

Whitsunday Regional Council Budget 2017/18 Revenue Policy

PRINCIPLES USED FOR THE LEVYING OF RATES AND CHARGES

Principles for making rates and charges

In general Council will be guided by two principles in the making of rates and charges so as to equalise the impact of rating on the efficiency of the local economy. These are the Equity Principle and the Benefit Principle (also called the User Pays Principle).

Equity Principle – Council will aim to ensure that all sectors of the rate paying community contribute equitably to the rates revenue of the Council. This means that in determining the level of rates and charges, Council's objective is to ensure the fair and consistent application of lawful rating and charging principles, without bias, taking account of all relevant considerations, and disregarding irrelevancies such as the perceived personal wealth of individual ratepayers or ratepayer classes.

The general basis for determining rates is the valuation of rateable land as determined under the *Land Valuation Act 2010*. However, differential general rating will be applied to achieve a more equitable relationship between the contribution to rates revenue that Council considers land with high economic activity should contribute, than could be achieved if a simple (i.e. single rate in the dollar) general rating scheme were to be adopted.

Benefit (User Pays) principle – at a minimum, ratepayers should contribute rates which reflect the cost of providing Council's services to rateable properties in each sector of the community. Wherever possible, this should be reflected in the minimum rate for each rating category.

Council will also have regard to the principles of:

- Transparency in the making of rates and charges,
- Having in place a rating regime that is simple and inexpensive to administer, and
- Flexible enough to take account of changes in the local economy.

Principles for levying of rates

In levying rates Council will apply the principles of:

- Making clear what is the Council's and each ratepayer's responsibility to the rating system,
- Making the levying system simple and inexpensive to administer, and
- Timing the levy of rates to take into account the financial cycle of local economic activity, in order to assist the smooth running of the local economy.

PRINCIPLES USED FOR GRANTING AND PURPOSE OF CONCESSIONS FOR RATES AND CHARGES

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

- Fairness and social conscience by having regard to the different levels of ability to pay within the local community,
- The same treatment for ratepayers with similar circumstances,
- Transparency by making clear the requirements necessary to receive concessions, and
- Flexibility to allow Council to respond to local economic issues.

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Council may also give consideration to granting a class concession in the event all or part of the local government area is declared a natural disaster area by the State Government.

PRINCIPLES USED FOR RECOVERING OVERDUE RATES AND CHARGES

Council will exercise its rate recovery powers in order to adjust to ratepayer cash flows so as to minimise 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 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, and
- Flexibility by responding where necessary to changes in the local economy.

PRINCIPLES TO BE APPLIED FOR COST-RECOVERY METHODS AND FEES

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

The Council recognises the validity of fully imposing the user pays/benefit 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 Council's rating base should not subsidise the specific users or clients of Council's regulatory products and services.

However, in setting its cost-recovery fees, Council will be cognizant 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.

Council will provide a range of convenient payment methods for ratepayers to make payment of rates, fees and charges. Should ratepayers struggle to make payments Council may offer, subject to proof of hardship and compliance with Policy guidelines, arrangements for payment of rates, fees and charges.

FUNDING OF PHYSICAL AND SOCIAL INFRASTRUCTURE COSTS

Council requires property developers to pay reasonable and relevant contributions towards the cost of infrastructure required to support the development. Specific charges are detailed in the policies and other material supporting Councils' town planning scheme/s. These policies are based on normal 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 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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OPERATING FUND RESERVES

Council will maintain four reserves within its operating fund. These are:

- Constrained Grants, Subsidies and Contributions Reserve
- Capital Works Reserve
- Unspent Loan Cash Reserve
- Operational Grants Reserve

Council during its budget deliberations examines the purposes of its reserves to ensure that the reserves are used for that purpose. Those reserves that are intended to be ongoing will be supported by transfers from operations and these transfers are included in Council's adopted budget.

LEGISLATIVE REQUIREMENTS AND AUTHORITY

Section 193 of the *Local Government Regulation 2012* provides as follows: -

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- (1) The local government's revenue policy for a financial year must state—
 - (a) the principles that the local government intends to apply in the financial year for—
 - (i) levying rates and charges; and
 - (ii) granting concessions for rates and charges; and
 - (iii) recovering overdue rates and charges; and
 - (iv) cost-recovery methods; and
 - (b) if the local government intends to grant concessions for rates and charges—the purpose for the concessions; and
 - (c) the extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development.
- (2) The revenue policy may state guidelines that may be used for preparing the local government's revenue statement.
- (3) 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.