

Policy Title:	Revenue
Policy No:	111
Policy Subject:	Financial Operations
Directorate:	Corporate Services
Department:	Financial Operations
Responsible Officer:	Director of Corporate Services
Authorised by:	North Burnett Regional Council
Adopted Date:	Budget Meeting – 12/07/2011
Review Date:	30/06/2012
Authorities:	<i>Local Government Act 2009</i> <i>Local Government (Finance, Plans & Reporting) Regulation 2010</i>

INTRODUCTION:

Version	Decision Number/Council meeting or CEO Approval	Decision Date	History
1	Policy & Strategy Meeting	06/05/2008	Developed for 2008/2009
2	Budget Meeting	23/06/2009	Revised for 2009/2010
3	Budget Meeting	28/07/2010	Revised for 2010/2011
4	Budget Meeting	12/07/2011	Revised for 2011/2012

Under the *Local Government Act 2009* Council is required to review and adopt its Revenue Policy each financial year. The Revenue Policy is intended to be a strategic document that is adopted in advance of setting the budget. It sets out the principles that Council will use to set its budget and identifies in broad terms the general strategy to be used for raising revenue.

OBJECTIVES:

The purpose of the policy is to identify the planning framework within which Council operates and to set out the principles used by Council for:

- Making and levying rates and charges;
- Exercising its powers to grant rebates and concessions;
- Recovery of unpaid amounts of rates and charges.

PRINCIPLES:

Legislative Requirements

134 Revenue policy

- (1) A local government must prepare a revenue policy each financial year.
- (2) The revenue policy must state—
 - (a) the principles that the local government intends to apply in the financial year for—
 - (i) levying rates and charges; and
 - (ii) granting concessions for rates and charges; and
 - (iii) recovering overdue rates and charges; and
 - (iv) cost-recovery fees; and
 - (b) if the local government intends to grant concessions for rates and charges—the purpose for the concessions; and
 - (c) the extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development; and
 - (d) the amount of each reserve to be kept in the operating fund and the way in which the local government intends to ensure funding is available to support the purpose of each reserve.
- (3) The revenue policy may state guidelines that may be used for preparing the local government's revenue statement.
- (4) The local government must adopt the revenue policy in sufficient time before the start of the financial year to allow an annual budget that is consistent with the revenue policy to be adopted for the financial year.
- (5) The local government may amend the revenue policy at any time before the end of the financial year.

Policy Period

This policy will be effective from 1 July 2011 and will remain in force until modified by Council resolution.

Policy Principles

Making and Levying Rates and Charges

In general Council will be guided by the principle of user pays in the making of rates and charges so as to minimise the impact of rating on the efficiency of the local economy.

Council will also have regard to the principles of:

- Transparency in the making of rates and charges;
- Having in place a rating regime that is simple and inexpensive to administer;
- Responsibility in achieving the objectives, actions and strategies in Council's Corporate and Operational Plans;
- Flexibility to take account of changes in the local economy, adverse seasonal conditions and extraordinary circumstances;
- Maintaining valuation relativities within the council;
- Maintaining council services to an appropriate standard;
- Meeting the needs and expectations of the general community; and
- Assessing availability of other revenue sources.

Policy Principles (continued)

Making and Levying Rates and Charges

In levying rates Council will apply the principles of:

- Making clear what is the Council's and each ratepayer's responsibility to the rating system;
- Making the levying system simple and inexpensive to administer;
- Timing the levy of rates to take into account the financial cycle of local economic activity, in order to assist smooth running of the local economy; and
- Equity through flexible payment arrangements for ratepayers with a lower capacity to pay.

Exercising Its Powers to Grant Rebates and Concessions

In considering Council's powers to grant rebates and concessions, Council will be guided by the following principles:

- Similar treatment for ratepayers with similar circumstances;
- Transparency – by making clear the requirements necessary to receive rebates and concessions;
- Flexibility – to allow Council to respond to local economic issues, adverse seasonal conditions and extraordinary circumstances; and
- Fairness – in considering the provision of community service rebates and concessions.

Recovery of Unpaid Amounts of Rates and Charges

Council will exercise its rate recovery powers in order to reduce the overall rate burden on ratepayers. It will be guided by the following principles:

- Transparency – by making clear the obligations of ratepayers and the processes used by Council in assisting them meet their financial obligations;
- Making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective;
- Equity – by having regard to providing the same treatment for ratepayers with similar circumstances; and
- Flexibility – by responding where necessary to changes in the local economy.

Operating Capability

The change in operating capability of the Council is disclosed as the bottom line of the Operating Statement.

Council intends to progressively improve the quality of its operations to enable funds to be available to ensure the long term maintenance of the Council's infrastructure. Such action is being assisted by Council seeking alternative means of funding through grants, private works and productivity improvements and operation of business units.

Depreciation Funding

In order to maintain operating capability, depreciation on all Council's property, plant, equipment and infrastructure will be fully funded.

The depreciation will be based on the assets' estimated useful lives and will be included as an annual charge against operating revenues. The cash equivalent of this depreciation charge will be used to provide for the replacement or substitution of the Council's non current assets. Any surplus to requirements will be carried over to future years through the Capital Funding Statement.