



## **Revenue Policy and Statement**

2017/2018

Part A

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## Revenue Policy (with Fees and Charges)

### Introduction

The Integrated Planning and Reporting framework allows councils to build plans of appropriate size, scale and content for their communities. The Revenue Policy and Statement is a key component of those plans and lists Council's Fees and Charges for 2017/2018, including all areas that support the generation of Council's income.

The revenue categories include:

- Rates
- Annual charges for services
- Fees for services
- Commonwealth and State Government grants
- Earnings from investments and entrepreneurial activities
- Borrowings
- Other revenues, including income from the sale of assets.

The *Local Government Act 1993* encourages greater reliance on user charges and less reliance on rates. Council's Revenue Policy and Statement aims to balance these considerations with its community service obligations and in context of the goals and strategies/actions of the Community Strategic Plan.

Council has the autonomy to determine appropriate fees or charges to be levied for any goods or services provided, except where set by legislation.

The provision of services must take account of a number of major characteristics of local government including:

- A large part of its revenue comes from ratepayers who understandably expect a certain level and quality of service for payment of rates;
- Local government policies, budgets and pricing are developed and set by representatives elected by the ratepayers;
- Local government receives grants from other spheres of government which often prescribe policies and pricing practices;
- Commonwealth and State legislation are prescriptive in certain areas in relation to the powers of local government; and
- A responsibility of allocating revenues in the most efficient and effective manner and in the long term interests of the community.

### What services can be charged for?

The following questions are addressed when considering the level of fees and charges covered in the Revenue Policy:

- Which groups (persons or entities) will benefit from the service?
- Can this target group be charged for the service?
- Should this target group be charged for the service?
- How will the target group be charged?
- Will the target group pay, or will other groups be forced to subsidise the provision of the service?

The traditional role of councils to provide physical and property based services has evolved into a far more complex one, which involves the provision of a wide range of physical, social, and recreational services and facilities.

It is within this context that the Revenue Policy and Statement is formulated to form part of the Operational Plan for the 2017/2018 Financial Year.

## Revenue Policy Statement

### Introduction

It is a requirement of Section 405(2) of the *Local Government Act 1993* to incorporate in Council's Operational Plan a Revenue Policy.

The objectives of Tweed Shire Council's Revenue Policy and Statement are;

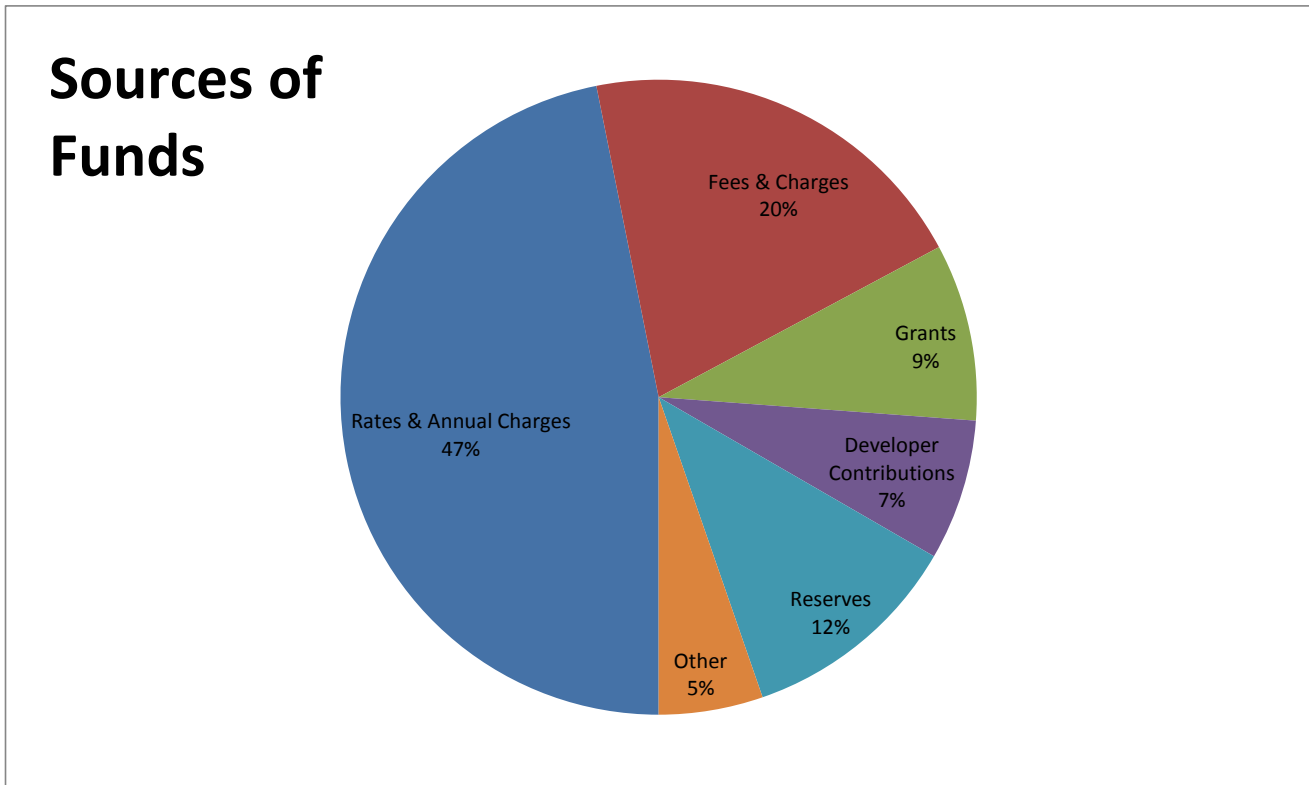
- i. To meet statutory requirements,
- ii. To establish the total revenue required by Council to fund its activities,
- iii. To identify the revenue sources available to Council.

### 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.

1. Revenue Sources	2. Amount Set By (Authority)	3. Discretionary Policy Disclosed
<b>Recurrent</b>		
Rates	Local Government Act/Council	Revenue Policy and Statement
User Fees & Charges	Various Acts/Council	Revenue Policy and Statement
Interest on Investments	Local Government Act/Market Forces/Council	Investment Policy
Grants & Subsidies	Various Government Departments	N/A
Contributions/Donations/Sponsorship	Local Government Act/Council	Revenue Policy and Statement
Entrepreneurial Activities	Local Government Act/Council	N/A
Leasing	Local Government Act/Council	Accounting Policies
Sale of Assets	Market Forces	Accounting Policies
<b>Capital</b>		
Borrowings	Local Government Act/Council	Accounting Policies
Grants & Subsidies	Various Government Departments	N/A
Contributions	Council	Section 94 Plan
Internally Restricted Funds	Council	Accounting Policies

The following Pie Chart details where Council proposes to obtain its income:



This document provides pricing policies for rates, annual charges for services and fees for specific services provided by Council.

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## Rating Statement

### Rates and Charges 2017/2018

Ordinary Rate Categories:

#### Residential

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

- i. 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,
- ii. 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
- iii. It is rural residential land.

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

#### Farmland

Section 515 of the *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, orchards, 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:

- i. Has a significant and substantial commercial purpose or character,
- ii. Is engaged in 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 of the *Local Government Act 1993* provides that land is to be categorised as "business" if it cannot be categorised as farmland, residential or mining. Section 518 only applies to occupied land. Where a property is vacant land and cannot be categorised as Residential, Farmland or Mining it is generally categorised as it is zoned, however this is subject to conditions applied under the relevant sections of the *Local Government Act 1993*. For further information on categorisation please contact the Revenue Section of Tweed Shire Council.

#### Mining

Section 517 of the *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.

## Rate Pegging

The NSW Government introduced rate pegging in 1987. Rate pegging limits the amount that Council can increase its rate revenue from one year to the next by a specific figure determined by the Independent Pricing and Regulatory Tribunal (IPART).

For 2017/2018, IPART has announced the limit by which Council's general income may be varied as 1.5 percent.

General income comprises income from ordinary rates and special rates. It does not include income from waste management service charges, water and sewerage service charges and other charges.

## **Valuations**

Rates are assessed on a rate in the dollar as a product of the land value supplied by the Valuer General. The *Valuation of Land Act 1916 (NSW)* requires Council to assess the rates 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. The Valuer General assesses all values independently of Council. Council has the right to appeal against any land valuation furnished by the Valuer General for Tweed Shire.

Council has received new valuations of land to be effective from 1 July 2017. The overall rateable land valuations in the Shire has increased by approximately 18% from those of 2014. The increase brought about by the new revaluation is considerable.

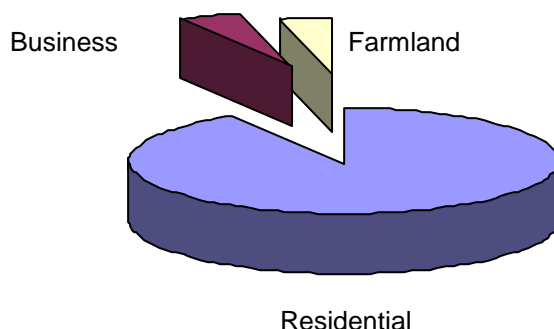
The new revaluation is undertaken to reflect a more realistic and accurate market price. It should be noted that the increase in valuation does not have an impact on the amount of rates Council can raise; it merely redistributes the revenue base according to valuations. The 2016 revaluation has resulted in quite large increases in valuation especially along the Tweed Coast.

In summary, properties that have valuations increased by approximately 18% will pay the same ordinary rates (residential, farmland, business) as last year plus the 1.5% rate pegging increase. Properties with a valuation increase greater than 18% will pay more ordinary rates plus the 1.5% rate pegging increase while properties with increases between 0% and 18% will pay less ordinary rates plus the 1.5% rate pegging increase. Please note that a valuation increase or decrease will not affect ratepayers who are assessed on the minimum rate.

The 2016 revaluation (effective from 1 July 2017) will be the valuation used for the 2017/2018 rating periods.

The rateable valuation spread for the 2017/2018 rating year over the three rating categories is detailed below:

### Total Land Valuations (\$) by Rating Category



Rate Type	Number of Properties	Rateable Land Value
Residential	36,755	9,114,200,183
Business	1,836	1,012,170,760
Farmland	1,510	949,860,900
<b>Total</b>	<b>40,101</b>	<b>11,076,231,843</b>

### Equity Consideration in Rate Structure

The rating structure is Council's method of collecting local 'taxation' from property owners. The funds generated are used to carry out works and services provided within the general fund.

The *Local Government Act 1993* (LGA) sets out the methodology by which a council can collect its rate income. The Office of Local Government also publishes a Rating and Revenue Manual (see their website [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au), click on Local Government Publications) that is intended to be a guide for councils and it provides some interesting observations.

Contained in the LGA are the two allowable methods of rating:

#### 1. Ad valorem rating

Ad valorem (at value) rating is based on using the land value of the property, supplied to council by the Valuer General and is the form of rating that has traditionally been used by local government.

Within the LGA, there is also the ability to use differential levels of rating for various rating categories.

## 2. Base Amount

This method allows the use of both a set amount (up to 50% of the rate assessment) as well as using valuations for the balance of the assessment.

This process does have the impact of reducing variations within rate categories as it effectively disregards up to 50% of the valuation and replaces it with a fixed amount.

A base amount allows Council to determine if there are some facets of its operations that every ratepayer should make a contribution towards and allows these to be charged for in a base amount or alternatively, if there are some activities that are common to a rates category that should be paid for by the group and almost anywhere in between.

These two methods of rating offer any number of combinations and possibilities, what is important is arriving at a philosophy for rating that is clear, supportable and easy to administer.

Councils have had great difficulty in arriving at a rating policy that is fair, acceptable and transparent following the receipt of new valuations.

Importantly, it is the need for Council to look at why it rates as it does, why certain rating categories pay more or less than others and the overall income that Council gathers from each category. Council must determine its preferred rating method, ad valorem or base amounts and then clearly set out what rating process it is going to use for 2017/2018 is the right one for Tweed Shire Council and by implication its ratepayers.

## Conclusion and Councils Proposal

Council's present rate structure is based on an ad valorem amount subject to a minimum amount. This system is used by approximately 65% of councils in NSW.

Whilst the Local Government Act makes provision for "base amounts", the overriding characteristic of Local Government rating is that the assessments that are produced will be primarily and predominately determined via the ad valorem method whereby the incidence of any rate burden is split differentially according to the value of the rateable property: see *Sutton v Blue Mountains CC* (21977) 40 LGRA 51.

The existing 2016/2017 rating structure provides for a minimum rate and ensures that everyone pays at least the minimum amount of \$1007.80 for Residential and Farmland properties and \$1107.90 for Business properties. The minimum rate was introduced as a means of ensuring that all ratepayers paid at least an amount sufficient to cover the average cost of providing the basic services. A base rate structure does not follow this concept and most properties now paying a "minimum" would pay less under a Base Rate structure.

Base rating methodology shifts the burden of paying rates from the higher and lower valued properties to the middle range of valued properties. The demographics of Tweed Shire properties suggest the lower valued properties are predominately units with a large quantity of investor ownership who have the ability to minimise the rate impact and also pensioners who receive a rate reduction.

Council's rating structure for the 2017/2018 rating period is proposed to continue with the ad valorem rating method subject to a minimum rate. It is proposed to increase the residential, farmland and business minimum rate by the 2017/18 allowable increase of 1.5%.



## **Special Rates**

In addition to the Ordinary Rates, the *Local Government Act 1993* makes provision for a Special Rate. Council may consider special rates if it proposes to finance a project that will benefit either the whole of the shire or part of the shire. A project may be comprised of works, services, facilities or activities.

A special rate can be levied on any rateable land which, in the Council's opinion, benefits or will benefit from the project in question; or contributes to the need for the project; or projects, or for similar projects in different parts of its area.

When setting special rates, it is important that Council is able to define with some precision how the project will affect land parcels. The rate must then be applied consistently to the effected properties. All land which benefits from the project must be rated the special rate.

A special rate may be made for, or towards meeting the cost of any existing or proposed project within any part or the whole of Council's area. The amount of the special rate is determined according to the assessment of the relationship between the estimated cost of the activity and the degree of benefit afforded to the ratepayer by providing the activity.

Like an ordinary rate, a special rate is based on the land value of rateable properties and may consist of an ad valorem rate (which may be subject to a minimum rate) or a base amount to which an ad valorem rate is added.

If the purpose of any income to be levied by a special rate is not for water supply, sewerage charges or waste management services, then the income raised will form part of Council's General Income. This income will need to form part of Council's permissible general income or require Ministerial approval if the income exceeds the permissible limit.

Council has utilised the special rate provisions of the act culminating in the issuing of several special rates; refer to the structure of rates.

## **Rate Reductions for Eligible Pensioners**

Council provides for rate reductions to eligible pensioners under section 575 of the *Local Government Act 1993*.

## **Postponement of Rates**

Where a property is used as a single dwelling but because of zoning or permitted use has a land value that reflects the potential use rather than the actual use, Council will provide a postponement of rates in accordance with Section 591 of the *Local Government Act 1993*.

## **Interest on Overdue Rates**

Interest accrues on a daily basis on rates and charges that remain unpaid after they become due and payable. Council will apply the maximum interest allowable under Section 566(3) of the *Local Government Act 1993* for the 2017/2018 rating year which will be advised by the Office of Local Government.

## **Non-Rateability**

Council deems land to be non-rateable strictly in accordance with Sections 555 and 556 of the *Local Government Act 1993*.

## Payment of Rates

Ratepayers may pay their rates in four payments being: 31 August, 30 November, 28 February and 31 May. Council is obliged to forward reminder notices one month in advance. Council is required to reduce rates for pensioners who hold the pensioner concession card. Those pensioners who are uncertain of their status should contact Council's Revenue section.

## Annual Charges (\$501)

In addition to ordinary rates and special rates, Council may levy an annual charge for any of the following services:

- Water supply services;
- Sewerage services;
- Drainage services;
- Waste management services (excluding domestic waste services); and
- Any services prescribed by the regulations.

## Statement of each Ordinary Rate and Special Rates to be levied

On 29 November 2016 the Independent Pricing and Regulatory Tribunal (IPART) advised that Council could increase its general income as follows:

- 2017/2018 is 1.5% above that for 2016/2017

## Structure of the Rate

Section 497 of the *Local Government Act 1993* provides the method of the structure of the rate.

Council has considered the methods and has decided on the structure of the rates being an ad valorem rate subject to a minimum amount for all properties categorised.

### A. Residential

The categorisation determined for this ordinary rate has not changed from those previously applied.

### B. Farmland

Categorisation determined for this ordinary rate is as applied to previous years. Land is categorised as farmland if its main use is for commercial farming.

### C. Business

The *Local Government Act 1993* stipulates that in categorising land that any parcel of land that cannot be identified as residential, farmland or mining, be placed in the business category.

The following table provides a summary of the number of rateable properties within each of the rating categories, the rate in the dollar applicable to the category, and the number of properties within the category rated at the minimum amount for the 2016/2017 year. This table is then used to estimate the permissible rating revenue for 2017/2018 and to calculate the minimum rate:

2016/2017	No of Properties	Rate	Minimum \$	No. of Minimums	Yield 2016/2017
Residential**	36,755	0.5607	1,007.80	16,703	49,818,010.30
Business	1,836	0.5959	1,107.90	934	5,454,606.20
Farmland**	1,510	0.3625	1,007.80	169	3,110,763.40
Koala Beach *	499	0.0851			80,436.40
Cobaki Lakes*	1	1.919			554,591.00
<b>TOTAL</b>	<b>40,101</b>			<b>17,806</b>	<b>59,018,407.30</b>

\* Koala Beach and Cobaki Lake properties are already included in Residential category and are therefore not included in the total no. of properties in the above table.

\*\* Residential and Farmland categories include postponed property amounts within the yield.

The estimated permissible rating revenue for 2017/2018 is as follows:

Description	2017/2018 Rate Income Estimate \$
Permissible Rating Income from 2016/2017	59,018,407.30
Previous Years catch up / surplus adjustment	2,112.00
Income lost in previous years due to valuation objections	0.00
Approved Increase 1.5% on Permissible Rating Income	885,276.11
<b>Total Permissible Rating Income 2017/2018</b>	<b>59,905,795.41</b>

#### D. Impact of the Proposal on Ratepayers

The rate revenue to be generated will apply to each rateable assessment within the Shire and it will be levied as a rate in the dollar on the land value of the land subject to minimum rating.

The impact of the 1.5% increase for 2017/2018 on minimum rates for Ordinary Rates only upon Council ratepayers is as follow:

Item	2016/2017 \$	2017/2018 based on allowed Ordinary Rate increase 1.5%	\$ variation	% variation
Ordinary Rate				
Residential*	1,007.80	1,022.90	15.10	1.50%
Business*	1,107.90	1,124.50	16.60	1.50%
Farmland*	1,007.80	1,022.90	15.10	1.50%
Water Access Charge	166.45	169.50	3.05	1.83%
Sewerage Charge	805.45	820.25	14.80	1.83%
Domestic Waste Service Charge	190.60	184.30	-6.30	-3.30%
Domestic Waste Management Charge	65.50	69.80	4.30	6.56%
Waste Minimisation and Recycling Charge	69.80	53.00	-16.80	-31.70%
Landfill Management Charge	51.90	50.00	-1.90	3.80%
<b>Total Residential (minimum rate)</b>	<b>2,357.50</b>	<b>2,369.75</b>	<b>12.25</b>	<b>0.52%</b>

### Council Opinion

By virtue of Section 495(2) of the *Local Government Act 1993*, the special rate is to be levied on such rateable land in Council's area as, in Council's "opinion":

- Benefits or will benefit from the works, services, facilities or activities; or
- Contributes or will contribute to the need for the works, services, facilities or activities; or
- Has or will have access to the works, services, facilities or activities.

Council is required to form a certain "opinion" as a necessary precondition to the making and levying of a special rate.

The opinion relates to the land that will benefit from, contribute to the need for, or have access to the particular works, services, facilities or activities the subject of the rate.

The opinion must correspond exactly with the "substance" and the "effect" of the rate, that is, all land rated must be identical to the land which will benefit from, contribute to the need for, or have access to the particular works, services, facilities or activities the subject of the rate. Thus, the rates must not be levied on any land that will not, in Council's reasonable opinion, benefit from, contribute to the need for, or have access to those works, services, facilities or activities.

### E. Koala Beach

The *Local Government Act, 1993* states a Council may make a Special Rate for or towards meeting the cost of any works, services, and facilities provided or undertaken or proposed to be undertaken by Council within the whole or any part of the Council's area.

The Local Environmental Study for Koala Beach identified a number of environmental values for the property, including areas of significant koala habitat.

As a result, Council agreed to the rezoning of land for urban development subject to the protection of those values. That area has now been developed in accordance with those requirements. To the benefit of those who have subsequently purchased residential allotments, the responsibilities for the protection of the environmental values at Koala Beach does not cease with the completion of construction. There is an ongoing financial requirement to be met by the residents of Koala Beach as part of the responsibility for the release of urban land at Koala Beach in the first place.

This special rate provides for that activity.

The amount collected from the residents of Koala Beach Estate annually is for the intrinsic value of the koalas and their environmental habitat and is expended for regulatory, educational and some specialised maintenance functions.

In February 1995 the rezoning of the Koala Beach site was gazetted, setting aside approximately 89 hectares of a 360-hectare site for urban development (915 dwellings). Approximately 248 hectares of the site was zoned Habitat Protection.

An Environmental Study, Fauna Impact Statement and Koala Management Plan highlighted a number of management issues, which resulted from the urban development of the site. The proximity of over 900 dwellings adjacent to an area with demonstrated high conservation value clearly had the potential to significantly compromise the long-term ecological integrity of the adjoining natural areas.

Therefore it is to the benefit of the wider community that Tweed Shire Council allocates Human and Financial Resources to the community Koala Management Committee for the purpose of maintaining and managing environmentally significant areas of the Koala Beach site.

Maps are available identifying the special rate area for Koala Beach.

Allowable Increase 1.5%

Description	No. of Properties	Rate	Revenue \$
Koala Beach	499	0.0663	81,558.03

#### F. Special Rate - Cobaki LEDA Manorstead (approved by IPART May 2016)

The Independent Pricing and Regulatory Tribunal (IPART) has approved a Special Rate Variation (SRV) that Council had prepared, with input from LEDA Manorstead Pty Ltd, to fund the long term maintenance and management of environmental protection lands within LEDA's Cobaki development. The Special Rate Variation raised an additional \$550,000 in 2016/17 and will be indexed with annual rate pegging in subsequent years. This equates to a 0.97% above rate pegging increase. The approved on-going Special Rate is to be levied solely on properties associated with the Cobaki subdivision and all funds raised from the special rate levy will be allocated to the management of the environmental protection land.

The special rate will be applicable for the 2017/2018 rating year and will be calculated via a rate-in-the-dollar methodology.

Description	No. of Properties	Rate	Revenue \$
Cobaki Lake	1	1.0230	562,650.00

G. On Site Sewage Management Charge

Since July 2008 households with an On-Site Sewage Management System have been charged an annual management fee. This is required to issue the necessary approvals to operate and to ensure basic operational standards for on site management systems are maintained.

Council's strategy to improve the management of on-site sewage systems (OSMS) is to protect the community by inspecting and monitoring the health and environmental risks of these systems on an annual basis.

The 2017/2018 annual fee will be \$46.00 which will yield \$240,074.00 for the purpose of this strategy.

No.	Amount	Yield
5,219	\$46.00	\$240,074.00

## Rates in the Dollar 2017/2018

### Allowable Increase to General Income of 1.50%

#### Categories

- |                    |  |
|--------------------|--|
| • Residential Rate | 0.4682 cents in the dollar<br>Minimum \$1,022.90 |
| • Business Rate    | 0.4903 cents in the dollar<br>Minimum \$1,124.50 |
| • Farmland Rate    | 0.3296 cents in the dollar<br>Minimum \$1,022.90 |

#### Special Rates

- |                 |                            |
|-----------------|----------------------------|
| • Koala Beach   | 0.0663 cents in the dollar |
| • Cobaki / LEDA | 1.0230 cents in the dollar |

*The rate in the dollar figures above are an estimate based on current information at the time of publishing this draft Revenue Policy. The final adopted rate in the dollar may alter slightly due to valuation, rating category and allowance changes between the publishing of this draft Revenue Policy and the end of the rating year, 30 June 2017.*

## Proposed Statement of Charges to be Levied

In accordance with Sections 495, 501 and 502 of the *Local Government Act 1993, as amended*, Council proposes to make and levy the following charges.

### Water Supply Services

#### Introduction

With the increasing demands on the limited water resources for this country, the Council of Australian Government (COAG) developed a "*Strategic Framework for Water Reform*", agreed to by all Australian governments, which requires compliance under National Competition Policy.

Council complies with the NSW Department of Primary Industries (DPI) Water's Best Practice pricing guidelines. The following key requirements are met by Council:

- Council reviews its Water Pricing Policy on an annual basis.
- Access charges are independent of land value.
- A minimum of 75% of income is received from volumetric charges for residential assessments to send a strong water conservation signal.
- Include a step-price increase of at least 50% for high consumption for residential consumers that exceed Consumption of 300kL per year.
- Customers are charged for consumption at a minimum of quarterly intervals. Unpaid accounts are subject to interest charges calculated from the due date.

Water consumption charges are prorated.

Unpaid accounts are subject to interest charges calculated from the due date.

Special charges may be levied.

## Water Access Charges (S501)

The Water Access Charge is included on Council's rates and charges notice. The Water Access Charges applying from 1 July 2017 are as follows:

### Residential Properties

Residential properties including vacant land, rated to water, excluding Non-Strata Multi-Residential, attract Water Access Charges, in accordance with the *Local Government Act 1993*, as shown in Table 1.

**Table 1. Water Access Charges Residential**

Description	2017/2018
Water Access Charge (S501)	\$169.50

Water Access Charges will be increased annually by CPI (as determined from the DPI Water Index).

### Non-Residential Properties and Non-Strata Multi-Residential Properties

This includes properties which are categorised as Farmland for General Rate purposes.

The minimum Non-Residential Water Access Charge shall be equivalent to the Residential Water Access Charge as shown in Table 1.

The Non-Residential Water Access Charge (WAC) for properties with a larger than 20mm water meter is calculated as shown below.

$$\text{Non-Residential WAC (\$)} = \text{Residential WAC (\$)} \times R \times CF$$

Where:

R = Meter Ratio: Being the ratio of the water meter's cross sectional area to that of a 20mm diameter water meter's cross sectional area (see Table 2).

CF = Consumption Factor: Based on consumption in the previous 12 months.

The Consumption Factor was introduced to acknowledge that the size of the water meter does not always reflect the volume of water used, e.g. fire fighting requirements may necessitate a larger water meter to be installed.

Therefore the size of the water meter and water consumption over the past twelve months are taken into consideration in the determination of the next year's access charge as displayed in Table 2.

Council Officers will be required to calculate the access charge on an annual basis for water meters where the consumption factor is less than 1.00.



**Table 2. Consumption Factors**

Meter size (mm)	20	25	32	40	50	80	100	150	200	250	300
Meter Ratio (R)	1	1.56	2.56	4.0	6.25	16.0	25.0	56.25	100	156.25	225
Consumption Range (kL)	Consumption Factor (CF)										
0 - 290	1.000	0.640	0.391	0.250	0.160	0.063	0.040	0.018	0.010	0.006	0.004
291 - 454	1.000	1.000	0.610	0.391	0.250	0.980	0.063	0.028	0.016	0.010	0.007
455 - 743	1.000	1.000	1.000	0.640	0.410	0.160	0.102	0.046	0.026	0.016	0.011
744 - 1,160	1.000	1.000	1.000	1.000	0.640	0.250	0.160	0.071	0.040	0.026	0.018
1,161 - 1,814	1.000	1.000	1.000	1.000	1.000	0.391	0.250	0.111	0.063	0.040	0.028
1,815 - 4,640	1.000	1.000	1.000	1.000	1.000	1.000	0.640	0.284	0.160	0.102	0.071
4,641 - 7,250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.444	0.250	0.160	0.111
7,251 - 16,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.563	0.360
16,315 - 29,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.640
29,001 - 45,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.694
Over 45,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

For properties with more than one water meter, the property Water Access Charge is based on the sum of the individual charges for each water meter.

For each water meter the charge is determined by: The Residential (WAC) x the meter ratio (R) x the Consumption Factor (CF)

The charges for all water meters are then summed noting the charge shall not be less than the Residential Water Access Charge shown in Table 1.

Note: The consumption factor (CF) can be different for each meter.

Note: The NSW DPI Water's Pricing Policy:

- Does not provide any reference for a property with multiple water meters specifically, so Council has determined this within this Policy.
- Does not refer to the Consumption Factor (CF), the application of the **Consumption Factor (CF)** provides a reduction to better reflect actual consumption and has been determined within this Policy.

#### Water Access Charge Estimated Yield

The estimated yield from water access charges is detailed in Table 3.

**Table 3: Water Access Charge Estimated Yield**

Meter Size	Number of Properties	Charge (\$)	Revenue (\$)
20 mm	35,437	169.50	6,006,571.50
25 mm	180	264.42	47,595.60
32 mm	1	433.92	433.92
40 mm	233	678.00	157,974.00
50 mm	119	1,059.38	126,066.22
80 mm		2,712.00	
100 mm	57	4,237.50	241,537.50
150 mm	1	9,534.38	9,534.38
200 mm		16,950.00	
250 mm		26,484.38	
300 mm		38,137.50	
<b>Total estimated yield</b>			<b>6,589,713.12</b>

The estimated yield for 2017/2018 is \$6,589,713

The estimated yield does not include any reduction related to the application of the Consumption Factor (CF) detailed in Table 2 and hence is an overestimation.

### **Water Consumption Charges (\$502)**

The NSW DPI Water's Best Practice Pricing Guidelines requires Council to adopt appropriate water consumption charges that reflect the user pays principle.

Water reading and billing occurs quarterly for most properties. For detailed information please refer to council website: [www.tweed.nsw.gov.au](http://www.tweed.nsw.gov.au) and navigate to: My Property > My Water and Wastewater > Billing and Charges > Quarterly Water Billing FAQ.pdf.

Council has nominated high consumption water users and these properties have water meters read and water consumption billed monthly.

### Residential Properties

#### *Consumption Charge*

A Consumption Charge as shown in Table 4 applies to the consumption of all residential and multi-residential properties for each kilolitre (kL) of water used during the billing period, up to and including the step threshold.

Where a quarterly billing period occurs across financial years the Consumption Charge is prorated.

### *High Consumption Charge*

For residential properties the High Consumption Charge will apply if water consumption exceeds an average of 0.8219kL per day for the billing period. This daily quantity is derived from 300kL per annum divided by 365 days per annum. The quantity is per rateable property e.g. a strata duplex receives a 2 x 0.8219kL threshold.

A High Consumption Charge as shown in Table 4 applies to the consumption of all residential and multi-residential properties for each kilolitre (kL) of water used during the billing period, above the step threshold. The High Consumption Charge is 150% of the Consumption Charge (rounded).

**Table 4: Water Consumption Charges Residential**

Description	2017/2018 (\$/kL)
Consumption Charge (\$502)	\$2.90
High Consumption Charge (\$502)	\$4.35

Water Consumption Charges will be increased by CPI (as determined from the DPI Water index).

### Non-Residential Properties

#### *Consumption Charge*

A Consumption Charge equivalent to the Residential Consumption Charge as shown in Table 5 applies to the consumption of all Non-Residential properties.

#### *High Consumption Charge*

A Non-Residential High Consumption Charge as shown in Table 5 applies to eligible Non-Residential properties.

This charge provides an opportunity for Non-Residential developments to reduce their upfront costs related to Section 64 Developer Charges. (*Refer to: Section 64 Developer Contributions*)

Eligible Non-Residential properties have an option of maintaining their existing Equivalent Tenement (ET) entitlement and paying the High Consumption Charge in lieu of paying Section 64 Developer Charges. No additional ET entitlement will accrue to the property through the payment of the High Consumption Charge.

Water consumption up to the equivalent of the existing property ET entitlement will be charged at the Consumption Charge and consumption greater than the existing ET entitlement will be charged at the High Consumption Charge as shown in Table 5.

The Non-Residential High Consumption Charge can be applied:

- Where the water consumption of a property is greater than the ET entitlement for the property.
- In lieu of Section 64 Developer Charges as an incentive to business by reducing their upfront establishment costs.

Non-Residential properties eligible for the High Consumption Charge are being progressively identified over time through Development Applications, Complying and Exempt Development processes and Section 68 Applications under the Local Government Act.

The Non-Residential High Consumption Charge in lieu of Section 64 Developer Charges is not available to the subdivision of land. The charge is available for all subsequent non-residential development.

The Non-Residential High Consumption Charge is calculated annually by amortizing the Section 64 Developer Charge for water (presently \$13,632 per ET) over 40 years with a cost of capital of 5% (variable) and a forecast escalation of developer charges of 2.5% (variable) applied and then divided by 230kL/y. Adding this result to the Consumption Charge gives the High Consumption Charge as shown in Table 5. The figure of 230kL/y is the NSW Water Directorate's adopted value of the annual water consumption per ET.

**Table 5: Water Consumption Charges Non-Residential**

Description	2017/2018 (\$/kL)
Consumption Charge (S502)	\$2.90
High Consumption Charge (S502)	\$5.26

### Bulk Water Sales

Bulk water sales from standpipes for use within the Shire (local use) shall be charged at the Residential Properties High Consumption Charge rate as shown in Table 4.

Bulk Water Sales from standpipes for use outside the Shire (external use) shall be charged at **twice** the Residential Properties High Consumption Charge.

Note: Bulk Water Sales from standpipes for use outside the Shire (external use) is only permitted when the capacity of Clarrie Hall Dam is greater than 90%.

### Water Consumption Estimated Yield

The estimated yield from water consumption charges for 2017/2018 is \$22,970,000.

### **Haemodialysis Patient Rebate**

Council has a policy to credit the water Consumption Charge equivalent to 100 kilolitres (kL) annually to residents producing written evidence from an appropriate Health Service that they regularly undertake home haemodialysis.

### **Pensioner Rebate (S575)**

In accordance with the *Local Government Act, 1993*, Section 575, eligible pensioners can have a rebate of up to a maximum of \$87.50 per year applied to their combined water access and consumption accounts. A maximum of 50% of the Water Access Charge can have the rebate applied, therefore any residual rebate will be deducted from the consumption charges.

The pensioner rebate must be applied against the rate assessment or water consumption account in the name of the ratepayer not the Body Corporate or a Company, except where it is allowed by special agreement.

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## Sewerage Services

### Introduction

With the increasing demands on the limited water resources for this country, the Council of Australian Government (COAG) developed a "*Strategic Framework for Water Reform*", agreed to by all Australian governments, which requires compliance under National Competition Policy.

Council complies with the NSW Department of Primary Industry (DPI) Water's Best Practice pricing guidelines. The following key requirements are met by Council:

- Council reviews its Sewerage Pricing Policy on an annual basis.
- Access charges are independent of land value.

Council charges an annual Sewerage Access Charge for all properties.

Sewerage Usage Charges are applicable to Non-Residential and Non-Strata Multi-Residential properties, noting there is no volume threshold for sewerage usage.

Liquid Trade Waste Charges are applicable to Non-Residential properties that discharge other than residential quality wastewater to the sewerage system.

Sewerage Usage Charges and Liquid Trade Waste Charges are billed quarterly, except for nominated high discharge volume users where monthly billing is applied.

Sewerage Usage and Liquid Trade Waste Usage Charges are prorated. The sewerage usage volume is calculated from water meter readings.

Council has previously resolved that public hospitals shall have their combined Sewerage Usage and Liquid Trade Waste Charges discounted by 50%.

Unpaid accounts are subject to interest charges calculated from the due date.

Special charges may be levied.

### Sewerage Access Charges (\$501)

The Sewerage Access Charge is included on Council's rates and charges notice. The charges applying from 1 July 2017 are as follows:

**Residential Properties**

Residential properties including vacant land, rated to sewer, excluding Non-Strata Multi-Residential, attract Sewer Access Charges in accordance with the *Local Government Act 1993*, as shown in Table 6.

**Table 6. Sewer Access Charges Residential**

Description	2017/2018
Sewer Access Charge (S501)	\$820.25

Sewer Access Charges will be increased by CPI (as determined from the DPI Water index).

**Non-Residential Properties and Non-Strata Multi-Residential Properties**

The minimum Non-Residential Sewerage Access Charge shall be equivalent to the Residential Sewerage Access Charge shown in Table 6.

For properties with a larger than 20mm water service, the Non-Residential Sewerage Access Charge (SAC) shall be calculated as shown below:

$$\text{Non-Residential SAC (\$)} = \text{Residential SAC (\$)} \times R \times CF \times SDF$$

Where:

R = Meter Ratio: being the ratio of the water meter’s cross sectional area to that of a 20mm diameter water meter’s cross sectional area (See Table 7)

CF = Consumption Factor: Based on consumption in the previous 12 months.

SDF\*= Sewer Discharge Factor\*: Percentage of the metered water consumption that is deemed to be discharged to the sewerage system

The Consumption Factor (CF) was introduced to acknowledge that the size of the water meter does not always reflect the volume of water used, e.g. fire fighting requirements may necessitate a larger water meter to be installed.

Therefore the size of the water meter and water Consumption over the past twelve months are taken into consideration in the determination of the next year’s access charge as displayed in Table 7.

Council Officers will be required to calculate the access charge on an annual basis for water meters where the consumption factor is less than 1.

**Table 7. Consumption Factors**

Meter size (mm)		20	25	32	40	50	80	100	150	200	250	300
Meter Ratio (R)		1	1.56	2.56	4.0	6.25	16.0	25.0	56.25	100	156.25	225
Consumption Range (kL)		Consumption Factor (CF)										
0	290	1.000	0.640	0.391	0.250	0.160	0.063	0.040	0.018	0.010	0.006	0.004
291	454	1.000	1.000	0.610	0.391	0.250	0.980	0.063	0.028	0.016	0.010	0.007
455	743	1.000	1.000	1.000	0.640	0.410	0.160	0.102	0.046	0.026	0.016	0.011
744	1,160	1.000	1.000	1.000	1.000	0.640	0.250	0.160	0.071	0.040	0.026	0.018
1,161	1,814	1.000	1.000	1.000	1.000	1.000	0.391	0.250	0.111	0.063	0.040	0.028
1,815	4,640	1.000	1.000	1.000	1.000	1.000	1.000	0.640	0.284	0.160	0.102	0.071
4,641	7,250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.444	0.250	0.160	0.111
7,251	16,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.563	0.360	0.250
16,315	29,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.640	0.444
29,001	45,314	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.694
Over 45,314		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

\* The Sewerage Discharge Factor (SDF) is detailed in Council's policy: "Discharge of Liquid Trade Waste to the Sewerage System"

The SDF is also applied to Non-Strata Multi-Residential and Non-Residential properties where discharge volumes are higher than that from a single residential dwelling.

Non-Strata Multi-Residential properties will have a Sewerage Discharge Factor (SDF) of 70% unless otherwise determined by individual assessment.

Mixed and other uses not specified in the Policy will have a Sewerage Discharge Factor determined by individual assessment.

For properties with more than one water meter, the property Sewerage Access Charge is based on the sum of the individual charges for each water meter.

For each water meter, the charge is determined by: The Residential Sewerage Access Charge (SAC) x the Meter Ratio (R) x Consumption Factor (CF) x the Sewerage Discharge Factor (SDF).

Note: The consumption factor (CF) and Sewerage Discharge Factor (SDF) can be different for each meter.

The charges for all water meters are then summed, noting the charge shall not be less than the Residential Sewerage Access Charge shown in Table 6.

Note: The NSW DPI Water's Pricing Policy:

- Does not provide any reference for a property with multiple water meters specifically, so Council has determined this within this Policy.
- Does not refer to the Consumption Factor (CF), the application of the **Consumption Factor (CF)** provides a reduction to better reflect actual consumption and has been determined within this Policy.

#### Sewer Access Charge Estimated Yield

The estimated yield from Sewer Access Charges is detailed in Table 8.

**Table 8: Sewerage Access Charge Estimated Yield**

Meter Size	Number of Properties	Charge (\$)	Revenue (\$)
20 mm	33,832	820.25	27,750,698.00
25 mm	172	1,279.59	220,089.48
32 mm	1	2,099.84	2,099.84
40 mm	196	3,281.00	643,076.00
50 mm	107	5,126.56	548,541.92
80 mm		13,124.00	
100 mm	55	20,506.25	1,127,843.75
150 mm	1	46,139.06	46,139.06
200 mm		82,025.00	
250 mm		128,164.06	
300 mm		184,566.25	
<b>Total estimated yield</b>			<b>30,338,488.05</b>

The estimated yield for 2017/2018 is \$30,338,488. The estimated yield does not include any reduction related to the application of the Consumption Factor (CF) as detailed in Table 7 and hence is an overestimation.

#### **Pensioner Rebate (S575)**

In accordance with the *Local Government Act, 1993*, Section 575, eligible pensioners can have their Sewerage Access Charge reduced by 50% up to a maximum of \$87.50 per year.

The pensioner rebate must be applied against the rate assessment of the ratepayer not the Body Corporate or a Company, except where it is allowed by special agreement. Based on the current Sewerage Access Charge, eligible pensioners will receive a rebate of \$87.50 applied on their rate and charges notice.



## Sewerage Usage Charges (S502)

The NSW DPI Water's Best Practice Pricing Guidelines requires Council to adopt appropriate Sewer Usage Charges that reflect the user pays principle.

### *Sewerage Usage Charge*

A Sewerage Usage Charge as shown in Table 9 is applied to all Non-Residential and Non-Strata Multi-Residential properties and is calculated as shown below.

$$\text{Sewerage Usage Charge (\$)} = \text{SUC}(\$/\text{kL}) \times \text{Q} \times \text{SDF}$$

Where:

SUC(\$/kL)= Sewer Usage Charge in \$/kL (shown in Table 9)

Q = metered water consumption in kL

SDF\* = Sewer Discharge Factor\*

(Percentage of the metered water consumption that is deemed to be discharged to the sewerage system)

The Sewerage Discharge Factor (SDF) is detailed in Council's policy: "Discharge of Liquid Trade Waste to the Sewerage System"

Notes:

- The SDF is also applied to Non-Strata Multi-Residential and Non-Residential properties where discharge volumes are higher than that from a single residential dwelling.
- Non-Strata Multi-Residential properties will have a Sewerage Discharge Factor (SDF) of 70% unless otherwise determined by individual assessment.
- Mixed and other uses not specifically specified in the Policy will have a Sewerage Discharge Factor determined by individual assessment.

### *High Sewerage Usage Charge*

A Non-Residential High Sewerage Usage Charge as shown in Table 9 applies to eligible Non-Residential properties.

This charge provides an opportunity for Non-Residential developments to reduce their upfront costs related to Section 64 Developer Charges. (*Refer to: Section 64 Developer Contributions*)

Eligible Non-Residential properties have the option of maintaining their existing Equivalent Tenement (ET) entitlement and paying the High Sewerage Usage Charge in lieu of paying Section 64 Developer Charges. No additional ET entitlement will accrue to the property through the payment of the High Sewerage Usage Charge.

Sewerage usage up to the equivalent of the existing property ET entitlement will be charged at the Sewerage Usage Charge and consumption greater than the existing ET entitlement will be charged at the High Consumption Charge as shown in Table 9.

The Non-Residential High Sewerage Usage Charge can be applied:

- Where the sewerage usage of a property is greater than the ET entitlement for the property.
- In lieu of Section 64 Developer Charges as an incentive to business by reducing their upfront establishment costs.

Non-Residential properties eligible for the High Sewerage Usage Charge are being progressively identified over time through Development Applications, Complying and Exempt Development processes and Section 68 Applications under the Local Government Act.

The Non-Residential High Sewerage Usage Charge in lieu of Section 64 Developer Charges is not available to the subdivision of land. The charge is available for all subsequent non-residential development.

The Non-Residential High Sewerage Usage Charge is calculated annually by amortizing the Section 64 Developer Charge for sewerage (presently \$6,549 per ET) over 40 years with a cost of capital of 5% (variable) and a forecast escalation of developer charges of 2.5% (variable) applied and then divided by 140kL/y. Adding this result to the Sewerage Usage Charge gives the High Sewerage Usage Charge as shown in Table 9. The figure of 140kL/y is the NSW Water Directorate's adopted value of the annual sewerage usage volume per ET.

**Table 9. Sewerage Usage Charges**

Description	Charge Rate (\$/kL)
Sewerage Usage Charge (S502)	\$1.63
High Sewerage Usage Charge (S502)	\$3.49

#### Sewerage Usage Charge Estimated Yield

The estimated yield from Sewerage Usage Charges is detailed in Table 10.

**Table 10. Sewerage Usage Charge Estimated Yield**

Description	Number of Properties	Charge Rate (\$/kL)	Revenue (\$)
Sewerage Usage Charge (S502)	1,685	\$1.63	\$2,496,000

The estimated yield for 2017/2018 is \$2,496,000.

#### **Special Sewerage Charges**

In accordance with the *Local Government Act, 1993*, Section 495 and Section 565, Council can charge additional annual payments or an upfront capital contribution for the provision of sewerage to areas previously not serviced.

#### **Liquid Trade Waste Charges**

The NSW DPI Water's Best Practice Pricing Guidelines require Council to adopt appropriate Liquid Trade Waste Charges which reflect the additional loading and associated costs that can be placed on the sewerage system by Non-Residential dischargers.

Liquid Trade Waste Charges are levied in accordance with Council's adopted policy: "Discharge of Liquid Trade Waste to the Sewerage System". This Policy was implemented to manage and control discharge to the public sewerage system and to recover Council's additional costs in the transportation, treatment and disposal of liquid trade waste. Copies of the Policy are available on Council's website or from Council offices.

Liquid Trade Waste Fees and Charges include:

- Annual Trade Waste Fees
- Trade Waste Usage Charges
- Non-compliance Trade Waste Usage Charges
- Excess Mass Charges
- Non-Compliance Excess Mass Charges

(Refer to: Councils "Fees and Charges")

Council's policy: "Discharge of Liquid Trade Waste to the Sewerage System" outlines how and when these charges are applied.

These charges are dependent on the liquid waste classification, charging category, actual discharge and performance against agreement conditions.

Discharges of Liquid Trade Waste with an origin outside of the Shire area will be charged at **three times** that listed in Council's "Fees and Charges".

#### Liquid Trade Waste Charges Estimated Yield

The estimated yield from Liquid Trade Waste Charges is detailed in Table 11.

**Table 11. Liquid Trade Waste Charges Estimated Yield**

Description	Number of Properties	Charge (\$)	Revenue (\$)
Liquid Trade Waste Charges	630	Based on Category	\$580,000

The estimated yield for 2017/2018 is \$580,000.

The Section 64 Developer Charges for water supply and wastewater services have been prepared based upon NSW DPI Water guidelines.

## Waste Management Activities

### Introduction

The management of Tweed Shire Council's waste is a high priority issue with the primary focus being to minimise the amount of waste being disposed of to landfill and to manage the landfill using best practice methods.

Following an extensive period of consultation, the 2014 Integrated Waste Strategy was adopted by Council. This included a number of prioritised programs focussed around the key areas of organics collection and processing, developing new infrastructure, cleaning up the streets through the provision of cost effective services, continuing to investigate and develop methodologies for resource recovery and continuing to participate in regional collaboration to develop waste processing, treatment and disposal solutions.

A key initiative of the Integrated Waste Strategy is the adoption of a weekly green waste collection service including household organics to all urban residents, with the residual waste and recycling bins to be collected fortnightly on an alternating cycle. Council will provide for the processing of the organic waste and this will occur in a purpose built organics processing infrastructure. The collection of the household organics will commence on 1 July 2017 and the organics processing facility is currently in the planning stages and is likely to be completed by 30 June 2018. Initially the material collected will be taken to a suitable site to be processed for reuse until the new organics processing facility is completed.

In addition to the household collection systems provided, Council also offers a number of other opportunities to divert waste from landfill. There is currently no charge for residents dropping off metals, ewaste, chemicals, fluorescent bulbs and tubes, batteries and recyclables. Lower disposal charges are offered for those products that can be reprocessed such as greenwaste, concrete, bricks and tiles in order to encourage source separation.

The Integrated Waste Strategy places a strong focus on continuing to develop opportunities to divert waste away from disposal to landfill.

The Stotts Creek Resource Recovery facility also has landfill gas capture to minimise the greenhouse gas impact of operating a landfill.

### Domestic Waste Management Charge

The Domestic Waste Management Charge is an annual charge, which by virtue of Section 496 of the *Local Government Act 1993*, all councils must levy in respect of all residential rateable land within their areas for which the waste collection services are available.

The Domestic Waste Management charge, unlike other fees and charges, has very specific requirements prescribed by Section 504 of the Local Government Act. They are:

- i. A Council must not apply income from its ordinary rate towards the cost of providing Domestic Waste Management services,
- ii. Income to be applied by Council towards the cost of providing Domestic Waste Management services must be obtained from the making and levying of a charge,
- iii. Income obtained from charges for Domestic Waste Management must be calculated so as to not exceed the reasonable cost to the Council of providing those services.

This means that Council cannot subsidise Domestic Waste Management Services from the ordinary rates revenue and any revenue raised from the Domestic Waste Management Charges can only be used to provide Domestic Waste Management Services.

All costs that can be reliably measured and reasonably associated with providing Council's Domestic Waste Management Service have been included in Council's Domestic Waste Management Charge and are detailed as part of this Plan.

In accordance with Section 496 of the *Local Government Act 1993* Council levies an annual charge for the provision of Domestic Waste Management Services on the following basis:

- Rateable Land – Management (the Administration Charge),
- Properties with waste collection services,
- Properties with a recycling service,
- Properties with an organic waste collection service
- Household waste processing.

As noted above a weekly organic waste collection service will be introduced in 2017 to residential rated property in the urban footprint, but not to larger multi-unit developments. This service will become part of the standard suite of waste services with the cost incorporated into the Domestic Waste Management Charge.

### **Other relevant legislation and strategies**

In 2009 the NSW State Government introduced a Waste and Environment Levy, aimed at increasing the price of disposing of waste to landfill in an effort to promote recycling. In 2016/2017 the levy is \$78.20 per tonne of waste sent to landfill. The levy increases by CPI each year making the rate approximately \$80.40 per tonne in 2017/18.

The NSW Waste Avoidance and Resource Recovery (WARR) Act was reviewed in 2015 with the identified diversion target for household sourced waste lifted from 66% to 70% by 2021. This target is one of the drivers for Council to adopt improved resource recovery and recycling initiatives for domestic waste, and was the precursor for developing the Tweed Shire Council Integrated Waste Strategy 2014.

Council is also involved in the North East Waste group and was party to the development of the Regional Waste Strategy.

## Domestic Waste Management Services charges

The Domestic Waste Management Charge (Administration Charge) includes an allocation for financial commitments toward legacy issues and domestic waste infrastructure for future years. These financial provisions are as follows:

Reserve requirement	Per annum Amount
Landfill cell development Stott's Creek Landfill	85,870
Roadworks Eviron future landfill road	240,230
Stotts landfill infrastructure and new drop off area	7,200
Landfill rehabilitation	100,000
Organics processing facility	82,267
Weighbridge and office replacement	10,000
Eviron landfill construction and environmental controls	135,000
Recovery of the cost of the EIS	45,000
Roadworks Garbage Collection	30,000
Post closure landfill capping and environmental controls	15,500
Post closure monitoring SCRRC	52,000
<b>Total</b>	<b>803,067</b>

The major elements in the Administration Charge includes the above financial provisions, pensioner rebates and administration overheads. These costs are then divided evenly across all domestic properties. In 2017/2018 Domestic Waste Administration Charge will be \$69.80 per property.

## Domestic Waste Management Service Charge - Waste collection service in mobile bins

In 2017/18 Council will be providing a number of different services for waste collection involving different sizes of bins and service regularities. All domestic waste service collection charges include recovery of the cost for the dial up bulk waste collection service. The table below outlines the types of services offered and the annual cost of each of these services.

Service	DWM Charge 2016/17	DWM Charge 2017/18	% Increase (decrease)
80 litre fortnightly waste service		157.20	NA
140 litre fortnightly waste service		163.40	NA
240 litre fortnightly waste service		176.00	NA
80 litre weekly service	160.00	157.20	(2%)
140 litre weekly service	190.60	184.30	(3.4%)
240 litre weekly service	229.80	198.80	(13.5)

In 2017/2018 the Domestic Waste Management Service Charge for the standard 140L garbage bin weekly collection will be \$184.30 per annum per service. As highlighted above as part of the new bin

system, the 140L garbage bin fortnightly collection will be the predominant service for residential rated properties within the urban footprint at a cost of \$163.40 per annum per service. Residents may choose to have either a larger or smaller bin with the charge for each listed in the table above.

### **Domestic Waste Service Charge – Multi Unit Development waste services**

In 2017/2018 Council will be charging Multi Unit developments that are provided with a bulk bin a charge based on the level of service that they are provided. The charges will be spread evenly over the Multi Unit Development. Multi-unit properties that have mobile garbage bins will have the service cost for the bins divided evenly across all properties for the services provided.

The bulk bin charge does not include provision for the dial up bulk waste service as most of these properties are not able to accommodate delivery of the service.

### **Domestic Waste Service Charge – Recycling collection and processing**

The Recycling Charge is levied to cover the costs associated with the recycling of domestic recyclables within the Shire.

The costs relate to the collection of recyclables, promotion and education initiatives, the employment of an Education Officer and provision for future recycling projects. The estimated yield from the recycling charge is \$2,007,640. The recycling charge in 2017/2018 will be \$53.00 per annum for a 240 litre fortnightly service.

Additional recycling bins are available to domestic properties at a charge of \$53.00 per annum per additional bin (pro rata) and 360L bins are available for \$79.50.

### **Domestic Waste Service Charge – Organic waste collection and processing**

In 2017/18 Council will be providing a weekly collection service for household organics including food waste. This service will be part of the compulsory suite of services provided to residential properties within the urban footprint. The service will not however be compulsory to Multi Unit development where there are more than two titles on the site.

The charge in 2017/18 related to the collection of the organics bin and the processing of this waste to produce a value added compost material is \$80.00 per bin for a 240 litre weekly service. The estimated yield from the organics charge is \$1,920,000.

Additional organics waste collection service will be available to domestic multi-unit properties at a charge of \$80.00 per annum for a weekly service.

### **Total Domestic Waste Management Charge**

The following table outlines the total domestic waste management charges depending on whether the recipient has a 2 bin service made up of recycling and waste, or three bin service made up of the new green organic service and recycling and waste.

<b>Service</b>	<b>2016/17</b>	<b>2017/18</b>
Domestic waste services charge (Admin charge)	\$64.30	\$69.80
Waste Collection service (weekly 2 bin service 140 litre bin)	\$190.60	\$184.30
Waste Collection service (fortnightly 3 bin service 140 litre bin)	NA	\$163.40
Recycling service (fortnightly 240 litre bin)	\$69.80	\$53.00
Organic bin collection service (Weekly)	NA	\$80.00
Organic bin collection service (Fortnightly)	\$62.50	\$80.00

The two bin service in 2016/17 cost \$324.70, whereas the two bin service in 2017/18 will cost \$307.10. This is a reduction of 5.4%. Most properties in the urban footprint will be provided with the weekly organics service however and the three bin service will cost \$366.20, an increase of \$41.50 or 12.8% for those properties who do not currently have the optional garden waste collection service.

Over 70% of residential properties currently have elected to have a voluntary fortnightly garden waste collection service. Those properties that have the optional service paid \$387.20 in 2016/17. The cost of the service in 2017/18 for the three bin service will be \$366.20 which is a reduction of 5.4% for those properties that have elected to have the service in the past.

### Landfill Management Charge

In accordance with Section 501A of the *Local Government Act 1993*, Council levies a non domestic Landfill Management Charge. The purpose of the charge is to partially assist with the cost of the provision of funds for the establishment of future landfills, the cost of current landfill operations and the remediation of past, current and future landfills to help minimise the environmental impact of landfills and also be ecologically sustainable.

The charge is levied on all rateable properties within the Tweed Shire and is estimated to yield approximately \$1,975,000.

Description	No of Properties	Charge \$	Revenue \$
Landfill Management Charge	39,500	50.00	1,975,000

### Overall Domestic Waste Management (DWM) Services

Type of Service	Services	Charge \$	Revenue \$
Domestic Waste Management charge	36,008	69.80	2,513,358
Domestic Waste Services charge	36,904	179.70 Avg	6,630,600
Waste Min and recycling charge	37,880	53.00	2,007,640
Green organics collection charge	24,000	80.00	1,920,000
Landfill Management charge	39,500	50.00	1,975,000

## Interest on Investments Statement

### Introduction

Council has adopted an Investment Policy that provides the framework by which Council maximises its revenue from interest on investments. Surplus funds are only invested in authorised institutions regulated by the Australian Prudential Regulation Authority (APRA) and in accordance with Council's powers of investment under section 625(2) of the *Local Government Act 1993*. Council is not permitted to engage in speculative investments including the equities market.

Funds invested represent:

- i. Revenue raised in the current financial period to be expended in the current period
- ii. Funds held to maintain Council's liquidity



- iii. Funds internally restricted for future use
- iv. Unexpended loan funds
- v. Funds externally restricted for future use (funds held by Council with a legal obligation to use for the purpose for which they were received).

### **Grants and Subsidies**

Council attempts to maximise its grant and subsidy income. Grants and subsidies should be seen as a supplement to operational income even though grants such as the NSW Grants Commission Financial Assistance Grant are paid annually. The raising of grant and subsidy revenue is however, to a large extent, out of the control of Council.

Various grants and subsidies that are made available to Local Government may require additional funding by Council. Such grants and subsidies shall only be considered where they are consistent with the Delivery Program/Operational Plan.

### **Internally Restricted Funds Statement**

Council has by resolution set aside funds for specific purposes. These are called internally restricted funds and are for longer term funding requirements mainly of a capital nature.

The setting aside of funds for internally restricted purposes allows Council to smooth the impact of one-off major capital projects or expenditure that would otherwise have a significant impact on Council's finances.

## **Statement of Revenue Policy/Charges for Works Carried Out On Private Land**

### **Private Works**

*"The Council may by agreement with the owner or occupier of any private land carry out on the land any kind of work that may lawfully be carried out on the land" (S.67(1)).*

Section 67(2) prohibits a Council from carrying out private works unless it has first fixed a rate after considering the actual cost and current market rates.

Council's charges for works on private land, is as follows:

*"Council carries out work for external parties on private land. In performing this work Council is generating additional income and/or acting in a community service role. Income from these works will cover all incremental direct costs and overheads and where appropriate add a profit element. The profit element of pricing varies with the relevant organisations taking into account the considerations of service to the community and general market competitiveness."*

These private works include:

- Roads,
- Drainage,
- Water, sewerage and drainage connection.

Council has a cost recovery strategy in regard to private works. Applicable rates are included in the "Fees and Charges Schedule".

## Loan Borrowing Statement

### Introduction

For many years Council has maintained a borrowing program to finance bridge and drainage construction as well as other asset management works. With an extensive list of future works of this type still to be undertaken, Council expects to continue borrowing for this purpose.

The proposed external borrowing for 2017/2018 is included in Tweed Shire Council's 2017/2018 Budget.

These borrowings will be secured by the usual method of a mortgage over Council's income. Competitive quotations will be obtained from major banks with the aim of securing an interest rate below the indicative local government rate.

New borrowing must have regard to:

- Self funding ability
- Interest rates
- Current debt level
- Alternative finance options
- Long-term debt

Renewal and new loans along with the purpose of the loans are detailed in the Tweed Shire Council's 2017/2018 Budget.

## Summary of the proposed changes to Rates and Annual Charges

### Approved allowable increase of 1.5% for Ordinary Rates

Category	Ad-Valorem Amount 1.5%	Charge \$	Minimum Rate \$	Yield \$
<b>Ordinary Rates</b>				
Residential	0.4682		1,022.90	50,187,361.52
Business	0.4903		1,124.50	5,536,685.60
Farmland	0.3296		1,022.90	3,076,291.53
<b>Special Rates</b>				
Koala Beach	0.0663			81,558.03
Cobaki Lakes	1.0230			562,650.00
<b>Water Access Charges</b>				
20mm		169.50		6,006,571.50
25mm		264.42		47,595.60
32mm		433.92		433.92
40mm		678.00		157,974.00
50mm		1,059.38		126,066.22
100mm		4,237.50		241,537.50
150mm		9,534.38		9,534.38
<b>Water Usage Charges</b>				
Residential		2.90-4.35/kl		21,050,000.00

Category	Ad-Valorem Amount 1.5%	Charge \$	Minimum Rate \$	Yield \$
<b>Sewerage Access Charges</b>				
20mm		820.25		27,750,698.00
25mm		1,279.59		220,089.48
32mm		2,099.84		2,099.84
40mm		3,281.00		643,073.00
50mm		5,126.56		548,541.92
100mm		20,506.25		1,127,843.75
<b>Sewerage Usage Charge</b>		1.63-3.49/kL		2,496,000.00
<b>Trade Waste Usage Charge</b>		Upon Category		580,000.00
<b>On Site Sewage Management Fee</b>		46.00		240,074.00
<b>Waste Management Charges</b>				
Domestic Waste Management Charge		69.80		2,513,358.00
Domestic Waste Management Service Charge		176.00		6,630,600.00
Waste Minimisation and Recycling Charge		53.00		2,007,640.00
Green Organics Collection Charge		80.00		1,920,000.00
Landfill Management Charge		50.00		1,975,000.00

**Comparison of rate increases**

<b>Year</b>	<b>Allowable Increase for General Fund</b>	<b>Tweed Shire Council Adopted Change</b>	<b>Variation</b>
1977	12.0%	12.0%	Nil
1978	9.5%	9.5%	Nil
1979	8.0%	8.0%	Nil
1980	10.0%	10.0%	Nil
1981	12.5%	10.2%	-2.3%
1982	12.0%	10.0%	-2.0%
1983	11.0%	11.0%	Nil
1984	8.0%	8.0%	Nil
1985	8.0%	8.0%	Nil
1986	8.0%	8.0%	Nil
1987	7.0%	7.0%	Nil
1988	6.5%	6.5%	Nil
1989	6.5%	6.5%	Nil
1990	7.3%	5.9%	-1.4%
1991	6.7%	6.7%	Nil
1992	0.0%	0.0%	Nil
1993	2.6%	2.6%	Nil
1994	3.5%	13.5%	+10.0%
1994-95	0.0%	1.9%	+1.9%
1995-96	2.2%	9.7%	+7.5%
1996-97	2.7%	10.5%	+7.8%
1997-98	3.1%	8.1%	+5.0%
1998-99	1.7%	7.9%	+6.2%
1999-2000	2.4%	2.4%	Nil
2000-01	2.7%	2.7%	Nil
2001-02	2.8%	2.8%	Nil

Year	Allowable Increase for General Fund	Tweed Shire Council Adopted Change	Variation
2002-03	3.3%	3.3%	Nil
2003-04	3.6%	3.6%	Nil
2004-05	3.5%	7.48%	+3.98%
2005-06	3.5%	3.5%	Nil
2006-07	3.6%	7.6%	+4.0%
2007-08	3.4%	8.0%	+4.6%
2008-09	3.2%	9.5%	+6.3%
2009-10	3.5%	9.5%	+6.0%
2010-11	2.6%	8.5%	+5.9%
2011-12	2.8%	7.5%	+4.7%
2012-13	3.5%	7.9%	+4.4%
2013-14	3.4%	3.4%	Nil
2014-15	2.3%	2.3%	Nil
2015-16	2.4%	2.4%	Nil
2016-17	1.8%	*2.77%	*+0.97%
2017-18	1.5%	1.5%	Nil

*\*Special Rate Variation - Cobaki Leda Manorstead approved*

## Statement of Pricing Policy Principles - In Respect to Goods and Services

### Introduction

Council may charge and recover fees for any service it provides. This is exclusive of annual charges for services provided on an annual basis.

The Pricing Policy is made up of a number of principles that are used by Council in determining the level of revenue to be raised from a particular revenue source. These principles are not mutually exclusive; several may be used in determining the appropriate amount.

### Fees and Charges Statement

In accordance with Section 608 of the *Local Government Act 1993*, Council proposes a range of fees and charges as contained in the 2017/2018 Fees and Charges schedule appended to this document. Generally, these fees are intended to cover the following contingencies:

- Supply of a service, product or commodity
- Giving information
- Providing a service in connection with the Council's regulatory functions, including receiving an application for approval, granting an approval, making an inspection and issuing a certificate

Section 501(1) of the *Local Government Act 1993* permits a council to make and levy an annual charge for the following services provided on an annual basis:

- Water supply services,
- Sewerage services,
- Drainage services,
- Waste management services (other than domestic waste management services)
- Any services prescribed by the regulations.

### Council Obligation

In accordance with Section 532 of the *Local Government Act 1993* a council must not make a charge until it has considered submissions on the Operational Plan. It is the responsibility of Council to be fully aware of the pricing policy for the fees and charges and the need to consider each and every fee and charge.

Section 403(3) requires the following particulars for each charge:

- The amount of rate per unit (eg. Kilolitres, tonne) of the charge
- The differing amounts for the charge, if relevant
- The minimum amount or amounts of the charge, if relevant
- The estimated yield of the charge

A detailed schedule of fees forms part of the Operational Plan.

Section 539 states that in determining the amount of the charge for a service the council may have regard to the following criteria:

- The purpose for which the service is provided,
- The nature, extent and frequency of the service,
- The cost of providing the service,
- The categorisation for rating purposes of the land to which the service is provided,
- The nature and use of premises to which the service is provided,
- The area of land to which the service is provided,

- In the case of water supply - the quantity of water supplied.

The application of these proposed fees and charges will reduce the level of cross subsidisation, inherent in service provision, required to be funded by general rates.

The following factors have been taken into account in determining the fees proposed:

- The cost of providing the service,
- The importance of the service to the community,
- The price fixed by the relevant industry body,
- Any factors specified in the Local Government Regulations,

The fees set for a wide range of goods and services are based on recovery of operating costs, contributing to the cost of replacement of the assets utilised.

### **Categories of Pricing Policies Proposed in Respect of the Advertised Schedule of Fees**

- A. The price for this good/service is set to make a significant contribution towards the cost of providing the service. The remainder of the costs are met from general purpose income.
- B. The price charged for this good/service is a statutory charge set by government regulation.
- C. The price for this service is set to make a minimal contribution to the annual operating and maintenance costs of the facility. The remainder of the costs are met from general purpose income.
- D. The price for this service is set to make a contribution towards the cost of replacing the infrastructure assets utilised in the provision of the service.
- E. The price for this good/service is based on the full cost of providing the service.
- F. The price for this good/service is set by reference to prices charged for similar goods/services provided by like councils.

Where additional costs are incurred in the course of providing a service for which a fee is charged, the fee determined by Council will be varied upon resolution of Council to recover such additional cost.

### **Set by Statute**

Prices are set to apply to State and Commonwealth Government legislation. In an event of a new or amended statutory / regulatory fee being legislated subsequent to the adoption or printing of this document, Council has the right to apply these new charges without further notice.

**Conditions of grant funding** are a category of pricing, which restricts the level of fees, which can be recovered for the service. Grant funding provided by the State and Commonwealth Governments frequently establishes fee structures for the charging of services for which Council is the sponsor organisation of the particular service.

### **Goods and Services Tax (GST)**

Many Local Government services are exempt from GST. Any services provided by Council that are subject to GST have had their prices adjusted in the attached Fees and Charges document.

In the event that the GST status of a particular good and service changes after the preparation of this document or during the 2017/2018 financial year, then the price of the good or service will be adjusted accordingly to reflect the correct GST status. If a fee that is shown as being subject to GST is subsequently proven not to be subject to GST then that fee will be amended by reducing the GST to nil. Conversely if Council is advised that a fee which is shown as being not subject to GST becomes subject to GST then the fee will be increased but only to the extent of the GST.



The following 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.

### **GST Registration**

One of the requirements of the Federal Government's New Tax System is that enterprises be registered for GST and hold an Australian Business Number (ABN). Tweed Shire Council is registered for GST.

The ABN of Council is 90 178 732 496

### **Surcharge on Credit Card Payments**

Council offers its customers the ability to make payments by credit card for the various Council services and functions, including the payment of rates, water consumption and debtors.

Council introduced surcharging from 1 November 2008 and has increased its client's ability to pay by credit card. The surcharge for the 2017/2018 rating year will be 0.70% and is inclusive of GST. Council has also introduced B-Pay which is the most cost effective method of payment for clients and Council. Internet gateways have also been introduced for payment options.

### **Interest on Overdue Rates**

Interest accrues on a daily basis on rates and charges that remain unpaid after they become due and payable. Council will apply the maximum interest allowable under Section 566(3) of the *Local Government Act 1993* for the 2017/2018 rating year which will be advised by the Office of Local Government.

### **Interest on Overdue Sundry Debts**

Sundry Debts greater than 30 days may incur interest charges at the same rate, which is applicable to overdue rates. In 2017/2018 this rate will be advised by the Office of Local Government.

## Statement of Section 64 Developer Charges and Section 94 Contribution Plans

### Section 64 Developer Charges

Water Supply and Wastewater Developer Charges are applied to any development which creates new or increased demands upon water supply and wastewater systems. The charges are levied so that Council can fund the infrastructure required for development such as reservoirs, trunk mains, sewerage treatment plants and pump stations.

Section 64 of the *Local Government Act 1993* refers to Sections 305, 306 and 307 of the *Water Management Act 2000*. It is the provisions of the *Water Management Act* that enable Council to recover costs of infrastructure incurred in servicing new developments, additions and changes to existing developments. This charge is in addition to any other, which Council may apply.

Section 64 Developer Charges for Water and Wastewater are levied for all subdivision of land. For Non-Residential development only, any subsequent development may have the option of paying a Non-Residential High Water Consumption Charge and Non-Residential High Sewerage Usage Charge in lieu of upfront Section 64 Developer Charges. No additional equivalent tenement (ET) entitlement will accrue to the property through the payment of High Water Consumption or High Sewerage Usage Charges.

### Section 94 Contribution Plans

Section 94 of the *NSW Environmental Planning and Assessment Act* enables Council to levy contributions for public amenities and services required as a consequence of development. Council may only seek contributions, where there is a valid Section 94 Contribution Plan in place and the decision whether to prepare a plan is part of a corporate wide strategy of infrastructure funding.

The power to levy a contribution relies on there being a clear link between the developments being levied and the need for the public amenities or service for which the levy is required.

The contributions can only be made towards:

- Capital costs including land acquisition costs;
- Public facilities which the Council has responsibility to provide; and
- Public facilities, which are needed as a consequence of or to facilitate new development.

Council does regularly monitor its Section 94 Contribution Plans and whenever necessary, amend the plans to ensure that they provide the needs of the new development and that the contribution rates are appropriate. The regular monitoring and periodic review of the plans is part of Council's enterprise risk management procedures and it helps reduce the uncertainties associated with anticipated development.

### Land Cost Indexation

In accordance with clause 31(2) of the *Environmental Planning and Assessment Regulation 2000*, in 2008/2009 Council introduced the Tweed Shire Council Land Cost Index. The Index is calculated by taking all the land sales data for the Shire in a given year and then calculating the median price and comparing the percentage movement from one year to the next.

Section 94 Plans contain clauses which allow for annual indexation of indexation of infrastructure contribution rates in accordance with the provisions of Regulation 32 of the *Environmental Planning and Assessment Regulation 2000*. On each 1 July any land purchase component of contribution rates in each Section 94 Plan will be adjusted with reference to the clause in the Plan and the Tweed Shire Council Land Cost index and applied to outstanding development contributions in accordance with consent conditions.

Indexes for the years from 2002/2003 to 2016/2017 are as follows:

### Tweed Shire Council Land Cost Index

Index Date 30 June	Financial Year	Median sale price	Index	%change
2003	2002/2003	205,000	100	
2004	2003/2004	280,000	136.59	36.59%
2005	2004/2005	302,000	147.32	7.86%
2006	2005/2006	336,000	163.9	11.26%
2007	2006/2007	368,000	179.51	9.52%
2008	2007/2008	405,000	197.56	10.05%
2009	2008/2009	399,000	194.63	-1.48%
2010	2009/2010	400,000	195.12	0.25%
2011	2010/2011	395,000	192.68	-1.25%
2012	2011/2012	380,000	185.37	-3.80%
*As at 30 March 2013	2012/2013	362,000	176.59	-4.74%
*As at 30 March 2014	2013/2014	370,000	180.49	2.21%
*As at 30 March 2015	2014/2015	379,000	184.88	2.43%
*As at 30 March 2016	2015/2016	425,000	207.32	12.14%
*As at 30 March 2017	2016/2017	466,000	227.32	9.65%

\* Index will be effective from the following 1 July.

This information may be used to periodically adjust specific land valuations in Council's contributions documents pending formal revaluation.



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