



Policy Subject/Title: Revenue Policy

Policy Number: F/001

Responsible Officer: Chief Financial Officer

Legislative or Regulatory Reference: *Local Government Act 2009*
Local Government Regulation 2012
Planning Act 2016

Related Policies / Procedures: Revenue Statement 2025/26

Authorised by: Somerset Regional Council

Authorised on: Special Meeting 18 June 2025
[Doc Id 1753449]

Amendments: This policy is reviewed annually

1. OBJECTIVE

This policy outlines how the Somerset Regional Council (Council) intends for the 2025/26 financial year to:

- levy rates and charges;
- grant concessions for rates and charges;
- outline the purpose for the concessions for rates and charges the Council intends to grant;
- recover overdue rates and charges;
- implement cost-recovery methods; and
- set charges for developments to cover infrastructure.

2. BACKGROUND

Council is required to review its revenue policy each financial year under section 193 of the *Local Government Regulation 2012*.

3. PURPOSE

Council is committed to setting and administering rates and charges appropriately to support the long-term financial sustainability of Council.

The revenue policy sets guidelines for the development of Council's budget, revenue measures and other financial matters as outlined.

4. SCOPE

This policy applies for the 2025/26 financial year to all Councillors and Council team members.

5. POLICY

Making Rates and Charges

Rates and charges will be determined on the basis of achieving net revenue which is sufficient to allow the Council to meet its budgetary responsibilities for the various activities of the Council as outlined in the annual budget. In making rates and charges, the Council will have regard to:

- *Transparency* – openness in the processes involved in the making of rates and charges;
- *Accountability* – making decisions and acknowledging the effects of those decisions;
- *Simplicity* – a rating regime that is simple and cost efficient to administer;
- *Equity* – the consistent levying of rates and charges across the region;
- *Flexibility* – responding where possible to unforeseen changes in the local economy; and
- *Fiscal responsibility* – levying an amount sufficient to allow the Council to meet its budgetary responsibilities.

Differential General Rates

In accordance with section 80 of the *Local Government Regulation 2012*, Council applies a differential general rating approach for the levying of general rates. Differential general rates are levied on all rateable land in the Council's local government area. In accordance with Section 74 of the *Local Government*

Regulation 2012 the rateable land value of each property is the basis for determining the amount of the general rate levied. This differential rating approach seeks to achieve broad rating equity that could not otherwise be achieved by a single rate in the dollar.

When determining differential rating outcomes, Council may have regard to:

- the level of services available to the land and the cost of making those services available;
- the level of utilisation of services by the land in particular the consumption of council resources, services and infrastructure;
- the use to which the land may be put; and
- whether or not the land is the principal place of residence of the owner.

Minimum General Rates

In accordance with Section 77 of the *Local Government Regulation 2012* within all differential rating categories, a minimum general rate is applied to ensure that all owners contribute a minimum amount towards Council's general revenue requirements in circumstances where levying rates based solely on land valuation would not achieve an equitable outcome.

Limitation on Increase in Differential General Rates

No limitation to increases in differential rates is applied under section 116 of the *Local Government Regulation 2012*.

Special Rates and Charges and Separate Rates and Charges

In accordance with section 94 of the *Local Government Act 2009* and section 94 and 103 of the *Local Government Regulation 2012* Special and Separate rates and charges are levied to generate funds required to provide services and fund activities that Council considers will specifically benefit all (separate) or defined (special) rateable properties across the entire region.

Waste Management Utility Rates and Charges

In accordance with section 94 of the *Local Government Act 2009* and section 99 of the *Local Government Regulation 2012*, Council has decided to levy utility charges for waste management services on rateable land in the local government area. Council applies a regional approach to the levying of waste management charges generally based on the principle of user pays.

Levying Rates and Charges

In levying rates and charges, the Council will apply the principles of:

- *Responsibility* – making clear the obligations and responsibility of both council and ratepayers in respect to rates and charges;
- *Accountability* – making decisions and acknowledging the effects of those decisions;
- *Cost* – making the levying process simple and cost effective to administer;
- *Flexibility* – responding where possible to unforeseen changes in the local economy; and
- *Timeliness* – ensuring ratepayers are given adequate notice of their liability to pay rates and charges.

Recovery of overdue rates and charges

In accordance with section 193(1)(a)(iii) of the *Local Government Regulation 2012* council intends to apply the principles set out below for recovering overdue rates and charges.

In general terms council exercises its rate recovery powers in order to reduce the overall rate burden on ratepayers and to better manage the financial resources of Council.

- *Responsibility* – making clear the obligations of ratepayers to pay rates;
- *Transparency* – making clear the consequences of failing to pay rates;
- *Accountability* – ensuring due legal processes are applied to all ratepayers in the recovery process;
- *Equity* – applying the same treatment for ratepayers with the same circumstances;
- *Flexibility* – responding where possible to unforeseen changes in the local economy; and
- *Cost* – making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective.

Cost-recovery

In accordance with section 97 of the *Local Government Act 2009* Council will seek to recover the costs of providing services and undertaking activities by setting cost recovery fees. Commercial charges will be at commercial rates. The Council will fix cost-recovery fees to ensure that each fee does not exceed the cost to Council of taking the action for which the fee is charged.

Council will be guided by the principles of:

- *Clarity* - ensuring cost drivers associated with the cost-recovery fees are identified and
- *Neutrality* - ensuring that the cost-recovery fee is not more than the cost to Council of taking the action for which the fee is charged and
- *Transparency* - council will make its register of cost-recovery fees available for inspection.

Physical and Social Infrastructure Costs

In accordance with section 193(1)(c) of the *Local Government Regulation 2012* Council intends to fund the provision of local government trunk infrastructure for development by the levying of infrastructure charges on development in accordance with the *Planning Act 2016*.

The Council also intends development to deliver, or appropriately contribute to, local government trunk infrastructure networks where applicable under the *Planning Act 2016* and the development would impose extra trunk infrastructure costs on Council after taking into account either or both of the following:

- levied charges for the development; and
- trunk infrastructure provided, or to be provided, by the applicant.

Such arrangements will be formalised through an infrastructure agreement or conditions of a development approval for the development under the *Planning Act 2016*.

Other Revenue

Council will seek to collect other revenue, such as investment interest income, grants and subsidies, income from the sale of council's provision of goods and services, dividends from investments and the income from the sale or disposal of assets, on the basis of council taking advantage of opportunities to maximise the efficient use of resources and activities under its control.

Maintenance of Council's Operating Capability

Council will seek to ensure that its revenues are sufficient to cover its costs. The Net Operating Surplus included in the Statement of Income and Expenditure describes the extent of the increase or decrease in the budget year.

6. DATE OF RESOLUTION

This policy was approved by the Chief Executive Officer and adopted by the Somerset Regional Council at the Special Meeting of 18 June 2025.

Signed:

Date: 18 June 2025