

RECOMMENDATION

That:

- 1. The Board endorses the draft the 2024/25 Budget and Statement of Revenue policy attached to this report, for public exhibition*
- 2. Publish the Draft Budget and Statement of Revenue Policy for 2024/25 on the website for 28 days.*
- 3. If public submissions are made during the public exhibition period, a report be furnished to the NRJO May 2024 meeting, including Executive Officer comments on how the submissions have been considered, for the Board to determine a position on endorsement of the 2024/25 Budget and Statement of Revenue policy.*
- 4. If no public submissions are made during the public exhibition period, the version of the draft the 2024/25 Budget and Statement of Revenue policy placed on public exhibition, is deemed to be adopted by the Board.*

Background

It is a requirement of the Joint Organisation that it adopts a Statement of Revenue Policy for 2024/25. The Revenue Policy is to be made publicly available on the NRJO website for comment and adopted before 30 June 2024.

As part of presenting the Statement of Revenue Policy for endorsement by the board a copy of the draft Budget for 2024/25 and draft 10 year Long Term Financial Plan has been included.

Introduction

This document constitutes the Northern Rivers Joint Organisation Statement of Revenue Policy and is prepared in accordance with section 406 of the Local Government Act 1993 ("the Act") and section 397I of the Local Government (General) Regulation 2021.

The Revenue Policy includes the following statements for the year 2024/25 financial year:

- a) an estimate of the Northern Rivers Joint Organisation income and expenditure;
- b) each membership and non-voting membership fee;
- c) types of fees to be charged by the Northern Rivers Joint Organisation and the amounts of each such fee;
- d) amounts of external borrowings, the sources from where these are to be borrowed, and the means by which these are to be secured; and
- e) 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:

- a) the base amount of the membership and non-voting membership fee;

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

Factors Influencing Northern Rivers Joint Organisation Revenue and Pricing Policy

The following factors will influence the Northern Rivers Joint Organisation's 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 generally 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

Northern Rivers Joint Organisation 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 Northern Rivers Joint Organisation may apply this pricing policy for the provision of project works and activities to businesses or members of the community.

Corporate overheads

Northern Rivers Joint Organisation 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 Northern Rivers Joint Organisation competes in the market place with other private businesses, Northern Rivers Joint Organisation 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 Northern Rivers Joint Organisation 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:

- a) an equal share of 50% of the required annual membership fees, plus
- b) a share of the remaining 50% of the required annual membership fees apportioned by population using the latest census population figures from the ABS by LGA

Member councils will be consulted about proposed contributions by:

- a) Draft budgets for each financial year are to be presented at the February meeting of the Northern Rivers Joint Organisation in order for the proposed annual membership fees to be identified before each member Council commences the budget cycle for the upcoming financial year.

Fees for service

Approved fees for service

Section 608 of the Local Government Act 1993 provides that the Northern Rivers Joint Organisation 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 Northern Rivers Joint Organisation must take into account the following factors:

- a. the cost of the Council providing the service;
- b. 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;
- c. the importance of the service to the community; and
- d. any factors specified in the regulations under the Act.

Credit card surcharge

Northern Rivers Joint Organisation 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

Northern Rivers 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.

Northern Rivers Joint Organisation

DRAFT Budget Summary

2024 - 2025

	2024-2025 TOTAL \$	2023-2024 TOTAL \$
INCOME		
Membership Fees	273,100	263,900
LG Procurement Rebate	45,000	45,000
Interest	25,000	12,000
Total Income	343,100	320,900
EXPENSES		
Bank Charges	100	100
Conferences, Events, Travel	12,900	12,600
Professional Development	14,600	14,250
Managed Services (Rous)	138,400	135,000
Committee Support	5,535	5,535
Chair Stipend	10,000	10,000
Professional Fees - Audit	20,500	20,000
ARIC Fees	10,000	5,000
ARIC Superannuation	1,200	300
Media and Communications	5,400	5,300
Sundry Expenses	5,400	5,300
Strategic Projects	110,000	88,600
Total Operational Expenses	334,035	301,985
TOTAL OPERATING RESULT (SURPLUS/(DEFICIT))	9,065	18,915
EQUITY		
Retained Earnings	1,410,704	775,564
Current Year Earnings	7,800	18,915
TOTAL EQUITY	1,418,504	794,479

NORTHERN RIVERS JOINT ORGANISATION - TEN YEAR FINANCIAL PLAN

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Item	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Membership Fees										
Ballina Shire	39,960	41,440	42,820	44,230	45,700	47,210	48,760	50,340	52,000	53,710
Byron Shire	35,420	36,730	37,910	39,120	40,420	41,760	43,130	44,540	46,010	47,510
Kyogle	23,570	24,450	25,160	25,880	26,630	27,400	28,190	29,000	29,830	30,690
Lismore City	38,870	40,050	41,120	42,220	43,350	44,510	45,690	46,910	48,170	49,450
Richmond Valley	29,820	30,810	31,670	32,550	33,450	34,380	35,330	36,310	37,310	38,350
Tweed Shire	62,340	64,520	66,630	68,790	71,020	73,320	75,680	78,110	80,620	83,240
Clarence Valley	43,120	44,710	45,890	47,100	48,340	49,620	50,930	52,270	53,650	55,050
Total Membership Fees	273,100	282,700	291,200	299,900	308,900	318,200	327,700	337,500	347,600	358,000
Membership Income Increase PA (%)		3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Forecast Cashflows										
Operating Revenues										
Membership Fees	273,100	282,700	291,200	299,900	308,900	318,200	327,700	337,500	347,600	358,000
LG Procurement Rebate	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Interest	25,000	20,000	18,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total	343,100	347,700	354,200	359,900	368,900	378,200	387,700	397,500	407,600	418,000
Operating Expenses										
Bank Charges	100	100	100	100	100	100	100	100	100	100
Conferences, Events, Travel	12,900	13,200	13,500	13,800	14,100	14,500	14,900	15,300	15,700	16,100
Councillors Professional Development	14,600	15,000	15,400	15,800	16,200	16,600	17,000	17,400	17,800	18,200
Managed Services (Rous)	138,400	141,900	145,400	149,000	152,700	156,500	160,400	164,400	168,500	172,700
Committee Support	5,535	5,700	5,800	5,900	6,000	6,200	6,400	6,600	6,800	7,000
ARIC Fees	10,000	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400
ARIC Superannuation	1,200	1,200	1,300	1,300	1,300	1,300	1,300	1,400	1,400	1,400
Chair Stipend	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees – Audit	20,500	21,000	21,500	22,000	22,600	23,200	23,800	24,400	25,000	25,600
Media and Communications	5,400	5,500	5,600	5,700	5,800	5,900	6,000	6,200	6,400	6,600
NRJO Projects / Strat. Reg. Plan	110,000	112,800	115,600	118,500	121,500	124,500	127,600	130,800	134,100	137,500
Sundry Expenses	5,400	5,500	5,600	5,700	5,800	5,900	6,000	6,200	6,400	6,600
Total	334,035	341,900	350,100	358,400	367,000	375,900	385,000	394,600	404,300	414,200
Net Cash Movement	9,065	5,800	4,100	1,500	1,900	2,300	2,700	2,900	3,300	3,800
Retained Earnings - 1 July	776,000	785,100	790,900	795,000	796,500	798,400	800,700	803,400	806,300	809,600
Retained Earnings - 30 June	785,100	790,900	795,000	796,500	798,400	800,700	803,400	806,300	809,600	813,400
Assumptions										
CPI	2.50%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest on Retained Earnings	4.00%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Population Growth Percentage										
Ballina Shire	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Byron Shire	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Kyogle	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lismore City	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Richmond Valley	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tweed Shire	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Clarence Valley	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Population										
Ballina Shire	46,850	47,400	48,000	48,600	49,200	49,800	50,400	51,000	51,600	52,200
Byron Shire	36,510	36,900	37,300	37,700	38,200	38,700	39,200	39,700	40,200	40,700
Kyogle	9,453	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Lismore City	44,276	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300	44,300
Richmond Valley	23,702	23,700	23,700	23,700	23,700	23,700	23,700	23,700	23,700	23,700
Tweed Shire	97,969	98,900	99,900	100,900	101,900	102,900	103,900	104,900	105,900	107,000
Clarence Valley	54,662	54,700	54,700	54,700	54,700	54,700	54,700	54,700	54,700	54,700
Total	313,422	315,400	317,400	319,400	321,500	323,600	325,700	327,800	329,900	332,100
Percentage of Membership Income										
Ballina Shire	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Byron Shire	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
Kyogle	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Lismore City	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Richmond Valley	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
Tweed Shire	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%
Clarence Valley	16%	16%	16%	16%	16%	16%	16%	15%	15%	15%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%