



QUALITY NATURE - QUALITY HERITAGE - QUALITY LIFESTYLE

ADDENDUM ITEMS FOR ORDINARY COUNCIL MEETING WEDNESDAY, 16 DECEMBER 2020

Notice is hereby given pursuant to Clause 7(1) of Council's Code of Meeting Practice that an **Ordinary Council Meeting** will be held in the RSL Pavilion, rear Memorial Hall, Molesworth Street, Tenterfield, on **Wednesday, 16 December 2020** commencing at **9.30 am**.

Terry Dodds
Chief Executive

AGENDA

10. URGENT, LATE & SUPPLEMENTARY ITEMS OF BUSINESS

(ITEM GOV100/20) WATER CONSUMPTION FEE DECREASE 2020/2021
FINANCIAL YEAR.....2

Department:	Office of the Chief Corporate Officer
Submitted by:	Manager Finance & Technology
Reference:	ITEM GOV100/20
Subject:	WATER CONSUMPTION FEE DECREASE 2020/2021 FINANCIAL YEAR

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

CSP Goal:	Leadership - LEAD 14 - Resources and advocacy of Council are aligned support the delivery of the community vision outlined in the Community Strategic Plan.
CSP Strategy:	Council is a financially sustainable organisation, delivering value services to the Community.
CSP Delivery Program	Ensure that financial sustainability and the community's capacity to pay inform adopted community service levels.

SUMMARY

The purpose of this report is to reduce water consumption fees as a result of increased water consumption above the estimated consumption used in the budget setting process for 2020/2021

OFFICER'S RECOMMENDATION:

That Council approves the following reductions in residential water charges for the 2020/21 Financial Year effective from the first billing period for 2020/21:

- (1) A reduction in the fee for Residential Tier 1 Water Consumption from \$5.90 per kl to \$4.75 per kl;**
- (2) A reduction in the fee for Residential Tier 2 Water Consumption from \$8.85 per kl to \$7.50 per kl;**
- (3) A reduction in the fee for Rural/Mount Lindesay Tier 1 Water Consumption from \$5.90 per kl to \$4.75 per kl;**
- (4) A reduction in the fee for Rural/Mount Lindesay Tier 2 Water Consumption from \$8.85 per kl to \$7.50 per kl;**
- (5) A reduction in the fee for Non-Residential Tier 1 Water Consumption from \$4.35 per kl to \$3.90 per kl; and**
- (6) A reduction in the fee for Non-Residential Tier 2 Water Consumption from \$6.60 per kl to \$6.15 per kl.**

BACKGROUND

At the Ordinary Council Meeting on 22 June 2020, Council resolved as follows:

"Reviews water consumption fees after the first water consumption reading data is available for the 2020/2021 financial year and current water consumption fees in the 2020/20221 Operational Plan will be varied based on the following formula for each water consumption fee if the water consumption charges vary by 10% or more from the level assumed in calculating the estimated yield for each water consumption fee:

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Full Year Budgeted Income Target/2

= Price per Kilolitre

Kilolitres from the first water meter reading

If the water consumption charges vary by 10% or more from the level assumed (220,526 kilolitres) in calculating the estimated yield for each water consumption fee."

REPORT:

Council has now received the water consumption data for the first billing period of 2020/21 after undertaking water meter readings throughout the Shire.

There has been a 24.23% increase in tier 1 residential water consumption over that predicted for the first billing period of 2020/21 and a 12.22% increase in non-residential water consumption over the same period.

As a result, the new proposed fees are:

		Adopted Fees Reduction	
	\$/KL	\$/KL	%
Residential Tier 1	4.75	5.90	19.49
Residential Tier 2	7.50	8.85	15.25
Rural/Mount Lindesay Tier 1	4.75	5.90	19.49
Rural Mount Lindesay Tier 2	7.50	8.85	15.25
Non Residential Tier 1	3.90	4.35	10.34
Non Residential Tier 2	6.15	6.60	6.82

These numbers were calculated by applying the formula as per the Council resolution at the June meeting to Tier 1 consumption fees (please note that Residential and Rural/Mount Lindesay consumption figures were combined as these fees are the same) and to the Tier 1 Non-Residential Consumption fees. Tier 2 fees were calculated by applying the same percentage differential in the original fee between Tier 1 and Tier 2.

In order to bill before Council closes for the Christmas break, Council staff have had to commence working on the billing assuming the above fees are approved as per the formula in the previous Council resolution. It should be noted that any variation to the above fees will mean that water bills will not be able to go out until February 2021 which will impact Council's cash flow and the community's expectation of receiving their water bill prior to the end of December 2020.

For the purpose of transparency, the water consumption figures for Tier 1 Water Consumption as per the meter readings were:

	K/l
Residential Tier 1	103,352
Non-Residential Tier 1	27,707

In terms of percentage increases from the 2019/2020 fees:

- The Residential Tier 1 Water Consumption fee increases by 25% instead of the previously adopted increase for 2020/2021 of 55.26%.

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- The Residential Tier 2 Water Consumption fee increases by 25% instead of the previously adopted increase for 2020/2021 of 47.50%
- The Non-residential Tier 1 Water Consumption fee increases by 2.63% instead of the previously adopted increase for 2020/2021 of 14.47%.
- The Non-Residential Tier 2 Water Consumption fee increases by 2.5% instead of the previously adopted increase for 2020/2021 of 9.99%

COUNCIL IMPLICATIONS:

1. Community Engagement / Communication (per engagement strategy)

Council's Operational Plan was on public exhibition in line with statutory requirements.

Throughout the year there have been questions raised as to why water consumption fees increased significantly and these have been responded to with the comment that the fees would be reviewed after the first water meter readings had taken place with a view to reducing the fees if consumption increased significantly.

2. Policy and Regulation

Council is required to ensure the water fund is sustainable and is self-funding covering all operational and capital costs.

3. Financial (Annual Budget & LTFP)

The proposed reduction in fees maintains Council's water consumption fee income at approximately the same level as per the budgeted income for the year but does not address the significant loss the water fund had last financial year.

From the Responsible Accounting Officer's perspective, I would prefer the fees to be left as per the original fees that were adopted in June to build up the water fund's liquidity. However, given the time frame to undertake billing and the previous Council resolution on this matter I will take this matter up in the 2021/2022 budget discussions.

4. Asset Management (AMS)

Council requires sufficient funds in the Water Fund to replace assets over time when they fall due for replacement. The current level of cash reserves is not sufficient for this purpose over the next 20+ years.

5. Workforce (WMS)

Not applicable.

6. Legal and Risk Management

Not applicable.

7. Performance Measures

Not applicable.

8. Project Management

Not applicable.

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Kylie Smith
Chief Corporate Officer

Prepared by staff member: Paul Della
Approved/Reviewed by Manager: Kylie Smith, Chief Corporate Officer
Department: Office of the Chief Corporate Officer
Attachments: There are no attachments for this report.