

Revenue Policy

Introduction

This document constitutes the Namoi Joint Organisation of Councils Revenue Policy and is prepared in accordance with section 405 of the Local Government Act 1993 (“the Act”).

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

- an estimate of the Namoi Joint Organisation of Councils income and expenditure;
- each membership and non-voting membership fee;
- types of fees to be charged by the Namoi Joint Organisation of Councils and the amounts of each such fee;
- 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 and non-voting membership fee include, as required, the following particulars:

- the base amount of the membership and non-voting membership fee;
- the ad valorem amount (the amount in the dollar) membership and non-voting membership fee;
- in the case of project participant fees the estimated amount and principle behind the application of this fee; and
- any expectations agreed by the membership regarding the fees.

Factors influencing Namoi Joint Organisation of Councils revenue and pricing policy

The following factors will influence the Namoi Joint Organisation of Councils revenue and pricing policy.

Community service obligations

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

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

Councils review their level of Community Service Obligations as they relate to fees and charges.

Where such a community service obligation may exist across the membership of the Councils, the Councils may consider the community service obligation as a group.

Cost recovery

Namoi Joint Organisation of Councils applies the principle 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 Namoi Joint Organisation of Councils may apply this pricing policy for the provision of project works and activities to businesses or members of the community.

Corporate overheads

Namoi Joint Organisation of Councils corporate overheads are for governance, employment, administration functions and compliance required to deliver on the Strategic Regional Plan and the annual Business Plan.

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 Namoi Joint Organisation of Councils competes in the market place with other private businesses, Namoi Joint Organisation of Councils 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 Namoi Joint Organisation of Councils or the 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 list of fees and charges are subject to change at any time from changes that occur in the GST Act and/or regulations.

Ordinary Membership policy

Each member council is to contribute a monetary payment or equivalent contribution based on the following methodology:

- fixed administration and membership contribution or fee, and any
- variable project and service or delivery fees.

Member councils will be consulted about proposed contributions by:

- Conduct of annual planning, and
- An annual written proposal based on the activity determined in the business planning process.

A member will cease to be a member non-payment of fees.

Ordinary Membership fees are to increase by 1.8% from 2018/19, which represents the maximum permissible amount as determined by the Independent Pricing and Regulatory Tribunal (IPART) for the year 2016/17.

Fees for service

Approved fees for service

Section 608 of the Local Government Act 1993 provides that the Namoi Joint Organisation of Councils may charge and recover an approved fee for any service it provides, other than a service provided, or proposed to be provided on an annual basis for which it is authorised or required to make an annual charge under Section 496 or 501 of the Act.

Section 609 of the Act provides that when determining the approved fee, the Namoi Joint Organisation of Councils must take into account the following factors:

- the cost of the Council providing the service;
- the price suggested for that service by any relevant industry body or in any schedule of charges published, from time to time, by the Division of Local Government;
- the importance of the service to the community; and
- any factors specified in the regulations under the Act.

Credit card surcharge

Namoi Joint Organisation of Councils imposes a Credit Card Surcharge on all payments made via credit card in accordance with Reform of Credit Card Schemes in Australia (iv) and Final Reforms and Regulation Impact Statement August 2002.

Private works

Namoi Joint Organisation of Councils 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.

Income Statement

Income	Individual Fee (inc GST)	Estimate 2019-2020
Membership Fees	\$33,000.00	\$165,000
▪ Namoi Water Alliance	\$5,948.80	\$29,744
Non-Voting Membership Fees	\$16,500.00	-
Retained Earnings		550
Grants – Office of Local Government	\$56,030	\$56,030
Grants		
▪ Contaminated Lands Project Officer ¹ (EPA)	\$152,000	\$152,000
▪ Climate Change and Gravel Roads across the Namoi region (OEH and LGNSW)	\$313,500	\$313,500
Interest	\$500.00	\$500
	TOTAL INCOME	\$717,324
Expenses		Total Estimate
Administration and Governance		\$9,040
Employees and Costs		\$232,770
Travel and Accommodation		\$10,000
Investment in Strategic Priorities	Strategic Regional Priority 1	\$313,500
	Strategic Priority 2	-
	Strategic Regional Priority 3	\$152,000
	NET OPERATING ESTIMATE	\$717,310
	ESTIMATED SURPLUS	14

¹ Income nominated to be GST FREE by the NSW Government

OFFICE OF LOCAL GOVERNMENT ESTABLISHMENT FUNDS 2018-2019

Strategic Regional Priority 1	-
Strategic Priority 2	-
Strategic Regional Priority 3	-
Employees and Costs	\$56,030
TOTAL	\$56,030