

Community Service Obligation Policy

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Approved by:	Chief Financial Officer
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Version:	8

Head of Power

Section 34 of the *Local Government Regulation 2012* (Regulation) requires a description and estimated cost of performing the Community Service Obligation (CSO), less the estimated revenues for the CSO, in the “estimated activity statement” for each business activity in the local government’s annual budget.

Section 35 of the Regulation requires a description and actual cost of performing the CSO, minus the revenues from the CSO, in the “activity statement” for each business activity in the annual financial statements.

Section 175 of the Regulation requires that a business unit (that conducts one or more business activities) will state the nature, extent and costs of, and funding for the CSOs in the annual performance plan.

Objective

To provide a framework for management of CSOs including the identification, measurement, approval, budgeting and payment of the CSOs.

Statement

Redland City Council, through its Corporate Plan, is committed to providing services that deliver our community’s shared vision and collective aspirations; *Naturally wonderful lifestyle. Connected community. Embracing opportunities.* We are a values led organisation and our organisational values encapsulate what we care about, influence how we operate and support our mission: Make a difference, make it count.

Council is committed to ensuring:

- The social objective or outcome, is achieved by the CSO will fall within the vision outcomes of Council’s Corporate Plan.
- The most cost effective means of delivering / achieving the social objective is through the establishment of a CSO and not via other means.
- The CSO is able to be administered in an accountable and performance based environment.
- The CSO will not invite an unfair advantage to Council and its business units where there is established competition.
- The CSOs for Council will be reviewed annually as part of the annual budget development process.
- The measurement of each CSO is disclosed as a revenue, and will represent the avoidable cost or revenue forgone of any CSO less any revenue arising from the provision of the service to which the CSO is provided.
- Payment transfers are established at least quarterly as part of the end of month financial accounting process.

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Definitions

Term	Definition
Community Service Obligation	Defined in section 24 of the Regulation as “an obligation the local government imposes on a business entity to do something that is not in the commercial interest of the business entity to do.”
Business Activity (of a local government)	Trading in goods and services by the local government.
Estimated activity statement	<p>A document that states, for the business activity:</p> <ul style="list-style-type: none"> • The estimated revenue that is payable to: <ul style="list-style-type: none"> (i) The local government; or (ii) Anyone else. • the estimated expenses, including all items taken into account under the pricing provisions (other than return on capital); • the estimated surplus or deficit for the financial year; and • if community service obligations are to be carried out during the business activity— (i) a description of the nature of the community service obligations; and (ii) the estimated cost of performing the community service obligations, less the estimated revenue for the community service obligations.
Annual Performance Plan (for a commercial business unit)	<p>A document stating the following for the financial year:</p> <ul style="list-style-type: none"> • the unit’s objectives; • the nature and extent of the significant business activity the unit is to conduct; • the unit’s financial and non-financial performance targets; • the nature and extent of the community service obligations the unit must perform; • the cost of, and funding for, the community service obligations; • the unit’s notional capital structure, and treatment of surpluses; • the unit’s proposed major investments; • the unit’s outstanding and proposed borrowings; • the unit’s policy on the level and quality of service customers can expect; • the delegations necessary to allow the unit to exercise autonomy in its commercial activities; and • the type of information that the unit’s reports to the local government must contain.

Associated Documents

Revenue Policy ([A209892](#))

Disposal of Waste at Council Waste Transfer Stations Guideline ([A4186917](#))

Trade Waste Policy ([A196559](#))

Document Control

Only Council can approve amendments to this document by resolution of a Council Meeting, with the exception of administrative amendments which can be approved by the relevant ELT member. Refer to *Policy Instrument Development Manual* for an explanation on administrative amendments ([A4063988](#)).

Any requests to change the content of this document must be forwarded to relevant Service Manager(s).

Approved documents must be submitted to the Corporate Meetings and Registers Team for registration.

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Version Control

Version Number	Date	Key Changes
4	July 2014	<ul style="list-style-type: none"> Change to Head of Power.
5	July 2017	<ul style="list-style-type: none"> Addition of Disposal of Waste at Council Waste Transfer Stations POL-0058 in related documents. Addition of Revenue Policy POL-1837 in related documents. Removal of wording under POL-3027, POL-3028 & POL-1234.
6	September 2019	<ul style="list-style-type: none"> Updated to reflect recommendations arising from Policy Review Project.
7	December 2021	<ul style="list-style-type: none"> Removal of reference to FIN-015-P Application of Wastewater Charges Policy and FIN-016-P Application of Water Charges Policy. They have been made redundant as they are now referenced by FIN-017-P Revenue Policy.
8	March 2022	<ul style="list-style-type: none"> Administrative update to include reference to new Corporate Plan