



# Orana

JOINT ORGANISATION OF COUNCILS



**Orana Joint Organisation**

**DRAFT Statement of Revenue Policy**

**JUNE 2020**



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## Introduction

The Orana Joint Organisation's revenue and accounting policies are kept in accordance with the Australian Accounting Standards Board. The Orana Joint Organisation abides by the:

- *Local Government Act (1993)*
- *Local Government (General Regulation 2005)*
- Local Government Code of Accounting Practice and Financial Reporting

In compiling this statement, a number of significant factors have been considered in conjunction with the projected Budget of the Orana JO and it is continuing to face increasing pressures to function, guarantee its staffing requirements and undertake its activities identified in the Statement of Strategic Regional Priorities as this is not within the resourcing and financial capacity of the current six member councils.

### 1. Financial contributions by member councils

As outlined in the Charter, the Orana Joint Organisation Member Councils are to contribute a monetary payment or equivalent contribution based on the following methodology:

- The annual financial contribution required to be made by each Member Council is to consist of:
  - a base fee of the same amount for each Member Council; and
  - a capitation fee (based on the most recent population data issued by Australian Bureau of Statistics Census data)
- The annual financial contribution required to be made by each Associate Member is to be based on a methodology adopted by the Board.
- The amount of the base fee, capitation fee and financial contribution by Associate Members for a financial year is to be determined prior to the start of that year by Resolution of the Board. Member councils will be consulted about proposed contributions by correspondence.

For **2020-2021** contributions are as follows:

Member Council	Amount
Bogan	\$10,657
Gilgandra	\$11,547
Mid-Western Regional	\$23,104
Narromine	\$12,844
Warren	\$10,726
Warrumbungle	\$14,413
<b>TOTAL</b>	<b>\$83,291</b>

Ordinary Membership fees are to increase by 2.6% which represents the maximum permissible amount as determined by the Independent Pricing and Regulatory Tribunal (IPART) for the year 20120/2021.

### 2. Fees and Charges 2020-2021

Under the Local Government Act 1993, the Orana Joint Organisation may charge and recover an approved fee for its services.



Orana Joint Organisation must consider the following when establishing approved fees:

- the cost of provision of the service
- recommended prices suggested by outside bodies
- the importance of the service
- legislation that regulates certain fees
- Goods and Services Tax legislation

### 3. Income Statement

	2016 Census	ERP 2020	FLAT FEE	Per Capita Contribution	TOTAL	IPART's 2.6% Rate Peg
Bogan Shire Council	2692	2621	\$8972.00	\$ 1,415.34	\$10,387.34	\$10,657.41
Gilgandra Shire Council	4236	4226	\$8972.00	\$ 2,282.04	\$11,254.04	\$11,546.65
Mid-Western Regional Council	24,076	25,086	\$8972.00	\$ 13,546.44	\$ 22,518.44	\$23,103.92
Narromine Shire Council	6444	6567	\$8972.00	\$ 3,546.18	\$12,518.18	\$12,843.65
Warren Shire Council	2732	2745	\$8972.00	\$1,482.30	\$10,454.30	\$10,726.11
Warrumbungle Shire Council	9384	9399	\$8972.00	\$5,075.46	\$ 14,047.46	\$14,412.69
<b>TOTALS</b>	<b>49,564</b>	<b>50,518</b>	<b>\$53,832</b>	<b>\$27,347.76</b>	<b>\$81,179.76</b>	<b>\$83,290.43</b>



<b>EXPENDITURE ITEMS - Orana JO</b>	<b>2020/2021</b>
JO - EXECUTIVE OFFICER <b>PACKAGE</b>	
JO - OFFICE <b>RENTAL COSTS</b>	
JO - OFFICE <b>ELECTRICITY COSTS</b>	
JO – AUDIT Fees	\$6,500
JO - <b>TELEPHONE</b> COSTS	
JO - <b>PROJECT</b> SUPPORT COSTS	\$55,790
JO - <b>STATIONERY</b> COSTS	\$500
JO - <b>MOBILE</b> COSTS	\$1,000
JO - <b>VEHICLE</b> COSTS (OPERATING)	
JO - Incidental/ <b>Catering</b> /Other	\$2,500
JO - <b>TRAVEL</b> COSTS	\$2,500
JO - Financial/Admin/HR and Support COSTS	
JO - <b>MARKETING</b>	\$1,000
JO - <b>AUDIT</b> COSTS	
JO - <b>INSURANCES</b>	\$2,500
JO - LEGAL and Governance Costs	\$10,000
JO - SUBSCRIPTIONS	\$500
JO - SUNDRY EXPENSES	\$500
<b>TOTALS</b>	<b>\$83,290</b>



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## 4. Factors influencing Orana Joint Organisation revenue and pricing policy

The following factors will influence the Orana Joint Organisation 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

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

### Corporate overheads

Orana Joint Organisation corporate overheads are for governance, employment, administration functions and compliance required to deliver on the Strategic Regional Plan and associated Plans of operations.

### 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 Orana Joint Organisation competes in the market place with other private businesses, Orana 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 Orana 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.



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## 5. Fees for service

### Approved fees for service

Section 608 of the Local Government Act 1993 provides that the Orana 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 Orana Joint Organisation 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 Office of Local Government;
- the importance of the service to the community; and
- any factors specified in the regulations under the Act.

### Credit card surcharge

Orana 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

Orana 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.