

SPECIAL BUDGET MEETING 25 JUNE 2018	5
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REVENUE POLICY

J Cristaldi | 54/1/1 | #5762845

RECOMMENDATION:

That Council adopts the Revenue Policy.

EXECUTIVE SUMMARY:

Council's Revenue Policy sets out principles used for the levying of rates and charges, granting concessions for rates and charges, recovering overdue rates and charges and the establishment of cost-recovery methods.

The policy has been updated in line with legislative requirements to include purposes for concessions.

COMMENT:

This policy sets out the principles used by Council for:

- The levying of rates and charges
- Granting concessions for rates and charges
- Recovering overdue rates and charges
- The establishment of cost-recovery methods (fees)

This policy in line with legislative requirements also addresses:

- The purpose of concessions
- 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 applies to Council and all of its commercial business units.

OPTIONS:

Option 1: (Recommended)

That Council adopts the Revenue Policy.

Option 2:

Council does not adopt the Revenue Policy and puts forward proposed amendments to the policy and corresponding changes to be made.

CONSIDERATIONS:

Statutory:

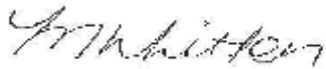
In formulating the revenue policy, Council has complied with the relevant sections of the Local Government Act 2009 and Local Government Regulation 2012.

ATTACHMENTS:

- Revenue Policy

A handwritten signature in black ink, appearing to read 'Mandy Wise'.

Mandy Wise
Manager Cairns Shared Services

A handwritten signature in black ink, appearing to read 'Lisa Whitton'.

Lisa Whitton
Chief Financial Officer

REVENUE POLICY

- Intent** To set out the principles used by Council for:
- The levying of rates and charges
 - Granting concessions for rates and charges
 - Recovering overdue rates and charges
 - The establishment of cost-recovery methods (fees)
- This policy will also address:
- The purpose of concessions
 - The extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development
- Scope** This policy applies to Cairns Regional Council and all of the Council's commercial business units.

PROVISIONS

The Levying of Rates and Charges

In levying rates and charges the following principles will be applied:

- Consider the level of revenue that can be achieved from direct user charges, grants and subsidies, contributions and other sources.
- Consider the level of the cost of maintaining existing facilities and necessary services and the need for additional facilities and services.
- Make clear what is the Council's and each ratepayers' responsibility to the rating system.
- Timing the levy of rates to ensure a sustainable cash flow for the operation of Council and to spread the burden to the ratepayer over the financial year.
- Equity through flexible payment arrangements.
- Transparency in the making of rates and charges.
- Having in place a rating regime that is simple and inexpensive to administer.
- Flexibility to take account of changes to the local economy.

Council will consider contemporary water issues whilst reviewing the water consumption and access prices.

Council will distribute the rates burden by use of differential rating categories with banding applied in relevant residential rating categories. Council will consider the lowest and highest rating outcomes for each differential category. Council will separate categories for Strata Title Units and Flats. These categories will enable Council to make strategic decisions as to the appropriate level of revenue required from these two differential categories. Council may consider levying special and separate rates and charges when appropriate, to recover the costs associated with a particular service, project or facility that provides direct or additional benefit to the ratepayers or class of ratepayer.

Concessions for Rates and Charges

In considering the application of concessions, Council will be guided by the principles of:

- The same treatment for ratepayers with similar circumstances.
- Transparency by making clear the requirements necessary to receive concessions.
- Flexibility to allow Council to respond to local economic issues.

Council may give consideration to granting a concession to a class of landowner without the need for an individual application in accordance with s122 (4) of the *Local Government Regulation 2012*.

The Purpose of Concessions

Council will support community objectives through the application of concessions to:

- reduce the financial burden of rates and charges payable by pensioners, including those in eligible retirement villages
- support the community activities of not for profit organisations and support their economic development
- provide assistance to ratepayers suffering genuine financial hardship
- reduce the cost of water usage for home dialysis users
- provide assistance to offset larger than normal water usage accounts due to the existence of a concealed leak for residential and not for profit organisations

Recovering of Overdue Rates and Charges

Council will exercise its rate recovery powers in order to reduce the overall rate burden on ratepayers. It will be guided by the principles of:

- Transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them to meet their financial obligations.
- Making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective.
- Equity by having regard to providing the same treatment for ratepayers with similar circumstances.
- Flexibility by responding where necessary to changes in the local economy.

Council will charge interest on all overdue rates and charges. Council's Debt Recovery Policy sets out the detail of the processes used to recover outstanding rates and charges.

Cost Recovery Methods

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

Funding Physical and Social Infrastructure Costs for a New Development

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 supporting Council's planning scheme and in Council's Adopted Infrastructure Charges Resolution (AICR).

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

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This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review:

Chief Financial Officer

ORIGINALLY ADOPTED: 21/06/2002

CURRENT ADOPTION: 25/06/2018

DUE FOR REVISION: 30/06/2019

REVOKED/SUPERSEDED:

**John Andrejic
Chief Executive Officer**

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