

5.12. 2020-2021 REVENUE GENERAL POLICY, DEBT GENERAL POLICY

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RECOMMENDATION

That Council adopts the:

- 1. Revenue General Policy 2020/21**
 - 2. Debt General Policy 2020/21**
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EXECUTIVE SUMMARY

In accordance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012* Council is required to adopt a Revenue Policy and Debt Policy each financial year. Section 193(3) of the Regulation states that the Revenue Policy must be reviewed in sufficient time to allow an annual budget that is consistent with the policy to be adopted for the next financial year.

BACKGROUND

The Revenue General Policy is a strategic document that 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)

The policy 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 Debt General Policy provides Council with a debt management strategy based on sound financial management guidelines and has been developed in conjunction with Council's long-term financial forecast.

PROPOSAL

The 2020/21 Revenue General Policy and 2020/21 Debt General Policy are presented to Council for adoption.

FINANCIAL/RESOURCE IMPLICATIONS

There is a legislative requirement for Council to have in force a Revenue General Policy and a Debt General Policy. There are no budgetary implications identified from the annual review of these policies. There were no changes made to the policies.

RISK MANAGEMENT IMPLICATIONS

Complying with legislative requirements ensures Council mitigates any regulatory or reputational risk.

SUSTAINABILITY IMPLICATIONS

Economic: The Revenue General Policy seeks to ensure a sustainable cash flow for the operation of Council. The Debt General Policy aims to ensure long term sustainable economic viability by limiting the nature of any proposed borrowings by Council.

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

Goal 3 - *We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.*

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Regulator Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes based approach that balances the needs of the community with social and natural justice.

CONSULTATION

Internal: Nil

External: Nil

COMMUNITY ENGAGEMENT

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ATTACHMENTS

1. Revenue General Policy [5.12.1 - 3 pages]
2. Debt General Policy [5.12.2 - 2 pages]

4. REVENUE GENERAL POLICY

Intent

To set out the principles used by Council in 2020/21 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 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

Scope

This policy applies to Douglas Shire Council.

Provisions

1. 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 Council's and each ratepayer's 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 cost 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 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.

2. 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 (*s122 (4) of the Local Government Regulation 2012*).

3. Recovery 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 (*s133 of the Local Government Regulation 2012*).

4. The establishment of 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 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.

5. The purpose of concessions

Statutory provision exists for Council to rebate or defer rates in certain circumstances. In considering the application of concessions, Council will be guided by the principles set out in section 2 above.

6. The extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development

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

Related Legislation

Local Government Act 2009

Local Government Regulation 2012

Policy Review

This policy is to be reviewed whenever legislation changes, or annually if no changes have been required to be enacted, at the direction of the Chief Executive Officer.

Policy Details

Policy Name	Revenue General Policy
Policy Number	4
Policy Version	6
Document Number	815033
Endorsed by	Chief Executive Officer
Policy Type	Statutory
Approval Authority	Council
Date Adopted	26/05/2020
Time Period	Annually
Review Date	01/04/2021
Policy Department	Finance and Corporate Services
Link to Corporate Plan	Robust Governance and Efficient Service Delivery
Revoked/Superseded	

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

3. DEBT GENERAL POLICY

Intent

To provide Council with a debt management strategy based on sound financial management guidelines.

Scope

This policy applies to all borrowings of Douglas Shire Council.

Provisions

The following sets out the Debt General Policy for the year ended 30 June 2021 as required by Section 192 of the *Local Government Regulation 2012*.

Principles

1. Council aims to finance capital works and new assets to the greatest extent possible from revenue, grants and subsidies or any specific reserves primarily established to fund capital works.
2. It is Council's intention to fully fund depreciation (when possible) which requires a significant source of funding.
3. Long term borrowings for capital works and new assets should be limited, where possible, to assets that will provide an intergenerational benefit.
4. Council will review the projected ratios of interest and redemption as a percentage of rates revenue to set a target range.
5. Council will not use long-term debt to finance operating activities or re-current expenditure of Council.
6. The repayment period for new borrowings will be set at 10 years or less, except in the case of borrowings for major long-life infrastructure assets or for capital works which have been levied to ratepayers as a special charge, where a repayment period will be determined on a case by case basis.
7. Detailed capital works and asset acquisition programs for the next 10 years together with the 10 year financial forecast will provide the basis for the determination of funding options.

Borrowings for the ten years ending June 2030

At this stage, Council's 10 year financial forecast does not include any planned borrowings, however this will be reviewed on an annual basis.

The repayment term of existing and new borrowings will be in accordance with the repayment schedule relevant to each loan.

Related Legislation

Local Government Act 2009

Local Government Regulation 2012

Policy Review

This policy is to be reviewed whenever legislation changes, or annually if no changes have been required to be enacted, at the direction of the Chief Executive Officer.

Policy Details

Policy Name	Debt General Policy
Policy Number	3
Policy Version	6
Document Number	810030
Endorsed by	Chief Executive Officer
Policy Type	Statutory
Approval Authority	Council
Date Adopted	26/5/2020
Time Period	Annually
Review Date	01/04/2021
Policy Department	Finance and Corporate Services
Link to Corporate Plan	Robust Governance and Efficient Service Delivery
Revoked/Superseded	

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