

# Revenue Policy 2023 – 2024



## Revenue Policy & Borrowings

### Ordinary Rates:

The Independent Pricing and Regulatory Tribunal (IPART) have announced that the allowable rating increase for 2023/24 will be 3.7%.

To meet its recurrent obligations towards works and services, Council will increase its ordinary rates by the full 3.7%. The allowable rating increase equates to an income increase of approximately \$1,200,000 over the 2022/23 rating base.

The SBRVL that was introduced in 2019 for a five (5) year period lapsed in 2022/23 and is not included.

Council also provided businesses additional relief in 2022/23 through the suspension of part of the rate levy. This was for the 2022/23 year and therefore has been removed in 2023/24

Council policy is to levy ordinary rates to all rateable properties using a combination of a base amount and land valuation.

The base amount is Council's assessment of costs that could reasonably be said to be common to all ratepayers regardless of property use or location. The base amount for 2023/24 has been increased by the 3.7% allowable rating increase (plus rounding) to \$438.00.

The balance of each rate assessment will be levied using an ad valorem rate i.e. the land valuation multiplied by a rate in the dollar. Rates will be levied on three categories of property: - Business, Residential and Farmland.

**The proposed rate in the dollar and base amount for each of the rating category options for 2023/024 detailed below will apply:**

### **2023/24 Ordinary Rate Base Amount plus Ad Valorem Rate**

Category	Rate in \$ (cents)	Base Amount (\$)	Yield (\$'000s)	Proportional Contribution (%)
<b>Rates</b>				
Business – Inner CBD	7.4438	438.00	1,683	4.9
Business – Urban	1.8472	438.00	4,493	13.1
Business – Other	0.5414	438.00	170	0.5
Business – Nimbin	0.7478	438.00	111	0.3
Residential – Urban/Village	0.3596	438.00	17,589	51.3
Residential – Rural	0.2808	438.00	5,370	15.7
Farmland	0.2797	438.00	4,856	14.2
<b>Total</b>			<b>34,272</b>	<b>100.00</b>

To calculate your ordinary rates for 2023/24, you will need your land valuation as at the 1/7/2022 base date. Multiply the land value by the rate in dollar of the rating category applicable to your property and then add the base amount of \$438.00.

For example:-

*A Residential – Urban/Village property with a land value of \$100,000, the ordinary rates would be = \$100,000 X 0.3596 (of a cent in the dollar, the urban/village rate) = \$359.60 plus \$438.00 (base amount) = \$797.60*

## **Waste Management Charges:**

Council has reviewed the various services that it offers with particular emphasis on landfill reduction. A range of options that encourage recycling and introduces choice in the size of bins collected is now available at various prices. Maps of the areas covered by these services are available for viewing at Council's Corporate Centre:-

### **a) Waste Collection Charges**

These charges are levied for the actual collection and removal of waste from a property, where Council makes the service available. Council must approve the type and size of bins used.

All waste collection charges are an annual charge, either under Section 496 or 501 of the Local Government Act 1993. This in effect means that the charge will apply for the whole year regardless of the number of times the service is utilised.

If a service is no longer required and Council is notified to that effect, the charge will still apply in the rating year in which it was levied, but will not be charged in future years. The exception to this is where a charge has been wrongly applied such as where the charge was for two services but only one was received.

When a service or additional service is requested during a rating year, the cost of the service will be calculated on a quarterly pro-rata basis and levied from the next rate instalment period after the service is commenced.

As a result of the natural disasters of February and March 2022 and the subsequent damage to Council's waste cell, Council has been required to transport waste off site to other facilities. This has resulted in Council incurring significant additional operational costs, it is anticipated that this will continue during 2023/24 year until the cell becomes operational. To offset the increased operational costs, Council has introduced a waste levy of \$65.00 per assessment for the 2023/24 year.

**To minimise the impact on ratepayers, Council proposes to reduce the Waste minimisation charge in 2023/024 by a similar amount.**

For Domestic Services:-

- **Integrated Waste Collection:** This charge is applicable to all urban domestic properties receiving the service within the defined collection area. The service is a weekly 240 litre organic bin and a fortnightly 240 or 360 litre recycling bin plus a fortnightly 140 litre waste bin collection service.
- **Integrated Waste Collection – Urban Half:** This charge is applicable to all urban domestic properties receiving the service within the defined collection area. The service is a fortnightly 240 litre organic bin and a monthly 240 or 360 litre recycling bin and a monthly 140 litre waste bin collection service.
- **Integrated Waste Collection – Waste Plus:** This charge is applicable to all urban domestic properties receiving the service within the defined collection area. The service is a weekly 240 litre organic bin, a fortnightly 240 or 360 litre recycling bin and a fortnightly 240 litre waste bin collection service.
- **Integrated Waste Collection – Premium:** This charge is applicable to all urban domestic properties receiving the service within the defined collection area. The service is a weekly 240 litre organic bin, a fortnightly 240 or 360 litre recycling bin and a weekly 240 litre waste bin collection service.
- **Integrated Waste Collection – Discount:** This charge is applicable to all urban domestic properties receiving the service within the defined collection area. The service is a weekly 240

litre organic bin, a fortnightly 240 or 360 litre recycling bin and a fortnightly 80 litre waste bin collection service. The provision of the 80 litre bin is at the customers cost.

- Waste Collection – Special Needs: This service is available on application and requires approval by the Manager – Commercial Services. It is available for customers with health or mobility problems, and will be assessed on a 'case by case' basis. The service is available to domestic properties only. The service consists of a fortnightly 240 litre waste bin collection service collected from and returned to the property by the waste truck driver or a variation on this depending on assessment by the assessment team.
- Waste Collection – Rural: This charge is applicable to all domestic properties within the service areas as defined, outside the urban area of Lismore and receiving the collection service. The service is a weekly 240 litre waste bin and a fortnightly 240 or 360 litre recycling bin collection service.
- Waste Collection – Rural Half: This charge is applicable to all domestic properties within the service areas as defined, outside the urban area of Lismore and receiving the collection service. The service is a fortnightly 240 litre waste bin and a monthly 240 or 360 litre recycling bin collection service.
- Waste Collection – Rural Village: This charge is applicable to all domestic properties within the rural village service areas as defined, outside the urban area of Lismore and receiving the collection service. The service is a weekly 240 litre organic bin and a fortnightly 240 or 360 litre recycling bin plus a fortnightly 240 litre waste bin collection service.
- Waste Collection – Rural Village Half: This charge is applicable to all domestic properties within the rural village service areas as defined, outside the urban area of Lismore and receiving the collection service. The service is a fortnightly 240 litre organic bin and a monthly 240 or 360 litre recycling bin plus a monthly 240 litre waste bin collection service.

For Non Domestic Services:-

- Waste Collection – Urban Business: This charge is applicable to all non-domestic properties receiving the service within the defined collection area. This service is a weekly 240 litre waste bin and a weekly 240 litre resource recovery (recyclable, organics) bin collection service.
- Waste Collection – Rural Business: This charge is applicable to all non-domestic properties within the service areas as defined, outside the urban area of Lismore and receiving the collection service. The service is a weekly 240 litre waste bin and a fortnightly 240 or 360 litre recycling bin collection service.
- Waste Collection – Rural Half Business: This charge is applicable to all non-domestic properties within the service areas as defined, outside the urban area of Lismore and receiving the collection service. The service is a fortnightly 240 litre waste bin and a monthly 240 or 360 litre recycling bin collection service.

#### **b) Other Waste Management Charges**

In addition to collection charges, Council also levies a number of other charges, which are used to implement waste management and reduction programs.

**Waste Availability:** This charge applies to all rateable properties where the waste collection service is available, but not being utilised, excluding those properties paying the Nimbin Transfer Station charge.

**Waste Minimisation:** This charge is applicable to all rateable properties except for those rateable properties paying the Nimbin Transfer Station charge. This charge is for the provision of recycling services, waste strategy and policy development, other waste reduction programs, waste education services and an allocation of one (1) waste voucher per rateable property (capped at 5,000 vouchers per annum). This charge attracts GST.

As a result of the natural disasters of February and March 2022 and the subsequent damage to Council's waste cell, Council has been required to transport waste off site to other facilities. This has resulted in Council incurring significant additional operational costs, it is anticipated that this will continue during 2023/24 year until the cell becomes operational. To offset the increased operational costs, Council has introduced a waste levy of \$65.00 per assessment for the 2023/24 year.

**To minimise the impact on ratepayers, Council proposes to reduce the Waste minimisation charge in 2023/024 by a similar amount.**

Nimbin Transfer Station: This charge is applicable to all rateable properties within the Nimbin and District service area map, not receiving a waste collection service, and is charged on a per dwelling basis. A copy of the map is available at Council's Corporate Centre.

A summary of all waste management charges follows:-

<b>Services</b>	<b>Annual Charge (\$)</b>	<b>Yield (\$'000)</b>
<b><u>Waste Collection</u></b>		
<b>Domestic – Urban</b>		
Integrated Waste Collection	\$408.67	\$4,368
Integrated Waste Collection – Urban Half	\$254.00	\$92
Integrated Waste Collection – Waste Plus	\$632.00	\$158
Integrated Waste Collection – Premium	\$717.05	\$105
Integrated Waste Collection – Discount	\$322.25	\$2
Waste Collection – Special Needs	\$460.85	\$13
<b>Rural</b>		
Waste Collection – Rural	\$494.87	\$1,081
Waste Collection – Rural Half	\$323.30	\$150
Waste Collection – Rural Village	\$494.87	\$717
Waste Collection – Rural Village Half	\$323.30	\$38
<b>Non Domestic</b>		
Waste Collection – Urban Business	\$520.91	\$630
Waste Collection – Rural Non Domestic	\$490.51	\$112
<b><u>Waste Management</u></b>		
Waste Availability	\$11.97	\$9
Waste Minimisation	\$Nil	\$Nil
Nimbin Transfer Station	\$165.69	\$55

### **Wastewater Charges:**

A copy of Council's "Wastewater Charging Policy", which sets out the methodology used to arrive at the wastewater charges, is available from Council's Corporate Centre. In summary, wastewater charges are determined by the following formula:

Annual Wastewater Charge = No. of Equivalent Tenements (ET) x Charge per Equivalent Tenement

An Equivalent Tenement refers to an assumed discharge to the wastewater system which is equivalent to that discharged by a 'standard' detached dwelling house. Under this charging regime a detached dwelling house, (having an ET value of 1.0) is charged \$1,013. All other forms of development are

charged based on their calculated ET value, with the method of calculating ET values being specified within Council's "Wastewater Charging Policy". Under this policy, calculated ET values are rounded to the nearest one tenth of an ET and a minimum value of 1.0 ET is applied to all assessments.

For properties with multiple tenements or more than one equivalent tenement, a schedule of charges is also available from Council's Corporate Centre.

A summary of wastewater charges follows:-

<b>Services</b>	<b>Annual Charge (\$)</b>	<b>Yield (\$'000)</b>
<b><u>Wastewater</u></b>		
Lismore – (Includes Nimbin, Perradenya & North Woodburn)		
For single unit dwelling houses	\$1,013.00	\$10,879
For residential flats for each unit of occupancy	\$709.10	\$1,045
For non-domestic properties (excluding properties within the established strength category), per equivalent tenement or part thereof as indicated within the Wastewater Charging Policy	\$1,013.00	\$2,548
For properties not connected to a wastewater scheme and able to do so and located within 75 metres of a wastewater main	\$607.80	\$316
Sewer Rebate 1 - For occupied properties with stand-alone systems of wastewater management not connected to the sewerage system	\$303.90	\$0
Sewer Rebate 2 - For occupied properties with dry composting toilets and no toilets connected to the sewerage system	\$506.50	\$0

### **Stormwater Management Services Charges:**

The Stormwater Management Services charge is applied to rateable land within the Lismore urban area. There are exemptions to the charge with vacant and crown land (including Department of Housing) most prominent.

For residential lots the charge will be \$25.00. For residential strata and company titled land, the charge will be \$12.50 per unit.

For business properties the charge will be area based with a minimum charge of \$25.00 for properties up to 350m<sup>2</sup> and an additional \$25.00 for each unit of 350m<sup>2</sup> or part thereof. For a property of 850m<sup>2</sup> the charge would be \$75.00 (850m<sup>2</sup> ÷ 350m<sup>2</sup> = 2.42 units, rounded up to 3 = 3 x \$25.00 = \$75.00).

Business properties over 4,200 m<sup>2</sup>, dependent upon the outcome of an assessment of the property to determine the proportion of the property that is impervious, will be charged a minimum \$300.00 with an additional charge of \$25.00 per 350m<sup>2</sup> or part thereof that is declared impervious. For owners of business properties over 4,200m<sup>2</sup>, an appeals process against the level of the charge is in place and a copy is available from the Council Corporate Office.

Business strata units and company titled units will be charged by determining the actual charge for the whole of the property and then dividing that charge by the total unit entitlement, either strata or company, and then multiplying that product by each strata or company title entitlement to determine the charge for each strata. The minimum charge per unit entitlement is \$5.00.

The total yield from Stormwater Management Services charges is \$401,100.

The following is a summary of stormwater management service charge related works to be provided in 2023/24. Any under expenditure of the charges revenue will be accumulated and applied to future maintenance and major projects, and any over expenditure of the charges revenue will be funded by accumulated or future charges revenues:-

<b><u>Stormwater Management Services</u></b>	<b>Budget</b>
Stormwater Infrastructure - (enhancing current infrastructure and constructing new treatment infrastructure)	\$204,500
Infrastructure services (new treatments) – loan repayments	\$29,900
Maintenance and monitoring of treatment devices	\$60,400
Business, staff and community education	\$15,000
Information gathering / administration	\$91,300
<b>Totals</b>	<b>\$401,100</b>

### **Water Charges:**

Council's water charging structure is made up of two tiers, a 'consumption charge' based on actual water consumed and a 'fixed service charge' dependent on the size of the water service. In addition, a small amount of revenue is generated from fire services.

#### **a) Consumption Charge**

Water consumed through the meter will be charged at \$4.79 per kilolitre. The estimated income from consumption is \$10,659,000 (2.225 megalitres at \$4.79 per kilolitre).

#### **b) Fixed Service Charges**

A summary of the fixed service charges follows:-

<b>Service</b>	<b>Annual Charge (\$)</b>	<b>Yield (\$'000)</b>
20mm service	\$351.64	\$4,505
25mm service	\$549.44	\$265
32mm service	\$900.20	\$184
40mm service	\$1,406.56	\$224
50mm service	\$2,197.76	\$323
65mm service	\$3,714.20	\$26
80mm service	\$5,626.24	\$56
100mm service	\$8,791.00	\$185
150mm service	\$19,779.76	\$99
Unconnected properties*	\$351.64	\$49
Fire service*	\$351.64	\$21
Water Rebate Services* - Occupied properties with stand-alone water supply systems not connected to the reticulated water supply	\$175.82	\$0

\*Conditions apply

### **Pension Rebates:**

Rebates are available to eligible pensioners who are solely or jointly liable for the payment of rates and charges. The rebates are as follows:-

- a) 50% of combined general rates and waste management charges up to a \$250.00 maximum;

- b) 50% of water consumption and fixed service charges up to an \$87.50 maximum; and
- c) 50% of sewer charges up to an \$87.50 maximum.

### **Pricing Policy for Goods and Services:**

A review of resources required to provide all goods and services and the corresponding pricing category is undertaken every year. This includes the cost of delivery of the service and the impacts of inflation over 2023 and the forecast increases in 2024.

**Council has applied a 5.00% increase to its fees and charges for 2023/24\*.**

*\*Excluding:- Statutory Fees & Charges, Commercial Operations and Water charges. These are all subject to external factors that cannot be absorbed by Council.*

The intent of a pricing policy is to disclose to all stakeholders the rationale behind the fee established for any Council product or service including:

- the true cost of providing a product or service;
- the extent to which the general community benefits from the product or service, and therefore the extent that the cost of the product or service will be subsidised from rate revenue. i.e. the public-good component or community service obligation;
- the extent to which the user or person benefiting from the product or service, will be asked to contribute to the cost of its provision, i.e. the user contribution; and
- the strategies for moving the current fee to the position determined by the policy, i.e. the target cost recovery.

The underlying principle of pricing policy is that the role of property rates and general purpose income will be to finance the public-good component of services and attendant community service obligations, and that users will be called upon to finance the cost of producing goods and services from which they derive a benefit.

Council's Pricing Policy (Policy 1.5.9 - Pricing Policy – Fees and Charges) details the above elements for every product or service supplied by Council and can be reviewed at Council's Corporate Centre or on Council's website.

### **National Competition Policy and Competitive Neutrality:**

Competitive neutrality is one of the principles of National Competition Policy which is applied to all levels of government in Australia including local government. The principle is based on the concept of a "level playing field" for competitors in a market, including both public and private sector competitors. Business operations or activities run by local government should operate without net competitive advantages over businesses as a result of their public ownership.

The New South Wales Policy Statement on the Application of Competitive Neutrality Principles to local government are non-prescriptive. The policy statement recognises that for competition policy to be effective, there is a need to have an effective system in place to manage relevant business activities, their pricing and costing and the handling of complaints relating to competitive neutrality.

To assist local government in implementing competitive neutrality, the New South Wales Government issued the Competitive Neutrality Guidelines for Local Government (1997). After considering the guidelines, Council has determined that the following business activities will comply with the competitive neutrality principle: -

#### Category One (Turnover > \$2 million)

1. Water Supplies Services
2. Wastewater Services
3. Northern Rivers Quarry & Asphalt
4. Northern Rivers Waste – Disposal

#### Category Two (Turnover < \$2 million)

1. Lismore Memorial Gardens – Crematorium;
2. Goonellabah Sports & Aquatic Centre – Gym & Swim School



### Category One:

As part of the application of costs attribution, Council includes all direct and indirect costs that a private sector competitor would incur. The guidelines mandate the inclusion of costs for Taxation Equivalent Regime Payments, Debt guarantee fees and a Return on capital invested.

After considering full cost recovery pricing, where net costs are not fully recovered, the following community service obligation subsidies are made:

1. Water Supplies Services – \$6,594,311
2. Wastewater Services – \$7,918,000
3. Northern Rivers Quarry & Asphalt – \$ 0
4. Northern Rivers Waste – Disposal – \$ 3,589,000

### Category Two:

As part of the application of costs attribution, Council includes all direct and indirect costs that a private sector competitor would incur. While the guidelines don't mandate the inclusion of Taxation Equivalent Regime Payments, Debt guarantee fees and a Return on capital invested, Council is required to abide by the broad principle and intent of competitive neutrality. As the impact of Taxation Equivalent Regime Payments, Debt guarantee fees and a Return on capital invested is not considered material, they have been excluded.

After considering full cost recovery pricing, where costs are not fully recovered the following community service obligation subsidies are made:

1. Lismore Memorial Gardens – Crematorium – \$104,800
2. SWITCH 24/7 Gym –\$302,802
3. Swimsations School– \$112,000

## **Borrowings**

Council is required to submit a program of new borrowings seeking approval from the Office of Local Government on an annual basis.

### **Council proposes to borrow the following:**

Fleet – major fleet items	\$1,500,000
Waste remediation and Compliance	\$3,400,000