

2026/2027

DRAFT

REVENUE POLICY

Revenue Policy 2026–27

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Revenue Policy 2026-27

1. Purpose of this Policy

Kempsey Shire Council's Revenue Policy explains how Council raises income to fund local services, infrastructure and facilities for the community during the 2026-27 financial year.

Revenue is used to support essential services such as roads, waste collection, water and sewer services, parks, community facilities, planning and environmental management. This policy is prepared in accordance with the Local Government Act 1993 and forms part of Council's Integrated Planning and Reporting framework.

2. Guiding Principles

Council's revenue decisions are guided by the following principles:

- Fairness and equity: ensuring rates and charges are shared appropriately
- User pays, where suitable: services benefit-based pricing where appropriate
- Affordability: recognising the capacity of households and businesses to pay
- Financial sustainability: maintaining Council's long-term financial position
- Transparency and accountability: clear explanation of how revenue is raised
- Intergenerational equity: sharing costs fairly over time

3. Affordability, Hardship and Assistance

Council recognises that rates and charges can impact people differently.

Support is available through:

- Statutory pensioner and other concessions
- Payment plans
- Hardship assistance, in line with Council's Hardship and Debt Recovery policies

Eligible residents are encouraged to contact Council early to discuss assistance options.

4. Overview of Rates and Charges

Council receives revenue from the following main sources:

- Ordinary rates
- Water supply access and usage charges
- Sewerage access and usage charges

- Domestic waste management charges
- Stormwater management service charges
- On-site sewer management charges

The policy also outlines how fees and charges are generally set. Specific fees are detailed separately in Council's Schedule of Fees and Charges, available on Council's website.

5. Ordinary Rates

How ordinary rates work

Ordinary rates are a property-based tax used to fund a wide range of Council services and facilities. Rates are not a fee for a specific service and are shared across the community.

Rates are calculated using:

- A base amount for each rating category, and
- A value-based amount, linked to land value only (not buildings or improvements).

Land values are provided independently by the NSW Valuer General. Council does not set land values.

Rate peg and special rate variation

The Independent Pricing and Regulatory Tribunal (IPART) sets a maximum annual increase (known as the rate peg) that limits the total rates income Council can collect.

IPART approved a multi-year Special Rate Variation (SRV) for Kempsey Shire Council. Council adopted only part of the approved increase in 2025-26 to help manage affordability, with the remaining component applied in 2026-27 in line with IPART requirements.

6. Water Supply Charges

Water charges include:

- An annual access charge, based on meter size, and
- Usage charges, based on the amount of water consumed.

Residential water usage charges apply on a tiered basis to encourage water conservation. Non-residential charges are set according to usage type.

Revenue from water charges is used to operate, maintain and upgrade treatment plants, reservoirs and distribution networks.

7. Sewerage Charges

Sewerage charges apply to properties connected to, or capable of connection to, Council's sewerage system.

These include:

- An annual access charge, and
- Usage charges for non-residential properties based on water consumption.

Sewerage revenue supports the safe collection, treatment and disposal of wastewater and ongoing upgrades to sewer infrastructure.

8. Domestic Waste Management Charges

Domestic waste charges recover the cost of providing household waste, recycling and green waste services.

Charges vary depending on:

- Service type and bin size
- Additional or optional services.

Waste charges are set to fully recover the cost of providing the service, as required by legislation.

9. Stormwater Management Service Charge

Council applies a stormwater management service charge to urban residential and business properties (excluding vacant land).

The charge funds improvements to drainage infrastructure, maintenance programs and stormwater system management.

The charge remains unchanged for 2026-27.

10. On-site Sewer Management Charges

Properties served by on-site sewer management systems (such as septic systems) are charged an annual fee.

This charge supports inspection, monitoring and environmental protection activities associated with on-site sewer systems.

11. Interest on Overdue Rates and Charges

Interest is charged on overdue rates and charges at the maximum rate set annually by the Office of Local Government. Interest is calculated on a simple interest basis.

12. Fees and Charges – Pricing Approach

Council sets fees and charges in accordance with the principle of user pays, where appropriate.

Pricing may be based on:

- Full cost recovery
- Partial or subsidised recovery
- Market pricing
- Statutory or regulated fees.

This ensures services are priced fairly and that the broader community is not unduly subsidising specific users.

13. Proposed Borrowings

Council may use borrowings to help fund long-life infrastructure assets where it is fair to spread costs over time.

For 2026-27, proposed borrowings are primarily for:

- Water infrastructure upgrades
- Priority General Fund capital projects.

All borrowing is conducted in accordance with legislative requirements and Council's financial policies.

The proposed loan program across the three funds for 2026-27 is as follows:

Fund	\$'M
General	30.0
Water	10.0
Sewer	30.0
Total	70.0

These loans are required to fund Airport, Waste, Water & Sewer Treatment plants and Road renewal capital works.

14. Governance and Review

This Revenue Policy is reviewed annually and adopted alongside Council's Operational Plan and Budget.

Feedback received during public exhibition will be considered before the policy is finalised and adopted by Council at a public meeting.

Appendices

Appendix A: Tables

Table 1: Council's Proposed Rating Structure

Category	No. of Assessments	Land Value	Ad Valorem	Base Rate Amount	Yield Base Rate	Yield Ad Valorem	Total Rate Yield	% of Total
Residential	13,323	\$4,056,621,942	0.002668	\$812	\$10,818,276	\$10,823,067	\$21,641,343	71%
Farmland	1,521	\$901,003,470	0.003523	\$893	\$1,358,253	\$3,174,235	\$4,532,488	15%
Business Urban	620	\$220,609,515	0.010084	\$1,012	\$627,440	\$2,224,626	\$2,852,066	9%
Business Other	182	\$69,671,340	0.006086	\$861	\$156,702	\$424,020	\$580,722	2%
Environmental Levy	15,646	\$5,247,906,267	0.000160	\$15	\$234,690	\$839,665	\$1,074,355	4%
Totals					\$13,195,361	\$17,485,614	\$30,680,975	100%

Table 2: Water Supply Access & Usage Charges

Description	Annual Charge	Services Charged	Total Annual Income	Total Usage Income	Total Income
20mm water meter (including vacant land)	\$433	11367	\$4,921,911		\$4,921,911
Strata	\$433	889	\$384,937		\$384,937
25mm	\$670	1120	\$750,400		\$750,400
32mm	\$1,090	87	\$94,830		\$94,830
40mm	\$1,697	76	\$128,972		\$128,972
50mm	\$2,647	68	\$179,996		\$179,996
80mm	\$6,742	13	\$87,646		\$87,646
100mm	\$10,528	28	\$294,784		\$294,784
150mm	\$23,676	3	\$71,028		\$71,028
200mm	\$42,761	0	\$0		\$0
Fire Services	\$1,180	41	\$48,380		\$48,380
Water Usage	\$0	0	\$0	\$10,419,628	\$10,419,628
Totals			\$6,962,884	\$10,419,628	\$17,382,512

Charges for Consumption:	Usage charges (per kilolitre)
Residential Tier 1: 0-250	\$3.53
Residential Tier 2: 250+	\$5.12
Non-Residential	\$3.53
Bulk water (filling stations or metered standpipes)	\$4.43
Large Commercial Users – 0 – 10,000 kl per annum	\$3.53
Large Commercial Users – >10,000 kl per annum	\$2.80
Large Commercial Users – >10,000 kl per annum – Meat Processors	\$1.78
Recycled & Reclaimed Water	\$1.42
Reclaimed Water	\$0.10

Table 3: Sewerage Access & Usage Charges

Description	Annual Charge	Assessments Charged	Total Annual Income	Total Usage Income	Total Income
Residential	\$1,706	9,032	\$15,408,592		\$15,408,592
Residential - Vacant	\$1,036	366	\$379,176		\$379,176
Non-Residential – Vacant	\$1,036	44	\$45,584		\$45,584
Non-Residential – 20mm	\$1,573	385	\$605,605		\$605,605
Non-Residential – 25mm	\$2,476	171	\$423,396		\$423,396
Non-Residential – 32mm	\$3,632	54	\$196,128		\$196,128
Non-Residential – 40mm	\$5,614	52	\$291,928		\$291,928
Non-Residential – 50mm	\$8,880	41	\$364,080		\$364,080
Non-Residential – 80mm	\$22,773	10	\$227,730		\$227,730
Non-Residential – 100mm	\$35,528	14	\$497,392		\$497,392
Non-Residential – 150mm	\$84,603	1	\$84,603		\$84,603
Fire Services	\$0	43	\$0		\$0
20mm Church Relief	\$787	4	\$3,148		\$3,148
Liquid Trade Waste Inspection	\$200	209	\$41,810		\$41,810
Liquid Trade Waste Inspection – Second Inspection	\$240	6	\$1,437		\$1,437
Non-Residential Usage	\$0	-	\$0	\$1,347,861	\$1,347,861
Liquid Trade Waste Usage	\$0	-	\$0	\$341,443	\$341,443
Totals		10,432	\$18,570,609	\$1,689,304	\$20,259,913

Charges for Consumption:	Usage charges (per kilolitre)
Non-Residential	\$4.10

Table 4: Domestic Waste Management Charges

Description	Charge	No. of Services	Total Annual Income
Domestic Waste Charge (Standard Service)	\$707	10,481	\$7,410,067
Domestic Waste Charge (Standard Service with 360L Recycle)	\$733	812	\$595,196
Domestic Waste Charge (Small Service)	\$670	986	\$660,620
Domestic Waste Charge (Small Service with 360L Recycle)	\$694	17	\$11,798
140 Litre Mixed Waste Service, Fortnightly (Additional Bin)	\$416	25	\$10,400
240 Litre Mixed Waste Service, Fortnightly (Additional Bin)	\$512	623	\$318,976
240 Litre Recycling Waste Service, Fortnightly (Additional Bin)	\$228	147	\$33,516
360 Litre Recycling Waste Service, Fortnightly (Additional Bin)	\$241	212	\$51,092
140 Litre Green Waste Service, Weekly (Additional Bin)	\$228	4	\$912
240 Litre Green Waste Service, Weekly (Additional Bin)	\$241	140	\$33,740
Domestic Waste Management Charge - Vacant Residential Land within Defined Residential Areas	\$85	579	\$49,215
Total		14,026	\$9,175,532

Table 5: Stormwater Management Service Charges

Description	Charge	No. of Assessments	Total Annual Income
Stormwater Management services charge Urban per assessment	\$25.00	7,944	\$198,600
Stormwater Management services charge Urban per strata unit	\$12.50	1,138	\$14,225
Total		9,082	\$212,825

Table 6: On-Site Sewer Charges

Description	Charge	No of Assessments	Total Annual Income
On-site Sewer Management Fee - Residential	\$104	5,419	\$563,576
On-site Sewer Management Fee – Commercial, Small	\$240	117	\$28,080
On-site Sewer Management Fee – Commercial, Large	\$443	33	\$14,619
Total		5,569	\$606,275