



APPENDIX 2

DRAFT STATEMENT OF REVENUE POLICY FOR 2018-2019

Introduction

This document constitutes the Riverina and Murray Joint Organisation's Revenue Policy for the year 2018-2019 and is prepared in accordance with Section 405 of the Local Government Act 1993 ("the Act") and Clause 397 I of the Local Government (General) Amendment (Regional Joint Organisations) Regulation 2018.

Content of Revenue Policy for 2018-2019

This Revenue Policy includes the following statements for the year 2018-2019 financial year:

- A Budget of Income and Expenditure for the Riverina and Murray Joint Organisation;
- A schedule of the membership Contributions to be levied on Member Councils;
- Types of fees to be charged by the Riverina and Murray Joint Organisation and the amounts of any such fee;
- Any amounts of external borrowings, the sources from where these are to be borrowed and the means by which these are to be secured; and
- any other such matters as may be prescribed by the Regulations.

The statements in the Revenue Policy with respect to membership fees include the following details:

- A base amount for membership, which has been set at \$3,000 per Member Council;
- A first step per capita charge of \$1.60 for up to 10,000 in population for each Member Council;
- A second step per capita charge of 60 cents for populations of 10,000 for some Member Councils;

The statements in the Revenue Policy with respect to other income for the year include:-

- Provision for an Office of Local Government Establishment Grant of \$300,000;
- Provision for Administration and Financial Management fees levied in respect of grants received during the year for various programs and activities
- Provision for income anticipated under Memorandums of Undertaking other stakeholder organisations and from interest received on financial investments

Borrowings

The Riverina and Murray Joint Organisation does not propose any borrowings for the 2018-2019 financial year.

In the event of any future borrowings, the Revenue Policy statement will include the amount of any proposed borrowing, the sources from which they are proposed to be borrowed and the means by which they are proposed to be secured.

Factors influencing Riverina and Murray Joint Organisation Revenue Policy

The following factors influence the Riverina and Murray Joint Organisation's Revenue Policy.

Community Service obligations

A community service obligation arises where the Joint Organisation provides a function or service that has general community benefits beyond those received by direct users.

Joint Organisations mainly exist to provide services that are considered to have community importance but which are not viable or practical to be provided on a commercial basis.

The Riverina and Murray Joint Organisations will review its level of Community Service Obligations from time to time as they relate to fees and charges.

Where a community service obligation exists across the membership of some or all of the Member Councils, the Joint Organisation may consider providing the community service obligation as a group.

Cost recovery

The Riverina and Murray Joint Organisation will apply the principles of full cost recovery to determine the total cost of services.

The User-Pays principle

The User-Pays Principle involves pricing the provision of goods, projects, services and facilities that require the user or the consumer to pay the actual cost of the service provided.

The Riverina and Murray Joint Organisation may apply this principle for the provision of project works and activities to businesses or members of the community.

Corporate overheads

The Riverina and Murray Joint Organisation's corporate overheads are for governance, employment, administration and compliance, as required to deliver on its Strategic and Business Plans.

Competitive neutrality

Competitive Neutrality is one of the principles of National Competition Policy applied throughout Australia at all levels of Government, including Local Government. Competitive neutrality is based on the concept of a "level playing field" for competitors in a market, be they public or private sector competitors. All Government business organisations should operate without net competitive advantages over businesses as a result of their public ownership.

Where the Riverina and Murray Joint Organisation competes in the market place with other private businesses, it will do so on the basis that it does not utilise its public position to gain an unfair advantage over private businesses that may be in competition with the Joint Organisation or any of its Member Councils.

Goods and Services Tax

The Federal Government's Goods and Services Tax (GST) must be applied to non-exempt fees and charges. The current rate of the GST is 10% and is included in the price paid by the recipient of the service. The GST indicators (GST exempt or not) in the fees and charges levied by the Joint Organisation are subject to change at any time from changes that occur in the GST Act and/or regulations.

Member Councils' Responsibility to Contribute

Every Member Council is to contribute a monetary payment or equivalent contribution, based on the methodology set out above, together with any project and/or service delivery fees:

Member Councils will be consulted about proposed membership contributions and other fees from time to time by:

- the Joint Organisation providing a Draft Budget and Membership Contribution Schedule, inviting feedback and /or submissions from the Member Councils,
- The Joint Organisation providing a written proposal based on an activity determined in its business planning and implementation processes.

The level of membership contributions will be determined annually based on the functions and activities proposed to be undertaken by the Joint Organisation. Proposed increases in annual Member Councils' contributions will have regard to determinations made by the Independent Pricing and Regulatory Tribunal (IPART) relating to maximum permissible increases in Council rates and charges.

Fees for service

Division 3 of Part 10 of Chapter 15 of the Local Government Act 1993 (fees for non-business activities) applies to Joint Organisations and enables the Riverina and Murray Joint Organisation to determine the amount of a fee for a service having regard to the requirements of Section 610D of the Act,

Credit Card Surcharge

The Riverina and Murray Joint Organisation may impose a Credit Card Surcharge on all payments made via credit card in accordance with Reform of Credit Card Schemes in Australia and Final Reforms and Regulation Impact Statement August 2002.

Private works

Riverina and Murray Joint Organisation may carry out any kind of work that may lawfully be carried out. Private work will be carried out on the basis of a charge representing full cost recovery of the work carried out plus a margin for profit. The profit margin is dependent on and subject to market forces applying at the time.

End of Draft Statement of Revenue Policy