

Dividend Policy – Significant and Prescribed Business Activities

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Approved by:	General Meeting
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Version:	6

Head of Power

The establishment of this policy is consistent with the *Local Government Act 2009 (Qld)* in regard to the principles of the National Competition Policy reform.

National Competition Policy reform in the area of commercialisation requires that activities established as Significant and Prescribed business activities operate similarly to businesses in the private sector.

Policy Objective

To establish parameters for determining the actual dividend payable by each business activity each year.

Policy Statement

Redland City Council, through its Corporate Plan is committed to enriching community lifestyles and making a positive difference in our customers' lives through the services we provide. We are forward thinking, engaged and strive to maintain the highest standards of service to ensure we are delivering real value.

Council is committed to:

- The declaration of dividends, dependent upon the earnings and financial requirements of the business activities to fund future growth as outlined in their performance plan, the debt redemption requirements, the financial condition of the business activities, and such other factors the Council may consider appropriate in the circumstances.

The formula for calculating the dividend is $DP = dpr(E)$ where:

- The dividend payout [\$] is *DP*.
- The dividend payout ratio [%] is *dpr*.
- The earnings after tax and other agreed exclusions [\$] is *E*.
- Recommending the dividend payout ratio (%) to Council, following collaboration between the Business Partnering Unit in Financial Services and the business activity that owns and authors its annual performance plan.
- In conjunction with the review, consideration will be given to the implication of future financial forecasts.
- Approving the dividend payout ratio for each business activity annually as part of the approval process for the annual performance plan.
- Including a budget estimate for business activities for the current year's dividend based upon the dividend payout ratio agreed in the annual performance plan review. The dividend will therefore relate directly to

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the earnings result for the budget year.

- The transfer of dividends, through monthly journals and recognition, to the Council by the business activities will be reflected in the final, audited financial position. The final transfer will be processed once earnings for the year have been finalised, based upon the application of the agreed dividend payout ratio.

Definitions

Term	Definition
Significant and Prescribed Business Activities	Business activities of a local government that are conducted in competition, or potential competition, with the private sector (including off-street parking, quarries and sporting facilities); and meet expenditure thresholds prescribed under the Regulation.

Associated Documents

Local Government Act 2009
Local Government Regulation 2012

Document Control

Only Council can approve amendments to this document by resolution of a Council Meeting, with the exception of administrative amendments which can be approved by the relevant ELT member. Refer to *Policy Instrument Development Manual* for an explanation on administrative amendments ([A4063988](#)).

Any requests to change the content of this document must be forwarded to relevant Service Manager(s).

Approved documents must be submitted to the Corporate Meetings and Registers Team for registration.

Version Control

Version number	Date	Key Changes
4	September 2015	<ul style="list-style-type: none"> • Change of Policy Name • Change General Manager Corporate Services to Chief Financial Officer
5	9 May 2019	<ul style="list-style-type: none"> • Reviewed with administrative changes
6	November 2019	<ul style="list-style-type: none"> • Reviewed with administrative changes resulting from Policy Framework review.