

 <b>Mackay</b> REGIONAL COUNCIL	<b>COUNCIL POLICY</b>	
	<b>Budget Policy</b>	
	POLICY NO	009
	DEPARTMENT	Corporate Services
	PROGRAM	Financial Services

### 1.0 Scope

This policy applies to Council's corporate budgeting activities including the annual budget and any subsequent reviews.

### 2.0 Purpose

This policy provides a framework for the administration of Council's budget and establishes guidelines to ensure that known variations to the budget are addressed in a timely manner.

### 3.0 Reference

- Local Government Act 2009
- Local Government (Beneficial Enterprises and Business Activities) Regulation 2010
- Local Government (Finance, Plans and Reporting) Regulation 2010

### 4.0 Definitions

To assist in interpretation the following definitions shall apply:

**Council** shall mean Mackay Regional Council.

**Adopted Budget** shall mean the original budget for Mackay Regional Council for the financial year including any amendments to the budget adopted by the local government under section 100 of the Regulation.

**The Act** shall mean *Local Government Act 2009*.

**The Regulation** shall mean *Local Government (Finance, Plans and Reporting) Regulation 2010*

**Community Plan** shall mean a document that outlines the local government's goals, strategies and policies for implementing the local government's vision for the future of the local government area, during the period covered by the plan.

**Long-Term Financial Forecast** shall mean a document that –  
 (a) contains a forecast of income and expenditure and the value of assets, liabilities and equity for each year during the period of the forecast.

- (b) includes a statement of financial position, a statement of cash flow, a statement of income and expenditure and a statement of changes in equity for each year during the period of the forecast.
- (c) states the relevant measures of financial sustainability for the period of the forecast.
- (d) covers a period of at least 10 years and is reviewed annually.

**Corporate Plan** shall mean a document that outlines the local government's objectives, and the nature and scope of the activities proposed to be carried out.

## 5.0 Background

Council is a very large business providing many and significant services to the community. It is important guidelines are established to assist in providing financial rigor to activities. This includes guidelines to:

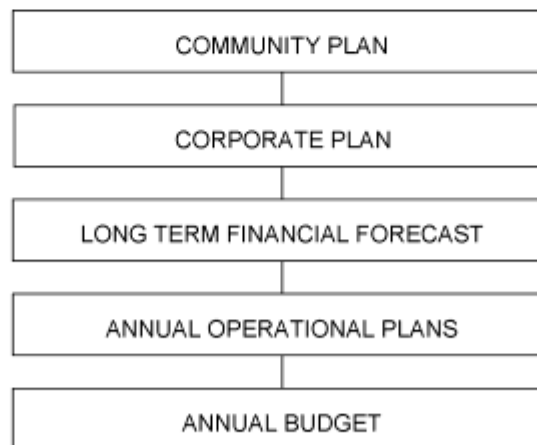
- Clarify limitations on the release of budgetary information prior to the formal adoption of the budget.
- Ensure that Council reports are presented in a fiscally responsible manner.
- Provide guidance in the preparation of the budget reviews.
- Ensure that required amendments to the budget are made in a timely manner.
- Ensure consistency with Council's Long Term Financial Forecast

## 6.0 Policy Statement

Mackay Regional Council's budget cycle is aimed at addressing the need for:

- Long term financial planning;
- Detailed annual budgets supporting Council's operating plans and revenue decisions;
- Reviews to address progress against the annual operating plan; and
- Reviews to align the budget with actual results.

This is illustrated as follows:



## 6.1 Council Reports

The following principles are to be applied when compiling official Council meeting reports:-

- (a) Recommendations that are presented to Council that have the effect of increasing expenditure or reducing income (if adopted) **MUST** indicate where alternative funding is to be sourced from.
- (b) No report is to include a recommendation that "funds are to be identified at the next review" or that "the project be included in next year's budget" (although the item may be **listed for consideration** in either the next review or the following year's budget).

*Note: These two statements have the effect of committing Council to works that it may not be able to fund.*

- (c) Where a recommendation states that the funds are to be allocated from various Reserve pools the report **MUST** include the current balance of the relevant account. This will enable Councillors to be fully informed prior to approving the allocation.
- (d) Only emergent projects/expenditure items should generally be incorporated into Budget Reviews.

*Note: The overall intention for the Budget Reviews is to review performance and assess financial position.*

- (e) Where an item that has a financial implication is raised in the General Business section at a Council Meeting, a report is to be presented to a future meeting so that possible funding can be identified before the recommendation is adopted.
- (f) The budget is a "project" budget. Where projects are completed under budget, the funds are to be retained in consolidated revenue for those projects that may be over expended.

## 6.2 Annual Budget Consideration

Throughout the financial year Council considers matters which may result in a referral to future budget considerations. Where this occurs in an open Council meeting it becomes a matter of public knowledge. These matters must be consistent with Council's Long Term Financial Forecast, when adopted.

During the lead up to the adoption of the original annual budget for a particular financial year, detailed presentations and working papers are provided to Councillors. The presentations and working papers may include potential expenditure, pricing and rating considerations and various scenarios on options to be considered before the adoption of the budget. This includes information pertaining to Council's commercial and general activities.

In the case of commercial activities, the disclosure of detailed pricing and expenditure information may be detrimental to Council's competitive position. Consequently this information is to be treated as confidential. Commercial activities include those activities defined as Type 1 and 2 significant business activities in

accordance with the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*.

While there are no commercial considerations within Council's general activities, the premature release of financial information being considered as part of budget deliberations may cause conjecture on the likely outcomes. The subtlety between information presented to Councillors to assist them with decision making and the intent of Council after considering all information, may be lost in public disclosure. In order to prevent misleading information in the media or unfounded public conjecture, it is therefore necessary to control the public release of information prior to the formal adoption of the budget.

As a matter of policy, all budget working papers including material presented on possible pricing, rating and expenditure is to be treated as 'strictly confidential'.

In some instances portions of the above information may normally (outside of the budget process) be used to answer inquiries or comments from members of the public. In recognition of the operational need to continue to respond to public inquiries/comment during the budget preparation, the Mayor and CEO (or CEO delegate) are authorised to exercise discretion in releasing information which would otherwise be considered confidential under this policy.

### **6.3 Budget Reviews**

It is recognised that (following finalisation of the June financial statements) the actual opening balance may be either more favourable or less favourable than the estimate in the original budget. In the case that it is more favourable, priority will be given to transferring any surplus to appropriate reserves or to reduce the level of borrowings. A very conservative budget approach is to be taken at this early stage of the financial year due to the possibility of not meeting revenue targets or unforecast unavoidable expenditures.

Any rates growth income that arises during the financial year will also be constrained to an appropriate reserve or used to reduce borrowings.

Should other additional funding also become available during the year, the first priority will be to reduce borrowing and ensure that approved projects have adequate allocations to meet the initial scope of the project.

#### 6.4 Amendments to the Budget

There are a number of budget amendments that may be required during the year. The process for handling various types of amendments is as follows:

Type of Amendment	Process
Increased/decreased expectation of revenue	Adjust at next review.
Increase or reduction in the scope of a Council approved <b>project</b> (operating or capital).	Prepare report to Council for decision/endorsement, outlining if there is any financial/budget impact and adjusted at next review if required.
Change in routine/operational item. (eg additional funds required in one project area, but savings available in another)	At Manager Financial Services discretion, provided it is <b>within</b> the one Program area.
Transfers between Program	Council approval required prior to work commencing. Ideally done at a quarterly review. However, if urgent, this can be handled as a separate report or as part of the Monthly Executive Financial Report.
Incorrect classification of projects as either operational or capital nature or incorrect allocation of Operational Plan, which is for accounting purposes only and has a Nil effect on Council's bottom line	At Manager Financial Services discretion
Information regarding additional grant funded projects and associated revenue and expenditure.	To be included in Monthly Executive Financial Performance Report.

#### 7.0 Review of Policy

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed annually.

	<b>COUNCIL POLICY</b>	
	<b>Investment Policy</b>	
	POLICY NO	034
	DEPARTMENT	Corporate Services
	PROGRAM	Financial Services

### 1.0 Scope

This Policy applies to the investment of surplus funds in accordance with investment powers under Part 6 of the Statutory Bodies Financial Arrangement Act 1982 (SBFAA).

### 2.0 Purpose

To provide Council with a contemporary investment policy based on an assessment of counterparty, market and liquidity risk within the legislative framework of the Statutory Bodies Financial Arrangements Act and Regulations.

### 3.0 Reference

- Statutory Bodies Financial Arrangements Act 1982
- Statutory Bodies Financial Arrangements Regulations 2007
- Local Government Act 2009
- Local Government (Finance, Plans & Reporting) Regulation 2010

### 4.0 Definitions

To assist in interpretation the following definitions shall apply:

**CEO** shall mean the person appointed to the position of Chief Executive Officer under the Act and anyone acting in that position.

**Average cash balances** shall mean average cash at bank balance (including trust) at the end of each calendar month for the month in question and the proceeding five months (six months in total).

**Council** shall mean the Mackay Regional Council.

**Investment Officer(s)** shall mean employees engaged in activities related to the physical investment of funds (eg investment placement and redemption, reconciliations, checking).

**The Act** shall mean the *Local Government Act 2009*.

**The Regulation** shall mean the *Local Government (Finance, Plans & Reporting) Regulation 2010*

**SBFAA** – shall mean the *Statutory Bodies Financial Arrangements Act 1982*

## 5.0 Background

In accordance with section 132 of the Regulation Council must prepare an investment policy each financial year.

Investment of Council's funds is to be in accordance with Council's power of investment as set out in the following flow of legislative Authority:

Section 101(1) of the Local Government Act 2009 refers to Local Government as a *Statutory Authority* under the Statutory Bodies Financial Arrangements Act 1982.



Section 101(2) of the Local Government Act 2009 refers to the Statutory Bodies Financial Arrangements Act 1982 to determine Council's power of Investment.



Section 42 of the Statutory Bodies Financial Arrangement Act 1982 refers to three different categories of Investment power



Schedule 2, 3, 4 and 5 of the Statutory Bodies Financial Arrangements Regulations 2007 list the statutory bodies' categories and investment power.



Section 44 of the Statutory Bodies Financial Arrangements Act 1982 dictates the types of Investments that Council may use.



Section 4A & 5 of the Statutory Bodies Financial Arrangements Regulations 2007 prescribes the rating of the Investment arrangements as prescribed under Section 44(1)(e) of the Statutory Bodies Financial Arrangements Act 1982.

## 6.0 Policy Statement

### 6.1 Investment Objectives

Mackay Regional Council's overall objective is to invest funds at the most advantageous rate of interest available to it at the time, for that investment type, and in a way that it considers the most appropriate given the circumstances.

Investment officers are to manage the investment portfolios not for speculation, but for investment and in accordance with the spirit of this Investment Policy. Investment officers are to avoid any transaction that might harm confidence in Mackay Regional Council.

In priority, the order of investment activities shall be preservation of capital, liquidity and return.

#### *6.1.1 Preservation of Capital*

Preservation of capital shall be the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security of principal of the overall portfolio. This would include managing credit and interest rate risk within given risk management parameters and avoiding any transactions that would prejudice confidence in Council or its associated entities.

##### a) Credit Risk

Mackay Regional Council will evaluate and assess credit risk prior to investment. Credit risk is the risk of loss due to the failure of an investment issuer or guarantor. The investment officer will minimise credit risk in the investment portfolio by pre-qualifying all transactions including the brokers/securities dealers with which they do business, diversify the portfolio and limit transactions to secure investments.

##### b) Interest Rate Risk

The investment officers shall seek to minimise the risk of a change in the market value of the portfolio because of a change in interest rates. This would be achieved by considering the cash flow requirements of Council and structuring the portfolio accordingly. This will avoid having to sell securities prior to maturity in the open market. Secondly, interest rate risk can be limited by investing in shorter term securities.

#### *6.1.2 Maintenance of Liquidity*

The investment portfolio will maintain sufficient liquidity to meet all reasonably anticipated operating cash flow requirements of Council, as and when they fall due, without incurring significant transaction costs due to being required to sell an investment.

For these purposes, illiquid investments are defined as investments that are not publicly traded in sufficient volume to facilitate, under most market conditions, prompt sale without severe market price affect.

Examples include:

- investment in private placements;
- a security that is not supported or priced by at least two approved brokers/securities dealers;
- sub investment grade (ie a lower than rating BBB- (Standard and Poors or equivalent), and in most cases, BBB rated investments; and
- unrated securities.

#### *6.1.3 Return on Investments*

The portfolio is expected to achieve a market average rate of return and take into account Mackay Regional Council's risk tolerance and current interest rates, budget considerations, and the economic cycle. Any additional return target set by Council will also consider the risk limitations, prudent investment principles and cash flow characteristics identified within this Investment Policy.

## 6.2 Ethics and Conflicts of Interest

Investment officers/employees shall refrain from personal activities that would conflict with the proper execution and management of Mackay Regional Council's investment portfolio. This includes activities that would impair the investment officers' ability to make impartial decisions.

This policy requires that employees and investment officers disclose to the Chief Executive Officer any conflict of interest or any investment positions that could be related to the investment portfolio.

## 6.3 Requirements

In accordance with Schedule 3 of the Statutory Bodies Financial Arrangements Regulation 2007, Mackay Regional Council has Category 1 investment power.

### 6.3.1 *Portfolio Investment Parameters*

Section 44(1) of SBFAA states that the authorised investments comprise:

- deposits with a financial institution;
- investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- investment arrangements, managed or operated by QIC or QTC, prescribed under a regulation for this paragraph;
- an investment arrangement with a rating prescribed under a regulation for this paragraph;
- other investment arrangements prescribed under a regulation for this paragraph.

Section 44(2) states that the investment must be:

- at call; or
- for a fixed time of not more than 1 year.

### 6.3.2 *Prohibited Investments*

This Investment Policy prohibits any investment carried out for speculative purposes. The following investments are prohibited by this investment policy.

- Derivative based instruments (excluding floating rate notices);
- Principal only investments or securities that provide potentially nil or negative cash flow;
- Stand alone securities that have the underlying futures, options, forward contracts and sways of any kind; and
- Securities issued in non- Australian dollars

### 6.3.3 *Placement of Investment Funds*

Overall the amount invested with institutions should not exceed the following percentage ranges of average cash balances and appropriate documentation must

be maintained. Also when placing investments, consideration should be given to the relationship between credit rating and interest rate.

*Investments with Financial Institutions and Investment Arrangements Offered by QTC*

Long Term Rating (Standard & Poors)	Short Term Rating (Standard & Poors)	Individual Counterparty Limit	Total Portfolio Limit
AAA to AA-	A1+	Maximum 40%	No Limit
A+ to A	A1	Maximum 20%	Maximum 50%
A- to BBB+	A2	Maximum 10%	Maximum 15%
Unrated or below BBB+	Unrated or below A2	Maximum \$ 1 million or 5% (whichever is lower)	Maximum 10%
QTC Cash Management Fund		No Limit	No Limit

Council approves dealings with all financial institutions ('Financial Institution' is defined as an authorised deposit-taking institution within the meaning of the Banking Act 1959 (Cwlth), Section 5).

**6.3.4 Maturity**

The maturity structure of the portfolio will reflect a maximum term to maturity of one year.

**6.3.5 Liquidity Requirement**

Given the nature of the funds invested, no more than 20% of the investment portfolio will be in illiquid securities and at least 10% of the portfolio can be called at no cost or will mature within a maximum of seven (7) days.

**6.4 Implementation**

**6.4.1 Internal Controls**

The Manager Financial Services shall establish internal controls and processes that will ensure investment objectives are met and that the investment portfolios are protected from loss, theft or inappropriate use.

The established processes will include monthly and quarterly reporting (including compliance reporting). The internal controls will address the following:

- Control of collusion;
- Separate the transaction authority from accounting and record keeping;
- Safekeeping;
- Avoid physical delivery of securities;
- Clearly delegate authority to investment officers;
- Confirmation requirements for settlement of securities;
- Compliance and oversight of investment parameters; and
- Reporting of breaches

In addition the Chief Executive Officer shall issue a letter to any approved counterparty advising that funds transferred from investments to Council must

only be deposited into Council's General Account or Trust Account. This instruction cannot be varied unless a written request is made in writing signed in accordance with Council's account signing authority.

#### *6.4.2 Delegation of Authority*

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with the Local Government Act 2009, Section 257.

Authority for the day to day management of Council's Investment Portfolio is to be delegated by the Chief Executive Officer to the Director Corporate Services, Executive Manager Governance and/or the Manager Financial Services.

#### *6.4.3 Breaches*

Any breach of this Investment Policy is to be reported to the Director Corporate Services within seven (7) days of the breach occurring. The Director Corporate Services is delegated discretion to take appropriate action to rectify breaches. Except, that where Council holds an investment that is downgraded below the minimum acceptable rating level (as prescribed under regulation for the investment arrangement) Council shall, within 28 days after the change becomes known to Council, either obtain Treasurer approval for continuing with the investment arrangement or sell the investment arrangement.

### **7.0 Review of Policy**

This policy will be reviewed at least annually, or prior as required by legislative changes.

	<b>COUNCIL POLICY</b>	
	<b>Debt Policy</b>	
	POLICY NO	007
	DEPARTMENT	Corporate Services
	PROGRAM	Financial Services

### 1.0 Scope

This policy applies to the use of loan borrowings by Council to fund infrastructure and other capital projects

### 2.0 Purpose

To ensure compliance with the *Local Government (Finance, Plans and Reporting) Regulation 2010* as well as ensuring that appropriate forward financial planning is undertaken.

Section 133 states that a Local Government must prepare a debt policy each financial year which must state the following:

- (a) new borrowings planned for the current financial year and the next 9 financial years; and
- (b) the time over which the Local Government plans to repay existing and new borrowings.

### 3.0 Reference

- Local Government (Finance, Plans and Reporting) Regulation 2010
- Local Government Act 2009

### 4.0 Definitions

To assist in interpretation the following definitions shall apply:

**Council** shall mean *Mackay Regional Council*.

**The Regulation** shall mean *Local Government (Finance, Plans and Reporting) Regulation 2010*.

**The Act** shall mean *Local Government Act 2009*.

### 5.0 Background

Debt Policy

Approved by Council: 29 June 2011

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Revokes: Borrowings Policy – adopted 23 June 2010  
Review Date: June 2012

From time to time Council requests additional funding to fund major capital and infrastructure works. This funding can be by way of loans from external institutions or from Council's own (internal) Reserves. In the case of the latter, Council makes the equivalent of interest and redemption payments back to the reserve over time.

## 6.0 Policy Statement

### 6.1 Purpose of the Borrowings

Loan funds can be raised to finance a range of infrastructure assets over the maximum time frames stated.

The types of projects that are funded by loan borrowings are those that will have a financial impact over a number of years. This method ensures that the region's ratepayers are not burdened by unrealistic expenditure levels. The repayment for these capital works creates an asset for Council, which can then be repaid over the years relating to the life of the asset, where appropriate.

### 6.2 Repayment Term

General	Between 9 and 20 years dependent on asset
Water	20 years
Sewerage	20 years
Cleansing	15 - 20 years dependent on asset

All external borrowings will be raised at the most competitive rates available, in accordance with the requirements of the State Government.

When seeking long-term funding for the construction of infrastructure assets, Council will, wherever possible, avail itself of its own internal reserves (where such utilisation would not cause any financial impediment to the reserves' requirements). Where internal reserves are utilised the following is to be applied:

- Interest will be payable to the reserve at the existing ten (10) year loan borrowing interest rate at the time of borrowing, on the reducing balance of the amount borrowed;
- Principal repayments will be made (together with interest) on a quarterly basis.
- The annual principal repayments will be the equivalent of the one-tenth of the original principal amount borrowed;
- Repayments of the outstanding balances may be made at any time during the 10 year period when funds are made available for such purposes. The repayments will be at the face value of the outstanding amount.

### 6.3 Proposed New Borrowings

New borrowings planned for the 2011/2012 and the subsequent 9 years are as follows:

Project	2011/2012 Loan	2012/2013 Loan	2013/2014 Loan	2014/2015 Loan	2015/2016 Loan
Hogans Pocket Landfill	1,000,000				
Bayersville Landfill Capital Works	7,600,000				
Future Waste Services Projects		5,389,774	2,398,746		
Dumbleton Raw Water Supply	4,300,000				
Water Main Reticulation	2,458,823				
Trunk Mains	3,383,333				
Future Water Projects		5,530,613	425,308	2,874,947	
Sewerage Pump Stations	15,167,598				
Future Waste Water Projects		19,890,001	22,033,634	6,232,551	
Civil Projects	3,000,300	6,252,894	2,167,958	3,354,290	319,667
Mackay Convention Precinct	250,000	95,000			
Parks and Environment		350,000			
Animal Pound	250,000	250,000			
Ergon Building	1,200,000				
Art Storage Facility	160,000				
Corporate Properties		413,751			
	<b>\$38,770,054</b>	<b>\$38,172,033</b>	<b>\$27,025,646</b>	<b>\$12,461,788</b>	<b>\$319,667</b>

Project	2016/2017 Loan	2017/2018 Loan	2018/2019 Loan	2019/2020 Loan	2020/2021 Loan
Future Water Projects	24,052,901	46,926,335	22,688,988	53,320,635	53,600,097
Future Waste Water Projects	1,949,651	10,787,941	4,358,306	4,314,194	6,558,618
	<b>\$26,002,552</b>	<b>\$57,714,276</b>	<b>\$27,047,294</b>	<b>\$57,634,829</b>	<b>\$60,158,715</b>

#### 6.4 Loan Drawdowns

Queensland Treasury (QT) and the Department of Local Government and Planning (DLGP) approve proposed borrowing for a particular financial year. In order to minimise finance costs, loan drawdowns should be deferred as long as possible after taking into consideration Council's overall cash flow requirements.

#### 7.0 **Review of Policy**

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed annually.

	<b>COUNCIL POLICY</b>	
	<b>Community Services Obligations</b>	
	POLICY NO	006
	DEPARTMENT	Corporate Services
	PROGRAM	Financial Services

### 1.0 Scope

This policy applies to Council's 'significant business activities' where Council has resolved to apply commercialisation reform.

### 2.0 Purpose

This policy details Council's approach in relation to Community Service Obligations undertaken by its 'significant business activities' in accordance with the legislative requirements of the *Local Government Act 2009* and its regulations.

### 3.0 Reference

- Local Government Act 2009
- Local Government (Beneficial Enterprises and Business Activities) Regulation 2010
- Local Government (Finance, Plans and Reporting) Regulation 2010

### 4.0 Definitions

To assist in interpretation the following definitions shall apply:

**Council** shall mean Mackay Regional Council.

**CSO** shall mean Community Service Obligation

**The Act** shall mean Local Government Act 2009.

**The LGBEBA Regulation** shall mean the Local Government (Beneficial Enterprises and Business Activities) Regulation 2010

**The LGFPR Regulation** shall mean the Local Government (Finance, Plans and Reporting) Regulation 2010

## 5.0 Background

It is a requirement of the *Local Government Act 2009* and *LGBEBA Regulation* that for commercialised business units, Council:

- Clearly identifies the nature and extent of the community service obligations the unit must perform,
- Sets performance targets for the unit's community service obligations,
- Separately costs the unit's community service obligations, and
- Appropriately compensates the unit for performing the community service obligations, and discloses details of the compensation to the public.

## 6.0 Policy Statement

### 6.1 Principles of Community Service Obligations

Community Service Obligations arise when the Council specifically requires a commercialised business unit to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, or alternatively, would only provide at higher prices or via some other form of compensation.

The process for establishing new CSO's by Council business activities is provided below:

- Determine the specific policy objective of Council to which the CSO is linked;
- Propose the CSO after undertaking research into its validity and delivery;
- Cost the CSO according to an acceptable method;
- Develop performance measures for the CSO to measure its effectiveness in achieving policy objectives, efficiency of delivery and other impacts;
- Present the CSO to Council for review prior to its incorporation in the budget; to ensure that an appropriate decision is made on its size and importance
- Incorporate the CSO into pricing budgets as a revenue item;
- Ongoing negotiation and review of performance and size of CSO

### 6.2 Types of Community Service Obligations

This policy recognises five basic types of Community Service Obligations:

#### 1. *Uniform CSO*

Where the Council considers it desirable that certain goods and services be supplied to all users at a uniform or affordable price regardless of the cost of the provision;

#### 2. *Concession CSO*

Where the Council has social welfare objectives to provide concessions to consumers who are considered disadvantaged eg pensioner concessions, sporting bodies, charitable organizations etc.

#### 3. *Industry CSO*

Where the Council may wish to provide incentives to industry, eg rate rebates.

#### 4. *Purchasing CSO*

Where the Council may require business activities to purchase specific goods and services as inputs. This may apply for a number of reasons including economics of scale, maintaining a certain quality or stimulating the local economy.

#### 5. *Other CSO*

The Council may require business activities to abide by environmental, consumer, cultural heritage or some similar policy, which may not usually apply.

### 6.3 Implications of CSO's for Full Cost Pricing (FCP)

The net cost of providing the CSO should be identified and treated as revenue, prior to calculating prices for the activities of the business unit.

Full details of CSO's, including their description, arrangements for measuring effectiveness, agreed funding levels, costing and payment arrangements are to be agreed between the Director of each commercialised business unit, and Council, prior to the commencement of the financial year. Any proposed new CSO's or material changes in the CSO costs should be submitted for Council approval before March each year for inclusion in the following budget and Annual Performance Plan (APP). The method of documenting and formalising the CSO's is to be through the APP of each commercialised business unit, adopted by Council as part of the budget resolutions.

As part of this process, the performance of the CSO in achieving policy objectives needs to be reported to Council and the size of the CSO reviewed where appropriate. The method for reporting on the CSO's is to be through the reporting to Council on achievement of the Annual Performance Plan of the commercialised business unit.

### 6.4 Funding

CSO's can be funded in a variety of ways. Typically, these include:

- Direct funding from the general fund; and/or;
- Acceptance of lower rates of return on capital (a derivative of the above that achieves the same outcome, only less transparently).

Each method has its own costs and benefits. The methods are not mutually exclusive; a business unit may have its CSO's funded by different methods.

Council is committed to the ensuring disclosure of all community service obligations relating to those business activities to which competition reforms have been applied.

### 7.0 **Review of Policy**

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this policy is to be reviewed annually.

	<b>COUNCIL POLICY</b>	
	<b>Rating Remissions For Non-Profit Community Organisations</b>	
	POLICY NO	014
	DEPARTMENT	Corporate Services
	PROGRAM	Financial Services

### 1.0 Scope

This policy applies to non-profit community organisations.

### 2.0 Purpose

The purpose of this policy is to establish arrangements for non-profit community organisations to received financial assistance from Council in the form of rating remissions.

### 3.0 Reference

- Local Government Act 2009
- Local Government (Finance, Plans and Reporting) Regulation 2010

### 4.0 Definitions

To assist in interpretation the following definitions shall apply:

**Council** shall mean Mackay Regional Council.

**CEO** shall mean the person appointed to the position of Chief Executive Officer under the Act and anyone acting in that position.

**The Act** shall mean the Local Government Act 2009 (as amended).

**The Regulation** shall mean the Local Government (Finance, Plans & Reporting) Regulation 2010

### 5.0 Background

Council is of the view that it is important to support the activities of non-profit community organisations who contribute to the social and economic well-being of the community as a whole.

## 6.0 Policy Statement

### 6.1 Criteria

Council will consider applications from non-profit organisations subject to the following criteria:

- The organisation must be a non-profit community based organisation.
- The organisation must not have an annual turnover (revenue) in excess of \$796,000 (relating to activities carried out on the property subject to the application).
- The organisation must be the owner or lessee of the land and be able to demonstrate that it is responsible for payment of the rates levied.
- The land or any part of the land must not be rented or leased to a third party.
- The property must not be used for a residential purpose unless utilised for short-term accommodation for homeless and at risk persons or for accommodation for the aged.
- A liquor license must not be held by the organisation or any affiliate relating to the property subject to the application. (This provision will not apply if the organisation can provide evidence that trading under the license is restricted to an average 30 hours per week or less).
- The property must not be subject to a general rate exclusion, waiver or concession by virtue of a condition contained in a lease of a Reserve from Council.
- The property must not be subject to a specific exemption by virtue of Section 93(3) of the Local Government Act 2009 and/or Section 7 Local Government (Finance, Plans and Reporting) Regulation 2010.

Where the discretion to exempt a property from general rates vests in Council, either under the Local Government Act or within the conditions attached to a Council lease, the ratepayer may opt to forego this exemption and take advantage of the conditions of this policy.

### 6.2 Level of Relief

All applications must be in writing and must be supported by a copy of the organisation's most recent financial statement (no greater than 12 months old).

Council may approve remissions at the following levels:

Condition	Level of Remission
Where utility services are applicable to the property:	50% of Council rates and utility charges (excluding metered water charges)
Where no utility services are applicable to the property:	100% rate remission of general rates and any special or separate rate or charge levied
Where the land is exempt from general rates:	No remission will be available for utility charges
Where by virtue of a condition contained in a lease of a reserve from Council, an exclusion exists concerning the payment of general rates:	100% rate remission of general rates and any special or separate rate or charge levied will apply and no remission will be available for utility charges

Remission for Non-Profit Community Organisations

Approved by Council: 29 June 2011

Page 2 of 3

Revolves: Remission for Non-Profit Community Organisations - 8 September 2010  
Review Date: June 2012

An applicant is required to lodge a new request for assistance at least once in every three year period (or as required by the Chief Executive Officer).

### 6.3 Delegation

The Chief Executive Officer is delegated authority to make determinations on eligibility for assistance under this policy

### 7.0 **Review of Policy**

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced. Any changes made to the provisions of this policy will only apply to applications made after the date that the amendment has been adopted by Council.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed at intervals of no more than two years.

	<b>COUNCIL POLICY</b>	
	<b>Conservation Strategy</b>	
	POLICY NO	015
	DEPARTMENT	Corporate Services
	PROGRAM	Financial Services

### 1.0 Scope

This policy applies to all applications for rate relief for Nature Conservation or Nature refuge areas.

### 2.0 Purpose

The purpose of this policy is to encourage and increase the amount of land set aside for nature conservation through the provision of rate relief.

### 3.0 Reference

- Local Government Act 2009
- Local Government (Finance, Plans & Reporting) Regulation 2010

### 4.0 Definitions

To assist in interpretation the following definitions shall apply:

**Council** shall mean Mackay Regional Council.

**Act** shall mean the Local Government Act 2009.

**Regulation** shall mean the Local Government (Finance, Plans & Reporting) Regulation 2010.

### 5.0 Background

Environmental problems in the form of land degradation and loss of natural habitats continue to be an ever increasing issue faced by residents of the Mackay Region. In an effort to encourage proactive conservation practices Council consulted with a number of agencies in order to explore possible solutions. This consultation highlighted that there would be significant benefit gained by the community if Council provided assistance to private landholders that encouraged the preservation and conservation of land.

## 6.0 Policy Statement

### 6.1 Rates Relief Scheme

Council's rates rebate scheme aims to encourage both the conservation of high value vegetation and wildlife habitats on private land. The rates rebate scheme acknowledges the broader community benefits associated with natural area conservation including:

- Improvements to overall catchment health
- Enhanced landscape qualities
- Retention of critical habitats
- Reduced erosion
- Improved water quality

A range of areas have been identified as suitable for conservation including:

- Conservation of remnant rainforest and ecotonal forest
- Conservation of riparian ecosystems including melaleuca wetlands
- Conservation of ecological linkages and wildlife habitats
- Preservation of natural scenery of the city through forestry and conservation

All applications will be assessed against specific criteria established in association with relevant State Government Departments and industry groups. The amount of rebate will be proportional to the area of land covered by specific conservation or farm forestry agreement and initial applications to Council should be made on the approved form in Appendix One.

Any changes made to the provisions of this policy will only apply to remissions granted after the date that the amendment has been adopted by Council.

### 6.2 Nature Conservation Areas

General requirements for attracting the rebate include:

- (a) The subject site is to meet the selection criteria identified for Nature Conservation Areas;
- (b) A Conservation Agreement or Nature Refuge Agreement will be entered into, over the property or that part of the property subject to the rates reduction application, between the owner and the Environmental Protection Agency;
- (c) Rates relief will commence from the beginning of the financial half year during which the Environmental Protection Agency has advised Council that following an initial inspection they have determined that it is appropriate to enter into a Conservation Agreement or Nature Refuge Agreement for the subject land and that the procedure to enter into such an agreement has commenced.

- (d) Rates discount will apply as follows:

Less than 10% of the assessment area	10% of overall general rates to a maximum of \$371 per annum.
10% to less than 20% of rate assessment area	15% of overall general rates to a maximum of \$613 per annum.
20% to less than 40% of rate assessment area	20% of overall general rates to a maximum of \$922 per annum.
40% or greater of assessment area	25% of overall general rates to a maximum of \$1,226 per annum.

- (e) Rates relief will continue for at least a minimum of a three (3) year trial period or until the provisions of the Conservation or Nature Refuge Agreement are breached;
- (f) Should a Conservation Agreement or Nature Refuge Agreement not be finalised, within eighteen (18) months of advice from the Environmental Protection Agency that procedures to enter into an agreement has commenced, the full amount of any relief granted will be recoverable from the owner of the land, in addition a schedule of repayment ratios for failure to honour the agreement will be negotiated through the preparation of the Conservation Agreement or Nature Refuge Agreement.

## 7.0 Review of Policy

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed at intervals of no more than two years.



## Expressions of Interest : Rates Rebate Scheme

### Section 1

Name \_\_\_\_\_

Postal Address \_\_\_\_\_

Post Code \_\_\_\_\_

Property which rates rebate is being claimed \_\_\_\_\_

Real property description \_\_\_\_\_

Rates Assessment No. \_\_\_\_\_

Road Name \_\_\_\_\_ House No. \_\_\_\_\_

Locality \_\_\_\_\_ Area: \_\_\_\_\_ (ha)

Area of land being claimed for rebate: \_\_\_\_\_

### Section 2

*Please complete the relevant section by ticking the appropriate response or answering question.*

#### Natural Area Conservation Scheme

What are the key features of the land you wish to seek rates rebate for:

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Remnant                       | <input type="checkbox"/> Ecotonal           | <input type="checkbox"/> Rainforest                     |
| <input type="checkbox"/> Riparian Ecosystem            | <input type="checkbox"/> Melaleuca Wetlands | <input type="checkbox"/> Wildlife Habitat or Corridor   |
| <input type="checkbox"/> Old Growth Forest             | <input type="checkbox"/> Scenic Landscape   | <input type="checkbox"/> Rare and/or Endangered Species |
| <input type="checkbox"/> Other (please specify): _____ |   |   |

