

	<h1>District Council of Cleve</h1>	Version No:	6
		Issued:	June 2021
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Policy Name: 7.5 - REVENUE AND FINANCING

1. INTRODUCTION

Council has a Rating Policy as part of its Annual Business Plan that addresses legislative requirements, the growth/decline in rates from changing demographics, targeted rate relief and service charges.

As part of the annual budgeting process Council considers the impact on rates of changes in user charges. Many of the services provided by Councils are provided to specific individuals rather than the community as a whole. This is recognised in the *Local Government Act 1999* which permits Councils 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. Community Waste Management Schemes (CWMS) and waste management. The charging of fees (including concession arrangements) for some of the services provided by Councils has 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.

2. OBJECTIVES

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

- ensuring Council's annual projected budget result for the year is defined as nil or a surplus;
- considering grants and subsidies (the obtaining or the allocation of funds from other governments or organisations);
- imposing statutory fees and penalties as provided in a number of Acts, e.g. dog fees, development fees etc;
- considering 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;
- considering opportunities for commercial activities;
- investing surplus funds; and
- borrowing funds.

3. 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 Chief Executive Officer);
- resolve to borrow appropriate funds; and
- ensure that it receives regular reports that permit it to monitor the inflow of funds compared with the budgeted cash inflows.

4. GRANTS AND SUBSIDIES

Council administration:

- actively seek new sources of grants and subsidies;
- ensure the accountability reporting requirements are met; and
- where the grant relates to additional services ensure that the cost of the service equates with the grant funding.

5. STATUTORY FEES AND CHARGES

Council administration;;

- charge the maximum statutory fees permitted by legislation, with the exception of Dog & Cat Management fees; and
- where the fees do not cover the full cost of the service, actively lobby for legislative change to ensure full cost recovery.

6. SALE OF SURPLUS PROPERTY AND OTHER ASSETS

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

7. USER CHARGES

Most Council's rely on rates as their principal form of revenue. The continuing decline in the level of Federal and State grants reflects one aspect of cost shifting. The expansion in services from Local Government – both in response to user demands and federal strategies not to be directly involved in service delivery which leads to an increasing need to constrain costs and to increase revenue. These forces are manifested in rates increases and a desire to increase revenue from fees and charges.

There are a variety of strategies available to Councils in generating funds to pay for the delivery of services. Councils can either raise funds through their general rate or charge individual users for access to specific services. As part of the annual budget process Council will ensure that user charges raised cover the cost of providing as a minimum the specific service.

8. COMMERCIAL ACTIVITIES

Council will consider opportunities for commercial activities in the Council area.

9. INVESTING SURPLUS FUNDS

Refer to the Treasury Policy.

10. BORROWING FUNDS

Refer to the Treasury Policy.

11. 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: New 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

12. COUNCIL SUSTAINABILITY

Council is required to report in its Annual Business Plan & Annual Budget, Annual Financial Statements and the Long Term Financial Plan the following sustainability indicators.

12.1 Operating Surplus/(Deficit)

The difference between day to day income and expenses for the period.

Calculated as:

Operating surplus/ (deficit) before capital amounts (as shown on the Income Statement).

Council's target is to make a surplus between 0 and 5% of rate revenue (excluding the NRM levy) each year.

12.2 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
Less: NRM levy raised

Council's target is between 0 and 5% per annum.

13. REPORTING REQUIREMENTS

13.1 Annual Financial Statements

The audited annual financial statements are prepared in accordance with Australian Accounting Standards as they apply to non-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

13.2 Annual Review

Each year a report must be prepared by the Chief Executive Officer 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.

14. AVAILABILITY OF THE POLICY

This Policy will be available for inspection at the Council's offices during ordinary business hours and via the Council's website <http://www.cleve.sa.gov.au>. Electronic versions are the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

15. ADOPTION OF POLICY

This Policy was adopted by the Council at its Ordinary Council meeting on_ 14 June 2021.



Rob Donaldson
Acting Chief Executive Officer

16. DOCUMENT REVIEW

The Council may review this policy from time to time, however, it is anticipated that a review of the policy will be undertaken after two (2) years. Council has the right to review this policy at any time, if considered desirable.

17. REVIEW HISTORY

Version	Issue Date	Author	Reason for Change
6	14/14/2021	M Quinn	Minor updates following Council election 2018 Formatting Added legislation, availability of policy, adoption of policy, document review and review history sections.

