



2022/2023 REVENUE POLICY



STATEMENT OF REVENUE POLICY

Introduction

The Local Government 1993 (the Act) requires Council, under section 405, to include a Statement of Revenue Policy in its annual Operational Plan. In compiling this statement, significant factors have been considered in conjunction with the projected Operational Budget. In the current economic climate, Council is continuing to face cost pressures while being relatively constrained with static revenue base. The 2022-23 Operational Budget has been formulated within these income and cost constraints. The Revenue Policy is a key component of the Operational Plan and lists Council's Rates, Fees and Charges for 2022-23, including all areas that support the generation of Council's income. Revenue categories include:

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

Council adopts its Revenue Policy on an annual basis.

The following sections provide information regarding how Council will levy ordinary land rates, charges and fees in the 2022/23 financial year and the anticipated revenue that will be derived from each separate rate, charge and fee.

Rates

Rates are levied on the land value (as determined by the Valuer General) of the property and in accordance with the Act.

Categorisation of Land for the purposes of ordinary rates

Council has categorised all rateable properties in accordance with section 514 of the Act to be within one of the following rating categories.

- Farmland
- Residential
- Mining
- Business

Before making an ordinary rate, a council may determine a sub-category or sub-categories for one or more categories of rateable land in its area. A sub-category may be determined for the category:

- “Farmland” according to the intensity of the land use, the irrigability of the land, or economic factors affecting the land, or
- “Residential” according to whether the land is rural residential land or is within a centre of population, or
- “Mining” according to the kind of mining involved, or
- “Business” according to a centre of activity.

Rating Methods

The Act provides Council with the following three alternative methods for levying rates:

- Solely ad valorem rating
- Minimum rate plus ad valorem rate
- A base amount of up to 50 per cent of the total yield required to be raised from a category or sub-category plus an ad valorem rate.

The ad valorem amount of a rate is an amount in the dollar determined for a specified year by the council and expressed to apply, in the case of an ordinary rate, to the Land Value of all rateable land in the council’s area within the category or sub-category of the ordinary rate.

Land Valuations

Land valuations are supplied to Council by the NSW Valuer General's Office (VG) and are based on the unimproved capital value (ignore any developments) on the land. Land valuations are used by Councils to levy ordinary land rates. For equity purposes, the VG usually provides Council with updated land valuations every three years. July 2019 base date valuations were supplied by the VG and are used for rating from the 2020-21 financial year. The next general land valuation will be issued in 2022. Council uses land values to equitably levy ordinary land rates by applying a rate in the dollar to an individual property's land valuation. A different rate in the dollar applies to different rating categorisations. Effectively rates are an asset tax, the higher a property's land value, the more rates they will contribute based on the "ability to pay" taxation principle. An increase in total land valuations received from the VG does not increase Council's total permissible annual income; they simply redistribute the rate burden between individual properties based on that property's change in comparison to others. More information about land valuations and their use by councils is available from the Property NSW website at http://www.valuergeneral.nsw.gov.au/council_rates.

Total Permissible Revenue – Rate Pegging and Special Rate Variation

The rate peg is a percentage determined by the Independent Pricing and Regulatory Tribunal (IPART) each year that limits the maximum general income NSW councils can collect above the income it collected in the previous year. The rate pegging limit for 2022/23 determined by IPART is 0.7 percent. General income comprises income from ordinary land rates and special rates.

Council applied for an increase above the rate peg limit under section 508 of the Local Government Act 1993, which was determined by IPART in 2017/18, for a 10% increase each year for a period of seven years and is currently levying rates based on a Special Rate Variation (SRV) approved by IPART. The SRV is in place for 7 years and commenced on 1 July 2018 for a 10% increase inclusive of any rate peg amount during this timeframe.

The Total Permissible Yield does not include income derived from fees or charges for water, sewer, waste management, stormwater, on-site sewage management fees etc. The rate peg applies to total income, and therefore individual property rates may fluctuate depending upon their rating categorisation, Council's adopted rating structure and their land valuation.

Anticipated yields from the Rating Categories are as follows –

Farmland Rates	\$1,610,514
Residential Rates	\$433,028
Business Rates	\$438,663
Mining – Mineral Sands categorised as Business	<u>\$685,474</u>
	<u>\$3,167,679</u>

Application to IPART to Create a Mining Category as a Stand Alone Category Outside of any Notional Yield Calculation

Council has applied to IPART to remove the Mining - Mineral Sands from its current Business Category, to a Mining Category and for the Mining Category component to commence from 2025/26 as a stand alone category outside of any notional yield calculation. Council has taken this step due to the nature of mining commencing, and stopping at some future point in time which would significantly impact on ratepayers then having to fund what was being paid by the mines. It is proposed that should IPART approve Council's application then General Rates are proposed to increase by 7% from 2025/26 until 2031/32.

Rate Instalment dates

Section 562 (3)(b) of the Act states "If payment is made by quarterly instalments, the instalments are payable by 31 August, 30 November, 28 February and 31 May", except as provided in subsection 4". It has been Council's practice to extend the payment date to the first working day after the due date if the instalment falls due on a weekend.

RATES & CHARGES

Proposed 2022/2023

	No of Properties for 2022/23	Property Valuations 2022/23	Average Property Value	Ad Valorem Rate 2022/23	Ad Valorem Value	Base Rate 2022/23	Base Rate Value	Notional Income Yield	Base Rate %	Average Rate per Property
Farmland - General	249	\$439,703,900	\$1,765,879	0.002080	\$914,584	\$660	\$164,340	\$1,078,924	15%	\$4,333
Farmland - Irrigable Horticulture	7	\$26,066,000	\$3,723,714	0.007050	\$183,765	\$660	\$4,620	\$188,385	2%	\$26,912
Farmland - Intense	120	\$33,418,300	\$278,486	0.007900	\$264,005	\$660	\$79,200	\$343,205	23%	\$2,860
Farmland Total	376	\$499,188,200	\$5,768,079		\$1,362,354		\$248,160	\$1,610,514		
Residential - Balranald	534	\$23,485,000	\$43,979	0.00540	\$126,819	\$220	\$117,480	\$244,299	48.1%	\$457
Residential - Euston	248	\$20,079,500	\$80,966	0.00284	\$57,026	\$220	\$54,560	\$111,586	48.9%	\$450
Residential - Oxley	32	\$118,000	\$3,688	0.04800	\$5,664	\$110	\$3,520	\$9,184	38.3%	\$287
Residential - General 0-2ha	71	\$3,398,500	\$47,866	0.00493	\$16,741	\$220	\$15,620	\$32,361	48.3%	\$456
Residential Rural - 2-40ha	56	\$7,274,500	\$129,902	0.00320	\$23,278	\$220	\$12,320	\$35,598	34.6%	\$636
Residential - Total	941	\$54,355,500	\$306,401		\$229,528		\$203,500	\$433,028		
Business - Balranald	69	\$3,572,000	\$51,768	0.03150	\$112,518	\$450	\$31,050	\$143,568	21.6%	\$2,081
Business - Euston	16	\$2,632,000	\$164,500	0.02100	\$55,272	\$450	\$7,200	\$62,472	11.5%	\$3,905

Business - Rural	86	\$2,300,800	\$26,753	0.01250	\$28,760	\$210	\$18,060	\$46,820	38.6%	\$544
Business - Solar Farms	2	\$4,139,000	\$2,069,500	0.03630	\$150,246	\$935	\$1,870	\$152,116	1.2%	\$76,058
Business -Mining Gravel	6	\$57,500	\$9,583	0.01770	\$1,018	\$120	\$720	\$1,738	41.4%	\$290
Business - Parishes of Paika, Penarie, Woolpagerie & Majenta - Mining Gypsum	3	\$525,000	\$175,000	0.05800	\$30,450	\$500	\$1,500	\$31,950	4.7%	\$10,650
Business - Parishes of Willibah, Bidura, Solferina - Mineral Sands Mines	1	\$8,520,000	\$8,520,000	0.08019	\$683,219	\$2,255	\$2,255	\$685,474	0.3%	\$685,474
<i>*Business - Parishes of Pitapunga, Crokee, Muckee & Lawrence - Mineral Sands Mines</i>	0	\$5,000,000	\$5,000,000	0.17600	\$880,000	\$2,255	\$2,250	\$0		\$882,255
Business - Total	183	\$21,746,300	\$11,017,105		\$1,061,482		\$62,655	\$1,124,137		\$779,001
GRAND TOTAL	1500	\$575,290,000	\$17,091,585		\$2,653,364		\$514,315	\$3,167,679		\$779,001

Under sections 496, 496A and 501 of the Act, a council may levy annual charges for the following services:

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

Under section 502 of the Act, Council may levy charges for actual use for the following services:

- Water Usage
- Sewer Usage
- Liquid Trade Waste

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

Water access and usage charges

The water access charge is an annual charge, under section 501 of the Act, levied to customers and is independent of the level of consumption. The annual access charges for water are estimated to yield \$901,500 for the 2022-23 financial year.

Raw & Filtered Water Residential & Non Residential	Actual 2021-22	Proposed 2022-23
Access Charges based on pipe size:-		
20mm connection	\$345.00	\$379.50
25mm connection	539.00	\$592.90
32mm connection	\$883.00	\$971.30
40mm connection	\$1,380.00	\$1518.00
50mm connection	\$2,156.00.	\$2,371.60
80mm connection	\$5,520.00	\$6,072.00
100mm connection	\$8,625.00	\$9,487.50
Raw Water Usage – Residential & Non-Residential		
Usage Charges up to 600kl per annum per kilolitre	\$1.00	\$1.05
Usage Charges from 601kl or greater per kilolitre	\$1..40	\$1.55
Filtered Water Usage – Residential & Non-Residential		
Usage Charges up to 400kl per annum per kilolitre	\$1.55	\$1.70
Usage Charges from 401kl or greater per kilolitre	\$2.30	\$2.55
Raw Water Usage Community Land per kilolitre	\$0.40	\$0.44
Residential Flats, Units and Multiple Dwellings up to 10 Dwellings for Raw and Filtered Water	Connection Charge + 50% of Connection per dwelling thereafter	Connection Charge + 50% of 20mm Access Charge per dwelling thereafter

Sewerage access charges

The sewer access charge is an annual charge, under section 501 of the Act, levied to customers and is independent of the level of usage. The annual access charges for sewer are estimated to yield \$651,000 for 2022-23 financial year.

Sewer Charges for 2022-23

Sewer Access Charges	Actual	Proposed Charge
Description	2021-22	2022-23
20mm connection	\$580.00	\$640.00
25mm connection	\$906.00	\$1,000.00
32mm connection	\$1,484.80	\$1,638.40
40mm connection	\$2,320.00	\$2,560.00
50mm connection	\$3,625.00	\$4,000.00
80mm connection	\$9,280.00	\$10,240.00
100mm connection	\$14,500.00	\$16,000.00
Unconnected Sewer Access Charge	\$435.00	\$480.00
Volumetric Sewer Discharge Rate		
Volumetric Sewer Discharge Rate per kilolitre	\$2.20	\$2.20
Pedestal Charges		
Non Residential Pedestal Charge for every dwelling with more than two Pedestals per Pedestal	\$105.00	\$105.00
Pedestal Charges Accommodation Camp	\$200	\$200
Residential Flats, Units and Multiple Dwellings up to 10 Dwellings for Sewer Access Charge	Connection Charge + 50% of Connection per dwelling thereafter	Connection Charge + 50% of 20mm Access Charge per dwelling thereafter

Stormwater Management Charge

Council will levy a stormwater management charge, under section 496A of the Act, against rateable properties for which the service is available in order to establish and sustain a funding source for improved storm water management. This charge appears as a separate charge on the rate notice.

The charging methodology used by Council was established under the guidelines released by the Office of Local Government. The guidelines provide Council with the opportunity to levy charges on a catchment area or global basis while ensuring that the total income generated does not exceed the level of expenditure for new and additional stormwater management services. Council will be developing a stormwater capital works program and as a result, a global approach will be used to enable significant works to be funded at a given time using all the revenue levied.

Stormwater Management Charges for 2022-23

Description	Charge 2021-22	Proposed Charge 2022-23
Residential Property per annum	\$25.00	\$25.00
Residential Strata Property per annum	\$12.50	\$12.50
Business Property per annum	\$25.00	\$25.00
Business Strata Property per annum	\$12.50	\$12.50

Funds derived from the Stormwater Management Service Charge must be spent on transparent works and the community must be advised of the proposed works and project as part of the Operational Plan consultation process. For 2022-23 financial year the estimated gross yield is \$18,800.

Waste Management Charges

Council cannot apply income from ordinary rates towards the cost of providing Domestic Waste Management services. Therefore, Council levies a Domestic Waste Management Charge under section 496 of the Act. The charge applies uniformly to each separate residential occupancy of rateable land (including vacant land) for which the service is available (i.e. properties that are along the route of the waste collection service). In determining the annual Domestic Waste Management Charge, Council must include all expenditure that relates to the delivery of this service and may include provision for the future increases to allow for equalisation of pricing from year to year. This is considered a prudent approach as the waste management subject to changing industry regulation and cost and operational requirements that have a potential for significant variations in the future. The Domestic Waste Management Charge for 2022-23 is estimated to

Description	Charge 2021-22	Charge 2022-23
Residential Domestic Waste Charge per property per annum	\$355.00	\$390.00
Domestic Waste Charge Vacant Land per property per annum	\$60.00	\$66.00
Commercial Waste Collection Euston – 1 Collection per week per approved bin	\$355.00	\$390.00
Commercial Waste Collection Balranald and Euston – 2 Collections per week per approved bin	\$550.00	\$605.00
Domestic and Commercial Euston – Additional Bin	\$250.00	\$275.00
Commercial Waste Collection Balranald Additional Bin	\$250.00	\$275.00

Revenue Policy - Other

Interest on Overdue Rates and Charges

In accordance with the provisions of Section 566 of *the Local Government Act, 1993*, the proposed interest rate to apply to overdue rates and charges for the period 1st July 2022 to 30th June 2023 will be the maximum rate of 6% as set by the Minister of Local Government.

Part Year Adjustments to Rates and Charges

Property rates and charges will be adjusted on a quarterly basis following a change in circumstances (e.g. subdivision or change in rating categorisation), in accordance with sections 527 and 546 of the Act. Relevant adjustments to rates and charges will be made from the next rating quarter following the effective date of the charge (subdivision plan registration date or date an application for categorisation review was made). The exception to this is for waste collection charges where adjustments are made either as above or on a pro-rata basis, whichever event is earlier.

Retrospective adjustments would usually be made for the current and previous years only however, Council may decide to make adjustments for a period outside this range in certain cases at its discretion depending upon equity and specific circumstances. Council may choose not to make current year adjustments if the value of the adjustment is less than \$50 if Council considers that the account will be uneconomical to collect.

Making the rate and charges and setting the interest rate

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

Pensioner Concessions

Council provides concessions for eligible pensioners under section 575 of the Act as follows:

- 50 per cent of the combined ordinary land rate and domestic waste management charge up to a \$250 maximum rebate.
- 50 per cent of water fixed and usage charges up to an \$87.50 maximum rebate
- 50 per cent of sewerage fixed charge up to an \$87.50 maximum rebate

Council funds 45 per cent of the total concession granted, with 50 per cent funded by the NSW Government and the remaining 5 per cent by the Australian Government.

- Holders of a Pensioner Concession Card (PCC);
- Holders of a gold card embossed with 'TPI' (Totally Permanently Incapacitated);
- Holders of a gold card embossed with 'EDA' (Extreme Disablement Adjustment)
- War widow or widower or wholly dependent partner entitled to the DVA income support supplement.

Borrowings

Council determines borrowing requirements in conjunction with the review of its Delivery Program each year.

The borrowing of funds if required, will be in accordance with Part 12 - Loans, Sections 621, 622, 623 and 624 of the Act and the 'Borrowing Order' issued by the Minister for Local Government, dated 27 September 1993.

Council will not be sourcing loan funding for the 2022/23 financial year.

Pricing Policy

Council's pricing policy aims to be equitable by recognising people's ability to pay and balancing expectation that some services will be cross-subsidised for the common good of the community.

Council's key pricing strategies are to:

- develop pricing structure that can be administered simply and inexpensively and be easily understood by members of the public
- explore all cost-effective opportunities to maximise Council's revenue base,
- balance the dependences on rates and grants against other funding sources, and
- apply full cost attribution to all business activities considered to be of a commercial nature

Council's pricing principles are:

STATUTORY

The price for goods / services are a statutory charge set by government legislation.

FULL COST RECOVERY

The price for goods / services are set to recover the total operating costs, both direct and indirect, of providing this good / service. Indirect costs are to include taxation equivalent payments, where applicable, in accordance with the principles of National Competition Policy.

PARTIAL COST RECOVERY

The price for goods / services are set to make a significant contribution towards the operating costs, both direct and indirect, of providing the goods / services. The remainder of the costs are met from property rates and general-purpose income.

REFERENCE PRICE

The price for goods / services are set by reference to prices charged for similar goods / services by like councils or competitors. Council's schedule of Fees and Charges has been prepared using the best information available in relation to the GST impact on the fees and charges at the time of publication. If a fee that is shown as being subject to GST is subsequently proven not to be subject to GST, the 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.