

**Reference Item 1-Council Meeting 13 June 2006 -
2006/2009 Draft Management Plan Incorporating
Council's 7 Year Infrastructure and Services Plan and
2006/2007 Draft Budget**



Tweed Shire Council

2006-2007 REVENUE POLICY AND STATEMENT

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REVENUE PRICING POLICY (with Fees and Charges)

Introduction

Management planning is a continuous process that provides a framework for the organisation to achieve effective and efficient resource utilisation. The Revenue Pricing Policy is a key component of the functionality of the Management Plan as it is a list of Council's Fees and Charges for 2006-2007 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, and 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 has to operate 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.

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

A Revenue Pricing Policy is an issue that is of major interest to Tweed Shire Council with the Local Government Act insisting upon greater reliance on user charges. The need to balance these considerations with the community service obligations of Council means that the issue of pricing may not be a particularly easy one.

A Revenue Pricing Policy for a charge or fee should identify;

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

As mentioned, Council exists to provide services for the benefit of the local community; therefore it should operate in an efficient manner. This authority is not a profit making concern, however, the development and undertaking of non-statutory activities should not be precluded - such an approach to 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.



What services can be charged for?

The following questions need to be 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. Communities are demanding that a wider range of higher quality of service. Operating in an economic environment of tight fiscal and financial constraint, the availability of additional funds from other levels of government has been restricted.

It is within this context that the Revenue Pricing Policy is formulated to form part of the Management Plan for the 2006-2007 Financial Year.

REVENUE POLICY STATEMENT

Introduction

It is a requirement of Section 404(1) of the Local Government Act 1993 to incorporate in Council's Management Plan a Revenue Policy.

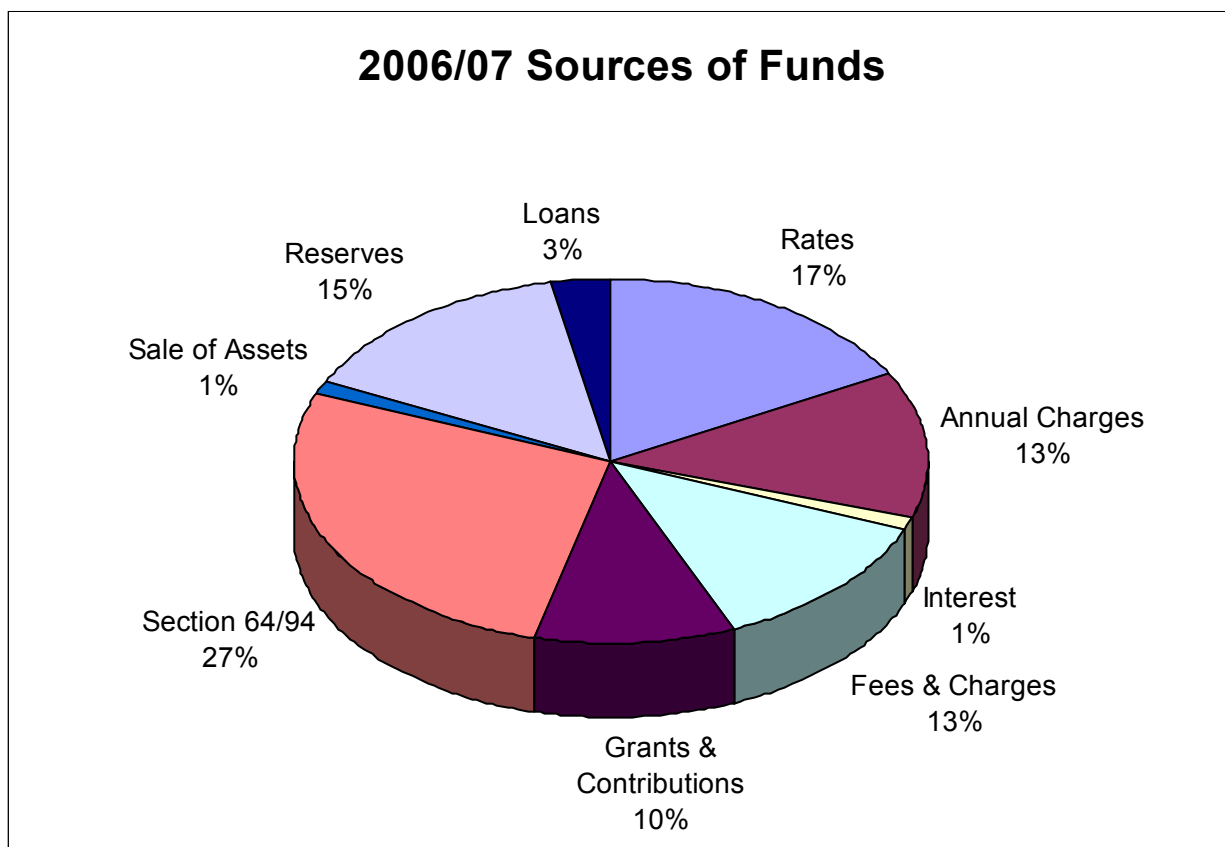
The objectives of Tweed Shire Council's Revenue Policy are;

- 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 Fee & Charges	Various Acts/Council	Pricing 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	Pricing 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 Pricing 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, which 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.

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 the relative services standards or qualities to the satisfaction of a particular groups need.

Equity means that ensuring that services are provided to those who need them, even though they may be unable to pay for the particular service.

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

Organisational Productivity

The continuation of activity based costing, service processing benchmarking and productivity improvement will produce organisation efficiency gains of 2% per annum plus.

RATING STATEMENT

Rates and Charges 2006-2007

Categories -

Residential

Section 516 of the Act 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 Act 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 conforms to the above definition.

Business

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

Mining

Section 517 of the Act 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.

For 2006-2007 the Minister for Local Government has announced that the allowable increase by which Council's General Income may be varied is 3.6%.

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

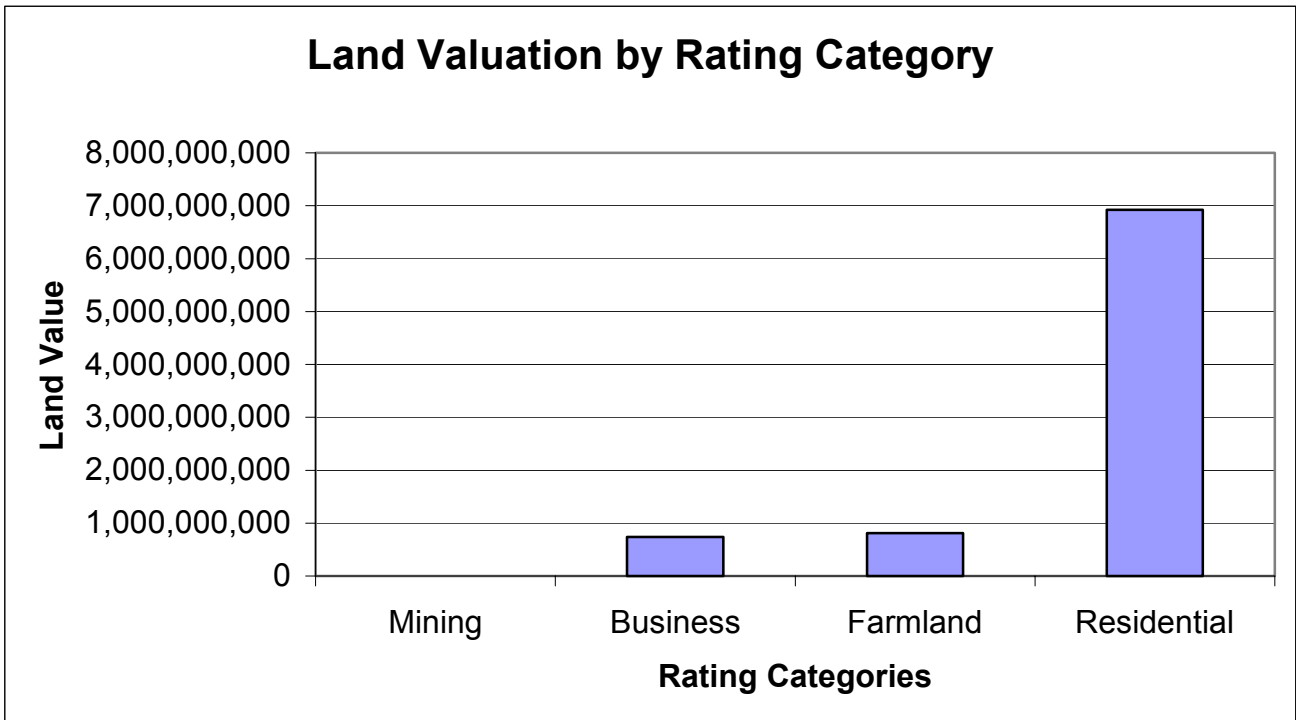
Rates are assessed on a rate in the dollar as a product of the land value supplied by the Valuer General. The Valuation of Land Act requires the Council to assess the rates on the most recent values provided by the Valuer General.

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 Land Act. Council does not participate in the valuation of land for rating purposes. While Council has the right to appeal against any land valuation furnished by the Valuer General for Tweed Shire, the Valuer General assesses all values independently of Council. A revaluation of the shire took place during 2005.

Whenever a re-valuation 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 re-valuation.

The valuation spread over the four 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.

Recent 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 Department 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:-

*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.

Ad valorem rating has been the form of taxation 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 property, 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.

* 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 taxation 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 other and the overall income that Council gathers from each category; and for it to clearly set out why the rating process it is going to use from 2006/07 is the right one for the Tweed Shire Council and by implication its ratepayers.

There are many issues here the first of which should be determined are: what is Council's preferred rating method, valuations or base amounts?

Conclusion and Councils Proposal

Councils present rate structure is based on an ad valorem amount subject to a minimum amount. This system is used by approximately 58% 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 or 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 present structure provides for a minimum rate and ensures that everyone pays at least the minimum amount of \$536.20 (2005/06 year). 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 that are 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 \$1,500,000.00 reveal that vast majority are land awaiting subdivision owned by developers, land where non-strata units apply or farmland properties.

Council's intended action for the 2006/2007 rating period is to continue with ad valorem rating structure subject to a minimum rate.



Rating Percentage Component and Mix

Since the introduction of farmland rating, Council has adopted a policy 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 produces a result that complies with the Local Government Act.

To clarify the situation Council resolved in 2005 to set a 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 Councils 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 this Council has left the business and farmland yield at the same or lower then previous years.

Councils intended action for the 2006/2007 rating period is to increase the permissible rating income from 2005/2006 by 7.6% for residential and farmland categories, and to increase the business category by 15% as per the 7 Year Infrastructure and Services plan.

Special Rates

In addition to the Ordinary Rates, the Local Government Act 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 maybe 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 affect, and what land is affected. The rate must then be applied consistently to the affected assessments. All land, which benefits from the project, must be rated at the special rate.

A special rate maybe made for or towards meeting the cost of any existing or proposed project within any part of the whole of the 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 maybe subject to a minimum rate) or a base amount to which an ad valorem rate is added.

If the purposed 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 concluding in the issuing of several special rates. Refer to the structure of 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 of 9% for the 2006-2007 rating year.



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 rates section.

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

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

The Minister for Local Government has determined the rate-pegging limit for 2006-2007, as being a 3.6% increase.

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.

The 2006-2007 allowable increases of 3.6%

	Number of Properties	Rate	Minimum \$	Number of Minimums
Residential	32,659	0.3141	555.50	15,484
Business	1,491	0.3406	555.50	586
Farmland	1,528	0.2221	555.50	242
TOTAL	35,678			16,312

The estimated permissible rating revenue for 2006-2007 is as follows:

Description	2006-2007 Rate Income Estimate \$
Permissible Rating Income from 2005-2006	28,822,007.40
Rate Pegging Increase	1,037,592.27
	29,859,599.67
Previous Years catch up / surplus adjustment	0.00

D. Special Variation to General Income

Council proposes to seek Ministerial approval in 2006 and beyond for a variation to General Income of 4% above the 2006/2007 allowable limited of 3.6% for the purposes as detailed in the 7 Year Infrastructure and Services Plan.

The estimated proposed 2006-2007 variations of 4% plus allowable increase of 3.6% is as follows:

	Number of Properties	Rate	Minimum \$	Number of Minimums
Residential	32,659	0.3208	576.95	15,702
Business	1,491	0.3780	616.60	586
Farmland	1,528	0.2294	576.95	244
TOTAL	35,678			

The estimated permissible rating revenue for 2006-2007 is as follows:

Description	2006-2007 Rate Income Estimate \$
Permissible Rating Income from 2005-2006	28,822,007.40
Rate Pegging Increase	2,190,471.60
	31,012,479.00
Previous Years catch up / surplus adjustment	1,700.00

The following table represents the estimated total permissible rate income for the following six years providing the application under 508A is successful. The assumption is made that CPI will be constant at 3%.

Year	Variation to general income	Permissible Income
2006/2007	4%	31,012,479.00
2007/2008	5%	33,493,477.00
2008/2009	6%	36,507,890.00
2009/2010	6%	39,793,600.00
2010/2011	5%	42,977,088.00
2011/2012	4%	45,985,484.00
2012/2013	4%	49,204,468.00

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.

2006-2007 Rates and Charges Structure

The introduction of new valuations makes it difficult to list the individual rate increases for properties with a valuation greater then:

Residential \$180,000 Farmland \$251,000 Business \$ 163,200

Properties with new valuations less then the above please refer to table below, as you will be subject to minimum rating.

Minimum Rates

Item		2005/2006		2006/2007			
		Minimum Valuation Amount	Minimum Rate	Minimum Valuation Amount	Minimum Rate	Increased Amount	Percentage Increase
Ordinary Rate				7.6% Increase			
	- Residential	95,000	536.20	180,000	576.95	40.75	7.6%
	- Business	95,000	536.20	163,200	616.60	80.43	15%
	- Farmland	132,000	536.20	251,000	576.95	40.75	7.6%
Sewerage Charge			445.00		473.00	28.00	6.3%
Water Access Charge			90.00		95.00	5.00	5.6%
Water Usage Charge	<i>(Refer to below table)</i>						
Domestic Garbage Charge			183.50		189.00	5.50	3.0%
Total	- Residential		\$ 1,254.70		\$1,333.95	\$ 79.25	6.3%
	- Business		\$ 1,254.70		\$1,373.63	\$ 118.93	9.5%
	- Farmland		\$ 1,254.70		\$1,333.95	\$ 79.25	6.3%

Ratepayers with properties with a valuation greater then the amounts listed above will have to manually calculate the rate to find out the increase.

Simply multiply your new valuation amount by the following to find out what your individual rate increase will be by comparing this figure to your 2005/2006-rate notice.

Residential 0.003208 Farmland 0.002294 Business 0.003780

The table below is a guide:

Valuation	Residential	Farmland	Business
200,000	\$ 641.60	\$ 576.95	\$ 756.00
250,000	\$ 802.00	\$ 576.95	\$ 945.00
300,000	\$ 962.40	\$ 688.20	\$1,134.00
350,000	\$ 1,122.80	\$ 802.90	\$1,323.00
400,000	\$ 1,283.20	\$ 917.60	\$1,512.00
450,000	\$ 1,443.60	\$1,032.30	\$1,701.00
500,000	\$ 1,604.00	\$1,147.00	\$1,890.00
1,000,000	\$ 3,208.00	\$2,294.00	\$3,780.00
2,000,000	\$ 6,416.00	\$4,588.00	\$7,560.00

Please note to add on service items from the minimum rate table if applicable.



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, 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 Streetscaping

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 Tweed Heads Streetscaping with an estimated yield of \$60,000.00.

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 streetscaping: 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 \$2,000,000.00 loan with annual repayments of about \$230,000.00. A Special Rate has been levied for directly benefiting property owners to repay a \$500,000.00 loan over 15 years.

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

3.6% plus a 4% allowable increase: 7.6%

Description	Number of Properties	Rate	Revenue \$
Tweed Heads Streetscaping	111	0.083	\$64,090.00



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. Approximately 498 lots are currently rateable.

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 by 3.6%

Description	Number of Properties	Rate	Revenue \$
Koala Beach	498	.0451	43,995.00

Proposed Variance by 4% to achieve 7.6%

Description	Number of Properties	Rate	Revenue \$
Koala Beach	498	0.0465	\$45,362.00



Rates in the Dollar 2006-2007

A. Allowable Increase to General Income of 3.6%

Categories

- Residential Rate 0.3141 cents in the dollar
- Business Rate 0.3406 cents in the dollar
- Farmland Rate 0.2221 cents in the dollar
- Minimum for all categories \$ 555.50

Special Rates

- Tweed Heads Main Street 0.0809 cents in the dollar
- Koala Beach 0.0451 cents in the dollar

B. General Variation Increase 4%

Categories

- Residential Rate 0.3208 cents in the dollar
Minimum \$576.95
- Farmland Rate 0.2294 cents in the dollar
Minimum \$576.95

General Variation Increase 15%

Category

- Business Rate 0.3780 cents in the dollar
Minimum \$616.63

Special Rates increase 4%

- Tweed Heads Main Street 0.083 cents in the dollar
- Koala Beach 0.0465 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. 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 Department of Energy Utilities and Sustainability, 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 Department of Energy, Utilities and Sustainability (DEUS) 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.

To achieve the 75% requirement, the water access charge was be reduced from \$106.00 to \$90.00 in 2005-2006; the volumetric charge was increased from \$0.68 to \$0.82 per kL. The water volumetric charge will need to be increased further to \$1.04 and \$1.21 for 2006-2007 and 2007-2008 respectively, in order to meet the Long Term Financial sustainability and satisfy the percentage requirements for water charges. (Note, the 2007-2008 water volumetric charge is an estimate of the charge to be levied, based on current available inflation data).

To ensure 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 proposed charges applying from 1 July 2006 are as follows: -

- Residential assessments – an access charge of \$95.00
- 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.)
- A volumetric charge of \$1.04 per kilolitre for all consumption (between the readings period of May/June 2006 to May /June 2007).

(Note: Vacant properties rated to water are subject to an access charge of \$95.00)

Unpaid accounts are subject to interest charges of 9% calculated from the due date.

It is estimated that the yield from access charges will be \$3,119,441.00 and \$8,100,000 from the volumetric charge.

Volumetric Water Charge effective between May/June 2006 to May /June 2007

Annual Consumption In Kilolitres	2005/06	2006/07	
	Volumetric Charge \$0.82/kl	Volumetric Charge \$1.04/kl	Increased Amount
	\$0.00	\$0.00	\$0.00
100	\$82.00	\$104.00	\$22.00
150	\$123.00	\$156.00	\$33.00
200	\$164.00	\$208.00	\$44.00
250	\$205.00	\$260.00	\$55.00
300	\$246.00	\$312.00	\$66.00
350	\$287.00	\$364.00	\$77.00
400	\$328.00	\$416.00	\$88.00
450	\$369.00	\$468.00	\$99.00
500	\$410.00	\$520.00	\$110.00
550	\$451.00	\$572.00	\$121.00
600	\$492.00	\$624.00	\$132.00
1,000	\$820.00	\$1,040.00	\$220.00
2,000	\$1,640.00	\$2,080.00	\$440.00

Business Assessments

The Water Pricing Policy 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	95.00
25 mm	148.20
32 mm	243.20
40 mm	380.00
50 mm	593.75
80 mm	1,520.00
100 mm	2,375.00
150 mm	5,343.75
200 mm	9,500.00
250 mm	14,843.75
300 mm	21,375.00

Access Charge and Volumetric Charges

1. Access yield estimated at \$3,119,441
2. Volumetric yield estimated to \$8,100,000



Pensioner Rebate

In accordance with the Local Government Act, 1993, as amended, Section 575, 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 \$95.00 for 2006-2007, eligible pensioners will receive a rebate of \$47.50 applied on their rate notice leaving a balance of \$40.00 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 \$40.00.

Description Meter Size	Number of Properties	Rate \$	Revenue \$
20 mm	31234	95.00	2,967,230.00
25 mm	91	148.20	13,486.20
32 mm	42	243.20	10,214.40
40 mm	68	380.00	25,840.00
50 mm	47	593.75	27,906.25
80 mm	7	1,520.00	10,640.00
100 mm	27	2,375.00	64,125.00
150 mm	3	5,343.75	16,031.25
200 mm	0	9,500.00	0
250 mm	0	14,843.75	0
300 mm	0	21,375.00	0

Sewerage Charges

Introduction

The principal of the DEUS 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 generally complies with DEUS guidelines having access charges independent of land value. Residential assessments are levied a uniform cost-reflective access charge. Business assessments are currently charged the residential access charge, which is not in accordance with DEUS guidelines. 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. However, business assessments also incur a uniform sewer usage charge per kl (refer to Sewer Usage and Trade Waste Charges).

Sewerage Access Charge (\$501)

The proposed charges applying from 1 July 2006 are as follows: -

- Residential assessments – an access charge of \$473.00
- Business assessments - an access charge of \$473.00
- Volumetric charge – refer to Sewer Usage and Trade Waste Charges.

(Note: vacant properties rated to sewer are subject to an access charge of \$473.00)

Unpaid accounts are subject to interest charges of 9% calculated from the due date.

It is estimated that the yield from access charges will be \$14,041,478

Description	Number of Properties	Charge \$	Revenue \$
Sewerage Charge	29,686	473.00	14,041,478

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 water access charge of \$473.00 for 2006-2007, eligible pensioners will receive a rebate of \$87.50 applied on their rate notice.



Special Sewerage Charges (S495)

A number of areas have been sewered since 1994, 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 (S565) or annual payments over ten years (S495). 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 \$18,500.00 per property) will be provided from Government subsidies and Council. The Government Subsidy for this project is currently in question.

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

Description	Number of Properties	Charge \$	Revenue \$
Burringbar/Mooball Sewerage Charge	164	350.00	57,400.00

Bilambil Heights Sewerage Charge

Council introduced a Bilambil Road Sewerage Charge in the 1997-1998 rating year. The annual payment was fixed at \$300.00 per property for a ten-year period. The construction of a reticulated sewerage system in this area will eliminate the risk to public health from on-site disposal and the environmental consequences of the failure of such systems.

Twelve (12) existing tenements were be connected to an extension of the existing system at a total cost of \$57,000.00 plus headwork's contributions of \$2,660.00 per lot. This represents a per tenement cost of \$4,750.00 plus headworks. Council's policy at the time was for the extension of sewer services to existing properties requires a 50% (\$2,375.00) capital cost contribution plus a headworks contribution (\$2,660.00) per tenement, which equates to a total contribution of \$5,035.00 per tenement for this project. However, due to the significant problems that are being encountered by residents in the area, Council has waived the headworks contribution and has proposed a special "Bilambil Road" Sewerage Rate of \$300.00 per year per property for a ten-year period as the landowners' contribution.

Maps will be available identifying the special rate area along Bilambil Road.

The levy commenced in 1997-1998.

Description	Number of Properties	Charge \$	Revenue \$
Bilambil Sewerage Charge	11	300.00	3300.00



Uki Sewerage Charge

Council introduced the Uki Sewerage Charge in the 1997-1998 rating year. The annual payment was fixed at \$300.00 per property for a ten-year period. The construction of a reticulated sewerage system in this area will eliminate the risk to public health from on-site disposal and the environmental consequences of the failure of such systems. Investigations revealed that the existing system of septic tanks and absorption trenches is generally operating unsatisfactorily due to a combination of clay soils, high groundwater, inadequately sized absorption and poor surface drainage. The only lasting solution to this problem is to install a reticulated sewerage system. On-site disposal options are not considered practical for small house lots because of local climate and the complex management regimes required.

This scheme had an estimated cost of \$2,400,000.00, equivalent to around \$21,000.00 for each property in the village.

In accordance with Council Policy at the time, the contribution would be \$5,250.00. However, in view of the contribution received from Tumbulgum, Council adopted a Uki Sewerage special rate of \$300.00 from 1997-1998 for a ten-year period in addition to annual sewerage rates to assist Council in financing of the scheme.

Maps will be available identifying the Special Rate area in Uki.

Description	Number of Properties	Charge \$	Revenue \$
Uki Sewerage Charge	117	300.00	35,100.00

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	35	450.00	15,750.00

Sewerage Trade Waste Charges

Introduction

DEUS 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.

Trade Waste Charging Policy

Council generally complies with the intent of DEUS best-practice pricing guidelines, however a significant review is required for full compliance.

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

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 \$0.71 per kL, where a sewer access charge is applicable the first 250 kL discharged to sewer per year is exempt. The extensive list of pollutant charges estimates are detailed in the "Fees and Charges Schedule" attached to this Plan.

The estimated yield is \$680,000. Council has resolved that public hospitals will have their combined sewer usage and trade waste charge discounted by 50%. Copies of the E5 Trade Waste Management Policy are available from Council offices. Copies of the Trade Waste Policy are available from Council offices.

Description	Number of Properties	Charge \$	Revenue \$
Trade Waste Charge	382	0.71/kL	680,000.00



Waste Management Activities

Introduction

The management of the Shire's waste is a high priority issue; particularly considering the dependence on land fill capacity. A mix of waste avoidance, recycling, and resource recovery initiatives can achieve this goal.

The diversion or alternate disposal of green waste, which forms approximately 40%, of the local waste stream, is being achieved by the implementation of a voluntary fortnightly green waste collection service.

Council's major waste depot at Stotts Creek has limited capacity and increased emphasis will be given to recycling at this facility to prolong the lifespan. Wood waste, tree loppings, demolition waste and steel 'white goods' will be considered to be added to the standard materials currently being recovered. Assessment of the future need for a facility such as this is being undertaken. Other options are also being investigated.

Education is fundamental to the implementation of waste management strategies. 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 health promotion activities will all have some emphasis towards these issues.

Focus over the next 3 years will be towards;

- Improved recycling service and performance,
- Meeting the objective of 50% reduction in waste to land fill,
- Promoting home composting,
- Raising awareness in the general community of waste management issues.

Domestic Waste Management (DWM) Service

The Domestic Waste Management charge, unlike other fees and charges, has very specific requirements under 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 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.

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 looking at financial commitments for domestic waste in future years. These financial provisions are as follows;

1. Land rehabilitation @ 58%	\$5,000,000 over 20 years
2. Roadwork's relating to garbage collection @ 58%	\$1,000,000 over 15 years
3. Acquisition of land for future garbage depots @ 58%	\$2,000,000 over 20 years
4. Bin Replacement @ 100%	\$1,500,000 over 15 years
5. Financial Assurance @ 58%	\$5,000,000 over 20 years
6. Provision of Landfill Environmental Management @ 58%	\$2,000,000 over 10 years
7. Implement waste disposal technology @ 58%	\$2,500,000 over 20 years
8. Provision for Management Plan @ 58%	\$ 400,000 over 10 years

This relates to an amount of \$2,081,506.00 to be raised by the Domestic Waste Management Charge in the financial year 2006-2007.

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 2006-2007 it will be \$62.80 per annum per service.

Domestic Waste Service Charge

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; garbage depot expenses and the bi-annual clean up and are estimated to total \$2,664,655.00 in 2006-2007. The charge is calculated by dividing this cost by the number of domestic garbage services within the designated area. In 2006-2007 the Domestic Waste Service Charge will be \$95.00 per annum per service.



Recycling Charge

The Recycling Charge is raised to cover the costs associated with the recycling of domestic garbage within the Shire. The costs relate to the collection of garbage, promotion of recycling, employment of a Recycling Officer and provision for future recycling projects and variations in the contract price regarding recycling. The estimated yield is \$875,128.80. The recycling charge in 2006-2007 will be \$31.20 per annum per service.

Total Domestic Waste Garbage Charge

The total domestic garbage charge will therefore be \$189.00 per annum per service made up as follows:

Domestic Waste Management Charge	\$62.80
Domestic Waste Service Charge	\$95.00
Recycling Charge	\$31.20

This is an increase of \$5.50 over 2005-2006

This charge will cover all current domestic waste costs in 2006-2007 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 Waste Service Charge

Council at its meeting of 17 December 2003 received and adopted a Draft Waste Collection & Disposal Strategy. The draft strategy identified a number of alternate waste collection systems and a Waste & Recycling Survey was circulated to residents by way of the Tweed Link, to identify the preferred collection system.

Towards the end of 2003, the NSW Department of Environment & Conservation (formerly Environment Protection Authority) released a consultation paper titled "NSW Waste Avoidance & Resource recovery Strategy Action Plan for Local Government". The action plan set out targets, opportunities and actions for councils to implement to reduce the amount of material being disposed of to landfill.

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 fee charged by Solo Waste after 5 years. The fee applicable for 2006-2007 is set at \$35.00

Sanitary Charges

In accordance with Section 501 of the Local Government Act 1993, Council proposes to levy an annual sanitary charge of \$500.00.

This represents an estimated yield of \$6,500.00

Type of Service	Services	Charge \$	Revenue \$
Domestic Waste Management Charge	33,145	62.80	2,081,506.00
Domestic Waste Service Charge –240lt bin (weekly)	28,049	95.00	2,664,655.00
Recycling Charge	28,049	31.20	875,128.80
Green Waste Charge	3,859	35.00	135,065.00
Sanitary Charge	13	500.00	6,500.00



INTEREST ON INVESTMENTS STATEMENT

Introduction

Council has adopted an Investment Policy that provides for the framework by which Council will maximise 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 forms part of 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 be 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 \$110,000.00.

Council's policy in relation to charges for works on private land:

"Council carries out work for external parties on private land. In performing this work Council is generating additional income for Council or acting in a community service role such works at least covers 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 2006-2007 (subject to an approved allocation by the Department of Local Government) is available for comment in the Tweed Shire Councils 2006/2007 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,
- Interest rates,
- Alternative finance options,
- Statutory loan borrowing limits,
- Audit management principles,
- Current debt level,
- Long-term debt.

Renewal and new loans are documented on page 107 of the Tweed Shire Councils 2006/2007 Budget papers, where the loan funds will be used is also provided 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 principal 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. Efforts shall be made to maintain Council's loan debt ratio.



2006-2007 PROPOSED RATES AND CHARGES STRUCTURE

Based on an allowable increase of 3.6%

Rate	Category	Ad-Valorem Amount	Charge \$	Minimum Rate \$	Yield \$
Ordinary	Residential	.3141		555.50	25,094,573.00
Ordinary	Business	.3406		555.50	2,670,365.00
Ordinary	Farmland	.2221		555.50	1,774,084.00
	Sewerage		473.00		14,041,478.00
	Bilambil Road Sewerage		300.00		3,300.00
	Uki Road Sewerage		300.00		35,100.00
	Burringbar / Mooball Sewerage		350.00		57,400.00
	Dobbys Crescent Sewerage		450.00		15,750.00
	Sewerage Usage/Trade Waste				
	Water 20mm		95.00		2,967,230.00
	25mm		148.20		13,486.20
	32mm		243.20		10,214.40
	40mm		380.00		25,840.00
	50mm		593.75		27,906.25
	80mm		1,520.00		10,640.00
	100mm		2,375.00		64,125.00
	150mm		5,343.75		16,031.25
	200mm		9,500.00		0
	250mm		14,843.75		0
	300mm		21,375.00		0
Special	Koala Beach	.0451			43,995.00
Special	Tweed Heads Streetscape	.0809			60,000.00
	Domestic Waste Management Charge		62.80	-	2,081,506.00
	Domestic Waste Service - Recycling Charge		126.20		3,539,783.80
	Sanitary Charge		500.00		6,500.00



Based on an allowable increase of 7.6%

Rate	Category	Ad-Valorem Amount	Charge \$	Minimum Rate \$	Yield \$
Ordinary	Residential	.3208		576.95	26,049,530.00
Ordinary	Business	.3780		616.60	2,963,648.00
Ordinary	Farmland	.2294		576.95	1,889,093.00
	Sewerage		473.00		14,041,478.00
	Bilambil Road Sewerage		300.00		3,300.00
	Uki Road Sewerage		300.00		35,100.00
	Burringbar / Mooball Sewerage		350.00		57,400.00
	Dobbys Crescent Sewerage		450.00		15,750.00
	Sewerage Usage/Trade Waste				
	Water 20mm		95.00		2,967,230.00
	25mm		148.20		13,486.20
	32mm		243.20		10,214.40
	40mm		380.00		25,840.00
	50mm		593.75		27,906.25
	80mm		1,520.00		10,640.00
	100mm		2,375.00		64,125.00
	150mm		5,343.75		16,031.25
	200mm		9,500.00		0
	250mm		14,843.75		0
	300mm		21,375.00		0
Special	Koala Beach	.0465			45,362.00
Special	Tweed Heads Streetscape	.0830			64,090.00
	Domestic Waste Management Charge		62.80	-	2,081,506.00
	Domestic Waste Service - Recycling Charge		126.20		3,539,783.80
	Sanitary Charge		500.00		6,500.00

Comparison of rate increases

Year	Allowable Increase for General Fund	Tweed Council Increase Approved	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%
1999/00	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%	Proposed 7.6%	+4.00%

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 2006-2007 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) 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 a council must not make a change until it has considered submissions on the Management 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 Federal 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 Federal 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 2006-2007 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 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). The Tweed Shire Council has registered for GST.

The ABN of Council is 90 178 732 496

Interest on Overdue Rates

The Minister for Local Government has determined that the amount of statutory interest to be charged on overdue rates and charges for the 2006-2007 rating year is to be 9% per annum accrued on a daily basis.

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 2005-2006 this rate is 9%

STATEMENT OF SECTION 64 DEVELOPMENT CONTRIBUTIONS AND SECTION 94 CONTRIBUTION PLANS

Section 64 Developer Contributions

Section 64 of the Local Government Act 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 2006-2007 financial year based upon DEUS guidelines requiring a Long Term Financial Plan for Water and Sewerage and Development Servicing Plans.

DEUS guidelines permit five yearly reviews; adopted charges can only be increased by CPI between reviews. However, DEUS can approve an earlier review where significant changes in growth and/or circumstances can be demonstrated.

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;
- 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.