

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

2014/2015

BUDGET

Presented to Council meeting on Thursday 17 July 2014

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Budget Assumptions

The Lockhart River Aboriginal Shire Council highly dependent on federal and state grant funding for operational and maintenance and capital expenditure to meet services requirement of community and visitors. As previously provided, this funding is certainly expected to continue to be available to the Council.

Specific funding availability cannot be predicted and have not been included into this budget except for those programs whose continuity is certain.

The Interest rates on money invested by the Council is assumed to earn interest income at 3.48% annually when deposited with QTC. The Council rarely invests with other financial institutions. There is no existing borrowing hence nil interest charges expected.

Restoration and emergency works due to flood damage are funded 100% by QRA and have been budgeted to reflect the existing submission. Any future flood damage is highly unpredictable hence not included into the future budgets.

The Long term trend of inflation rate is at least 2.5% and this has been factored into the long term future forecast and included into the Council fees and charges too.

Council will treat depreciation according to the requirement of the relevant Australian Accounting Standards and where funded the cash equivalent will be used to replace non-current assets.

The Council does not intend to fund depreciation on Community Housing as their replacement and new developments are 100% funded by the Department of Housing and Public Works.

Budget Principles

Employees' levels will be adequate to achieve the desired results and support for their initiatives will be highly valuable.

All the Council's Property, Plant and Equipment should be managed and used optimally to the benefits of Lockhart River Community

The 2013/14 unfinished operational and capital programs will be continued into 2014/15 and as such have been factored into this budget.

This budget is continuation of all Council plans: Operational Plan, Corporate Plan, Long term Assets Management Plans and related 10 year financial forecast. The budget funding must concur with all the intentions of these strategic documents.

The operating sustainability is the ultimate goal of this budget and the Council spending must be consistent with affordability.

All the Council's fees and charges should be reviewed to reflect the market trend and additional sources of revenue should be encouraged and supported. The Revenue Statement and Policy will provide guidelines to this effect.

Lockhart River Aboriginal Shire recognise the importance of State and Federal funding and the effect on its financial sustainability and will continue to comply with all the funding terms and conditions to ensure timely availability of grants funding.

Mayor's message

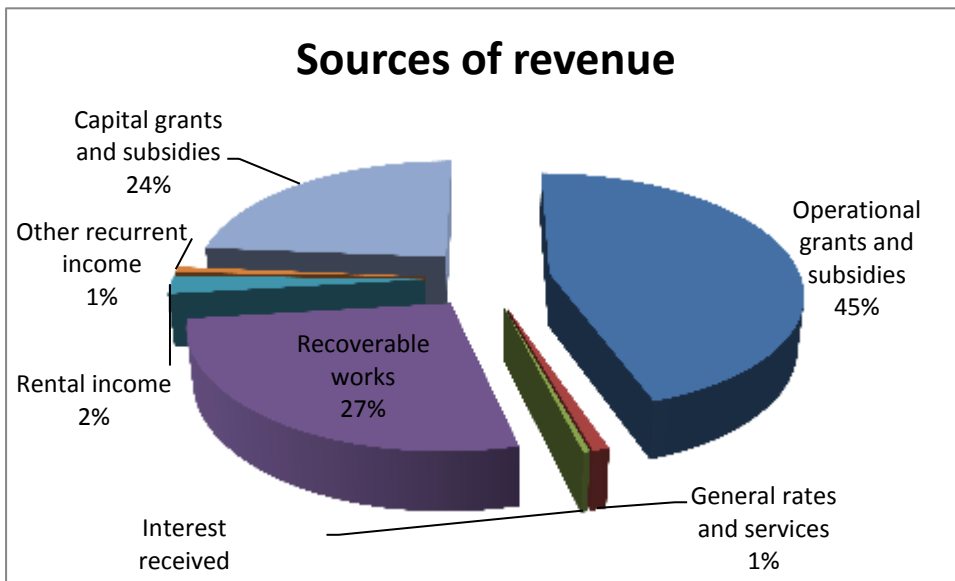
Today, I present the 2014-2015 Budget for the Lockhart River Aboriginal Shire Council in order to continue our service to the community. Traditionally our budget has highly relied on government funding and the challenge to the current Council is to reduce that dependence. Diversifying and generating own revenue should be a priority in our strategic direction as evidenced by the increase in recoverable works.

In general terms, the current budgeted revenue of \$13.7m is very consistent with our previous budgets though the operational expenditure decreased by 23 per cent to \$10.4m due to completion of the major QRA works in 2013-14 financial year.

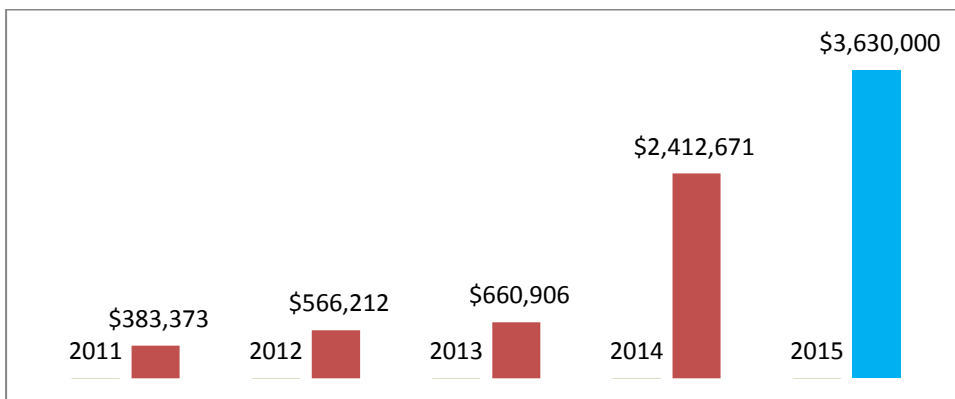
However, the Capital budget increased by almost 5 per cent to \$3.8m

Revenue improvement

To achieve the budgeted revenue increase, the Council will focus on diversifying sources of own revenue by investing heavily into private/recoverable works. The Council's expectation is an increase of 50 per cent in recoverable works revenue to \$3.6m. This will deliver reduced reliance on grants revenue from more than 90% to 69% by end of this financial year.



Private revenue improvement is the key focus with a target of \$3.6m in 2015.



Other revenue charges have been increased in the range of 5 – 25 per cent:

- Increase grants administration charges to 25 per cent of total funding (both capital and operational funding)
- General mark-up on subcontracted works has been increased by 5 per cent
- The mark-up on material supplies will be increased to 40 per cent
- Continue dog/pet registration fees
- General rates and charges will be increased by 10 per cent
- Introduce water meter reading and charges for water usage.
- The trades hire rates has been increased by 10 per cent
- The Council plant hire rate has been increased by 10 per cent.
- Accommodation/rental charges increased by 5 per cent.
- The tradespersons' services for carpentry, plumbing, and electricity has been increased by 10 per cent.

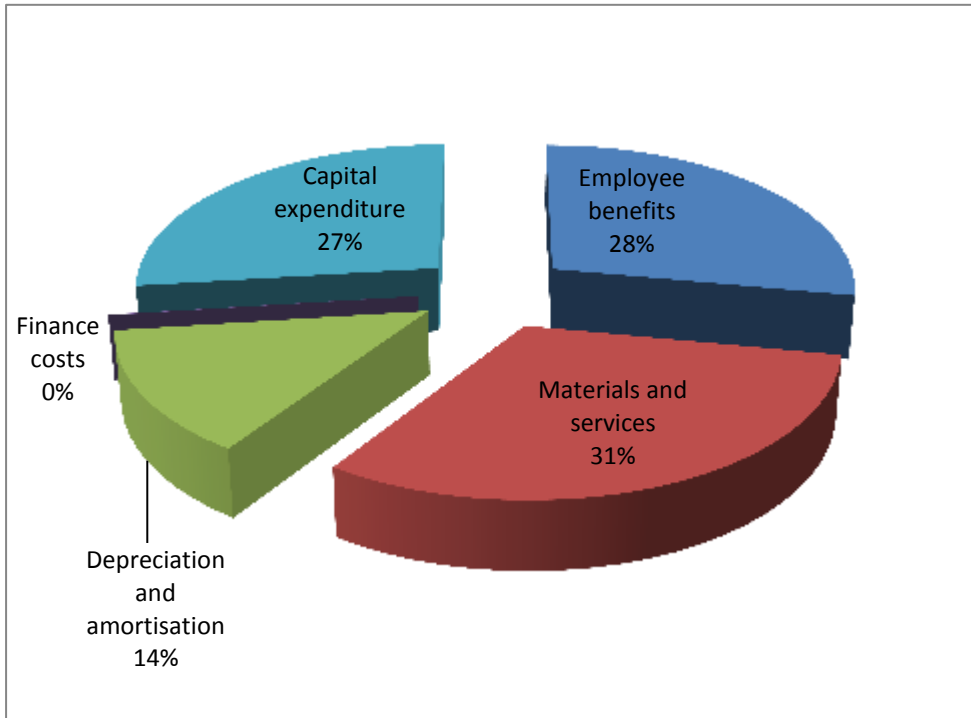
In the overall, the Council anticipate to achieve more than 20 per cent increase in revenues during the 2014-15 financial year.

Effective cost management

The Council is embarking on eliminating unnecessary expenditure and embrace efficient spending during the delivery of remaining Restoration Works and commencement of newly approved Restoration Works.

The Council will continue to partner with experienced contractors and builders to achieve competence in those areas with long term aim of being self- reliance in future.

The Council will focus on better cost management in employments costs and material and services supplies as they jointly form the largest portion of operational spending.



Initiatives to be undertaken to effectively manage operational costs in 2014-15 will include the following:

- The organisational structure has been rationalised to ensure that only minimum number of positions are funded without affecting the level and quality of services. The idea is basically doing what we can afford whereas eliminating duplication of roles.
- Working hours for the outside workers and their support section staff will be reduced by 50 per cent during the wet season period of November/December - April/May.
- The Council does not intend to create new positions or significantly increase wages unless specifically funded to 100 per cent.
- The consultancy spending will be slashed by 60 per cent except for essential services that will be considered on case by case basis. The Council is convinced that Heads of Department should be able re-organise their teams to do some of the work being given to consultants.
- Outsourcing some services will be considered on case by case and where appropriate and cost effective, the Council will not hesitate to enter into such outsourcing agreements. Local businesses will be given priority if they express interest.
- Council's procurement policy must be complied with at all times when sourcing for services and products to ensure adherence to the principles of 'value for money'.
- Other cost cutting measures under implementation from the previous financial will continue until desirable and intended results are achieved.

Capital expenditure highlights

Capital expenditure is about 27per cent of total expenditure but fully (approximately 97%) funded by grants and this year 's allocation has increased by 5 per cent.

The council's responsibility is to ensure capital spending to the budget allocation. The continuing carryover projects from previous and new major capital projects will include the following:

- Construction of 6 new houses (2 by Council crew and 4 tendered to outside builder) . The construction of these houses is fully funded.
- The Council will be continuing the construction of Cemetery Road and Wachee-IIIa connection funded by Roads to Recovery program.
- The construction of the Claudie Boat Ramp is expected to commence and the Council crew is prepare to undertake the task.
- The water infrastructure in the new subdivision will be completed during this financial year.
- Acquisition of two utility vehicles will be considered to replace the Engineer's and Workshop Supervisor's.

Conclusion

The budgeting process is of continuous nature and this gives us an opportunity to sit back and revisit the progress of our budget direction. From time to time, the senior management should strive to understand their departmental budget position and advice the council accordingly.

This year, the elected members and the audit committee will focus on budgetary performance with a simple reason that 'we should do what we can afford'.

Revenue diversification will be of priority because the financial sustainability is a requirement by the State Government to enable our Council's future capability to run its operations.

This budget is expected to achieve Operating Surplus Ratio of 1.0% (target = 10%), Net Financial Liability Ratio of -26.3% (target = 60%), and Assets Sustainability Ratio of 62.9% (target = 60%). If implemented proficiently, the Council's performance will turnaround towards long term sustainability.

This is our ambition driven by our values of STRONG PUUYA, STRONG CULTURE, STRONG FUTURE.

This 2014-15 budget is commended to the Council.

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL
Budget Statement of Comprehensive Income- Variance Analysis

For the year ended 30 June	2013-2014 Actual	2013-2014 Budget	2014-2015 Budget	Variance to budget	% Change
	\$	\$	\$	\$	
Operating Revenue					
Recurrent revenue					
Rates, levies and charges	148,149	113,000	124,000	11,000	7%
Rental income	675,100	675,000	340,000	(335,000)	-50%
Interest received	48,206	102,864	50,000	(52,864)	-110%
Sales and recoverable works	2,475,293	2,280,000	3,710,000	1,430,000	58%
Other income	105,025	105,000	95,000	(10,000)	-10%
Grants, subsidies, contributions and donations	5,645,128	7,418,267	6,150,000	(1,268,267)	-22%
Capital revenue	9,096,901	10,694,131	10,469,000	(225,131)	-2%
Grants, subsidies, contributions and donations	1,673,972	2,730,100	3,247,600	517,500	31%
Total revenue	10,770,873	13,424,231	13,716,600	292,369	3%
				-	
Capital income	24,502	-	-	-	0%
				-	
Total income	10,795,375	13,424,231	13,716,600	(2,921,225)	-27%
Operating Expenses					
Recurrent expenses					
Employee benefits	(3,779,916)	(4,183,211)	(3,975,814)	207,397	-5%
Materials and services	(6,036,004)	(6,443,975)	(4,457,630)	1,986,345	-31%
Finance costs	(8,215)	(6,500)	(6,500)	-	0%
Depreciation and amortisation	(1,926,951)	(2,177,088)	(1,924,000)	253,088	-12%
Total expenses	(11,751,086)	(12,810,774)	(10,363,944)	2,446,830	-19%
Net Operating Result	(955,711)	613,457	3,352,656	2,739,199	-447%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL
Capital Expenditure Budget Variance 2013/14 - 2014/15

	Actual 2013/14	Budget 2013/14	Budget 2014/15	Variance to budget	% Change
BUILDINGS (>\$5,000)	1,382,283	972,000	120,000	852,000	-88%
HACC Building	-	-	-	-	
<i>Men's Healing Place - Accommodation</i>	-	100,000	100,000		
<i>Council Store Upgrade</i>	1,382,283	872,000	-		
<i>Land fill Office</i>			20,000		
HOUSING (>\$5,000)	-	473,000	2,829,600	2,356,600	>100%
New Housing (1 Low-set houses)	-	473,000	2,829,600		
OTHER STRUCTURES (>\$5,000)	141,690	78,100	100,000	21,900	28%
<i>Caludie River Boat Ramp</i>			100,000		
<i>Quintell Beach-Camp Site</i>	62,727	-	-		
<i>Street Lighting</i>	78,963	78,100	-		
OFFICE FURNITURE & EQUIPMENT	35,245	21,000	-	21,000	-100%
Engineering Office Furniture	22,167				
<i>ComDev office furniture</i>	7,637	15,000	-		
<i>Toshiba Photocopier - Coloured</i>	-	6,000	-		
<i>Cairns office furniture</i>	5,440				
PLANT & EQUIPMENT (>\$1,000)	440,797	454,490	80,000	374,490	-82%
Komatsu Grader	323,916	325,000			
Mayor - Landcruiser	61,385	60,000			
<i>CEO - Landcruiser</i>	51,222	50,000			
<i>Radio station</i>	4,275	19,490	-		
<i>Engineer's utility</i>			50,000		
<i>Workshop utility</i>			30,000		
ROAD INFRASTRUCTURE (>\$5,000)	479,776	971,000	388,000	583,000	>100%
<i>Blady Grass/Cemetery Road (R2R)</i>	20,386	216,000	388,000		
Blady/Cemetery Road	459,390	172,000	-		
Pascoe Crossing		460,000			
TIDS		123,000			
WATER INFRASTRUCTURE (>\$5,000)	199,137	318,000	318,000	-	>100%
<i>Water reticulation infrastructure- New Subdivision</i>	199,137	318,000	318,000		

SEWERAGE INFRASTRUCTURE (>\$5,000)	87,556	375,000	-	375,000	>100%
<i>Sewerage reticulation infrastructure - New Subdivision</i>	87,556	375,000	-		
	2,766,483	3,662,590	3,835,600	173,010	5%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL
Budgeted Statement of Comprehensive Income
For the year ended

	30-Jun-15	30-Jun-16	30-Jun-17
	\$	\$	\$
Revenue			
Recurrent revenue:			
Grants and subsidies			
General purpose grants	2,671,000	2,737,775	2,806,219
State government grants and subsidies	3,479,000	3,565,975	3,655,124
Grants, subsidies, contributions and donations	6,150,000	6,303,750	6,461,343
General service fees	121,000	127,050	133,403
Other fees and charges	3,000	3,150	3,308
Interest received	50,000	52,500	55,125
Sales - contract and recoverable works	3,710,000	5,500,350	5,910,064
Rental income	340,000	345,100	353,728
Commissions	15,000	15,225	15,606
Other recurrent income	95,000	96,425	98,836
Capital revenue:			
Grants, subsidies, contributions and donations	3,247,600	3,311,000	3,311,000
Other capital contributions	-	-	-
Total capital revenue	3,247,600	3,311,000	3,311,000
Total capital revenue and capital income	3,247,600	3,311,000	3,311,000
Total income	13,716,600	15,739,325	16,326,807
Total staff wages and salaries	3,574,714	3,664,142	3,755,809
Councillors remuneration	329,000	337,225	345,656
Other employee costs	72,100	73,903	75,750
Employee benefits	3,975,814	4,075,270	4,177,215
Other materials and services	4,357,630	5,466,571	5,603,235
Audit services	90,000	92,475	95,018
Donations paid	10,000	10,275	10,558
Depreciation on Plant & Equipment	256,000	288,000	336,000
Depreciation and amortisation			

	1,924,000	2,059,949	2,175,958
Finance costs	6,500	6,671	6,846
Total expenses	10,363,944	11,711,211	12,068,830
Result from ordinary activities	3,352,656	4,028,114	4,257,977

Operating Surplus Ratio			
(Net Operating Surplus / Total Operating Revenue) (%)	1.0%	5.8%	7.3%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Statement of Finance Position

For the year ended

	30-Jun-15	30-Jun-16	30-Jun-17
	\$	\$	\$
Current assets			
Unrestricted component	2,293,739	2,498,000	2,839,334
Inventories	155,448	155,447	155,447
Receivables	887,633	1,017,191	1,065,262
Other current assets	190,729	194,663	196,719
Total current assets	3,527,549	3,865,301	4,256,762
Non-current assets			
Investments	100	100	100
Property, plant and equipment	44,935,571	47,890,882	51,785,424
Other non-current assets	4,049,050	4,049,050	4,049,050
Total non-current assets	48,984,721	51,940,032	55,834,574
Total assets	52,512,270	55,805,333	60,091,336
Current liabilities			
Trade and other payables	1,474,507	480,185	503,166
Total current liabilities	1,474,507	480,185	503,166
Non-current liabilities			
Employee payables/provisions	144,877	154,530	159,575
Total non-current liabilities	144,877	154,530	159,575
Total liabilities	1,619,384	634,715	662,741
Net community assets	50,892,886	55,170,618	59,428,595
Community equity			
Asset revaluation reserve	28,186,731	28,186,729	28,186,729
Retained surplus (deficiency)	22,706,155	26,983,889	31,241,866
Total community equity	50,892,886	55,170,618	59,428,595

Net Financial Asset / Liability Ratio			
((Total Liabilities - Current Assets) / Total Operating Revenue)	(26.3)%	(26.0)%	(27.6)%
Asset Sustainability Ratio			
(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense)	62.9%	111.6%	126.8%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL**Statement of Cash flows****For the year ended**

	30-Jun-15	30-Jun-16	30-Jun-17
	\$	\$	\$
Cash flows from operating activities:			
Receipts from customers	3,929,000	5,347,217	6,097,540
Payment to suppliers and employees	(9,075,945)	(9,545,808)	(9,866,902)
	(5,146,945)	(4,198,591)	(3,769,362)
Interest received	50,000	52,500	55,125
Rental income	340,000	345,100	353,728
Non-capital grants and subsidies	6,150,000	6,303,750	6,461,343
Net cash inflow (outflow) from operating activities	1,393,055	2,502,759	3,100,834
Cash flows from investing activities:			
Payments for property, plant and equipment	(4,735,600)	(5,609,500)	(6,070,500)
Subsidies, donations and contributions for new capital expenditure	3,247,600	3,311,000	3,311,000
Proceeds from sale of property, plant and equipment	-	-	-
Cash at end of reporting period	2,293,741	2,498,000	2,839,334
Unrestricted component	2,293,741	2,498,000	2,839,334

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL
Budgeted Statement of Changes in Equity

	Total	Retained surplus	Asset revaluation
	\$	\$	reserve
	\$	\$	\$
Balance at 30 Jun 2014	47,789,848	19,603,119	28,186,729
Net result for the period	3,352,656	3,352,656	
Balance at 30 Jun 2015	51,142,504	22,955,775	28,186,729
Net result for the period	4,028,114	4,028,114	
Balance at 30 Jun 2016	55,170,618	26,983,889	28,186,729
Net result for the period	4,257,977	4,257,977	
Balance at 30 Jun 2017	59,428,595	31,241,866	28,186,729

10 Year Forecast Period

Income Statement of Comprehensive Income - 10 Years - 30 June 2024

	Budget	Forecast								
Year ended	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Recurrent revenue:										
Grants and subsidies										
General purpose grants	2,671,000	2,737,775	2,806,219	2,862,344	2,919,591	2,970,683	3,022,670	3,068,010	3,114,031	3,160,741
State government grants and subsidies	3,479,000	3,565,975	3,655,124	3,728,227	3,802,791	3,869,340	3,937,054	3,996,110	4,056,051	4,116,892
Grants, subsidies, contributions and donations	6,150,000	6,303,750	6,461,343	6,590,571	6,722,382	6,840,023	6,959,724	7,064,120	7,170,082	7,277,633
General service fees	121,000	127,050	133,403	140,073	147,076	154,430	162,152	170,259	178,772	187,711
Other fees and charges	3,000	3,150	3,308	3,473	3,647	3,829	4,020	4,221	4,432	4,654
Interest received	50,000	52,500	55,125	57,881	60,775	63,814	67,005	70,355	73,873	77,566
Sales - contract and recoverable works	3,710,000	5,500,350	5,910,064	6,201,686	6,488,914	6,952,282	7,470,148	8,011,066	8,592,770	9,238,104
Rental income	340,000	345,100	353,728	362,571	371,635	380,926	392,354	404,124	416,248	428,735
Commissions	15,000	15,225	15,606	15,996	16,396	16,806	17,310	17,829	18,364	18,915
Other recurrent income	95,000	96,425	98,836	101,307	103,840	106,436	109,628	112,917	116,305	119,794
Total recurrent revenue	10,469,000	12,428,325	13,015,807	13,457,562	13,898,269	14,501,740	15,165,031	15,837,062	16,552,482	17,334,197
Capital revenue:										
Grants, subsidies, contributions and donations	3,247,600	3,311,000	3,311,000	3,311,000	2,838,000	-	-	-	-	-
Other capital contributions	-	-	-	-	-	-	-	-	-	-
Total capital revenue	3,247,600	3,311,000	3,311,000	3,311,000	2,838,000	-	-	-	-	-

Total capital revenue and capital income	3,247,600	3,311,000	3,311,000	3,311,000	2,838,000	-	-	-	-	-
Total income	13,716,600	15,739,325	16,326,807	16,768,562	16,736,269	14,501,740	15,165,031	15,837,062	16,552,482	17,334,197
Expenses										
Recurrent expenses:										
Total staff wages and salaries	3,574,714	3,664,142	3,755,809	3,849,768	3,946,079	4,044,799	4,145,990	4,249,712	4,356,029	4,465,006
Councillors remuneration	329,000	337,225	345,656	354,297	363,154	372,233	381,539	391,078	400,855	410,876
Other employee costs	72,100	73,903	75,750	77,644	79,585	81,575	83,614	85,704	87,847	90,043
Employee benefits	3,975,814	4,075,270	4,177,215	4,281,709	4,388,818	4,498,607	4,611,143	4,726,494	4,844,731	4,965,925
Other materials and services	4,357,630	5,466,571	5,603,235	5,743,316	6,386,899	6,546,571	7,710,236	7,902,991	8,100,566	8,303,080
Audit services	90,000	92,475	95,018	97,631	100,316	103,075	105,909	108,822	111,814	114,889
Donations paid	10,000	10,275	10,558	10,848	11,146	11,453	11,768	12,091	12,424	12,765
Materials and services	4,457,630	5,569,321	5,708,811	5,851,795	6,498,361	6,661,099	7,827,913	8,023,904	8,224,804	8,430,734
Depreciation on Buildings	1,120,940	1,227,611	1,319,150	1,553,939	1,665,429	1,743,809	1,775,447	1,807,084	1,850,834	1,894,584
Depreciation on Plant & Equipment	256,000	288,000	336,000	308,858	184,000	224,000	240,000	240,000	240,000	216,000
Depreciation on Furniture and Fittings	46,000	34,218	5,688	9,063	11,375	9,062	5,687	2,312	-	-
Depreciation on Roads, Drainage & Bridge Network	189,880	194,760	199,760	224,260	234,260	236,760	241,760	246,760	252,880	259,000
Depreciation on Water	141,180	145,360	145,360	150,360	150,360	150,360	154,610	158,860	158,860	158,860
Depreciation on Sewerage	107,000	107,000	107,000	107,000	112,000	117,000	117,000	117,000	117,000	117,000
Total expenses	10,363,944	11,711,211	12,068,830	12,556,009	13,313,812	13,710,095	15,043,152	15,392,205	15,759,104	16,112,308
Result from ordinary activities	3,352,656	4,028,114	4,257,977	4,212,553	3,422,457	791,645	121,879	444,857	793,378	1,221,889
Net result attributable to Council	3,352,656									

		4,028,114	4,257,977	4,212,553	3,422,457	791,645	121,879	444,857	793,378	1,221,889
<u>OPERATING RESULT</u>										
Operating revenue	10,469,000	12,428,325	13,015,807	13,457,562	13,898,269	14,501,740	15,165,031	15,837,062	16,552,482	17,334,197
Operating expense	10,363,944	11,711,211	12,068,830	12,556,009	13,313,812	13,710,095	15,043,152	15,392,205	15,759,104	16,112,308
Operating result	105,056	717,114	946,977	901,553	584,457	791,645	121,879	444,857	793,378	1,221,889
Check	Ok	Ok	Ok	Ok	Ok	Ok	Ok	Ok	Ok	Ok
Operating Surplus Ratio										
(Net Operating Surplus / Total Operating Revenue) (%)	1.0%	5.8%	7.3%	6.7%	4.2%	5.5%	0.8%	2.8%	4.8%	7.0%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Statement of Financial Position Forecast - 10 Years - 30 June 2024

	Budget	Forecast								
Year ended	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets										
Unrestricted component	2,293,739	2,498,000	2,839,334	5,138,478	2,284,906	5,359,417	2,163,774	4,980,612	578,884	4,479,035
Inventories	155,448	155,447	155,447	155,447	155,447	155,447	155,447	155,447	155,447	155,447
Receivables	887,633	1,017,191	1,065,262	1,101,344	1,137,328	1,186,679	1,240,934	1,295,894	1,354,406	1,418,353
Other current assets	190,729	194,663	196,719	198,837	201,018	203,265	205,579	207,963	210,418	212,947
Total current assets	3,527,549	3,865,301	4,256,762	6,594,106	3,778,699	6,904,808	3,765,734	6,639,916	2,299,155	6,265,782
Non-current assets										
Investments	100	100	100	100	100	100	100	100	100	100
Property, plant and equipment	44,935,571	47,890,882	51,785,424	53,689,444	59,998,020	57,695,029	61,070,525	58,676,509	63,846,935	61,139,491
Other non-current assets	4,049,050	4,049,050	4,049,050	4,049,050	4,049,050	4,049,050	4,049,050	4,049,050	4,049,050	4,049,050
Total non-current assets	48,984,721	51,940,032	55,834,574	57,738,594	64,047,170	61,744,179	65,119,675	62,725,659	67,896,085	65,188,641
Total assets	52,512,270	55,805,333	60,091,336	64,332,700	67,825,869	68,648,987	68,885,409	69,365,575	70,195,240	71,454,423
Current liabilities										
Trade and other payables	1,474,507	480,185	503,166	526,780	592,139	618,099	726,963	756,423	786,686	817,775
Total current liabilities	1,474,507	480,185	503,166	526,780	592,139	618,099	726,963	756,423	786,686	817,775
Non-current liabilities										
Employee payables/provisions	144,877	154,530	159,575	164,772	170,125	175,638	181,317	187,166	193,190	199,395
Total non-current liabilities	144,877	154,530	159,575	164,772	170,125	175,638	181,317	187,166	193,190	199,395
Total liabilities	1,619,384	634,715	662,741	691,552	762,264	793,737	908,280	943,589	979,876	1,017,170
Net community assets	50,892,886	55,170,618	59,428,595	63,641,148	67,063,605	67,855,250	67,977,129	68,421,986	69,215,364	70,437,253

Community equity										
Asset revaluation reserve	28,186,731	28,186,729	28,186,729	28,186,729	28,186,729	28,186,729	28,186,729	28,186,729	28,186,729	28,186,729
Retained surplus (deficiency)	22,706,155	26,983,889	31,241,866	35,454,419	38,876,876	39,668,521	39,790,400	40,235,257	41,028,635	42,250,524
Total community equity	50,892,886	55,170,618	59,428,595	63,641,148	67,063,605	67,855,250	67,977,129	68,421,986	69,215,364	70,437,253
Check	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Difference	-	-	-	-	-	-	-	-	-	-
Net Financial Asset / Liability Ratio										
((Total Liabilities - Current Assets) / Total Operating Revenue)	(26.3)%	(26.0)%	(27.6)%	(43.9)%	(21.7)%	(42.1)%	(18.8)%	(36.0)%	(8.0)%	(30.3)%
Asset Sustainability Ratio										
(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense)	62.9%	111.6%	126.8%	41.8%	36.8%	9.4%	230.0%	9.1%	31.8%	0.0%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Statement of Cash flows Forecast - 10 Years - 30 June 2024

Year ended	Budget	Forecast								
	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:										
Receipts from customers	3,929,000	5,347,217	6,097,540	6,410,457	6,707,493	7,167,626	7,691,693	8,243,503	8,833,767	9,486,316
Payment to suppliers and employees	(9,075,945)	(9,545,808)	(9,866,902)	(10,113,836)	(10,825,857)	(11,137,878)	(12,334,419)	(12,725,264)	(13,043,698)	(13,370,099)
	(5,146,945)	(4,198,591)	(3,769,362)	(3,703,379)	(4,118,364)	(3,970,252)	(4,642,726)	(4,481,761)	(4,209,931)	(3,883,783)
Interest received	50,000	52,500	55,125	57,881	60,775	63,814	67,005	70,355	73,873	77,566
Rental income	340,000	345,100	353,728	362,571	371,635	380,926	392,354	404,124	416,248	428,735
Non-capital grants and subsidies	6,150,000	6,303,750	6,461,343	6,590,571	6,722,382	6,840,023	6,959,724	7,064,120	7,170,082	7,277,633
Net cash inflow (outflow) from operating activities	1,393,055	2,502,759	3,100,834	3,307,644	3,036,428	3,314,511	2,776,357	3,056,838	3,450,272	3,900,151
Cash flows from investing activities:										
Payments for property, plant and equipment	(4,735,600)	(5,609,500)	(6,070,500)	(4,319,500)	(8,728,000)	(240,000)	(5,972,000)	(240,000)	(7,852,000)	-
Grants and Subsidies new capital expenditure	3,247,600	3,311,000	3,311,000	3,311,000	2,838,000	-	-	-	-	-
Net cash inflow (outflow) from investing activities	(1,488,000)	(2,298,500)	(2,759,500)	(1,008,500)	(5,890,000)	(240,000)	(5,972,000)	(240,000)	(7,852,000)	-
Net increase (decrease) in cash held	(94,945)	204,259	341,334	2,299,144	(2,853,572)	3,074,511	(3,195,643)	2,816,838	(4,401,728)	3,900,151
Cash at beginning of reporting period	2,388,686	2,293,741	2,498,000	2,839,334	5,138,478	2,284,906	5,359,417	2,163,774	4,980,612	578,884
Cash at end of reporting period	2,293,741	2,498,000	2,839,334	5,138,478	2,284,906	5,359,417	2,163,774	4,980,612	578,884	4,479,035

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Statement of Changes in Equity Forecast - 10 Years - 30 June 2024

	Total \$	Retained surplus \$	Asset revaluation reserve \$
Balance at 30 Jun 2014	47,789,848	19,603,119	28,186,729
Net result for the period	3,352,656	3,352,656	
Balance at 30 Jun 2015	51,142,504	22,955,775	28,186,729
Net result for the period	4,028,114	4,028,114	
Balance at 30 Jun 2016	55,170,618	26,983,889	28,186,729
Net result for the period	4,257,977	4,257,977	
Balance at 30 Jun 2017	59,428,595	31,241,866	28,186,729
Net result for the period	4,212,553	4,212,553	
Balance at 30 Jun 2018	63,641,148	35,454,419	28,186,729
Net result for the period	3,422,457	3,422,457	
Balance at 30 Jun 2019	67,063,605	38,876,876	28,186,729
Net result for the period	791,645	791,645	
Balance at 30 Jun 2020	67,855,250	39,668,521	28,186,729
Net result for the period	121,879	121,879	
Balance at 30 Jun 2021	67,977,129	39,790,400	28,186,729
Net result for the period	444,857	444,857	
Balance at 30 Jun 2022	68,421,986	40,235,257	28,186,729
Net result for the period	793,378	793,378	
Balance at 30 Jun 2023	69,215,364	41,028,635	28,186,729

Net result for the period	1,221,889	1,221,889	
Balance at 30 Jun 2024	70,437,253	42,250,524	28,186,729

REVENUE STATEMENT 2014/2015

POLICY NO:	
MINUTE NO:	
ADOPTION DATE:	July 2014
REVISION DATE:	June 2015
DIVISION	Corporate Services
RESPONSIBLE OFFICER:	CEO, CFO
Note: P – Primary Author, S – Secondary Author	

POLICY OBJECTIVE:

To provide an outline and the measures the Council has adopted for raising revenue including the rates, charges and concessions for each.

RELEVANT LEGISLATION:

Local Government Regulation 2012 (s.172)

Local Government Act 2009 (s. 94)

PROCEDURES:

This Statement is adopted pursuant to Local Government Regulation 2012, Chapter 5 Financial Planning and Accountability, Part 3 Financial Accountability Documents, Division 1.

- a) Council's ability to raise a general rate or other rate is limited, as the Shire controls the land, which is predominantly Deed of Grant in Trust with Council as Trustee.

Council is reliant on continued government grant funding remaining at least at its current levels to maintain operating capability.

Details of budget grant funding revenue is disclosed as an attachment to the budget.

Council also raises revenue from various other sources including housing rent, sale of goods and services and miscellaneous fees and charges. Details of budget non-grant revenue are disclosed as an attachment to the budget. Concessions are granted only in accordance with the Revenue Policy.

Utility service charges will be levied in 2013/14 on each Government owned, leased, or occupied property in relation to:-

- Sewerage
- Waste collection
- Water supply

These charges are set to recover the cost of provision of each service including on-going operations and maintenance and are set out in the schedule of fees and charges.

- b) No resolution has been made to limit increases in fees and charges.
- c) Physical and social infrastructure costs for new development are partly funded by charges for the development.
- d) The operational capability of the Council is to be maintained.
- e) Depreciation on community housing is not funded by Council.

BUDGETARY IMPLICATIONS:

Council is not in a position to self-fund major asset replacement and is solely reliant on government grants to do so.

New Developments: All new developments will be funded from Government Grants

Reserves: It is not intended to establish reserves to fund projects unless they have been specifically identified in the Corporate and Operational Plans.

IMPLEMENTATION:

To be implemented by the Chief Executive Officer

Commences immediately on adoption by Council

Apply to all Council employees.

SCHEDULE OF REGULATORY AND NON-REGULATORY FEES AND CHARGES

POLICY NO:	ADM014
MINUTE NO:	
ADOPTION DATE:	July 2014
REVISION DATE:	June 2015
DIVISION:	Corporate
RESPONSIBLE OFFICER:	Chief Executive Officer

POLICY OBJECTIVE:

To set a consistent range of fees and charges payable to Council.

DEFINITIONS:

The following schedule of fees and charges will be reviewed annually prior to Council adopting the budget.

RELEVANT LEGISLATION:

Local Government (Finance, Plans and Reporting) Regulation 2012

Local Government Act 2009

PLANT HIRE, TRADESMAN AND MISCELLANEOUS FEES AND CHARGES

PLANT HIRE

DESCRIPTION	DAILY RATE	GST	TOTAL FEES
• Trailer	\$84.00	\$8.40	\$92.40
• Holden Commodore s/wagon	\$126.00	\$12.60	\$138.60
• Ute/Troopie/Rodeo/Toyota Hiace Bus/Renault Bus	\$168.00	\$16.80	\$184.80
• Generator/Welder/Power pump	\$158.00	\$15.80	\$173.80

PLANT HIRE (DRY)

NB: Hire of Plant and/or Plant Operator is set at minimum of 2 hours.

DESCRIPTION	HOURLY RATE	GST	TOTAL FEES
• Ford Tractor	\$63.00	\$6.30	\$69.30
• Community Bus	\$59.00	\$5.90	\$64.90
• Isuzu/Crew Cabs/Hino 300 Dyna/Hino Garb Truck/	\$57.00	\$5.70	\$62.70
• Bobcat Loader/mini excavator/Bobcat Cat 226 Skid Steer	\$69.00	\$6.90	\$75.90
• Forklift/Hino Tip Truck	\$78.00	\$7.80	\$85.80
• End Loader Cat966	\$91.00	\$9.10	\$100.10
• Backhoe Loader Cat	\$126.00	\$12.60	\$138.60
• Grader	\$226.00	\$22.60	\$248.60
• Dozer	\$242.00	\$24.20	\$266.20

TRADESMAN AND ASSISTANT TRADESMAN

NB: 30% Discount applies to local community plus cost of materials

DESCRIPTION	HOURLY RATE	GST	TOTAL FEES
• Carpenter	\$120.00	\$12.00	\$132.00
• Plumber/Painter	\$120.00	\$12.00	\$132.00
• Mechanic	\$110.00	\$11.00	\$121.00
• Electrician	\$140.00	\$14.00	\$154.00
• IT Technician	\$120.00	\$12.00	\$132.00
• Assistant Tradesman Carpenter	\$80.00	\$8.00	\$88.00
• Assistant Tradesman Plumber	\$80.00	\$8.00	\$88.00
• Assistant Tradesman Mechanic	\$80.00	\$8.00	\$88.00
• Assistant Tradesman Electrician	\$80.00	\$8.00	\$88.00
• Plant Operator/Road Gang	\$50.00	\$5.00	\$55.00
• Call out fees (Min 2hrs)	\$138.00	\$13.80	\$151.80

MATERIALS

MATERIALS	COST PER UNIT	GST	TOTAL COST
• Bags of Cement (20kg)	\$55.00	\$5.50	\$60.50
• Bags of Concrete – Pre-mix (20kg)	\$80.00	\$8.00	\$88.00
• Sand (M ³)	\$66.00	\$6.60	\$72.60
• Top Soil (M ³)	\$71.50	\$7.15	\$78.65
• Concrete mix (M ³)	\$1,100.00	\$110.00	\$1,210.00

WORKSHOP SERVICES & MATERIAL

DESCRIPTION	RATE	GST	TOTAL COST
• 'A' Service + Oil + Parts	\$160.00	\$16.00	\$175.99
• 'B' Service + Oil + Parts	\$320.00	\$32.00	\$352.00
• 'C' Service + Oil + Parts	\$500.00	\$50.00	\$550.00
• Engine Oil (Litre)	\$10.00	\$1.00	\$11.00
• BD44 Diff Oil (Litre)	\$11.00	\$1.10	\$12.10
• Transmission Oil (Litre)	\$9.50	\$0.95	\$10.45
• Brake Fluid (Litre)	\$18.00	\$1.80	\$19.80
• Coolant (Litre)	\$7.50	\$0.75	\$8.25
• 'A' Tyre Change	\$50.00	\$5.00	\$55.00
• 'B' Tyre Change	\$90.00	\$9.00	\$99.00
• Wheel Balance	\$50.00	\$5.00	\$55.00
• Parts (cost + 35%)			
• Battery	\$170.00	\$17.00	\$187.00

GAS BOTTLES AND REFILL

DESCRIPTION	COST / BOTTLE	GST	TOTAL COST
• 45 KG	\$240.00	\$24.00	\$264.00
• 25 KG	\$136.36	\$13.64	\$150.00
• 12 KG	\$65.45	\$6.55	\$72.00
• 8 KG	\$43.64	\$4.36	\$48.00
• REFILL	\$5.45	\$0.55	\$6.00

ACCOMMODATION / HIRE OF FACILITIES

DESCRIPTION	COST	GST	TOTAL COST
• Guesthouse Accommodation (per Night)	\$136.37	\$13.63	\$150.00
• Puuya Centre Accommodation (per Night)	\$181.82	\$18.18	\$200.00
• Staff Housing (per Week)	\$52.50	\$5.25	\$57.75
• Hire of Hall per day			
- Community	\$525.00	\$52.50	\$577.50
- Puuya Centre	\$315.00	\$31.50	\$346.50
• Hire of Hall half day			
- Community	\$315.00	\$31.50	\$346.50
- Puuya Centre	\$210.00	\$21.00	\$231.00
• Office Space (Puuya Centre) (per Week)	\$105.00	\$10.50	\$115.50
• Community Housing (<i>Rental charge policy is pegged on 25% of assessable income + rent assistance</i>) – weekly rental payment			
- One Bedroom			\$90.00
- Two Bedroom			\$105.00
- Three Bedroom			\$120.00
- Four/Five Bedroom			\$140.00

GENERAL RATES AND SERVICE CHARGES (INCLUDES UNLIMITED WATER USAGE, GARBAGE / WASTE DISPOSAL, SEWERAGE AND OTHER SERVICES)

QUEENSLAND EDUCATION

DESCRIPTION	TOTAL COST
• School	\$8,320.00
• Preschool	\$4,992.00
• 3A / 3B Piiramo St	\$4,992.00
• 8A / 8B Blady Grass St	\$4,992.00
• 13A / 13B Blady Grass St	\$4,992.00
• 1 Paytham St	\$4,213.00
• 6 Piiramo St	\$4,213.00
• 7 Blady Grass St	\$4,213.00

QUEENSLAND HEALTH

DESCRIPTION	TOTAL COST
• Hospital	\$8,320.00
• Duplex x2	\$4,992.00
• Houses x2	\$4,213.00

QUEENSLAND POLICE SERVICE

DESCRIPTION	TOTAL COST
• Police Station / Watch House / Court	\$13,200.00
• Houses x 2	\$4,213.00
• Duplex x 1	\$4,213.00

DEPARTMENT OF COMMUNITIES (FORMER DATSIP)

DESCRIPTION	TOTAL COST
• Retail Store	\$8,320.00
• Multi-Tenancy Centre (new)	\$8,320.00
• Managers House – Retail Store/ Extension	\$6,250.00

ANGLICAN STORE

DESCRIPTION	TOTAL COST
• Jamie's Shop	\$4,213.00
• Lot 70 – Church	\$4,213.00

ERGON ENERGY

DESCRIPTION	TOTAL COST
• Power Station	\$5,500.00

EMPTY BLOCK

DESCRIPTION	TOTAL COST
• Block of Land (10M ² per annum)	\$275.00

GRANTS / ADMINISTRATION CHARGES**ADMINISTRATION**

DESCRIPTION	TOTAL COST
• Non- Capital grants & subsidies	20%
• Capital grants & subsidies	12.5%
• General Administration recoveries (Stores oncosts included)	12.5%
• Permanent employees - oncosts	40.75%
• Casual employees - oncosts	16.28%
• Materials overhead recoveries	Cost + 40%
• Photocopying per page	
- colour A4	\$1.30
- colour A3	\$2.40
- black & white A4	\$0.55
- black & white A3	\$0.85

SERVICES - YARD CLEANING, WASTE DISPOSAL AND ANIMAL MANAGEMENT

DESCRIPTION	COST	GST	TOTAL COST
• Mowing/slashing (normal cut) / 800m ²	\$55.00	\$5.50	\$60.50
• Mowing/slashing (overgrown yard) 800m ²	\$110.00	\$11.00	\$121.00
• Dog registration (per dog)	\$10.00	\$0.00	\$10.00
• Community Levy	\$0.00	\$0.00	\$0.00
• Application for Development Fees	\$3,000.00	\$0.00	\$3,000.00
• General waste/garbage per M ³ (cubic mtr)	\$22.00	\$2.20	\$24.20
• Concrete waste per M ³ (cubic mtr)	\$55.00	\$5.50	\$60.50
• Asbestos waste per M ³ (cubic mtr)	\$220.00	\$22.00	\$242.00
• Sewerage waste per M ³ (cubic mtr)	\$165.00	\$16.50	\$181.50
• Sewerage Pump Hire per day	\$110.00	\$11.00	\$121.00
• Green Waste – Ute load	\$5.50	\$0.55	\$6.05
• Oil/Grease Waste 100ltr drum	\$55.00	\$5.50	\$60.50

SERVICES - PLUMBING

DESCRIPTION	COST	GST	TOTAL COST
• Sewerage/Water connection <i>Subject to Council quotation</i>	\$2,200.00	\$220.00	\$2,420.00

DOCUMENT END

REVENUE POLICY 2014-2015	
POLICY NO:	FIN007
MINUTE NO:	
ADOPTION DATE:	July 2014
REVISION DATE:	June 2015
DIVISION	Corporate Services
RESPONSIBLE OFFICER:	Chief Executive Officer Director Finance & Administration
Note: P – Primary Author, S – Secondary Author	

POLICY OBJECTIVE:

To establish the principles for the raising of revenue and the application of development charges and reserve funds, explaining when they apply and to whom

RELEVANT LEGISLATION:

Local Government Regulation 2012 (s.193)

Local Government Act 2009 (s. 94)

POLICY STATEMENT:

This policy encompasses the following principles applied by the Council:-

- The making of rates and charges
- The levying of rates and charges
- The recovery of rates and charges, and
- Concessions for rates and charges
- The need to consider suitable operation of internal control;
- The need to consider equity between people presently living in the community government area and between different generations;
- The need to consider the interests of all people living in the community government area;
- The need to consider planning for the future.

“Charges” include cost-recovery fees

1. MAKING OF CHARGES:

In the making of rates and charges, Council will be guided by the principle of user pays, so as to minimise the impact of rating on the efficiency of the local economy.

Council will also have regard to the principles of:-

- transparency in the making of rates and charges;
- a charging system that is simple and inexpensive to administer

- equity, by taking account of the different levels of capacity to pay within the local community; and
- flexibility to take account of changes in the local community

Council has the option to make and levy rates and charges (s.91-100).

Council may choose to subsidise charges due to financial hardship that may result from the low average income of Shire residents.

Council may consider levying special and separate rates and charges when appropriate, to recover the costs associated with a particular service, project or facility that provides direct or additional benefit to the ratepayers or class of ratepayer.

Prior to the first approval being granted by Council for any new development, Council may require a contribution from the developer for necessary associated infrastructure works.

Where a property developer proposes a subdivision with a higher standard of landscaping, recreation equipment, building, or maintenance than would ordinarily be required by Council in accordance with its policies, practices, and standards, the Council may use a Special Rate to recover the additional costs of maintenance from those that directly benefit from the increased amenity. The agreement to apply a Special Rate between Council and the developer shall occur prior to the first approval being granted by Council.

Council may allow a discount on rates and charges levied where full payment is received on or before the due date for the rates.

2. LEVYING OF CHARGES:

To ensure there is a clear understanding on the responsibilities of Council and each ratepayer, the following principles will be applied:-

- the levying system will be simple and inexpensive to administer
- the timing for levying of rates and charges must take into account the financial cycle of the local economy
- allow for a flexible payment arrangement for ratepayers with a lower capacity to pay

3. RECOVERY OF RATES AND CHARGES:

In exercising its rate recovery powers and to reduce the overall burden on ratepayers, Council will be guided by the following principles:

- ensuring there is transparency in the processes used by council to meet financial obligations
- ensuring ratepayers are clear on their obligations
- ensuring processes used to recover outstanding rates and charges are clear, simple to administer, and cost effective
- ensuring capacity of ratepayers is considered in determining arrangements for payment
- ensuring there is equity in arrangements for ratepayers in similar circumstances
- ensuring flexibility to respond to local economic issues

The Council may use (but not be limited to) the following processes to collect outstanding rates and charges: -

- Issue notification letters to individuals/corporations
- Attempt to work out a schedule of repayment
- Initiate formal recovery procedures where debt settlement is not forthcoming
- Withdraw service until debt is recovered
- Other actions consistent with Council's debt recovery policies

4. REBATES AND CONCESSIONS:

In considering the application of concessions, Council will be guided by the following principles:-

- ensuring equity by having regard to the different levels of capacity to pay within the local community
- ensuring the same treatment for ratepayers with similar circumstances
- ensuring transparency by clearly setting out the requirements necessary to receive concessions; and
- ensuring flexibility to respond to local economic issues

5. REVIEW OF RATES AND CHARGES:

The Council will undertake an annual review of rates and charges with a view to adjusting charges based upon the cost of providing the service and CPI increases.

BUDGETARY IMPLICATIONS:

Council is not in a position to self-fund major asset replacement and is solely reliant on government grants to do so.

New Developments: All new developments will be funded from Government Grants

Reserves: It is not intended to establish reserves to fund projects unless they have been specifically identified in the Corporate and Operational Plans.

IMPLEMENTATION:

Policy to be implemented by the Chief Executive Officer

Policy commences immediately on adoption by Council

Policy applies to all employees of the Council

DOCUMENT END

INVESTMENT POLICY 2014-15

POLICY NO:	FIN004
MINUTE NO:	
ADOPTION DATE:	June 2013
REVISION DATE:	June 2014
DIVISION	Finance
RESPONSIBLE OFFICER:	Director Finance and Admin.
Note: P – Primary Author, S – Secondary Author	

POLICY OBJECTIVE:

PRIMARY OBJECTIVE:

To establish a policy framework that allows Council to maximise the financial utilisation of funds in order to increase the discretionary income available to it, commensurate with the low-level risk profile that Council continues to adopt. This will be achieved by investing Council funds within the legislative framework of the Statutory Bodies Financial Arrangements Act 1982 and the SBFA Regulation 1997.

SECONDARY OBJECTIVE:

This will be achieved by designating the types of funds to be invested in, and the financial institutions to be approached for quotations.

A further necessary step in this process is to ensure that appropriate records are kept and that adequate internal controls are in place to safeguard public monies.

DEFINITIONS:

<i>Quotations on Investment</i>	Three (3) quotations shall be obtained from authorised institutions whenever an investment is proposed. The best quote on the day, having regard to the limits set out below, and after allowing for administrative and banking costs, will be successful.
<i>Term to Maturity</i>	The term to maturity of any Council investment will be determined after consideration of the expected cash inflows and outflows for the period under review.
<i>Placement of Investment</i>	When placing investments, consideration will be given to the relationship between credit rating and interest rate. To further diversify risk, no more than one third of Council's investments will be held with one financial or non-financial institution, except in the case of QTC. Lockhart River Aboriginal Shire Council prefers to invest in Risk-free term deposits with QTC.
<i>Benchmarking</i>	When deciding whether to make an investment, Council gives consideration

to whether the interest rate offered represents fair value for the level of credit risk involved. Fair value for Council is determined by referencing the Bank Bill Swap Rate (BBSW) and applying consideration for the credit risk margin for various financial institutions.

For example, if the BBSW is 5% and the credit risk margins is 0.25% for Bank XYZ, the quoted rate from this bank must be at least 5.25% or better.

The BBSW is provided on a (business) daily basis via QTC's internet site.

RELEVANT LEGISLATION:

Local Government Regulation 2012 (s.191)

Statutory Bodies Financial Arrangements Act 1982 and the SBFA Regulation 1997

BACKGROUND:

Council may invest any reserve or surplus funds controlled by Council that are not immediately required for financial commitment and are not part of Trust Funds.

POLICY STATEMENT:

Council's investment portfolio should be realizable, without penalty, in a reasonable timeframe. The term to maturity of an investment can be from "at call" to periods that must not exceed one year.

PROCEDURES:

CEO'S RESPONSIBILITY:

Council has a number of duties when investing funds. These are outlined in s47 and s48 of the SBFA.

S47 (1)

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

- a) at the most advantageous interest rate available to it; and
- b) in a way it considers is most appropriate in all the circumstances.

S47 (2)

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

The other duty is related to record keeping. S48 states that:-

A security, safe custody acknowledgement or other document evidencing title accepted, guaranteed or issued must be held by the statutory body or in another way approved by the Treasurer.

BUDGETARY IMPLICATIONS:

Council must review its position each year.

COUNCILLOR CONTROLS AND ACCOUNTABILITY MECHANISMS

Review of the Investment Register detailing the investments held by each financial institution, term of investment, interest rate and credit ratings.

IMPLEMENTATION:

Policy to be implemented by the Director of Administration and Finance

Policy commences immediately on adoption by Council

Policy applies to all employees of the Council.

DOCUMENT END

DEBT POLICY

POLICY NO:	FIN002
MINUTE NO:	
ADOPTION DATE:	July 2014
REVISION DATE:	June 2015
DIVISION	Corporate Services
RESPONSIBLE OFFICER:	Chief Executive Officer Director Finance and Admin
Note: P – Primary Author, S – Secondary Author	

POLICY OBJECTIVE:

This policy sets out the Council’s existing borrowing and its intentions for borrowing in the current year, and in the next 9 financial years.

Definitions:

<i>Borrow</i>	Includes raise and obtain, in any way, money, credit, and other financial accommodation
<i>Other financial accommodation</i>	Includes – <ul style="list-style-type: none"> a) Finance leases primarily to raise amounts to buy, or to finance the purchase of, property the subject of the leases; and b) Guarantees, letters of credit, and any other form of undertaking provided by a financial institution or other person to meet the liabilities or obligations of a statutory body
	<p>Subject to a regulation under subsection 3, a statutory body does not borrow merely because, in the ordinary course of performing its functions, it enters into any of the following:</p> <ul style="list-style-type: none"> a) A hire purchase agreement; b) An operating lease c) A credit card facility. <p>A regulation may prescribe that something is, or is not, a form of financial accommodation for the definition “borrow”, including, for example, a particular type of hire-purchase agreement, operating lease or credit card facility.</p>

RELEVANT LEGISLATION:

Local Government Regulation 2012 (s.192)

BACKGROUND:

The legislation requires that local government must consider the long-term financial forecast before planning new borrowings.

POLICY STATEMENT:

For each borrowing, Council must ensure that the following general principles are observed: -

Borrowings will only be undertaken if:

- all alternative options for undertaking the project without borrowing have been investigated and proved less advantageous to Council;
- the benefit received from undertaking the borrowing is greater, over the life of the borrowing, than the costs of borrowing;
- repayments will be met from project income or other untied income of Council (not grant funding).

Long-term debt is only to be used for income producing assets or those assets that can be matched with a revenue stream.

Debt including a bank overdraft is not to be used to finance recurrent/operating budget activities.

The maximum term of any new debt is to be 10 years, or matched with the useful life of the asset, whichever is shorter.

Council shall monitor its capacity to pay, ensuring the community is not burdened with unnecessary risk.

Only those projects identified in strategic planning documents or other approved plans shall be eligible for funding through borrowings.

Borrowings must be undertaken in Australia and be in Australian dollars.

The borrowings policy will be reviewed and updated annually.

EXISTING BORROWINGS

Existing borrowings, their purpose and the time over which they will be repaid are:

Date of borrowing	Purpose of borrowing	Amount	Repayment Time	Treasurer Approval
NO EXISTING BORROWINGS				

PROPOSED COUNCIL BORROWINGS

The following information will be included in this policy:

- new borrowings planned for the current financial year and the next nine (9) financial years; and
- the purpose of the new borrowings; and
- the time over which it is planned to repay existing and proposed borrowings.

New borrowings planned for the current financial year and the next nine (9) financial years, including the purpose and proposed repayment period are:

Date of borrowing	Purpose of borrowing	Amount	Repayment Time	Treasurer Approval
NO PROPOSED BORROWINGS				

COUNCILLOR LIABILITY:

If Council borrows without the authority conferred under the Statutory Bodies Financial Arrangements Act 1982, under s.112 of Local Government Act 2009, Councillors who knowingly agreed to the borrowing will be jointly and severally liable, i.e. will be required to pay back to the Council the amount borrowed, any interest and any penalties incurred for the borrowing.

PROCEDURE/S:

Not Applicable

BUDGETARY IMPLICATIONS:

Nil

IMPLEMENTATION:

Policy to be implemented by the Director of Administration and Finance

Policy commences immediately on adoption by Council

An annual review is required as part of the budget process

Any transaction which **might** constitute borrowings **MUST** be discussed with the Director Administration and Finance before Council is committed.

DOCUMENT END