

1.0 Policy Purpose

The purpose of the Revenue Policy is to outline Central Highlands Regional Council's (council) strategic policy position in relation to its revenue measures which are adopted in its budget and to meet the statutory requirements of the *Local Government Act 2009* (LG Act) and the Local Government Regulation 2012 (LG Regulation).

2.0 Reference

Section 104(5)(c) of the LG Act states that the system of financial management established by council must include, amongst other matters, a Revenue Policy. Section 193 of the LG Regulation states:

- 1) *A 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*
 - (ii) *granting concessions for rates and charges*
 - (iii) *recovering overdue rates and charges*
 - (iv) *cost-recovery methods*
 - b) *If the local government intends to grant concessions for rates and charges - the purpose for the concessions*
 - 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.*

3.0 Policy Statement

Council intends to achieve an equitable distribution of the cost of its operations between different groups of ratepayers. In seeking to achieve this equitable distribution, council's view is that every ratepayer should contribute, at least at a basic level, to the cost of council's operations.

Council will also have regard to the measures required to stimulate the local and national economy and, particularly where council is in competition with private sector providers of goods and services, will price according to generally accepted market principles. These principles ensure council does not put private sector providers at a disadvantage because its businesses are publicly owned.

Council will ensure that the rates and charges made are sufficient to cover the cost of its operations and that it is able to continue to provide services to the community at a level consistent with the growth and development of the area.

It is acknowledged, however, that individual consumers of a commodity or service cannot always be separately identified. For this reason, there is a need for specific user charges to be supplemented by other general revenue sources.

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When considering these matters, council will generally benchmark any variations in charges from year to year against the general movement in prices that occur in other sectors of the community as measured by a series of appropriate indexes. While taking these movements into consideration council needs to ensure that the rates and charges made are sufficient to cover the cost of its current operations and future expansion of the region and service delivery.

4.0 Principles for Levying Rates and Charges

Council levies rates and charges to fund the provision of valuable services to our community. When adopting its annual budget council will set rates and charges at a level that will provide for both current and anticipated future community requirements.

In the making of rates and charges council will be guided by the overall general principle of user pays. 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;
- equity by taking account of the different capacity of land to generate income or provide service within the local community, and the burden the use of the land imposes on council services;
- responsibility in achieving the objectives, actions and strategies in council's Corporate and Operational Plans;
- flexibility to take account of changes in the local economy;
- environmental conditions, particularly drought conditions that will have a suppressing impact upon the local economic, social, and financial recovery of the community;
- maintaining community services and assets to an appropriate standard; and
- assessing the availability and accessibility of other revenue sources.

4.1 General Rates

While the overall basis for the levying of general rates is land valuation, given the considerable diversity in the in the region's various urban, rural, commercial, and industrial sectors; and varying access to and requirements for services and facilities; a flat general rate will not result in equitable ratepayer contributions. As such, council intends to make and levy differential general rates as provided for by section 80 of the LG Regulation.

Where differential general rating is applied, land categories are defined by first separating the urban, rural, commercial, and industrial sectors of the region and then identifying land uses to distinguish between sectors within these areas. Land use codes used by the Department of Resources in their land valuation process assist in identifying land that should be included in differential categories that may apply within these sectors.

Capping, in accordance with a resolution passed under section 116 of the LG Regulation, may be used to reduce the variation in rate charges between consecutive years and limit increases to a reasonable level compatible with other sectors.

Minimum general rates can be set by council under section 77 of the LG Regulation. Minimum general rates will be used to ensure all ratepayers contribute a base amount to fund council operations and services. Any changes in these minimum rates will consider the overall movement in general rates and changes in the services provided by council to ratepayers.

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4.2 Special Rates and Charges

Council levies special rates and charges in accordance with sections 92 and 94 of the LG Act and section 94 of the LG Regulation. Where council believes it is appropriate for a special rate or charge to be levied in a defined area for a particular reason or benefit, such as for a special road development programme, a special rate or charge will be levied for that purpose only. The following processes will be carried out prior to the service commencing:

- clear identification of the service to be provided
- calculate and detail the estimated cost of this service
- define the benefited area and ratepayers included therein
- identify any different categories or degrees of benefit to the properties if the special rate or charge is to be levied differentially
- state the reason/s why council determines the service will enhance the value, utility, or attractiveness of the properties to be rated and, if there are differences in benefit, state the basis on which the differences are determined.

4.3 Water Charges

Council operates several separate water schemes within the region. Council's water supply services are considered a significant business activity under the section 19(2) of the LG Regulation and in accordance with council's Application of Competition Policy. Water charges are set to recover all costs associated with the provision of the water supply system. These costs include ongoing operation and maintenance costs, loan interest and principal repayments, capital expenditure, and a return on investment and other competitive neutrality adjustments. Charges are calculated based on the known and expected costs of individual systems and considering the matters stated in the Policy Statement.

All land that is connected to, or capable of being connected to, a water supply service should be contributing to the cost of the service and will be levied an appropriate utility charge.

Council will also continue to progress towards aligning water supply charges across the different water supply systems to better reflect industry best practice and to ensure a consistent approach across the entire region.

4.4 Sewerage Charges

Ratepayers are provided sewerage services through several separate sewerage schemes. Council's sewerage services are considered a significant business activity under section 19(2) of the LG Regulation and in accordance with council's Application of Competition Policy. Consequently, sewerage charges are collected and used for the purpose of meeting the full operating and capital costs of the sewerage supply systems and instituting improvements to those systems, as well as to meet return on capital requirements. Council aims to calculate charges based on the known and expected costs of individual systems with consideration given to the matters stated in the Policy Statement.

All land that is connected to, or capable of being connected to, a sewerage scheme should be contributing to the cost of the service and will be levied an appropriate utility charge.

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4.5 Waste Charges

Council provides cleansing services and facilities for domestic and commercial waste at various locations throughout the region. The cost of maintaining the services and facilities varies between areas and consequently the quantum charged and the way the charge is applied may vary between townships. Charges are levied to meet, firstly, the costs of collecting waste and, secondly, for managing, operating, maintaining, and improving cleansing services and waste storage/dumping facilities, including the recycling of waste.

Charges for the dumping of industrial and commercial waste are based on the classification and volumes of waste dumped at the respective sites while the collection and transport is operated by third parties. Where a commercial or industrial property is receiving a collection service from council then such properties will be subject to a refuse collection charge and a waste management charge.

Council believes that it is appropriate and equitable for all premises in the region to contribute towards the fixed costs by way of the access charge for waste management of refuse tips. This includes commercial and industrial premises within the region as these premises generate both domestic and commercial/industrial waste. The per-bin charges conform to the user pays principle and contribute to the variable costs of providing a bin pick up service.

Where council expands the defined cleansing service area during the year, charges will be applied on a pro-rata basis from the date the service is supplied after providing sufficient notice to enable all premises in the expanded area to avail themselves of the service.

4.6 State Emergency Management Fire and Rescue Levy

As required, under Chapter 3, Part 10 Division 2 of the *Fire and Emergency Services Act 1990 (Act)*, council collects an Emergency Management Fire and Rescue Levy on behalf of the Queensland State Government on all properties that are a prescribed property, within the Act.

5.0 Principles for Granting Concessions for Rates and Charges

In accordance with sections 119 to 121 of the LG Regulation, council may grant a ratepayer a concession for rates or charges for land and these concessions can be of the following types:

- a rebate on all or part of the rates or charges
- an agreement to defer payment of the rates or charges
- an agreement to accept a transfer of unencumbered land in full or part payment of the rates and charges.

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

- equity by having regard to the different levels of capacity to pay within the local community;
- extent to which a community sector is providing support to the wider Central Highland's 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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The main purposes council intends to provide concessions for are:

- to pensioners
- for entities whose objects do not include making a profit
- in accordance with the provisions provided for in council's Financial Hardship Policy
- other concessions as specified in the Revenue Statement.

Full details of these concessions are provided in the annual Revenue Statement 2022-23.

Council may consider granting a class concession in the event all or part of the region experiences a significant natural disaster, environmental disaster, or similar event.

Council will also consider a concession of all, or part of the rates and charges levied on individuals, organisations or entities that meet the criteria detailed in section 120 of the LG Regulation.

6.0 Principles for Recovering Overdue Rates and Charges

Council requires payment of rates, fees and charges within the period specified at its budget meeting. It is council's policy to pursue the collection of all overdue rates and charges diligently but with due concern for financial hardship which may be faced by some members of the community.

Council will exercise its rate recovery powers in order to reduce the overall rate burden on ratepayers and ensure all ratepayers contribute fairly to funding council's services. 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 to meet their financial obligations;
- making the administrative processes used to recover overdue rate and charges well-defined and cost effective;
- consistency by having regard to providing the same treatment for ratepayers in similar circumstances
- flexibility by responding, where necessary, to changes in the local economy; and
- adherence to the debt collection guidelines outlined in council's Rates and Charges Collection Policy.

7.0 Principles for Cost Recovery Methods

Council recognises the validity of maximising the use of appropriate user pay charges or cost recovery fees to reduce the burden on general rates. However, in setting its cost recovery fees, council will be cognisant 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. The other general principles to be used in setting these fees are:

- financial sustainability;
- the same treatment for persons with similar circumstances;
- transparency by making clear the rationale for the fees; and
- flexibility to allow council to respond to local economic issues.

8.0 Extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development

Council requires 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 council's town planning schemes but, in any event, are subject to the infrastructure charges regime imposed by the State Government via sections 112 and 113 of the *Planning Act 2016*.

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The imposition of council's infrastructure charges is based on normal anticipated growth rates. Where a new development is of enough 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 enough costs so that the availability of facilities is not adversely affected, and so existing ratepayers are not burdened with the cost of providing the additional infrastructure.

9.0 Commercial Charges

Section 262(3)(c) of the LG Act empowers council to charge for a service or facility it supplies other than a service or facility for which a cost-recovery fee may be fixed.

Council imposes such a charge where it is prepared to provide a (commercial) service to a party that can choose whether to avail itself of the service.

The nature, level and standard of the service is considered by council when setting the charges. Council may set the charge with the aim of generating revenue. The user-pays approach is considered where council provides the service in competition with private enterprise.

10.0 Definitions

To assist in interpretation, the following definitions apply:

Council	Central Highlands Regional Council.
The LG Act	The Queensland <i>Local Government Act 2009</i> .
The LG Regulation	The Queensland Local Government Regulation 2012.
The Act	The <i>Fire and Emergency Services Act 1990</i>

Strategic Link	<i>Local Government Act 2009 Local Government Regulation 2012 Fire and Emergency Services Act 1990 Fire Emergency Services Regulation 2011 Planning Act 2016</i>
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