Draft 2017/18 Revenue Policy

CAMDEN COUNCIL
PO Box 183
CAMDEN NSW 2570
Tel. (02) 4654 7777
Fax. (02) 4645 5025
www.camden.nsw.gov.au

Contents

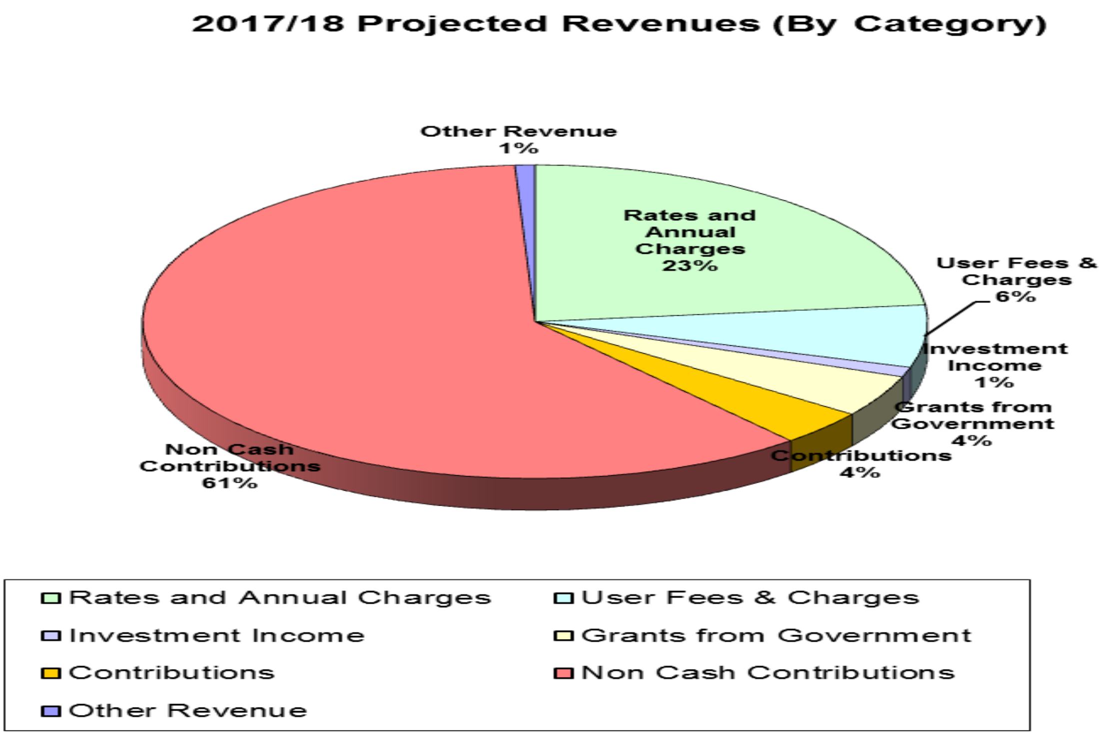
In accordance with the Local Government Act 1993 and General Regulations 2005, Council is required to prepare an Annual Revenue Policy Statement. The following information outlines how Council will generate its revenue in 2017/18 and the major sources of revenue which fund Council's operations.

WHERE DOES COUNCIL'S REVENUE COME FROM?

In formulating this policy it was considered necessary to identify the current sources of revenue and how they are used to fund the six key directions identified in the Community Strategic Plan – Camden 2040.

Operating and Capital Revenues for 2017/18 have been summarised into the following ten categories:

1. Rating Income
2. User Fees & Charges (including Waste Management Charges)
3. Investment Income
4. Grants (Not tied to Expenditure)
5. Grants (Tied to Expenditure)
6. Loan Borrowings
7. Section 94 Developer Contributions
8. Income from the Sale of Assets
9. Cash Reserves & Restrictions
10. Stormwater Management Levy



RATING INCOME

Rating Income is generated by a levy on properties within the Council area for the provision of local government services. Council is committed to the implementation of a fair and equitable rating system, where each rating category and property will contribute to the rate levy according to the demands placed on Council's resources.

Council has the following rating categories for rateable land in the Camden Local Government Area:

1. Residential
2. Farmland - Ordinary
3. Farmland - Intensive
4. Business

The rating categories have been in place since 1994.

Camden Council's rates consist of a base charge and an ad-valorem charge. The base charge amount is a standard amount which is applied to all properties. The ad-valorem charge is a distribution of the residual rating income, calculated as a proportion of the properties land valuation. The land valuation calculated for each property is determined by the Valuer General's Department and is reviewed every three years.

Council calculates its rating charges with the intention of generating 50% of the total rate levy from the base charge (or as close thereto as possible). The basis of this is that such a rating structure will provide the fairest and most equitable distribution of the rate levy in the Camden Local Government Area.

Council was advised in November 2016 that IPART had determined a rate peg for 2017/18 of 1.50%. The increase in the Local Government Cost Index has been determined to be 1.47%. The Local Government Cost Index is a measure of the increase in operational costs incurred by NSW councils for services and activities funded from general rate revenue.

After taking into account the rise of the Local Government Cost Index of 1.47%, IPART have applied a productivity factor of 0.001%. The increase was then rounded up by 0.03% to arrive at the approved rate peg for 2017/18 of 1.50%

Additional rate income through growth (supplementary rate income) has been calculated on the basis of Council's current capacity to approve development and building applications and estimated lot release. Lot release projections for 2017/18 are estimated at 2,500 lots. Council's supplementary rate income is reviewed quarterly and if required adjustments are made at the next quarterly budget review.

Special Rate Variation

In preparing the 2013/14 – 2016/17 Delivery Program, Council applied to IPART for a Special Rate Variation to part-fund the continuation of the Community Infrastructure Renewal Program. The application was based on a $6 million package of infrastructure renewal works over 6 years. The package of works would be funded through a mixture of internal reserves, loan borrowings via the Local Infrastructure Renewal Scheme, and a special rate increase of 1.10%.

Council was advised by IPART on 11 June 2013 that its application for a 1.10% special rate variation for the purposes of community infrastructure renewal was successful. The 1.10% special rate variation is a one-off increase in rates for a period of 6 years. Council will be required to reduce its rates by an equivalent amount of income in the 2019/20 rating year.

Council has not made an application for a rate increase above the approved rate increase of 1.50% for the 2017/18 rating year.

Differential Rating

Council will consider applying differential rating in green-field development where a higher level of service is being provided to the community. Any decision to use a differential rating system will consider Council's primary rating principle of ensuring that a fair and equitable rating system exists, where each rating category and property will contribute to the rate levy according to the demands placed on Council's resources.

If Council were to pursue differential rating in new release areas, this would require Council to submit a special rate variation application to IPART under the guidelines for a permissible variation to general rating income.

Land Valuations

Rating revenues raised in the 2017/18 financial year will be based on the land valuations determined by the Valuer General's Department at a base date of June 2016. Land value is the value of the land only and does not include the value of the home or other improvements on the land.

Land Valuations are issued by the Office of the New South Wales Valuer General and are determined under the Valuation of Land Act 1916. The Valuer General is responsible for providing fair and consistent land values for rating and taxing purposes.

Landholders wanting to know more about their land value or the valuation system can call 1800 110 038 or visit the Valuer General's website at www.valuergeneral.nsw.gov.au.

Land Values within the LGA have increased by $6.4 billion since they were last assessed in 2013. The increase to residential land values is $5.7 billion and business land values have increased by $418 million.

A summary of the changes in land valuations is provided in the table below:

2017/18 Rate Year	2013 Land Value	2016 Land Value	Increase
Residential	$8,248,043,031	$13,936,164,910	$5,688,121,879
Business	$1,080,299,760	$1,498,100,370	$417,800,610
Farmland	$303,239,800	$608,178,240	$304,938,440
Mixed Development – Business	$3,704,720	$6,025,700	$2,320,980
Mixed Development – Residential	$2,866,280	$4,938,300	$2,072,020
Total	**$9,638,153,591**	**$16,053,407,520**	**$6,415,253,929**

Rating of Subdivided Land

Following the sub-division of a parcel of land, rates cannot be levied on new lots until supplementary valuations have been provided to the Council by the Valuer General and the Council has categorised each of the new parcels. Once this has happened, Council can levy rates on a pro-rata basis from the date the deposited plan was registered.

When Council levies rates on new parcels of land on a pro-rata basis, an adjustment must be made in respect of the land that existed prior to the sub-division to reflect that rates and charges are only payable on that parcel up until the date of sub-division.

WASTE MANAGEMENT SERVICES

Within Council's 2017/18 Draft Fees and Charges, domestic waste service charges have increased by 2.50% compared to 2016/17 charges. This increase is required to recover the cost of providing the service, future increase in disposal costs and funding Council's waste plant replacement program.

The list of charges applicable to waste services can be found in the Adopted Fees & Charges Schedule for the 2017/18 financial year.

USER FEES & CHARGES

Council has the ability to raise revenues through the adoption of a fee or a charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

The fees and charges which Council can charge can be split into two categories:

1. Regulatory fees – These fees are generally determined by State Government Legislation, and primarily relate to building, development or compliance activities. Council has no control over the calculation, and any annual increases of these fee and charges.

2. Discretionary Fees - Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

The general principles under which Council sets its fees and charges take into account the works and services provided, the comparable commercial value, and the ability of residents to pay at the pricing level determined appropriate. The general principles that Council supports in its pricing policy are to:

1. ensure the community receives the maximum possible benefit from the services provided and from the limited resources which are used to provide that service,
2. recognise that there is an element of community benefit in Council providing certain works and services, and as such that a level of general fund contribution be incorporated into the determining of some fees and charges,
3. where a service is provided which is considered a commercial activity, that an appropriate fee be charged which recovers the cost of the service, the consumption of assets and an appropriate return on investment, which is in no way subsidised by the community.

Council's adopted fees and charges for 2017/18 have generally been increased by 2.20%, which is in line with current CPI projections, with the exception of fees which are set by regulation, are prepared on a cost-recovery basis or where Council provides the service in a competitive market.

MERCHANT SERVICE COST RECOVERY

A Merchant Service Fee is a fee charged by financial institutions for providing merchant services. They are calculated as a percentage of each credit card sale and are charged whenever a credit card transaction is processed.

Council will continue to charge a merchant service cost recovery fee on all payments made by customers using a credit card. The fee is calculated on the basis of full cost recovery of the charges incurred by Council.

INVESTMENT INCOME

Council has an adopted Investment Policy. The overall objective of this policy is to ensure that Council invests its funds:

1. in accordance with the requirements of the Local Government Act (1993), and
2. to maximise the return on investments after taking into consideration the level of risk attributable to the type of investment made, and the level of funds required to ensure that Council meets its budget obligations.

The policy outlines:

- the manner in which Council may invest funds,
- the risk profile considerations for investment categories,
- the institutions and products which Council can invest in, and
- the reporting requirements of Council's investment portfolio.

Interest on investments is received on three types of funding:

- General fund revenues raised through the year from all sources of revenue (excluding reserves and Section 94 contributions),
- Restricted reserves held until expended,
- Section 94 contributions held until expended.

Council has control over the interest it earns on general fund revenues and unrestricted reserves, but Section 94 interest on investments must be used for the purpose for which the contribution relates. The interest Council earns on general fund revenue is untied and forms part of Council's consolidated revenue for distribution across services that are not funded by restricted funds.

Council uses Access Economics business outlook data to determine its long term projections on interest on investment income. As Council consistently performs above the official cash rate (Reserve Bank of Australia), a performance factor of 1.00% has also been added.

Interest projections for the 2017/18 budget have been prepared on the basis of generating a return on investment of 2.70%. This is the same forecasted rate used as part of the 2016/17 budget. Council is currently achieving a return on its investment portfolio of approx. 3.26% (February 2017). Asset base growth has also been included in budget modelling for 2017/18 at 5.00%.

GRANTS (NOT TIED TO EXPENDITURE)

Grant revenue is obtained from the Federal and State Governments. Grants can either be untied (Council has the discretion to allocate the funds where its sees fit) or tied (must be used for a specific purpose).

Council's primary source of untied grant income is the Financial Assistance Grant Allocation. This grant is combined with rate income to cover the cost of providing services not covered by tied income. The Financial Assistance Grant is distributed to local councils by the Local Government Grants Commission.

In adopting the 2014/15 Federal Budget, the Federal Government announced that the indexation of the Financial Assistance Grant would cease for a period of three years. This has significantly impacted the level of revenue Council receives from this grant. The Federal Government has reinstated indexation from 2017/18 as part of announcing the 2017/18 Federal Budget.

The 2017/18 budget projects an increase in funding compared to 2016/17 of 5.62%. This increase relates to a projected increase in Council's entitlement of the overall amount allocation to New South Wales Council's, predominately due to the population growth compared to the rest of the state.

Council will continue to lobby for a fair and equitable distribution of this grant amongst Council's in NSW, and will also make representations on behalf of the Camden community to ensure that the level of funding received by Camden reflects the unique pressures of rapid urban development.

GRANTS (TIED TO EXPENDITURE)

In the past, the majority of tied grants related to main roads, public works allocations, employment schemes, bush fire control, library and community services. It has been Council's policy to apply for grants when they become available, but at times there has been uncertainty as to whether particular grants would continue on an annual basis.
Again, this places tremendous pressure on Council's budget and the provision of service levels currently offered by Council.

This is an area of revenue that needs to be treated with caution, as any loss of grant revenue has a detrimental effect on services provided to the community. Therefore regular contact with government departments need to be maintained to maximise the opportunity of obtaining grants.

Council is mindful that most grants are issued by government on a dollar for dollar basis. This type of funding arrangement impacts on Council's available resources and ability to fund existing services. This fact is taken into consideration when assessing available grants.

PENSIONER REBATE SUBSIDY

Pensioner rebate estimates have been revised to reflect the current number of residents who can claim a pensioner rebate.

As part of the 2014/15 budget, the Federal Government announced that it would cease paying its 5% subsidy towards pensioner rebates. This decrease was subsequently covered by the NSW State Government for 2014/15 to 2016/17.

In lieu of the NSW State Government confirming that they will continue to cover 55% of the pensioner rebate for 2017/18, Council's LTFP assumes this will decrease to 50% in 2017/18 and onwards due to the decision of the Federal Government to discontinue their part funding of this scheme.

LOAN BORROWINGS

Council's policy on funding expenditure through loan borrowings is:

1. Funds will only be borrowed for specific capital projects, which are clearly linked to the community's expectations as outlined within Council's Community Strategic Plan (Camden 2040),
2. Council will consider the use of loans to ensure existing residents are not burdened with the cost of infrastructure which will be enjoyed by future generations,
3. Loan borrowings will only be considered after all potential funding strategies have been investigated, including the use of any existing cash reserves and external funding opportunities,
4. The use of loan borrowings to fund operational shortfalls or service expansion is not permitted,
5. The use of loan borrowings for the purpose of leveraging an investment is not permitted,
6. Council will review its long-term financial plan to ensure there is capacity to service debt from recurrent revenues.

Further information on loan borrowings can be found on pages 19 of this policy.

SECTION 94 DEVELOPER CONTRIBUTIONS

Section 94 Developer Contributions are a levy that Council can impose on development consent to help fund the delivery of infrastructure that is needed for that development. They can only be imposed as a condition of consent and are only payable if a person is proposing to develop their site.

In order to levy a contribution, Council must first adopt a Contributions Plan. The plan sets out what infrastructure is needed, the likely timing of its construction, the cost of the works and how the cost is to be shared by developers and Council. Council can only levy a contribution if it is in accordance with an adopted Plan.

The Environmental Planning and Assessment Act sets out the rules for development contributions. The Minister for Planning may issue directions that can provide further detail to the rules, such as imposing a cap on the contributions. The Department of Planning issues circulars and planning guidelines to help explain the rules.

Council has the option to permit developers to construct works, or dedicate land in lieu of paying cash contributions. Where this happens, the developer will enter into either a Works In Kind Agreement or a Voluntary Planning Agreement. These agreements are legally binding contracts that specify what the developer must do and by when.

INCOME FROM SALE OF ASSETS

Council has a limited portfolio of property holdings which are not engaged in the delivery of essential services to the community. The majority of Council's property assets deliver on services such as:

- Transport Infrastructure,
- Environmental services, such as stormwater management,
- Community Facilities,
- Operational Assets, including administration buildings.

Council does not actively participate in the purchase of property as an investment. The limited number of property investments which Council currently owns primarily relates to land holdings within industrial and residential areas within the Camden LGA. Council will consider the sale of surplus land where funds are required for capital purposes.

Council's criteria for the sale of property assets are as follows:

- The asset is no longer used, or is not required for the provision of a core community service,
- The asset has reached the end of its useful life and provides no further tangible benefit to the community,
- Market conditions indicate that the asset could provide a substantial return which could be used to fund other capital investments,
- The asset is incurring a higher level of maintenance cost than would normally be expected.

Whilst the revenues generated from the sale of land assets could be used to alleviate operational budget pressures, this is a financially unsustainable measure as the funding would only provide a short term solution.

In accordance with Council's plant replacement policy, Council intends to dispose of a number of items which have reached their useful life. The 2017/18 Budget includes an estimate for plant disposal of $445,000.

LEASING INCOME

The completion of the Oran Park administration building will generate leasing income from the previous administration centres at Camden and Narellan.

The estimated income for 2017/18 will be $320,000 and this will increase to $1 Million by 2019/20. Council will also be receiving $64,000 per annum for air rights over the Camden Valley Way as part of the Narellan Town Centre re-development. This agreement commences in 2018/19.

CASH RESERVES & RESTRICTIONS

Council has a number of cash reserves which are either a legislative requirement (externally restricted) or through a Council decision (internally restricted).

The balance of cash reserves is:

	Actual	**Projected**	**Projected**
	30 June 2016	30 June 2017	30 June 2018
Externally Restricted	$63.435 million	$36.605 million	$40.374 million
Internally Restricted	$30.103 million	$20.056 million	$11.770 million
Total Reserves	**$93.538 million**	**$56.661 million**	**$52.144 million**

External Reserves can only be used for the purpose for which the funds were collected.

The balance of Council's reserves is considered annually as part of the budget process. Reserves that have funding short-falls are considered a priority to be funded (replenished) as part of the budget process, as this could have an impact on Council's long-term financial planning. The need for a new reserve is considered as part of Council's long-term financial planning.

Council's current policy is to maintain a minimum working funds surplus of $1,000,000. These funds are held as part of Council's internal reserves. This amount represents funds readily available in cash, which are not committed in Council's current budget.

This amount has been deliberately set aside by Council to allow for situations where emergency funding is required due to a major unforeseen circumstance within the LGA. The level of the restriction will be reviewed as Council's budget grows.

STORMWATER MANAGEMENT LEVY

In 2006, the State Government enacted the Local Government (General) Amendment (Stormwater) Regulations 2006. These regulations allow Councils to charge a maximum of $25 p.a. per occupied allotment for the provision of additional stormwater management services to residents in urban areas who benefit from Council provided stormwater services.

For the purposes of the Act, stormwater management is defined as the management of the quantity and quality of stormwater that flows off a parcel of privately owned, developed urban land. Urban land is land within a city, town or village.

The levy can only be charged in areas where Council provides a stormwater management service. Income from the levy can only be used by Council for the purpose for which it is collected. Council must also maintain its existing stormwater management program.

Council has taken the approach that this levy will be used to educate and promote awareness in the community, ensure the efficient flow of stormwater through the LGA and an improvement in the quality of water flowing into our streams and rivers.

Progress on the implementation of the works is reported to the community through Council's Annual Report.

The levy is to be charged as follows:

a) For land categorised as residential - $20
b) For residential Strata lots - $10 (50% of the adopted charge as applied to residential properties).
c) For land categorised as business - $20 per 700 square metres or part thereof (the business levy is capped at $1,000).
d) For business strata complexes - $20 per 700 square metres or part thereof. The cost is then divided on a pro-rata basis between the lots (the business strata levy is capped at $1,000 for each individual parcel).

The following exemptions to the Stormwater Management Levy will continue to apply:

- Land exempt from rating under the Local Government Act 1993, such as schools, churches or hospitals,
- Vacant Land (as defined under the Local Government (General) Amendment Regulation 2006),
- Land owned by the Department of Housing,
- Some land managed under the Aboriginal Housing Act,
- Pensioners (see below).

Ratepayers who currently receive a pension rebate will be exempt from this levy providing they qualify for the pension rebate at 1 July of any given rating year.

The stormwater management levy will generate approximately $546,900 in the 2017/18 rating year.

2017/18 Existing Stormwater Management Maintenance Program

ITEM	ITEM DESCRIPTION	2017/18 Proposed	2018/19 Proposed	2019/20 Proposed	2020/21 Proposed
Water Quality					
Water Sampling & Testing	Weekly testing/ monitoring of the recreational water quality of the Nepean River.	$9,000	$9,000	$9,000	$9,000
Blue Green Algae Testing	This allocation allows for the periodic monitoring of the lakes systems within the Narellan Release Area and testing of the Nepean River for the presence of blue green algae.	$3,200	$3,200	$13,200	$13,200
Stormwater Education	Stormwater Education Officer	$82,000	$16,000	$90,800	$104,900
	Sub Total - Water Quality	**$94,200**	**$28,200**	**$113,000**	**$127,100**
Drainage Systems					
Drainage Pipe/Pit Maintenance	Allows for the maintenance of the drainage pipe network and pit junctions in the Camden LGA. The maintenance works relate primarily to drains which are adjacent to roads or run underneath roads.	$120,900	$120,900	$120,900	$120,900
Narellan Catchment Area Maintenance	This allocation allows for water quality testing which ensures adequate treatment procedures are in place before stormwater is discharged into the Nepean River. It also funds pipe, pit, structure, channel and stream maintenance within the Narellan Catchment Area.	$70,000	$55,000	$60,000	$65,000
GPT Maintenance	Regular maintenance and litter removal of all Gross Pollutant Traps located throughout the Camden LGA.	$199,300	$163,100	$73,300	$54,200
Aquatic Plant Maintenance	Allocated for the removal of noxious weeds and reducing excessive weeds in open water bodies and streams within the Narellan Catchment Area. This allows for improved water flow control and improvements in natural habitat.	$38,600	$70,000	$70,000	$70,000
Lake Annan Ibis Management	Funding will allow for the ongoing management of the Ibis population which inhabit the surrounds of Lake Annan, Mount Annan.	$14,700	$15,300	$15,900	$16,500
	Sub Total - Drainage Systems	**$443,500**	**$424,300**	**$340,100**	**$326,600**
	Total - Stormwater Management	**$537,700**	**$452,500**	**$453,100**	**$453,700**

2017/18 Stormwater Management Levy Works Program

ITEM	OUTCOME	Notes	2017/18 Proposed	2018/19 Proposed	2019/20 Proposed	2020/21 Proposed
Capital Works						
Camden Town Centre – Drainage Works	Improved Capacity of stormwater system	1	$250,000	$200,000	$0	$0
	Sub Total – Capital Works		**$250,000**	**$200,000**	**$0**	**$0**
Community Education						
Education & Promotion	Increase Community Awareness	2	$12,700	$13,100	$13,600	$14,200
Water Quality Monitoring	Better Understanding of Stormwater Systems	3	$59,100	$61,600	$64,200	$66,900
	Sub Total - Community Education		**$71,800**	**$74,700**	**$77,800**	**$81,100**
Management & Maintenance						
Urban GPT Maintenance	Improved Water Quality	4	$157,300	$228,500	$436,500	$501,600
Wetland & Rain-garden Maintenance	Improved Water Quality	5	$48,200	$49,900	$51,900	$54,200
Lake Yandelora Inspections	Improved maintenance of drainage assets	6	$9,000	$9,300	$9,700	$10,100
Stormwater Assets Long Term Management	Improved management of drainage assets	7	$10,600	$11,000	$40,000	$11,400
	Sub Total - Management & Maintenance		**$225,100**	**$298,700**	**$538,100**	**$577,300**
	Total - Stormwater Levy Works Program		**$546,900**	**$573,400**	**$615,900**	**$658,400**
	Total Income Collected		**$546,900**	**$573,400**	**$615,900**	**$658,400**
	Transfer To/(From) Reserve	-	**$0**	**$0**	**$0**	**$0**
	Surplus / (Deficit)		**$0**	**$0**	**$0**	**$0**

Note 1: Camden Town Centre Drainage Works

As part of the overall Camden Town Centre Improvement works, the opportunity is being taken to improve the capacity of the drainage system in Argyle Street and adjacent streets and carparks.

Many of the existing drainage systems are very old and require replacement, while the older systems were also designed to older drainage standards that no longer provide adequate protection to adjacent properties and within the roadway.

Note 2: Education & Promotion

In urban areas, the pollutants that enter the stormwater systems are generated predominately by the actions of residents; fertilization of gardens, car washing, litter etc. Education campaigns have been demonstrated as an effective measure in reducing the pollutant loads entering our drainage systems. Education campaigns provide the opportunity to inform the community of the results of monitoring programs and promote the works undertaken through the stormwater levy programs.

Education material is also prepared which outlines the aims, objectives and achievements of the stormwater levy and how residents and households can contribute to improving our waterways. This educational material is prepared annually and the achievements of the stormwater levy are reported in Council's annual report.

Note 3: Water Quality Monitoring

Monitoring of water quality is a vital component of any stormwater management program. Monitoring of water quality and assessment against standards enables Council to effectively deliver a stormwater improvement program targeting actions that generate the greatest benefit. Monitoring is also essential to evaluate the effectiveness of the stormwater management program funded through the levy.

Water Quality Monitoring is also required for stormwater harvesting and storm water reuse sites, including the irrigation of sporting fields. The results of monitoring will be utilised by the sustainability report, used in promotional and educational activities and contribute to regional water quality monitoring programs.

Council previously commissioned a consultant to prepare a comprehensive stormwater quality monitoring framework. Council is proposing to implement systems and processes to progressively implement the recommendations of this report for ongoing monitoring of our key waterways and stormwater infrastructure.

Note 4: Urban GPT Maintenance

Gross Pollutant Traps (GPT's) capture larger pollutants such as litter, bottles, plastic bags, leaves, grass clippings, etc. GPT maintenance is critical to maintaining acceptable water quality within our stormwater systems. The timely removal of gross pollutants, litter and sediment from traps will improve stormwater quality significantly. Generally, these pollutants enter the drainage system after having been introduced by residents and visitors action (or inaction), and are more prevalent in urban areas than in rural areas.

Gross pollutants and some of the nutrients within them can be remobilised if they are not removed prior to subsequent rainfall events. The stormwater levy will, in part, facilitate the systematic, regular cleaning and maintenance of the ever growing number of GPT's in the urban areas, thus greatly reducing the pollutant loads entering our waterways.

Note 5: Wetland Maintenance

Constructed wetlands and rain gardens are the primary method of removing nutrients from stormwater. These contemporary stormwater management facilities are being implemented throughout the newly developed areas.

Nutrients such as nitrogen and phosphorous are key pollutants in the Nepean River catchments, resulting in excessive pest plant growth and algal blooms. This also leads to reduced dissolved oxygen levels, which compromises the function of the wetland systems.

Almost all stormwater falling in the Camden area ultimately drains into the Nepean River and various natural creeks. Funds to periodically maintain wetlands and rain gardens will assist with weed removal and ensuring the filter medium is able to work more effectively.

Note 6: Lake Yandel'ora Inspections

Lake Yandel'ora is a significant water body that has been created through the construction of a large dam wall. As part of the safety requirements of having such a large dam, Council is required to conduct routine inspections and auditing of the structural soundness of the dam wall, outlet structures and outlet stream.

Note 7: Stormwater Asset Long Term Management

The stormwater asset management plan was updated in 2016/17 using updated inventory and condition data captured in 2016. Additionally new assets are introduced either through Council's construction activities or by developers. The asset management plan will become the guiding document for the implementation of the stormwater management program, integrating the results of water quality monitoring and the audit of stormwater assets. The plan will establish levels of service and identify investment priorities for subsequent years.

Ongoing reviews of the condition of these assets are required to ensure that Council's asset management plan remains timely, relevant and that funds are appropriately allocated to those assets which are in need of replacement or renewal.

STATUTORY STATEMENTS

Detailed estimate of Council's income and expenditure for the year ended 30 June 2018

The 2017/18 Budget has been prepared in a program budget format and is a balanced budget. The 2017/18 Financial Statement forecast is attached on page 23 to this policy.

Statement with respect to each ordinary rate and each special rate to be levied

Council is committed to the implementation of a fair and just rating system, under which each rating category and property will contribute to the rate levy according to the demand on Council and community resources.

Council has also recognised the desirability of encouraging the retention of viable rural holdings.

Accordingly Council has resolved to establish the following categories/subcategories for rateable land in the Camden Local Government Area:

Residential
Business
Farmland …..Ordinary
Farmland …..Intensive

Council was advised in November 2016 that IPART had determined an increase in ordinary rates for 2017/18 of 1.50%. Council will apply the full increase for the 2017/18 rating year. As detailed previously, Council has not made an application for a rate increase above the allowable limit of 1.50% for the 2017/18 rating year.

Type	Assessments	Base Charge	Base Income	%
Residential	30,484.43	$658.00	$20,058,755	94.14%
Business	1,699.57	$658.00	$1,118,317	5.25%
Farmland - Ordinary	185.00	$658.00	$121,730	0.57%
Farmland - Intensive	13.00	$658.00	$8,554	0.04%

It should be noted that Camden is required use new land valuations provided by the valuer general with a base date June 2016 for the 2017/18 Rate levy. As a result Council has considered the current rating mix and in order to ensure equity in each category the business ad valorem rate is proposed to be changed from 2.7 to 3.3 times the residential ad valorem rate.

Ad valorem rating levels for the various categories are to be based on the following comparative figures:

- Residential 1.0
- Business 3.3. (3.3 times the residential ad-valorem rate)
- Farmland-Ordinary 0.5 (half the residential ad-valorem rate)
- Farmland-Intensive 0.9 (0.90 times the residential ad-valorem rate)

This will result in the following ad valorem rates, yields and percentages of levy raised for each category for 2017/18.

Type	Rate	Yield	%
Residential	0.140971	$20,077,516	73.24%
Business	0.465204	$6,928,738	25.27%
Farmland - Ordinary	0.070486	$387,342	1.41%
Farmland - Intensive	0.126874	$22,271	0.08%

Based on these rates, rate revenue raised in 2017/18 will be achieved through the following rateable categories.

Type	Base Charge	Ad Valorem	Total Revenue	Base Charge as a % of Total Yield
Residential	$20,058,755	$20,077,516	$40,136,271	49.98%
Business	$1,118,317	$6,928,738	$8,047,055	13.90%
Farmland - Ordinary	$121,730	$387,342	$509,072	23.91%
Farmland - Intensive	$8,554	$22,271	$30,825	27.75%
Total	$21,307,356	$27,415,867	$48,723,223	

It is Council's intention to raise the base rate amount to as close as possible to 50% of the total rate levy. It is Council's view that such a rating structure will provide the fairest and most equitable distribution of the rate levy in the Camden Local Government Area.

Fire Emergency Services Levy (FESL)

From 1 July 2017 a new Fire Emergency Services Levy (FESL) will be paid by all property owners alongside Council rates which will be collected by Local Council's on behalf of the State Government. The FESL will replace the Emergency Services Levy (ESL) that is currently collected as part of all property-based insurance policies. The levy is to be used to fund the community's emergency services. NSW Treasury will advise Councils how much each property will contribute in May 2017.

A statement with respect to each charge to be levied

Council includes on its rate notice a charge for waste management. The Local Government Act 1993 requires that the domestic waste services of a Council must be financed by a specific annual charge made and levied for that purpose alone. The act provides Councils with a framework to effectively recover from users, a reasonable cost of providing the service, which can be achieved by an annual levy under Section 496, or a combination of an annual levy and user pay charge under Section 502.

For 2017/18 Council will utilise the provisions of Sections 496 and 502 to further implement the waste management system which is a combination of an annual levy and a user pay charge.

The charges relating to domestic waste can be found in the adopted Fees & Charges for 2017/18.

A Statement of fees to be charged by Council and the amounts of such fee

The current list of fees have been reviewed and updated in accordance with past practice. The schedule has been prepared to ensure the criteria as required under Section 609 have been considered**.**

A statement of the Council's pricing policy with respect to the goods and services provided by it

Council's pricing policy is set out at the end of this section. Council has established a table of pricing statements relative to the services conducted by Council and these are used in determining the fee or charge to be applied.

A statement of the amounts or rates to be charged for the carrying out by Council of work on private land

These amounts or rates have been included in the adopted Fees and Charges for the 2017/18 budget year and will include GST where applicable.

Goods and Services Tax

Council has been classified as an enterprise and is registered for GST, therefore only incurs minimal GST. The budget has included GST costs associated with rental properties and financial services for which Council does not receive input tax credits.

Council prepares its fees and charges schedule using the best available information in relation to the impact of GST on the fees and charges at the time of adoption. It should be noted that all fees and charges are subject to change in accordance with amendments to the Goods and Services Tax Legislation and subsequent ATO rulings and regulations.

Statement of amounts of any borrowings (other than internal borrowings), the sources from which they are to be borrowed and the means by which they are to be secured

1. Central Administration Centre

In 2015/16 Council borrowed $23 million to fund its new Central Administration Centre. The debt servicing cost associated with the construction of the central administration centre has been factored into Council's budget and Long Term Financial Plan. Council's Long Term Financial Plan has factored in loan repayments of $1.39 million (principal and interest) per annum for the first ten years of the loan repayment schedule. The repayments commenced in 2016/17. The loan will be renegotiated in 2025/26.

Council has considered the impact of borrowing for the new central administration centre, the LIRS loans, and historical recurrent loan borrowings on its debt service ratio and is satisfied that the level of debt is within the recommended levels for a developing Council.

2. Local Infrastructure Renewal Scheme

The Local Infrastructure Renewal Scheme was introduced by the NSW State Government where Councils could apply for interest-subsidised loans for works which supported investment in ageing infrastructure or enable infrastructure for new housing development.

Council was previously successful in securing a $2 million interest-subsidised loan under Round 2 of the scheme. This loan was included as part of the continuation of the Community Infrastructure Renewal Program.

In September 2013, The NSW State Government announced a further round (Round 3) of funding which was available under the Local Infrastructure Renewal Scheme. Council was successful in securing a $2.25 million interest-subsidised loan under Round 3 of the scheme.

3. Recurrent Loan Borrowings Debt Reduction Strategy

Historically Council has borrowed $1.6 million annually to part-fund its road renewal program (road reconstruction). Council reviewed this practice and the amount borrowed in developing the 2013/14 budget and Long Term Financial Plan.

As a result of this review, Council approved a debt reduction strategy, which has gradually reduced the reliance on recurrent loan borrowings to part-fund the road reconstruction program. The last year of borrowing funds for recurrent purposes was as part of the 2016/17 budget with $1 million to be borrowed. A review of the 2016/17 budget has identified that $1 million could be funded at the March Quarterly Budget Review and/or 2017 year-end budget review. This means that Council will be one year ahead of its adopted debt reduction strategy. It will also result in loan interest savings of approximately $325,000 over the life of the proposed 2016/17 loan.

4. Future Loan Borrowings proposed in Council's Long Term Financial Plan (LTFP) Recurrent Loan Borrowings Debt Reduction Strategy

Council is proposing to borrow $15 million in 2023/24 towards the construction of stage 2 of the central administration centre at Oran Park.

Council has considered the impact of borrowing for stage 2 of the central administration centre and is satisfied that the level of debt is within the recommended levels for a developing Council.

National Competition Policy

Under National Competition Policy, Council has identified the business activities existing within Council operations which are impacted by this policy.

The intent of the policy is to provide a framework, which examines the activity in comparison with private industry business practice. Councils are required to review their pricing policies and levels of subsidisation. Council has identified one Category II business activity for 2017/18, namely the Commercial Waste Service.

PRICING POLICY

Under the provisions of Section 608, of the Local Government Act, Council is required to include in its Annual Operating Plan, a Pricing Policy for the various works and services Council provides to its community as well as other entities or other persons.

The general principles under which Council sets its fees and charges take into account the works and services provided, the market value of those works and services provided, the ability of the resident to pay such a price and community contribution involved in such works and services.

General Principles of Pricing Policy

1. Ensure that the community receives the maximum possible benefit from the services provided and from the limited resources used to fund those services.
2. In respect of each category of fee or charge, establish a balance between who is paying for the service and who is receiving the benefit.
3. Where the service can be quantified and the customer clearly identified, a regime of user charges should apply.

4. The level of community benefit as well as individual benefit is considered when determining prices.

Revenue Categories

Council has four distinct revenue categories:

Regulated Fees and Charges,

Unregulated Fees,

Unregulated Charges,

User Charges.

Service Delivery

The services provided will be:

- appropriate to the needs of the community,
- of a high standard,
- delivered on time and in an effective manner.

Income Statement Category & Funding Summary	Delivery Program			
	FY17/18	FY18/19	FY19/20	FY20/21
Operating Revenue				
Rates and Annual Charges	$62,348,300	$68,442,100	$74,506,610	$81,780,620
User Charges and Fees	$17,272,650	$18,294,780	$19,300,520	$20,063,223
Interest Income	$2,620,000	$2,680,000	$2,740,000	$2,975,000
Other Revenues	$2,097,900	$2,179,700	$2,255,600	$2,340,200
Grants - Operating	$5,965,200	$6,205,900	$6,490,500	$6,798,000
Contributions - Operating	$632,885	$634,585	$640,840	$642,640
Total Operating Revenue	**$90,936,935**	**$98,437,065**	**$105,934,070**	**$114,599,683**
Operating Expenditure				
Employee Costs	$44,440,396	$46,708,569	$49,969,424	$53,232,374
Borrowing Costs	$1,385,809	$1,273,403	$1,175,305	$1,091,078
Materials and Contracts	$24,349,041	$25,875,979	$27,237,111	$29,150,264
Depreciation	$16,071,000	$17,635,000	$18,161,000	$18,878,000
Other Expenses	$10,020,440	$10,670,540	$11,447,620	$12,775,530
Total Operating Expenditure	**$96,266,686**	**$102,163,491**	**$107,990,460**	**$115,127,246**
Capital Revenue				
Grants - Capital	$5,579,800	$607,600	$0	$0
Contributions - Capital	$170,498,000	$167,960,300	$167,852,100	$128,672,900
Total Capital Revenue	**$176,077,800**	**$168,567,900**	**$167,852,100**	**$128,672,900**
Source of Funds				
Funds Received from Sale of Fixed Assets	$535,000	$470,000	$360,000	$430,000
Loan Borrowings	$0	$0	$0	$0
Internal Transfers - Transfer from Reserves	$19,517,210	$27,016,300	$18,730,700	$12,836,400
Non Cash Funded Depreciation	$16,071,000	$17,635,000	$18,161,000	$18,878,000
Total Source of Funds	**$36,123,210**	**$45,121,300**	**$37,251,700**	**$32,144,400**
Application of Funds				
Capital Purchases / Assets Acquisitions	$186,042,900	$188,714,700	$181,386,200	$139,389,400
Borrowing Expense - Principal	$3,796,091	$3,664,297	$3,720,595	$1,371,322
Internal Transfers - Transfer to Reserves	$17,032,268	$17,583,777	$17,940,615	$19,529,015
Total Application	**$206,871,259**	**$209,962,774**	**$203,047,410**	**$160,289,737**
Net Contribution /Cost of Service	**$0**	**$0**	**$0**	**$0**

Note : The above includes employee costs of $5.9m over 4 years which are estimated to be capitalised.