

Gladstone Regional Council

Council Policy

Title	REVENUE POLICY
Policy Number	P-2023-06
Business Unit/s	FINANCE GOVERNANCE AND RISK
Date of Adoption	16 MAY 2023
Resolution Number	
Review Date	17 MAY 2024
Date Repealed	

1.0 PURPOSE:

Under section 169(2)(c) of the *Local Government Regulation 2012* (Regulation), Gladstone Regional Council's (Council) budget must include a Revenue Policy, with section 193 of the Regulation setting out what the Revenue Policy must state.

Section 193(3) also requires that "*a local government must review its revenue policy annually and in sufficient time to allow an annual budget that is consistent with the revenue policy to be adopted for the next financial year*".

This policy seeks to meet the above requirements.

2.0 SCOPE:

In accordance with section 193(1) of the Regulation, the scope of this policy is to set out the principles to be used by Council in the framing of its rates and charges for the 2023/2024 year in the following areas:

- levying of rates and charges; and
- granting of concessions for rates and charges; and
- purpose for granting concessions for rates and charges; and
- recovery of overdue rates and charges; and
- setting of cost recovery methods; and
- the extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development.

A Revenue Policy may also (under section 193(2) of the Regulation) state guidelines that may be used for preparing the local government's Revenue Statement. No such guidelines have been included in this policy.

3.0 RELATED LEGISLATION:

- *Human Rights Act 2019*
- *Local Government Act 2009*
- *Local Government Regulation 2012*

4.0 RELATED DOCUMENTS:

- Revenue Statement
- Debt Administration Corporate Standard
- Rates and Charges Concessions and Exemptions Policy.

5.0 DEFINITIONS:

To assist in interpretation of this policy, definitions that apply are available in the dictionary of the:

- *Local Government Act 2009*
- *Local Government Regulation 2012*

6.0 POLICY STATEMENT:

6.1 General Principles

Council will raise its revenue in accordance with two basic principles of revenue collection:

- requirement-to-pay principle; and
- benefit principle.

Council will use a combination of the requirement-to-pay principle and the benefit principle, applied consistently across the region, as a rational and generally equitable means of raising its revenue.

6.1.1 Requirement-to-Pay Principle

By this principle, landowners (and some land occupiers) are levied with a tax (a general rate) based on the value of their land.

The general rate funds programs where there is not a direct link between the service recipient and the service. Examples include parks, roads, community services, cultural development, disaster management, statutory services, economic development, and general administration.

6.1.2 Benefit Principle

The benefit principle requires that individuals in the community pay for goods and services:

- from which they derive a special benefit; or
- for which they especially generate a need; or
- that they acquire individually from Council.

The benefit principle will be applied where there is a clear link between the service recipient and the use of the goods or services. Examples include connection to a water supply or sewerage service.

6.2 Principles Used for the Levying of Rates and Charges

Section 94 of the *Local Government Act 2009* (Act) obliges Council to levy general rates on all rateable land within its local government area.

Council will be guided by its legislative obligations under the Act and the Regulation and will give due consideration to:

- the requirement to balance its service levels;
- the needs and expectations of the community; and
- the setting of appropriate rates and charges to adequately resource its roles and responsibilities.

Council will apply the following principles in the 2023/2024 financial year:

- Council will be transparent in its revenue raising activities and will endeavour to use systems and practices able to be understood by the community;
- Council will be accountable to ratepayers and service recipients to ensure revenue is applied effectively and efficiently in satisfying the objectives for which the revenue was raised;
- Council will ensure it manages revenue diligently, having in place a revenue system that is simple and inexpensive to administer whilst having regard to its long term financial plan, relevant drivers, and price paths;
- Section 74 of the Regulation requires Council to use property valuations for raising rate revenue, Council will monitor the impact of valuation changes and limit increases to rates and charges where possible; and
- Council will establish different rating categories based on land use and the potential use of the land to recognise the different demands placed on Council resources.

6.3 Principles Used and Purposes for the Granting of Concessions for Rates and Charges

Chapter 4, Part 10 of the Regulation provides Council with the power to grant a ratepayer a concession for rates and charges for land.

Council will grant concessions in accordance with the criteria set out in section 120 of the Regulation and will be guided by the principles of:

- encouraging pensioners to be independent and live in their own home where possible which Council considers has a "quality of life" benefit;
- acknowledging the role of community and sporting organisations by providing financial assistance to those non-profit organisations that would otherwise have difficulty in paying their general rates without such concession; and
- applying the same treatment for ratepayers with similar circumstances.

6.4 Principles Used for the Recovery of Overdue Rates and Charges

Council will exercise its rate recovery powers under Chapter 4, Part 12 of the Regulation in order to reduce the overall rate burden on ratepayers.

Council will be guided by the principles of:

- Ratepayers are expected to pay all rates and charges by the due date and Council will consider legal action if rates and charges remain outstanding;
- Council will make clear the obligations of ratepayers and the processes used by Council in assisting them to meet their financial obligations;
- Council will ensure it manages overdue rates and charges diligently, having in place a recovery system that is simple and inexpensive to administer; and
- Council will apply the same treatment for ratepayers with similar circumstances.

6.5 Principles Used for Cost-Recovery Methods

Section 97 of the Act provides Council with the power to set cost-recovery fees.

Council considers that in almost all instances it is appropriate and in the community interest to apply full cost recovery to its water, sewerage, and waste management services.

The recovery methods used may include obtaining a return on capital for assets used in the delivery of these services as appropriate and where identified in the long term financial forecast. A return on capital will only be calculated and charged where permissible under the Act or Regulation.

Council will achieve efficiency and sustainable financial management by imposing charges that accurately reflect the full cost of the provisions of services where appropriate.

From time to time, Council may decide to subsidise a fee or a charge when Council considers that it is in the community interest to do so.

6.6 Principles Used for Funding Physical and Social Infrastructure Costs for a New Development

Council will fund the physical and social costs of any new development by levying charges upon that development so that the burden on existing ratepayers is minimised, noting that this may be subject to legislative constraint in accordance with the provisions of the *Planning Act 2016*.

Council may decide to subsidise from other sources (e.g. general rate revenue) the charges payable for the development:

- when Council considers that it is in the community interest to do so having regard for the capability to pay within the community; and
- in recognition that there may be broader economic issues, at times, that may require the flexibility in the determination of infrastructure charges by Council.

7.0 ATTACHMENTS:

Nil

8.0 REVIEW MECHANISM:

This policy will be reviewed when any of the following occur:

1. The related legislation or governing documents are amended or replaced; or
2. Other circumstances as determined by resolution of Council or the CEO; or
3. Annually in preparation of budget adoption.

TABLE OF AMENDMENTS			
Document History	Date	Council Resolution No.	Notes (including the prior Policy No, precise of change/s, etc)
Originally Approved	03 June 2008	08/241	
Amendment 1	16 June 2009	09/334	
Amendment 2	15 June 2010	10/194	
Amendment 3	21 June 2011	G/11/588	
Amendment 4	03 July 2012	G/12/1114	
Amendment 5	04 June 2013	G/13/1568	

Amendment 6	20 May 2014	G/14/2010	
Amendment 7	5 May 2015	G/15/2410	
Amendment 8	17 May 2016	G/16/2811	
Amendment 9	06 June 2017	G/17/3065	
Amendment 10	19 June 2018	G/18/3436	Changes to financial year and Planning legislation update
Amendment 11	18 June 2019	G/19/3815	Prior Policy P-2018-19
Amendment 12	19 May 2020	G/20/4194	Formerly P-2019-12.
Amendment 13	18 May 2021	GM/21/4511	Formerly P-2020-04.
Amendment 14	17 May 2022	GM/22/4746	Formerly P-2021-08
Amendment 15	16 May 2023		Formerly P-2022-03

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