



Southern Downs
REGIONAL COUNCIL

Finance Policies

Borrowings Policy 2009/2010

Policy Category:	Finance
Policy Number:	5
Date Adopted:	6 October 2008
Date to be Reviewed:	Prior to June 2010
Date Reviewed:	July 2009
Date/s Amended:	13 July 2009
Date Rescinded:	
Related Document/s:	
Responsible Officer:	Manager Finance

Purpose

The purpose of this Policy is to enunciate Council's proposed borrowing program for the budgeted year, and the four years beyond the budget year, as required by the Local Government Finance Standard 2005.

Background (if applicable)

Each year, Council is required to prepare a Borrowing Policy which outlines the extent of proposed borrowings for the budget year and four years beyond the budget year. The purpose of the loans must also be stated as well as the repayment period for those borrowings.

Legislation

Section 8 within the Local Government Finance Standards 2005 states:

A policy about borrowings must be prepared for a financial year and must state the following—

- (a) the new borrowings planned for the financial year and the next 4 financial years;*
- (b) the purpose of the new borrowings;*
- (c) the time over which it is planned to repay existing and proposed borrowings.*

Policy Content

The timing and amount of future loans is anticipated as follows:

Proposed Loan Borrowings				
2009/10	2010/11	2011/12	2012/13	2013/14
\$348,000	\$5,786,000	\$5,630,000	\$5,510,000	\$150,000

The above loan borrowings may vary depending on the level of State Government subsidy and the final estimated cost of the projects. Should these loans proceed, it is anticipated that they will be repaid over a 20-year period.

Existing loans will continue to be discharged at the initial repayment terms and interest rates.

Council policy is to minimise reliance on debt and to fund normal capital works from ordinary revenue wherever possible. Council will not borrow funds to maintain operational activities. Council has limited itself to a maximum interest and redemption payment to rates ratio of 25% to ensure debt levels are adequately funded without significant impact on Council operations.

Council will also, where possible, use cash reserves not needed in the short term for any shortfall in Capital Works funding. Reserves may then be replenished as funds allow.



Purchasing Policy

Policy Category:	Finance
Policy Number:	10
Date Adopted:	26 May 2008
Date to be Reviewed:	May 2010
Date Reviewed:	
Date/s Amended:	31 August 2009
Date Rescinded:	
Related Document/s:	
Responsible Officer:	Manager Finance

Background (if applicable)

A purchasing policy is required under The Local Government act 1993 and under The Finance Standard 2005

Purpose

This document sets out the Council's policy for the acquisition of goods and services and carrying out of the procurement principles

Scope

This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).

Definitions (if applicable)

Nil

Policy Content

See over.

Table of Contents

1.	INTRODUCTION	3
2.	POLICY OBJECTIVE	3
3.	RESPONSIBILITY	3
4.	PROCUREMENT PRINCIPLES	3
5.	PURCHASES UNDER \$15,000	5
6.	PURCHASES BETWEEN \$15,000 AND \$150,000	6
7.	PURCHASES ABOVE \$150,000	6
8.	INVENTORY AND NON-INVENTORY PURCHASING	7
9.	VEHICLES	7
10.	LEASES	7
11.	TENDERS	8
12.	EVALUATION CRITERIA	9
13.	SDRC SAFETY MANAGEMENT SYSTEM	10
14.	EMERGENCIES	10
15.	PURCHASE ORDER FORMS	10
16.	RECEIPTS	11
17.	PAYMENT	11
18.	SOLE SUPPLIER	11
19.	EXCEPTIONS	11
20.	DISPOSAL OF LAND AND NON-CURRENT ASSETS	12
21.	DELEGATIONS	12
22.	REVIEW	12
23.	SCHEDULE 1 - PROCUREMENT DELEGATION	13

1. INTRODUCTION

This document sets out the Council's policy for the acquisition of goods and services and carrying out of the procurement principles. This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).

All Council purchases must be carried out in compliance with the *Local Government Act 1993* (the "Act") and the *Local Government Finance Standard 2005* (the "Standard"). In particular, Chapter 6, Part 3, Contracts and related activities of the Act applies.

2. POLICY OBJECTIVE

Council's purchasing activities aim to achieve advantageous procurement outcomes by:

- (a) promoting value for money with probity and accountability; and
- (b) advancing Council's economic, social and environmental policies; and
- (c) providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council;
- (d) promoting compliance with relevant legislation; and
- (e) ethical behaviour and fair dealing.

This policy incorporates relevant requirements regarding the acquisition of goods and services and the carrying out of the procurement principles as stated in section 481 of the Act.

3. RESPONSIBILITY

Council officers responsible for purchasing goods and services must comply with this policy. It is the responsibility of Council officers involved in the procurement process to understand the meaning and intent of this policy.

4. PROCUREMENT PRINCIPLES

Council officers must have regard to the following procurement principles in all purchasing activities:

(a) *Open and effective competition*

Purchasing should be open and result in effective competition in the provision of goods and services. Council must give fair and equitable consideration to all prospective suppliers.

(b) *Value for money*

Council must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- (i) contribution to the advancement of Council's priorities; and
 - (ii) fitness for purpose, quality, services and support; and
 - (iii) whole-of-life costs including costs of acquiring, using, maintaining and disposal; and
 - (iv) internal administration costs; and
-

- (v) technical compliance issues; and
- (vi) risk exposure; and,
- (vii) the value of any associated environmental benefits.

(c) *Encouragement of the development of competitive local business and industry*

Council encourages the development of competitive local businesses within the Southern Downs Region.

In accordance with section 481(1) (c) of the Act, Council wishes to pursue the principle and objectives of enhancing the capabilities of local business and industry as part of the process of making its purchasing decisions. For this purpose:

- (i) a sliding scale of margins will be added to the tendered or offered price by a non-local supplier for the purpose of comparison with prices tendered or offered by local suppliers as part of the process of assessment of tenderers or offers;

\$0 - \$5,000	10%
\$5,000 - \$10,000	8%
\$10,000 - \$100,000	5%
> 100,000	3%

- (ii) Council may accept a tender or offer from a local supplier in preference to a comparable tender or offer from a non-local supplier even if the tender or offer from the non-local supplier has been assessed as more favourable in terms of one or more of the assessment criteria applied (including but not limited to price), so long as the overall differences are not substantial, and so long as it is clear that the selected local supplier can meet Council's requirements at an acceptably high standard which is generally comparable to that of other offers.

In this policy, a "local supplier" is a supplier which:

- (i) is beneficially owned by persons who are residents or ratepayers in the Southern Downs local authority area.
- (ii) has its principle place of business within the Southern Downs local authority area; or
- (iii) otherwise has a place of business within the Southern Downs local authority area and primarily employs persons who are residents or ratepayers of the Region.

A "non-local supplier" is a supplier which is not a local supplier.

(d) *Environmental protection*

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will:

- (i) promote the purchase of environmentally friendly goods and services that satisfy value for money criteria; and
- (ii) foster the development of products and processes of low environmental and climatic impact; and
- (iii) provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- (iv) encourage environmentally responsible activities.

(e) *Ethical behaviour and fair dealing*

Council officers involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives.

5. PURCHASES UNDER \$15,000

(a) *Petty Cash – Maximum \$50*

Purchases up to \$50.00 may be made out of Petty Cash except where defined otherwise by this policy and authorised by delegated authority.

(b) *Purchasing Cards – Refer to Schedule 1*

Purchases up to a maximum amount for individual card holders, excluding fixed assets, may be made by delegated officers using a Purchasing Card for low value, high volume goods or services. The use of Purchasing Cards procedure is documented with the card's issue and transaction limits are listed in Schedule 1.

(c) *Fuel Cards*

Fuel purchases may be made using fuel cards. Executive officers may purchase fuel with fuel cards in accordance with their remuneration agreements. Other officers may use these cards for the purchase of fuel for travel on Council business.

(d) *Purchase Orders – Up To \$5,000*

A Purchase Order will be raised after:

- (1) accessing a Standing Offer Arrangement (SOA) within delegated authority and budget constraints; or
 - (2) accessing a Preferred Supplier Arrangement (including Registers of Pre-qualified Suppliers and Panels of Suitable Providers) within delegated authority and budget constraints; or
 - (3) accessing a Local Buy Pty Ltd arrangement; or
-

- (4) a verbal or written quotation is obtained and recorded provided that the five (5) principles of purchasing as set down in the Local Government Act are adhered to and expenditure is within delegated authority and budget constraints.

The Purchasing Co-Ordinator may obtain competitive quotations in addition to any supplier nominated on the requisition.

(e) Purchase Orders – \$5,000 Up To \$15,000

A Purchase Order will be raised after:

- (1) accessing a Standing Offer Arrangement (SOA) within delegated authority and budget constraints; or
- (2) accessing a Preferred Supplier Arrangement (including Registers of Pre-qualified Suppliers, Panels of Suitable Providers) within delegated authority and budget constraints; or
- (3) accessing a Local Buy Pty Ltd arrangement; or
- (4) determining the Supplier by inviting at least three (3) verbal or written quotations from competitors, provided that the five (5) principles of purchasing as set down in the Local Government Act are adhered to and expenditure is within delegated authority and budget constraints. Details of all quotations must be filed in an appropriate place allowing for retrieval should the need arise.

Where it is not possible to obtain three (3) quotations the requisition must be approved by the relevant Manager or Director and noted as to the reason for not obtaining three (3) quotations.

The Purchasing Co-Ordinator may obtain competitive quotations in addition to any supplier nominated on the requisition.

6. PURCHASES BETWEEN \$15,000 AND \$150,000

Section 485 of the Act requires that Council invite written quotations before making a contract for the carrying out of work or the supply of goods or services involving a cost of between \$15,000 and \$150,000. The invitation must be given to at least three persons who Council considers can meet its requirements at competitive prices.

Records of offers received must be kept on file.

7. PURCHASES ABOVE \$150,000

Section 484 of the Act requires that Council invite tenders before making a contract for the carrying out of work, or the supply of goods or services involving a cost of more than \$150,000.

The invitation must be by an advertisement in a newspaper circulating generally in Council's local government area and allow at least 21 days from the day of the advertisement for the submission of tenders.

Records of tenders received must be kept on file.

8. INVENTORY AND NON-INVENTORY PURCHASING

Due to the repetitive nature in the recurring purchases of like stock items which are held in the Council's Stores, the Council may advertise for procurement under purchasing arrangements in compliance with the Local Government Act, and the procedures applying to tenders and quotations in Section 11 of this policy.

Store items may be detailed under like groupings (commodity groups) to encourage quotations from prospective suppliers and responses will be assessed to establish purchasing arrangements (standing offers/preferred supplier) for the product/s. These arrangements will be advertised and assessed in the same manner as tenders and the five (5) principles set down in the Local Government Act will be observed.

These purchasing arrangements should not exceed a period of two (2) years unless a longer period produces better value to Council. These arrangements will be continually evaluated to ensure an acceptable level of supplier performance.

Purchases of a repetitive nature of non-stock items and accumulating to more than \$15,000 from a supplier in a year may also be considered for a purchasing arrangement.

9. VEHICLES

The Chief Executive Officer shall have delegated authority to purchase replacement vehicles (sedans, wagons and utilities) within the constraint of approved and/or amended budget. The Specifications of such vehicles shall be reviewed and approved by a delegated sub-committee consisting of the Engineering Services Committee. Where vehicles are to be purchased in addition to existing fleet, or to be purchased from a non local supplier, the Engineering Services Committee shall have delegated authority to purchase such vehicles and determine specification levels. The delegated authority to the Engineering Services Committee shall be to the extent of the approved/amended budget. The Director of Engineering Services shall submit, in his Monthly Report to the Engineering Services Committee, details of proposed plant purchases for the following month.

10. LEASES

The Chief Executive Officer shall have delegated authority to endorse an operating lease arrangement within the constraints of an approved and/or amended budget and subject to purchasing arrangements contained in this Purchasing Policy and Procedures.

Operating Lease Arrangements shall be initiated by the Director of Corporate Services or his delegate by accessing Council's "Master Rental Agreement" with the Queensland Treasury Corporation's Whole-of-Government Leasing Facility.

The Director of Corporate Services or his delegate will "sign off" the necessary Lease Analysis form and seek Treasury Approval for the lease through the Queensland Department of Communication and Information, Local Government and Planning.

11. TENDERS

Tenders must be invited whenever a purchasing arrangement is to be entered into in accordance with Local Government Finance Standard and when a Panel of Service Providers is to be established in accordance with the Local Government Act Section 487.

Before inviting tenders (as distinct from quotes) for goods and/or services (including term value of Standing Offer / Preferred Supplier Arrangements) a Tender Evaluation Team, consisting of the Director of the responsible department or delegate, the Director of Corporate Services or his delegate, or if it is the Corporate Services Department the Director of Engineering Services or delegate and any additional personnel, including non-Council representatives, deemed necessary to administer this procurement process, shall be established and recorded.

The Tender Evaluation Team will determine the structure, specifications and assessment criteria of the tender and will evaluate the offers to the predetermined evaluation criteria before "signing off" the Tender Assessment Checklist and recommending the "most advantageous" offer to Council for final consideration.

Tenders cannot be lodged by facsimile but must be in writing, presented in a sealed envelope and lodged by a set date and time. Such tenders should be clearly endorsed with the tender reference.

Specifications, where appropriate, must set out the minimum performance requirements, dimensions and purpose for which the goods/services are required.

- (a) Functional specifications will outline the proposed role of the product in achieving the desired result. The specifications will define the task or desired result and may describe the general form of the goods and services required.

The specifications will focus on what is to be achieved and be less prescriptive on how the task or result is to be done. The Council accepts that for functional specifications, specific performance tests are not required to demonstrate compliance.

- (b) Performance specifications will, where appropriate, detail the required performance characteristics which will be subject to testing on delivery to demonstrate compliance with the specifications. Such specifications will, if appropriate, include maximum and minimum performance criteria and methods of measuring performance. The methods used to test performance will not be specified to promote overly innovative proposals.
 - (c) Technical specifications must detail the physical description of the product including elements such as size, capacity, rating and materials. The product must have a performance or application which is established and well known so that specific performance tests are not necessary.
 - (d) Material specifications must state the physical characteristics of material, either basic, semi-fabricated or compound. They will be used for describing specific material and may refer to specific commercial or industrial standards.
 - (e) Tender Closing Time and Date:
-

Council shall provide a strongly constructed tender box in a designated area of Council premises for the purpose of holding all tender documents submitted by potential suppliers.

The tender box shall be securely locked using dual locks with keys held by one Finance Officer and one Corporate Services Officer.

All tenders and formal quotation documents received before the advertised tender closure time shall be lodged in the tender box unopened. Tender documents received after the advertised closing date and time shall be deemed invalid unless there is satisfactory evidence to Council that such tender.

- (i) was delivered to Council before the specified closing time, or
- (ii) was despatched to reach Council under normal circumstances before the specified closing time but was still in the course of delivery at that time.

Tenders shall close at 2:00pm Eastern Standard Time on any business day with the exception of:

- (a) Mondays;
- (b) The day after a long weekend or public holiday; or
- (c) Within one week after the standard Christmas period.

(f) Tender Openings:

The opening of tenders shall be carried out by one (1) Planning and Environment or Engineering Services representative and one (1) Corporate Services representative.

Changes to tenders, under the Local Government Act 1993 Section 488, apply if:

- (i) the Council invites tenders for a contract; and
- (ii) the invitation to tender states that the Council may invite all tenderers to change their tenders;
- (iii) before making a decision on the tenders, the Council may invite all the persons who have submitted a tender to change their tender to take account of a change in the tender specifications.

Officers should note that the Council will publish a list of any action taken during each financial year to change tenders in its annual report as required by the Local Government Act Section 534 (b).

12. EVALUATION CRITERIA

When evaluating offers, Council officers shall have regard to the five (5) principles as described in Section 4 of this document. All offers will be assessed with consideration to

the value of the contract, technical requirements, quality and importance of the work to be completed and local preference as detailed in this policy. All officers of the council will act with integrity as required by Section 1138 of the Local Government Act.

The selected offer shall achieve value for money that is consistent with the purpose of the item or service being provided.

Wherever possible, more than one (1) officer of the Council will be involved in the evaluation, awarding and administration of contracts. Where a Tender Evaluation Team has been established it will be responsible for ensuring that the process of tendering and evaluation complies with this Purchasing Policy and Procedures.

Any officer of the Council who has any material personal interest whatsoever in the contract should exclude himself/herself from the evaluation process and disclose the existence of such interest in accordance with Section 1142 of the Local Government Act.

Officers must keep appropriate records or files to satisfy audit requirements and to establish that the principles and procedures contained in this policy have been complied with.

13. SDRC SAFETY MANAGEMENT SYSTEM

All contractors and suppliers of goods and/or services shall ensure that the work undertaken or good supplied complies with the relevant statutes, regulations and standards which pertain to Workplace Health and Safety as outlined in Southern Downs Regional Council's Safety Management System.

14. EMERGENCIES

The Local Government Act Section 519(4) makes provisions relating to genuine emergency or hardships.

An example of genuine emergency or hardship includes potential flood damage, storm damage, etc and action must be taken to protect public assets by immediate action.

Officers should note that instances of genuine emergency or hardships are not regular occurrences and if the Council wishes to incur expenditure not provided in its budget and which is not required because of genuine emergency or hardship, it will have to firstly adopt a revised budget under Section 519(3) of the Local Government Act and Council's policy regarding budget amendments.

15. PURCHASE ORDER FORMS

The issue of a purchase order under the terms of contract represents the acceptance of an offer, thereby establishing a contract with the legal implications that this entails. It is important to note that Council orders must be raised before the supply of goods and services.

Purchase orders must specify where and to whom the goods are to be delivered along with delivery instructions. Purchase orders must contain a quoted price or estimated quoted price apportioned to the relevant budget numbers.

Expenditure limits and threshold limits have been set in this policy to ensure proper controls and checks are carried out on all purchases. No officer shall break down a procurement of products or services into its components or reduce quantities or take any other action in order to avoid complying with this policy or obtaining the prescribed approvals.

16. RECEIPTS

Immediately upon receipt, goods must be inspected for compliance with the order specifications and quantities and be reconciled with the order. The supplier must be formally notified of any returns or shortfalls or damage to the goods received. Credit requests will be raised and shortages endorsed on the delivery documents to ensure that the accounts payable section pays only for the quantities received and authorised for payment.

17. PAYMENT

A signed proof of satisfactory receipt of the goods/services must be sent to the Accounts Payable Section to authorise payment to the supplier. Shortages, incorrect supplies, damaged goods, etc must be noted and unless otherwise negotiated or specified in the offer or on the account, payment will be made strictly in accordance with Council's trading terms of net thirty (30) days in the month following the date of receipt.

Settlement discounts will be treated with urgency by the Council officers and processed within the nominated discount period.

Orders which may require cancellation must be referred immediately to the issuing procurement officer for appropriate action.

18. SOLE SUPPLIER

A list of sole suppliers and their related products shall be assessed and presented to the Council for approval and resolution in accordance with Section 486(1)(a) of the Local Government Act including the period to which sole supplier status is to apply before review.

Prior to the end of each approved period, this list is to be reassessed and presented to the Council for approval for a further set period.

19. EXCEPTIONS

Section 486 of the Act specifies when Council is exempt from the requirement to seek tenders or quotations, that is, if:

- (a) Council resolves that it is satisfied that there is only one supplier reasonably available to it; or
 - (b) a genuine emergency exists; or
 - (c) Council purchases goods at an auction; or
 - (d) Council purchases second-hand goods; or
 - (e) the contract is made under an exemption to open competition in the Standard; or
 - (f) the contract is made with, or under an arrangement with or made by:
-

- (i) the State, a government entity, a local government owned corporation, the Brisbane City Council or another local government; or
 - (ii) another Australian Government, an entity of another Australian Government or a local government of another State or a Territory; or
- (g) Council resolves to enter into a contract using a significant purchasing activity plan which must state:
 - (i) the objectives of the purchase and how they will be achieved; and
 - (ii) any alternative ways of achieving the objectives, and why the alternative ways were not adopted; and
 - (iii) a risk analysis of the market from which the goods or services are to be procured.

Local Buy Arrangement

Accordingly, under section 486(1) (e) of the Act, Council officers are not required to seek tenders or quotations should they enter into a contract under a Local Buy arrangement. When assessing the most effective method of obtaining goods and/or services, Council officers should consider the administrative and price costs to Council of seeking tenders or quotations independently, and the reduction of these costs which can be achieved by use of Local Buy arrangements.

20. DISPOSAL OF LAND AND NON-CURRENT ASSETS

Section 491 of the Act provides that land and non-current assets other than land with an apparent value equal to or above the amount set by Council must be disposed of after auction or by inviting tenders in the way mentioned in section 484(2) of the Act.

- Goods other than land with an apparent value of less than \$1,000 may be disposed of with the authorisation of the Chief Executive Officer.
- Goods with an apparent value of greater than \$1,000 maybe disposed of by auction or by inviting tenders.

21. DELEGATIONS

Only the Council officers listed in the attached Schedule 1 are entitled to approve requisitions by electronic signature, and then only in accordance with their financial delegation limits. By electronically signing a requisition/ purchase order all officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

22. REVIEW

It is the responsibility of the Manager Finance to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed by Council annually.

Purchasing

Position	Expenditure Limit	Order
Senior Environmental Health Officer		x
Welder/Boilermaker		x
WIRAC Administration Officer		x
WIRAC Facility Maintenance Officer		x

Purchase Cards

Purchase Card	Monthly Limit	Transaction Limit
✓	2000	300
✓	2000	300
✓	2000	300
✓	2000	300



Policy Category:	Finance
Policy Number:	13
Date Adopted:	25 May 2009
Date to be Reviewed:	Prior to June 2010
Date Reviewed:	May 2009
Date/s Amended:	25 May 2009
Date Rescinded:	
Related Document/s:	
Responsible Officer:	Manager Finance

Background (if applicable)

The Southern Downs Regional Council was created on 15th March 2008, and is an amalgamation of the former Warwick Shire Council and the former Stanthorpe Shire Council. As such, the new Council has the legislative responsibility for making and levying rates and charges across the Southern Downs region.

Under the provisions of the Local Government Act 1993 (the Act), Council is required to prepare a Revenue Policy each year. Specifically, Section 513A of the Act states that:

(1) A local government must, for each financial year, prepare and, by resolution, adopt a revenue policy; and

(2) The local government must ensure each revenue policy is prepared and adopted in enough time, before the start of the financial year for which it is prepared, to allow preparation and adoption of a budget for the financial year consistent with the policy; and

(3) When the policy is adopted by the local government, it becomes the local government's revenue policy for the financial year for which it is prepared.

The Revenue Policy is a significant strategic document for Council, in that it is generally adopted prior to the annual budget to allow Council to articulate the principles it will use in revenue raising for the coming financial year.

Council's Corporate Plan 2009 – 2014 states that the Southern Downs Regional Council will be taking a clear, fresh approach to regional planning, which will incorporate the development of a 10-year Financial Plan which will have a strong relationship with, and indeed reflect, the Revenue Policy. The Revenue Policy developed each year will lay the foundation for revenue generation within Council, including the rating system applied across the region.

Purpose

The purpose of this policy is to set out the principles applied by Council in the 2009/2010 financial year for:

1. Setting rates and charges;
2. Levying rates;
3. Recovering rates and charges;
4. Allowing concessions for rates and charges.

1. Principles for setting rates and charges

1.1 User Pays

In general, Council will be guided by the “user-pays” principle in setting rates and charges. In doing so, the intention is to minimise the impact of rating on the local economy, so that the cost of a Council service is incurred by the user of that service wherever possible. In situations where this may not be possible, other funding mechanisms, including Community Service Obligations, may be applied.

1.2 Equity

Council will take account of the different levels of capacity to pay within the local community.

1.3 Consistency

Council strives to achieve consistency in the distribution of charges by limiting overall increases in rates and charges where possible.

1.4 Flexibility

In setting rates and charges Council will take account of changes in economic and social circumstances affecting the ratepayers of the Southern Downs region.

1.5 Cost

Council will endeavour to establish a rating methodology that is simple and inexpensive to operate and administer.

1.6 NCP Requirements

For Council Business Units that have adopted the code of competitive conduct, prices will be set according to full cost pricing principles including the achievement of an appropriate return on Council’s investment.

2. Principles used for levying rates

In levying rates, Council will apply the principles of:

- Making Council’s responsibilities and ratepayers’ responsibilities clear within the rating system;
- Making the system of levying rates simple and inexpensive to administer;
- Timing the levy of rates to take account of the financial cycle within the local economy, with the intention of assisting the local economy to operate as smoothly as possible without the impost of untimely rate burdens from Council;

- Equity through the provision of flexible payment arrangements for ratepayers with a lower capacity to pay.

3. Principles used for the recovery of rates and charges

Council will exercise its rates recovery powers in a manner intended to reduce the overall burden on ratepayers. In doing so, it will be guided by the following principles:

- Transparency – by making clear the obligations of ratepayers and the processes used by Council in assisting them to meet their obligations;
- Making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective;
- Equity – in that Council will provide the same treatment for ratepayers with similar circumstances;
- Flexibility where possible, by responding to changes in the local economy.

4. Concessions for rates and charges

Council will not normally allow concessions for rates, except pensioner rates remissions provided by the State Government. Council may also consider granting a class concession in the event that all or part of the local government area is declared a natural disaster area by the State Government.



Use of Financial Reserves Policy 2009/2010

Policy Category:	Finance
Policy Number:	14
Date Adopted:	23 July 2008
Date to be Reviewed:	Prior to June 2010
Date Reviewed:	July 2009
Date/s Amended:	13 July 2009
Date Rescinded:	
Related Document/s:	
Responsible Officer:	Manager Finance

Background (if applicable)

Under Section 518 of the Local Government Act 1993, a local government is required to adopt a budget for its operating fund each year. Section 515 allows a local government to establish specific reserves within its operating budget. Consequently these reserves need to be reported to Council each year.

Purpose

The following Policy outlines the Reserves to be maintained for the 2009/2010 financial year.

Scope

Southern Downs Regional Council has the following reserves that have been created in previous years for the purposes listed. Reserves are not kept in separate bank accounts or investments, as this would create unnecessary administration when reserve balances are altered. However components of Council's investments are separately identified as "Reserve Funds". These invested funds are periodically reviewed to ensure their balances are adequate to cover the reserve requirements.

Policy Content

RESERVE NAME

RESERVE PURPOSE

Asset Replacement Reserve

To provide a source of funding for the creation, improvement, preservation, replacement or maintenance of assets, and to equalise or assist with smoothing fluctuations in rating levels.

Plant Renewal Reserve	To provide a source of funding for the creation, improvement, preservation, replacement or maintenance of plant, and to equalise or assist with smoothing fluctuations in rating levels.
Sewerage Extension Reserve	To provide a source of funding for the creation, improvement, preservation, replacement, operation or maintenance of assets and services associated with Council's sewerage and associated functions, and to equalise or assist with smoothing fluctuations in rating levels.
Water Extensions Reserve	To provide a source of funding for the creation, improvement, preservation, replacement, operation or maintenance of assets and services associated with Council's water supply functions, and to equalise or assist with smoothing fluctuations in rating levels.
Pensioner Units	To provide a source of funding for the creation, improvement, preservation, replacement or maintenance of Pensioner Units, and to equalise or assist with smoothing fluctuations in rating levels.
Long Service Leave Reserve	To provide a source of funding for the payment of long service leave entitlements to Council employees.
Drainage Reserve	To provide a source of funding for the creation, improvement, preservation, replacement, operation or maintenance of assets and services associated with Council's drainage and associated functions.
Waste Management Reserve	To provide a source of funding for the erection, improvement, preservation, replacement or maintenance of waste management facilities, and to equalise or assist with smoothing fluctuations in rating levels.



Budget Amendment Policy

Policy Category:	Finance
Policy Number:	15
Date Adopted:	6 October 2008
Date to be Reviewed:	
Date Reviewed:	
Date/s Amended:	
Date Rescinded:	
Related Document/s:	
Responsible Officer:	Manager Finance

Purpose

The purpose of this policy is to set guidelines to govern budget amendments.

Scope

This policy covers proposed changes to the latest adopted budget.

Policy Content

- a) Any amount of \$1,000.00 or more at subprogram level in the chart of accounts requires a budget amendment;
- b) That by delegated authority the Chief Executive Officer may amend operational budgets or capital budgets in their responsibility areas of amounts up to \$50,000.00 while balancing the budget and all budget amendments completed by delegated authority must appear in Council's departmental monthly report;
- c) That by delegated authority, Council's various Statutory Committees are authorised to make amendments in operational or capital budgets to the amount of \$75,000.00 provided the budgets are within budget items controlled by that particular Committee and are balanced;
- d) Any budget amendment for operational or capital items greater than \$75,000.00 require a full Council resolution;

- e) Transfer of funds from operational budgets to capital budgets or capital budgets to operational budgets may only be approved under item (c) or (d) of the policy; and
- f) That a Budget Item of \$10,000 or over at job level be reported to the appropriate Committee for explanation.

Donations Policy

Policy Category:	Finance
Policy Number:	17
Date Adopted:	6 October 2008
Date to be Reviewed:	
Date Reviewed:	
Date/s Amended:	
Date Rescinded:	
Related Document/s:	
Responsible Officer:	Manager Finance

Background (if applicable)

A Donations Policy is required under Section 11 of the Local Government Finance Standard 2005.

Purpose

The purpose of Council's Donations Policy is to provide financial and other forms of assistance to local community organisations that deliver services and activities for the benefit of the Southern Downs Community.

Scope

This policy provides for the circumstances under which Council may make grants or donations to community organisations. The *Local Government Finance Standard 2005* outlines requirements that must be adhered to in relation to grants to community organisations, which ensures that the grant be only used for a purpose that is in the public interest and within specified eligibility criteria.

This policy does not apply to programs administered by Council under guidelines developed by other organisations such as the Regional Arts Development Fund.

Policy Content

Introduction

In recognition of the efforts of residents of the Region, Southern Downs Regional Council has formulated a Donations Policy to provide financial and other forms of assistance through which the Council will help develop, strengthen and enhance the capacity of individuals and

organisations to provide services and activities of benefit to the Southern Downs Regional Council Community.

The Council, on a recommendation from the Corporate Services Committee, will allocate funds in each annual budget and may advertise for submissions for grants each financial year. Donations may take the form of monetary donations, reimbursement of net general rates, reimbursement of Council fees or a donation equivalent to the cost of plant hire.

Eligibility Criteria

Each application for assistance submitted for a grant will be considered by applying the following criteria:

- (a) Organisations must be community based and provide services and activities of benefit to Southern Downs Regional Council residents.
- (b) The objective of the organisation must be solely non-profit making.
- (c) Organisations that operate a licensed premise and/or gaming machines will not be eligible for assistance.
- (d) State and Commonwealth agencies will not be eligible for assistance. This includes public and private schools.
- (e) Organisations should be incorporated or sponsored by an incorporated body. Organisations that are not incorporated may be eligible for assistance under this policy provided that the organisation meets all other criteria.
- (f) All organisations requesting assistance will be required to make a submission each year with the exception of rate reimbursements where the term of the assistance is determined by the Corporate Services Committee.

Preference will be given to requests towards a specific project. For example, fee relief towards a building project or work to be carried out for safety reasons.

Monetary Donations

Monetary donations, aside from sponsorship, will only be given towards specific capital projects. Proof of completion of the project within the financial year will be required before funds are paid.

Rate Reimbursement

Reimbursement of rates will be for net general rates and separate charges only. No utility charges, such as water, sewerage charge or cleansing charges, will be refunded.

Fee Relief

Approval may be sought for the reimbursement of one-off application fees such as building application fees. However, the fees must be paid to Council prior to payment of the donation. If not taken up, approval will lapse at the end of the financial year. Annual licence fees will not be considered.

Plant Hire

The Council will provide assistance to organisations by allowing plant to be made available to organisations when not required by Council, provided the plant is operated by Council personnel. The donation amount will be calculated in accordance with Council's current rates and charges for plant hire and wages and include travel time and stand down time.

Administration

The level of financial assistance allocated to the donations budget will be determined each year within Council's annual budget process.

In any one financial year, an organisation will be limited to:

- (a) a monetary donation (sponsorship) to a limit of \$150;
- (b) a monetary donation (capital projects) to a limit of \$500;
- (c) net general rate relief to a limit of \$2,000;
- (d) fee relief to a limit of \$1,000;
- (e) plant hire donation to a limit of \$2,000; or
- (f) an equivalent combination of the above to a maximum of \$2,000.

Any donation greater than the amounts above must be listed for budgetary consideration, or resolved by Council resolution.

Requests for monetary donations, rate reimbursements or fee relief will be considered by the Corporate Services Committee on an "as needs" basis and Council will determine which, if any, organisations will receive assistance in accordance with the above criteria.

The Mayor, Corporate Services Committee Chairperson and the Chief Executive Officer have delegated authority to approve donations of up to \$250. All donations approved under delegated authority are to be reported to the next Corporate Services Committee meeting.

The Chief Executive Officer has delegated authority to approve plant hire donations to a limit of \$2,000. All plant hire donations works undertaken are to be included in the next report of the Director of Engineering Services to the Engineering Services Committee. Donations may be refused if Council's plant hire donations budget is fully allocated. Where the value of work performed under a plant hire donation exceeds the limit approved, the excess value will be invoiced to the community organisation.

In Kind Assistance

Council will provide in kind assistance (for example, photocopies, faxes or phone calls) from time to time with the Chief Executive Officer being delegated authority to make decisions on the amount of assistance provided.

Mayoral Donation Fund

A Mayoral Donation Fund of \$1,500 per annum is available to provide assistance at the Mayor's discretion.

INVESTMENT POLICY

Policy Category:	Finance
Policy Number:	18
Date Adopted:	6 October 2008
Date to be Reviewed:	
Date Reviewed:	31 August 2009
Date/s Amended:	
Date Rescinded:	
Related Document/s:	Revenue Policy
Responsible Officer:	Manager Finance

Background (if applicable)

Council has a number of responsibilities when investing funds. These responsibilities are outlined in Section 47 and Section 48 of the Statutory Bodies Financial Arrangements Act 1982.

Section 47(1) states that:

A statutory body must use its best efforts to invest in funds:

- a) at the most advantageous interest rate available to it at the time of the investment for an investment of the proposed type; and*
- b) in a way it considers most appropriate in all the circumstances.*

Section 47(2) states that:

The statutory body must keep records that show it has invested in the way most appropriate in all the circumstances.

Purpose

The purpose of this policy is to provide Council with a contemporary investment policy based on an assessment of market and liquidity risk within the legislative framework of the Statutory Bodies Financial Arrangements Act 1982 and Statutory Bodies Financial Arrangements Regulations 2007.

Scope

This policy applies to the investment of all surplus funds held by the Southern Downs Regional Council.

Definitions (if applicable)

Investments: Arrangements that are acquired or undertaken for the purpose of producing income and/or capital gain.

Investment Terms

Council's investment portfolio should be realisable, without penalty, in a reasonable time frame. The term to maturity of Council's investments must not exceed one year.

Authorised investments include:

- Deposits with a financial institution;
- Investment arrangements accepted, guaranteed or issued by or on behalf of the Commonwealth Government, the Queensland Government, or a financial institution;
- Investments with the Queensland Investment Corporation (QIC) Cash Funds, Queensland Treasury Corporation (QTC) Cash Funds or QTC's 11am Fund;
- An investment arrangement with a minimum of "AA" rating according to Standard & Poors or Moody that is at call or has a fixed term of no greater than one year.

Policy Content

All investments are to be denominated in Australian dollars.

Whenever an investment is proposed, a minimum of three (3) quotes will be obtained from authorised institutions achieving a Standard & Poors or Moody rating of "AA" or better. The QTC Cash Fund must be included as one of these quotes.

The institution offering the best quote, net of costs, will generally be successful in attracting Council's investment. Council may deviate from this arrangement in situations where it wishes to support local financial institutions, eg the Warwick Credit Union and the Queensland Country Credit Union, whose investment interest rate may not exactly match its larger competitors.

The maximum amount invested in any one institution will not exceed thirty (30) percent of the total of Council funds invested annually. The purpose of this requirement is to minimise Council's risk exposure.

As Building Societies and Credit Unions tend to be unrated with Standard & Poors and Moody, the Manager Finance is to conduct a financial analysis of these institutions immediately after receiving those institutions' financial statements, which are normally received on an annual basis. A record shall be kept of the calculations prepared in this regard, with said calculations used as a basis for any decision to invest. Examples of local Building Societies and Credit Unions that may benefit from this policy are: Heritage Building Society; Warwick Credit Union, and Queensland Country Credit Union.

A monthly report shall be provided to Council detailing the current investment portfolio and its performance. The report will also detail actual investment income generated compared to the budget estimate of investment income.

For audit purposes, certificates must be obtained from the financial institution holding the funds, confirming the amounts of investment held on Council's behalf at June 30 each year.

If an investment is downgraded below the AA rating prescribed under this policy, it is to be divested as soon as possible.



Sale of Scrap Metal Proceeds to Social Club Policy

Policy Category: Finance
Policy Number: 19
Date Adopted: 6 October 2008
Date to be Reviewed:
Date Reviewed:
Date/s Amended:
Date Rescinded:
Related Document/s:
Responsible Officer: Manager Finance

Purpose

This policy provides for the control of donations from Southern Downs Regional Council (the *Council*) to the Southern Downs regional Council Northern and Southern Employees Social Club (the *Social Clubs*) from the sale of scrap metal obtained from Council owned and operated facilities.

Scope

This policy applies to any sale of scrap metal obtained from Council owned and operated facilities only.

It does *not* apply to the sale of any other material from Council owned and operated facilities.

Definitions (if applicable)

Scrap Metal – discarded metal suitable for reprocessing.

Policy Content

Council will donate the proceeds from the sale of scrap metal obtained from its facilities to the Social Clubs to a maximum amount of \$7,500 per financial year.

The donation will be made on the condition that the Social Clubs use the donation for capital improvements to Council facilities or for the purchase of equipment for use in Council facilities. Any use of the donation funds outside of this condition will be considered an unauthorised use.

All unauthorised uses of the donation funds will be required to be reimbursed by the Social Club to Council immediately.

The distribution of the donated funds will be on the basis of the number of members in each of the Social Clubs



Private Works Credit Policy

Policy Category:	Finance
Policy Number:	20
Date Adopted:	6 October 2008
Date to be Reviewed:	
Date Reviewed:	
Date/s Amended:	
Date Rescinded:	
Related Document/s:	
Responsible Officer:	Manager Finance

Purpose

The purpose of this policy is to set credit limits for private works

Scope

This policy includes all work carried out for private individuals, Government Departments, Companies, Partnerships and all other legal entities.

Policy Content

Fees arising for the provision of private work must be paid in accordance with the following criteria:-

- **Fixed Fees:** Payment up front
- **Quoted Lump Sum:** Payment up front unless credit authorised by Manager Finance
- **Charge Out:** Credit accounts authorised by Manager Finance if estimate exceeds \$1,000. In addition no credit shall be provided to any person who owes Council outstanding rates or other fees.”