

## COUNCIL POLICY: REVENUE

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Contact officer:	<i>Chief Finance Officer</i>
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Related Policies/Local Laws/Legislation:	<i>Local Government Act 2009 Local Government Regulation 2012 Land Valuation Act 2010 Uniform Civil Procedure Rules 1999 FI02.01CP; Rates Discount Policy</i>
Related Documents:	<i>Community Budget Report &amp; Long Term Financial Forecast containing Council's Revenue Statement and Register of Fees and Charges</i>

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### OBJECTIVES

The objective of this policy is to set out the principles used by Council in establishing its own source revenues including:

- General rates
- Separate rates and charges
- Special rates and charges
- Utility charges
- Fees and charges

<b>Corporate Plan:</b>	
Priority Area	<i>Organisational Sustainability Council strives to be a high performing and financially sustainable organisation with robust governance structures based on the principles of risk management and continuous improvement. We offer a safe, positive work environment, value and reward our staff and are committed to providing ongoing development and training.</i>
Strategy	<i>Implement and maintain an integrated strategic planning framework across Council, which embeds performance, financial and asset management principles.</i>

## POLICY STATEMENT

Part 3 of the *Local Government Act 2009* requires Council to have a Revenue Policy as part of a system of financial management.

Section 169 of the Local Government Regulation 2012 states that a local government's budget for each financial year must include a Revenue Policy.

Section 193 of the Local Government Regulation 2012 requires that Council's Revenue Policy states:

- a) the principles that the local government intends to apply in the financial year for:
  - (i) levying rates and charges
  - (ii) granting concessions for rates and charges
  - (iii) recovering overdue rates and charges
  - (iv) cost-recovery methods
- 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.

The Revenue Policy may state guidelines used for preparing the local government's revenue statement and must be reviewed annually in line with adoption of the annual budget.

### Revenue Principles

Council's rate setting and charging structures are based on the following principles, where applicable:

Equity; defined as ensuring the fair and consistent application of lawful rating and charging principles, without bias, taking account of all relevant considerations.

Effectiveness/Efficiency; defined as meeting the financial, social, economic and environmental or other corporate objectives of the Council as stated in its long term plans or policies.

Simplicity; to ensure widespread community or stakeholder understanding, and minimise perceived inequities and hidden costs, of a complex system.

Sustainability; revenue decisions support the financial strategies for the delivery of infrastructure and services identified in Council's long term planning.

These principles apply to the following activities:

- setting rates and charges
- levying rates and charges
- recovering rates and charges
- granting and administering rates and charges concessions
- setting user-pays fees and charges
- developer charges

Rates, fees and charges are to be determined and applied in accordance with Attachment A which forms part of the Revenue Policy.

### Concessions and Rebates

Subject to the conditions determined in Council's Revenue Statement, Council may grant rebates on rates and charges to:

- owner-occupiers who hold a current Totally and Permanently Incapacitated (TPI) Gold Card
- not-for-profit community organisations
- provide incentive for landowners entering into voluntary conservation covenants

Council may grant rebates of rates and charges to the following classes of land:

- dip and pump sites held separately from the balance of holdings or held separately by trustees
- land identified as Historic subdivisions under the Boonah Shire Planning Scheme effective 31 March 2006

### Discount

In accordance with Section 130 of the Local Government Regulation 2012 Council will provide a discount on rates at the amount specified in Council's Revenue Statement.

### Interest

In accordance with Section 133 of the Local Government Regulation 2012 interest will be charged on overdue rates and charges at the amount specified in Council's Revenue Statement.

## SCOPE

The Revenue Policy applies to Council's own source revenue including:

- General rates
- Separate rates and charges
- Special rates and charges
- Utility charges
- Fees and charges

## DEFINITIONS

**Own Source Revenue;** revenue or income generated by the entity such as rates, fees and charges. It does not include grants and contributions from other levels of government.

**Rate;** a charge primarily based upon the value of land as assessed by the Department of Natural Resources and Mines.

## RESPONSIBILITIES

Policy Author	Chief Finance Officer
Policy Owner	Chief Finance Officer
Guidelines and procedures - <i>Attachment A: Revenue Guidelines</i> <i>Attachment B: Recovery of Overdue Rates and Charges Guidelines</i>	Coordinator Rates

Approved By:

SCENIC RIM REGIONAL COUNCIL  
24 June 2015

# ATTACHMENT A:

## REVENUE GUIDELINES

### Rates and Charges

The power to levy rates and charges is provided for under section 94 of the *Local Government Act 2009*.

#### General Rates

A differential general rate will be levied on all rateable properties based on the value of the land as assessed by the Department of Natural Resources and Mines. The value of the land is either the site value (non-rural land) or the unimproved value (rural land) determined under the *Land Valuation Act 2010*.

Regardless of the value of the land, there will be a minimum contribution required from each ratepayer towards the overall running of the Council. This will be achieved by the application of minimum general rates.

#### Separate Rates and Charges

Separate charges will be levied to generate the level of funds required to provide a particular service or activity where the benefit is shared equally by all parcels of land, regardless of their value. A separate rate will be imposed when Council considers that higher valued parcels of land will receive a greater benefit from the service or activity being funded. In cases where Council considers that all parcels of land will benefit to a particular degree, then a minimum separate rate may be applied.

#### Special Rates and Charges

Special rates or charges will be levied to generate the level of funds required to provide a service or activity that Council considers will benefit specific parcels of land or occupiers of parcels of land. A special charge will be applied where Council considers that the owner of each parcel of land should contribute equally or in accordance with the degree of special benefit that Council considers each parcel of land or its occupier will receive. A special rate will be imposed where Council considers that higher valued properties will receive a greater benefit from the service or activity being funded. In cases where Council considers that all properties will benefit to a particular degree, then a minimum special rate may be applied.

#### Utility Charges

In general, Council will be guided by the principle of user pays in the making of charges that relate to the provision of waste management services. Council will apply this principle in order to minimise the impact of rating on the efficiency of the local economy. Where possible, those receiving the benefits of a utility service will pay for what they receive in full through the relevant utility charge. Council will annually review its utility charges and other fees for service to ensure that revenues are keeping pace with the cost of providing the service.

## **Setting Rates and Charges**

Council identifies services where the cost of providing the service will be met by the consumer of that service. The cost of providing the service will include the cost of acquiring the service, the cost of providing the infrastructure or organisation to process and/or deliver the service and any associated overheads.

Individual consumers of a service cannot always be separately identified. For this reason there is a need for specific user charges to be supplemented by other general revenue sources.

The relevant components of Council rates and charges are based on a combination of specific user charges, a separate charge and a rate on the value of land to provide the most equitable and rational basis for raising revenue.

Rates and charges are determined after due consideration of the following:

- Council's legislative obligations;
- The needs and expectations of the general community as determined by formal and informal consultation and survey processes;
- The cost of maintaining existing facilities and necessary services;
- The need for additional facilities and services; and
- Equity.

## **Levying of Rates and Charges**

In making all rates and charges Council will have regard to the principles of:

- Transparency; to inform the community of the basis of rates and charges and hence Council's accountability;
- Efficiency; creating a rating regime that is cost effective to administer; and
- Flexibility; taking account of changes in the local economy.

In levying rates and charges Council will also:

- Ensure levying, discount and refund processes are simple and efficient to administer;
- Issue rate notices on a six monthly basis to take into account the financial cycle to which ratepayers are accustomed;
- Ensure rate notices are simple to read and understand and contain all relevant information pertaining to the calculation of rates and charges; and
- Offer flexible payment arrangements.

## **Concessions on Rates and Charges**

In applying concessions Council will:

- Ensure the same treatment for ratepayers with similar circumstances;
- Make clear the requirements necessary to receive concessions;
- Acknowledge the contribution of not-for-profit community organisations;
- Consider any application for the concession of rates and charges provided it meets the criteria contained in Part 10 of the Local Government Regulation 2012;
- Be sufficiently flexible to respond to local economic issues; and
- Make transparent the degree of subsidy when a user charge does not represent full cost recovery.

If Council grants a concession to a class of ratepayers under Section 120 of the Local Government Regulation 2012 the purpose of the class concessions will be stated. Consideration may also be given to Council granting a class concession in the event all or part of Scenic Rim Regional Council is declared a natural disaster area by the State Government.

### **Recovery of Rates and Charges**

Council will exercise its rate recovery powers to reduce the overall rate burden on ratepayers and will also:

- Ensure transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them meet their obligations;
- Ensure the processes used to recover outstanding rates and charges are simple to administer and cost effective;
- Have regard to equity in the treatment for ratepayers in similar circumstances;
- Have regard to capacity to pay in determining appropriate payment arrangements;
- Exercise flexibility by responding where necessary to changes in the local economy; and
- Adhere to the debt collection guidelines developed by the Australian Competition and Consumer Commission.

Council requires payment of rates and charges within the specified period (i.e. the discount period) and will pursue the collection of outstanding rates and charges diligently but with due regard for any financial hardship faced by ratepayers. Administrative processes will be used that allow for the payment of overdue rates and charges by payment arrangements and for the application of various actions for the recovery of overdue rates and charges.

### **External Debt Recovery Costs**

Subject to Section 132(1)(b) of the Local Government Regulation 2012 and Uniform Civil Procedure Rules 1999, Council will include relevant external debt recovery costs and legal costs in debts for which recovery is sought.

## Fees and Charges

To minimise the general rate burden on ratepayers, Council will attempt to recover costs through charging fees for the use of services and facilities where it is administratively simple and efficient to do so.

In setting charges for local government services and facilities, where Council is the sole supplier, prices will be based on the principle of recovering the cost to Council of providing the service or facility. In some circumstances, it may be appropriate to set charges for services below full cost recovery in order to achieve social, economic or environmental goals.

Council will apply the principle of full cost recovery in setting charges for services and facilities that might be supplied by other parties, including community or not-for-profit organisations.

### Cost Recovery Fees

Section 97 of the *Local Government Act 2009* allows a local government to fix a cost recovery fee under a local law or a resolution.

A cost recovery fee may be for:

- An application for the issue or renewal of a licence, permit, registration or other approval under a Local Government Act (an application fee)
- Recording a change of ownership of land
- Giving information kept under a Local Government Act
- Seizing property or animals under a Local Government Act
- The performance of another responsibility imposed on the local government under the Building Act or the Plumbing and Drainage Act

A cost recovery fee must not be more than the cost to the local government of taking the action for which the fee is charged.

Section 262(3)(c) of the *Local Government Act 2009* allows a local government to charge for a service or facility, other than a service or facility for which a cost recovery fee may be fixed (non cost recovery fee).

A list of Council's fees and charges is maintained in a Register of Fees and Charges.

### **Developer Charges**

Council's Infrastructure Charges Resolution and policies support the funding of the costs of infrastructure for new development through charges from development, to the extent of physical and social infrastructure costs, in accordance with the relevant planning schemes. These include, but are not limited to, roads, parks, community facilities, car parking and stormwater.

A list of developer charges under Council's Infrastructure Charges Resolution is maintained on Council's website and Register of Fees and Charges respectively.



## ATTACHMENT B:

### RECOVERY OF OVERDUE RATES AND CHARGES GUIDELINES

#### Recovery Actions

The following actions will be used in the recovery of overdue rates and charges:

Action	Timing	Action Type	Severity	Response Time	Comment	Authority Level
1	7 days after expiration of the discount period for each rate generation	First Reminder Notice	Low	14 days	Further action suspended if ratepayer agrees and maintains an acceptable payment arrangement	Rates Debtors Officer
2	21 days after expiration of the discount period for each rate generation	External Agency Demand Letter	Medium	7 days	Further action suspended if ratepayer agrees and maintains an acceptable payment arrangement	Rates Debtors Officer
3	7 days after issue of the external party demand letter	External Agency Final Demand Letter	Medium	2 days	Further action suspended if ratepayer agrees and maintains an acceptable payment arrangement	Rates Co-ordinator
4	Ongoing	External Agency and Magistrates Court Action	High	28 days	Enforcement suspended if ratepayer agrees and maintains an acceptable payment arrangement	Chief Finance Officer
5	Section 140(1)(c) of the Local Government Regulation 2012*	Sale of Land	High	Within legislative timeframe	Full payment including costs required to cease action	Council

\*Some or all of the overdue rates or charges have been overdue for at least:

- (i) generally—3 years; or
- (ii) if the rates or charges were levied on vacant land or land used only for commercial purposes, and the local government has obtained judgment for the overdue rates or charges—1 year; or
- (iii) if the rates or charges were levied on a mining claim—3 months.

Actions 1 to 4 aim to encourage the ratepayer to either pay the overdue rates and charges in full or enter into an acceptable payment arrangement. Action 5 requires the ratepayer to pay all overdue rates and charges to cease action.

Council will have regard to individual ratepayer circumstances, including whether there is a genuine case for financial hardship relief, before taking legal or sale of land action. The amount of outstanding debt will also be considered before taking legal action.

### **Payment Arrangements**

Council will allow property owners who are unable to pay their rates by the due date to enter into an arrangement to pay by instalments according to an agreed schedule, with no recovery action being taken while the arrangement is being maintained. However, interest will be charged on any arrears of rates.

An acceptable payment arrangement will generally result in all overdue rates and charges being paid in full by the end of the half year period in which the payment arrangement is made. In the event that a payment arrangement is not maintained within the agreed terms, the ratepayer will be offered an opportunity to make a revised payment arrangement. Failure to make and maintain an acceptable payment arrangement will result in recovery actions continuing.

### **Payment Methods**

Ratepayers who enter into agreed payment arrangements will be offered all available payment options that Council accepts for rate payments.

### **Financial Hardship**

Relief from payment of rates on the grounds of financial hardship will only apply to a natural person who uses the rated property as their principal place of residence. Applications for relief on the grounds of financial hardship must be supported with evidence that the hardship exists and may take the form of payment arrangements that would not ordinarily be viewed as acceptable arrangements or deferment of payment of rates. Interest will be charged on any overdue rates or charges unless waived by way of a Council resolution.

### **Reporting**

A report on overdue rates and charges will be provided to Council on a monthly basis.

**Approved By:**

**SCENIC RIM REGIONAL COUNCIL  
24 June 2015**