

Revenue Policy

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Head of Power

According to section 104(5)(c)(iii) of the *Local Government Act 2009* (Act), the system of financial management established by Council must include a revenue policy.

Section 169(2)(c) of the *Local Government Regulation 2012* (Regulation) requires a local government to include in its financial budget a revenue policy. Section 170 of the Regulation requires a local government to adopt a budget each financial year.

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

Policy Objective

In accordance with section 193 of the Regulation, this Revenue Policy states:

- The principles that Council intends to apply in the 2023-24 financial year for:
 - Levying of rates and charges
 - Granting concessions for rates and charges
 - Recovering overdue rates and charges
 - Cost-recovery methods
- The purpose for concessions that Council intends to grant for rates and charges.
- The extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development.

This Revenue Policy also states principles that Council intends to apply in a financial year for:

- Community service obligations
- Applying user pays models
- Raising revenue from commercial activities
- Raising revenue from other external sources

This policy applies to all of Redland City Council business areas. Redland Investment Corporation (RIC), being a wholly owned separate legal entity, and any of its subsidiaries may utilise the provisions of the policy but are not bound to the Redland City Council policy statements as outlined in this document.

Policy Statement

Redland City Council, through its Corporate Plan, is committed to providing services that deliver our community's shared vision and collective aspirations: *Naturally wonderful lifestyle. Connected community. Embracing opportunities.* We are a values led organisation and our organisational values encapsulate what we care about, influence how we operate and support our mission: Make a difference, make it count.

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The Revenue Policy is aligned to the objectives of Council's Corporate Plan and Council's commitment to applying the following principles in the 2023-24 financial year:

Principles for levying of rates and charges:

- **Accountability** – Council will be accountable to the providers of funds to ensure those funds are applied efficiently and effectively to satisfy the objective for which the funds were raised.
- **Transparency** – Council will be transparent in its revenue raising activities and will endeavour to use systems and practices able to be understood by the community.
- **Representation** – Council will act in the interests of the whole community in making decisions about rates and charges.
- **Sustainable financial management** – Council will ensure it manages revenue diligently and that the application of funds is founded on sustainable strategic objectives that result in the timely and optimal investment in identified priorities.
- **Fairness** – While the rating legislation requires Council to use property valuations as the basis for raising rate revenue, Council will monitor the impact of valuation changes and moderate increases where possible.
- **Differentiation of categories** – Council will apply different rates to various categories of property that will reflect the particular circumstances of the categories and Council's policy objectives related to those categories.
- **Special needs and user pays** – Council will draw from various revenue sources to fund special needs including (but not necessarily limited to):
 - Separate rates or charges for whole of community programs
 - Special rates or charges for recovery of costs from beneficiaries
 - Utility charges for specific service based generally on usage
 - Statutory fees and charges in accordance with legislation, regulation or local laws
 - Commercial fees and charges where users can clearly be identified
 - Where practicable recovering card fees through a surcharge on card transactions
- **Social conscience** – Council will apply a range of concessions (e.g. for pensioners and institutions) and will accommodate special circumstances where hardship can be demonstrated.

In levying rates and charges, Council will schedule the issue of rate notices quarterly in the months of July, October, January and April.

Differential General Rates

General Rate revenue provides essential whole of community services not funded through subsidies, grants, contributions or donations received from other entities, or not provided for by other levies or charges.

Council will consider full cost recovery options before calculating the differential general rate.

Rating legislation requires the general rate to be calculated on the value of the land. However, Council recognises that various sections of the community impact on the delivery of, and use services, activities, and facilities differently.

Separate multipliers, established on the rate in the dollar applied to rating category 1a, will be assigned to all rating categories to maintain consistency in the distribution of revenue across financial years.

When determining differential rating categories, the ongoing changes to community characteristics will be considered along with revaluations, which can have a significant impact on properties.

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Separate and Special Charges

Where it is appropriate, Council will use separate and special charges to recover the cost of the delivery of services, activities, and facilities that benefit the whole community generally, or which benefits specific rateable land or owners of such land within the community, respectively.

Utility Charges

In setting utility charges, Council will take into consideration factors such as:

- Legislative requirements, including National Competition policy
- Council policy objectives
- Recovery of sufficient revenue to cover costs and a return on assets
- Other sources of revenue where appropriate

Granting concessions for rates and charges

Chapter 4, Part 10 of the Regulation provides Council with the powers to grant concessions to individuals and classes of land owners.

In granting concessions for rates or charges, Council will comply with the criteria in section 120 of the Regulation and will be guided by sustainable financial management practices and the principles of:

- **Transparency** – Council will be transparent and endeavour to use systems and practices able to be understood by the community.
- **Representation** – Council will act in the interests of the whole community in making decisions about concessions for classes of ratepayers.
- **Fairness** – Council will consider all reasonable concessional requests in a consistent non-biased manner.
- **Social conscience** – Council will apply a range of concessions (e.g. for pensioners and institutions) and will accommodate special circumstances where hardship can be demonstrated.

Recovering overdue rates and charges

In accordance with section 120(1)(c), 121(b) and 122(1)(b) of the Regulation, Council may consider granting a concession for rates and charges to ratepayers experiencing demonstrated financial hardship upon receipt of an application for assessment by Council.

Interest will be charged on rates and charges outstanding past the due date unless a mutually agreed arrangement is in place and is honoured. If an arrangement defaults, it will be cancelled and interest charged.

Cost effective processes will be applied in the recovery of overdue rates and charges.

Cost-recovery methods

Section 97 of the Act allows Council to set cost-recovery fees.

Council recognises the validity of fully imposing the user pays principle for its cost-recovery fees, unless the imposition of the fee is contrary to its express social, economic, environmental and other corporate goals (such as, for example, the community service obligations outlined below). This is considered to be the most equitable and effective revenue approach, and is founded on the basis that the City's revenue base cannot subsidise the specific users or clients of Council's regulatory products and services.

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

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Community Service Obligations

In accordance with Corporate Policy FIN-008-P Community Service Obligations ([A196670](#)), Council may subsidise the operations of commercialised business units or activities in order to achieve social, economic, environmental or other objectives associated with, or incidental to, the delivery of services by those business units or activities.

Council may charge for such activities at a rate less than the full cost price of a service. The difference between the full cost price and the actual charge will be treated as a Community Service Obligation (CSO). CSOs must be transparent, fully costed, and funded. Each CSO will be funded from an identified budget.

Council will continue to support existing community service obligations for Water, Wastewater and Trade Waste.

The CSOs will be reviewed regularly to ensure they continue to form part of Council's strategic objectives.

In addition Council will provide Water Charge Remissions for eligible concealed leaks and home dialysis machine users.

Applying user pays models

Council supports the principle that there is an increased focus on user pays models and that these will be developed where they are considered appropriate and in accordance with policy, including where practicable, Council may recover card fees through a surcharge on card transactions.

Council has adopted the policy of a conservative approach to increases in fees and charges with a view to minimising excessive impacts on user pays groups. There is also a need to consider Community Service Obligations when considering this principle.

Raising revenue from commercial activities

In order to minimise price increases on residents through the General Rate, Council is committed to exploring additional or alternative revenue streams through the establishment of business activities under the National Competition Policy framework where this is appropriate and in accordance with policy.

In doing this the following principles will be considered:

- Council will comply with the Act's and Regulation's requirements in relation to the application of the competitive neutrality principle to significant business activities, and the code of competitive conduct where applicable.
- The adoption of a business activity recognises the activity is conducted, or has the potential to be conducted, in competition with the private sector giving greater transparency to the community over the activity and clarity of the revenue stream.
- The determination of the standard and quality of each business activity required is based upon community/customer expectations and achieving best value for money, irrespective of whether the service is delivered by an internal or external provider.
- By concentrating upon outcomes rather than processes, service specification is likely to encourage innovation and new solutions to meeting the needs and expectations of the community and customers.

Raising revenue from other external sources

Where possible, Council will seek to supplement revenue through application for external grants and subsidies. Every opportunity will be taken to maximise revenue in support of capital and operational spending. External funding, however, must be strategically targeted and in alignment with community and corporate objectives.

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Purpose of concessions for rates and charges

Council has determined that pensioner owner occupiers as defined by the *Local Government Regulation 2012* are entitled to receive concessions on rates and various other services that Council provides to the community. Other charitable organisations, community groups, sporting associations and independent schools may also be entitled to concessions (or exemptions under section 93(3)(i) of the Act and section 120 of the Regulation).

The purpose of these concessions is to:

- Ease the cost of living for approved pensioners living in their own homes who have limited financial capacity
- Acknowledge the role that qualifying charitable and community organisations, associations, independent schools and groups perform in the community through concessions on rates and charges

Pursuant to sections 120(1)(d) and (f) of the Regulation, Council may provide a concession to ratepayers whose land is being exclusively used for the purpose of farming (primary production) to assist and encourage endurance in that particular industry. The purpose of this concession is to acknowledge the economic benefit that such an industry provides for the City as a whole.

Infrastructure cost recovery

Council will levy adopted infrastructure charges for trunk infrastructure with approvals for new development. The amounts of those adopted infrastructure charges are determined by Council resolution made under the *Planning Act 2016*.

Definitions

Nil

Associated Documents

2023-24 Redland City Council Budget Publication

2023-24 Redland City Council Register of Fees

2023-24 Redland City Council Revenue Statement

WW-004-P Trade Waste Policy ([A196559](#))

FIN-018-P Concealed Leaks Policy (A7350791)

FIN-012-001-G Water Charge Rebate for Home Dialysis Machine Users Guideline ([A4213486](#))

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.

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Version Control

Version number	Date	Key Changes
16	May 2017	<p>Following legal review, as recommended:</p> <ul style="list-style-type: none"> ○ Amended overall structure of document by introducing new headings and sub-headings. ○ Amended policy objective to comply with section 193 of the <i>Local Government Regulation 2012</i>. ○ Added Head of Power reference to section 104(5)(c)(iii) of <i>Local Government Act 2009</i>. ○ Minor changes to Separate and Special charges paragraph ○ Added purpose of providing concessions to section (b) Granting concessions for rates and charges. <ul style="list-style-type: none"> ● Replaced paragraph for Infrastructure cost recovery with wording supplied by legal review.
17	May 2018	<ul style="list-style-type: none"> ● Moved principles to sub-section Levying Rates and Charges ● Replace paragraph on 'monitoring of distribution' with a paragraph on the effect of the multiplier ● Introduce principles for granting concessions taken from the principles for Levying Rates and Charges ● Amend sentence on business activities for understanding ● Introduce a purpose for concessions ● Updated for 2018-19 Budget process
18	February 2019	<ul style="list-style-type: none"> ● Updated for 2019-20 Budget process ● Removal of reference to the Sustainable Planning Act 2009 ● Inclusion of reference to the Planning Act 2016 ● Added a section sub-headed 'Policy Scope' ● Inclusion of Document Control Section
19	May 2020	<ul style="list-style-type: none"> ● Reformatted in line with Policy Framework Review ● Updated for the 2020-21 Budget process
20	May 2021	<ul style="list-style-type: none"> ● Updated for the 2021-22 Budget process ● Amendment from 'will' to 'may' in section sub-section 'Purpose of concessions for rates and charges'
21	March 2022	<ul style="list-style-type: none"> ● Administrative update to include reference to the new Corporate Plan ● Updated for the 2022-23 Budget process
22	March 2023	<ul style="list-style-type: none"> ● Updated for the 2023-24 Budget Process
23	December 2023	<ul style="list-style-type: none"> ● Removal of reference to credit card with respect to recovering fees, replaced with card.