

# F.03 Revenue Policy

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- CEO Chief Executive Officer
- MCCS Manager Corporate & Community Services
- MES Manager Engineering Services
- MFS Manager Financial Services

## 1 OBJECTIVE

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

- The levying of rates and charges; and
- The setting of Council's rates strategy; and
- The long term sustainability of Council; and
- The granting of concessions for rates and charges; and
- The recovery of overdue rates and charges; and
- Cost recovery fees; and
- The funding of physical and social infrastructure.

## 2 SCOPE

This policy applies to all rates and charges levied by Council.

## 3 STATEMENT

### 3.1 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.

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 following principles in the making of rates and charges:

- Transparency in the making of rates and charges; and
- Administering a simple and inexpensive rating regime; and
- Equity by ensuring the fair and consistent application of lawful rating and charging principles and taking into account all relevant considerations: and
- Flexibility to take account of changes in the local economy, extraordinary circumstances and impacts that different industries may have on Council infrastructure and service delivery.

In levying rates Council will be guided by the following principles of:

- Making clear what is the Council's and each ratepayers' responsibility to the rating system; and
- Making the levying system simple and inexpensive to administer; and
- 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; and
- Communication by advising ratepayers about rate notice issue dates and discount dates; and
- Clarity by providing meaningful information on rate notices to enable ratepayers to clearly understand their responsibilities.

## 3.2 RATES STRATEGY

### 3.2.1 General Rates

General Rates are used, in conjunction with other sources of income such as untied grants, to fund the operations of the Council and to deliver the services detailed in the Operational Plan.

General Rates differ from other rates and charges and project specific grants that are used to fund specific projects or initiatives.

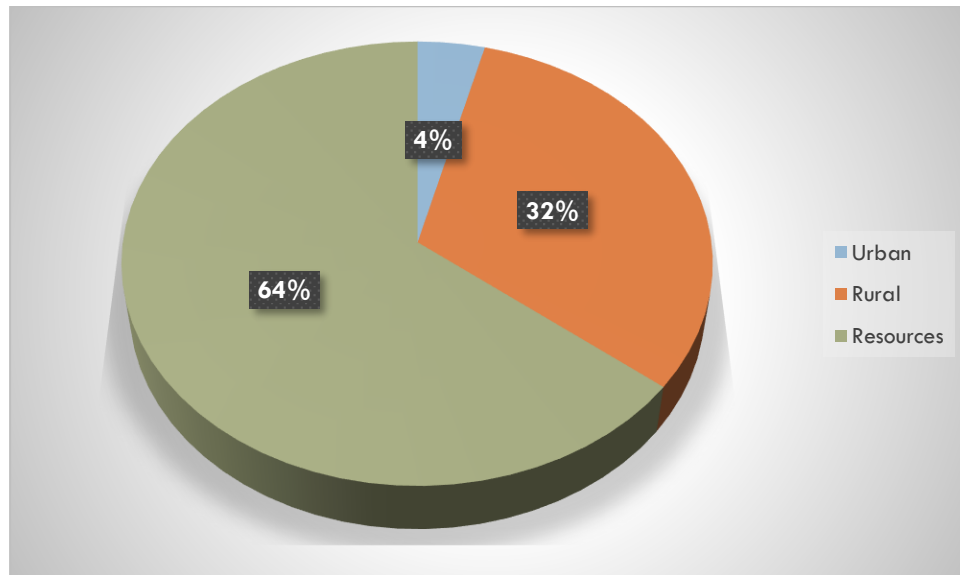
### 3.2.2 Economic and Environmental Factors

The economic and environmental factors that will influence Council's rates decisions over the next ten years are:

- The local economy;
- The Gross Regional Product, particularly in relation to agriculture and the resources sector;
- Asset management requirements;
- Sustainability objectives and ratios, in particular the *Operating Surplus Ratio*, the *Nett Financial Liabilities Ratio* and the *Asset Sustainability Ratio*; and
- The level of debt and any requirement to repay the debt.

### 3.2.3 Rates Property Mix

Rates properties can be broadly divided into urban, rural and resource sector. The approximate rate income from each sector for 2018/19 is shown below:



### 3.2.4 Rating Mechanisms

There are various mechanisms available to Council to levy rates and charges. These include:

- General Rates (differential);
- Separate Charge;
- Separate Rate;
- Special Charge;
- Special Rate;

- Sewerage Utility Charge;
- Water Utility Charge; and
- Waste Management Utility Charge.

In the 2018/19 budget Council is proposing to use the following rates and charges mechanisms:

- General Rates (differential);
- Special Rate;
- Sewerage Utility Charge;
- Water Utility Charge; and
- Waste Management Utility Charge

The Special Rate is applicable only to rural properties and is for the express purpose of partly funding wild dog control measures.

Council allocates properties to a particular rating category based on the predominant land use of each property. Full details of rating categories can be found in Council's Revenue Statement.

Council's goal is to minimize the number of rating categories. To this end the rural categories were effectively reduced from five to four in the 2016/17 budget and from four to two in the 2018/19 budget through the rationalisation of the rates in the dollar.

The rating categories are reviewed annually as part of the budget process for the upcoming financial year. Any changes are communicated to ratepayers in their rates notice and budget update provided by Council after adopting the annual budget.

### **3.3 LINK BETWEEN PROPERTY VALUATIONS AND RATES**

Property valuations are determined by the State Government and can fluctuate from year to year. In setting rates, Council determines how much income is required to be generated from rates balanced against the principles outlined in section 3.1.

Council can use averaging and capping options if property valuations fluctuate severely.

### **3.4 SUBJECT TO CHANGE**

The following factors may cause Council to review and amend this rates strategy over the next ten years:

- The number of rateable properties;
- Particular tensions or industry issues within the rural and resource sectors;
- Future sustainability ratios;
- Asset management strategies and requirements;
- New projects or initiatives that the community wishes to pursue.

These changes will be communicated to ratepayers through an amendment to this policy and the annual budget update.

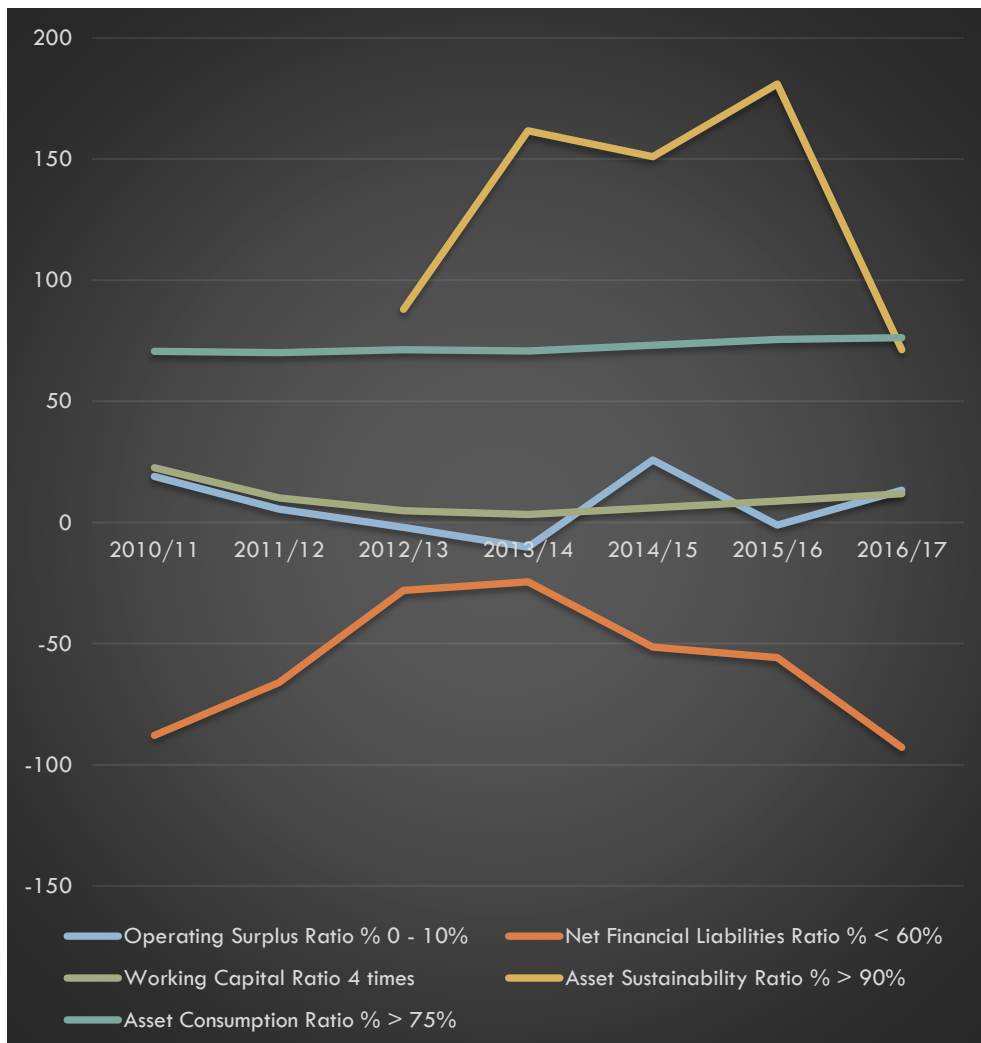
### **3.5 LONG TERM SUSTAINABILITY**

Council's rates strategy impacts on Council's long term sustainability.

Council tracks various ratios over time that provide insight into the long term sustainability and, from a financial management perspective, the following in particular.

			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Operating Surplus Ratio	%	0 - 10%	19	5.5	-2	-10.2	25.8	-1.12	13.38
Net Financial Liabilities Ratio	%	< 60%	-87.9	-66.1	-28	-24.5	-51.4	-55.83	-92.85
Asset Sustainability Ratio	%	> 90%			88	161.7	151	181	71.32
Working Capital Ratio		4 times	22.6	10.1	4.9	3.3	6.1	8.81	11.92
Asset Consumption Ratio	%	> 75%	70.7	70.1	71.3	70.8	73.1	75.55	76.28

These are represented graphically as follows:



Council will consider the impact of their rates strategy on these long term sustainability indicators when setting their annual budget.

### 3.6 CONCESSIONS FOR RATES AND CHARGES

#### 3.6.1 General

In considering the application of concessions, 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. Council may give consideration to granting a class concession in the event the State Government declares all or part of the local government area a natural disaster area.

#### 3.6.2 Pensioner Concessions

This clause refers specifically to s120 (1) (a) of the *Local Government Regulation 2012*.

Council has determined that pensioners as defined in Section 2 (Dictionary) of the *Local Government Regulation 2012* 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.

#### 3.6.3 Hardship Concessions

This clause refers specifically to s120 (1) (c) of the *Local Government Regulation 2012*.

Council will consider applications for a concession on the payment of the rates or charges if such payment will cause hardship to the land owner. Specifically the land owner must:

- Submit an application in writing;
- Provide details of the land in question;
- Provide details of the specific hardship and how this impacts on their capacity to pay the rates or charges;;
- Provide details of the amount of concession being requested and the duration of the concession being requested;
- Advise whether the concession is a deferment of payment;
- Advise whether the concession is an agreement to accept a transfer of unencumbered land in full or part payment of the rates or charges.

#### 3.6.4 Other Concessions

All other concessions allowable under s120 of the *Local Government Regulation 2012* will be considered on a case-by-case basis.

### 3.7 RECOVERY OF RATES AND CHARGES

Council requires payment of rates and charges within the specified period and it is Council policy to pursue the collection of outstanding rates and charges diligently, but with due concern for the financial hardship faced by some members of the community.

Council will exercise its rate recovery powers pursuant to the provisions of Chapter 4 Part 12 of the *Local Government Regulation 2012* 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.
- Making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective.

### 3.8 COST-RECOVERY FEES

Section 97 of the *Local Government Act 2009* allows Council to set cost-recovery fees.

The Council recognises the validity of fully imposing the user pays principle for its cost-recovery fees, unless the imposition of the fee is contrary to its express social, economic, environmental and other corporate goals. This is considered to be the most equitable and effective revenue approach, and is founded on the basis that the Council's rating base cannot subsidise the specific users or clients of Council's regulatory products and services.

However, in setting its cost-recovery fees, Council will be cognisant of the requirement that such a fee must not be more than the cost to Council of providing the service or taking the action to which the fee applies.

### 3.9 FUNDING OF PHYSICAL AND SOCIAL INFRASTRUCTURE COSTS

Council requires developers to pay reasonable and relevant contributions towards the cost of infrastructure required to support the development. Specific charges are detailed in the policies and other material supporting Council's town planning scheme.

These policies are based on normal anticipated growth rates. Where a new development is of sufficient magnitude to accelerate the growth rate of a specific community within the Shire, it may be necessary to bring forward social infrastructure projects. Where this occurs, Council expects developers to meet sufficient costs so that the availability of facilities are not adversely affected and so that existing ratepayers are not burdened with the cost of providing the additional infrastructure.

## 4 DEFINITIONS

Nil

## 5 RELATED POLICIES | LEGISLATION | OTHER DOCUMENTS

*Local Government Act 2009*

*Local Government Regulation 2012*

IX #	Details
91650	F.04 Revenue Statement