



LOCAL GOVERNMENT
ASSOCIATION OF
QUEENSLAND INC.

Model Business Management Compliance Policy and Manual

May 2003



Business Management Compliance Manual

Purpose

The purpose of these Procedures is to provide the Business Activities (BA's) with a framework for ensuring ongoing compliance with Council's Business Management Policy and the related regulatory requirements. These procedures are based on the Australian Standard on Compliance Programs AS3806.

The aim is to:

- Prevent, and where necessary, identify and respond to breaches of laws, regulations, and organisational standards relating to business management;
- Promote a culture of compliance and continuous improvement within the BA's, and
- Assist the BA's in remaining good corporate citizens

Definitions

BA	Business Activity
Business Activity	[Insert list of Business Activities]
Business Activity Committee	[Insert name of Committee or Council, eg. Finance Committee]
CEO	Chief Executive Officer
Chief Administrative Officer (CAO)	[Insert position title, eg Director, Corporate Services]
Chief Finance Officer (CFO)	[Insert position title, eg. Director, Financial Services]]
CSO	Community Service Obligation

Structural Elements

Commitment

Council has resolved to continue to comply with the provisions of the Local Government Act 1993, Regulations and Guidelines in the implementation of Competitive Neutrality Principles for its nominated BA's.

Compliance Policy

In the Business Management Compliance Policy, Council resolved that:

The Council will continue apply the principles of Competitive Neutrality to BA's where Council has resolved to apply the code of competitive conduct.



The principle of competitive neutrality will be achieved by ensuring that the prices charged by Council BA's reflect a similar cost structure to that faced by private sector competitors or equivalent private sector organisations, subject to any CSO's adopted by Council under this policy.

Management Responsibility

Before the adoption of the Annual Budget each Manager responsible for a BA must, in conjunction with the Finance staff, review the full costs of the BA and recommend changes to Council necessary to ensure that the prices charged by the BA reflect the full cost of providing those services in a competitively neutral manner.

Managers responsible for the BA's are required to understand, promote and be responsible for implementation of competitive neutrality in compliance with relevant laws, regulations, codes and organisational standards that apply to activities within their responsibilities.

For each BA, including Type 3 activities, the title of the manager responsible for each BA will be specified in the Revenue Statement each year.

The Council will be responsible for setting broad policy directions for all BA's through an Annual Performance Plan for any Commercialised Business Units, the Revenue Policy, and Revenue Statement in the Annual Budget for other BA's.

For the BA's to operate effectively, Council will delegate to the BA managers, through the CEO, responsibility for the day-to-day operations of their BA. Management responsibilities, officer delegations and accountabilities are to reflect Council's direction.

The BA's are accountable to Council for the implementation of the Annual Performance Plan or the requirements specified in the Revenue Policy and Revenue Statement, and provide Council with quarterly reporting on the implementation of these requirements.

Resources

Adequate resources will be made available in the annual budget for ongoing compliance with this policy.

Managers responsible for BA's have direct access to the CEO and the BA Committee if required.

Continuous Improvement



Council is committed to continuous improvement. Management and staff of the BA's are encouraged to undertake training in the Business Management Assistance Program and competitive neutrality reform to ensure that the Council keeps abreast of best practice and fostering a compliance culture.

Operational Elements

Identification of compliance issues

The Council has identified the following risks that could result in compliance issues:

1. Changes in legislative requirements;
2. Changes in BA Managers or Finance staff with expertise in Competitive Neutrality;
3. Issues arising from a Competitive Neutrality Complaint warranting change to Council processes;
4. Changes in the Corporate Plan which affect Community Service Obligations;
5. Changes in the Corporate Plan which warrant more or less BA's;
6. Changes in the size or scope of a Council activity which warrants its creation as a BA;
7. Changes in Council's computer systems or Business Process which affect the operation of BA's;
8. Changes in Council's Organisation Structure or Committees which affect the operation of BA's;
9. Increased competition between the private sector and a Council BA;
10. Changes in the full costs of a BA which warrants a review of prices charged; or
11. Concerns raised by Internal or External Audit regarding a BA.

Prevention Strategies for Potential Compliance Issues

The CEO will cause a review of the compliance issues to be conducted prior to the completion of the draft budget. Checklists are attached in Appendix A and B, which must be presented to the CEO with the draft budget. These checklist reviews will identify any issues that have arisen and the corrective action taken in the draft budget.

Operating procedures for compliance

Roles and Responsibilities



Council

The Council will be responsible for setting broad policy directions for all BA's through an Annual Performance Plan for any Commercialised Business Units, and in the Revenue Policy and Revenue Statement in the Annual Budget for other BA's. Council will delegate to the BA Managers, through the CEO, responsibility for the day-to-day operations of their BA. Management responsibilities, officer delegations and accountabilities are to reflect Council's direction. Council is responsible for adopting all Policies, Corporate and Operational Plans, and the Budget.

Business Activities Committee

The BA Committee is responsible for oversight of compliance by each BA with the Business Management aspects of Operational Plans and any systemic or recurrent business management compliance problems.

CEO

The CEO is responsible for ensuring that, during the budget development process each year, a review is undertaken as to which Council activities are BA's. In undertaking this review the CEO (or delegated officer) shall have regard to the adopted Corporate Plan of the Council. The CEO will then ensure that a Resolution to apply the Code of Competitive Conduct to those activities (including activities previously nominated) is incorporated in the proposed Revenue Policy or Revenue Statement of the Budget, and assign management and reporting responsibilities to specified Council officers.

The CEO will also ensure that Council adopts a Complaints Process for any newly nominated BA's, at or prior to the Council Budget meeting.

The CEO will also ensure that the CSO policies in the proposed Revenue Policy or Revenue Statement are in accordance with the Corporate Plan.

When reviewing the Corporate Plan, the CEO shall review the current operation of the BA's and assess the effectiveness of the business practices in the Council, and whether additional, less, or modified BA's would be of benefit to the Council and community. The CEO shall also ensure that the Corporate Plan reflects the desires of the community in relation to the Community Service Obligations.

CFO

During the annual budget process each year the following costs need to be identified and reviewed before setting the prices that will be set in the budget and charged by the BA's:

- ▶ Direct and Indirect Operating Costs
- ▶ Administrative and Overhead costs



- ▶ Depreciation

- ▶ Capital Costs –
 - Weighted Average Cost of Capital (WACC)
 - Return on Assets based on the WACC
- ▶ Tax Equivalents
- ▶ Community Service Obligations
- ▶ Competitive Neutrality Adjustments

The CFO shall maintain a record of the cost driver units for each overhead and support service, and shall review the appropriateness of the cost drivers and the cost driver units prior to the adoption of the annual budget.

BA Managers

Following the identification of these cost elements, each Business Manager is required to review the prices to ensure that they cover the full cost, subject to any identified CSO's.

BA Managers are responsible for identifying and managing compliance issues in their businesses. An annual review is to be conducted for each business, and is to include the identification of potential compliance issues. The minimum compliance issues to be addressed are:

1. Compliance with Council statutory instruments, including the corporate plan, operational plan, and budget;
2. Compliance with legislative requirements, including the National Competition Policy and COAG water reforms;
3. Compliance with good governance and ethical practices.

Each BA is the responsibility of a specific position. Business Managers are accountable for the performance of their BA in accordance with performance requirements in the Revenue Statement and Operational Plan, and for compliance of their BA with all aspects of this policy. BA Managers are required to report to the BA Committee on compliance matters at least quarterly.

CFO is responsible for annually reviewing, as part of the budget process, the level of corporate overhead to be allocated to Council BA's, based on the estimated expenditure in the previous financial year. Such a review will include identification of governance costs which are not to be allocated, and a review of the appropriateness of the cost drivers.



BA Managers, in conjunction with the Chief Finance Officer, will identify all competitive neutrality adjustments and tax equivalent amounts to ensure that Council's BA's meet full compliance with the principles of competitive neutrality.

Statutory compliance:

Compliance with other legislative requirements (including NCP and COAG Water reforms) shall be to be monitored and reported to the Business Units committee.

Corporate compliance: compliance with corporate requirements in the Council's statutory instruments, including the Corporate Plan Operational Plan, are monitored and reported to the Council at least quarterly.

Action plans for problem rectification

An Action Plan is required for all issues arising from the annual assessment, which need rectification or improvement. BA Managers and the CFO and CAO are responsible for creating and managing Action Plans on any matters arising in the assessment relating to their area of responsibility.

Ongoing monitoring, assessment and reporting

BA Managers are required to monitor, assess and report to the BA Committee on compliance with all aspects identified within this policy.

In addition, Council's adopted process for handling competitive neutrality complaints will apply, and Managers are required to comply with this process.

Information recording and analysis

BA Managers, the CFO and CAO are required to maintain information systems to record and analyse compliance issues and collate the information for the required periodic reports.

Incorporation of compliance standards into Council systems and processes

Corporate Plan

The corporate plan shall indicate Council's policy in relation to the adoption of business management practices, and its desire to continually improve Council efficiency and management practices.

EXAMPLE: 'Council desires to continually improve its efficiency and management practices, and intends to apply business management practices (including the code of competitive conduct) to business activities where this is a benefit to the community. The key objectives of Council's business activities are to be commercially successful in carrying on its activities and efficient and effective in the provision of goods and delivery of its services, including things done as community service obligations. The commercial success, efficiency and



effectiveness of a business activity are to be measured against its financial and non-financial performance targets.’

Revenue Policy

The Revenue Policy should contain a statement that Council’s policy is to apply Full Cost Pricing in accordance with the Code of Competitive Conduct under the Local Government Act for nominated BA’s. Details of Council’s policies in relation to this should be specified in the Revenue Statement.

Budget documents

The Revenue Statement should contain the following information in relation to BA’s:

1. Annual Resolution

- a. A resolution to apply to code of competitive conduct.
- b. List of BA’s, with titles of responsible BA Manager for each;

EXAMPLE:

‘Council desires to establish and operate certain activities on a business-like basis where this is likely to benefit the community. The Corporate Plan states [Insert any reference to the Corporate Plan which outlines this commitment]. Accordingly, Council resolves to apply the code of competitive conduct to the following business activities in [insert financial year]:

<u>Business Activity</u>	<u>Responsible Officer</u>
Other Roads	Shire Engineer
Water and Sewerage	Water and Sewerage Manager’

2. BA Definitions

- a. A Definition of each BA, outlining:
- b. the nature of the business (eg, internal contractor to Council (eg Roads), full service (eg Water and Sewerage);
- c. The nature of the assets used;
- d. How regulatory functions have been treated;

EXAMPLE:

‘Water and Sewerage

This business activity comprises all aspects of the provision and charging for water and sewerage services, including nominal ownership and management of the water and sewerage infrastructure assets. It excludes regulatory aspects of this function.



Other Roads (Council and recoverable)

This business activity operates as an internal contractor for road maintenance and construction, on a fee for service basis up to 10% of the value of the works. This business activity excludes nominal ownership of the road assets.

Plant and Equipment

This business activity involves the operation and management of Council's workshop and fleet as an internal plant hire contractor. It includes nominal ownership of the related assets.'

3. Community Service Obligations

- a. A Statement reflecting Council's approach to Community Service Obligations.
EXAMPLE:

'Notwithstanding Council's decision to apply business practices to the nominated business activities, Council desires to continue to fulfill its Community Service Obligations that are not commercially viable. Council resolves that the relevant Business Activities must provide these Community Service Obligations, at the specified performance criteria, funded by Council at the cost specified below.

The following Community Service Obligations have been identified:'

- b. For each Community Service Obligation (CSO), an outline showing the Policy Framework, Costing Methodology, and Performance Criteria and Monitoring Mechanism. The Policy Framework shall contain relevant references to the Corporate Plan. Each CSO shall be for Council requirements that require the BA to either incur avoidable costs or forgo revenue, which would not be commercially viable for a private operator to do.
EXAMPLE:

"Community Group Concessions- Water and Sewerage

'Policy Framework

Council requires specified community group consumers to be provided with a reduction in their rates and charges, and this is applicable to water and sewerage charges. The Corporate Plan states that ' [INSERT REFERENCE]'. These concessions require the business activities to forgo revenue, which is not commercially viable, and have been determined to be a community service obligation.

Costing Methodology

The entire cost of the community group concessions has been costed as a Community Service Obligation.



Performance Criteria and Monitoring Mechanism

Provision of the pensioner concessions to the specified ratepayers. The Water and Sewerage Business Activity is required to report to Council annually on the achievement of this requirement and the relevant cost.

Waste Minimisation – Refuse Management

Policy Framework

The Corporate Plan has a strategy to “[INSERT REFERENCE]”. This requires the business activities to incur costs that a private business could avoid, which would not be commercially viable for a private operator to do, and has been determined to be a community service obligation.

Costing Methodology

The additional operating cost from the waste minimisation strategy has been costed as a Community Service Obligation.

Performance Criteria and Monitoring Mechanism

Percentage of the waste stream recycled. The Refuse Management Business Activity is required to report to Council Annually on the achievement of this requirement and the relevant cost.’

4. Valuation of Assets

- a. A statement outlining the Council’s treatment of Assets in the Business Activities, including valuation method, treatment of contributed assets, and adjustments for optimisation (excess or redundant assets).

EXAMPLE:

‘Deprival Values

All assets have been valued according to the deprival value method (the cost to Council if it was deprived of those assets), which has been subject to external audit. Asset lives are continually being reviewed based on an examination to the physical condition of a sample of assets.

Adjusted assets

Council has determined that prices to consumers should only be based on assets that have been efficiently invested by Council. Accordingly, any assets that are in excess of current capacity requirements or could now be constructed or provided more efficiently have been eliminated from the pricing calculations.



Similarly, assets that have been financed or provided by third parties (developers or government grants) have been eliminated from pricing calculations. Based on professional engineering advice, Council resolves to eliminate the following asset values for pricing purposes:

Other Roads	N/A	
Development Services		N/A
Waste Management	Nil	
Water and Sewerage		\$x,xxx,xxx
Plant Management	\$xxx,xxx'	

5. Allocation of Overheads and Support Costs

- a. An Outline of the method of allocating corporate overheads and support costs, showing the cost driver used for each of the overhead and support activities. Where possible, these costs are to be allocated on a Full Cost Pricing basis.

EXAMPLE:

'Council Overheads and support costs have been allocated on the basis of the cost drivers shown in the table below. These costs and the cost drivers will be reviewed following the first year of operation.

<i>Corporate Overhead Item</i>	<i>Cost Driver</i>
CEO' OFFICE	Corporate Governance only
COUNCIL MEMBERS	Corporate Governance only
COMPUTER OPERATING COSTS	No. PC's at market rental
COUNCIL PROPERTIES	Floor Area at market rental
RATES AND CASHIERS	Rates/Utility revenue levied
PAYROLL, COSTING, TRAINING	Labour expenditure (Oncosted)
FINANCIAL AND ADMIN OTHER	Operating Expenditure
ENGINEERING SERVICES	Operating Expenditure

6. Direct and indirect expenditure



- a. A statement indicating that all direct and indirect costs shall be included in the costs used to set prices in each of the business activities.

7. Depreciation

- a. A statement indicating the treatment of depreciation

EXAMPLE:

'For accounting purposes (subject to audit in accordance with Australian Accounting Standards) Council applies the straight-line depreciation method.

For pricing purposes, Council considers that the depreciation amount should reflect the replacement funding required to maintain the asset quality. Therefore, the straight-line depreciation method has been applied for pricing purposes in all businesses activities.

Funding of depreciation is based on the replacement funding requirements, derived from the Total Management Plan renewals annuity where relevant.'

8. Tax Equivalents

- a. A Statement showing how each of the relevant taxes have been incorporated into the costs for pricing purposes.

EXAMPLE:

'All material tax equivalents have been incorporated into prices where an equivalent organisation in the private sector would be liable. Minor taxes, which would not make a material impact on prices, have not been incorporated, including stamp duty, and bank taxes. Payroll tax and land tax have been examined, and most Council business activities are below the threshold at which these taxes would be applicable. All Council rates and charges have been incorporated.'

9. Competitive Neutrality Adjustments

- a. A statement on the treatment of other competitive neutrality adjustments.

EXAMPLE:

'Adjustments have been made in the FCP budget for the advantages and disadvantages associated with the business activities being in public ownership. The only material advantage or disadvantage identified is the additional



superannuation payments made for local government, amounting to an additional 3 percent of payroll costs. Other advantages or disadvantages have been incorporated in the weighted average cost of capital applied for the rate of return.'

10. Rate of return

- a. A statement on the target rates of return for each of the BA's. For BA's with significant assets, the target rates of return shall be in accordance with the Department of Local Government (DLGP) Bulletin 06/01. For thinly capitalised BA, except Roads or Other Roads, the target rate of return shall be either 10% of costs or 9% of revenue). For Roads BA's, since there is already a rate of return in the Plant prices incorporated, the target rate of return shall be at least 1.6% representing the cost of working capital.

EXAMPLE:

'For pricing purposes, Council will apply the following target rates of return on the adjusted asset values, in accordance with DLGP Bulletin 06/01:

Water and Sewerage	9% pre-tax
Plant Management	9% pre-tax

The remaining business activities have no assets or are thinly capitalised, therefore the following target Operating Cost Margins will be applied:

Refuse Management	10% pre-tax
Other Roads	2% pre-tax

The above pre-tax rates of return are based on the weighted average cost of capital for a small Council activity set out in Bulletin 06/01. This calculation already incorporates financing cost advantages associated with public ownership, and a component for income tax. Therefore, no further adjustments for these items are required.

Where these rates of return are not achieved in the current budget, they will be progressively achieved over the next five financial years.'

The Budget documents shall include a Full Cost Pricing (FCP) Budget for each BA. This Statement shall compare the Council's adopted budget with the FCP Budget and give appropriate explanations for major difference between the



adopted and FCP Budget. For each BA, the FCP Budget shall show the following items:

Revenue
Revenue for services provided to Council
Revenue for services provided to external clients
Community Service Obligations
Total Revenue
Corporate overheads
Labour, Materials and Services
Depreciation
Finance costs
Other
Tax Equivalents
Competitive Neutrality Adjustments
Total expenditure
Surplus/(Deficit)
Return
Assets (Written Down)
Less contributed and optimised assets
Net assets for pricing purposes
Rate of return (Return/Net assets)

Periodic Performance Reports

Performance Reports for the BA's should show performance against the Key Performance Indicator (KPI's) targets specified in the Operational Plan (from Non-commercialised BA's) or Performance Plan (for Commercialised Business Units). KPI's should be in the following areas:

- Customer Service Indicators (eg. Number of complaints, response times for corrective action, survey results),
- Community Service Obligation indicators (in accordance with the CSO policy)
- Financial Indicators (eg. Rate of Return, Operating Surplus, Total Community Equity, Funded Depreciation,
- System Indicators (eg. no. of mains bursts per kilometre, number of sewerage chokes per Kilometre, % of unaccounted water)
- Employee Indicators (eg. Survey results, turnover, absenteeism, training days per employee).
- Environmental Indicators (if applicable. Eg. as per EPA Licence conditions).

Annual reports



1. The Council's Annual Reports shall include the following items for each BA:
 - (a) Estimated revenues for each activity;
 - (b) Estimated expenses for each activity, as per FCP requirements;
 - (c) Estimated surplus or deficit for the period;
 - (d) Include a description of the nature of CSOs to be provided under the activity.

Estimated revenues shall be disclosed as:

- (a) Revenue for services other than to the local government;
 - (b) Revenue for services to the local government;
 - (c) Estimated cost, less any revenue, of carrying out the CSO.
2. The Council's Annual Report shall include a statement of Water cross-subsidies, showing cents per kilolitre, as follows:

Water Cross Subsidies Statement (Simplified)

	Residential l (cents per kilolitre)	Commercial al (cents per kilolitre)	Industrial l (cents per kilolitre)	Other (Cents per kilolitre)
Water Consumption Cost	57	57	57	57
Average price paid by consumers	50	100	90	60
Average amount contributed by Government or Council CSO's	10	0	6	10
Total Revenue	60	100	96	70
Difference (Contribution toward fixed costs)	3	43	39	13
Cross subsidy received? (Yes/No)	No	No	No	No

Note: the 'water consumption cost' has been calculated in accordance with Queensland Government guidelines, using the term 'water consumption cost' instead of 'Long Run Marginal Cost' in the Guidelines. These Guidelines require that a cross-subsidy must be declared only if a consumer group is paying less than the water consumption cost, after taking account of any government contributions or Council Community Service Obligations (CSO's).

3. For each BA, the Annual Report shall show a comparison of targeted and actual Key Performance Indicators (KPI's) for the year.

Computer system

Council's financial and accounting systems incorporate features for processing competitive neutrality and full cost pricing.

Operational Plan

Each BA shall have a section in the Operational Plan, including any Competitive Neutrality issues to be addressed, and the KPI's for each BA. These KPI's shall reflect the major requirements of the BA, and shall include at a minimum the target rate of return and KPI's for any Community Service Obligations.

Education and training



Managers responsible for BA's are required to ensure that they and appropriate staff undergo a process of continuous learning to keep abreast of current and emerging neutrality requirements and best-practice management and governance practices.

Compliance manuals

Compliance Manuals (recorded on the Council's Document Management System) are required for each BA, and for overall National Competition Policy requirements, outlining the following:

- ❑ Summary of laws, regulations, licenses and organisational standards
- ❑ Operational procedures
- ❑ BMAP and DLGP Guidelines
- ❑ Summary Checklist (see appendices B and C).

Implementation

Each BA Manager is responsible for implementing this policy in the BA in a fair, reasonable, timely, responsive, consistent, accurate, efficient and effective manner.

BA Managers are required to develop the compliance objectives and assessment criteria in their Operational Plans, and monitor and report the results.

Complaints handling system

All complaints are recorded and handled in accordance Council's Competitive Neutrality Complaints policy and process.

Each BA Manager is responsible for ensuring that all complaints are recorded and for reporting on significant and recurrent complaints.

Record keeping

Specific compliance issues are recorded in the annual checklist of potential compliance issues,

All competitive Neutrality complaints shall be recorded in Council's Competitive Neutrality Complaints Register, maintained by the CAO.

Identification and rectification

Responsible Officers are required to monitor, report and develop action plans on all instances of non-compliance and report to the BA Committee at least quarterly, and more frequently for significant matters.



Systemic and recurring problems

Key Performance Indicators (KPI's) shall be specified in the Operational Plan for each BA, including indicators on critical (systemic and recurring) compliance issues (eg EPA licence conditions). Performance against the Operational Plan KPI's is to be reported to the BA Committee on a quarterly basis.

Long-Term Action Plans are required for all systemic and recurring problems.

Reporting

[Insert organisational chart showing reporting relationships for all BA's]

Management supervision

The BA Committee is responsible for oversight of compliance by each BA with any Performance Plans and business management aspects of Operational Plans, and any systemic or recurrent compliance problems.

Director's and Managers are responsible for the compliance of BA within their area of responsibility with the BA's Operational Plan and legislative requirements.

Maintenance elements

Education and training

The CEO shall ensure that all BA Managers and the CFO are continually kept up to date on Competitive Neutrality matters.

The summary checklists in Appendices A and B ensures that any new BA Managers and CFO are provided with comprehensive training. The CAO shall ensure that existing BA Managers and the CFO are provided with opportunities for relevant training (including Company Director courses) in business management principles.

Visibility and communication

Council is dedicated to the performance review and improvement process. This is part of developing a culture of performance improvement. KPI's on areas that are most important to customers, business requirements, and CSO's shall be reported to staff very regularly so that staff have time to make improvements



before the reporting cycle is completed. All KPI's and feedback from customers are reported to staff at least quarterly and discussed at staff meetings.

Monitoring, assessment and review

The CAO and CFO, in conjunction with BA Managers shall annually complete the Compliance Checklists and recommend appropriate action to the CEO prior to each Budget adoption, to ensure ongoing competitive neutrality.

Liaison

BA Managers are required to regularly liaise with relevant regulatory authorities, industry groups and reference Local Governments.

Accountability

The Operational Plan is essentially a Contract between the BA and the Council.

BA Managers are accountable and responsible for BA's through reporting against the Performance Plans (for any commercialised Business Units) and the business management aspects of the Operational Plan to the BA Committee.



Appendix A Checklist of Potential Organisational Compliance Issues

Note: Answer 'Yes' if any of these conditions are likely to arise during the next financial year.

1. Has there been any change in legislative requirements affecting Council Business Activities (including any relevant Bulletin from the Department)?

Yes/No

If Yes, what has changed?

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If Yes, what action is proposed or has been taken?

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2. Have there been any changes in Environmental standards, which affect a business activity's cost structure?

Yes/No

If Yes, what action is proposed or has been taken?

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3. Have there been any changes in Business Activity Managers or Finance staff with expertise in Competitive Neutrality?

Yes/No

If Yes, what action is proposed or has been taken?

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4. Have any issues arisen from a Competitive Neutrality Complaint warranting change to Council processes?

Yes/No

If Yes, what action is proposed or has been taken?

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5. Have any changes been made to the Corporate Plan that affects Community Service Obligations?

Yes/No

If Yes, what action is proposed or has been taken?

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6. Have any changes been made to the Corporate Plan that warrants more or less Business Activities?

Yes/No

If Yes, what action is proposed or has been taken?

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7. Has there been any change in the size or scope of a Council activity that warrants its creation as a Business Activity?

Yes/No

If Yes, what action is proposed or has been taken?

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8. Have there been any changes to Council's computer systems or Business Process that affect the operation of Business Activities?

Yes/No

If Yes, what action is proposed or has been taken?

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9. Have there been any changes in Council's Organisation Structure or Committees that affect the operation of Business Activities?

Yes/No

If Yes, what action is proposed or has been taken?

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10. Has there been increased competition between the private sector and a Council Business Activity?

Yes/No

If Yes, what action is proposed or has been taken?

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11. Have any concerns been raised by Internal or External Audit regarding a Business Activity?

Yes/No

If Yes, what action is proposed or has been taken?

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12. Have any other Competitive Neutrality Compliance issues arisen?

Yes/No

If Yes, what action is proposed or has been taken?

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Chief Administrative Officer

Date / /



Appendix B Checklist of Potential Financial Compliance Issues

Note: Answer 'Yes' if any of these conditions are likely to arise during the next financial year.

1. Have there been any changes in the following costs of a business activity that warrants a review of prices charged?

					For each item, indicate Yes/No
Direct	labour,	materials	and	service	
costs.....					
Indirect	Labour,	materials	and	service	
costs.....					
Allocation	of	overheads	and	administration
.....					
Asset				Valuation	
.....					
Contributed		(donated/subsidised)		assets.....	
.....					
Redundant	or	surplus		assets.....	
.....					
Depreciation.....					
.....					
Rate		of		return.....	
.....					
Indirect	capital	(eg. plant,	IT,	accommodation).....	
.....					
Taxation				(actual).....	
.....					
Taxation				(equivalents).....	
.....					
Payroll				tax.....	
.....					
Land				tax.....	
.....					
Council				rates.....	
.....					
Other	taxes	(if	applicable).....		
.....					
Community	Service			Obligations.....	
.....					
Superannuation.....					
.....					



Other adjustments..... Competitive..... Neutrality adjustments.....

If Yes, what action is proposed or has been taken, for each affected item?

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2. Have there been any changes in accounting standards or policies that warrants a review of prices charged?

Yes/No

If Yes, what action is proposed or has been taken?

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3. Has there been a revaluation of assets that would have a material impact on a business activity?

Yes/No

If Yes, what action is proposed or has been taken?

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Chief Finance Officer

Date / /