

REVENUE POLICY 2017/2018

Rates

Council proposes to levy four ordinary rates for the 2017/2018 year - Farmland, Residential, Business and Mining. The Residential and Business categories have various sub-categories, a detailed list of the sub-categories appears in the Statement of Proposed Rates to be levied (as attached).

Council proposes to use an ad valorem (rate in the dollar) with a common minimum rate. A detailed summary of the revenue yields appears in the Statement of Proposed Rates to be levied (as attached).

Charges

Council introduced best practice water, sewerage and trade water charges in the 2005-2006 year. With the increasing demands being placed on NSW water resources, the State Government considers it important for water supply authorities (referred to as LWU – local water utility) to set best-practice tariffs for water supply, sewerage and liquid trade waste. Such tariffs are designed to better recognise the true cost of providing the services and comply with the Independent Pricing and Regulatory Tribunal’s (IPART) Pricing Principles for Local Water Authorities handed down in 1996. The IPART Pricing Principles are consistent with the Council of Australian Governments’ (COAG) Strategic Framework for Water Reform developed in 1994. All Australian Governments agreed to comply with this framework in 1998 and such compliance is required under National Competition Policy.

Water

The pricing for water for properties in Walcha is based on an access charge and a usage charge. In accordance with Sections 501 and 502 of the Local Government Act 1993, Council will levy an access charge to all assessments connected and all those that are capable of being connected (within 225 metres of a water main) to Council’s water supply. Where connection to a Council main is required or a mains extension is required, the owner shall pay the relevant connection fee calculated in accordance with Council’s fees and charges.

The fixed access charge is calculated according the following formula:

$$AC = AC_{20} \times \frac{D^2}{400}$$

Where:

| | | |
|------------------|---|---|
| AC | = | Customer’s Annual Access Charge (\$) |
| AC ₂₀ | = | Annual Access Charge for a 20mm diameter water supply service connection (\$) |
| D | = | Diameter of customer’s water supply service connection (mm) |

The basis for this formula comes from fluid mechanics where in simple terms, the flow through a pipeline is directly proportional to the area of the pipeline. As the area of a pipeline is equal to $\pi \frac{D^2}{4}$ then the flow through a pipeline is directly proportional to the

REVENUE POLICY 2017/2018

diameter squared. Therefore if the diameter of a pipeline doubles the flow and therefore the access charge increase fourfold assuming everything else remains constant.

Using the abovementioned formula the following access charges are proposed for 2017/18:

| Connection Size | Access Fee \$ |
|------------------------|----------------------|
| 20 mm | \$231.50 |
| 25 mm | \$353.00 |
| 32 mm | \$573.30 |
| 38 mm | \$816.00 |
| 50 mm | \$1,411.00 |
| 75 mm | \$3,175.00 |
| 100 mm | \$5,645.00 |

The usage charge for residential customers in 2017/18 will comprise the following two steps:

| | | |
|--------------------|---|----------------------|
| 0 - 300 kilolitres | - | \$3.00 per kilolitre |
| 301 and above | - | \$4.37 per kilolitre |

The usage charge for non residential customers will be a flat \$3.00 per kilolitre. The usage charge for untreated will be a flat \$1.50 per kilolitre.

Sewerage

For residential customers, the best practice guidelines recommend that there should be a uniform sewerage bill for all properties based on the estimated volume of sewerage discharged from all residential customers. In accordance with Sections 501 and 502 of the Local Government Act 1993, Council will levy an access charge to all assessments connected and all those that are capable of being connected (within 75 metres of a sewer main) to Council's sewerage system. Where connection to a Council main is required or a mains extension is required, the owner shall pay the relevant connection fee calculated in accordance with Council's fees and charges.

The annual residential sewerage bill is calculated as the Sewer Discharge Factor (SDF) times the annual non-residential sewerage access charge plus SDF times the product of the sewer usage charge (UC) and the average residential consumption. That is:

$$B_R = (SDF \times SAC_{20}) + (SDF \times C_R \times UC)$$

Where:

| | | |
|------------|---|---|
| B_R | = | Annual residential sewerage bill (\$) |
| SDF | = | Sewer Discharge Factor – the proportion of total residential water consumption that is discharged to the sewerage system. A typical value for NSW is $SDF = 0.70$ |
| SAC_{20} | = | Annual Non Residential Sewer Access Charge service connection (\$). Calculated to be \$450.00 for Walcha. |
| C_R | = | Average annual residential water consumption (kl). |

REVENUE POLICY 2017/2018

UC = For Walcha last year this figure was 146 kl.
Sewer usage charge (\$/kL). Has been set at \$0.99/kl
this is within the recommended range.

Based on the above formula the proposed sewerage charge for residential customers is \$460.00 per year. The unoccupied sewerage charge for residential customers is \$230.00 per year.

For non-residential customers, the sewerage bill recommended by the Guidelines is similar and is as follows:

$$B = (SDF \times SAC) + (SDF \times C \times UC)$$

Where:

B = Annual non-residential sewerage bill (\$)
SDF = Sewer Discharge Factor – the proportion of total water consumption that is discharged to the sewerage system
SAC = Customers Annual Sewer Access Charge
$$SAC = SAC_{20} \times \frac{D^2}{400}$$

C = Customer's annual water consumption (kL).
UC = Sewer usage charge (\$/kL). This has been set at \$0.99/kL which is within the recommended range.

The SDF for non-residential customers varies according to the type of business. The non residential sewer access charge is set at \$450 per user, per annum. The vacant non-residential access charge is set at \$220 per user, per annum.

Trade Waste

The Guidelines also recommend that local water utilities responsible for sewerage must levy appropriate trade waste fees and charges on all its liquid trade waste dischargers in addition to the non-residential sewerage bills.

The recommended fees and charges in 2017/18 are

Council's liquid trade waste fees and charges:

- Application fee - fee based on category with a minimum charge of \$169.00
- Annual trade waste fee –
 - Classification A \$82.50
 - Classification B \$165.00
 - The annual fee for Classification C dischargers will be set on a case by case basis depending on the complexity of monitoring required (for charging purposes and other administrative requirements).

REVENUE POLICY 2017/2018

- Re-inspection fee - \$79.00
- Trade waste usage charge - \$1.50/kL with appropriate pre-treatment
- Trade waste usage charge - \$13.86/kL without appropriate pre-treatment
- Food waste disposal charge - \$26.42/bed
- Portable toilet - \$15.59/kL
- Septic Waste
 - Normal (combined effluent & sludge) - \$2.59/kL
 - Effluent only - \$2.15/kL
 - Sludge only - \$22.34/kL

Dischargers requiring nil or minimal pre-treatment of their liquid trade waste will only pay an annual trade waste fee together with a re-inspection fee where required. That is:

$$TW = A + I$$

Where:

| | | |
|----|---|--|
| TW | = | Total annual trade waste fees and charges (\$) |
| A | = | Annual trade waste fee (\$) |
| I | = | Re-inspection fee (\$) (where required) |

Dischargers with prescribed pre-treatment will pay a trade waste usage charge per kL plus the annual trade waste fee. That is:

$$TW = A + I + (C \times UC_{TW} \times TWDF)$$

Where:

| | | |
|-----------|---|--|
| TW | = | Total annual trade waste fees and charges (\$) |
| A | = | Annual trade waste fee (\$) |
| I | = | Re-inspection fee (\$) (where required) |
| C | = | Customer's annual water consumption (kL) |
| UC_{TW} | = | Trade waste usage charge (\$/kL) of \$1.50/kL |
| TWDF | = | Trade waste discharge factor |

The TWDF represents the estimated proportion of a customer's metered water consumption that is discharged to the sewerage system as liquid trade waste.

REVENUE POLICY 2017/2018

The following table represents sewerage and trade waste discharge factors.

Sewer and Trade Waste Discharge Factor

| Business Description | Discharge Factor | |
|--|------------------|-----------------|
| | Sewer | Trade Waste |
| Bakery | 95 | 25 |
| With a residence attached ¹ | 70 | 18 |
| Bed and Breakfast/Guesthouse (max. 10 persons) | 75 | NA ² |
| Butcher | 95 | 90 |
| With residence attached ¹ | 70 | 65 |
| Cakes/Patisserie | 95 | 50 |
| Car Detailing | 95 | 90 |
| Caravan Park (with commercial kitchen) | 75 | 25 |
| Caravan Park (no commercial kitchen) | 75 | NA ² |
| Club | 95 | 30 |
| Community Hall (minimum food only) | 95 | NA ² |
| Craft/Stonemason | 95 | 80 |
| Day Care Centre | 95 | NA ² |
| Delicatessen, mixed business (no hot food) | 95 | NA ² |
| With residence attached | 70 | |
| Dental Surgery with X-ray | 95 | 80 |
| With a residence attached ¹ | 70 | 60 |
| Hairdresser | 95 | NA ² |
| High School | 95 | 25 ⁵ |
| Hospital | 95 | 60 |
| Hotel | 100 | 25 |
| Joinery | 95 | 10 |
| Laundry | 95 | 92 ⁵ |
| Mechanical Workshop ³ | 95 | 70 |
| Mechanical Workshop with car yard | 85 | 70 |
| Medical Centre | 95 | 25 ⁵ |
| Motel small (breakfast only, no hot food) | 90 | NA ² |
| Motel (other than breakfast only, no hot food) | 90 | 20 |
| Nursing Home | 90 | 50 |
| Office Building | 95 | NA ² |
| Panel Beating/Spray Painting | 95 | 70 |
| Primary School | 95 | 10 ⁵ |
| Printer | 95 | 85 |
| Restaurant ⁴ | 95 | 50 |
| Self Storage | 90 | NA ² |
| Service Station | 90 | 70 |
| Supermarket | 95 | 70 |
| Swimming Pool (commercial) | 85 | NA ² |
| Take Away Food | 95 | 50 |
| Veterinary (no X-ray), Kennels, Animal Wash | 80 | NA ² |

Notes:

¹ If a residence is attached, that has garden watering, the residential SDF should be applied.

² A trade waste usage charge is not applicable for this Category 1 activity.

³ Includes lawn mower repairers, equipment hire.

⁴ Includes café, canteen, bistro, etc.

⁵ A trade waste usage charge applies if appropriate pre-treatment has not been installed or has not been properly operated or maintained.

REVENUE POLICY 2017/2018

Waste Management Charges

Annual Domestic Waste Management (DWM) service charge is comprised of – 1 x 140L (Red) General Waste bin, 1 x 240L (Yellow) Recycling Waste bin and 1 x 240L (Green) Green Waste bin.

Annual Commercial Waste Management (CWM) service charge is comprised of – 1 x 240L (Red) General Waste bin and 1 x 240L (Yellow) Recycling Waste bin.

Fees

Council proposes to charge fees for 2017-2018 year. Generally, Council will endeavour to ensure that all fees charges are raised equitably. A Statement with respect to each type of fee proposed to be charged and the amount of each charge is attached in the Statement of Fees and Charges (as attached).

Private Works

Private works will only be performed by Council when the Director - Engineering Services so approves but shall not be carried out if such private work interferes with Council's works programme. Charges to be calculated on Council's comprehensive hire rates or Council cost plus twenty five per cent (25%). Materials charged as per fees and charges. Quotes will be provided by the Director - Engineering Services if requested. Payment in advance for work being carried out is not required except where

- ◆ considered necessary by the General Manager
- ◆ the customer is not currently a rate payer, full payment in advance is required unless prior approval by the General Manager

Where payment in advance is required, 50 percent of the work value shall be paid prior to the work being commenced. Details of individual private works charges are available from the Engineering Services Department.

Where required by law, the 10 per cent Goods and Services Tax will be added to the cost of all private works.

Goods and Services Tax (GST)

All fees and charges have been prepared using the most current available information in relation to the GST impact on the fees and charges at the time of publication of the Strategic Plan. However the GST legislation is subject to change during the year, accordingly if a fee that is shown as being subject to GST is subsequently proven not to be liable to the tax the fee or charge will be reduced by the amount of the tax. Conversely if Council is advised that a fee, which is shown not to be subject to GST, becomes liable to the tax the charge or fee will be increased by the amount of the tax.

Proposed Borrowings

No new Borrowings are proposed for 2017-18 financial year.

REVENUE POLICY 2017/2018

| RATING CATEGORY | Proposed to be levied - 2017/2018 | | | CENTS IN \$ | AD VALOREM REVENUE | TOTAL REVENUE |
|------------------------------|-----------------------------------|----------------------|--------------|----------------|--------------------|------------------|
| | NUMBER OF ASSESSMENTS | LAND VALUE | MINIMUM RATE | | | |
| Farmland | 85 | 6,823,610 | 432.00 | 36,720 | | |
| | 671 | 1,006,232,020 | | | 0.00270799 | 2,724,866 |
| | 756 | 1,013,055,630 | | | | |
| Residential | 144 | 7,330,060 | 432.00 | 62,208 | | |
| | 50 | 8,755,000 | | | 0.00298237 | 26,111 |
| | 194 | 16,085,060 | | | | 88,319 |
| Residential - Walcha | 451 | 18,506,760 | 432.00 | 194,832 | | |
| | 270 | 20,088,880 | | | 0.00790417 | 158,786 |
| | 721 | 38,595,640 | | | | 353,618 |
| Business | 11 | 188,590 | 432.00 | 4,752 | | |
| | 5 | 920,700 | | | 0.00599366 | 5,518 |
| | 16 | 1,109,290 | | | | 10,270 |
| Business - Walcha Centre | 30 | 644,254 | 432.00 | 12,960 | | |
| | 61 | 5,035,400 | | | 0.01126633 | 56,730 |
| | 91 | 5,679,654 | | | | 69,690 |
| Business - Walcha Industrial | 8 | 198,700 | 432.00 | 3,456 | | |
| | 29 | 2,926,500 | | | 0.00900807 | 26,362 |
| | 37 | 3,125,200 | | | | 29,818 |
| Mining | 2 | 26,560 | 432.00 | 864 | | |
| | 1 | 63,400 | | | 0.01026893 | 651 |
| | 3 | 89,960 | | | | 1,515 |
| TOTALS | 1819 | 1,077,740,434 | | 315,792 | | 2,999,025 |
| | | | | | | 3,314,817 |

REVENUE POLICY 2017/2018

| ANNUAL CHARGES | No. Services | Amount | Total |
|---|--------------|------------|---------------------|
| Water Access | | | |
| Residential (20mm) - Treated | 712 | \$231.50 | \$164,824 |
| Residential (25mm) - Treated | 37 | \$353.00 | \$13,061 |
| Residential (32mm) - Treated | 0 | \$573.00 | \$0 |
| Residential (38mm) - Treated | 3 | \$816.00 | \$2,448 |
| Residential (50mm) - Treated | 1 | \$1,411.00 | \$1,411 |
| Residential (100mm) - Treated | 1 | \$5,644.80 | \$5,645 |
| Residential (Vacant) - Treated | 24 | \$231.50 | \$5,556 |
| Non-Residential (20mm) - Treated | 126 | \$231.50 | \$29,168 |
| Non-Residential (25mm) - Treated | 18 | \$353.00 | \$6,354 |
| Non-Residential (32mm) - Treated | 0 | \$573.00 | \$0 |
| Non-Residential (38mm) - Treated | 8 | \$816.00 | \$6,528 |
| Non-Residential (50mm) - Treated | 5 | \$1,411.00 | \$7,055 |
| Non-Residential (75mm) - Treated | 0 | \$3,173.00 | \$0 |
| Non-Residential (100mm) - Treated | 4 | \$5,645.00 | \$22,580 |
| Non-Residential (Vacant) - Treated | 15 | \$231.50 | \$3,472 |
| Untreated (20mm) | 4 | \$231.50 | \$926 |
| Untreated (25mm) | 6 | \$353.00 | \$2,118 |
| Untreated (38mm) | 3 | \$816.00 | \$2,448 |
| Untreated (50mm) | 0 | \$1,411.00 | \$0 |
| | | | \$273,595 |
| Sewer Access | | | |
| Residential (Occupied) | 687 | \$460.00 | \$316,020 |
| Residential (Unoccupied) | 31 | \$230.00 | \$7,130 |
| Non-Residential (Occupied) | 88 | \$450.00 | \$39,600 |
| Non-Residential (Unoccupied) | 15 | \$220.00 | \$3,300 |
| | | | \$366,050 |
| Waste Management | | | |
| Annual Domestic Waste Management (DWM) | 801 | \$474.00 | \$379,674 |
| DWM – Annual Additional 140L General Waste | 2 | \$214.00 | \$428 |
| DWM – Annual Additional 240L Recycling Waste | 8 | \$161.00 | \$1,288 |
| Annual Commercial Waste Management (CWM) | 230 | \$482.00 | \$110,860 |
| Annual CWM 240L Green Waste Charge | 18 | \$38.00 | \$684 |
| CWM – Annual Additional 240L General Waste | 2 | \$321.00 | \$642 |
| CWM – Annual Additional 240L Recycling Waste | 8 | \$161.00 | \$1,288 |
| Annual Waste Management– Rural | 907 | \$134.00 | \$121,538 |
| Annual Waste Management - Unoccupied Town | 68 | \$107.00 | \$7,276 |
| Commercial Recycling – Cardboard and Paper - Woolpack Collection Service | 540 | \$16.00 | \$8,640 |
| Commercial Recycling – Cardboard and Paper– 240L Bin Collection Service | 116 | \$8.00 | \$928 |
| Commercial Recycling – Cardboard and Paper – Supermarket Bale (minimum 12 bale) | 32 | \$200.00 | \$6,400 |
| | | | \$639,646.00 |

¹ – Average rate – actual charge depends on water usage

² – Number of services varies depending on demand