

Balranald Shire Council



DRAFT 2023/2024 REVENUE POLICY



Pelicans on flooded Yanga Creek, during 2023 floods

2023/2024 STATEMENT OF REVENUE POLICY

1. STATEMENT

The Local Government Act 1993 (**the Act**) requires Council, under section 405, to include a Statement of Revenue Policy in its annual Operational Plan. This statement provides information regarding the levying of Council's rates, its fees and charges and other major income sources. Rates and charges provide Council with a major source of revenue to meet the cost of providing services to residents of the Shire.

2. PURPOSE

The policy has been adopted to provide the Council with a transparent and consistent framework for making, levying and collecting the 2023/24 Rates and Charges and to inform the community about how this framework will apply

3. SCOPE

This policy applies to Council when making, levying and collecting its 2023/2024 Rates and Charges

4. OBJECTIVE

This policy is developed to assist the Council with the Delivery Program.

Council operations and financial management support ethical, transparent and accountable corporate governance

5. POLICY IMPLEMENTATION

In compiling this statement, significant factors have been considered in conjunction with the projected Operational Budget. Council is continuing to face cost pressures while being relatively constrained with static revenue base. The 2023/24 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 2023/2024 Financial Year, 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 2023/2024 Financial Year and the anticipated revenue that will be derived from each separate rate, charge and levy.

Rates

5.1 Ordinary rates

Section 494 of the Act requires Council to make and levy an Ordinary rate for each year on all ratable land in the local government area.

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. 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 sub-categorisations.

The VG provides Council with updated land valuations every three years. The VG has supplied updated valuations with a base date 1 July 2022 and will be used for rating from the 2023-24 financial year. The next general land valuation will be issued in 2025.

An increase in total land valuations received from the VG does not increase Council's total permissible annual income; they simply redistribute the rates 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

5.1.1 Categorisation of Land for the purposes of ordinary rates

Council has declared all ratable properties in accordance with section 493 and 514 of the Act to be within one of the following rating categories; Farmland, Residential, Mining or Business.

Council has determined sub-categories for ratable land in its area in accordance with the definitions set out in Sections 529 of the Act.

5.1.1.1 Farmland

Land is categorised as farmland if it is a parcel of ratable land valued as one assessment and its dominant use is for farming or agricultural production. The Farmland rate is sub-categorised into regional districts, based on the urban/town locations, being or factors specific to the land including, the intensity of the land use, the irrigability of the land, or economic factors. See section 515 and 529 of the Act.

Balranald Shire has the following farmland categories

- *Farmland - General* (for farmland that does not fall into the other Farmland subcategories), generally dryland cropping and grazing
- *Farmland – Irrigable Horticulture* land which is generally large-scale production with significant economic benefit and is supported by permanent irrigation (eg. Nut, Citrus, other tree orchards)
- *Farmland – Intense* – land which has intensive agriculture use, usually in a smaller land area (eg viticulture), generally supported by permanent irrigation

5.1.1.2 Residential

Land is categorised as residential if it is a parcel of ratable land valued as one assessment and its dominant use is for residential accommodation or rural residential land or if it is vacant land, it is

zoned or otherwise designated for use under an environmental planning instrument for residential purposes.

Residential assessments are subcategorized according to the centre of population. Each village area (as identified in Council's Local Environmental Plan) in Council area has the following subcategories:

- *Residential - Balranald,*
- *Residential - Euston,*
- *Residential - Oxley*

The Residential sub-categories outside Council's village areas are

- *Residential – General Rural*, if the land area is 0-2ha, or
- *Residential - Rural* if land that is the site of a dwelling, 2-40ha in area, not zoned for a non-residential use under Council's LEP, or have a significant and substantial commercial purpose or character.

Council recognizes that it is necessary to identify specific residential areas because of significant differences between the areas in relation to access to or demand for, or the cost of providing, services or infrastructure See section 516 and 529 of the Act and the Dictionary to the Act

5.1.1.3 Mining

Land is categorised as Mining if its dominant use is for a coal mine or metalliferous mine. (See the regulations as categorised according to the Local Government (General) Regulations 2021 (*The regulations*)), see section 517 of the Act. Council currently does not have any assessments which are categorised as Mining under section 517 of the Act

5.1.1.4 Business

Land is categorised as Business if it cannot be categorised as Farmland, Residential or Mining. See section 518 of the Act. Business will be subcategorized according to locality and centre of activity, see section 529 of the Act. The locality will be identified by reference to geographical names when identified by reference to the location of the land and according to the type of activity occurring in the location identified.

Balranald Shire has the following business categories as defined by the village area in Council's LEP or by geographical locality

- *Business – Balranald* – located within the Balranald village zone
- *Business – Euston* – located within the Euston village zone
- *Business – Rural* – located outside of the LEP village zones, but not defined by locality of centre of activity further described by other business subcategories
- *Business – Parish of Chadwick - Solar Farms*
- *Business – Rural – Gravel & Sand Extraction*
- *Business – Parishes of Paika, Penarie, Woolpagerie, Willilbah East & Majenta - Gypsum Extraction*
- *Business – Parishes of Willilbah, Bidura, Solferina - Mineral Sands Extraction*
- *Business – Parishes of Pitapunga, Crokee, Muckee & Lawrence - Mineral Sands Extraction*

5.1.1.5 Vacant Land

Vacant land is to be categorised according to the zoning and according to the purpose for which the land may be used according to any environmental planning instrument after taking into account the nature of any improvements or according to the predominant categorisation of surrounding land. See section 519 of the Act

5.1.2 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 each year is determined by IPART. General income comprises income from ordinary land rates and special rates.

Balranald Shire Council applied for a Special Rate Variation (SRV) increase above the rate peg limit under section 508 of the Act, which was determined by IPART in 2017/18 for a 10% increase each year for a period of seven years. The SRV is inclusive of any rate peg set by IPART in any given year. The SRV commenced on 1 July 2018 and will continue until the financial year commencing 1 July 2024. The rate peg applies to total notional yield income therefore an individual property rate may fluctuate more or less than 10% depending upon their rating categorisation, Council's adopted rating structure and their land valuation.

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.

Anticipated yields from the Rating Categories are as follows –

Farmland Rates	\$ 1,762,058
Residential Rates	\$ 467,981
Business Rates (excl mineral sands localities)	\$ 471,184
Business - Mineral Sands	\$ 752,515
Total Notional Yield all Rates	\$ 3,453,738

BALRANALD SHIRE COUNCIL
RATES & CHARGES FOR THE 2023/2024 FINANCIAL YEAR

	No of Properties for 2023/24	Property Valuations Base date 1 July 2022	Average Property Value	Ad Valorem Rate 2023/24	Ad Valorem Value	Base Rate 2023/24	Base Rate Value	Notional Income Yield	Base Rate %	Average Rate per Property
Farmland - General	249	\$ 752,841,900	\$ 3,023,461	0.00135	\$ 1,016,337	\$660.00	164,340.00	\$1,180,677	13.9%	\$4,742
Farmland - Irrigable Horticulture	7	\$ 35,334,000	\$ 5,047,714	0.00570	\$ 201,404	\$660.00	4,620.00	\$206,024	2.2%	\$29,432
Farmland - Intense	118	\$ 95,960,450	\$ 813,224	0.00310	\$ 297,477	\$660.00	77,880.00	\$375,357	20.7%	\$3,181
Farmland Total		\$ 884,136,350			\$ 1,515,218		\$ 246,840	\$ 1,762,058		
Residential - Balranald	532	\$ 27,484,000	\$ 51,662	0.00564	\$ 155,010	\$210	111,720.00	\$266,730	41.9%	\$501
Residential - Euston	265	\$ 26,495,500	\$ 99,983	0.00240	\$ 63,589	\$210	55,650.00	\$119,239	46.7%	\$450
Residential - Oxley	32	\$ 176,500	\$ 5,516	0.03500	\$ 6,178	\$110	3,520.00	\$9,698	36.3%	\$303
Residential - General 0-2ha	71	\$ 5,443,500	\$ 76,669	0.00370	\$ 20,141	\$210	14,910.00	\$35,051	42.5%	\$494
Residential Rural - 2-40ha	57	\$ 11,496,900	\$ 201,700	0.00220	\$ 25,293	\$210	11,970.00	\$37,263	32.1%	\$654
Residential - Total		\$ 71,096,400			\$ 270,211		\$ 197,770	\$467,981		
Business - Balranald	69	\$ 4,198,250	\$ 60,844	0.03000	\$ 125,948	\$450	31,050.00	\$156,998	19.8%	\$2,275
Business - Euston	16	\$ 3,036,500	\$ 189,781	0.01700	\$ 51,621	\$450	7,200.00	\$58,821	12.2%	\$3,676
Business - Rural	90	\$ 3,116,650	\$ 34,629	0.01000	\$ 31,167	\$210	18,900.00	\$50,067	37.7%	\$556
Business - Solar Farms	2	\$ 5,095,000	\$ 2,547,500	0.03180	\$ 162,021	\$2,255	4,510.00	\$166,531	2.7%	\$83,266
Business – Rural Gravel & Sand Extraction	6	\$ 71,900	\$ 11,983	0.01650	\$ 1,186	\$120	720.00	\$1,906	37.8%	\$318
Business - Parishes of Paika, Penarie, Woolpagerie, Willilbah East & Magenta – Gypsum Extraction	4	\$ 671,000.00	\$ 167,750	0.05100	\$ 34,221	\$660	2,640.00	\$36,861	7.2%	\$9,215
Business - Parishes of Willilbah, Bidura, Solferina - Mineral Sands Extraction	1	\$ 8,155,000	\$ 8,155,000	0.09200	\$ 750,260	\$2,255	2,255.00	\$752,515	0.3%	\$752,515
* Business - Parishes of Pitapunga, Crokee, Muckee & Lawrence - Mineral Sands Extraction	0	\$ 5,000,000	\$ 5,000,000	0.17600	\$ 880,000	\$2,255			0.26%	
*no assessments as at 1/4/23										
Business - Total		\$ 24,344,300			\$ 1,156,423		\$ 67,275	\$ 1,223,698		
GRAND TOTAL		\$ 979,577,050			\$ 2,941,851		\$ 511,885	\$ 3,453,736		

5.2 Charges

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 (see Council's Fees & Charges)

Water, Sewer and Waste Management charges relating to non-ratable properties will be charged in accordance with sections 496, 501, and 502 of the Act. For the purposes of charging these non-ratable 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 ratable properties as these charges are representative of use.

5.2.1 Water access and usage charges

In accordance with the provisions of Section 501, 502 and 552 of the Act, Council has resolved that water supply charges be levied on all properties that

- i) Land that is supplied with water from a water pipe of the Council
- ii) Land that is situated within 225 metres of a water pipe of the Council,

whether the land has a frontage or not to the public road (if any) in which the water pipe is laid, and confined within the area shown on each of the Town Water Supply areas, even though the land is not actually supplied with water from any water pipe of the Council; subject to, water being able to be supplied to some part of the land from a standpipe at least 1 metre in height from the ground level, if such a pipe were laid and connected to Council's main.

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. Raw and Filtered water charges have been reviewed against actual cost of providing the service. This has resulted in a cost shift between the two services, recognising the proportionate additional cost to provide filtered water.

For comparison purposes, in 2022/2023 a 20mm Raw water service was \$379.50 and a 20mm Filtered Water service was \$379.50, totaling \$759. For 2023/2024 the proposed 20mm Raw water service is \$370 and a 20mm Filtered Water service was \$425, totaling \$795, representing a 1.047% increase for the combined standard 20mm services. The access charge is proportional to the square of the size of the water connection to reflect the load that is placed on Council's water system (base charge x connection size squared (eg for a 25mm connection, the formula is base 20mm charge x $25^2/400$)).

Raw Water Residential & Non-Residential Access Charges based on meter size	2022-23	2023-24
20mm connection (base charge)	\$379.50	\$370.00
25mm connection (base charge x 25*25/400)	\$592.90	\$578.00
32mm connection	\$971.30	\$947.00
40mm connection	\$1518.00	\$1,480.00
50mm connection	\$2,371.60	\$2,313.00
80mm connection	\$6,072.00	\$5,920.00
100mm connection	\$9,487.50	\$9,250.00
Total expected income Raw water access	\$493,220	\$482,730
Less Pensioner concessions – Raw Water	-\$6,034	-\$5,600
Raw Water Usage – Residential & Non-Residential		
Usage Charges up to 600kl per annum per kilolitre	\$1.05	\$1.10
Usage Charges from 601kl or greater per kilolitre	\$1.55	\$1.65
Raw Water Usage Community Land per kilolitre	\$0.40	\$0.45
Filtered Water Residential & Non-Residential Access Charges based on meter size	2022-23	2023-24
20mm connection (base charge)	\$379.50	\$425.00
25mm connection (base charge x 25*25/400)	\$592.90	\$664.00
32mm connection	\$971.30	\$1,088.00
40mm connection	\$1,518.00	\$1,700.00
50mm connection	\$2,371.60	\$2,656.00
80mm connection	\$6,072.00	\$6,800.00
100mm connection	\$9,487.50	\$10,625.00
Residential Flats, Units and Multiple Dwellings up to 10 Dwellings for Filtered Access Charge	Connection Charge +50% of base charge per dwelling thereafter	Connection Charge +50% of base charge per dwelling thereafter
Total expected income Filtered water access	\$413,367	\$461,415
Less Pensioner concessions – Filtered water	\$5,734	\$6,200
Filtered Water Usage – Residential & Non-Residential		
Usage Charges up to 400kl per annum per kilolitre	\$1.70	\$1.75
Usage Charges from 401kl or greater per kilolitre	\$2.55	\$2.65

5.2.2 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. Sewer access charge is to be levied on all land that is within 75 meters from a sewer of the council.

5.2.2.3 Sewer Access charge

Council is moving towards NSW best practice pricing and guidelines provided by the Independent Pricing and Regulatory Tribunal (IPART) “Pricing Principles for Local Water Authorities.” Council has standardised residential access size to a base 20mm equivalent charge. Non-residential properties access charge is proportional to the square of the size of the water connection to reflect the load that is placed on Council’s sewerage system. It is calculated by the formula (base charge x connection size squared (eg a 25 mm connection is calculated by base 20mm charge x 25*25)/400). Non-residential properties also pay a sewer usage charge according to the actual use, to which a Sewer Discharge Factor (SDF) has been applied. The SDF’s have been determined according to the recommendations given by NSW Department of Industry – Water.

5.2.2.4 Pedestal charge

Council has previously charged pedestal charges to non-residential properties, which had 2 or more toilets/cisterns. This pedestal has been removed for the financial year 2023/2024. A pedestal charge will still be applied to Accommodation Camps according to the number of pedestals/urinals.

Sewer Access Charges	2022-23	2023-24
Residential		
Access charge	\$640.00	\$698.00
Unconnected Sewer Access (75% of access charge)	\$480.00	\$523.50
Residential Flats, Units and Multiple Dwellings up to 10 Dwellings for Sewer Access Charge	Connection Charge + 50% of Access Charge per dwelling thereafter	Connection Charge +50% of Access Charge per dwelling thereafter
Non-Residential		
20mm connection (base charge)	\$640.00	\$698.00
25mm connection (base charge x 25*25/400)	\$1,000.00	\$1,090.00
32mm connection	\$1,638.00	\$1,786.00
40mm connection	\$2,560.00	\$2,792.00
50mm connection	\$4,000.00	\$4,362.00
80mm connection	\$10,240.00	\$11,168.00
100mm connection	\$16,000.00	\$17,450.00
Unconnected Sewer Access (75% of access charge)	\$480.00	\$523.50
Total expected Sewer Access charges	\$679,320	\$714,202
Less Pensioner concession (residential sewer)	-\$11,243	-\$11,364

Volumetric Sewer Discharge		
Volumetric Sewer Discharge Rate per kilolitre	\$2.20	\$2.20
Total expected Sewer Usage income	\$54,000	\$56,000
Pedestal Charges		
Non-Residential pedestal charges	\$105.00	-
Pedestal Charges Accommodation Camps	\$200.00	\$200.00
Total Pedestal Charges	\$37,380 (\$17,380 from non-residential)	\$20,000

5.2.3 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 ratable 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, rehabilitation of the land 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. Waste collections charges have been increased by approximately 10% due to an increase in contractor collection charges.

Waste Management Charges	2022-23	2023-24
Domestic Waste Charge (all areas)	\$390.00	\$429.00
Additional Domestic Waste collection	\$275.00	\$300.00
Vacant Land per property per annum	\$66.00	\$70.00
Commercial Waste Collection Balranald – 2 Collections per week per approved bin	\$605.00	\$630.00
Additional Commercial collection - Balranald	\$330.00	\$429.00
Commercial Waste Collection Euston – 1 Collection per week per approved bin	\$390.00	\$429.00
Additional Commercial collection – Euston	\$275.00	\$300.00
Total Expected Waste Management Charges	\$362,005	\$503,649
Less Pensioner Rebate	-\$15,884	-\$16,533

5.2.4 Stormwater Management Charge

Council will levy a stormwater management charge, under section 496A of the Act, against ratable 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	2022-23	2023-24
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
Total Expected Stormwater Management Charges	\$19,238	\$19,212

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.

5.3 Revenue Policy - Other

5.3.1 Interest on Overdue Rates and Charges

In accordance with the provisions of Section 566 of the Act, the proposed interest rate to apply to overdue rates and charges for the period 1st July 2023 to 30th June 2024 will be the maximum rate of 9% as set by the Minister of Local Government.

5.3.2 Part Year Adjustments to Rates and Charges

5.3.2.1 Rates Adjustments

Property rates will be levied annually and issued before 1 August, excepting where:

- a newly ratable parcel of land is created which will be rated from the first full instalment period (eg subdivision plan registration date, or newly ratable crown land, new lease or license from date of commencement),
- Valuer General’s has issued a new valuation as a result of a valuation objection or
- change of categorisation application was approved within 30 days of issue of rates notice date

Relevant adjustments to rates will be made in accordance with sections 527 and 546 of the Act. from the next rating quarter following the effective date of the charge

5.3.2.2 Charges Adjustments

Charges will be adjusted on a quarterly basis following a change in service access, such as

- the construction of a new home or building
- change to service size, or
- change of service access

The exception to this is for waste collection charges where adjustments are made either as above or on a pro-rata basis from the date the service was available, whichever event is earlier.

5.3.2.3 Retrospective adjustments

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.

5.3.3. 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.

5.3.4 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 and the remaining 55 per cent by the Australian Government. Eligible pensioners are:

- 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.

5.3.5 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 2023/24 financial year.

5.3.6 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, 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.