

# Community Service Obligations - Water Supply, Wastewater, Effluent, Trade Waste Services and Section 64 Contributions

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## 1 Policy Purpose

The purpose of this policy statement is to outline Council's determining criteria for recognition of Community Service Obligation (CSO) and the charging policy of water, wastewater, effluent, trade waste services and Section 64 contributions for approved Community Service Obligation organisations or projects.

## 2 Objectives

### 2.1 Policy Statement

Council reaffirmed this policy in its revised format by Minute 06.853 on 27<sup>th</sup> June 2006.

### 2.2 General

The Independent Pricing and Regulatory Tribunal in 1996 determined in its recommendation on Cross Subsidies, that CSO's are essentially an issue for Government policy and, as such a matter for Governments. The Tribunal considered however that the preferred method of funding CSO's should be through explicit and transparent government payment. This action is consistent with the NSW Government Water Supply, Sewerage and Trade Waste Pricing guidelines for Local Water Utilities.

This policy will provide consistency in the recognition and determination of organisations to qualify as CSO's and summarise the degree of subsidy by Council.

### 2.3 Documentation Endorsement

The information within this policy statement is based on various Council resolutions relating to Community Service Obligation.

File 72/4510 Council Meeting of 10<sup>th</sup> June 1997 – Non-Rateable Water and Wastewater services

File 72/4510 Council Meeting of 17<sup>th</sup> June 1997 – Church Schools

File 2213 Council Meeting of 28<sup>th</sup> May 2002 – Usage Charges for Playing Fields CSO3

File 24523 Council Meeting of 23<sup>rd</sup> June 2003 – Effluent Pump out Services

File 12039 Council Meeting of 23<sup>rd</sup> February 2004 – CSO for Water and Wastewater Charges

File 12039 Council Meeting of 26<sup>th</sup> July 2004 – Community Service Obligation (CSO) Review

File 12039 Council Meeting of 23<sup>rd</sup> May 2006 – Waiving of Section 64 Contributions for Community Projects

## 3 Definitions

Term	Meaning
<i>Church</i>	A place of worship with no attached hall, residence, or facility

<i>Community benefit</i>	Providing benefits for the community, as opposed to exclusive private benefits for individuals
<i>Community organisation</i>	An organisation of benefit to the health and well-being of the public
<i>Not-for-profit (non-profit)</i>	A non-profit organisation run for the benefit of the community
<i>Owned by Community</i>	A premises Locally owned by organisations, groups or incorporated bodies etc.
<i>Section 64</i>	The charges levied in accordance with Section 64 of the NSW Local Government Act, 1993.
<i>Swimming pools</i>	Council owned and operated Swimming Pools.
<i>Usage allowance</i>	Means the first 300kL of water used in the financial year on a pro-rata basis.

### 3.1 Abbreviations and Acronyms

Abbreviation/Acronym	Meaning
CSO	Community Service Obligation
s.64	Section 64

## 4 Roles and Responsibilities

### 4.1 Provisions

#### 4.1.1 Common Provisions

There are no common provisions relating to this policy. The policy is only related to the provision of financial subsidy to facilities of public benefit in respect of Water Supply, Wastewater, Effluent, Trade Waste related services and s.64 contributions.

#### 4.1.2 Subsidies applicable to CSOs

CSO's are categorised into four levels based on the nature and level of service provided to the community. The recognition of a CSO in respect of Water Supply, Wastewater, Effluent, Trade Waste services and Section 64 result in the following subsidy from Council Charges where applicable.

#### Water Supply

CSO Level 1:           Waiver of availability charge.  
                               Specified Usage charge allowance.

- CSO Level 2: Waiver of availability charge.  
CSO Level 3: Waiver of availability charge.  
Specified Usage charge allowance.  
Usage charge at a lower rate.

#### Wastewater

- CSO Level 1: Waiver of availability charge.  
CSO Level 2: Waiver of availability charge.  
CSO Level 3: Waiver of availability charge.  
Waiver of usage charge.

#### Effluent Services

- CSO 1, 2 and 3: There is no subsidy provided for the conduct of effluent services (pumpout, cleanout or other related contracted services)

#### Trade Waste

- CSO 1, 2 and 3: There is no subsidy provided in respect of Trade Waste charges.

#### Section 64

- CSO Level 1: Reduction of 75% for projects.  
CSO Level 2: Reduction of 50% for projects.  
CSO Level 3: Reduction of 25% for projects.  
CSO Level 4: Reduction as determined in consultation with the CEO (Director, Shoalhaven Water).

The relevant charges and respective allowances for CSO's are contained within Council's Delivery Program and Operational Plan, which is exhibited for public comment each year during May and June.

### 4.1.3 CSO Classification Process

Organisations or properties, which seek to be classified as a CSO under this policy, must formally apply to Council for such recognition. Applications must be accompanied by sufficient documentation to support the claim and be signed by the governing body, CEO or owner of the property. Council will reserve the right to seek further confirming detail where required.

CSO's will be classified into an appropriate Level based on criteria relevant to the nature of the property and subject to review. The degree of service and the nature of the organisation should be the determining factor of the Level to which a CSO is placed. This can include whether the facility is income producing but not necessarily classified as commercial in nature e.g., Council owned swimming pools. As a guide the following criteria must be satisfied when assessing applicants for recognition as a CSO.

### 4.1.4 Split Land Use

Some organisations have combined facilities within a Land Use e.g., Church/School. The criteria for classification of CSO in these cases would need to be based on the primary purpose of the property, or a pro-rata determination by the CEO (Director, Shoalhaven Water).

The CEO (Executive Manager - Shoalhaven Water) is delegated authority to make the determination of CSO and Level based on eligibility criteria and in cases where dual Land Uses exist.

## 4.2 Eligibility Criteria: Water, Wastewater, Effluent and Trade Waste

### CSO Level 1

- Community benefit, **and**
- Non-profit, **and**
- Operated and run solely by volunteers, **and**
- Requires subsidy for operation, **and**
- Owned by Community or Government, **and**
- All public have full access to facility at all times.

### CSO Level 2

- Community benefit, **and**
- Some paid employees, **or**
- Some monies generated through fund-raising, **and**
- Owned by Community or Government **or**
- A character-building organisation (not including sporting, education or hobby interest group) singularly supporting adolescence development.

### CSO Level 3

- Community benefit, **and**
- Some paid employees, **or**
- Some monies generated through fund-raising, **and**
- Owned by Community or Government, **and**
- All public have access to sporting fields outside of committee organised events

## 4.3 Eligibility Criteria: Section 64

### CSO Level 1

- Community benefit, **and**
- Non-profit, **and**
- Operated and run solely by volunteers, **and**
- Requires subsidy for operation, **and**
- Owned by Community or Government, **and**
- All public have full access to facility at all times.

### CSO Level 2

- Community benefit, **and**
- Some paid employees, **or**

- Some monies generated through fund-raising, **and**
- Owned by Community or Government **or**
- A character-building organisation (not including sporting, education or hobby interest group) singularly supporting adolescence development, **and**
- All public have access (outside of committee organised events).

### CSO Level 3

- Community benefit, **and**
- Some paid employees, **or**
- Some monies generated through fund-raising, **and**
- Owned by a Community Organisation or Government, **and**
- All public have limited access (outside of committee organised events).

### CSO Level 4

- Meets the criteria as set out for CSO Level 1, CSO Level 2, or CSO level 3, **and**
- Is a Shoalhaven City Council funded project.
- Is a project funded by the applicant organisation on land owned by Shoalhaven City Council.

## 4.4 Funding Provisions

Total funding for Section 64 reduction in contributions in respect of CSO Levels 1 to 3, will be limited to \$20,000 from the Water Fund and \$20,000 from the Wastewater Fund each financial year. Additional funding will be considered on a case-by-case basis and reported to Council. Funding in respect of Section 64 reductions for CSO Level 4 will be considered on a case-by-case basis and reported annually within the Delivery Program and Operational Plan.

## 4.5 Implementation

The Water Business Services Department will implement policies relating to applicant processing, management, recognition of CSO's and the capture/reporting the level of financial subsidy.

Approval for the recognition of an organisation for CSO is vested in the CEO (Executive Manager - Shoalhaven Water).

## 5 Related Legislation, Policies or Procedures

Local Government Act 1993

## 6 Risk Assessment

Risk Category	Comments and risk mitigation
Financial	<p>Not providing suitable guidance for the appropriate delivery Shoalhaven Water's Community Service Obligation could lead to eligible customers missing out on assistance. The alternative is that reductions under this policy are given in unwarranted circumstances, affecting Shoalhaven Water's financial position.</p> <p>A clear policy provides direction for procedures and guidelines to be developed to properly support customers in need to appropriate levels.</p>
Operational	<p>A lack of clear policy can lead to inconsistent service delivery, inefficiencies, and increased administrative burdens. Staff may struggle to interpret vague policies leading to diminished service delivery.</p> <p>Strong policy statements ensure proper service delivery to the high standards we expect to deliver.</p>
Reputational	<p>Shoalhaven Water is widely acknowledged as a leader in our industry. Without a suitable policy guiding this significant customer service offering, there is a risk of creating a negative public perception.</p> <p>Management of our brand is an important area of our overall business, and a consistent, robust policy ensures a uniform approach to our customer base, projecting high level customer service standards</p>
Strategic	<p>Shoalhaven Water is widely acknowledged as a leader in our industry. Our long-term goals are to maintain this leadership position and continue to be recognised for our service standards.</p> <p>The development and maintenance of service-oriented policies help to meet these goals.</p>
Social - Economic	<p>Our customer base is at risk from externalities such as economic downturns, change in interest rates or government policy direction above local government.</p> <p>A consistent policy position ensures we are in a position to provide assistance to those in need in our community, in this case, not for profit community facing organisations.</p>

## 7 Monitoring and Review

This policy will be reviewed within one year of the election of every new Council.

## 8 Ownership and Approval

### 8.1 Public Policy

Responsibility	Responsible Owner
Directorate	Shoalhaven Water – Water Business Services Department – Water revenue Unit.
Endorsement	Director Shoalhaven Water
Approval/Adoption	Council