



**KEMPSEY**  
Shire Council



# **Revenue Policy**

# 2021-2022

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## Table of Contents

Estimated Income and Expenditure 2021/22.....	2
General Fund.....	3
Water Fund.....	3
Sewer Fund .....	3
1. Statement of Rating Structure - Ordinary rates .....	4
2. Water Supply Access & Usage Charges .....	5
3. Sewerage Access & Usage Charges.....	6
4. Domestic Waste Management Charges .....	7
5. Stormwater Management Service Charges.....	7
6. On-Site Sewer Charges.....	8
7. Interest on Overdue Rates & Charges.....	8
8. Pricing Methodology .....	8
9. Proposed Borrowings .....	9

# Revenue Policy

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

## **Council's Revenue Policy comprises the following elements:**

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

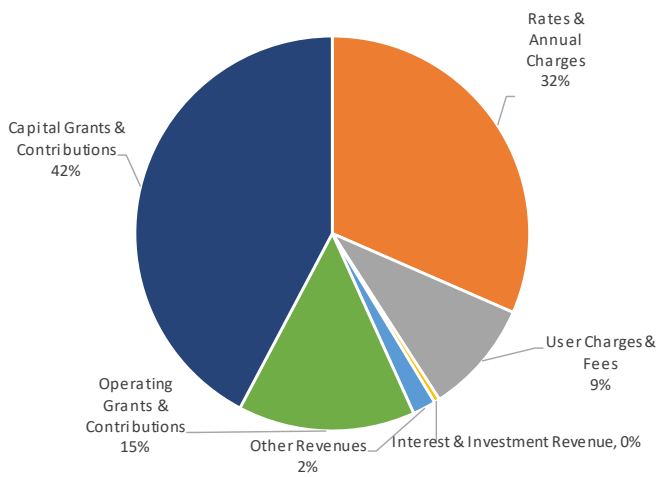
## **Estimated Income and Expenditure 2021/22**

In 2010, the Independent Pricing and Regulatory Tribunal of New South Wales (IPART) was delegated responsibility for determining the allowable annual increase in local government general rates income.

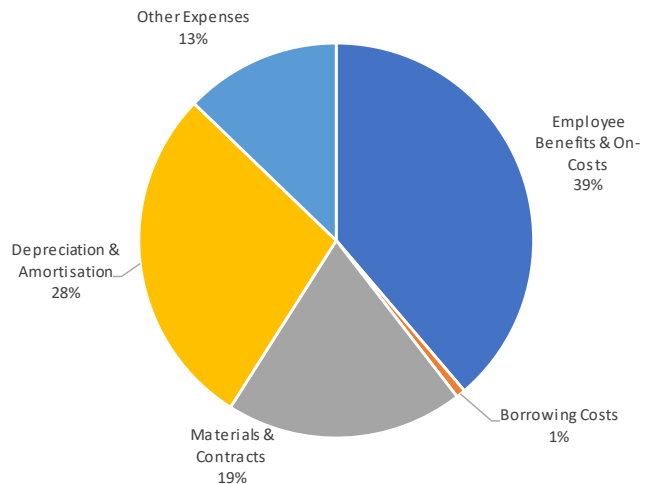
The charts below provide an overview of the estimated budgeted income and expenditure for 2021/22 for all three funds

## General Fund

### Revenue Forecasts

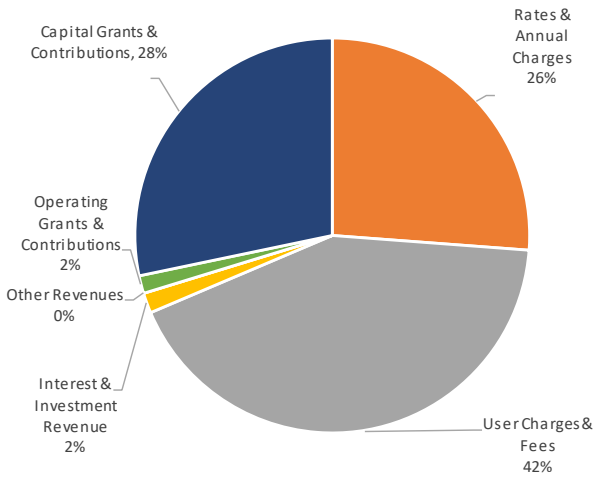


### Expenditure Forecasts

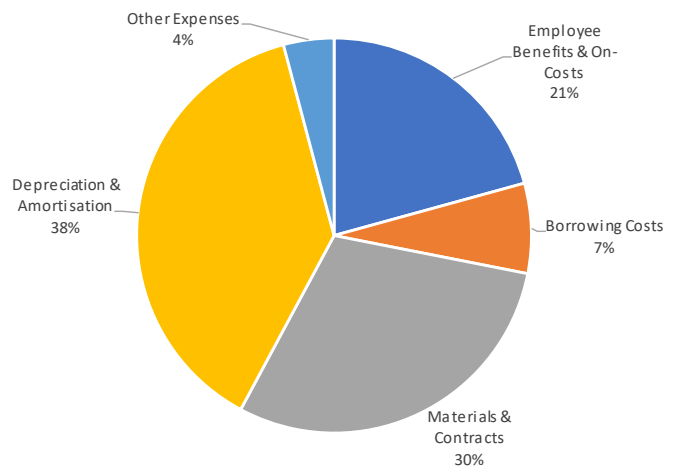


## Water Fund

### Revenue Forecasts

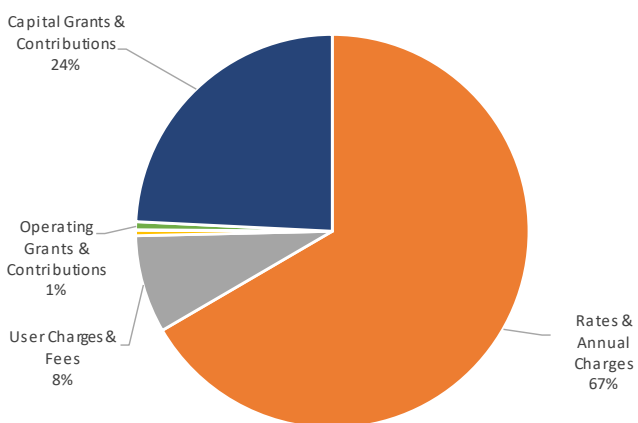


### Expenditure Forecasts

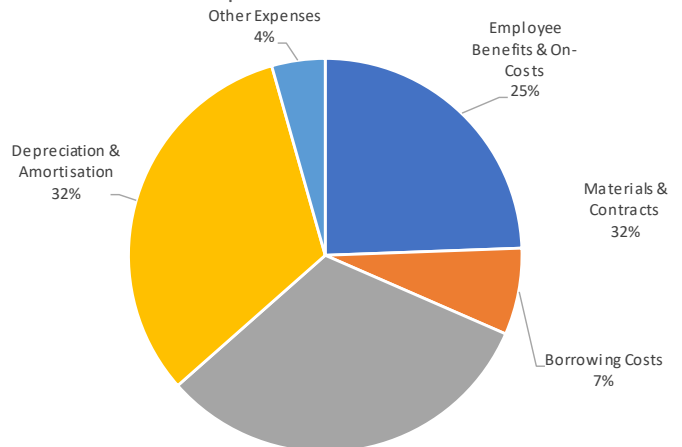


## Sewer Fund

### Revenue Forecasts



### Expenditure Forecasts



## 1. Statement of Rating Structure - Ordinary rates

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

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

### Ordinary rates

The following rates are proposed for 2021/22 in respect of each category of ordinary rate levied by Council, as increased by the allowable rate peg percentage of 2%.

**Residential:** Will be levied a base amount of \$603 and an ad valorem rate of 0.004042 cents in the dollar.

**Farmland:** The rates for Farmland will be levied a base amount of \$657 and an ad valorem rate of 0.004879 cents in the dollar.

**Business:** Urban businesses in the Kempsey Shire areas marked in the attached maps will be charged a base amount of \$712 with an ad valorem rate of 0.011114 cents in the dollar. All other Businesses outside of these marked areas will be charged a base amount of \$642 with an ad valorem rate of 0.009228 cents in the dollar. The different charges and ad valorem charges have been applied due to the different levels of service provided in each area.

**Environment Levy:** This 4.20% levy was approved in 2018 by IPART in order to allow the continuation of the levy in place since 2008/09. This levy was put in place to fund significant environmental restoration projects and manage and protect waterways and natural environment. An amount of \$873,232 is proposed to be raised during the 2021/22 year.

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

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

**Table 1: Council's Proposed 2021/22 Rating Structure**

Category	No. of Assessments	Land Value	Ad Valorem	Base Rate Amount	Yield Base Rate	Yield Ad Valorem	Total Rate Yield
Residential	12,746	\$1,904,640,552	\$0.004042	\$603	\$7,685,838	\$7,698,557	\$15,384,395
Farmland	1,479	\$465,644,098	\$0.004879	\$657	\$971,703	\$2,271,878	\$3,243,581
Business Urban	633	\$143,983,750	\$0.011114	\$712	\$450,696	\$1,600,235	\$2,050,931
Business Other	175	\$32,923,950	\$0.009228	\$642	\$112,350	\$303,822	\$416,172
Environment	15,033	\$2,547,192,350	\$0.000272	\$12	\$180,396	\$692,836	\$873,232
<b>Totals</b>	<b>30,066</b>				<b>\$9,400,983</b>	<b>\$12,567,328</b>	<b>\$21,968,311</b>

## 2. Water Supply Access & Usage Charges

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

**Table 2: Water Supply Access & Usage Charges**

Description	Annual Charge	Services Charged	Total Annual Income	Total Usage Income <sup>1</sup>	Total Income
20mm water meter (including vacant land)	\$358	10,793	\$3,863,894		\$3,863,894
Strata	\$358	838	\$300,004		\$300,004
25mm	\$554	1,111	\$615,494		\$615,494
32mm	\$901	84	\$75,684		\$75,684
40mm	\$1,403	75	\$105,225		\$105,225
50mm	\$2,187	67	\$146,529		\$146,529
80mm	\$5,573	12	\$66,876		\$66,876
100mm	\$8,704	24	\$208,896		\$208,896
100mm half charge	\$4,352	1	\$4,352		\$4,352
150mm	\$19,572	3	\$58,716		\$58,716
Fire Services	\$975	38	\$37,050		\$37,050
Water Usage				\$8,240,000	\$8,240,000
<b>Total</b>		<b>13,046</b>	<b>\$5,482,720</b>	<b>\$8,240,000</b>	<b>\$13,722,720</b>

Charges for Consumption:	Usage charges
Residential	
Tier 1: 0-250	\$2.92
Tier 2: 250+	\$4.22
Non-Residential	\$2.92
Large Commercial Users – 0 – 10,000 kl per annum	\$2.92
Large Commercial Users – >10,000 kl per annum	\$2.32
Large Commercial Users – >10,000 kl per annum – Meat Processors	\$1.47
Recycled & Reclaimed Water	\$1.17
Reclaimed Water	\$0.10



### 3. Sewerage Access & Usage Charges

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

**Table 3: Sewerage Access & Usage Charges**

Description	Annual Charge	Assessments Charged	Total Annual Income	Total Usage Income	Total Income
Residential	\$1,288	8,537	\$10,995,656		\$10,995,656
Residential - Vacant	\$782	316	\$247,112		\$247,112
Non-Residential – Vacant	\$782	42	\$32,844		\$32,844
Non-Residential – 20mm	\$1,189	387	\$460,143		\$460,143
Non-Residential – ½ Access Church	\$594.50	5	\$2,973		\$2,973
Non-Residential – 25mm	\$1,870	163	\$304,810		\$304,810
Non-Residential – 32mm	\$2,743	55	\$150,865		\$150,865
Non-Residential – 40mm	\$4,241	51	\$216,291		\$216,291
Non-Residential – 50mm	\$6,707	40	\$268,280		\$268,280
Non-Residential – 80mm	\$17,202	9	\$154,818		\$154,818
Non-Residential – 100mm	\$26,836	12	\$322,032		\$322,032
Non-Residential – 150mm	\$63,905	1	\$63,905		\$63,905
Liquid Trade Waste Inspection	\$165.37		\$34,728		\$34,728
Non-Residential Usage				\$950,000	\$950,000
Liquid Trade Waste Usage				\$302,000	\$302,000
<b>Totals</b>		<b>9,618</b>	<b>\$13,254,457</b>	<b>\$1,252,000</b>	<b>\$14,506,457</b>

Charges for Consumption:	Usage charges
Non-Residential	\$3.10

#### 4. Domestic Waste Management Charges

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

**Table 4: Domestic Waste Management Charges**

Description	Charge	No. of Services	Total Annual Income
Domestic Waste Charge (Standard Service)	\$424	9,990	\$4,235,760
Domestic Waste Charge (Standard Service with 360L Recycle)	\$436	607	\$264,652
Domestic Waste Charge (Small Service)	\$350	954	\$333,900
Domestic Waste Charge (Small Service with 360L Recycle)	\$363	19	\$6,897
140 Litre Mixed Waste Service	\$139	16	\$2,224
240 Litre Mixed Waste Service	\$195	563	\$109,785
240 Litre Recycling Waste Service	\$107	141	\$15,087
360 Litre Recycling Waste Service	\$119	248	\$29,512
140 Litre Green Waste Service	\$130	5	\$650
240 Litre Green Waste Service	\$142	173	\$24,566
Vacant	\$43	491	\$21,113
<b>Totals</b>		<b>13,207</b>	<b>\$5,044,146</b>

#### 5. Stormwater Management Service Charges

All urban properties except vacant land that are in the residential and business categories for rating purposes, for which Council provides a stormwater management service will be charged a stormwater levy pursuant to Section 501 of the Local Government Act 1993. This was introduced in 2017/18 to generate around \$200,000 in additional funds to improvedrainage, cleaning schedules and security on the stormwater system. The charge for 2021/22 will remain at \$25.00 per assessment, or per strata assessment will be \$12.50.

**Table 5: Stormwater Management Service Charges**

Description	Charge	No. of Assessments	Total Annual Income
Stormwater Manager services charge Urban per assessment	\$25	7,596	\$189,900
Stormwater Manager services charge Urban per strata unit	\$12.50	1,032	\$12,900
<b>Totals</b>		<b>8,628</b>	<b>\$202,800</b>



## 6. On-Site Sewer Charges

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

**Table 6: On-Site Sewer Charges**

Description	Charge	No of Assessments	Total Annual Income
On-site Sewer Management Fee - Residential	\$85	5,181	\$440,385
On-site Sewer Management Fee – Commercial, Small	\$188	117	\$21,996
On-site Sewer Management Fee – Commercial, Large	\$350	36	\$12,600
<b>Totals</b>		<b>5,334</b>	<b>\$474,981</b>

## 7. Interest on Overdue Rates & Charges

Council’s current policy is to adopt the maximum permissible interest rate for each year on overdue rates, charged on a simple interest basis. The interest rate for overdue rates and charges will be 6% per annum as per the Office of Local Government (to be confirmed).

## 8. Pricing Methodology

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

Council has given due consideration to the following factors in determining the appropriate price for each fee:

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

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

### **1. Full cost recovery**

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

### **2. Subsidised / Partial cost recovery**

Council recovers less than full cost for reasons of community obligation, legislated limits on charging, etc.

### **3. Rate of return**

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

### **4. Market**

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

### **5. Statutory & Regulatory**

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

## **9. Proposed Borrowings**

Council's borrowings are governed by the provisions of the Local Government Act 1993 and the Local Government (General) Regulation 2005.

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

The proposed loan program across the three funds for 2021/22 is as follows:

<b>Fund</b>	<b>\$'M</b>
General	0.0
Water	0.0
Sewer	3.0
<b>Total</b>	<b>3.0</b>

The proposed loans are to fund capital works for sewer augmentation.