



**our revenue policy**

## Revenue Policy

Council's Revenue Policy is detailed in its Resourcing Strategy and consists of:

- The Long-Term Financial Plan;
- The Strategic Asset Management Plan; and
- The Workforce Plan

The Resourcing Strategy identifies the resources required to implement the strategies established by the Community Strategic Plan that will be delivered through the Delivery Program and Operational Plan including:

- The levels of service the community expects in terms of asset management;
- The cost of any proposed major works or programs and the impact these may have on council's financial sustainability;
- Proposed scenarios which may be applied to achieve the strategic objectives;
- Whether external funding may be available for some projects;
- The implications of the Community Strategic Plan in terms of the Council's workforce planning; and
- The ongoing operational costs of council.

### Long Term Financial Plan – 10 years

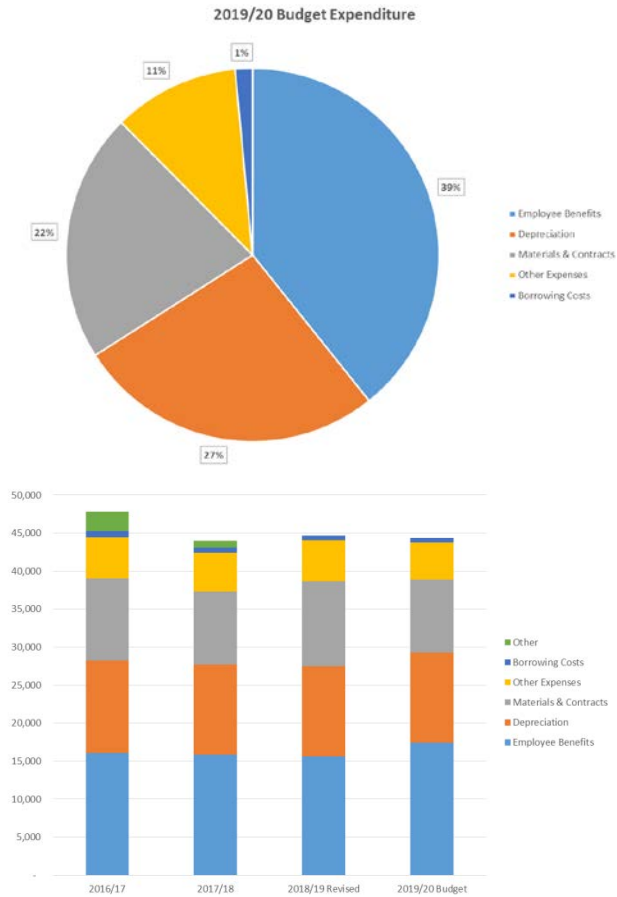
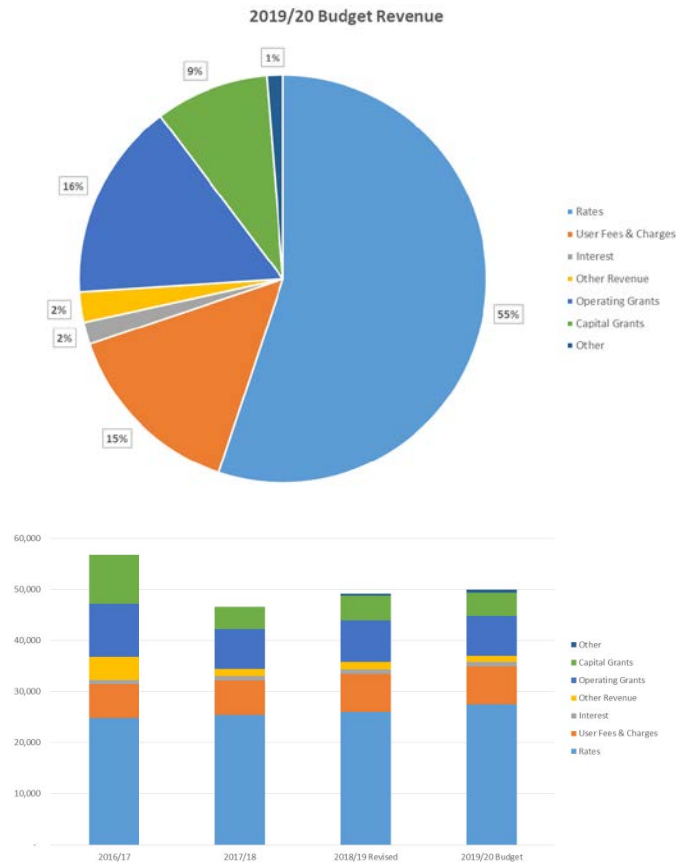


## Fees & Charges

The proposed fees to be levied are detailed in the Fees and Charges 2019/20 document.

Council's full suite of documents within the Integrated Planning and Reporting Framework can be viewed on Council's website [www.council.lithgow.com](http://www.council.lithgow.com) – under the Council drop down menu – Strategic Plans and Reports.

## 2016/17 – 2019/20 Revenue & Expenditure



The graphs above show the sources of Council's revenue and how it is expended.

- External Revenue: Rates, Charges, interest, grants, net gain disposal of assets.
- Capital Income: Grants for capital, loans raised.
- Other Income: internal transfers to plant utilisation, service delivery and transfers from reserves.

2019/20– 2021/22 Budget – Income and Expenditure Funds Consolidated (\$'000)			
	2019/20	2020/21	2021/22
Operating income	49,994	52,933	54,341
Operating expenditure	44,394	46,632	47,402
Operating result	5,601	6,301	6,939
Operating result before capital	1,101	1,989	2,569

\*Based on LTFP scenario 3 capital program

Capital Budget 2019/20 – 2020/21*			
	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
<b>General Fund</b>			
<b>Buildings &amp; Infrastructure</b>			
Asset Renewals	4,578	12,102	10,844
New Assets	8,737	209	214
<b>Other Assets</b>			
Asset Renewals	1,500	603	717
New Assets	80	362	468
<b>Water Fund</b>			
Asset Renewals	2,464	1,550	1,901
New Assets	0	285	136
<b>Sewer Fund</b>			
Asset Renewals	1,889	2,910	1,040
New Assets	2,087	6435	1436
<b>Total Capital</b>	<b>21,335</b>	<b>24,456</b>	<b>16,756</b>

\*Based on LTFP scenario 3 capital program

Cashflow Statement 2019/20 Budget	
<b>Cash Flows from Operating Activities</b>	
<b>Receipts:</b>	
Rates and Annual Charges	27,513
User Fees and Charges	7,402
Interest and Investment Revenue Received	876
Grants and Contributions	12,249
Bonds and Deposits Received	0
Other	1,261
<b>Payments:</b>	
Employee Benefits and On-Costs	(17,218)
Materials and Contracts	(9,556)
Borrowing Costs	(672)
Bonds and Deposits Refunded	0
Other	(5,234)
<b>Net Cash Provided (or used in) Operating Activities</b>	<b>16,621</b>

Cashflow Statement 2019/20 Budget	
<b>Cash Flows from Investing Activities</b>	
<b>Payments:</b>	
Purchase of Infrastructure, Property, Plant and Equipment	(20,663)
<b>Net Cash Provided (or used in) Investing Activities</b>	<b>(20,663)</b>
<b>Cash Flows from Financing Activities</b>	
<b>Payments:</b>	
Repayment of Borrowings and Advances	(1,503)
<b>Net Cash Provided (or used in) Investing Activities</b>	<b>(1,503)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(5,544)</b>
<b>plus: Cash, Cash Equivalents and Investments - Beginning of Year</b>	<b>16,506</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>10,962</b>

Capital Works Program 2019/20	
Bridges	191,938
Buildings	1,606,599
Lithgow CBD Works	152,656
Cemeteries	72,000
Cultural Heritage	288,862
Depots and Store	320,000
Drainage	541,069
Environment	600,000
Footpaths	378,233
Information Technology	80,000
Library	240,067
Plant Replacement	1,500,000
Recreation	990,761
Roads	4,154,880
Tourism	50,000
Village Improvements	30,000
Waste	3,697,000
Wastewater	3,976,501
Water	2,463,983
<b>Total Capital Program</b>	<b>21,334,550</b>

Capital Works Program 2019/20 – Funding Sources	
General Fund Revenue	7,690,823
Waste Fund Revenue	117,000
Water Fund Revenue	227,983
Wastewater Fund Revenue	166,501
S7.11 & S7.12 Contributions	46,000
Special Rate Variation 2019	684,542
Capital Grants & Contributions	3,207,249
Roads to Recovery Grants	796,800
Reserves	8,397,651
Loans	0
<b>Total Capital Program</b>	<b>21,334,550</b>

## Ordinary Rates

Council has 4 categories of ordinary rate, being residential, farmland, business and mining. These categories are further divided into subcategories for residential, farmland and business. An ordinary rate will be applied to each parcel of rateable land within the Local Government Area in 2019/2020.

In accordance with the Local Government Act 1993, the task of setting the annual rate peg is delegated to the Independent Pricing and Regulatory Authority (IPART).

In September 2018, IPART announced that the 2019/2020 Rate Peg Determination would be 2.7%. The rate pegging limit has been reflected in the Draft Operational Plan 2019/2020.

Land valuations as at 1 July 2016 will be applied for the 2018/2019 annual rate levy.

This Operational Plan has been prepared based upon an increase in the rate peg limit for 2019/2020 of 2.7% and subsequently this amount has been incorporated into the rate model. It should also be noted that the special variation to the ordinary rate for the provision of fire services in the Local Government Area which was approved and adopted in 2006/07 is proposed to continue in 2019-2020.

## Interest

In accordance with section 566(3) of the *Local Government Act 1993*, the Minister for Local Government determines the maximum rate of interest payable on overdue rates and charges. For the 2019/2020 rating year the interest rate is 7.5%.

Residential			
	Base Amount (\$)	Ad Valorem Amount (c in the \$)	
Lithgow (Including Strathlone, Littleton and Marrangaroo)	311	0. 630706	4,754,583
Wallerawang	271	0. 490541	520,446
Portland	265	0. 469009	496,532
Lidsdale	311	0. 467935	101,321
General	218	0. 350217	1,901,394
Farmland			
Intense Use	404	0. 310402	196,679
Farmland	404	0. 310402	1,766,509
Business			
Lithgow	437	2. 520578	1,621,842
Wallerawang	437	1. 574681	119,285
Portland	437	1. 213561	45,467
Lidsdale	296	1. 988832	8,431
General	296	0. 426459	182,647
Mining			
Coal Mines	10,689	10.587676	2,218,907
<b>Total Estimated Yield</b>			<b>13,934,042</b>

## Special Rates

Parking

The special rate for parking for 150 CBD properties will continue within the designated area of Lithgow. At the Council meeting held on 26 November 2018 it was resolved:

THAT Council take the following action from the 2019/20 financial year:

1. Utilise the parking special rate for Lithgow CBD capital works and maintenance.
2. Determine a specific program of works and activities which will be funded from the parking special rate for inclusion in each year's Operational Plan.
3. Any parking special rate funds not utilised in a financial year be placed in an internally restricted reserve for future Lithgow CBD capital works and maintenance.
4. That the outcome of the program is reported to Council annually and that the program is reviewed in 5 years.

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The ad valorem rate and estimated yield is provided below.

Parking			
	Ad Valorem Amount (\$)	Estimated Yield (\$ GST Exclusive)	
Designated area of Lithgow	0.9539	254,768	
SPECIAL RATE - PARKING			
RENEWAL WORKS TO BE UNDERTAKEN	2019/20-\$	MEASUREMENT	REPORTING
LITHGOW CBD – STREET SWEEPING	102,112	WORKS COMPLETED	REPORT 'ON-THE-GROUND WORKS' UNDERTAKEN IN QUARTERLY PROGRESS REPORT AND ANNUAL REPORT.
LITHGOW CBD – COOK STREET PLAZA – SHADE STRUCTURE	152,656		

### Proposed Special Variation to Ordinary Rates

In February 2019, Council applied for a Special Rate Variation (SRV) as follows:

- To retain the current SRV of 4.77% which expires on 30 June 2019; and
- To request an additional one-off SRV of 4.23% plus the rate peg also to be added.

The SRV application will be determined by Independent Pricing and Regulatory Authority (IPART). IPART's decision on the Special Rate Variation will be announced on 14 May 2019. **The draft Operational Plan includes income and expenditure from the proposed SRV.**

The proposed Special Rate Variation expenditure program is included below.



**Special Rate Variation Program**  
**s508 (2) of the Local Government Act 1993**

Renewal works to the following roads: .	2019/20 \$	Measurement	Reporting
First Street, Lithgow	140,000	Road renewal works completed.	Report ‘on-the-ground’ works undertaken in the Six Monthly Progress Report and Annual Report.
William Street, Portland	65,000		
View Street, Lidsdale	35,000		
Red Hill Road, Upper Turon	125,000		
Total Road Renewal	365,000		
General Asset Transport Maintenance	360,000	Maintenance works completed.	
Total Transport SRV Program	725,000		
Renewal of the following drainage infrastructure:	2019/20 \$	Measurement	Reporting
Alison Close, Wallerawang Drainage	75,000	Drainage renewal works completed.	Report on works completed in the Six Monthly Progress Report and Annual Report.
Total Drainage Renewal	75,000		
General Asset Drainage Maintenance	25,000	Maintenance works completed.	
Total Drainage SRV Program	100,000		
Renewal works to the following buildings:	2019/20 \$	Measurement	Reporting
Pioneer Park Toilet Replacement	125,000	Buildings renewal works completed.	Report on works completed in the Six Monthly Progress Report and Annual Report.
Union Theatre Lighting and Sound Renewal	50,000		
Total Buildings Renewal	175,000		
Special Rate Variation Program			

s508 (2) of the Local Government Act 1993			
General Asset Building Maintenance	75,000	Maintenance works completed.	Report on works completed in the Six Monthly Progress Report and Annual Report.
<b>Total Buildings SRV Program</b>	<b>250,000</b>		
<b>Business Improvement Capital Project:</b>	<b>2019/20 \$</b>	<b>Measurement</b>	<b>Reporting</b>
Installation of Solar Panels - Aquatic Centre	69,542	Building improvement works completed.	Report on works completed in the Quarterly Progress Report and Annual Report.
<b>Total Business Improvement SRV Program</b>	<b>69,542</b>		
<b>TOTAL EXPENDITURE SPECIAL RATE VARIATION</b>	<b>1,144,542</b>		

## S7.11 and S7.12 Levy Contributions

Council has undertaken a review of its Development Contributions Framework and has proceeded with the introduction of S7.11 and S7.12 (formerly Section 94A) Levy Plans that will apply across the LGA.

Note: The table below identifies the S7.11 and S7.12 Levy Contribution portion only for each project.

Proposed 3 Year Works Program – S7.11 and S7.12 Levy Contributions			
	2019/20 \$	2020/21	2021/22
<b>Roads</b>			
Rural Roads Rehabilitation	150,000	150,000	150,000
<b>Open Space and Recreation Facilities</b>			
Aquatic Centre Stage 4 – Loan Repayments	100,000	100,000	100,000
<b>Civic, Community &amp; Cultural Facilities</b>			
CCTV Cameras in Main Street, Lithgow	16,000	16,000	16,000
Village Improvement Program	30,000	30,000	30,000
<b>Total Expenditure Section 94A</b>	<b>296,000</b>	<b>296,000</b>	<b>296,000</b>

## Charges

Council proposes to make the following annual charges:

### Sewerage Charges

Over recent years Council has spent approximately \$43 million on the upgrade of the Lithgow, Wallerawang and Portland Sewerage Treatment Plants. Design work has commenced on the Cullen Bullen Sewerage Scheme (\$6.8 million budget). In addition, planning has commenced for the West Bowenfels Sewerage Scheme.

In 2019/2020, the following residential or business sewage access charges will be levied on all rateable and non-rateable properties which are connected to or within 75 metres of Council's reticulated sewerage system.

Council has reviewed the sewerage access and usage charges for 2019/20 and has decided to maintain residential and business access and business usage charges at 2018/19 rates. **There is no increase in sewerage charges for the 2019/20 year.**

The sewerage usage charges will be levied to all properties using Council's reticulated sewerage system.

The residential sewer charge is calculated by guidelines issued by Best Practice pricing using the following formulae:

$$BR = SDF \times (AC20 + (CR \times UC))$$

Where:

BR = Annual residential sewerage bill (\$)

AC20 = Annual non-residential sewerage access charge for 20mm water service connection (\$)

SDF = Sewer discharge factor – the proportion of total residential water consumption that is discharged to the sewerage system

CR = Average annual residential consumption (kL)

Sewerage Charges		
Sewerage Access Charge		
Type	Charge (\$)	Estimated Yield (\$)
Residential	936.00	6,783,936
Business (main size):		
200mm	1,212.26	727
100mm	1,212.26	13,699
50mm	1,065.97	73,712
20mm	805.10	288,805
Total Estimated Yield		7,163,879
Sewerage Business Usage Charges		
Type	Charge (\$)	
Business (most commonly 95% of water usage)	1.74	

## Stormwater Charges

It is proposed that the following stormwater charges will be levied on all residential and business properties within identified urban areas (except those which are vacant land).

There is **no proposed increase** to the residential stormwater levy for 2019/20 which will remain at \$25 per residential assessment, \$12.50 per strata unit and \$25 per 350 sq metres or part thereof for businesses with a cap on business properties of \$1,500.

Income raised from the stormwater charge is allocated to both capital and recurrent projects relating to new or additional stormwater management services such as the:

- Construction & maintenance of drainage systems, pipes basins & waterways
- Stormwater treatment
- Stormwater reuse projects
- Stormwater pollution education campaigns

- Inspection of commercial & industrial premises for stormwater pollution prevention
- Stormwater pollution incidents
- Water quality
- Flood management
- Stormwater Management

Stormwater Charges		
Type	Charge (\$)	Estimated Yield (\$)
Residential	25.00	156,450
Strata Unit (Residential)	12.50	1,750
Business	25.00 per 350sq metres (\$1,500 Cap)	88,600
Total Estimated Yield		246,800

## Waste Charges

There is no increase in waste charges for the 2019/20 year.

In 2018/19, additional costs were incurred by Council's kerbside waste contractor for the processing of recyclable materials. Council has no alternative except to retain the prior year cost increase as a 'special waste charge' of \$28.00 per service for 2019/20.

Waste Charges		
Type of Service	Charge (\$) (GST ex)	Estimated Yield (\$) (GST ex)
Residential	459.81	3,918,271
Business	459.81	291,290
Non Rateable	459.81	58,396
Unoccupied Urban	204.11	101,851
Rural	141.54	338,564
Total Estimated Yield		4,708,371

## Water Charges

### Water Charges

The residential or business water availability charge will be levied on all rateable and non-rateable properties which are connected to or within 225 metres of Council's reticulated water supply system. Water usage charges will be levied to all properties using Council's reticulated water supply system.

Council has reviewed the water availability and usage charges for 2019/20 and has decided to maintain residential and business availability and usage charges at 2018/19 rates. There is no increase in water charges for the 2019/20 year.

Water Charges		
Water Availability Charges		
Type	Charge (\$)	Estimated Yield (\$)
Residential	189.26	1,484,366
Business (main size):		
200mm	1,204.00	1,204
100mm	1,204.00	20,468
50mm	1,059.00	90,015
20mm	800.00	336,000
Total Estimated Yield		1,932,053
Water Usage Charges - Residential		
Kilolitres Used	Charge (\$)	
0 – 250 Residential	3.23 / kl	
250+ Residential	4.85 / kl	
Water Usage Charges - Business		
Kilolitres Used	Charge (\$)	
0 – 500 Business	3.23 / kl	
500+ Business	4.85 / kl	

## Septic Tank Charges

Following a review and public consultation process during 2010, Council adopted a revised Onsite Wastewater Strategy in November 2010. This strategy was further revised in 2013/2014. All on-site sewage management systems will be allocated a risk rating according to their type, location and proximity to waterways and property boundaries as follows. This risk rating may be altered where an inspection reveals additional risk factors:

### High Risk Systems

Septic Systems located within 100 metres of a permanent watercourse or within 12 metres of a property boundary or another residential dwelling, or within a village.

Septic Systems located on commercial properties including cabins, caravan parks, B&Bs, hotels, mines etc.

High risk systems will be given a two (2) year Approval to Operate and will be inspected every two (2) years.

### Medium Risk Systems

Septic Systems on land 5 hectares and less in size.

Medium risk systems will be given a five (5) year Approval to Operate and will be inspected every five (5) years.

### Low Risk Systems

Septic systems located on rural land greater than 5 hectares provided they are not located within 100 metres of a permanent watercourse or within 12 metres of a property boundary or another residential dwelling.

### All Aerated Wastewater systems (AWTS)

Low risk systems will be given a ten (10) year approval to Operate and inspected every ten (10) years.

There will be no Approval to Operate charges for Aerated Wastewater Systems (AWTS).

## Proposed Borrowings

There are no borrowings planned for new projects in 2019/2020.

Proposed Loan Borrowings		
	2019/20 \$	2020/21
Cullen Bullen Sewer Scheme	2,000,000	