

 <p>DISTRICT COUNCIL of TUMBY BAY</p>	POLICY# 5.25 Revenue & Financing POLICY AREA Finance & Internal Control	Version No:	2
	Issued:	Oct 2013	
	Next Review:	2016 Audit Committee	

1 Introduction

Council has a Rating Policy that addresses legislative requirements, the growth/decline in rates from changing demographics, targeted rate relief, service charges and rate capping options.

As part of the annual budgeting process Council considers the impact on rates of changes in user charges. Many of the services provided by Council's are provided to specific individuals rather than the community as a whole. This is recognised in the *Local Government Act 1999* which permits Council's to raise separate rates and service rates and charges for specific projects or services and allows the Council to set a range of fees and charges for other services provided e.g. CWMS, waste management, Hall etc. The charging fees (including concession arrangements) for some of the services provided by Councils have two major benefits – it reduces the need to rely on general tax revenue and it provides equity in that only those who use such services pay for them.

1.1 Objectives

The purpose of this policy is to ensure council supplements its rates revenue by considering;

- Council's annual projected budget result for the year as defined is nil.
- grants and subsidies (the obtaining or the allocation of funds from other government regulations)
- imposing statutory fees and penalties as provided in a number of Acts, e.g. dog fees, development fees etc
- the sale of surplus property and other assets
- by charging fees (user pays) for a range of activities, facilities and functions provided, e.g. sporting venues, hall hire etc
- by carrying out commercial activities e.g. sale of land
- by investing surplus funds
- by borrowing funds

1.2 Legislative Requirements

Under Chapter 9 – Finances and Chapter 10 – Rates and charges of the *Local Government Act 1999* the elected members must:

- set the rate in the dollar for general, differential, separate and service rates
- set the fees to be charged for the use of Council properties and facilities, including separate and service charges (some fee-setting can be delegated to the CEO)
- resolve to borrow appropriate funds
- ensure that it receives regular reports that permit it to monitor the inflow of funds compared with the budgeted cash inflows.

2.2 Grants and Subsidies

Council administration;

- actively seek new sources of grants and subsidies

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- ensure the accountability reporting requirements are met
- where the grant relates to additional services ensure that the cost of the service equates with the grant funding

3 Statutory Fees and Charges

Council Administration;

- charges the maximum statutory fees permitted by legislation
- where the fees do not cover the full cost of the service actively lobby for the legislative change to ensure full cost recovery.

4 Sale of Surplus Property and Other Assets

That surplus property and other assets be identified and valued for possible sale.

5 User Charges

That where practical data be gathered on the use of services and facilities by specific groups rather than the community as a whole. Consider as part of the annual budget process the user charge as compared to the net cost to be funded from rate revenue.

6 Commercial Activities

Council to consider opportunities for commercial activities in the Council area. These currently include property developments.

7 Investing Surplus Funds

Refer to the Treasury Policy.

8 Borrowing Funds

Refer to the Treasury Policy.

9 Budget Result

Council has to maintain liquidity to be able to pay its liabilities when they fall due. Council's budget result for the financial year is defined as follows;

Operating Surplus/ (Deficit) before capital amounts
 Less: Net Outlays on Existing Assets
 Less: Net Outlays on New Assets
 Increase/Decrease in Borrowings
 Decrease/Increase in Cash Backed Reserves
 Add: Movement in Non-current Liabilities

Equals Budget Result for the Financial Year

10 Council Sustainability

Council is required to report in its Annual Budget, Financial Statements and the Long Term Financial Plan the following sustainability indicator;

10.2 Operating Surplus Ratio

By what percentage does the major controllable income source vary from day to day expenses?

Calculated as;

Operating surplus (as above)
 Divided by:
 Rates revenues

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Less: NRM levy raised

Council's target is to achieve an operating break even position, or better, over any five year period.

11 Reporting

11.1 Annual Financial Statements

The audited annual financial statements that are prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to non-for-profit entities and relevant South Australian legislation.

11.2 Annual Review

Each year a report must be prepared by the chief executive officer and presented to the audit committee on the sustainability of the council's long-term financial performance and position taking into account the provisions of the council's annual business plan and strategic management plans. This report will be completed as part of Council's Annual Report.

Strategic Link:

Delegation:

Documentation: Nil

Authority: Adopted by Council: 8/10/2013 {Motion No }

Reviewed by Council 10/11/2015 {Motion 7c/112015}

Certified Copy by Chief Executive Officer or approved Delegate

SIGNED: Date: ____/____/____

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