

Revenue Policy

1 Document Information

Version Date <i>(Draft or Council Meeting date)</i>	[22 May 2018]
Author	Director of Finance & Corporate Services
Owner <i>(Relevant director)</i>	Director of Finance & Corporate Services
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2 Summary

The revenue policy contains a rating structure that determines which rates and charges you will have to pay and how they will be calculated based on Council's pricing policy that Council will recover a fair and reasonable fee for the services it provides and that fee be based on either a user pays cost recovery basis or generation of reasonable profit (with such profit returned for the provision of services to ratepayers).

3 Approvals

Title	Date Approved	Signature
Director of Finance & Corporate Services		

4 History

Minute No.	Summary of Changes	New Version Date
94/6/3 (9)	'Pricing Policy' originally adopted with Fees & Charges	14 June 1994 (Special meeting)
10/02/17	Readopted by Council	15 February 2010
	Retitled to "Services Pricing Policy" for clarification	August 2012
13/06/21	Tidied up and retitled to "Revenue Policy" to reflect IPR requirement to include a statement of Council's Revenue Policy in the Operational Plan	25 June 2013
13/09/30	Readopted as per s165(4)	17 September 2013
18/05/20	Readopted as per s165(4)	22 May 2018

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5 Reason

It is a requirement of s405(2) of the Local Government Act 1993 (the Act) to incorporate in Council's Operational Plan a statement of Council's Revenue Policy.

The statement of Council's Revenue Policy must include various statements as detailed in the Regulation.

6 Scope

Applies to all goods and services provided by Council at a fee, as well as charges and rates.

7 Associated Legislation

Local Government Act 1993

Local Government (General) Regulation 2005

8 Definitions

Rates - - *Rates are based on the land value and category of your property, but subject to a minimum amount per property*

Revenue policy - *the combination of rates, charges, fees and pricing policies needed to fund the services it provides to the community determined by Council*

The Act - Local Government Act 1993

The Regulation - Local Government (General) Regulation 2005

IPR - Integrated Planning and Reporting

Definitions of Rating Categories from the Act

Farmland - s515 - Land is to be categorised as "farmland" if it is a parcel of rateable land valued as one assessment and its dominant use is for farming (that is, the business or industry of grazing, animal feedlots, dairying, pig-farming, poultry farming, viticulture, orcharding, bee-keeping, horticulture, vegetable growing, the growing of crops of any kind, forestry or aquaculture within the meaning of the Fisheries Management Act 1994 or any combination of those businesses or industries) which:

- (a) has a significant and substantial commercial purpose or character; and
- (b) is engaged in for the purpose of profit on a continuous or repetitive basis (whether or not a profit is actually made).
- (c) Land is not to be categorised as farmland if it is rural residential land.
- (d) The regulations may prescribe circumstances in which land is or is not to be categorized as farmland.

Residential - S516 - Land is to be categorised as "residential" if it is a parcel of rateable land valued as one assessment and:

- (a) its dominant use is for residential accommodation (otherwise than as a hotel, motel, guest-house, backpacker hostel or nursing home or any other form of residential accommodation (not being a boarding house or a lodging house) prescribed by the regulations), or
- (b) in the case of vacant land, it is zoned or otherwise designated for use under an environmental planning instrument (with or without development consent) for residential purposes, or
- (c) it is rural residential land.

"boarding house" or a "lodging house" means a building wholly or partly let as lodging in which each letting provides the tariff-paying occupant with a principal place of residence and in which:

- (a) each tariff charged does not exceed the maximum tariff for boarding houses or lodging houses for the time being determined by the Minister by order published in the Gazette for the purposes of this subsection, and
- (b) there are at least 3 tariff-paying occupants who have resided there for the last 3 consecutive months, or any period totalling 3 months during the last year, and includes a vacant building that was so let immediately before becoming vacant, but does not include a residential flat building, licensed premises, a private hotel, a building containing serviced apartments or a backpacker hostel or other tourist establishment.

Note: The regulations may prescribe circumstances in which land is or is not to be categorised as residential.

Mining - S517 - Land is to be categorised as "mining" if it is a parcel of rateable land valued as one assessment and its dominant use is for a coal mine or metalliferous mine.

Note: The regulations may prescribe circumstances in which land is or is not to be categorised as mining.

Business - S518 - Land is to be categorised as "business" if it cannot be categorised as farmland, residential or mining.

Vacant land - S519 - If vacant land is unable to be categorised under section 515, 516 or 517, the land is to be categorised:

- (a) if the land is zoned or otherwise designated for use under an environmental planning instrument - according to any purpose for which the land may be used after taking into account the nature of any improvements on the land and the nature of surrounding development, or
- (b) if the land is not so zoned or designated - according to the predominant categorisation of surrounding land.

Note: Council has generally categorised vacant land as residential unless it meets the definition of farmland as contained in the Act.

9 Responsibilities

9.1 General Manager

The General Manager is responsible for the overall control and implementation of the policy.

9.2 Directors and Managers

Directors and Managers are responsible for the control of the policy and procedures within their area of responsibility.

10 Related Documents

Document Name	Document Location
Operational Plan	InfoXpert - IPR documentation

11 Policy Statement

Council includes a statement of Council's Revenue Policy in the annual Operational Plan as required under the Act in accordance with the Regulation.

The statement of a council's revenue policy for a year that is required to be included in an operational plan under section 405 of the Act must include the following statements:

- (a) a statement containing a detailed estimate of the council's **income and expenditure**,
- (b) a statement with respect to **each ordinary rate and each special rate** proposed to be levied,

Note: The annual statement of revenue policy may include a note that the estimated yield from ordinary rates is subject to the specification of a percentage variation by the Minister if that variation has not been published in the Gazette when public notice of the annual statement of revenue policy is given.

- (c) a statement with respect to **each charge** proposed to be levied,
- (d) a statement of the types of **fees** proposed to be charged by the council and, if the fee concerned is a fee to which Division 3 of Part 10 of Chapter 15 of the Act applies, the amount of each such fee,
- (e) a statement of the council's proposed **pricing methodology** for determining the prices of goods and the approved fees under Division 2 of Part 10 of Chapter 15 of the Act for services provided by it, being an avoidable costs pricing methodology determined by the council in accordance with guidelines issued by the Director-General,
- (f) a statement of the amounts of any proposed **borrowings** (other than internal borrowing), the sources from which they are proposed to be borrowed and the means by which they are proposed to be secured.

The statement with respect to an ordinary or special rate proposed to be levied must include the following particulars:

- (a) the ad valorem amount (the amount in the dollar) of the rate,
- (b) whether the rate is to have a base amount and, if so:
 - (i) the amount in dollars of the base amount, and
 - (ii) the percentage, in conformity with section 500 of the Act, of the total amount payable by the levying of the rate, or, in the case of the rate, the rate for the category or sub-category concerned of the ordinary rate, that the levying of the base amount will produce,

- (c) the estimated yield of the rate,
- (d) in the case of a special rate-the purpose for which the rate is to be levied,
- (e) the categories or sub-categories of land in respect of which the council proposes to levy the rate.

The statement with respect to each charge proposed to be levied must include the following particulars:

- (f) the amount or rate per unit of the charge,
- (g) the differing amounts for the charge, if relevant,
- (h) the minimum amount or amounts of the charge, if relevant,
- (i) the estimated yield of the charge,
- (j) in relation to an annual charge for the provision by the council of coastal protection services (if any)-a map or list (or both) of the parcels of rateable land that are to be subject to the charge.

The statement of fees and the statement of the pricing methodology need not include information that could confer a commercial advantage on a competitor of the council.

The objectives of Cabonne Council's Revenue Policy are:

- a) To meet statutory requirements.
- b) To establish the total revenue required by Council to fund its activities.
- c) To comply with Best Practice and User pays principles.
- d) To identify the revenue sources available to Council.
- e) To document is pricing 'policy'/methodology.

Statement Containing a Detailed Estimate of Council's Income and Expenditure

Each year Council's Financial Budget is also annexed to the Operational Plan and it provides details of Council's estimated income and expenditure for the coming Financial Year.

Council's main budget is prepared on a fund accounting basis. An additional version of the budget is also provided which conforms to the Local Government Accounting Code of Practice and Local Government Financial Regulations.

Annual Estimates

Each Budget will contain a summary, which will reflect the following \$ values:

- a) An Operating result before capital amounts of [\$ amount to be shown]
- b) A Capital and Major Works Program of [\$ amount to be shown]
- c) The Consolidated Result (Excluding Depreciation and after inclusion of Capital Expenditure Program transfers to and from Reserves – Restricted assets) of [\$ amount to be shown]
- d) Total Cash & Investments as at 30 June each year of [\$ amount to be shown]

In arriving at the results for each year, the following major items will be noted:

- a) The % increase allowed by the Minister for Local Government for the coming year in the permissible ordinary rate
- b) Whether that Council accepts the full % increase offered by the Minister

- c) That Council is moving to a policy of “user pays” for the pricing of water and sewerage services
- d) The % award allowance labour costs includes for wage increases
- e) With the exception of some expenses incurred for profit making agencies, Goods and Services Tax payable on supplies have not been included in the budget as Council receives an input tax credit equivalent to the GST paid and is reclaimed.

Financial Projections

General financial projections for the upcoming and further 3 years will be incorporated into the 4 year Delivery Program for Operating, Consolidated Financial and Cash Flow Statements and the Balance Sheet.

The information and assumptions used in all financial projections are the best available at the time of preparation of the information.

Statement of Ordinary and Special Rates

Council levies Rates and Charges in accordance with the provisions of the Local Government Act 1993. Council’s current rating structure is determined in accordance with Sections 497 and 548 of the Act being a rate based on land value and minimum rate.

Included in the statement of Council’s Revenue policy will be a statement of the rates and charges proposed to be levied by Council for the coming year including the ad valorem amounts, estimated yield and details of categories and sub-categories.

Rates are to be levied on land valuations using a prescribed base date.

Attention will be drawn to any special rates to be applied.

Council obtains its income from the following sources:

- Rates
- Charges
- Fees
- Private Works
- Grants
- Contributions
- Borrowings
- Investments

This statement indicates the policies that Council intends to apply to raise income for the following year.

Rates Statement

As indicated above, Council has a number of sources of income and the amount that is required to be raised from rating is the balance between the other sources of income and Council’s proposed expenditure requirements to meet the programs and levels of service that it has adopted.

At this time (2013/14) Council's General Rate Categories and Sub-Categories are as follows:

Category	Sub-Category
Farmland	
Residential	Residential – Canowindra Town Residential
Mining	
Business	Business - Molong Town Business - Canowindra Town

Rating Categories

In accordance with the Local Government Act 1993 Council MUST categorise land into one of four categories, these being: farmland, residential, business or mining (see definitions).

As well as this, the definition for each of the categories is contained in the Act and Council MUST use that definition to determine the category.

It is noted that things that may seem 'logical' as far as the categories are concerned (e.g. land categorised as 'rural' for an Electricity Supplier's accounts being classed as 'rural' (or "farmland") for rating purposes) are not necessarily relevant to classification for rating purposes under the Act - only the definition contained in the Act must be used.

Interest Rates on Overdue Rates

The Minister for Local Government determines the maximum rate of interest to be charged on overdue rates and charges. In accordance with Section 566(3) of the Local Government Act, it is proposed that Council will charge the maximum interest rate allowed.

Pensioner Rate Rebates

The Local Government Act Section 575(3)(a) provides for a rebate to be granted to eligible pensioners in the amount of 50% of their total rates and domestic waste charges, up to a maximum of \$ value.

Water Charges

Water charges are levied in accordance with the requirements of the Local Government Act in conjunction with other Government Agencies.

Sewer Rates and Charges

Water charges are levied in accordance with the requirements of the Local Government Act and in conjunction with other Government Agencies.

Waste Charges

The charges levied by Council for domestic waste services are made under the provisions of Section 504 of the Local Government Act. The Act specifies that the Council cannot apply the income from ordinary rates towards the cost of providing domestic waste management services. The charges for domestic waste removal have been calculated so as to provide sufficient income to cover the reasonable cost expectations of providing the service.

Council levies a bin service charge annually as required by Section 496 of the Act for a kerbside garbage service and kerbside recycling service. This charge is separately itemised on the rate notice and is levied on all properties within the defined garbage collection areas area.

Charitable organisations may apply for a reduction subject to conditions.

Upon application for reduction of the Domestic Waste Management Charge or Waste Management Charge, accompanied by a statutory declaration that no public hiring is undertaken, Council will reduce the charge by:

- (1) Where meetings are held not more than once a month - 50%
- (2) Where meetings are held weekly - 25%.

Details of Proposed Annual Rates and Charges

Full details of proposed rates and charges for each year are contained in the Statement of Council's Revenue Policy including Minimum Rates and Rates in the Dollar and a comparison with the previous year's rates.

Estimates will be prepared with a % increase in accordance with advice given from the Division of Local Government.

Statement of Proposed Pricing Methodology with Respect to the Goods and Services It Provides

Council has a pricing policy of endeavouring to implement a fair and reasonable fee for the services it provides and wherever deemed appropriate that fee is based on either a user pays cost recovery basis or generation of reasonable profit (with such profit returned for the provision of services to ratepayers).

Council does however subsidise services which are high priority community services such as swimming pools, libraries and community services.

Council's Fees and Charges disclose those charges where GST applies excepting when they are adopted on a commercial-in-confidence basis.

Statement of Charges for Private Works

Council carries out works for residents and organisations on private land as allowed under the Local Government Act 1993 including:

- paving and roadmaking
- kerbing and guttering
- water, sewerage and drainage connections
- slashing
- water deliveries
- other miscellaneous works and services

Council's private works pricing allows for actual cost recovery plus adjustments for overheads plus base factors stated in Council's statement of pricing methodology.

Full details of the proposed charges to apply for private works undertaken by Council are included in Council's Fees and Charges.

Statement of Borrowings

To provide for the future needs of our communities Council borrows funds to provide infrastructure and community assets which are not able to be funded out of normal revenue sources.

Details of proposed borrowings by Council are contained in Council's long term financial plan and annual budget. Loans undertaken by Council will be from an approved financial source and the loans will be secured against Council revenue.

The statement of Council's Revenue Policy will list loans each year.

For detailed information on Council's debt service ratio refer to the long term financial plan.

Fees & Charges Categories

Fees and Charges will be categorised in headings and can be located in the corresponding section of the Fees & Charges document. For example, the **charges associated with photocopying** are located under the **Heading – Photocopying, Laminating, Binding Charges and Plan Printing, in section 2.02.**

A comprehensive listing is included in each year's Operational Plan following the statement of Council's Revenue Policy.

Additional Comments will be included in the Fees & Charges as follows:

The following additional comments will be included in Council's Fees and Charges.

GST IMPLEMENTATION – QUALIFICATION

Council has determined its fees and charges on the basis of the information available at the time of preparation of its management plans.

Fees and charges quoted in this document may be subject to transitional provisions as provided in the legislation entitled A New Tax System (Goods & Services Tax Transition) Act 1999.

The fees and charges will be subject to rulings and determinations made by the Australian Tax Office. Also the status of whether a fee or charge is free of GST. will be subject to the determination of the Federal Treasurer under Division 81 of the legislation.

It has been evident to date that the rules and definitions for GST are continually being refined and it should be expected that further changes will occur.

Accordingly, if a fee that is shown as being subject to GST is subsequently proven not to be subject to GST, then that fee will be amended by reducing to GST to nil. Conversely, if a fee which is shown as being not subject to GST becomes subject to GST then the fee will be increased but only to the extent of the GST.

Where Council has indicated that GST will apply, the GST has been added to the fee or charge, in addition to Council's normal CPI increases and in accordance with Council's Revenue (Pricing) Policy.

GST ON CREDIT CARD TRANSACTIONS

Council charges a Credit Card Fee if customers pay for services with their Credit Card. This Credit Card Fee will also generate a GST amount if the underlying Council Service being paid for attracts GST, otherwise GST is NOT applicable on the Credit Card Fee.

PRIVACY PROVISIONS

Any information that Council supplies is subject to the provisions of the Privacy Act.

Where Council has determined a fee or charge for the supply of information, Council reserves the right to deny providing this information where privacy issues exist.

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ERRORS & OMISSIONS

The Fees & Charges are prepared on the basis of the information provided at the time of considering the draft management plans. Should any errors or omissions occur, Council reserves the right to review its prices and amend them in accordance with the requirements of the Local Government Act.