

POLICY



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Policy title: REVENUE POLICY 2019/2020

Directorate: ORGANISATIONAL SERVICES

Branch: FINANCE

Policy objective: To provide a framework by which the Council may structure a portfolio of income generating strategies to meet the financial requirements of its functional programs in accordance with the Council's overall corporate objectives, the *Local Government Act 2009* and Local Government Regulation 2012.

Policy scope:

This complies with section 193 (Revenue policy) of the Local Government Regulation 2012 and will apply where the Council is making and levying rates, fees and charges.

Definitions:

Not applicable.

Policy statement:

The following procedure is to be undertaken for this policy:

1. **Principles applied in making and levying rates and charges**

The Council makes and levies rates, fees, and charges on the basis that:

- (a) the rates, fees and charges are made at the levels necessary to fund the operations of the Council; and
- (b) the Council will try to achieve equitable outcomes between different groups of ratepayers; and
- (c) the funding of general services will be balanced between funding based on:
 - (i) a valuation-based rating regime;
 - (ii) each user generally meeting some or all of the costs of utility services provided for that user, where appropriate; and
 - (iii) all users making a reasonable minimum contribution to the costs of general services through the mechanism of a minimum general rate; and
- (d) the impact of substantial fluctuations in the rates charged for a particular property arising from changed valuations from year to year, will be minimised through the averaging of valuations as detailed in the subsection titled "averaging of values"; and

- (e) where services are provided specifically for an identifiable group of ratepayers and do not have a general community benefit, some or all of the costs of providing those services will be met by that group.
2. **Application of the principles to specific revenue measures**
- (a) **General rates**

It is the Council's rating policy that revenue derived from rates levied on the rateable value of land shall be sufficient to meet the net outlays incurred in respect of the functional programs conducted by the Council. The amount will be net of any ordinary business or trading income, any grants, subsidies or contributions received in respect of those functional programs, any loan borrowings, and any internal financial accommodation arranged within the Council's own financial entities.
 - (b) **Differential rating**

The Council considers the application of a single uniform rate in the dollar would, through the effects of the extremes of the valuation spectrum, have a distorting effect upon different sections of the local government area. To make the imposition of a rate across sectors more equitable, the Council will apply differential rating in accordance with section 81 (Categorisation of land for differential general rates) of the Local Government Regulation 2012. Differential rating amounts are specified in Council's Revenue Statement.
 - (c) **Minimum general rates**

In order to ensure that each ratepayer makes a reasonable level of contribution to the general services provided, even in the case of land with a very low unimproved value, the Council will charge a minimum general rate in respect of each category of differential rate in accordance with chapter 4, part 4 (Minimum general rates) of the Local Government Regulation 2012.
 - (d) **Averaging of values**

Consistent with the Council's decision to mitigate the impact of substantial fluctuations in the rates charged for a particular parcel of rateable land arising from changed valuations from year to year, the rateable value of land shall be the average of the valuations of that rateable land over the past three years, as calculated in accordance with section 76 (Working out the 3-year averaged value) of the Local Government Regulation 2012.
 - (e) **Special rates and charges**

A special rate is a rate, additional to the general rate, based on the rateable value of the land for a particular group of ratepayers rather than all ratepayers. A special charge is an amount, additional to the general rate, which may be fixed or varied, and is levied on a particular group of ratepayers, rather than all ratepayers. A special rate or charge is for a particular service, facility or activity which mainly or solely relates to the group of ratepayers levied.

In accordance with the user pays principle, the Council will identify those services, facilities or activities which are provided for a particular group of ratepayers and which the Council considers it would be inequitable to impose the cost of those services on the general body of ratepayers. A special rate or special charge will be used to raise the funds for those matters in accordance with section 94 (Levying special rates or charges) of the Local Government Regulation 2012.

(f) Separate charges

A separate charge is a fixed amount levied on all ratepayers. A separate charge is for a particular service, facility or activity, which relates to all ratepayers.

The Council levies a separate charge where it considers there is a benefit in identifying to each ratepayer, the charge for a particular service, facility or activity. Levying a separate charge ensures all ratepayers contribute equally regardless of their land valuation.

A separate charge will be raised for environmental services, facilities and activities as detailed in Logan City Council's 'Environmental Levy' policy. A separate charge will also be raised for community infrastructure works whose benefit is considered to be spread across the local government area. These separate charges will be levied in accordance with section 103 (Levying separate rates or charges) of the Local Government Regulation 2012.

(g) Utility charges

A utility charge is raised for water supply, sewerage, trade waste and waste management.

The user pays principle is applied to utility charges which will be levied in accordance with section 99 (Utility charges) of the Local Government Regulation 2012. The *South-East Queensland Water (Distribution and Retail Restructuring) Act and Other Legislation Amendment Act 2012* also applies to water supply, sewerage and trade waste utility charges.

A utility charge will be sufficient to meet the cost of the service provided. This cost includes contributions towards operating costs including administrative costs and overheads financed initially from general revenue, return on capital, depreciation, tax equivalents, payments for advantages of public sector ownership and providing for appropriations to relevant reserves less any ordinary or trading income, grants, subsidies or contributions received in respect of the service programs and any internal financial accommodation arranged within the Council's own financial entities.

(h) Precepts and government levies

The Council will comply with legislation relating to the levy, collection and remittance of precepts and charges payable to the State Government.

(i) Cost-recovery fees

The Council fixes cost-recovery fees for:

- (i) an application for the issue or renewal of a licence, permit, registration or other approval under a Local Government Act (an application fee);
- (ii) giving information kept under a Local Government Act;
- (iii) seizing property or animals under a Local Government Act;
- (iv) the performance of another responsibility imposed on the local government under the Building Act or the Plumbing and Drainage Act.

Cost-Recovery fees are fixed to cover the costs, including allocated administrative costs of each cost-recovery regime. A cost-recovery fee is not more than the cost to the Council in providing the service or taking the action for which the fee is charged. So far as is practicable, the user-pays principle is applied in setting cost-recovery fees.

Cost-Recovery fees are listed in the Register of Cost-Recovery Fees, which is open to inspection at the Council's City Administration Centre or on Council's website.

(j) Other charges (commercial and other charges)

The Council makes charges for services and facilities it supplies on a commercial basis. These charges are fixed at rates set by resolution of the Council or by local law.

In calculating the rate at which the Council will charge for the services and facilities it supplies, the Council expects that the consumer of the service or facility will be required to meet all, or the greater proportion where appropriate, of the total cost of providing the specific service or facility. In such cases, the cost of providing the specific service or facility will include the cost of acquiring the particular service or facility, the cost of providing infrastructure or organisation to process and/or deliver the service or facility, any overheads associated with these cost components and, where appropriate, a commercially based rate of return.

Commercial and other charges are listed in the Schedule of Commercial and Other Charges, which is open to inspection at the Council's City Administration Centre or on Council's website.

(k) Infrastructure charges

The Council will levy infrastructure charges for development infrastructure with development approvals for new development. The amounts of those infrastructure charges are determined by a Council resolution made under the *Sustainable Planning Act 2009*.

Calculation of these charges will be in accordance with the Logan Infrastructure Charges Resolution, and as required under any infrastructure agreement entered into by the Council with a person.

(l) Contributions, grants and subsidies

Council receives different types of contributions from external parties including infrastructure contributions from developers and grants and subsidies from State and Federal Government.

Contributions are measured at fair value and, unless there is an agreement between the Council and the contributor that meets the requirements of a contract and contains specific measurable performance obligations, are recognised as revenue when Council obtains control over the contribution or the right to receive the contribution.

Where there is a contract including specific measurable performance obligations, contributions are recognised as revenue progressively as the Council completes those performance obligations or as a liability if the performance obligations are not yet performed. An expense and liability are also recognised if and when Council fails to meet specific conditions attaching to the contribution and part or all of the contribution is required to be repaid.

(m) Fines and penalties

It is the Council's policy to comply with statutory requirements and guidelines for the imposition of fines and penalties associated with breaches of regulatory provisions. The fine imposed will be the maximum amount permitted under the relevant legislation.

(n) Discount

It is the Council's policy to encourage the prompt payment of rates and charges raised via issuance of a rate notice by offering a discount for payment by a designated date. The amount of the discount is specified in Council's Revenue Statement.

- (o) Interest on rates and charges raised via issuance of a rate notice
- It is the Council's policy to ensure that the interests of all ratepayers are protected by discouraging the avoidance of responsibilities for the payment of rates and charges debts which have been raised or transferred onto a rates notice. To this end, the Council will impose the maximum rate of interest permissible by legislation on all outstanding rates and charges which have been raised or transferred onto a rates notice. The rate and basis for interest charges are specified in Council's Revenue Statement.
3. **Principles applied in granting rebates and concessions for rates and charges**
- (a) General principles
- Generally ratepayers should pay rates and charges raised via issuance of a rate notice in full within the time allowed. However, the Council recognises that particular sectors of the community may suffer financial hardship in complying with their obligations to pay rates and charges in full and it is appropriate to make concessions in such cases. Rating concessions may also be used to encourage ratepayers to support policy objectives. Where concessions are granted they will be granted on a similar basis to ratepayers in similar circumstances. The amounts and details of concessions are specified in Council's Revenue Statement.
- (b) Community organisations
- Community organisations are likely to be run by volunteers and provide services beneficial to the whole community or particular sectors. Their ability to provide these services is constrained by their limited funds. Accordingly, remissions of certain charges are allowed to specified categories of community organisation. Remissions and reductions will be allowed to community organisations in accordance with the following Council policies and delegations of authority. Details are provided in Council's Revenue Statement:
- (i) Policy - 'Remissions to Sporting, Recreational and Community Organisations';
 - (ii) Policy - 'Community Service Obligations';
 - (iii) Policy - 'Waiver or Reduction of Infrastructure Charges for Community or Sporting Uses on Council Owned or Controlled Land';
 - (iv) Policy - 'Exemptions from Waste Collection Disposal Charges';
 - (v) Policy - 'Use of Reduction of Hire Fees Funding'; and
 - (vi) Delegation of Authority - 'Waiver or Concession of Hire or Rental Fees for Use of the Council's Major and Community Venues'.
- (c) Pensioner concessions
- Pensioners as a group are likely to have limited incomes and payment of the full amount of rates and charges is likely to cause financial hardship. The State Government provides a subsidy to eligible pensioners, however, in addition to this subsidy, Council remissions will be extended to eligible pensioners. Remissions will be allowed to eligible pensioners in accordance with the Council's policy 'General Rate and Waste Charge/s Concessions to Pensioners'.
- (d) General rate concessions and environmental charge remissions for Environmental Land
- The Council has a policy of establishing conservation areas where the carrying out of certain activities is discouraged. To encourage landowners to support these initiatives, a reduction of rates is provided.

- (i) A reduction of rates shall apply to land that was designated Conservation A or Conservation B and included in the Residential Conservation zone under the superseded Logan Planning Scheme 1997. The reduction in rates applies only until such time that there is a change in property ownership or a development application is approved that impacts on the environmental values of the property, whichever occurs first.
- (ii) A remission of the Environmental Levy shall apply to land that was previously mapped with Category 1 vegetation management area under the superseded Logan Planning Scheme 2006 and will continue to apply until such time that there is a change in property ownership or a development application is approved that impacts on the environmental values of the property, whichever occurs first.
- (iii) A remission of the Environmental Levy shall apply to all properties with a current Voluntary Conservation Agreement or Voluntary Conservation Covenant as defined in Council's policy 'Conservation Incentives Program' (Id: 6415008).

(e) Subsidies

Council may from time to time allow and withdraw subsidies on selected trunk infrastructure charges. Where applicable, the current financial year Revenue Statement provides details of the subsidy being offered.

(f) General concession

The Council may remit part of a rate where the Council is of the opinion that the payment of the rate would cause the owner of the land undue or unusual financial hardship which is related to an inadvertent increase in the amount of the rate from the previous financial year and which is significant relative to other rates for comparable rateable land.

(g) Farming concession for multiple lot charges

Council may grant a Farming Concession under section 120(1)(f) of the Local Government Regulation 2012 to all farming land that meets the Farming Concession Criteria for the encouragement of economic development of all or part of the local government area.

For the purposes of this concession the following definitions apply:

Farming Concession means the reduction of the number of environmental charges and community infrastructure charges provided for in the current Revenue Statement so that it equates to a single charge per rated-together assessment issued for the Farming Land rather than per parcel/lot that constitutes that Farming Land.

SEQ Regional Plan has the meaning given to it in the *Sustainable Planning Act 2009*.

Farming Concession Criteria:

- (i) farming land must be within Logan City Council boundaries; and
- (ii) must be within Council's differential general rate category of "Farming"; and
- (iii) the farming land is made up of more than one parcel/lot, valued together for rating purposes by the Department of Environment and Resource Management; and
- (iv) each parcel of the Farming Land is owned by the same owner/s; and
- (v) the farming land is both:
 - completely outside of the SEQ Regional Plan urban footprint; and

- at least part of the farming land is within a flood management area.

4. Principles applied by the Council in the recovery of unpaid rates and charges

The collection of outstanding rates and other charges is pursued diligently, but with due concern for the financial circumstances faced by sections of the local community and ratepayers. To this end, administrative procedures have been established to allow for the recovery and repayment of rates and other charges in accordance with Council's policy for the 'Management of Outstanding Rates, Water, Wastewater, Other Charges and Sundry Debt Accounts'.

Related policies/legislation/other documents:

DOC ID	DOCUMENT TYPE	DOCUMENT NAME
5985665	Policy	Community Service Obligations
6415008	Policy	Conservation Incentives Program
6057976	Policy	Environmental Levy
6057058	Policy	Exemptions from Waste Collection Disposal Charges
5972941	Policy	General Rate and Waste Charge/s Concessions to Pensioners
-	Legislation	<i>Local Government Act 2009</i>
-	Regulation	Local Government Regulation 2012
7532686	Policy	Management of Outstanding Rates, Water, Wastewater, Other Charges and Sundry Debt Accounts
8474200	Policy	Remissions to Sporting, Recreational and Community Organisations
-	Revenue Statement	Revenue Statement - 2019/2020
-	Legislation	<i>South-East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Act 2012</i>
6063348	Policy	Use of Reduction of Hire Fees Funding
8146099	Policy	Waiver of Reductions of Infrastructure Charges for Community or Sporting Uses on Council Owned or Controlled Land
8427879	Delegation of Authority	Waiver or Concession of Hire or Rental Fees for Use of the Council's Major and Community Venues
6732567	Policy	Waste Services and Waste Management Utility Rate Charges