

REVENUE POLICY

2023-2024



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KEMPSEY
Shire Council

Table of Contents

Estimated Income and Expenditure 2023-24	2
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)).

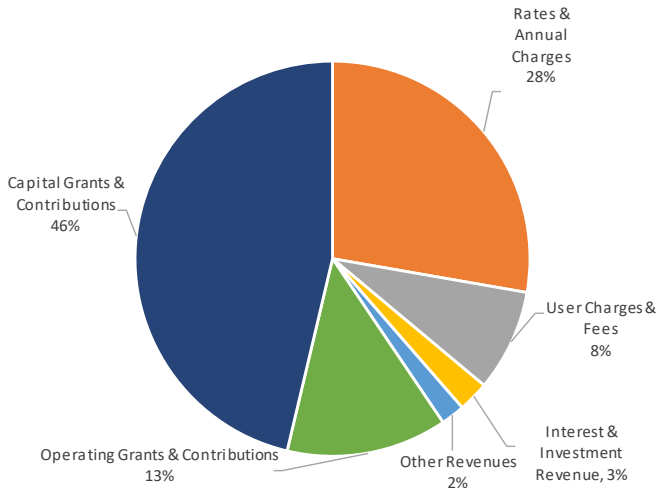
Estimated Income and Expenditure 2023-24

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.

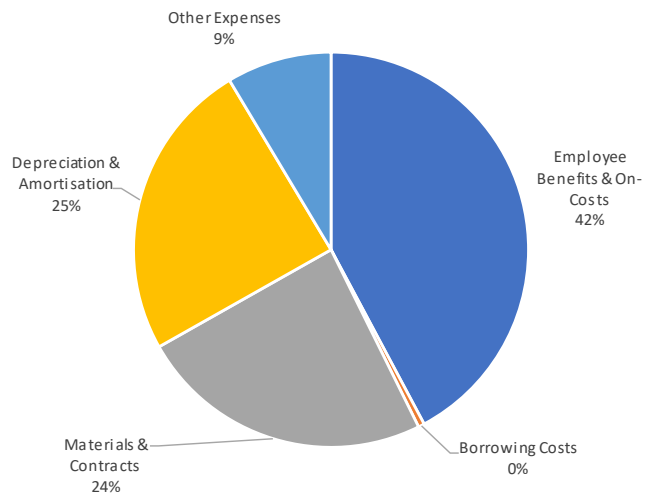
The charts below provide an overview of the budgeted income and expenditure for 2023-24 for all three funds.

General Fund

Revenue Forecasts

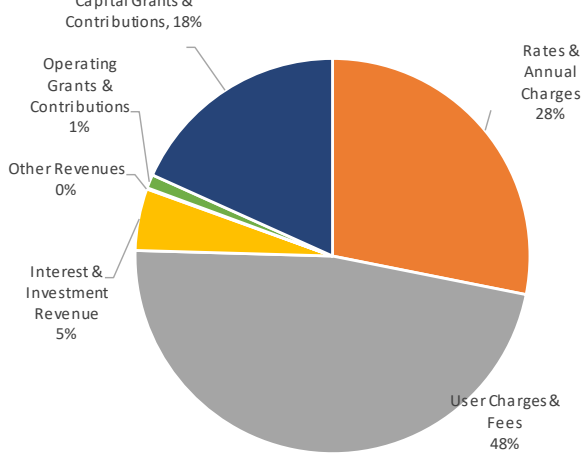


Expenditure Forecasts

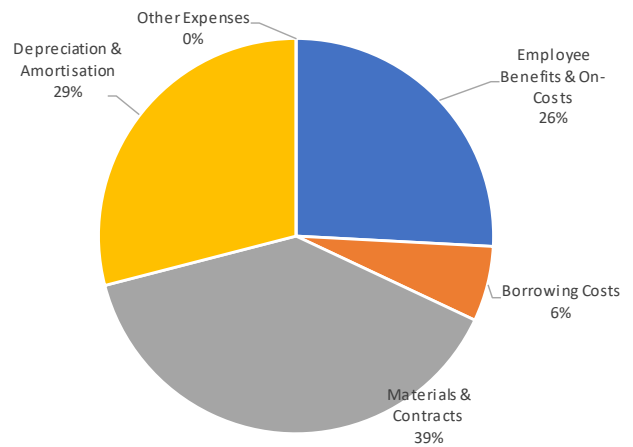


Water Fund

Revenue Forecasts

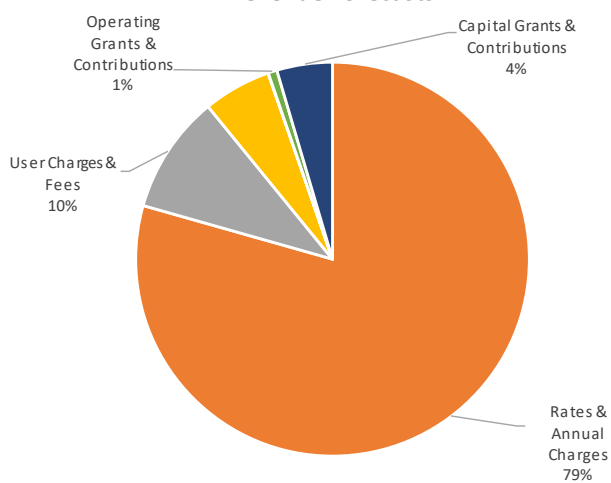


Expenditure Forecasts

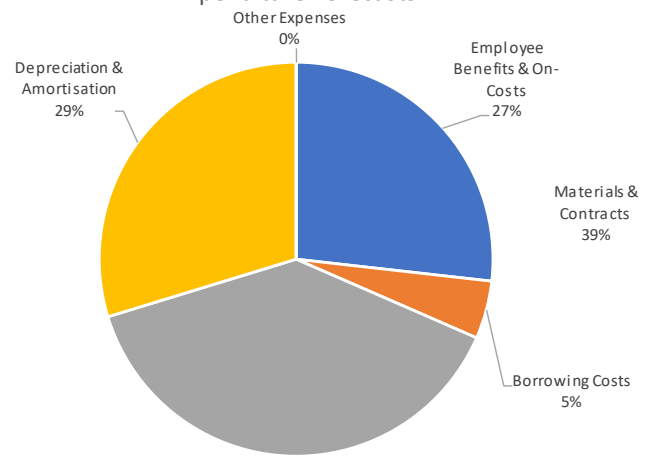


Sewer Fund

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 2023-24 in respect of each category of ordinary rates levied by Council.

Residential: Will be levied a base amount of \$636 and an ad valorem rate of 0.002276 cents in the dollar.

Farmland: The rates for Farmland will be levied a base amount of \$699 and an ad valorem rate of 0.002923 cents in the dollar.

Business: Urban businesses in the Kempsey Shire areas marked in the attached maps will be charged a base amount of \$766 with an ad valorem rate of 0.008383 cents in the dollar. All other Businesses outside of these marked areas will be charged a base amount of \$678 with an ad valorem rate of 0.005863 cents in the dollar. The different base and ad valorem charges have been applied due to the various levels of services provided in each area.

Environment Levy: This 4.20% levy was approved in 2018 by IPART to allow the continuation of the levy in place since 2008-09. This levy was put in place to fund significant environmental restoration projects and manage and protect waterways and natural environment. An amount of \$943,698 is proposed to be raised during the 2023-24 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 2023-24 Rating Structure

Category	No. of Assessments	Land Value	Ad Valorem	Base Rate Amount	Yield Base Rate	Yield Ad Valorem	Total Rate Yield
Residential	13,094	\$3,668,877,330	\$0.002276	\$636	\$8,327,784	\$8,350,365	\$16,678,149
Farmland	1,498	\$836,759,757	\$0.002923	\$699	\$1,047,102	\$2,445,849	\$3,492,951
Business Urban	631	\$204,543,010	\$0.008383	\$766	\$483,346	\$1,714,684	\$2,198,030
Business Other	178	\$55,747,990	\$0.005863	\$678	\$120,684	\$326,850	\$447,534
Environment	15,401	\$4,765,928,087	\$0.000156	\$13	\$200,213	\$743,485	\$943,698
Totals					\$10,179,129	\$13,581,233	\$23,760,362

2. Water Supply Access & Usage Charges

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

Table 2: Water Supply Access & Usage Charges

Description	Annual Charge	Services Charged	Total Annual Income	Total Usage Income	Total Income
20mm water meter (including vacant land)	\$391	11,073	\$4,329,543		\$4,329,543
Strata	\$391	888	\$347,208		\$347,208
25mm	\$605	1,116	\$675,180		\$675,180
32mm	\$984	87	\$85,608		\$85,608
40mm	\$1,533	77	\$118,041		\$118,041
50mm	\$2,389	68	\$162,452		\$162,452
80mm	\$6,087	13	\$79,131		\$79,131
100mm	\$9,506	26	\$247,156		\$247,156
150mm	\$21,377	3	\$64,131		\$64,131
200mm	\$38,608	0	\$0		\$0
Fire Services	\$1,065	39	\$41,535		\$41,535
Water Usage				\$9,528,742	\$9,528,742
Total		13,390	\$6,149,985	\$9,528,742	\$15,678,727

Charges for Consumption:	Usage charges (per kilolitre)
Residential Tier 1: 0-250	\$3.19
Residential Tier 2: 250+	\$4.61
Non-Residential	\$3.19
Bulk water (filling stations or metered standpipes)	\$4.00
Large Commercial Users – 0 – 10,000 kl per annum	\$3.19
Large Commercial Users – >10,000 kl per annum	\$2.53
Large Commercial Users – >10,000 kl per annum – Meat Processors	\$1.61
Recycled & Reclaimed Water	\$1.28
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	\$1,540	8,698	\$13,394,920		\$13,394,920
Residential - Vacant	\$935	454	\$424,490		\$424,490
Non-Residential – Vacant	\$935	42	\$39,270		\$39,270
Non-Residential – 20mm	\$1,421	381	\$541,401		\$541,401
Non-Residential – 25mm	\$2,235	168	\$375,520		\$375,520
Non-Residential – 32mm	\$3,279	53	\$173,787		\$173,787
Non-Residential – 40mm	\$5,069	52	\$263,588		\$263,588
Non-Residential – 50mm	\$8,017	40	\$320,680		\$320,680
Non-Residential – 80mm	\$20,562	9	\$185,058		\$185,058
Non-Residential – 100mm	\$32,078	12	\$384,936		\$384,936
Non-Residential – 150mm	\$76,387	1	\$76,387		\$76,387
Liquid Trade Waste Inspection	\$181	208	\$37,571		\$37,571
Liquid Trade Waste Inspection – Second Inspection	\$216	6	\$1,298		\$1,298
Non-Residential Usage				\$1,214,000	\$1,214,000
Liquid Trade Waste Usage				\$320,000	\$320,000
Total		10,124	\$16,218,906	\$1,534,000	\$17,752,906

Charges for Consumption:	Usage charges (per kilolitre)
Non-Residential	\$3.70

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)	\$485	10,142	\$4,918,870
Domestic Waste Charge (Standard Service with 360L Recycle)	\$499	686	\$342,314
Domestic Waste Charge (Small Service)	\$400	941	\$376,400
Domestic Waste Charge (Small Service with 360L Recycle)	\$415	20	\$8,300
140 Litre Mixed Waste Service	\$152	19	\$2,888
240 Litre Mixed Waste Service	\$213	603	\$128,439
240 Litre Recycling Waste Service	\$117	146	\$17,082
360 Litre Recycling Waste Service	\$130	251	\$32,630
140 Litre Green Waste Service	\$142	7	\$994
240 Litre Green Waste Service	\$155	180	\$27,900
Vacant	\$46	645	\$29,670
Total		13,640	\$5,885,487

5. Stormwater Management Service Charges

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

This was introduced in 2017-18 to generate around \$200,000 in additional funds to improve drainage, cleaning schedules and security on the stormwater system. The charge for 2023-24 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	7,692	\$192,300
Stormwater Manager services charge Urban per strata unit	\$12.50	1,099	\$13,738
Totals		8,721	\$206,038

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	\$92	5,237	\$481,804
On-site Sewer Management Fee – Commercial, Small	\$205	112	\$22,960
On-site Sewer Management Fee – Commercial, Large	\$383	34	\$13,022
Total		5,383	\$517,786

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 9% per annum for the 2023-24 year as notified by the Office of Local Government.

8. Pricing Methodology

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

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

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

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

1. Full cost recovery

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

2. Subsidised / Partial cost recovery

Council recovers less than full cost for reasons of 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

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

9. Proposed Borrowings

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

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

The proposed loan program across the three funds for 2023-24 is as follows:

Fund	\$'M
General	10.0
Water	5.0
Sewer	0.0
Total	15.0

The proposed loans are to fund capital works for the replacement of water treatment plants (\$5M) and to fund General Fund capital projects including airport upgrades, waste landfill projects, upgrades of roads and bridges and the refurbishment of Council's depot.