

Draft Statement of Revenue Policy 2024/25

1. Purpose

- 1.1. This policy provides information regarding the levying of Council's rates, its fees and charges and other major income sources.

2. Scope

- 2.1. This Policy applies to AlburyCity's rates and fees and charges.

3. References

- 3.1. Local Government Act 1993

4. Content

4.1 Ordinary Rates and Special Rates Summary

- 4.1.1 Total revenue raised from the levying of land rates continues to be capped by the State Government with the Independent Pricing & Regulatory Tribunal (IPART) having developed a new rate peg methodology which incorporates Base Cost Change model, productivity factor, population factor, Emergency Service Levy factor and other adjustments for use in setting the maximum allowable increase in general income for councils across NSW.
- 4.1.2 IPART set AlburyCity's rate peg for the 2024/25 financial year resulting in an overall rate revenue increase of 4.7% for 2024/25.
- 4.1.3 Section 494 of the *Local Government Act 1993* (Act) requires Council to make and levy ordinary rates on all rateable land in its area for the year 2024/25.
- 4.1.4 In accordance with Section 493 and 514 of the Act, all parcels of rateable land within Council's boundaries have been declared to be within one of the following categories. The determination of the category/subcategory for each parcel of rateable land is in accordance with the definitions set out in Sections 515, 516, 518, 518A, 519 and 529 of the Act.
- 4.1.5 The applicable categories are as follows:

- a. Farmland
- b. Residential
- c. Business

4.1.6 The applicable subcategories are as follows:

- a. Residential Village
- b. Residential Transition
- c. Rural Residential
- d. Business Village
- e. Business Transition

4.1.7 At the 12 December 2023 Council Meeting, a change to the 2023/24 rating structure was adopted incorporating the transition of some village subcategorised properties to the residential or business category. To support the transition of village properties, which now form part of the urban area, a separate rating subcategory was created for these properties temporarily. The rate in the dollar will be adjusted until they align with standard rate in the dollar, this will occur over a period of four years, reducing the annual impact on affected assessments.

4.1.8 Council declares in accordance with Section 495 of the Act of making and levying of special rates for the following:

- a. Albury CBD Promotional Levy Zone A
- b. Albury CBD Promotional Levy Zone B
- c. Albury CBD Promotional Levy Zone C

4.1.9 Special rates revenues are derived solely from ad valorem content and are proposed to be increased by the annual rate peg.

4.1.10 The Promotional Levy Zone's special rate is not applicable to all land but is concentrated on business categorised properties in a specific area of the Albury CBD and can be referred to by viewing the plans available. This special rate raises revenues that are collected and forwarded to Albury Business Connect (formerly referred to as Albury Northside Chamber of Commerce) and applied to various programs to promote the Albury CBD.

4.1.11 Plans showing the areas that Ordinary Rates and Special Rates apply are attached and are also available for review on AlburyCity's website.

4.1.12 Section 497(b) of the Act provides the method of structure for Council's rates. The Council in its ordinary rate has a base amount to which an ad valorem amount is added, the base amount is in accordance with Sections 499 and 500 of the Act.

4.1.13 Table 1 depicts the Ordinary Rate base amounts as will apply for 2024/25.

Table 1

Category ➤ Subcategory	Base amount 2024/25
Residential	\$304
➤ Residential Village	\$304
➤ Residential Transition	\$304
➤ Rural Residential	\$304
Farmland	\$304
Business	\$798
➤ Business Village	\$436
➤ Business Transition	\$617

4.1.14 The balance of rates collected is the ad valorem component and is determined by “land value” which is independently determined by the NSW Valuer General.

4.1.15 The Ordinary Rates proposed by the Council for 2024/25 contain a 4.7% increase in yield and a notional income carry forward adjustment of \$62,180.

4.1.16 The valuation of land is a key component in the calculation of rate revenue to be collected by Council from landowners within AlburyCity. The 1 July 2022 unimproved land values are used by AlburyCity to set the rates for the 2024/25 financial year.

4.1.17 Table 2 illustrates the proposed ordinary and special rates for the 2024/25 financial year.

Table 2

2024/25 Rate Revenue	Ad Valorem ¢ in \$	Base Amount of Rate	Yield from Base Amount	Total Estimated Yield
Ordinary Rates				
Residential	0.00572033	\$304	20%	\$35,645,072
➤ Residential Village	0.00486228	\$304	12%	\$910,874
➤ Residential Transition	0.00531990	\$304	18%	\$802,859
➤ Rural Residential	0.00400423	\$304	11%	\$1,229,186
Farmland	0.00228813	\$304	8%	\$667,622
Business	0.01086799	\$798	11%	\$13,718,754
➤ Business Village	0.00543400	\$436	35%	\$80,445
➤ Business Transition	0.00815100	\$617	11%	\$5,589
Total ordinary rates				\$53,060,402
Special Rates				
CBD Promotional-Zone A	0.00092527			\$61,967
CBD Promotional-Zone B	0.00044433			\$79,869
CBD Promotional-Zone C	0.00030444			\$42,486
Total special rates				\$184,322
Total ordinary and special rates revenue				\$53,244,724

4.1.18 AlburyCity has applied the following method when making the ad valorem for 2024/25 which incorporated the required adjustments for specific transitioning associated with Village properties.

- a. Residential Village sub-category is 85% of Residential category ad valorem ¢ in \$.

- b. Residential Transition sub-category is 93% of Residential category ad valorem ¢ in \$.
- c. Rural Residential sub-category is 70% of Residential category ad valorem ¢ in \$.
- d. Farmland category is 40% of Residential category ad valorem ¢ in \$.
- e. Business Village sub-category is 50% of Business category ad valorem ¢ in \$.
- f. Business Transition sub-category is 75% of Business category ad valorem ¢ in \$.

4.1.19 AlburyCity has ensured base amount revenues are following Section 500 of the Act and do not produce more than 50 per cent of the total amount payable by the levying of the rate.

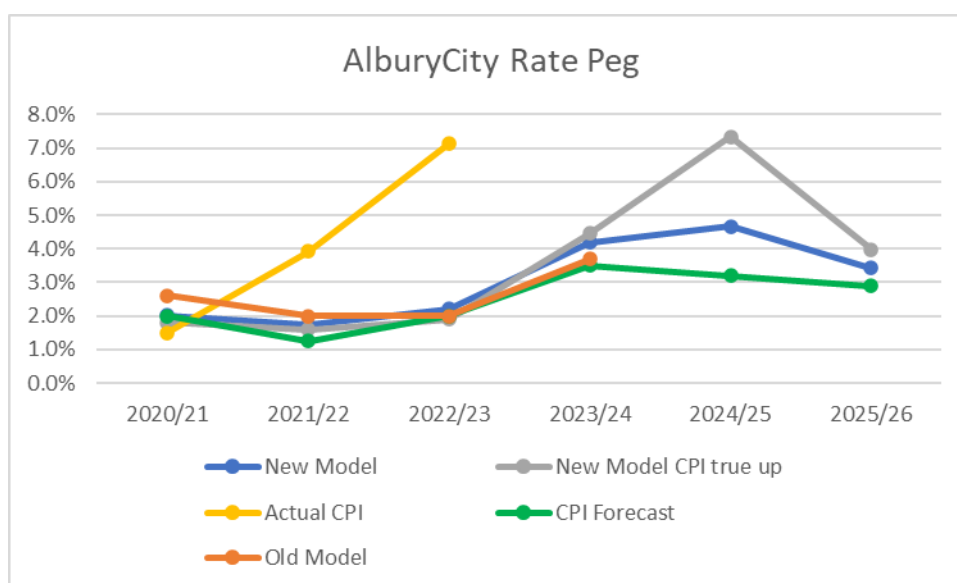
4.1.20 Table 3 below reflects the average change in total rates. As can be seen, the average change in total ordinary rates is an increase of 5.0%, whilst the special rates average has decreased by 43%. Main factor driving this change is the transitioning the CBD Parking special rate into Ordinary rates over a four-year period, which is not applicable from 2024/25 onwards.

4.1.21 The budgeted average assessment for ordinary and special rates per category is shown in Table 3. As can be seen, the total revenue increase reflects the prescribed AlburyCity rate peg.

Table 3

2024/25 Average Rate Assessment	Assessments	Rate Revenue	Category Revenue Change	Average Assessment
Residential	23,043	\$35,645,072	4.6%	\$1,547
Residential Transition	482	\$802,859	8.5%	\$1,666
Residential Village	348	\$910,874	5.2%	\$2,617
Rural Residential	457	\$1,229,186	5.2%	\$2,690
Farmland	176	\$667,622	5.4%	\$3,793
Business	1823	\$13,718,754	5.6%	\$7,525
Business Transition	1	\$5,589	25%	\$5,589
Business Village	64	\$80,445	4.2%	\$1,257
Total ordinary rates	26,394	\$53,060,402	5.0%	
Special Rates				
CBD Promotional-Zone A	42	\$61,967	4.7%	\$1,475
CBD Promotional-Zone B	239	\$79,869	4.7%	\$334
CBD Promotional-Zone C	165	\$42,486	4.7%	\$257
Total special rates		\$184,322	(43%)	
Total rate revenue		\$53,244,724	4.7%	

- 4.1.22 The announcement of the review of the previous rate peg methodology review by the Independent Pricing and Regulatory Tribunal (IPART) in June 2022 was considered a win for the sector, in response to IPART's decision to set a record low rate cap of 0.7% for 2021/22 just before inflation began to spiral to 7.1% by June 2022.
- 4.1.23 This variation was mainly due to the rate peg methodology being based on past inflation, which created a two-year lag. However, the new forward looking rate peg methodology that has been applied by IPART for the 2024/25 financial year ignores actual CPI for local government operating costs (other than employee costs) as it is based on the Reserve Bank of Australia CPI forecast.
- 4.1.24 Graph 1 below demonstrates how the new methodology will actually be worse than the previous methodology where inflation increases unexpectedly, as components of the new methodology are based on the RBA forecast with no catchup for variations for actual CPI. For AlburyCity, this has resulted in the rate peg being 2.7% or \$1.35 million lower than it should have been, with a true up for the 2024/25 financial year, resulting in a permanent ongoing revenue shortfall.



4.2 Council Annual and User Charges

4.2.1 Domestic Waste and Non-Domestic Waste Management Services

- a. AlburyCity intends to make the following charges for levying in 2024/25 to meet the reasonable costs associated with the collection, disposal, and recycling in accordance with Sections 496, 501 and 504 of the Act. AlburyCity will levy annual charges per annum for the following services:

- i. Domestic Waste Management
 - ii. Non-Residential Waste Management
- b. These service charges apply to residential and non-residential properties.
 - c. The Domestic Waste Collection budgeted charges for 2024/25 financial year is shown in Table 4.

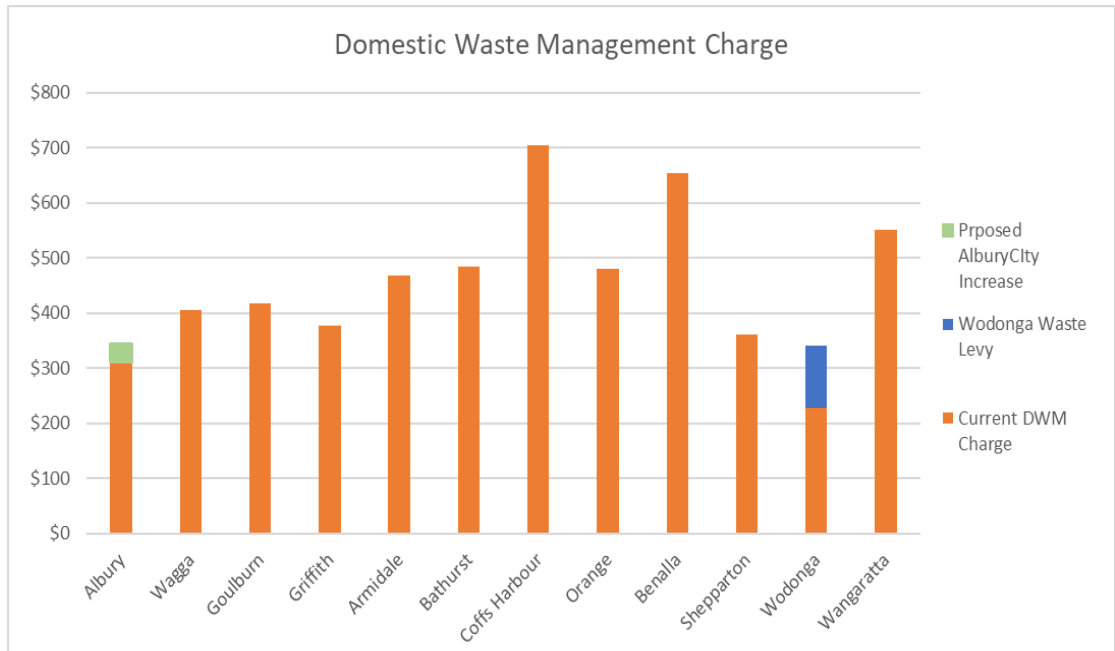
Table 4

Domestic Waste Management (Section 496)	Standard Service Charge	Estimated Yield
Default Service Option	\$345.00	\$7,862,205
Large Recycling Option	\$352.00	\$64,416
Large Refuse Service Option	\$414.00	\$822,618
Small Service Option	\$305.00	\$154,940
Weekly Refuse Option	\$421.00	\$15,156
Full Size Service Option	\$469.00	\$18,760
Vacant Land	\$30.50	\$34,709
Total		\$8,972,804

Non-Residential Waste Management (Section 501)	Standard Service Charge	Estimated Yield
Default Service Option	\$345.00	\$234,255
Large Recycling Option	\$352.00	\$1,408
Large Refuse Service Option	\$414.00	\$19,872
Small Service Option	\$305.00	\$53,985
Total		\$309,520

- d. Domestic Waste Management Fees are proposed to increase by approximately 11% for 2024/25 with the default charge 'Domestic Collection Charge Default Service Option' increasing by 11% from \$310 to \$345 per annum, which equates to \$0.67 per week.
- e. The Domestic Waste Management Charge is a charge apportioned to every household, and in some cases small businesses, which are serviced by AlburyCity's kerbside collection contractor. Charges are apportioned to cover the costs for refuse, recycling, and organics services and voucher program. The charges reflect the change in contract collection and processing costs and have been apportioned to the various services offered.
- f. The following graph depicts the Domestic Waste Management Charge for a number of like and/or surrounding councils for the 2023/24 year.

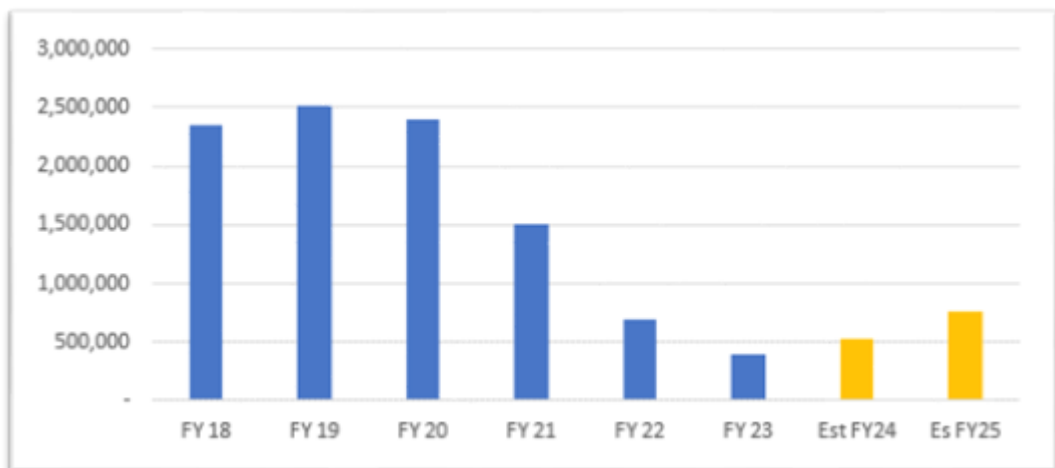
Domestic Waste Collection Charge - Council Comparison – 2024/25 Charge



Note: Wodonga City Council has a 'garbage and recycling charge' and a 'waste management levy.'

- g. The domestic waste management restricted cash reserve has supported the domestic waste charge over recent years by funding cost increases. As shown in the graph below the reserve has been decreasing over recent years. The main contributing factor to the decrease during 2020/21 was due to the \$40 rebate provided to ratepayers as part of AlburyCity's initial response to the COVID pandemic. Since 2020/21 additional collection and processing cost increases have been absorbed.

- h. Domestic Waste Management Restricted Cash Reserve



4.2.2 Water Charges

- a. AlburyCity intends to make the following water charges for levying in 2024/25 in accordance with Sections 501, 502 and 552 of the Act, as well as reflecting the requirements of the Council of Australian Governments through the NSW Water, Supply Sewerage and Trade Waste Pricing Guidelines.
- b. Water meter reads are scheduled for October, February and June with billing generally undertaken in the subsequent month. Annual charges will be levied in three equal instalments.
- c. Revenue for residential and non-residential access and usage is included in Table 5.

Table 5

Water Access Charges (Section 501)	Annual Access Charge	Estimated Yield
Not connected to system	\$149.00	\$111,303
Service Size: 20mm-connected to system	\$149.00	\$3,671,0062
Service Size: 25mm-connected to system	\$232.50	\$119,273
Service Size: 32mm-connected to system	\$382.00	\$54,626
Service Size: 40mm-connected to system	\$595.00	\$94,010
Service Size: 50mm-connected to system	\$930.00	\$180,420
Service Size: 65mm-connected to system	\$1,575.00	\$7,875
Service Size: 80mm-connected to system	\$2,385.00	\$124,020
Service Size: 100mm-connected to system	\$3,720.00	\$186,000
Service Size: 150mm-connected to system	\$8,390.00	\$50,340
Total		\$4,598,929

Water Consumption Charges (Section 502)	Per kilolitre	Estimated Yield
Residential Usage First 225kL	\$1.51	\$8,600,809
Residential Usage 226kL to 19,999kL	\$2.51	\$1,215,091
Residential Usage 20,000kL plus	\$2.05	Nil
Non-Residential Usage	\$2.05	\$4,223,000
Greater Hume Shire Council LWU Supply Scheme Usage Charge	\$1.80	\$834,300
Total		\$14,873,200

- d. The above table figures are based on forward projections for water usage, as well as forecast operational and capital expenditure. Therefore, changes in water usage will have an impact on these projections.
- e. One of the requirements of the NSW Best Practice Management of Water Supply and Sewerage Guidelines is that water usage revenue is to make up 75% of the total water revenue, the 2024/25 water usage revenue budget is 76%. This weighting towards consumption pricing increases the variability of water income resulting from changes in consumption.
- f. AlburyCity's Schedule of Fees and Charges 2024/25 (including those for Water) is an appendix to this document and should be read in conjunction with this policy. This is a comprehensive list of all fees and charges and details the relevant sections of the Act that authorises Council to charge.

4.2.3 Sewerage

- a. AlburyCity intends to make the following charges for levying in 2024/25 in accordance with Sections 501, 502 and 552 of the Act, as well as reflecting the requirements of the Council of Australian Governments through the NSW Water Supply, Sewerage and Trade Waste Pricing Guidelines.
- b. Water meter reads are scheduled for October, February and June with billing generally undertaken in the subsequent month. Annual charges will be levied in three equal instalments.
- c. Residential sewerage charges are a single fee but are calculated recognising both access and treatment components.
- d. Revenue for residential and non-residential access and treatment is shown by Table 6.

Table 6

Sewerage Charges (Section 501)	Annual Access Charge	Estimated Yield
Residential-not connected to system	\$144.50	\$140,021
Residential-connected to system	\$734.00	\$16,786,580
Non-Residential-not connected to system	\$185.50	\$56,578
Service Size: 20mm-connected to system	\$289.00	\$311,831
Service Size: 25mm-connected to system	\$452.00	\$115,712
Service Size: 32mm-connected to system	\$740.00	\$66,600
Service Size: 40mm-connected to system	\$1,155.00	\$114,345
Service Size: 50mm-connected to system	\$1,805.00	\$157,035
Service Size: 65mm-connected to system	\$3,050.00	\$6,100
Service Size: 80mm-connected to system	\$4,620.00	\$133,980
Service Size: 100mm-connected to system	\$7,220.00	\$129,960
Service Size: 150mm-connected to system	\$16,245.00	\$48,735
Total		\$18,067,476

Sewerage Treatment Charge (Section 502)	Per kilolitre	Estimated Yield
Sewerage Treatment Charge	\$2.97	\$5,812,290
Total		\$5,812,290

- e. AlburyCity's Schedule of Fees and Charges 2024/25 (including those for Sewer) is an appendix to this document and should be read in conjunction with this policy. This is a comprehensive list of all fees and charges and details the relevant sections of the Act that authorises Council to charge.
- f. The above table figures are based on forward projections for water usage, as well as forecast operational and capital expenditure. Therefore, changes in usage may have an impact on these projections.

4.2.4 Trade Waste

- a. AlburyCity intends to make the following Trade Waste charges for levying in 2024/25 in accordance with Sections 501 and 502 of the Act, as well as reflecting the requirements of the Council of Australian Governments through the NSW Water Supply, Sewerage and Trade Waste Pricing Guidelines.
- b. Trade Waste will be separately charged for businesses that contribute pollutants to the system greater than the normal load, the charges comprise both fixed and treatment components.
- c. Budgeted revenue for trade waste is included in Table 7:

Table 7

Trade Waste Charges (TW) (Section 501)	Annual Charge	Estimated Yield
TW-Agreement Charge	\$101.80	\$1,018
First TW facility-Annual Administration Charge	\$93.50	\$38,616
Additional TW facility-Annual Administration Charge	\$58.50	\$3,978
TW facility-Annual Administration Charge (C)	\$404.00	\$2,424
Total		\$46,036

Trade Waste Treatment Charge (Section 502)	Per kilolitre	Estimated Yield
TW-R1	\$2.05	\$559,088
TW-R2	\$5.45	\$4,676
TW-R3	\$18.95	Nil
Total		\$563,764

- d. Excess mass charges apply which are subject to volume variations. For more information refer to the AlburyCity's Schedule of Fees and Charges 2024/25 which is an appendix to this document and should be read in conjunction with this policy. This is a comprehensive list of all fees and charges and details the relevant sections of the Act that authorises Council to charge.
- e. The above figures are based on forward projections for usage, as well as forecast operational and capital expenditure. Therefore, changes in usage may have an impact on these projections.

4.2.5 Rates & Charges Payments

- a. AlburyCity rates and charges are payable in full or by quarterly instalments in accordance with Section 562 of the Act.
- b. Council may agree to enter into a payment plan with the titled owner/s. The amount and frequency of the payments under the agreement are required to be acceptable to Council.

- c. Section 566 of the Act enables the charging of interest on rates and charges that remain unpaid after they become due and payable. The applicable interest rate is set each year by the minister for Local Government. Council will adopt the maximum rate applicable as set by the Minister, which was 9% for 2023/24. (2024/25 rate to be advised in April 2024)
- d. A 2.5% (2023/24: 2.5%) discount will be available to ratepayers who pay their rates and charges in full by the nominated date set at levy time; this is in accordance with Section 563 of the Act.

4.3 Council Annual Fees & Pricing Policy

- 4.3.1 Fees and charges revenue contributes to the funding of AlburyCity services and infrastructure. The following principles are considered as part of the annual review of fees and charges:
 - a. Applying the 'user contributes' principle
 - b. Asset/community utilisation
 - c. Market competitiveness
- 4.3.2 The Council approves with this Revenue Policy a Schedule of Fees and Charges for its activities and services to apply in 2024/25. This schedule is extensive to cover the broad range of Council services and facilities. AlburyCity's Schedule of Fees and Charges 2024/25 is an appendix to this document and should be read in conjunction with this policy. This list details the relevant sections of the Act that authorises Council to charge. Some fees are set by State Government legislation and cannot be altered by Council.
- 4.3.3 There are five pricing categories within the Schedule of Fees and Charges which are:
 - a. Statutory charge set by regulation;
 - b. Recommended rate by advisory organisation;
 - c. Partially subsidised rate, applying the 'user contributes' principle;
 - d. Fully subsidised rate; and
 - e. Commercial rate to recover all costs & risks, applying a 'user pays' principle

4.4 Waiver or Reduction of Fees

- 4.4.1 Section 610E of the *Local Government 1993* allows Council to waive payment of, or reduce, certain non-business activity fees if it is satisfied that the case falls within a category of hardship or any other category that Council has determined.
- 4.4.2 Council has determined that depending upon the context of the situation, non-business activity fees may be waived or reduced in the following circumstances:

Table 8

Category	Description
Hardship	Where there is evidence that the payment of the fee will impose significant and/or unreasonable financial hardship in an applicant's personal circumstances, including where the applicant provides evidence of temporary or terminal illness. In general terms the loss of income due to recent unemployment is not automatic or entirely sufficient to support a claim for hardship; it will however be a consideration in the context of structuring a hardship payment plan.
Charity	Where the applicant is a registered charity, and the fee is for a service that will enable the provision of charitable services for the betterment of the AlburyCity community.
Not for profit	Where the applicant is an organisation that holds "not for profit" status and the fee is for a service that will enable the achievement of their objectives and betterment for the AlburyCity community.
Commercial	Where it is in the commercial interest of Council to attract and or secure investments, services, and activities of significance to the AlburyCity local government area
Miscellaneous	In circumstances, including but not limited to, where the fee arises: <ul style="list-style-type: none"> - through no fault of the individual; - due to unforeseen circumstances; - due to a natural disaster. Or where it is determined to be in the public interest.

4.4.3 Council will directly, or through delegated authority, assess and make determinations on requests for the reduction or waiver of fees in accordance with the following principles:

- a. compliance with relevant legislation;
- b. compliance with any applicable Council policy or procedure;
- c. fairness, consistency, and equity; and
- d. transparency.

4.5 Scale of Fees for Private Works

4.5.1 AlburyCity Engineering group provides a range of private works services which include but are not limited to:

- a. horticultural;
- b. civil construction;
- c. building maintenance; and
- d. fleet management and servicing.

4.5.2 It is AlburyCity's practice that private works are charged at the appropriate labour, equipment, and material rates to fully recover all costs.

4.5.3 Charges for specific activities are specified in the AlburyCity's Schedule of Fees and Charges. Competitive quotes are provided for other services as requested.

4.6 Sale of Assets

4.6.1 Proceeds forecast from the sale of real estate assets for the 2024/25 financial year total \$2.7 million.

4.7 Funds Returned to Council from Community Financial Loans

4.7.1 AlburyCity has provided interest free loan funding to qualifying community groups. This program enables groups to bring forward expenditure on facilities and spread the cost over the life of the facility by repaying the loan generally over a ten-year term.

4.8 Proposed Borrowings

4.8.1 It is proposed that AlburyCity continue the practice of part funding capital projects with borrowings as this carries part of the project cost to the future users of the asset. Borrowings are proposed to be long-term loans repayable by quarterly instalments that will be sourced from the banking sector and secured against Council revenue.

4.8.2 Debt levels are measured against Councils current and projected debt service ratio. A conservative position against industry benchmarks is maintained. AlburyCity has applied for \$10 million of borrowings during 2023/24 financial year, with new loans of \$35 million budgeted for the 2024/25 financial year to support capital new initiatives. Further borrowings are projected to occur in future years of the delivery program.

5. Documentation

- 5.1. Draft Water and Sewer Pricing Schedule (DOC24/49381)
- 5.2. Draft Fees and Charges Schedule (DOC24/40232)
- 5.3. Draft Rating Category Maps (DOC24/85804)

6. Authorisation

Owner	Directorate	Business, Growth & Community
	Responsible Officer	Service Leader Strategy & Performance
Authorisation	Insert 'Approved Executive' or 'Adopted Council' Include date approved/adopted	
Review Date	This Policy is updated annually.	
Register	This Policy is included in the Public Policy and Procedure Register.	
Record of Amendments	Reviewed each year in conjunction with the Four-Year Delivery and Operational Plan	