

INTRODUCTION

It is a requirement of Section 405 (2) of the NSW Local Government Act 1993 for Council to review and update its Revenue Policy each year.

The objectives of the Revenue Policy are;

- to meet statutory requirements,
- to establish the total revenue required to fund Council's activities within budgetary constraints,
- 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.

Revenue Sources	Amount Set By Authority	Discretionary Power
Recurrent		
Rates	LG Act/Council	Revenue Policy
User Fee & Charges	Various Acts/Council	Revenue Policy
Interest on Investments	LG Act/Market Forces/Council	Investment Policy
Grants & Subsidies	Various Government Departments	Not applicable
Contributions/Donations/ Sponsorship	EPA Act/LG Act/Council	Section 64 & 94 Plans
Entrepreneurial Activities	LG Act/Council	Not applicable
Leasing	LG Act/Council/Australian Accounting Standards	Not applicable
Gain on Disposal of Assets	Market Forces/Council/Australian Accounting Standards	Not applicable
Capital		
Borrowings	LG Act/Council	Not applicable
Grants & Subsidies	Various Government Departments	Not applicable
Internally Restricted Funds	Council	Not applicable

RATE PEGGING

The NSW Government introduced rate pegging in 1977. Rate pegging limits the amount that Council can increase its total general rate income from one year to the next by a specific figure determined by the Independent Pricing and Regulatory Tribunal (IPART). The Chair of IPART has specified a permissible increase in revenue from ordinary rates as prescribed by Section 506, NSW Local Government Act 1993 of 2.30% for 2014/2015. General income comprises income from ordinary rates and does not include income from waste management service charges or water and sewerage service charges.

The rate pegging percentage of 2.30% was determined by using a Local Government Cost Index, a productivity factor and an advance for the carbon price. The Local Government Cost

Index was developed by IPART in 2010, following a survey of NSW Council's expenditure. The Local Government Cost Index increased by 2.80% in the year to September 2013. The productivity factor was set at 0.20% and the carbon advance of 0.30% which removes part of the carbon price advance of 0.4% that was included in the rate peg amount for the 2012 financial year. Both have been included in the rate peg calculation.

Based on this, the rate peg amount was calculated by subtracting the productivity factor and the carbon price advance from the index.

- 2014/15 Calculation is $2.8\% - 0.2\% - 0.3\% = 2.3\%$

The 2011/12 carbon pricing factor of 0.40% has been adjusted (rolled) back in the years 2013/14 and 2014/15 as follows:

- 2013/14 Calculation is Rate Peg % - Productivity Factor – 0.10% [25% of 0.40%]
- 2014/15 Calculation is Rate Peg % - Productivity Factor – 0.30% [75% of 0.40%]

Council is applying for a permanent ongoing Special Rate Variation (an increase above the rate peg amount) for the 2014/15 financial year and onwards. Please see the section in this Policy titled Rates and Annual Charges – Special Rate Variation for details.

VALUATIONS

The ordinary rate is assessed on a rate in the dollar as a product of the land value supplied by the Valuer General. Section 62 of The Valuation of Land Act 1916 No 2, requires the Council to assess the ordinary rate on the most recent values provided by the Valuer General. Council cannot make and levy a rate in respect of a parcel of land, unless Council has been furnished with a valuation of that land under the Valuation of Land Act. Council does not participate in the valuation of land for rating purposes. While Council has the right to appeal against any land valuation furnished by the Valuer General for Bellingen Shire Council, the Valuer General assesses all values independently of Council. A revaluation of the Bellingen Shire Council Local Government Area is undertaken every three years with a revaluation being undertaken in 2013/14 with the new values used to levy the 2014/15 Council rates.

Whenever a revaluation 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 revaluation.

WATER AND SEWERAGE DIVIDENDS

Council is permitted, but not required to pay a dividend to the general fund of the Council from surpluses generated by water and sewerage operations. The maximum amount of such dividend permitted under the Best Practice Management of Water Supply and Sewerage Guidelines 2007, for each year is set out at the foot of the Income Statement in the Special Purpose Financial Reports. Actual payment of the dividend is subject to compliance with the procedures set out in the Best Practice Management of Water Supply and Sewerage Guidelines.

WHAT IS RECORDED ON THE RATES NOTICE AND WATER BILLING ACCOUNTS

Council's Rates Notice records the General Rate, Water Annual Charge, Sewerage Annual Charge, Liquid Trade Waste Annual Charge, Domestic Waste Management Charge, Commercial Waste Management Charge and Waste Facility Access Charge, as applicable.

The Water Billing Account reports the Water Usage, Sewerage Usage, and Liquid Trade Waste Usage as applicable.

For those ratepayers who receive a pensioner concession (discussed further in this policy) the rebates will be reported as follows:

- On the Rates Notice - 50% of the combined ordinary rates and domestic waste management charge, up to a maximum rebate of \$250.00.
- On the Rates Notice and Water Billing Account - 50% of water charges (both annual and usage), up to a maximum rebate of \$87.50.
- On the Rates Notice and Water Billing Account - 50% of sewerage charges (both annual and usage), up to a maximum rebate of \$87.50.

The Rates Notice will be issued to the owner (unless the owner otherwise advises in writing) in July and can be paid in August or quarterly as stated below. This means that the general rate and annual charges can be paid quarterly.

The Water Account will be issued to the owner (unless the owner otherwise advises in writing), on a quarterly basis as stated below.

The Rates Notice, Rates Instalments and Water Accounts will be issued as follows:

Notice, Instalment or Account	Issue Date – Each Year
Rates Notice	Prior to end July
Rates Instalment	Prior to end of October, January and April
Water Accounts	Prior to end September, December, March and June

The Rates Notice, Rates Instalments and Water Accounts are due and payable as follows:

Notice, Instalment or Account	Due and Payable Each Year
Rates Notice	31 August
Rates Instalments	30 November, 28 February and 31 May
Water Accounts	31 October, 31 January, 30 April and 31 July

CHANGES TO GST LEGISLATION

The LGSA (now LGNSW), on behalf of NSW Councils applied for class rulings from the Australian Taxation Office (ATO) on the GST treatment of Council taxes (i.e. rates), charges and fees following changes to the regime for the determination of GST applicability to Australian taxes, charges and fees.

The new regime changes the past model where exempt Council rates, charges and fees were listed in a Treasury Determination (*A New Tax System (Goods and Services Tax) (Exempt Taxes, Fees and Charges) Determination 2011 (no. 2)*) and thus easily identifiable, to a model where each Council is required to undertake a self-assessment as to whether their rates, charges and fees are subject to GST based on broad legislative principles. The legislation took effect from 1 July 2011. The existing Treasury Determination (and the taxes, fees and charges covered by it) was grandfathered until 30 June 2013. (A *grandfather* clause is a provision in which an old rule continues to apply to some existing situations, while a new rule will apply to all future cases.)

The new regime proposed a number of potential issues for Local Government including:

- Resources for implementing a Council-internal GST self-assessment process and level of guidance provided by the Australian Taxation Office (ATO);
- Uncertainty as to the treatment of certain charges and fees under the new regime; in particular commercial waste and trade waste charges and development contributions (which are currently exempt from GST under the determination);
- Implications of potential inconsistencies among Councils of the treatment of certain rates, charges or fees; and
- Liability associated with incorrect determinations of GST applicability.

Genesis Accounting Pty Ltd was engaged by the LGSA (now LGNSW) and entered into service for fee agreements with over 100 NSW Councils to categorise Council taxes, charges and fees, prepare the ATO ruling applications, and provide comprehensive feedback to Councils and assist with the implementation of the rulings once published.

The ATO class rulings, once made, are applicable to all NSW Councils. A class ruling provides certainty for, and avoids inconsistencies among Councils in the GST treatment of taxes, charges and fees. It also alleviates legal and resourcing concerns associated with GST self-assessment by individual Councils.

The charges that are affected by the new regime and are now GST inclusive charges from 2013/14 are as follows;

- Commercial Waste Annual Charges and extra services Commercial Waste Annual Charges (S501 NSW Local Government Act 1993)
- Waste Facility Access Charges (S501 NSW Local Government Act 1993)
- Non rateable properties Waste Management Service Annual Charges (S501 NSW Local Government Act 1993)

Given the timing of the rulings over the past financial year there will be no GST treatment difference in the 2014/15 Revenue Policy to the 2013/14 Revenue Policy. However some of the fees and charges in the 2014/15 Fees and Charges Schedule will have a different GST treatment to that of the 2013/14 Fees and Charges Schedule.

The ATO have advised that penalties will not apply if the taxation treatment is not correct on the fees and charges. The ATO will advise of the correct treatment with Council responsible for ensuring compliance as soon as possible thereafter.

RATING STRUCTURE AND CATEGORIES

The objective of the NSW Local Government Act 1993 with regard to rating is to provide a system of local taxation, based on the fair imposition of rates levied on property, which is simple, fair, broadly uniform, and which promotes local accountability. Rates, as a tax has no direct requirement that Council returns an equivalent amount of direct service to an individual ratepayer. However Council does endeavour to develop a rating structure that is equitable to all ratepayers within our local government area.

Due to the diversity of Bellingen Shire Council local government area, land values vary significantly from the seaboard, valleys to plateau. In order to achieve an equitable rate base, where rates are distributed fairly over properties with similar characteristics, it is necessary to sub-categorise the various localities. If the rate structure were simplified to only have one residential rate and one business rate category applied to all properties within BSC, land owners on the seaboard would effectively be subsidising land owners on the plateau where land values remain lower.

A comparison of average lands value by locality is provided below:

Bellingen	201,422
Dorrigo	101,317
Mylestom	230,410
Urunga	246,620

Where a general re-valuation occurs, every three years, thorough analysis is undertaken on the change in land values and impact across all categories and sub-categories. Due to these changes it is not possible to ascertain the rate structure Council will adopt in 2023/2024.

Regardless of the rate structure adopted by Council, rate revenue is capped by rate pegging.

Residential

Section 516, NSW Local Government Act 1993 provides that land be categorised as "residential" if it is a parcel of rateable land valued as one assessment and:

- 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,
- 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
- It is rural residential land.

Council has determined those parcels of land as "residential" which conform to the above definition. Residential sub categories are determined as per the attached town boundary maps.

Farmland

Section 515, NSW Local Government Act 1993 provides that land is to be categorised as "farmland" if it is a parcel of rateable land valued as one assessment and its dominant use is for farming. That is, the business or industry of grazing, animal feedlots, dairying, pig farming, poultry farming, viticulture, orcharding, beekeeping, horticulture, vegetable growing, the growing of crops of any kind, forestry, oyster farming, or fish farming, within the meaning

of the Fisheries Act and Oyster Farms 1935, or any combination of those businesses or industries which:

- Has a significant and substantial commercial purpose or character,
- Is engaged for the purpose of profit on a continuous or repetitive basis (whether or not a profit is actually made).

Council has determined those parcels of land as "farmland" which conform to the above definition.

Business

Section 518, NSW Local Government Act 1993 provides that land is to be categorised as "business" if it cannot be categorised as farmland, residential or mining.

Council has determined those parcels of land as "business" which conform to the above definition. Business sub categories are determined as per the attached town boundary maps.

Mining

Section 517, NSW Local Government Act 1993 provides that land is to be categorised as "mining" if it is a parcel of rateable land valued as one assessment and its dominant use is for a coal mine or metalliferous mine.

Council has determined that there are no properties, which conform to the above definition.

Mapping

Council maps showing the above categories within the Bellingen Local Government Area can be viewed at Council's Administration Offices.

Rating Category Review

It is considered best practice for a Council to review the rating categories every ten years therefore Bellingen Shire Council commenced a full review in February 2013. As this review is a lengthy project it will impact Council's rate assessments for the 2014/15 financial year.

Council's total income will not increase however the spread of the income between categories may change.

RATES AND ANNUAL CHARGES

Council applies a base amount and a rate in the dollar (ad valorem) on the land value for the residential, farmland and business ordinary rates.

The ordinary rates include a 5.00% Road Levy which was approved by the Minister for Local Government in 1996/97. The Levy applies to all rateable land within the Shire.

The ordinary rates also include a 4.00% Environmental Levy component which was approved by the Minister for Local Government in 2005/06 to fund environmental projects. Council has established an Advisory Committee to identify and prioritise these projects. This Levy also applies to all rateable land within the Shire.

A charge structure applies to water, sewerage and waste management and these charges are not subject to rate pegging. The purpose of the water and sewerage charges is to fund the two water supply schemes and three sewerage schemes.

SPECIAL RATE VARIATION

Council's Delivery Plan and Long Term Financial Plan discuss in detail Council's proposed application for a Special Rate Variation. A Special Rate Variation (SRV) is where the general rate increases by more than the rate peg amount (2.3% for the 2014/15 financial year). This increase must be approved by the Independent Pricing and Regulatory Tribunal.

On 13 January 2014 Council resolved to apply for a Special Rate variation of 9.5% in addition to the 2.3% rate peg - total increase 11.8%

Whilst Council will make application to IPART for a Special Rate Variation of 9.5%, IPART may at their discretion approve a SRV percentage different to the one applied for by Council. If this is the case, IPART has advised that Council's Delivery Plan, Long Term Financial Plan and Revenue Policy must reflect the approved percentage. If this scenario was to apply, IPART have advised that these documents will not be required to be again re-exhibited but will be presented to Council for endorsement.

The average rate in the following scenarios do not include pension concession subsidies.

SCENARIO ONE - ORDINARY RATES (Based on an increase of 2.30%)

The rates have been calculated using a base amount of \$384.00 (compared to \$375.00 in 2013/14), with the exception of the Dorrigo Residential Rate which has been calculated using a base amount of \$340.00 (compared to \$332.00 in 2013/14) and Dorrigo Business Rate which has been calculated using a base amount of \$351.00 (compared to \$343.00 in 2013/14).

Council's rating structure is compliant with Section 500 of the NSW Local Government Act 1993, which states that the income derived from the base amount in each category or sub-category must be less than 50% of the total income for that category.

Table 1 provides a comparison of the base amount, ad valorem (cents in dollar) component, total revenue and the average rate for each of the rate categories.

Table 1
Ordinary Rate Revenue (increase in accordance with rate pegging limit of 2.30%) – GST Exempt

Category	No of Assessments	2014/2015 Valuations \$	Base \$	Ad Valorem Cents in \$	Total Revenue \$	Average Rate \$
Residential			384	0.00259969		
Residential Rural	1865	494,781,272	384	0.00259969	2,002,438	1074
Business	132	27,571,235	384	0.00216428	110,360	836
Farmland	539	348,113,126	384	0.00233052	1,018,262	1889
Residential Dorrigo	540	55,584,270	340	0.00333340	368,885	683
Business Dorrigo	94	9,371,800	351	0.00354065	66,176	704
Residential Bellinghen	1298	211,839,210	384	0.00250507	1,029,104	793
Business Bellinghen	101	24,203,590	384	0.00311681	114,222	1131
Residential Urunga	1176	203,554,590	384	0.00297124	1,056,393	898
Business Urunga	66	21,129,870	384	0.00333032	95,713	1450
Residential Mylestom	178	41,013,000	384	0.00233493	164,114	922
TOTAL	5989	1,437,161,963			\$6,025,667	

SCENARIO TWO - ORDINARY RATES (Based on an increase of 11.80% - SRV 9.5% plus rate peg 2.3%)

The rates have been calculated using a base amount of \$419.00 (compared to \$375.00 in 2013/14), with the exception of the Dorrigo Residential Rate which has been calculated using a base amount of \$371.00 (compared to \$332.00 in 2013/14) and Dorrigo Business Rate which has been calculated using a base amount of \$383.00 (compared to \$343.00 in 2013/14).

Council's rating structure is compliant with Section 500, NSW Local Government Act 1993, which states that the income derived from the base amount in each category or sub-category must be less than 50% of the total income for that category.

Table 2 provides a comparison of the base amount, ad valorem (cents in dollar) component, total revenue and the average rate for each of the rate categories.

Table 2
Ordinary Rate Revenue (increase in accordance with rate pegging limit of 2.30% and 9.5% SRV) – GST Exempt

Category	No of Assessments	2014/2015 Valuations \$	Base \$	Ad Valorem Cents in \$	Total Revenue \$	Average Rate \$
Residential			419	0.00284359		
Residential Rural	1865	494,781,272	419	0.00284359	2,188,392	1173
Business	132	27,571,235	419	0.00236842	120,608	914
Farmland	539	348,113,126	419	0.00254797	1,112,822	2065
Residential Dorrigo	540	55,584,270	371	0.00364853	403,141	747
Business Dorrigo	94	9,371,800	383	0.00387542	72,322	769
Residential Bellingen	1298	211,839,210	419	0.00274175	1,124,671	866
Business Bellingen	101	24,203,590	419	0.00340900	124,829	1236
Residential Urunga	1176	203,554,590	419	0.00325097	1,154,494	982
Business Urunga	66	21,129,870	419	0.00364164	104,601	1585
Residential Mylestom	178	41,013,000	419	0.00255462	179,355	1008
TOTAL	5989	1,437,161,963			\$6,585,235	

INCREASE IN THE AVERAGE RATE FROM 2013/2014

Table 3 provides a comparison of averages from the previous year 2013/2014 based on a 2.3% increase (Rate Peg only).

Table 3
Increase of 2.3% in the average rate from the 2013-2014 financial year

Category	Average \$ 2013/2014	Average \$ 2014/2015	\$ Increase	% Increase
Residential				
Residential Rural	1,050	1,074	24	2.29%
Business	817	836	19	2.33%
Farmland	1,847	1,889	42	2.27%
Residential Dorrigo	668	683	15	2.25%
Business Dorrigo	688	704	16	2.33%
Residential Bellingen	775	793	18	2.32%
Business Bellingen	1,105	1,131	26	2.35%
Residential Urunga	878	898	20	2.28%

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Business Urunga	1,418	1,450	32	2.26%
Residential Mylestom	901	922	21	2.33%

Table 4 provides a comparison of averages from the previous year 2013/2014 based on an 11.8% increase (SRV 9.5% plus rate peg 2.3%).

Table 4
Increase of 11.8% in the average rate from the 2013-2014 financial year

Category	Average \$ 2013/2014	Average \$ 2014/2015	\$ Increase	% Increase
Residential				
Residential Rural	1,050	1173	123	11.71%
Business	817	914	97	11.87%
Farmland	1,847	2065	218	11.80%
Residential Dorrigo	668	747	79	11.83%
Business Dorrigo	688	769	81	11.77%
Residential Bellingen	775	866	91	11.74%
Business Bellingen	1,105	1236	131	11.86%
Residential Urunga	878	982	104	11.85%
Business Urunga	1,418	1585	167	11.78%
Residential Mylestom	901	1008	107	11.88%

SAMPLE AVERAGE RATES AND CHARGES NOTICE

The following tables provide an indicative example of the average projected pricing for 2014/2015 for residential, farmland and business properties. The tables include the general rate, water annual charges, sewerage annual charges and waste management charges. The Rates and Annual Charges Notice does not include user charges.

Table 5
Sample Average Rates and Charges Notice – Residential

RESIDENTIAL	2.30%				11.80%		
	2013/14 (\$)	2014/15 (\$)	Increase (\$)	Increase %	2014/15 (\$)	Increase (\$)	Increase %
Residential Ordinary Rate Average	806	824	18	2.23%	901	95	11.79%
Water - Annual Charge	131	112	- 19	-14.50%	112	- 19	-14.50%
Sewerage - Annual Charge	725	842	117	16.14%	842	117	16.14%
Domestic Waste Management Charge	579	596	17	2.94%	596	17	2.94%
Total	2241	2374	133	5.93%	2451	210	9.37%

The table is based on the average residential rate calculated on the average residential rate for each town (Bellingen, Dorrigo, Mylestom and Urunga).

Table 6
Sample Average Rates and Charges Notice – Business

BUSINESS	2013/14 (\$)	2.30%			11.80%		
		2014/15 (\$)	Increase (\$)	Increase %	2014/15 (\$)	Increase (\$)	Increase %
Business Ordinary Rate Average	1070	1095	25	2.34%	1197	127	11.87%
Water - Annual Charge	131	112	- 19	-14.50%	112	- 19	-14.50%
Sewerage - Annual Charge	725	842	117	16.14%	842	117	16.14%
Commercial Waste Management Charge	637	656	19	2.98%	656	19	2.98%
Total	2563	2705	142	5.54%	2807	244	9.52%

The table is based on the average business rate calculated on the average business rate for each town (Bellingen, Dorrigo and Urunga).

Table 7
Sample Average Rates and Charges Notice - Farmland

FARMLAND	2013/14 (\$)	2.30%			11.80%		
		2014/15 (\$)	Increase (\$)	Increase %	2014/15 (\$)	Increase (\$)	Increase %
Business Ordinary Rate Average	1847	1889	42	2.27%	2065	218	11.80%
Waste Facility Access Charge	167	172	5	2.99%	172	5	2.99%
Total	2014	2061	47	2.33%	2237	223	11.07%

The table is based on the average farmland rate.

The categories and sub-categories refer to the Centres of Population or Rural Residential land (in the case of Residential Categories) and Centres of Activity (in the case of the Business Categories).

Parcels of rateable land have been allocated to the three (3) rating categories of Farmland, Residential and Business in accordance with the provisions of Part 3 of Chapter 15 of the NSW Local Government Act 1993.

ANNUAL CHARGES - WATER SUPPLY SERVICES (Section 501 NSW Local Government Act 1993) – GST Exempt

The State Government has moved away from cost reflective water pricing principles to those influenced by demand management as per the Best Practice Management of Water Supply and Sewerage Guidelines 2007.

For the 2014/15 financial year Council proposes to make and levy annual charges for its water supply service on each parcel of land where the service is available.

Nature of Service – Per Meter	Number of Meters	2014/15 Annual Charge(\$)	Yield (\$)
Water Supply (20 mm connection)	4,259	112.00	477,008
Water Supply (25 mm connection)	51	175.00	8,925
Water Supply (32 mm connection)	18	287.00	5,166
Water Supply (40 mm connection)	13	448.00	5,824
Water Supply (50 mm connection)	25	700.00	17,500
Water Supply (65 mm connection)	0	1,183.00	0
Water Supply (80 mm connection)	3	1,792.00	5,376
Water Supply (90 mm connection)	0	2,268.00	0
Water Supply (100 mm connection)	2	2,800.00	5,600
Fire Service	17	112.00	1,904
TOTAL	4,388		\$527,303

For the 2014/15 financial year Council proposes to make and levy annual charges for its water supply service on each parcel of residential and non-residential land where the service is available and not connected.

The charges for each assessment is as follows:

Nature of Service – Per Assessment	Number Meters	2014/15 Annual Charge(\$)	Yield (\$)
Annual Access Charge – Not Connected	111	101.00	11,211
TOTAL	111		\$11,211

S495A of the NSW Local Government Act 1993 states that each lot in a registered strata plan or each dwelling/portion in a company (S547 (1) Local Government Act 1993) is taken to be a separate parcel of rateable land. For the purposes of levying charges under S501 of the NSW Local Government Act 1993, annual water charges on these properties will be charged per strata lot or dwelling/portion.

Council may exempt properties from the payment of this charge where Council approved permanent on-site water supply systems have been installed and where the property is not connected to Council's reticulated water supply system.

Assessments that are connected to Council's water main during the year will be charged at a pro rata rate based on the full year annual charge for each meter connected.

Council estimates that annual charges will yield \$0.539M (25% of total income) in 2014/15.

USAGE CHARGE - WATER SUPPLY (Section 502 NSW Local Government Act 1993) – GST Exempt

The State Government has moved away from cost reflective water pricing principles to those influenced by demand management in accordance with Best Practice Management of Water Supply and Sewerage Guidelines 2007 as discussed above.

Details of the new charges are as follows:

User Charge	2014/15 - \$ Per Kilotitre
Residential	1.52
Residential - IBT	2.28
Non-residential	1.52

Consumption is based on quarterly meter readings. Estimates are used where the meter is deemed by Council to be faulty or inaccessible. Usage charges are levied and payable quarterly.

Council estimates that water usage charges will yield \$1.62M (75% of total income) in 2014/15.

Inclining Block Tariff (IBT)

An Inclining Block Tariff will also be applicable for residential consumers **only** and as a minimum all consumption greater than 1 kilolitre per day in a billing period will be charged at one and a half times the standard rate.

As such any residential consumer that uses more than 1kl per day in any billing period will be charged at one and half times the normal rate for all consumption in excess of the daily rate.

Below is an example of how the charge will be calculated.

Billing Period	No of days	Usage	User charges	Cost of water \$
May - Aug	90	100kl	90kl @ \$1.52 + 10kl @ \$2.28	159.60
Aug - Nov	110	175kl	110kl @ \$1.52 + 65kl @ \$2.28	315.40
Nov - Feb	80	90kl	80kl @ \$1.52 + 10kl @ \$2.28	144.40
Feb - May	85	85kl	85kl @ \$1.52 + 0kl @ \$2.28	129.20
Full Year	365	450kl		748.60

Council estimates that the water annual charges and water usage charges will yield \$2.16M in 2014/15.

ANNUAL CHARGES - SEWERAGE SERVICES (Section 501 NSW Local Government Act 1993) – GST Exempt

For the 2014/15 financial year Council proposes to make and levy annual charges for its sewerage network service on each parcel of residential land where the service is available and based on the size of the water meter connected to the property. The charge is payable regardless of whether the service provided is actually used.

The charge for each meter is:

Nature of Service – Per Meter	No Meters	2014/15 Annual Charge(\$)	Yield (\$)
Annual Availability Charge - Residential Connected (20mm)	2,813	842.00	2,368,546
Annual Availability Charge - Residential Connected (25mm)	4	1,313.00	5,252
Annual Availability Charge - Residential Connected (32mm)	2	2,155.00	4,310
Annual Availability Charge - Residential Connected (40mm)	3	3,368.00	10,104
Annual Availability Charge - Residential Connected (50mm)	0	5,262.00	0
Annual Availability Charge - Residential Connected (65mm)	0	8,891.00	0
Annual Availability Charge - Residential Connected (80mm)	0	13,472.00	0
Annual Availability Charge - Residential Connected (90mm)	0	17,050.00	0
Annual Availability Charge - Residential Connected (100mm)	0	21,050.00	0
TOTAL	2,822		\$2,388,212

For the 2014/15 financial year Council proposes to make and levy annual charges for its sewerage network service on each parcel of non-residential land where the service is available and based on the size of the meter. The charge is payable regardless of whether the service provided is actually used.

The charge for each meter is:

Nature of Service – Per Meter	No Meters	2014/15 Annual Charge(\$)	Yield (\$)
Annual Availability Charge - Non-Residential Connected (20mm)	276	842.00	232,392
Annual Availability Charge - Non-Residential Connected (25mm)	24	1,313.00	31,512
Annual Availability Charge - Non-Residential Connected (32mm)	11	2,155.00	23,705
Annual Availability Charge - Non-Residential Connected (40mm)	7	3,368.00	23,576
Annual Availability Charge - Non-Residential Connected (50mm)	16	5,262.00	84,192
Annual Availability Charge - Non-Residential Connected (65mm)	0	8,891.00	0
Annual Availability Charge - Non-Residential Connected (80mm)	1	13,472.00	13,472
Annual Availability Charge - Non-Residential Connected (90mm)	0	17,050.00	0
Annual Availability Charge - Non-Residential Connected (100mm)	0	21,050.00	0
TOTAL	335		\$408,849

For the 2014/15 financial year Council proposes to make and levy annual charges for its sewerage network service on each parcel of residential and non-residential land where the service is available and not connected.

The charge for each assessment is:

Nature of Service – Per Assessment	No Meters	2014/15 Annual Charge(\$)	Yield (\$)
Annual Access Charge - Not Connected	63	757.00	47,691
TOTAL	63		\$47,691

S495A NSW Local Government Act 1993 states that each lot in a registered strata plan or each dwelling/portion in a company (S547 (1) Local Government Act 1993) is taken to be a separate parcel of rateable land. For the purposes of levying charges under S501 NSW Local Government Act 1993, annual sewerage charges on these properties will be charged per strata lot or dwelling/portion.

Properties that are serviced by Council approved and functioning on-site effluent disposal systems (this includes the removal of any existing connection) may be exempt from the payment of this charge.

Council estimates that the annual charges will yield \$2.845M in 2014/15.

USAGE CHARGE - SEWERAGE (Section 502 NSW Local Government Act 1993) – GST Exempt

Sewerage Usage Charges are levied in accordance with the mandated NSW State Government Pricing Policy 2001.

The Policy has a user pays focus. Non-residential properties have been inspected and using Government Guidelines, the percentage of water each is estimated to dispose of into the sewerage system has been determined. This is known as the sewerage discharge factor (SDF).

User Charge	2014/15 - \$ Per KI
Non-Residential Connected	0.94

The charge is calculated as follows:

Sewerage Charge = $U \times (D \times Q)$ where

U = unit charge to convey and treat domestic sewage, being \$0.94/kl in 2014/15

D = discharge factor (estimated % of water consumption discharged to sewer)

Q = metered water consumption in kilolitre.

Council estimates that the sewerage usage charges will yield \$113,000 in 2014/15.

ANNUAL CHARGES - LIQUID TRADE WASTE (Section 501 NSW Local Government Act 1993) – GST Exempt

For the 2014/15 financial year Council proposes to make and levy annual charges for its liquid trade waste service in accordance with its Liquid Trade Waste Policy.

Non-residential properties are charged a trade waste annual charge based on the number of trade waste generators present on the property.

The charge for each generator is:

Nature of Service – Per Generator	No Meters	2014/15 Annual Charge(\$)	Yield (\$)
Annual Access Charge – Non-Residential Connected	99	196.40	19,444
TOTAL	99		\$19,444

Council estimates that the annual charges will yield \$19,444 in 2014/15.

USAGE CHARGES - LIQUID TRADE WASTE (Section 502 NSW Local Government Act 1993) - GST Exempt

Non-residential properties that discharge trade waste into Council's sewerage system incur usage charges based on category and volume of waste discharged into the sewerage system.

Non-residential properties have been inspected and using Government Guidelines, each trade waste generator has been categorised into a charging category. The estimated volume of trade waste disposed into the sewerage system has been determined and a Trade Waste Discharge Factor (TWDF) applied to the relevant water services. The TWDF, in simple terms, is a percentage of the water usage (measured by the water meter) deemed to be discharged into the sewerage system as trade waste.

The charge is GST free as follows:

1. Category 1 – Compliant

There is no consumption charge for Compliant Category 1.

2. Category 1 – Non-Compliant

A Consumption Charge of One Dollar and Forty Cents (\$1.40) per kilolitre will be charged on all commercial properties. This charge will be based on water consumption of the previous quarter and affected by the strength and volume of waste and a Trade Discharge Factor.

3. Category 2 – Compliant

A Consumption Charge of One Dollar and Forty Cents (\$1.40) per kilolitre will be charged on all commercial properties. This charge will be based on water consumption of the previous quarter and affected by the strength and volume of waste and a Trade Discharge Factor.

4. Category 2 – Non-Compliant

A Consumption Charge of Fourteen Dollars Sixty Three Cents (\$14.63) per kilolitre will be charged on all commercial properties. This charge will be based on water consumption of the previous quarter and affected by the strength and volume of waste and a Trade Discharge Factor.

5. Category 3 – Non-Compliant - Stormwater

A Consumption Charge of Fourteen Dollars Sixty Three Cents (\$14.63) per kilolitre will be charged on all commercial properties. This charge will be based on water consumption of the previous quarter and affected by the strength and volume of waste and a Trade Discharge Factor.

Council estimates that the LTW usage charges will yield \$38,000 in 2014/15.

ANNUAL CHARGES - DOMESTIC WASTE MANAGEMENT SERVICES (Section 496 NSW Local Government Act 1993) – GST exempt for residential however GST taxable for waste facility access charge

The Domestic Waste Management Services (DWMS) charge must be determined each year pursuant to Section 496, NSW Local Government Act 1993. This charge is audited by Council's external auditors to ensure that the charge is "reasonable" – that is the cost of collecting domestic waste over a period of time throughout the Council area is equivalent to the cost of providing the service over a period of time.

Council does not apply any income from the ordinary rate towards the cost of providing domestic waste management services. All income applied by Council towards the cost of providing domestic waste management services is obtained from the making and levying of domestic waste management charges.

In May 2013, Council adopted a resolution relating to a business model review and to ensure legislative compliance for Council's Waste Management and Resource facilities and services. This, amongst other key recommendations, will result in Council assuming total responsibility for the three waste facilities within the Shire over a staged 3 year timeframe. This has commenced and will continue into the 2014/15 financial year. Further Council intends to undertake a full review of waste charges (under the new operational model) with a view to ensuring that all premises in the Shire are fairly and appropriately charged for waste services.

For the 2014/15 financial year Council proposes to make and levy annual charges for its Domestic Waste Management Service on each parcel of residential land where the service is available (S496 Local Government Act 1993). The charge is payable regardless of whether the service provided is actually used. The charge for each separate occupancy, per land parcel/assessment is:

Charge on rateable properties (for a three 240lt bin service)	Number of Services	2014/2015 Annual Charge (\$)	Yield (\$)
Residential – Occupied	3,915	596.00	2,333,340
Residential – Unoccupied *	178	157.00	27,946
Waste Facility Access Charge (GST Inc.)	1,835	172.00	315,620
	5,928		2,676,906

*Unoccupied is where the land is vacant not where the residence is vacant.

A residential Domestic Waste Management Service provides for a kerb side collection of three wheelie bins, one for recycling (collected fortnightly), one for other waste (collected fortnightly) and one for organic waste (collected weekly).

The Waste Facility Access Charge (previously named the Tip Access Charge) provides for those rural residents who do not receive a residential Domestic Waste Management Service that the main townships and villages receive. These rural residents can access the Raleigh Resource (Waste) Hub, Bellingen Transfer Station and Dorrigo Waste Facility for domestic waste purposes only and is in lieu of the kerbside waste collection services that the township and village resident households receive. This waste is then transported to the Council owned shared facility at Coffs Harbour for treatment. Council ranks as second highest in the State of NSW for the diversion of waste from landfill.

It is important to note, that either residential or rural residents (that pay a waste management service fee), whom access the Raleigh Resource (Waste) Hub, Bellingen Transfer Station

and Dorrigo Waste Facility, to dispose of waste above their standard household waste volumes are subject to Council's gate charges at each facility and the NSW EPA Section 88 landfill levy, which is listed in Council's Fees and Charges Schedule and is currently \$52.40, if the waste is disposed of to landfill.

The following charges are for those parcels of residential land that receive an additional waste service in addition to the standard Domestic Waste Management Service consisting of 3 X 240 litre bins.

Additional Bin - in addition to the standard 3 X 240lt bin service								
Bin Size	No of 240 Litre Units	Cost of Weekly Service for a Year \$			Bin Size	No of 240 Litre Units	Cost of Fortnightly Service for a Year \$	
		Mixed	Recycling	Organics			Mixed	Recycling
240ltr	1			188.00	240ltr	1	150.00	61.00
					360ltr	1.5		91.00
660ltr	2.75	825.00	334.00	518.00	660ltr		413.00	
1100ltr	4.58	1375.00	557.00	862.00	1100ltr		687.00	

NOTE: These charges are for additional services on top of the standard 3 x 240 litre standard service and are payable in addition to the standard 3 x 240 litre bin service.

Up-size Bin - in exchange for 240L Bin								
Bin Size	No of 240 litre units	Cost of Weekly Service for a year \$			Bin Size	No of 240 Litre Units	Cost of Fortnightly Service for a Year \$	
		Mixed	Recycling	Organics			Mixed	Recycling
					360 ltr	1.5		27.00
660 ltr	2.75	786.00	270.00		660 ltr		373.00	
1100 ltr	4.58	1335.00	493.00		1100 ltr		648.00	

NOTE: These charges are for the return of one 240 litre bin in exchange for an up-sized service and are payable in addition to the standard 3 x 240 litre bin standard service.

Properties/occupancies that commence a domestic waste service during the year will be charged at a pro rata rate based on the full year annual charge for each service provided. For example, a property/occupancy with one existing service and one service added during the year would be charged one full year annual charge and one pro rata charge based on the number of days the second service is available.

Council estimates that the annual charges will yield \$2.68M (GST Exclusive) in 2014/15.

ANNUAL CHARGES - COMMERCIAL WASTE MANAGEMENT SERVICES (Section 501 NSW Local Government Act 1993) – INCLUDING NON-RATEABLE PROPERTIES– GST Inclusive

The Commercial Waste Management Services charge must be determined each year pursuant to Section 501, NSW Local Government Act 1993.

Commercial premises have the option to use either a mobile garbage bin (MGB) (the same as the Domestic Waste Management Service) or a commercial bulk bin service.

For the 2014/15 financial year Council proposes to make and levy annual charges for its Commercial Waste Management Service on each parcel of commercial and non-rateable land where the service is provided. The charge for each separate occupancy, per land parcel/assessment is:

Charge on rateable properties (for a three 240lt bin service)	Number of Services	2014/15 Annual Charge \$	Yield (\$)
Commercial – Occupied (GST Inc.)	258	656.00	169,248
Non-rateable properties (GST Inc.)	66	656.00	43,296
	324		212,544

A Commercial Waste Management Service provides for the kerbside collection of three wheelie bins, one for recycling (collected fortnightly), one for other waste (collected fortnightly) and one for organic waste (collected weekly).

The following charges are for those parcels of commercial land that receive an extra service. This is in addition to the charges for the normal Commercial Waste Management Service.

Existing 240L Bin kept under three bin service - (GST Inc.)								
Bin Size	No of 240 Litre Units	Cost of Weekly Service for a Year \$			Bin Size	No of 240 Litre Units	Cost of Fortnightly Service for a Year \$	
		Mixed	Recycling	Organics			Mixed	Recycling
240ltr	1			207.00	240ltr	1	165.00	67.00
					360ltr	1.5		100.00
660ltr	2.75	908.00	368.00	569.00	660ltr		454.00	
1100ltr	4.58	1512.00	612.00	948.00	1100ltr		756.00	

Existing 240L Bin returned under normal three bin service - (GST Inc.)								
Bin Size	No of 240 litre units	Cost of Weekly Service for a year \$			Bin Size	No of 240 Litre Units	Cost of Fortnightly Service for a Year \$	
		Mixed	Recycling	Organics			Mixed	Recycling
					360 ltr	1.5		30.00
660 ltr	2.75	865.00	297.00	504.00	660 ltr		411.00	
1100 ltr	4.58	1469.00	542.00	883.00	1100 ltr		713.00	

Properties that commence a commercial waste service during the year will be charged at a pro rata rate based on the full year annual charge for each service provided. For example, a property with one existing service and one service added during the year would be charged

one full year annual charge and one pro rata charge based on the number of days the second service is available.

Council estimates that the annual charges will yield \$213,000 (GST Exclusive) in 2014/15.

PENSIONER REBATES (Section 575 NSW Local Government Act 1993)

Rebates are available to eligible pensioners who are solely or jointly liable for the payment of rates and charges. The pensioner must occupy the dwelling as their sole or principal place of living.

The rebates are as follows:

- 50% of the combined ordinary rates and domestic waste management charge up to a maximum rebate of \$250.00.
- 50% of water charges up to a maximum rebate of \$87.50.
- 50% of sewerage charges up to a maximum rebate of \$87.50.

The pensioner rebate must be applied against the rate assessment or water billing account in the name of the ratepayer and not a Body Corporate or a Company, except where it is allowed by special agreement. The special agreement would cover circumstances such as where an applicant is the sole shareholder of the company that owns the property and the property is used as the applicants principal place of residence. The application must be approved by the General Manager.

HARDSHIP POLICY

Council's has adopted a Hardship Policy for those ratepayers that are experiencing difficulty with payment of rates, charges and/or fees. The Policy and associated application form can be located on Council's web site (bellingen.nsw.gov.au).

INTEREST ON OVERDUE RATES AND CHARGES (Section 566(3) NSW Local Government Act 1993)

Council proposes to charge the maximum rate per annum accruing on a daily basis on outstanding rates and charges for 2014/15, as set by the Minister for Local Government.

AMOUNTS OF PROPOSED BORROWINGS

Council proposes to borrow the following amounts in the four years 2014/15 to 2018/19.

Purpose	Year	Amount \$	Source and Security
Dorrigo Treatment Plant	2014/2015	\$2.5M	Internal Loan from Water Internally Restricted Funds
Newry Island Sewerage	2014/2015	Up to \$481,000	Financial Institution. Council Ordinary Meeting resolution January 2013.
2015 SRV Externally Restricted Reserve - Roads and Bridges	2014/2015	Up to \$4.85M	This is the maximum amount to be borrowed. The loan amount will be dependent upon the % approved for the Special Rate Variation and the outcome of Council's application to the Local Infrastructure Renewal Scheme (LIRS) 3% subsidy – Please see the current Delivery Plan for further details.

STATEMENT OF GENERAL ESTIMATE OF INCOME AND EXPENDITURE

Details of Council's general estimates of income and expenditure appear in Council's Long Term Financial Plan.

FEES AND CHARGES

The fees and charges that Council proposes to charge for products and services it provides are set out in the Fees and Charges Schedule 2014/15.

Goods and Services Tax (GST) applies to a number of goods and/or services supplied by Council. Those goods and/or services that will be subject to GST have been identified in the Schedule of Fees and Charges as GST inclusive. Some goods and/or services supplied by Council have been declared GST free or are exempt from GST. Those goods and/or services which are GST free or are exempt from GST are indicated as no GST in the Schedule of Fees and Charges.

The 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. A fee that is shown as being subject to GST and is subsequently proven not to be subject to GST 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.

Please see "Changes to GST legislation" section of this policy.

In addition to the fees shown in the Schedule, Council levies contributions on developments to meet the additional demands on Council's services arising from those developments. Those fees are included in the relevant Contribution Plans adopted by Council, copies of which may be inspected at Council's Offices. Those Plans describe the works that will be carried out utilising the contributions received.

PROPOSED CHARGES FOR WORK ON PRIVATE LAND

Council proposes to charge actual cost plus a profit margin for carrying out work on private land. Labour costs are costed to cover employment overheads and plant hire is costed at standard private works rates. Materials and stores are charged at cost and Council may add a margin to the calculated cost to cover contingencies. Any profit margin is then added to the estimate.

ROUNDING

Some charges in this Policy have been rounded down to the nearest dollar.

OTHER STATUTORY INFORMATION

Asset Replacement/Refurbishment/Maintenance Programs/Disposals

Plant and light vehicle replacements will occur in accordance with the plant replacement schedule. Variations to the policy can occur depending on prevailing market conditions.

Council owns a number of parcels of land. Any of this land that is surplus to Council's needs may be disposed of or developed. Council has not adopted any specific policy with regard to the acquisition or sale of land however a review of Council's property portfolio will be undertaken during 2014/15.

Council has prepared a Four Year Rolling Works Program for shire roads and urban improvements. Council reviews these programs annually.

Council has an asset management policy, strategy, and plans for all of its assets. Assets are maintained on an as required basis and improved/replaced as funds permit.

National Competition Policy

Council conducts a number of activities that are operated on a commercial basis and categorised in accordance with the requirements of the NSW Government's Policy Statement on the "Application of National Competition Policy to Local Government".

For the purpose of the National Competition Policy the following activities of Council are regarded as "business activities".

Category 1 Businesses (Operating turnover \$2m and above)

Water Supplies

Sewerage Services

In accordance with various guidelines issued by the Division of Local Government, it is considered necessary to indicate information on the effect that the application of full cost attribution would have on the pricing policy for goods and services provided through the "business activities" of Council.

Full cost attribution means that as well as applying full cost allocation in respect of actual costs incurred, notional costs relating to taxation equivalents and debt guarantee fees should be included and a return on capital invested should be calculated. The inclusion of these amounts would then indicate whether the pricing policy would result in a "subsidy" to consumers or users.

The reason for including this information is to make it transparent to the community that pricing policy decisions are made in the knowledge of whether a "subsidy" is being provided or not. The application of National Competition Policy 2001, to Local Government does not require prices to be arbitrarily increased to meet the full costs applicable under competitive neutrality principles.

Providing a subsidy to businesses that operate in a monopoly situation will be different to providing a subsidy to businesses that operate in a competitive market situation. Both the Water Supply and Sewerage Network Service businesses are considered to operate in a monopoly situation. The main pricing consideration for these Council "businesses" is to ensure the long-term viability of the business so that it continues to provide a relevant service in the most cost-effective way.

Subsidies and Pricing of NCP Businesses – 2012/13 Financial Year

	Water Supply ('000)	Sewerage Services ('000)
Estimated Operating Income	2,558	2,628
Estimated Operating Expenses (Including full cost attribution)	2,295	2,826
Operating Profit/(Loss)	298	(151)
Average subsidy per service	Nil	Nil
*Full Cost Attribution		
- Taxation Equivalents	54	62
- Debt Guarantee Fees	0	0
- Corporate Taxation Equivalent	79	0
- Dividend Payments	Nil	Nil