

## 5.9. VARIOUS FINANCIAL POLICIES

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**DEPARTMENT** Finance and Corporate Services

### RECOMMENDATION

**That Council**

- 1. Revoke the Rates Based Financial Assistance General Policy; and**
- 2. Adopt the:**
  - **Debt Recovery General Policy**
  - **Investment General Policy**
  - **Rates Rebate – Not for Profit Entities Policy**

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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 periodically review and adopt the above Policies.

### BACKGROUND

The Debt Recovery General Policy establishes a policy for the recovery of outstanding Rates and Charges and other accounts receivable. The only change to this policy has been a lift in the delegations for writing off bad debts. Chief Executive Officer increased from \$2,500 to \$5,000 and the Chief Financial Officer increased from \$500 to \$2,000, any debts greater than \$5,000 only written off by Council resolution.

The Investment General Policy establishes the Council's guidelines regarding the investment of cash holdings with a view to maximising earnings, whilst minimising risk. There are no changes to this policy in the current review.

The Rates Rebate – Not for Profit Entities Policy replaces the Rates Based Financial Assistance Policy. This policy outlines the provision of rates based financial assistance to not for profit recreation, sporting and community groups. There are no changes to the content of this policy in the current review other than the name change, which was to distinguish this policy from the new Rates Financial Hardship Policy.

### PROPOSAL

The Rates Based Financial Assistance Policy is to be revoked by Council. The Debt Recovery General Policy, the Investment General Policy and the Rates Rebate – Not for Profit Entities Policy are presented to Council for adoption.

## FINANCIAL/RESOURCE IMPLICATIONS

There are no budgetary implications identified from the review of these policies. The change in the Debt Recovery General Policy may reduce administrative time spent producing reports to Council for very low value bad debts to be written off. There were no changes made to the Investment General Policy. There was no change to the content of the Rates Rebate – Not for Profit Entities Policy, merely a change to the name of the policy.

## RISK MANAGEMENT IMPLICATIONS

Complying with legislative requirements ensures Council mitigates any regulatory or reputational risk. The new levels of delegation for writing off bad debts in the Debt Recovery General Policy are considered low risk due to the low values nominated.

## SUSTAINABILITY IMPLICATIONS

**Economic:** The policies are reviewed to ensure they appropriately support the economic sustainability of Council as well as maintaining legislative compliance.

**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

## ATTACHMENTS

1. Debt Recovery General Policy [**5.9.1** - 2 pages]
2. Rates Rebate Not for Profit Entites Policy [**5.9.2** - 2 pages]
3. Investment General Policy [**5.9.3** - 4 pages]

## 27. DEBT RECOVERY GENERAL POLICY

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### Intent

To establish a policy for the recovery of outstanding Rates and Charges and other accounts receivable.

### Scope

This policy applies to all Rates and Charges levied and other accounts receivable of 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

Rates and charges are identified in Chapter 4 of the *Local Government Regulation 2012* as including differential general rates, minimum general rate levies, separate rates and charges, special rates and charges, utility charges and accrued interest on outstanding balances. Accounts Receivable are debts owed to Council by customers for the supply of goods and services.

Council will undertake appropriate debt recovery action for all outstanding rates and charges and other accounts receivable in accordance with its debt recovery procedures, including compliance with the relevant provisions of the *Local Government Regulation 2012*. Such action will include the establishment of repayment plans where appropriate.

No action will be commenced regarding the possible sale of properties/assets to recover outstanding monies without first providing a report to Council and obtaining an appropriate resolution from Council.

### Delegation of Authority

The Chief Executive Officer has delegated authority to write off amounts of up to \$5,000 for rates and charges (including interest and legal costs) or other accounts receivable per customer as a bad debt.

The Chief Financial Officer has delegated authority to write off amounts of up to \$2,000 for rates and charges (including interest and legal costs) or other accounts receivable per customer as a bad debt.

Outstanding amounts greater than \$5,000 can only be written off by Council resolution.

### 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

<b>Policy Name</b>	<b>Debt Recovery General Policy</b>
<b>Policy Number</b>	27
<b>Policy Version</b>	5
<b>Document Number</b>	810036
<b>Endorsed by</b>	Chief Executive Officer
<b>Policy Type</b>	Council
<b>Approval Authority</b>	Council
<b>Date Adopted</b>	26/05/2020
<b>Time Period</b>	Annually
<b>Review Date</b>	01/04/2021
<b>Policy Department</b>	Finance and Corporate Services
<b>Link to Corporate Plan</b>	Robust Governance and Efficient Service Delivery
<b>Revoked/Superseded</b>	

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

## 61. RATES REBATE – NOT FOR PROFIT ENTITIES POLICY

### Intent

To establish a policy for the provision of rates based financial assistance to not for profit recreation, sporting and community groups.

### Scope

This policy will allow Council to consider applications for remissions of general rates and sewerage charges from not for profit community based organisations from recreation, sporting and community groups.

### Provisions

Under the provisions of the *Local Government Regulation 2012*, Council may resolve to grant a ratepayer a concession for rates and charges provided the specified criteria is met by the ratepayer. This policy only applies to not for profit organisations, sporting and community groups who make an application for rating concession.

The applicant organisation must be the owner or lessee and occupier of the land with the rate notice being issued in the organisation's name. Furthermore, the applicant organisation's constitution must prohibit any member of the organisation from making a private profit or gain, either from the ongoing operations of the organisation or as a result of the distribution of assets if the organisation is wound up.

The land for which an application is made must be used for the purpose to which the rating concession applies. Organisations that manage premises with gambling machines or whose main activity is gambling will not be considered eligible. Similarly, not for profit organisations, sporting and community groups will not be eligible if they have a contractual arrangement, either formally or informally, with a third party that derives an income or benefit from this arrangement.

Council may provide up to 100% concession of the general rate and up to 50% of sewerage charges for organisations that comply with the requirements of this policy.

### Related Legislation

*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

<b>Policy Name</b>	<b>Rates Rebate – Not for Profit Entities Policy</b>
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<b>Policy Number</b>	61
<b>Policy Version</b>	1
<b>Document Number</b>	815020
<b>Endorsed by</b>	Chief Executive Officer
<b>Policy Type</b>	Council
<b>Approval Authority</b>	Council
<b>Date Adopted</b>	26/05/2020
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## 2. INVESTMENT GENERAL POLICY

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### Intent

To outline Douglas Shire Council's investment policy and guidelines regarding the investment of cash holdings with an objective of maximising earnings whilst minimising risk to ensure the security of Council funds.

Section 191 of the Local Government Regulation 2012 states that a local government must prepare and adopt an investment policy which outlines:

- (a) The local government's investments objectives and overall risk philosophy; and
- (b) Procedures for achieving the goals related to investment stated in the policy.

### Scope

This policy applies to the investment of all cash holdings of Douglas Shire Council. For the purpose of this policy, investments are defined as arrangements that are undertaken for the purpose of producing income.

### Provisions

#### Authority for Investment

All investments are to be made in accordance with the requirements of the Statutory Bodies Financial Arrangements Act 1982 and the Statutory Bodies Financial Arrangements Regulation 2007.

### Ethics and Conflicts of Interest

#### Prudent person standard

The standard of prudence is to be used by investment officers when managing the overall portfolio. Investments will be managed with the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. This includes having in place appropriate reporting requirements that ensure the investments are being reviewed and overseen regularly.

Investment officers are to manage the investment portfolios not for speculation, but for investment and in accordance with the spirit of this Investment Policy. Investment officers are to avoid any transaction that might harm confidence in Council. They will consider the safety of capital and income objectives when making an investment decision.

#### Ethics and conflicts of interest

Investment officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This includes activities that would impair the investment officer's ability to make impartial decisions as outlined in Council's Code of Conduct. This policy requires that investment officers disclose any conflict of interest that could be related to the investment portfolio.

### **Delegation of authority**

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with section 257 of the *Local Government Act 2009*.

Authority for the day to day management of Council's investment portfolio is delegated by the Chief Executive Officer to the Chief Financial Officer.

## **Investment Parameters**

### **Investable funds**

For the purposes of this policy, investable funds are Council's cash holdings available for investment at any one time.

The investable funds should match the cash flow needs of Council deemed by the Chief Financial Officer after preparing Council's annual budget and cash flow forecasts.

### **Authorised investments**

Council is allocated Category 1 Investment Powers under the *SBFA Regulation 2007*. All investments must be denominated in Australian Dollars and undertaken in Australia. All investments undertaken by Council should be in accordance with the authorised investments definitions and restrictions as specified throughout this policy.

### **Portfolio investment parameters**

The structure and features of Council's investments are to be consistent within the risk parameters, liquidity requirements and operational guidelines of Council as set out below.

### **Quotations on Investments**

At least two quotations shall be obtained from different authorised institutions when an investment is proposed (excluding at call funds).

In assessing the fair value of quotes obtained, the risk of the entity providing the return must be considered.

### **Term to Maturity**

The term to maturity of any of Council's direct investments may range from at call to 1 year and will be dependent upon Council's future cash flow requirements, credit risk guidelines and the prevailing outlook regarding interest rates.

### **Liquidity**

Council will manage its day to day liquidity needs through maintaining an appropriate cash balance in its transactional banking account and at call investment account.

### **Diversification/Credit risk**

The amount invested with any one financial institution should be in accordance with the guidelines in Table 1.

#### **TABLE 1 Diversification / Credit Risk Guidelines**

N.B. The following percentages are based on average annual funds invested.

Banking Institution	Minimum % of Total Investments	Maximum % of Total Investments	Maximum Term (for fixed term investments only)
QTC Cash Fund	0%	100%	1 year
Commonwealth Bank	0%	100%	1 year
Westpac	0%	100%	1 year
National Bank	0%	100%	1 year
ANZ	0%	100%	1 year
Other Australian banks with a physical presence in the Council area	0%	40%	180 days

## Related Legislation

*Local Government Act 2009*

*Local Government Regulation 2012: Chapter 5 Financial Planning and Accountability, Part 4 Financial Policies, Section 191*

*Statutory Bodies Financial Arrangements Act 1982*

*Statutory Bodies Financial Arrangements Regulation 2007*

## 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

<b>Policy Name</b>	Investment General Policy
<b>Policy Number</b>	2
<b>Policy Version</b>	5
<b>Document Number</b>	810437
<b>Endorsed by</b>	Chief Executive Officer
<b>Policy Type</b>	Statutory
<b>Approval Authority</b>	Council
<b>Date Adopted</b>	26/05/2020
<b>Time Period</b>	Annually
<b>Review Date</b>	01/04/2021
<b>Policy Department</b>	Finance and Corporate Services

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<b>Link to Corporate Plan</b>	Robust Governance and Efficient Service Delivery
<b>Revoked/Superseded</b>	

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