



WALGETT SHIRE COUNCIL
OPERATIONAL PLAN 2019/2020
Statement of Revenue Policy



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The Statement of Revenue Policy details a number of significant factors have been considered in forming the projected Operational Budget. The 2019/20 Operational Budget has been formulated within a number of income and cost constraints including rate pegging allowable increases and the additional cost impacts of operating within a remote location.

2019/2020 RATE PEGGING

Council's primary objective for rating in the forthcoming financial year is to maintain a rating structure that is fair and equitable for all ratepayers.

Equity is the corner stone of Council's Rating Policy and to achieve the best possible result for the community Council has chosen to have all rating categories have a base and Ad valorem.

The level of rate pegging is determined by the Independent Pricing and Regulatory Tribunal (IPART) and the maximum amount that the Council is permitted to increase its general rate income by in the 2019/2020 financial year is **2.7%** and Council proposes to take up the full amount plus the adjustment from the previous year as advised by IPART.

The rate peg for 19/20 has been calculated by taking the increase in the "Local Government Cost Index" to September 2017 which was 2.7%. The allowable rate pegging limit plus the catch-up shall be distributed evenly across all rating categories and sub categories.

The IPART rate peg does not apply to ordinary fees and charges, domestic waste management, water and sewer annual charges.

RATING METHOD OPTIONS & CATEGORISATION OF LAND

The *Local Government Act 1993* provides Council with the following three alternative methods of levying rates:

1. Solely ad valorem rating ie, cents in the \$ on land value.
2. Minimum rate plus ad valorem rate.
3. A base amount of up to 50% of the total yield required to be raised from a category or sub-category of a rate and applied to all rateable parcels within that category or sub-category plus an ad valorem rate to raise the additional required.

Council's rate structure for 2019/2020 consists of a base amount plus ad valorem rate for all categories.

Rates Statement

Rates are levied on the land value of the property (as determined by the Valuer General) and in accordance with the *Local Government Act 1993*.

Categorisation of Land for Purposes of Ordinary Rates

Council in accordance with Section 514 *Local Government Act 1993* must declare each parcel of rateable land in its area to be within one of the following categories:

1. Farmland
2. Residential
3. Mining
4. Business

Council utilises the provisions of Section 528 and 529 of the *Local Government Act 1993* in applying differential rating to the categories of ordinary rates.

The criteria in determining the categorisation of land is as follows:

Rate may be the same or different within a category

1. Before making an ordinary rate, a council may determine a sub-category or sub-categories for one or more categories of rateable land in its area.

2. A sub-category may be determined:

- a. for the category farmland - according to the intensity of land use, the irrigability of the land or economic factors affecting the land, or
- b. for the category residential. - according to whether the land is rural residential land or is within a centre of population, or
- c. for the category mining - according to the kind of mining involved, or
- d. for the category business - according to a centre of activity.

Note: In relation to the category business, a centre of activity might comprise a business centre, an industrial estate or some other concentration of like activities.

3. The ad valorem amount (the amount in the dollar) of the ordinary rate may be the same for all land within a category or it may be different for different sub-categories.

4. Land may be taken to be irrigable for the purposes of subsection (2) (a) if, and only if, it is the subject of a water right within the meaning of the *Valuation of Land Act 1916*.

Categorisation as farmland

1. 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, orcharding, bee-keeping, horticulture, vegetable growing, the growing of crops of any kind, forestry or aquaculture within the meaning of the *Fisheries Management Act 1994*, or any combination of those businesses or industries) which:

a. has a significant and substantial commercial purpose or character, and

b. 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.

3. The regulations may prescribe circumstances in which land is or is not to be categorised as farmland.

Categorisation as residential

1. Land is to be categorised as residential if it is a parcel of rateable land valued as one assessment and:

a. its dominant use is for residential accommodation (other than as a hotel, motel, guesthouse, backpacker hostel or nursing home or any other form of residential accommodation (not being a boarding house or a lodging house) prescribed by the regulations), or

b. 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

c. it is rural residential land.

Note:

1.

a. For the purposes of this section, a boarding house or a lodging house means a building wholly or partly let as lodging in which each letting provides the tariff-paying occupant with a principal place of residence and in which:

(i) each tariff charged does not exceed the maximum tariff for boarding houses or lodging houses for the time being determined by the Minister by order published in the Gazette for the purposes of this subsection, and

(ii) there are at least 3 tariff-paying occupants who have resided there for the last 3 consecutive months, or any period totalling 3 months during the last year, and includes a vacant building that was so let immediately before becoming vacant, but does not include a residential flat building, licensed premises, a private hotel, a building containing serviced apartments or a backpacker hostel or other tourist establishment.

2. The regulations may prescribe circumstances in which land is or is not to be categorised as residential.

Categorisation as mining

1. 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.
2. The regulations may prescribe circumstances in which land is or is not to be categorised as mining.

Categorisation as business

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

Strata lots and company titles are taken to be separate parcels of land for categorisation

For the purposes of this Part:

- a. each lot in a strata plan that is registered under the *Strata Schemes Freehold Development Act 1973* or the *Strata Schemes Leasehold Development Act 1986*, and
- b. each dwelling or portion of the kind referred to in section 547 (1), is taken to be a separate parcel for the purposes of categorisation.

Mixed development land

1. Definitions In this section, "mixed development land" and "non-residential land" have the same meanings as in section 14BB of the *Valuation of Land Act 1916*.

2. Categorisation of parts of mixed development land If a valuation is furnished under the *Valuation of Land Act 1916* for mixed development land:

- a. the part of the land that is non-residential land is taken to have been categorised as business, and
- b. the part of the land that is not non-residential land is taken to have been categorised as residential, despite sections 515-518.

3 Sub-categories the council may determine a sub-category for a part of land to which subsection (2) applies according to the category determined by that subsection for the part.

4. Apportionment of rates and charges. A rate, the base amount of a rate, or the minimum amount of a rate or of a charge, that is made and levied according to categories or sub-categories of land is to apply to a parcel of mixed development land according to the percentages represented by the apportionment factor for the parcel ascertained under section 14X of the *Valuation of Land Act 1916*.

How is vacant land to be categorised?

If vacant land is unable to be categorised under section 515, 516 or 517, the land is to be categorised:

- a. if the land is zoned or otherwise designated for use under an environmental planning instrument - according to any purpose for which the land may be used after taking into account the nature of any improvements on the land and the nature of surrounding development, or
- b. if the land is not so zoned or designated - according to the predominant categorisation of surrounding land.

Notice of declaration of category

1. A council must give notice to each rateable person of the category declared for each parcel of land for which the person is rateable.
2. The notice must be in the approved form and must:
 - a. state that the person has the right to apply to the council for a review of the declaration that the land is within the category stated in the notice, and
 - b. state that the person has the right to appeal to the Land and Environment Court if dissatisfied with the council's review, and
 - c. refer to sections 525 and 526.

PROPOSED RATE STRUCTURE FOR 2019/2020

Council proposes to use the allowable rate pegging limit plus the catch-up to be distributed evenly across all rating categories and sub-categories.

Another two (2) rating categories, Residential and Commercial Mineral Claims is included on the premise, the State Government may in the near future re-introduce the Fire & Emergency Services Levy (FESL). Making of these rating categories now enables future valuations for such categories to be taken up as rating growth and not excess to the IPART Rate Peg.

The category, "Rural Irrigable"(Farmland) is included with a similar Base and Ad Valorem to that of "Rural" (Farmland) making provision for the possibility of successful objections to the re-categorisation of "Rural Irrigable" properties.

The following table shows the proposed rates for 2019/2020 based on an increase of 2.3%.

ORDINARY RATES - DEPICTING 2.7% RATE PEGGING INCREASE

Rate modelling has produced a variety of rating alternatives for the coming year, with the attached model by far the best rating alternative, fair and equitable with minimal impact upon any one rating category.

- Distribute costs equitably among its customers and eliminate significant cross-subsidies; and
- Reflect the cost of providing the service and raise the annual income required for the long-term financial sustainability of Council's water supply and sewerage services, including investment in new and replacement infrastructure.

With increasing demands being placed on the finite water resources of NSW, it is vital that we use the resources efficiently. Introduction of best-practice pricing for water supply, sewerage and liquid waste services is an essential step for achieving the objectives in non-metropolitan NSW.

Each year Council will continue to review its water pricing policy to confirm a continuation of progress towards full compliance of best practice pricing.

Section 552 (1)(b) of the *Local Government Act 1993* prescribes that Council can charge for a water service provided the land is within 225 metres of a water pipe of Council.

Section 552 (3)(a) of the *Local Government Act 1993* prescribes that Council can charge for a sewer service provided the land is within 75 metres of a sewer of Council.

In developing its water pricing structure Council categorised its water supply schemes as 3 Bore and 2 River Systems.

WATER CHARGES

STAND PIPE CHARGES

From the 1st July 2017 Council re-introduced standpipe charges at both Lightning Ridge standpipes, using the pre-paid Avdata system. The system and its processes has taken some time to fully implement, and is currently on-hold due to the on-going drought conditions. It is proposed to increase the charge from \$2.50 to \$2.60 to accommodate increased administration and infrastructure charges.

Lightning Ridge/Cumborah/Grawin

| | |
|--|---------|
| Purchase of system key/replacement key | \$50.00 |
| Charge per kilolitre | \$2.60 |

All other Standpipes

Metered Standpipes whereby Council has to raise invoices and/or process cash payments

| | |
|-----------------------------------|---------|
| Administration fee per truck load | \$25.00 |
| Plus charge per kilolitre | \$2.60 |

Bore Water Charges

The charges for bore water consist of an access charge calculated to raise between 70% and 79% of the revenue required to operate the service and a two part tariff calculated to raise between 21% and 30%. This tariff applies to the reticulated water supplies in Carinda, Lightning Ridge and Rowena.

It is planned in 2019/2020 to increase all Water Access by 2.5% and Consumption Charges by 5.0% as per the adopted forward plan charges schedule shown below.

Access Charges

| | | 2.50% | 2.50% | 2.50% | 2.50% | | |
|--|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Bore Water - Lightning Ridge, Carinda and Rowena | | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016/2017 | 2015/2016 |
| 20mm Connection | Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 20mm Connection | Non Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 25mm Connection | Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 25mm Connection | Non Residential | 530.00 | 517.00 | 504.00 | 492.00 | 480.00 | 468.78 |
| 32mm Connection | Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 32mm Connection | Non Residential | 870.00 | 849.00 | 828.00 | 808.00 | 788.00 | 769.1 |
| 40mm Connection | Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 40mm Connection | Non Residential | 1,359.00 | 1,326.00 | 1,294.00 | 1,262.00 | 1,231.00 | 1201.31 |
| 50mm Connection | Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 50mm Connection | Non Residential | 2,124.00 | 2,072.00 | 2,021.00 | 1,972.00 | 1,924.00 | 1877.32 |
| 75mm Connection | Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 75mm Connection | Non Residential | 4,639.00 | 4,526.00 | 4,416.00 | 4,308.00 | 4,203.00 | 4202.46 |
| 100mm Connection | Residential | 340.00 | 332.00 | 324.00 | 316.00 | 308.00 | 300.35 |
| 100mm Connection | Non Residential | 8,243.00 | 8,042.00 | 7,846.00 | 7,655.00 | 7,468.00 | 7467.89 |
| Unmetered | Residential | | | | N/A | 308.00 | 300.35 |
| Unmetered | Non Residential | | | | N/A | 308.00 | 300.35 |

Consumption Charges

| | | 5.00% | 5.00% | 5.00% | 5.00% | | |
|--|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Bore Water - Lightning Ridge, Carinda and Rowena | | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016/2017 | 2015/2016 |
| Usage Charge | per kilolitre <500kl | 0.32 | 0.30 | 0.29 | 0.27 | 0.2600 | 0.2222 |
| Usage Charge | per kilolitre >500kl | 0.48 | 0.45 | 0.42 | 0.39 | 0.3600 | 0.3111 |

River Systems

The charges for water from the river systems comprise separate access charges and consumption tariffs for both filtered and raw water. Like the bore water tariff, the access charge is calculated to raise between 75% and 77% of the revenue required to operate the service and a two part tariff for both filtered and raw water to raise 23 and 25%. This tariff applies to the reticulated water supplies in Collarenebri and Walgett.

All properties, either connected to or within 225 metres of a Council water main, and able to connect are charged. This annual charge is independent of the level of consumption and is charged per connection (or possible connection) to the property. The water access charge for the 2019/2020 rating year has been set between 75% and 77% of the income required to fund the service. Council will progressively move towards a lower percentage of revenue to be raised from the access charge component as more reliable data on actual consumption levels is available.

(Section 501 *Local Government Act 1993*)

Access Charges

| | | 2.50% | 2.50% | 2.50% | 2.50% | | |
|--|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| River Water - Walgett and Collarenebri | | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016/2017 | 2015/2016 |
| 20mm Connection | Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 20mm Connection | Non Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 25mm Connection | Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 25mm Connection | Non Residential | 805.00 | 785.00 | 766.00 | 747.00 | 729.00 | 711.47 |
| 32mm Connection | Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 32mm Connection | Non Residential | 1,319.00 | 1,287.00 | 1,256.00 | 1,225.00 | 1,195.00 | 1165.84 |
| 40mm Connection | Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 40mm Connection | Non Residential | 2,061.00 | 2,011.00 | 1,962.00 | 1,914.00 | 1,867.00 | 1821.91 |
| 50mm Connection | Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 50mm Connection | Non Residential | 3,222.00 | 3,143.00 | 3,066.00 | 2,991.00 | 2,918.00 | 2847.01 |
| 75mm Connection | Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 75mm Connection | Non Residential | 7,070.00 | 6,898.00 | 6,730.00 | 6,566.00 | 6,406.00 | 6405.49 |
| 100mm Connection | Residential | 516.00 | 503.00 | 491.00 | 479.00 | 467.00 | 455.49 |
| 100mm Connection | Non Residential | 12,570.00 | 12,263.00 | 11,964.00 | 11,672.00 | 11,387.00 | 11386.92 |
| Unmetered | Residential | | | | N/A | 467.00 | 455.49 |
| Unmetered | Non Residential | | | | N/A | 467.00 | 455.49 |

Consumption Charges

| | | 5.00% | 5.00% | 5.00% | 5.00% | | |
|--|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| River Water - Walgett and Collarenebri | | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016/2017 | 2015/2016 |
| Filtered Usage Charge | per kilolitre <500kl | 0.95 | 0.90 | 0.86 | 0.82 | 0.7800 | 0.7565 |
| Filtered Usage Charge | per kilolitre >500kl | 1.46 | 1.35 | 1.26 | 1.17 | 1.0900 | 1.0591 |
| Raw Usage Charge | per kilolitre <,500kl | 0.32 | 0.30 | 0.29 | 0.27 | 0.2600 | 0.251 |
| Raw Usage Charge | per kilolitre >500kl | 0.48 | 0.45 | 0.42 | 0.39 | 0.3600 | 0.3515 |

This service is classified as a category 2 business activity which is subject to the provisions of National Competition Policy and its pricing procedures. In the forthcoming year, the service will not make a recognised subsidy to consumers.

SEWER CHARGES

Council provides reticulated sewer systems in Collarenebri, Lightning Ridge and Walgett. All properties either connected to or within 75 metres of a Council sewer main and able to connect are charged.

The fees and charges for 2018/2019 have been increased by 2.5% for the 2019/2020 financial year.

The annual charge is charged per sewer connection (or possible connection) to the property. Properties categorised as Business also receive a per Cistern charge. (Section 501 *Local Government Act 1993*)

| SERVICE PROVIDED | | SEWERAGE | |
|--|--------------------|-----------|-----------|
| | | 2019/2020 | 2018/2019 |
| All properties either connected to or within 75 metres of a Council sewer main and able to connect are charged | | | |
| Walgett | <i>per annum</i> | \$501.00 | \$489.00 |
| Lightning Ridge | <i>per annum</i> | \$447.00 | \$436.00 |
| Collarenebri | <i>per annum</i> | \$533.00 | \$520.00 |
| Additional Sewer Connections (per connection) | | | |
| Walgett | <i>per annum</i> | \$501.00 | \$489.00 |
| Lightning Ridge | <i>per annum</i> | \$447.00 | \$436.00 |
| Collarenebri | <i>per annum</i> | \$533.00 | \$520.00 |
| Cistern charges - Applicable to Business categories (per toilet/urinal) | | | |
| Walgett | <i>per cistern</i> | \$78.00 | \$76.00 |
| Lightning Ridge | <i>per cistern</i> | \$71.00 | \$69.00 |
| Collarenebri | <i>per cistern</i> | \$71.00 | \$69.00 |

This service is classified as a category 2 business activity which is subject to the provisions of National Competition Policy and its pricing procedures. In the forthcoming year, the service will not make a recognised subsidy to consumers.

DOMESTIC WASTE MANAGEMENT CHARGES

Domestic Waste Management (Household garbage) collection services are provided to Burren Junction, Carinda, Collarenebri, Cumborah, Lightning Ridge, Rowena and Walgett.
(Section 496 *Local Government Act 1993*)

The fees and charges for 2018/2019 have been increased by 2.5% for the 2019/2020 financial year.

Council does not have to obtain ministerial approval in terms of Section 508(2) of the *Local Government Act, 1993* in regard to Domestic Waste Management (DWM) charges for 2019/2020. Council has reviewed its waste management operations in order to determine the appropriate current and future costs to be included as part of the reasonable costs determination. The *Local Government Act 1993* requires that the level of charges must be based upon "reasonable costs".

| SERVICE PROVIDED | DOMESTIC WASTE MANAGEMENT | | |
|---|---------------------------|-----------|-----------|
| | | 2019/2020 | 2018/2019 |
| Domestic Waste Collection Charge (S496) per occupancy | per bin per annum | \$497.00 | \$485.00 |

TRADE WASTE COLLECTION CHARGES

Commercial garbage collection services are provided to Burren Junction, Carinda, Collarenebri, Cumborah, Lightning Ridge, Rowena and Walgett.
(Section 501 *Local Government Act 1993*)

The Trade Waste Charging Structure for 2019/2020 is detailed below. The charges for 2019/2020 represent a 2.5% increase on the previous year.

| SERVICE PROVIDED | TRADE WASTE MANAGEMENT | | |
|---|------------------------|------------|------------|
| | | 2019/2020 | 2018/2019 |
| 240L MGB Collection - weekly collection | per bin per annum | \$497.00 | \$485.00 |
| 360L MGB Collection - twice weekly collection | per bin per annum | \$1,418.00 | \$1,384.00 |
| 360L MGB weekly Service | per bin per annum | \$709.00 | \$692.00 |

WASTE MANAGEMENT SERVICES CHARGE

In addition to the Domestic Waste Management and Trade Waste Collection service charges a availability charge for waste management services provided across the Shire is levied on all properties regardless of whether they receive a curb side collection or not.
(Section 501 *Local Government Act 1993*)

The fees and charges for 2018/2019 have been increased by 2.5% for the 2018/19 financial year.

| SERVICE PROVIDED | WASTE MANAGEMENT | | |
|--------------------------------|------------------|-----------|-----------|
| | | 2019/2020 | 2018/2019 |
| Waste Management Charge (S501) | per annum | \$56.00 | \$55.00 |

RECYCLING SERVICES

The Community Strategic Plan has identified a desire by a significant section of the community for a recycling service. This aspect will form part of the development of the Walgett Shire Solid Waste Management strategy.

INTEREST RATE

The interest rate on overdue accounts set by IPART remains at 7.5% per annum. Methodology used is the Supreme Court methodology (Reserve Bank cash rate, plus 6%) rounded to the nearest half percent of the maximum interest rate for the previous year. The cash rate used for the purpose of the maximum interest rate for Local Government is based on the rate as at 6th February 2019.

INSTALMENT DATES

Section 562 (3) *Local Government Act 1993* states “instalments are payable 31st August, 30th November, 28th February and 31st May, except as provided in subsection (4).” It has been Council’s practice to extend the payment date to the first working day after the due date if the instalment falls due on a weekend or public holiday.

STATEMENT OF PROPOSED BORROWINGS

Council intend to borrow for construction of the new Lightning Ridge Visitor Information Centre.