

**2020
2021**

DRAFT

**Operational Plan
REVENUE POLICY**



PROPOSED RATES & CHARGES

RATES:

ORDINARY RATE

The Local Government Act, 1993 permits Council to use either of the following rating options for 2020-2021.

Minimum or Ad-Valorem Rate

- (a) An ad-valorem rate is a value of financial cost that is graduated according to the value of the subject matter, in rating terms this is a cents in the dollar amount applied to the rateable valuation of the land. A minimum rate is an amount levied that reflects the lowest financial contribution required from a rateable property to the overall ordinary rate yield. Where an ad-valorem rate is lower than the minimum rate, the minimum rate shall be levied; conversely where an ad-valorem rate is greater than the minimum rate the ad-valorem rate shall be levied.

Or

Base Amount & Ad-Valorem Rate

- (b) An ad-valorem rate is a value of financial cost that is graduated according to the value of the subject matter, in rating terms this is a cents in the dollar amount applied to the rateable valuation of the land. A base amount is an amount levied that reflects the lowest financial contribution required to cover the cost of common services. In this rating option a base amount is levied in addition to an ad-valorem amount. The two amounts are added together to form the ordinary rate levy.

Council's present rating structure (2019-2020) utilises both of these options but will move to a Minimum or Ad-Valorem rating structure for the 2020/2021 financial year.

The proposed Ad-Valorem Rate is subject to change should Council receive notification from the Valuer General of any successful land valuation objections resulting from the 2019 land revaluation.

CATEGORISATION OF LANDS:

Pursuant to the provisions of Section 514 to 531 of the Local Government Act 1993, the following categories and sub-categories shall apply for the purpose of ordinary rating within the Narrandera Shire for 2020-2021.

CATEGORY - FARMLAND ORDINARY RATE

- 1) A parcel of rateable land valued as one assessment, and its dominant use is for farming, which:
 - has a significant and substantial commercial purpose or character; and
 - is engaged in for the purpose of profit on a continuous or repetitive basis (whether or not a profit is actually made).
- 2) Land is not to be categorised as farmland if it is rural residential land. Rural Residential Land is the site of a dwelling, is between two (2) hectares and forty (40) hectares in area, is zoned for non-urban purposes and does not have a significant and substantial commercial purpose or character.

CATEGORY - RESIDENTIAL ORDINARY RATE

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 etc); or
- ii) in the case of vacant land, is zoned or designated for residential purposes; or
- iii) it is rural residential land.

SUB CATEGORIES

**RESIDENTIAL ORDINARY NARRANDERA
RESIDENTIAL ORDINARY BARELLAN
RESIDENTIAL ORDINARY GRONG GRONG**

CATEGORY - BUSINESS ORDINARY RATE

Land is to be categorised as business, if it cannot be categorised as farmland or residential.

SUB CATEGORIES

**BUSINESS ORDINARY NARRANDERA
BUSINESS ORDINARY BARELLAN
BUSINESS ORDINARY GRONG GRONG**

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RECOMMENDED RATING CATEGORIES & SUBCATEGORIES

(The maximum rate pegging limit set by the Independent Pricing and Regulatory Tribunal (IPART) for 2020-2021 is 2.6% and the proposed ordinary rate reflects a 2.6% increase)

ORDINARY RATE YIELD

Comprising:

Minimum and Ad-Valorem (Minimum Rate or Cents in the \$)

Rate Category	Sub-Category	Rate (cents) in \$	Minimum Rate	Estimated Yield	No. Assessments Levied on the Minimum
F	Farmland Ordinary Rate	0.336418	\$ 480.00	\$ 3,014,492	56
R	Residential Ordinary Rate	1.067110	\$ 480.00	\$ 396,845	195
R	Residential Narrandera	1.621560	\$ 480.00	\$ 1,135,530	380
R	Residential Barellan	2.055000	\$ 480.00	\$ 80,876	168
R	Residential Grong Grong	1.931000	\$ 480.00	\$ 30,810	63
B	Business Ordinary Rate	1.867330	\$ 480.00	\$ 124,763	48
B	Business Narrandera	2.301581	\$ 480.00	\$ 289,589	29
B	Business Barellan	1.882200	\$ 480.00	\$ 19,904	31
B	Business Grong Grong	1.945000	\$ 480.00	\$ 6,258	12
				<u>Estimated Yield</u>	<u>\$5,099,066</u>

PRICING POLICY

Where permissible, Council intends to charge fees for the provision of all goods and services that it provides.

In the setting of the fees for its goods and services, the Council is endeavouring to adopt a "user-pay" principle, whilst being mindful of the capacity of the client to pay the fees being set. Accordingly, the fees set by Council in some cases will not recover the full cost of providing the goods and services.

NATIONAL COMPETITION POLICY

Council acknowledges the principles of National Competition Policy and their application to Council's operations. In particular with regard to the principle of Competitive Neutrality Council has identified its Water Supply Operation and Sewerage Operations as Category 2 Businesses (Category 2 are for Businesses of less than \$2 m sales/turnover). With regard to these Businesses, Council will be complying with the requirements of the National Competition Policy guidelines, in respect of Strategic and Business Planning, Accountability, Complaints Handling Systems and applying Competitive Neutrality Pricing requirements.

CHARGES

WATER:

Introduction

In 2003 the NSW Department of Local Government advised Councils by circular numbered 03/11 that “as prudent managers of community resources, it is incumbent on Councils to adopt ‘best-practice’ management and charging policies for services such as water supply and sewerage”.

To comply with the directive of the Department and with the 'best-practice' pricing guidelines issued by the Department of Water & Energy, it is intended that for all lands that are supplied with water from a water pipe of the Council and for lands situated within 225 metres of a water pipe of the Council that the following water access charges be levied based upon the size of each water connection to a single assessment.

For the 2020-2021 financial year, Council proposes to levy the following water charges:-

Water Access Charges – Potable Charges

Water Connection Size	Charge	No. Levied	Estimated Income
Water Access Charge 20mm	\$ 299.50	1894	\$ 567,253.00
Water Access Charge 25mm	\$ 299.50	245	\$ 73,377.50
Water Access Charge 32mm	\$ 764.70	22	\$ 16,823.40
Water Access Charge 40mm	\$ 1,195.70	10	\$ 11,957.00
Water Access Charge 50mm	\$ 1,869.50	21	\$ 39,259.50
Water Access Charge 80mm	\$ 4,781.80	1	\$ 4,781.80
Water Access Charge 100mm	\$ 7,470.50	2	\$ 14,491.00
Water Access Charge Unmetered	\$ 299.50	116	\$ 34,742.00
Water Access Charge Strata	\$ 299.50	25	\$ 7,487.50

Water Access Charges – Non - Potable Charges

Water Connection Size	Charge	No. Levied	Estimated Income
Water Access Charge 20mm	\$ 133.20	0	\$ 0
Water Access Charge 25mm	\$ 133.20	0	\$ 0
Water Access Charge 32mm	\$ 341.20	0	\$ 0
Water Access Charge 40mm	\$ 532.70	0	\$ 0
Water Access Charge 50mm	\$ 833.10	1	\$ 833.10
Water Access Charge 80mm	\$ 1,200.00	3	\$ 3,600.00
Water Access Charge 100mm	\$ 1,500.00	7	\$ 10,500.00

Standard Water Consumption Charge – Potable Supply

General Consumption (November 2020 account)

To avoid the imposition of a higher tariff on water consumed during the final months of the 2019-2020 financial year it is proposed to continue to levy one dollar thirteen cents (\$1.13) per kilolitre of water measured as being consumed for the water consumption account payable 30 November 2020. This account represents the billing period from early March 2020 to late August 2020.

General Consumption (February & May 2021 accounts)

One dollar sixteen cents (\$1.16) per kilolitre of water measured as being consumed for the water consumption accounts payable 28 February 2021 and 31 May 2021.

Standard Water Consumption Charge – Non –Potable Supply

Off-Peak levied per kilolitre (Not for profit organisations)

\$0.27

Peak levied per kilolitre

\$0.57

Estimated Water Consumption Accounts

Water meters may not accurately record water consumption or may cease to record water consumption for a number of reasons such as construction material deterioration, the build-up of sediment within the water meter, weather conditions such as extreme frost or physical damage by either intentional or non-intentional means.

Where a water meter has been determined to not be recording correctly or has ceased to record water consumption during a routine reading cycle, an estimated water consumption account shall be prepared and issued to the property owner based on the property water consumption data for the same routine reading and billing cycle 12 months prior to the current routine reading and billing cycle. An increased or decreased adjustment shall be made at the time of preparing the account based on the overall water consumption statistical data for all consumers between the two relevant billing periods. The estimated account shall be charged at the applicable water consumption charge for the relevant reading and billing cycle.

For example during the normal reading cycle for accounts payable at the end of February the routine reading cycle commences late November and concludes during December. Where a water meter has been found not to be recording accurately or has ceased to record water consumption, an estimated account shall be calculated using water consumption data derived for that property from the period late November and December 12 months prior. The value of the account shall be increased or decreased by the percentage variation in overall consumer consumption between the two water billing cycles.

Water Consumption Allowance for identified Medical Conditions

Upon application to Council by an individual for a water consumption allowance due to a specified medical condition, Council shall assess the needs of the individual on a case by case basis. An example of a specified medical condition is renal haemodialysis performed at home using a dialysis machine.

Issues to be addressed with a renal haemodialysis patient would be the frequency of dialysis and the volume of water used during each occasion.

SEWER:

Introduction

In 2003 the NSW Department of Local Government advised Councils by circular numbered 03/11 that “as prudent managers of community resources, it is incumbent on Councils to adopt ‘best-practice’ management and charging policies for services such as water supply and sewerage”.

To comply with the directive of the Department of Local Government and with the 'best-practice' pricing guidelines issued by the Department of Water & Energy, Council intends to levy the following sewerage charges to all properties, regardless of current rateability status, that are connected to the Narrandera sewer system.

For the 2020-2021 financial year, Council proposes to levy the following sewer charges:-

Sewer Access Charges

Sewer Access Charge – Residential

Standard residential charge \$716.70

Sewer Access Charge - Residential Multiple Occupancies

Standard residential charge multiplied by the number of separate occupancies \$ as calculated

Sewer Access Charge – Non- Residential Multiple Occupancies

Standard non-residential minimum charge multiplied by the number of separate occupancies \$ as calculated

Sewer Access Charge - Non-Residential

Sewer access charge is levied per water meter connected to the property capable of discharging waste water to the sewerage system (charge levied is the applicable sewer access charge MULTIPLIED by the applicable sewer discharge factor (SDF). The following charges are the base charges and are derived by using an industry standard formula.

Connection Size	Charge	No. Levied	Estimated Income
Minimum charge Unmetered Premises (being combined sewer access charge & sewer usage charge)	\$ 716.70	1,754	\$ 1,256,916.40
Unmetered premises	\$ 716.70	40	\$ 28,668.00
20mm Water Meter	\$ 519.40	122	\$ 63,366.80
25mm Water Meter	\$ 811.10	32	\$ 25,955.20
32mm Water Meter	\$ 1,329.50	9	\$ 11,965.50
40mm Water Meter	\$ 2,077.10	6	\$ 12,462.60
50mm Water Meter	\$ 3,245.60	11	\$ 35,701.60
80mm Water Meter	\$ 8,308.30	1	\$ 8,308.30
100mm Water Meter	\$12,984.80	0	\$ 0

Sewer Usage Charge

Levied per kilolitre of estimated sewage discharged to the sewer

\$1.39 per kilolitre

Liquid Trade Waste Pricing

Liquid trade waste is waste water containing chemicals or other impurities from any business, trade or manufacturing premises other than domestic sewage, stormwater or unpolluted water.

All properties have been assessed, and those liable for charges will be advised and billed during 2020-2021.

Annual Trade Waste

Standard charge for 2020/2021	\$163.80
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Annual Inspection Charge

Standard inspection charge*	\$95.00
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Trade Waste Charge

Levied per kilolitre of estimated trade waste	\$1.29 per kilolitre
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Trade Waste – New Service

Levied per tenement for new developments where sewer service is supplied or proposed to be supplied	\$1,123.70
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Trade Waste – Existing Service

Levied per equivalent tenement for connecting to the sewer reticulation network where there has not been a previous connection	\$1,123.70
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**Denotes fee waived during COVID-19 Pandemic*

Sewer discharge factors

The following sewer discharge factors shall apply to those non-residential assessments connected to the sewerage network.

Band A **0% discharge**
(0% of water consumed discharged to the sewerage system)

Carpark with no amenities, vacant land

Band B **20% discharge**
(20% of water consumed discharged to the sewerage system)

Education facility where water meter includes large area of sporting surface, caravan park where water meter includes large area of peripheral grounds, child care facility where water meter includes large area of recreational surface, showground where water meter includes large area of peripheral grounds, sporting club or facility where water meter includes large area of sporting surface, concrete batching plant, plant nursery

Band C **40% discharge**
(40% of water consumed discharged to the sewerage system)

Education facility where water meter excludes large area of sporting surface, caravan park where water meter excludes large area of peripheral grounds, child care facility where water meter excludes large area of recreational surface, showground where water meter excludes large area of peripheral grounds

Band D **70% discharge**
(70% of water consumed discharged to the sewerage system)

Aged care accommodation, assisted living accommodation, backpacker accommodation, bed & breakfast accommodation, emergency service property, guest house accommodation, health care facility, mixed commercial & residential property, motel, religious property

Band E **90% discharge**
(90% of water consumed discharged to the sewerage system)

Abattoir, accountant, antique store, agricultural product retail centre, agricultural product processing and/or storage facility, amusement centre, animal or animal bi-product dealer and/or processing and/or storage facility, art gallery, automotive electrical workshop, automotive sales dealer, automotive spare parts retailer, bakery, bank, barber, beauty salon, bituminous product storage and/or works depot, building supply depot, bus depot, butcher, cabinet maker, café, carwash, car detailing, cattery, charity outlet,

chiropractor, coffee shop, commercial kitchen, community hall, craft store, delicatessen, dental surgery, dental technician, department store, drapery, dry cleaner, chemist, clothing store, community group meeting hall, community services centre, computer retailer and/or repairer, court house, dry cleaner, eatery, electrical goods retailer, electrical contractor, engineering workshop, fish shop, fish and chip shop, florist, fruit shop, funeral parlour, furniture store, general retail premises, general retail depot, general storage depot, general works premises, general workshop premises, gift store, grain depot, hairdresser, gunsmith, gym and/or sporting centre, hardware store, hotel, internet café, ironing service, jewellery store, juice bar, kennel, laboratory, landscape supplies, laundromat, legal practice, library, licensed club, lawn mower retailer and/or workshop, mechanical workshop, medical centre, group meeting hall, mortuary, motorcycle sales dealer and/or repairer, museum, music store, newsagent, nightclub, office, office and adjoining workshop, optometrist, panel beater, pathology centre, pawnbroker, pet store, petroleum storage facility, photographic processing, photographic studio, picture framing, pizzeria, police station, post office, printer, publisher, radiator repairer, restaurant, second-hand goods retailer, service station, scout or girl guide hall, sporting club or facility where water meter excludes large area of sporting surface, spray painter, supermarket, take-away food premises, tavern, telephone exchange, transport depot, travel agent, tyre retailer, veterinary surgery, video/dvd store, warehouse

(NOTE: The abovementioned non-residential activity list is not exhaustive and where a non-residential activity is being carried out on a property which is not listed above, an individual assessment shall be made to determine the most appropriate band for charging purposes)

WASTE MANAGEMENT:

Introduction

The Local Government Act, 1993 provides that waste management services of the Council are to be financed by a specific annual charge made and levied for that purpose alone.

For the 2020-2021 financial year, Council proposes to levy the following waste management charges noting that waste collection is a weekly service whilst the collection of recycling materials is a fortnightly service:-

Domestic Waste Management (Section 496)

Waste Service	Charge	No. Levied	Estimated Income
Waste Collection (per 240L bin unit collected)	\$ 217.40 pa	2,196	\$ 477,410.40
Recycling Collection (per 240L bin unit collected)	\$ 82.60 pa	2,147	\$ 177,342.20
Availability Charge (per assessment)	\$ 51.30 pa	2,249	\$ 115,373.70

Non-Domestic Waste Management (Section 501)

Waste Service	Charge	No. Levied	Estimated Income
Waste Collection (per 240L bin unit collected)	\$ 217.40 pa	377	\$ 81,959.80
Waste Collection 2 x Weekly, Narrandera only (per 240L bin unit collected)	\$ 434.00 pa		
Recycling Collection (per 240L bin unit collected)	\$ 82.60 pa	310	\$ 25,606.00
Availability Charge (per assessment)	\$ 51.30 pa	211	\$ 10,824.30

STORMWATER MANAGEMENT:

Introduction

In recognition of Councils key role in storm water management and the need for ongoing funding for storm water management, the NSW Government amended the Local Government Act, 1993 in October 2005 to allow Councils the option of levying a storm water management service charge.

Rather than fund storm water management services from ordinary rate yield, the income derived from this charge is to cover some or all of the costs of providing new/additional storm water management services within a catchment area.

The guidelines state that the upper charge limit is set at \$25.00 for residential land and \$25 per 350m² or part thereof for non-residential land. For residential and non-residential strata assessments the property may only be charged 50% of the adopted charge as applied to standard properties.

Exempt properties from the charge are: - Crown land, Council owned land, land held under lease for private purposes under the Housing Act, 2001 (Department of Housing) or the Aboriginal Housing Act, 1998 (Aboriginal Housing Office), vacant land as in containing no buildings and no other impervious surfaces, land belonging to charities and public benevolent institutions.

For the 2020-2021 financial year, Council proposes to levy the following stormwater management charges:-

Stormwater Management Charges

Assessment Type	Charge	No. Levied	Estimated Income
Residential assessments – non strata (per assessment)	\$ 25.00 pa	1,772	\$ 44,300.00
Residential assessments – strata (per assessment)	\$ 12.50 pa	30	\$ 375.00
Non-Residential assessments - non strata (per 350m ² or part thereof of total assessment area)	\$ 25.00 pa / 350m ² (capped at \$425.00)	902	\$ 22,550.00
Non-Residential assessments - strata (per 350m ² or part thereof of total assessment area)	\$ 12.50 pa / 350m ² (capped at \$212.50)		

EXTRA CHARGES:

For the 2020-2021 financial year, Council proposes to levy the maximum penalty interest rate set by the Division of Local Government when this has been made. The 2019–2020 maximum penalty interest rate is currently 7.5% per annum calculated daily.

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UNIT RATES FOR 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.

In cases where Council does carry out such work it is the policy of the Council to charge a rate for such work, which is sufficient to ensure full cost recovery of such work, plus a normal commercial mark-up to provide for a profit. In this respect, the Council does not wish to actively compete with local contractors but will endeavour to meet the demands for the provision of plant and machinery to residents of the area, whenever convenient, without unduly interrupting other works programs.

Council's plant is to be operated by Council employees wherever possible; only under special circumstances may plant be hired to other experienced persons. Persons wishing to hire plant, or have private works completed, are to sign Council's standard request form for this purpose prior to the undertaking of any such work.

BORROWINGS PROPOSED

General Fund

Proposed borrowings planned for 2020-2021 are Lake Talbot Pool Masterplan \$2,000,000 (\$1,450,000 internal borrowings and \$550,000 external borrowings)

Water Fund

No proposed borrowings are planned for 2020-2021

Sewer Fund

Proposed borrowings planned for 2020-2021 are \$1,620,000 Barellan Sewer Project.

Future Trends

It is likely that Council will take up future loans for long-term projects. Strategic Business Plans for Council's Water & Sewerage operations provide for take up of loans for further capital works after 2020-2021.

Loan funds may be required to finance future improvements to infrastructure in General Fund.

FEES & CHARGES

Council may charge a fee for any service that it provides. The purpose of raising these fees, is to recover, or assist the Council in recovering, the cost of providing those services.

Council proposes to charge the fees as are shown in the following schedules, during the 2020-2021 financial year:

(Schedule of all proposed fees and charges are as follows)

The schedule for fees and charges provides for the following code references.

Code A	Regulatory charges fixed by legislation
B	Regulatory charges not fixed by legislation
C	Full cost recovery charges plus commercial mark up
D	Full cost recovery charges
E	Zero or partial cost recovery charges
F	Fee waived during COVID-19 Pandemic