

# Logan City Council

## Waste and Recycling Program Business Unit Dividend Procedure

Logan City Council

### Document Control

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### Amendment History

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## 1 Introduction

- a) An annual dividend payment is distributed to Council that represents the share of after-tax profit as the owner of the Waste and Recycling Business Unit. The Waste and Recycling Program Business Unit Dividend Policy sets the framework for the dividend payment.
- b) The Waste and Recycling Program Business Unit Dividend Procedure defines the method of calculation based on operational performance and reflects current local government business unit practice.

## 2 Method of Calculation

- a) The formula for calculating the dividend payout is  $DP = dpr \times NPAT$  where:
  - **DP** means the dividend payment from the Waste and Recycling Business Unit to Council (\$);
  - **dpr** means the dividend payment ratio (%); and
  - **NPAT** means the Net Profit After Tax (\$).
- b) The dividend payout ratio (%) to Council will be confirmed as part of the annual recurrent budget process.
- c) The actual dividend payable may vary from the budget due to fluctuations in the actual net profit after tax. At financial year-end, the calculated dividend will be paid to Council. Where the calculated dividend is less than the budgeted dividend, the shortfall will be funded from the Waste Demand Variation Reserve.
- d) Remaining funds will be used to firstly replenish the Demand Variation Reserve if required, with the remainder transferred to the Waste Community Asset Reserve to ensure there is sufficient cashflow for future operational and/or capital expenditure informed by the long-term financial forecast.

## 3 Reporting and Payment

- a) The Health, Environment & Waste Manager and Finance Manger will provide an annual report informing Council of the dividend payment that has been made.
- b) The Waste and Recycling Program Business Unit's dividend payment to Council will be completed annually by financial year end.

## 4 Definitions

- a) Definitions for terms used within this procedure can be found in the Waste and Recycling Program Business Unit Dividend Policy (DM: 14337570)