

Revenue Policy App A Policy

STRATEGIC POLICY

REVENUE POLICY

Corporate Plan Reference:	Corporate Plan Theme: <i>Great Governance</i>
	Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
	Strategy: 8.1.2 Ensure legislative compliance and awareness
Endorsed by Council on:	
Policy Owner and Department:	Executive Director Finance and Business, Finance and Business

POLICY PURPOSE

The purpose of this Revenue Policy is to set out the principles used by Council for:

- the levying of rates and charges;
- granting concessions for rates and charges;
- the recovery of overdue rates and charges; and
- cost-recovery fees.

POLICY OUTCOME

The Revenue Policy will be applied by Council in the development of the annual budget for the 2012/2013 financial year.

POLICY SCOPE

The Revenue Policy applies to all areas identified in Section 134 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

POLICY STATEMENT

The Levying of Rates and Charges

Council levies rates and charges to fund the provision of valuable services to our community. When adopting its annual budget Council will set rates and charges at a level that will provide for both current and future community requirements. Council will apply the principle of transparency in making rates and charges.

1. General Rates

General Rates revenue provides essential whole of community services not funded through subsidies, grants, contributions or donations received from other entities, or not provided for by other levies or charges. Council will consider all full cost recovery options before calculating the general rate.

Council is required to raise an amount of revenue it considers appropriate to maintain assets and provide services to the region as a whole. In deciding how that revenue is raised, Council has formed the opinion that a differential general rating scheme, based primarily on land use, provides the most equitable basis for the distribution of the general rate burden.

The rateable value for each property is the basis for determining the amount of the general rate levied. Council recognises that significant valuation fluctuations may have an adverse effect on pensioners. Council has implemented a Deferment of General Rates Policy to provide eligible pensioners with the opportunity to apply for a deferment of general rates.

2. Special and Separate Rates and Charges

Where appropriate Council will fund certain services, facilities or activities by means of separate or special rates or charges.

In accordance with Section 28 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* Council will levy special rates and charges on certain properties that are considered to be specially benefited by the provision of a specific service, facility or activity.

Special rates are based on the rateable value of the land and special charges are a flat charge per property, where this is considered to provide a more equitable basis for the sharing of the cost.

In accordance with Section 37 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* Council will levy a separate rate or charge on all rateable land in the region to fund a particular service, facility or activity where Council believes that the service, facility or activity is key to achieving Council's vision to be Australia's most sustainable region - vibrant, green, diverse.

3. Other Charges

In general, Council will be guided by the principle of user pays in making all other charges.

The Levying of Rates and Charges

In levying rates and charges, Council will apply the principles of:

- consistency by scheduling the issue of rate notices on a half yearly basis;
- communication by advising ratepayers about rate notice issue dates and discount dates;
- clarity by providing meaningful information on rate notices to enable ratepayers to clearly understand their responsibilities; and
- flexibility by providing payment arrangements to ratepayers in financial difficulty, along with a wide array of payment options.

In making and levying rates and charges, Council will be guided by the principles of:

- equitable distribution of the general rates burden as broadly as possible;
- transparency in the making and levying of rates;
- flexibility, to take account of changes in the local economy;

- clarity in terms of responsibilities (Council's and ratepayers') in regard to the rating process;
- National Competition Policy legislation where applicable; and
- having in place a rating regime that is efficient to administer.

The Purpose of and Granting of Concessions for Rates and Charges

Council has determined that pensioners as defined by the *Local Government (Finance, Plans and Reporting) Regulation 2010* are entitled to receive concessions on rates and various other services that Council provides to the community.

The purpose of the concessions for pensioners is to assist pensioner property owners to remain in their own home by reducing the financial impact of rates and charges.

In accordance with Section 54(1)b of the *Local Government (Finance, Plans and Reporting) Regulation 2010* other charitable organisations, community groups, and sporting associations may also be entitled to concessions. The purpose of these concessions is to encourage and support charitable organisations, community groups, and sporting associations as they contribute to the health and well-being of the community and the social cohesion of the region.

In accordance with Section 54(1)d of the *Local Government (Finance, Plans and Reporting) Regulation 2010* concessions may be granted if the concession will encourage economic development of all or part of the local government area. In line with the provisions of the Sunshine Coast Investment Incentive Scheme an approved business or enterprise may be entitled to a concession in the form of a deferment of general rates for such period as Council may determine from time to time.

In exercising these concession powers, Council will be guided by the principles of:

- transparency by making clear the requirements necessary to receive concessions;
- communication by raising the awareness of target groups that may qualify for these concessions;
and
- equity by ensuring that all applicants of the same type receive the same concession.

The Recovery of Rates and Charges

Council will exercise its rate recovery powers pursuant to the provisions of Chapter 2, Part 12 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* in order to reduce the overall rate burden on ratepayers, and will be guided by the principles of:

- equity by treating all ratepayers in similar circumstances in the same manner and by having regard to their capacity to pay;
- transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them to meet their financial obligations; and
- flexibility by accommodating ratepayers' needs through short-term payment arrangements.

Cost Recovery Fees

All fees and charges will be set with reference to full cost pricing. Cost recovery fees will be charged up to a maximum of full cost. Commercial charges will be at commercial rates.

New Development Costs

Revenue Policy App A Policy

STRATEGIC POLICY – REVENUE POLICY

Developer contributions for infrastructure are determined each year in accordance with the philosophy that a developer should pay reasonable and relevant contributions towards the capital cost of the provision of infrastructure to meet past and future augmentation costs associated with this new development, subject to State Government requirements. Infrastructure agreements are negotiated outcomes between Council and the developer.

Reserves and Reserve Funding

The creation and management of Council reserves is directed by Sections 148 and 149 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*. Generally, if Council wishes to identify an amount of the cash balance for a specific use, it can create a reserve for that purpose. When determining an amount that may be classed as 'surplus' cash, amounts assigned to reserves must be taken into consideration. Once created (by Council resolution or inclusion in the budget), movements to a reserve will reflect revenue directly related to the purpose of the reserve and movements from the reserve will reflect expenditure, also directly related to the purpose of the reserve.

A reserve will be created for every separate or special rating levy. All rating revenues for each levy will be accounted for as movements to the appropriate reserve and expenditures related to the specific purpose will be accounted for as movements from the appropriate reserve. All special or separate rating levy reserves will be classified as constrained reserves for the purposes of considering cash surplus to requirements.

GUIDING PRINCIPLES

Council is required to prepare and adopt a Financial Plan under Section 131 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* that comprises an Investment Policy, a Debt Policy and a Revenue Policy. The Financial Plan must be consistent with Council's long term financial forecast, the long term community plan, and the long term asset management plan.

Accordingly, the principles contained within the Revenue Policy are applied in the determination of the Revenue Statement, rates, fees and charges.

ROLES AND RESPONSIBILITIES

Council staff are bound by the principles outlined in this policy in determining the level of rates, fees and charges, and in the application of rebates and concessions relating to those fees.

MEASUREMENT OF SUCCESS

Financial sustainability indicators remain within target ranges and Council maintains a strong financial position through adequate and equitable revenue streams.

DEFINITIONS

All words within this policy have the meaning assigned under the Dictionary from the schedule contained within the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

RELATED POLICIES AND LEGISLATION

Local Government Act 2009

Local Government (Finance, Plans and Reporting) Regulation 2010

Local Government (Beneficial Enterprises and Business Activities) Regulation 2010

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	Create new	(N)	Michael Costello	04/06/2012

Revenue Policy App A Policy

STRATEGIC POLICY – REVENUE POLICY

	Review		Greg Lavery	22/06/2012
--	--------	--	-------------	------------