REVENUE POLICY 2024-2025

DRAFT

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KEMPSEY Shire Council

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Revenue Policy

Kempsey Shire Council's (KSC) Revenue Policy is developed in response to its legislative reporting requirements under the Local Government Act 1993. The Policy provides the community with an indication of the type and breakdown of revenue sources available to Council to support its Operational Plan.

Council's Revenue Policy comprises the following elements:

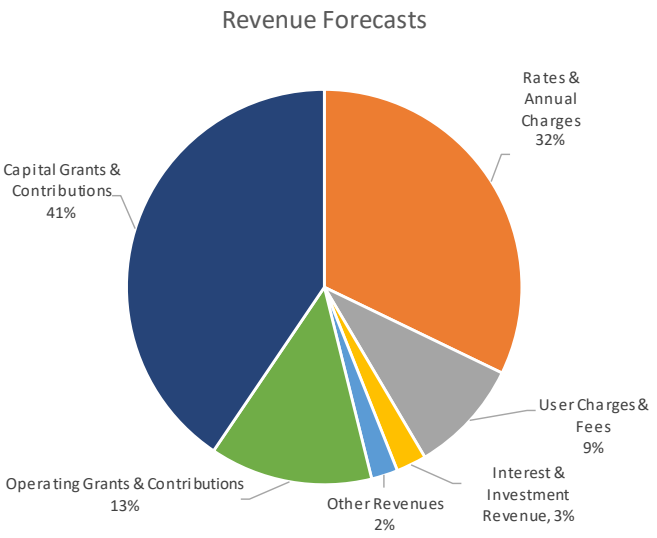
1. Statement of estimated income and expenditure in accordance with clause 201 (a) of Local Government (General Regulation).
2. Statement of ordinary rates and special rates in accordance with clause 201 (1) (b) and (2) of Local Government (General Regulation).
3. Statement of Fees & Charges (refer to detailed attachment) in accordance with clause 201 (c) of Local Government (General Regulation).
4. Statement of Council's pricing methodology for determining the prices of approved fees in accordance with clause 201 (e) of Local Government (General Regulation).
5. Statement of proposed borrowings (as per clause 201 (f) of Local Government (General Regulation).

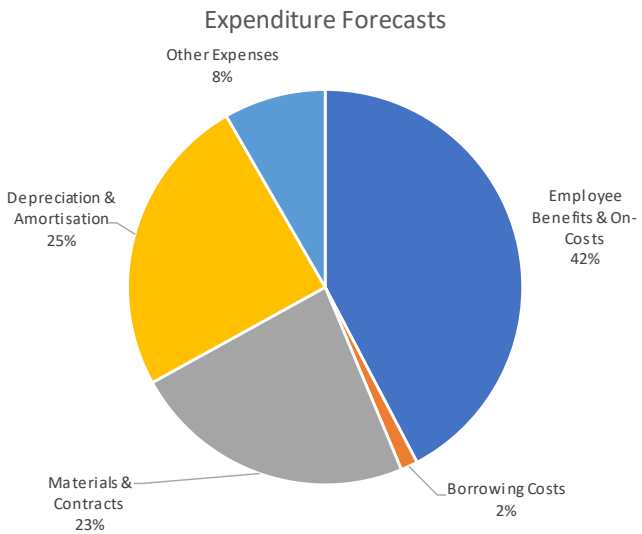
Estimated Income and Expenditure 2024-25

In 2010, the Independent Pricing and Regulatory Tribunal of New South Wales (IPART) was delegated responsibility for determining the allowable annual increase in local government general rates income. Council has applied to IPART for a Special Rate Variation (SRV) to increase ordinary (i.e. property) rates over the next 3 years. The charges and graphs in this document reflect these increases in the 2024-25 year. For ordinary rates the increase from the prior year is 7.9%. This is comprised of the 4.7% allowable increase as set by IPART (called the rate peg) and a 3.2% additional increase as requested in Council's SRV application. The SRV applies only to the ordinary rates (Residential, Business, Business other and Farmland) and does not affect other fees and charges.

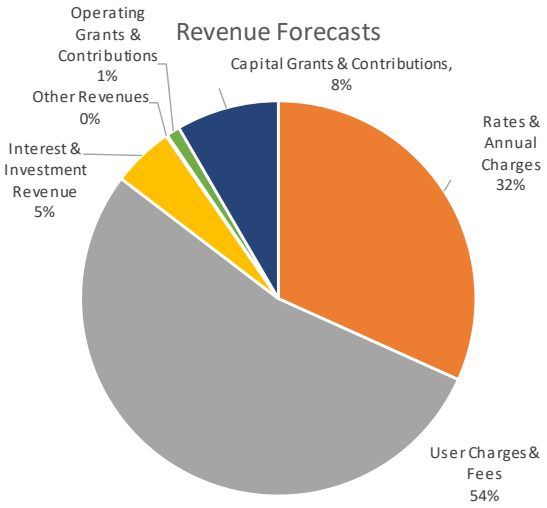
The charts below provide an overview of the budgeted income and expenditure for 2024-25 for all three funds.

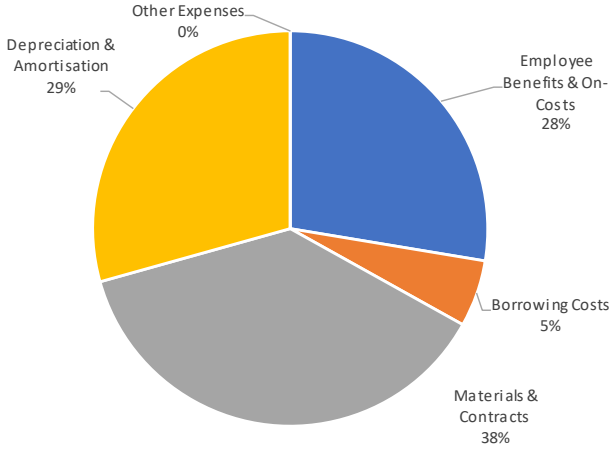
General Fund



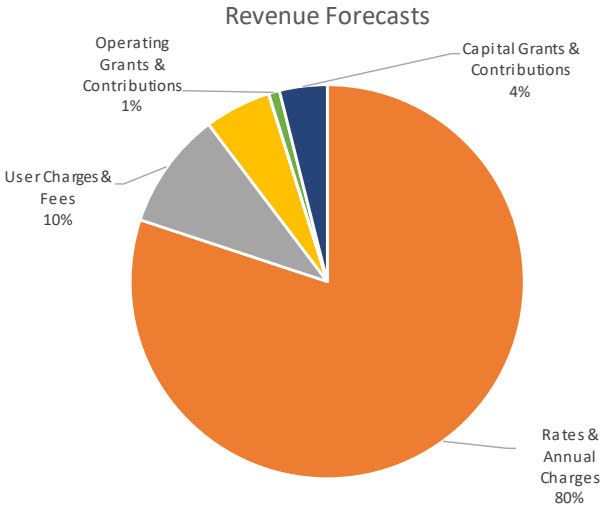


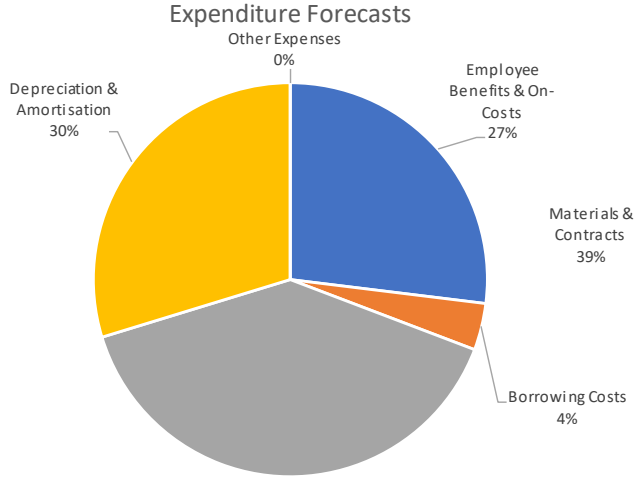
Water Fund





Sewer Fund





1. Statement of Rating Structure - Ordinary Rates

The Local Government Act 1993 makes provision for rates to comprise:

- An ad valorem amount (based on the land value of a property); and
- A base amount to which an ad valorem amount is added.

Ordinary rates

The following rates are proposed for 2024-25 in respect of each category of ordinary rates levied by Council.

Residential: Will be levied a base amount of $684 and an ad valorem rate of 0.002449 cents in the dollar.

Farmland: The rates for Farmland will be levied a base amount of $751 and an ad valorem rate of 0.003159 cents in the dollar.

Business: Urban businesses in the Kempsey Shire areas marked in the attached maps will be charged a base amount of $840 with an ad valorem rate of 0.009266 cents in the dollar. All other businesses outside of these marked areas will be charged a base amount of $737 with an ad valorem rate of 0.006319 cents in the dollar.The different base and ad valorem charges have been applied due to the various levels of services provided in each area.

Environment Levy: This levy was approved in 2018 by IPART to allow the continuation of the levy in place since 2008-09. This levy was put in place to fund significant environmental restoration projects and manage and protect waterways and natural environment. An amount of $995,468 is proposed to be raised during the 2024-25 year.

Properties that are subject to a subdivision will have a separate assessment number issued when Council has received individual values from the NSW Valuer General.

The following table provides further information on the ordinary rates for the area.

Table 1: Council's Proposed 2024-25 Rating Structure

Category	No. of Assessments	Land Value	Ad Valorem	Base Rate Amount	Yield Base Rate	Yield Ad Valorem	Total Rate Yield
Residential	13,226	$3,703,450,028	$0.002449	$684	$9,046,584	$9,069,749	$18,116,333
Farmland	1,514	$841,003,235	$0.003159	$751	$1,137,014	$2,656,729	$3,793,743
Business Urban	625	$201,013,760	$0.009266	$840	$525,000	$1,862,594	$2,387,594
Business Other	178	$56,175,670	$0.006319	$737	$131,186	$354,974	$486,160
Environment	15,543	$4,801,642,693	$0.000162	$14	$217,602	$777,866	$995,468
Total					**$11,057,386**	**$14,721,912**	**$25,779,298**

2. Water Supply Access & Usage Charges

Water supply access and usage charges under sections 501 and 502 of the Local Government Act 1993 will be charged with yields as per the following table.

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)	$409	11,235	$4,595,115		$4,595,115
Strata	$409	888	$363,192		$363,192
25mm	$633	1,113	$704,529		$704,529
32mm	$1,030	88	$90,640		$90,640
40mm	$1,605	77	$123,585		$123,585
50mm	$2,501	68	$170,068		$170,068
80mm	$6,373	13	$82,849		$82,849
100mm	$9,953	26	$258,778		$258,778
150mm	$22,382	3	$67,146		$67,146
200mm	$40,423	-	$0		$0
Fire Services	$1,115	39	$43,485		$43,485
Water Usage				$10,155,901	$10,155,901
Total		**13,550**	**$6,499,387**	**$10,155,901**	**$16,655,288**

Charges for Consumption:	Usage charges (per kilolitre)
Residential Tier 1: 0-250	$3.34
Residential Tier 2: 250+	$4.83
Non-Residential	$3.34
Bulk water (filling stations or metered standpipes)	$4.19
Large Commercial Users – 0 – 10,000 kl per annum	$3.34
Large Commercial Users – >10,000 kl per annum	$2.65
Large Commercial Users – >10,000 kl per annum – Meat Processors	$1.69
Recycled & Reclaimed Water	$1.34
Reclaimed Water	$0.10

3. Sewerage Access & Usage Charges

Annual sewer charges under Sections 501 & 502 of the Local Government Act 1993 apply to all properties connected, or capable of connection, to the sewerage system as per the table below. In addition, properties such as shopping centres, caravan parks, flats, retirement homes, motels, clubs, hotels, schools and backpacker hostels will be required to pay an additional charge based on the amount of water consumed.

Table 3: Sewerage Access & Usage Charges

Description	Annual Charge	Assessments Charged	Total Annual Income	Total Usage Income	Total Income
Residential	$1,612	8,857	$14,277,484		$14,277,484
Residential - Vacant	$979	443	$433,697		$433,697
Non-Residential – Vacant	$979	34	$33,286		$33,286
Non-Residential – 20mm	$1,488	385	$572,880		$572,880
Non-Residential – 25mm	$2,340	170	$397,800		$397,800
Non-Residential – 32mm	$3,433	54	$185,382		$185,382
Non-Residential – 40mm	$5,307	53	$281,271		$281,271
Non-Residential – 50mm	$8,394	40	$335,760		$335,760
Non-Residential – 80mm	$21,528	10	$215,280		$215,280
Non-Residential – 100mm	$33,586	12	$403,032		$403,032
Non-Residential – 150mm	$79,977	1	$79,977		$79,977
Liquid Trade Waste Inspection	$189	209	$39,526		$39,526
Liquid Trade Waste Inspection – Second Inspection	$226	6	$1,358		$1,358
Non-Residential Usage				$1,263,216	$1,263,216
Liquid Trade Waste Usage				$335,072	$335,072
Total		**10,274**	**$17,256,733**	**$1,598,288**	**$18,855,021**

Charges for Consumption:	Usage charges (per kilolitre)
Non-Residential	$3.85

4. Domestic Waste Management Charges

All properties with a domestic waste management service available to their property will be changed an annual charge under Section 496 of the Local Government Act 1993.

Table 4: Domestic Waste Management Charges

Description	Charge	No. of Services	Total Annual Income
Domestic Waste Charge (Standard Service)	$508	10,241	$5,202,428
Domestic Waste Charge (Standard Service with 360L Recycle)	$522	762	$397,764
Domestic Waste Charge (Small Service)	$419	962	$403,078
Domestic Waste Charge (Small Service with 360L Recycle)	$435	19	$8,265
140 Litre Mixed Waste Service, Fortnightly (Additional Bin)	$159	23	$3,657
240 Litre Mixed Waste Service, Fortnightly (Additional Bin)	$223	588	$131,124
240 Litre Recycling Waste Service, Fortnightly (Additional Bin)	$122	150	$18,300
360 Litre Recycling Waste Service, Fortnightly (Additional Bin)	$136	214	$29,104
140 Litre Green Waste Service, Weekly (Additional Bin)	$149	7	$1,043
240 Litre Green Waste Service, Weekly (Additional Bin)	$162	142	$23,004
Vacant - Residential Land within Defined Residential Areas	$48	679	$32,592
Total		**13,787**	**$6,250,359**

5. Stormwater Management Service Charges

All urban properties, except vacant land that are in the residential and business categories for rating purposes, for which Council provides a stormwater management service, will be charged a stormwater levy pursuant to Section 501 of the Local Government Act 1993.

This was introduced in 2017-18 to generate around $200,000 in additional funds to improve drainage, cleaning schedules and security on the stormwater system. The charge for 2024-25 will remain at $25.00 per assessment, or $12.50 per strata assessment.

Table 5: Stormwater Management Service Charges

Description	Charge	No. of Assessments	Total Annual Income
Stormwater Manager services charge Urban per assessment	$25	7,824	$195,600.00
Stormwater Manager services charge Urban per strata unit	$12.50	1,105	$13,812.50
Totals		**8,929**	**$209,412.50**

6. On-Site Sewer Charges

Properties with an on-site sewerage management system will be charged an annual charge based on whether the property is Residential or Commercial.

Table 6: On-Site Sewer Charges

Description	Charge	No of Assessments	Total Annual Income
On-site Sewer Management Fee - Residential	$96	5,306	$509,376
On-site Sewer Management Fee – Commercial, Small	$215	111	$23,865
On-site Sewer Management Fee – Commercial, Large	$401	33	$13,233
Total		**5,450**	**$546,474**

7. Interest on Overdue Rates & Charges

Council's current policy is to adopt the maximum permissible interest rate for each year on overdue rates, charged on a simple interest basis. The interest rate for overdue rates and charges is set each year by the Office of Local Government (OLG) in April or May. Until the 2024-25 rate is released by the OLG, Council will use the 2023-24 amount of 9%. This will be updated in the final version of this document in June 2024.

8. Pricing Methodology

Under the principle of "user pays", fees are introduced to offset the cost-of-service provision or, in the case of commercial activities, to realise a reasonable rate of return, where possible, on assets employed by Council to support the provision of services and to alleviate the burden that would otherwise be unfairly placed upon ratepayers.

Council has considered the following factors in determining the appropriate price for each fee:

- Cost of providing the service
- Whether the goods or services are supplied on a commercial basis
- Importance of the service to the community
- Capacity of the user to pay
- Impact of the activity on public amenity
- Competitive market prices
- Prices dictated by legislation

In accordance with Section 608 of the Local Government Act 1993, Council determines fees and charges based on the following pricing methodologies:

1. Full cost recovery

Recovery of all direct and overhead costs associated with providing a service. This includes employee benefits, other direct expenses and overheads.

2. Subsidised / Partial cost recovery

Council recovers less than full cost for reasons of, but not limited to: community obligation and legislated limits on charging.

3. Rate of return

Council recovers the full cost of providing the service/activity plus a profit margin.

4. Market

Price of the service determined by investigating alternative prices of surrounding service providers.

5. Statutory & Regulatory

Prices of the service is determined by legislation or regulation and may or may not recover full cost.

9. Proposed Borrowings

Council's borrowings are governed by the provisions of the Local Government Act 1993 and the Local Government (General) Regulation 2021.

Competitive quotations are obtained from major banks and financial institutions with the aim of securing a low interest rate.

The proposed loan program across the three funds for 2024-25 is as follows:

Fund	$'M
General	13.0
Water	5.0
Sewer	0.0
Total	**18.0**

The proposed loans are to fund capital works for the replacement of water treatment plants ($5M) and to fund General Fund capital projects including airport upgrades, waste management centre projects and upgrades of roads.