
		40mm	552.00		39,744.00
		50mm	862.50		40,573.50
		80mm	2,208.00		17,664.00
		100mm	3,450.00		113,850.00
		150mm	7,762.50		7,762.50
		200mm	13,800.00		0
		250mm	21,562.50		0
		300mm	31,050.00		0
Special	Koala Beach	0.0718			75,018.54
Charge	Water Volumetric Charge		2.25-3.40/kL		16,461,173.46
Charge	Sewer Usage Charge		1.30/kL		1,620,000.00
Charge	Trade Waste Usage Charge		Upon Category		520,120.00
Charge	On Site Sewage Management Fee		35.00		173,040.00
Charge	Domestic Waste Management Charge		56.55		2,069,546.00
Charge	Domestic Waste Management Service Charge		161.15		5,663,564.00
Charge	Waste Minimisation and Recycling Charge		61.55		2,163,303.00

Rate	Category	Ad-Valorem Amount 3.40%	Charge \$	Minimum Rate \$	Yield \$
Charge	Green Organics Collection Charge		54.00		837,000.00
Charge	Landfill Management Charge		45.70		1,805,150.00

### 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%	+4.6%
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%	+4.7%
2012-13	3.5%	7.9%	+4.4%
2013-14	3.4%	3.4%	Nil

## **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 2013/2014 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 the Operational 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 are 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 2013/2014 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

### **Surcharge on Credit Card Payments**

In 2008 a report went to Council regarding a bill paying strategy to improve the efficiency to our clients and also be cost efficient to Tweed Shire Council. Surcharging was one of the many initiatives adopted by Council.

Since Council has offered its customers the ability to make payments by credit card for the various Council services and functions, including the payment of rates, water consumption and debtors, Council has accepted responsibility for the payment of the Merchant Service Fee (MSF).

Council introduced surcharging from 1 November 2008 and has increased its client's ability to pay by credit card. Council has introduced B Pay which is the most cost effective method of payment for clients and Council. Internet gateways have also been introduced for payment options.

The surcharge for the 2013/2014 rating year will be .07% and is inclusive of GST.

### **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 2013/2014 rating year which will be advised by the Division of Local Government.

## **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 2013/2014 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 2013/2014 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 six yearly reviews; adopted charges are suggested to 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 and 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 enterprise 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.

Section 94 Plans contain clauses which allow for annual indexation of indexation of infrastructure contribution rates in accordance with the provisions of Regulation 32 of the Environmental Planning and Assessment Regulation 2000. On each 1 July any land purchase component of contribution rates in each Section 94 Plan will be adjusted with reference to the clause in the Plan and the Tweed Shire Council Land Cost index and applied to outstanding development contributions in accordance with consent conditions.

Indexes for the years from 2002/2003 to 2011/2012 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%
2011	2010/2011	395,000	192.68	-1.25%
2012	2011/2012	380,000	185.37	-3.80%

\* *Index for 2011/2012 will be effective 1 July 2013.*

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



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