

5. Rates and Charges – 2009/10

Proposed rates and charges for 2009/10 are presented for consideration.

Finance Manager

BACKGROUND

The Council is required to determine the proposed rates and charges for 2009/10 and whether the rating philosophies considered during recent Council workshops will apply.

GENERAL RATES

10 All councils are required to provide information on options available and the rating policies and models to be applied in a particular year. This should involve ratepayers being informed of the full range of rating and charging options available to councils, and the reasons upon which proposed policy choices have been based.

Following the election of the Council in September 2008 Councillors participated in a detailed review of the structure of the rating model and the rating approach currently applied by Council. The model which was developed after considerable consultation in 2007 has been applied again in the draft for the 2009/10 year. Council workshops have also been held in February, March and April 2009 and discussions have centred on inclusion of a special variation application in the draft management plan for 2009/10.

The final proposed special variation scenarios outlined in the draft management plan are:-

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- a 3.71% rate pegging increase (representing the rate pegging increase of 3.5% plus allowances for catch up adjustments of 0.21%), and
 - a 8.76% ongoing rate increase (incorporating the preceding 3.71% and a 5.05% special variation application).

30 The special variation will raise an additional \$800,000 a total rate yield increase of 8.76% (including the rate pegging increase of 3.5% and catch up adjustments of 0.21%). Of this amount \$650,000 will be generated to support sporting and recreational facility development (\$450,000), a component of economic development (\$120,000) and an allocation towards tourism infrastructure (\$80,000) applied to all properties (residential, farmland and business). The remaining \$150,000 from business ratepayers only will be allocated towards economic and tourism development. This request is an ongoing variation.

Separate “ring-fenced” allocations to expend those funds are also included in the draft Management Plan.

Council retains the option to not apply for an increase, to apply for a part of the increase or to withdraw its application.

Financial forecasting provides for a total general rate revenue increase over original estimated 2008/09 revenue of \$1,492,700. The amount raised by the proposed special variation is \$800,000.

PROGRAMS TO BE FUNDED FROM SPECIAL VARIATION

40 These are outlined in detail in the Draft Management Plan report to this Council meeting.

RATING STRUCTURE

The proposed structure for 2009/10 general rates reflects the outcome of Council workshops which endorsed the maintenance of the current structure which was extensively workshopped with the community in 2005/06.

The structure comprises three categories, a common base rate for all categories, common ad valorem for residential and farmland and a higher ad valorem for business.

50 As noted above and outlined in detail in the 2009/10 draft management plan (distributed separately) a general rate levy is proposed to be applied for (8.76% inclusive of the rate pegging increase). \$650,000 will be raised across all categories (residential, farmland and business) and \$150,000 from the business category only, this increase is to be ongoing.

Waste Management Charges

The budget for 2009/10 aims to maintain reasonable levels of reserves as well as providing funds to commence construction of a new central waste facility during the year if development approval is received for the facility.

60 The Base Waste Management Charge contributes towards the cost of rehabilitating and monitoring closed waste and sanitary depots, the operation of transfer stations and rural landfills, operation of recycling drop off facilities, waste minimisation initiatives and household hazardous waste collections.

This charge applies to all ratepayers and will increase from \$67.16 to \$69.52 for residential assessments and from \$126.67 to \$131.11 for commercial assessments. The 2009/10 budget proposes other waste charges as follows:

Township Weekly Domestic Waste Collection Charge

(\$173.68 – an increase of \$6.24 from \$167.44)

This meets the costs of the once-weekly 140-litre domestic waste collection service and the associated waste disposal or treatment.

70 It is applicable to each residential dwelling and each residential unit in a multi-unit complex for which the service is available. The charge is applicable to all properties categorised as residential and farmland where the weekly service is available.

Residents utilising a bin bank for waste collection are levied this charge (if receiving weekly collections),

Rural Weekly Domestic Waste Collection Charge

(\$173.68 – an increase of \$6.24 from \$167.44)

This meets the costs of the once-weekly 240-litre domestic waste collection service and the associated waste disposal or treatment.

80 It is applicable to each residential dwelling and each residential unit in a multi-unit complex for which the service is available. The charge is applicable to all properties categorised as residential and farmland where the weekly service is available.

Residents utilising a bin bank for waste collection are levied this charge (if receiving weekly collections),

Rural Fortnightly Domestic Waste Collection Charge

(\$113.10 – an increase of \$3.90 from \$109.20)

This meets the costs of the fortnightly collection of a 240-litre domestic waste collection service and the associated waste disposal or treatment. Residents utilising a bin bank for waste collection are levied this charge (if receiving fortnightly collections).

Domestic Recycling Collection Charge

(\$91.52 – an increase of \$3.12 from \$88.40)

90 This meets the costs of the fortnightly 240-litre domestic co-mingled recycling collection service and the associated transport and processing.

It is applicable to each residential dwelling and each residential unit in a multi unit complex for which the service is available. The charge is applicable to all properties categorised as residential and farmland where the fortnightly service is available.

Domestic Organics Collection Charge

(\$45.72 – an increase of \$1.56 from \$44.16)

It is applicable to each urban residential dwelling and each residential unit in a multi unit complex for which the service is available. The charge is applicable to all properties categorised as urban residential where the monthly service is available.

Commercial Waste Collection Charge

100 (\$192.40 – an increase of \$6.76 from \$185.64)

This meets the costs of the once-weekly 240-litre commercial waste collection service and the associated waste disposal or treatment.

The charge is applicable to each commercial property, each business dwelling or each business unit within a multiple unit complex to which the collection service is available.

Commercial Recycling Collection Charge

(\$135.72 – an increase of \$4.68 from \$131.04)

This meets the costs of the once-weekly 240-litre commercial waste collection service and the associated waste disposal or treatment.

110 The charge is applicable to each commercial property, each business dwelling or each business unit within a multiple unit complex to which the collection service is available.

The 2009/10 draft management plan distributed separately outlines the proposed waste management charges.

Water Access and Usage Charges

The current system of charging for water comprises an access charge based on the size of the metered connection plus an additional usage charge based on total kilolitres consumed. This philosophy has been in place for some years and is proposed to continue for the coming year.

120 The State government has issued guidelines to assist councils to comply with the Federal Government's Strategic Framework for Water Reform, the National Competition Policy and the Independent Pricing and Regulatory Tribunal's (IPART) "Pricing Principles for Local Water Authorities".

Best-practice pricing recommended in the guidelines suggest a usage charge which returns 75% of the necessary revenue. The usage charge of \$2.10 per kilolitre set for 2008/09 was intended to return that proportion based on expected water usage.

130 Council has adopted a position that there should be a greater proportion of income recovered from the access charge than suggested by the guidelines. Indications from the State government are that they may accept this approach. No change is proposed to the user charge of \$2.10 per kilolitre and the increased costs for operating the water schemes in 2009/10 are proposed to be met from increasing the base access charge from \$130.00 to \$164.00. Council's intention is to increase the access charge in future years rather than the usage charge to recover the fixed costs of provision of the water infrastructure, including cost of debt.

The 2009/10 draft management plan distributed separately outlines the proposed water access charges and usage charges. The adopted strategic business plan for water and sewer includes details of the future operating and capital costs for water and the level of charges proposed for 2009/10 is consistent with the business plan. Return on

capital or dividends will be explored in future years in conjunction with the draft financial strategy.

Sewer Access and Usage Charges

140 The philosophy for sewerage charges whereby usage charges are applied to non-residential properties has received general acceptance by the community and is proposed to continue in 2009/10 but with an increase in the rate per kilolitre in order to be consistent with the State government guidelines. There was no increase in the base access charge for the 2008/09 year but the base access charge is proposed to increase from \$890.00 to \$957.00 and the usage charge from \$3.00 per kilolitre to \$3.22 per kilolitre. .

150 Since the commissioning of the pressure sewer systems in Wallaga Lake, Kalaru, Wolumla, Candelo and Cobargo new houses and other new developments have met the onsite costs of connection to the pressure sewer schemes including the pressure pump and pump housing. Council proposes in future to meet the cost of around \$8,000 for the pump and housing from general sewer income. This means that around \$15 of the proposed \$957 base access charge for 2009/10 will be directed to meeting this cost.

The 2009/10 draft management plan distributed separately outlines the proposed sewer access charges and usage charges. The adopted strategic business plan for water and sewer includes details of the future operating and capital costs for sewer and the level of charges proposed for 2009/10 is consistent with the business plan. Return on capital or dividends will be explored in future years in conjunction with the draft financial strategy.

Stormwater Charge

160 In accord with Section 496A of the *Local Government Act 1993*, Council is proposing to continue with a Stormwater Charge. The charge would affect all developed lots that benefit from Council's stormwater system whether built or natural. Expenditure of the funds collected would be recorded and reported annually.

The charge will collect \$275,025 in 2009/10 and the funds would be used to improve the performance of Council's stormwater services by upgrading and providing infrastructure to;

- reduce stormwater inundation on private property,
- improve stormwater quality discharge points into waterways, and
- 170 • implement methods of stormwater harvest and reuse on public land,

The following proposed charges remain unchanged from 2008/09.

- \$25.00 per annum for single residential dwellings
- \$12.50 per annum per residential strata dwelling

- \$25.00 per annum for commercial properties up to 1,200 square metres
- \$100.00 per annum for commercial properties in excess of 1,200 square metres but not exceeding 3,000 square metres
- \$200.00 per annum for commercial properties in excess of 3,000 square metres
- \$12.50 per annum per commercial strata property.

ISSUES

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Financial

This report outlines the Council's direction in relation to the rates and charges to be applied for the 2009/10 financial year and outlines the details of the rating for the special variation application resolved by Council at its meeting on 14 April 2009.

CONCLUSION

The Council is required to publicly exhibit the Management Plan which will guide the direction of the Council's activities for the next three year period. This report outlines the key rates and charges across all funds for the 2009/10 period and the details of the special variation application as applied to the rating model required for inclusion in the draft Management Plan.

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RECOMMENDATION

That Council note the draft rates and charges reported to Council on 28 April 2009 for the purpose of their inclusion in the exhibition of the 2009/10 Draft Management Plan.