

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

BUDGET (REVISED)
2013/2014

Presented to special council meeting on Wednesday 5 February 2014

Table of Contents	Page
Budget assumptions and principles	3
Mayor's budget message	4
Budget variances – Income Statement	7
Budget variance - Capital Expenditure	8
Budget Statements (3 years budget period)	
- Statement of Comprehensive Income	10
- Statement of Financial Position	12
- Statement of Cash Flows	13
- Statement of Changes in Equity	14
- Measures of Financial Sustainability	14
10 Years Forecasting:-	
- Statement of Comprehensive Income	15
- Statement of Financial Position	18
- Statement of Cash Flows	20
- Statement of Changes in Equity	21
Revenue Statement	22
Schedule of fees and charges	24
Revenue Policy	30
Investment Policy	33
Debt Policy	35

Budget Assumptions

The State and Federal Government funding currently comprise more than 90% of Council's revenue. Lockhart River Aboriginal Shire Council is dependent on this funding for operations and capital expenditure to provide services to the community and visitors. This funding support is assumed that it will continue into foreseeable future though actual amounts available are not known with certainty.

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 3.62% 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 3% and this has been factored into the long term future forecast. This has been 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. However, the Council does not intend to fund depreciation on Community Housing as their replacement and new developments are 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 2012/13 unfinished operational and capital programs will be continued into 2013/14 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. All these plans must be funded through budget accordingly.

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

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.

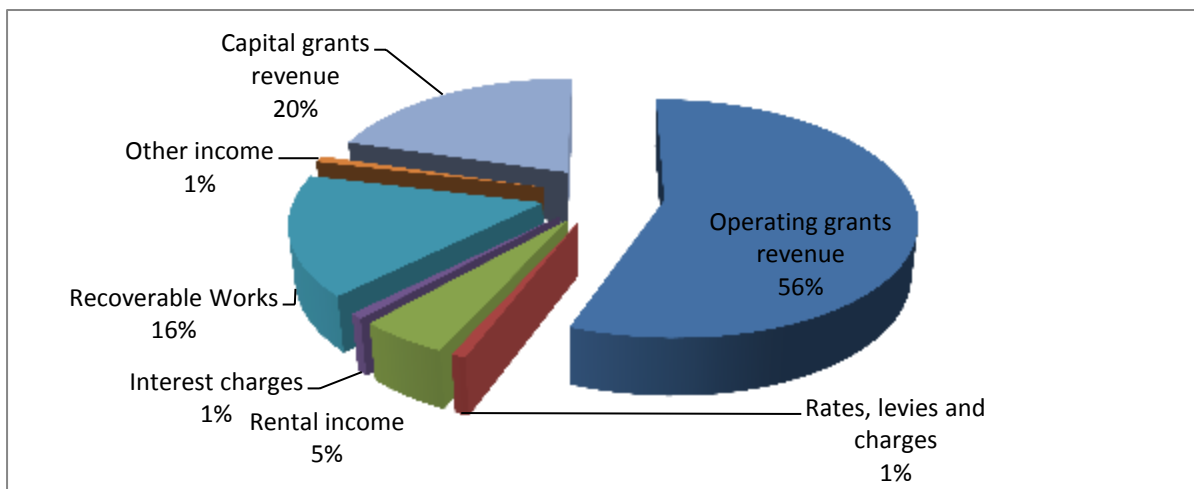
Mayor's message

I am pleased today to present the 2013-2014 Revised Budget for the Lockhart River Aboriginal Shire Council. Our budget is very much dependent on government grants that we receive. In many ways therefore, our budget is really a grants dependent budget. Notwithstanding this, we still have to identify our priorities so that they can be reflected in the budget.

This year I am presenting a bigger budget than the previous year whereby the budgeted total revenue increased by \$2.77m and operating expenditure remains steady with minimal increase of \$0.186m. The capital budget increased by \$0.615m. This is a challenging second budget of the new Council team.

Revenue highlights

To achieve the budgeted revenue increase, the Council will mainly focus on diversifying sources of own revenue by investing heavily into private/recoverable works. This is expected to be a threefold increase on projected revenue of \$2.2m to reduce reliance on grants revenue from 90% to 76% by end of this financial year.

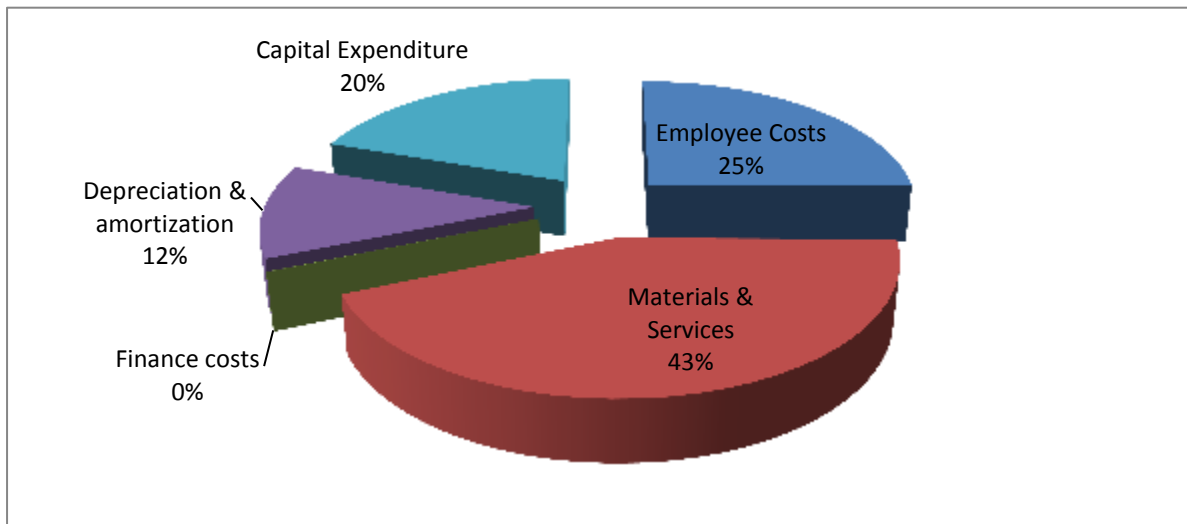


Further, the Council will consider the following changes:-

- Enforcement of dumping fees
- Dog/pet registration fees
- Introduce water meter reading and charges for water usage.
- Introduce community levy to all community members and businesses at Lockhart River
- Increase general rates and charges by 10%
- Renegotiate for the private works hourly rates with the Department of public Works to be increased by 15%

Operating expenditure highlights

This year the QRA funding for restoration works significantly increased to \$3.9m, the highest annual expenditure ever to restore our rural roads network. The Council partnered with Newton Contracting Services to deliver these works. This huge budget allocation has an overall increase in repairs and maintenance budget being a carryover from previous year's budget.



Some changes to improve the bottom line of the 2013/14 budget include the following:-

- Reduce the Council workforce (administration, civil works, waste management and parks & gardens) funded by general purpose grants by 50% or reduce working hours accordingly except for the essential positions. This will be combined with limited voluntary redundancy for general purpose grants funded positions aiming at smaller but efficient workforce at affordable wage costs.
- Employment and creation of new positions has been frozen and internal staff transfers is the only way to fill vacant positions.
- Expensive outsourced services like engineering consultancy will be replaced with fulltime Director of Engineering Services.
- All salary and wages increases have been put on hold including forthcoming Councillors' wages increase.
- The Council will consider outsourcing non-core activities like mechanical services and parks & gardens services from private service providers.
- The Council will sell off the old plant and equipment and schedule proactive maintenance and service to the current fleet to minimize maintenance budget.
- Other cost cutting measures under implementation includes reducing procurement of office supplies, cut down on travel arrangements and fuel consumption.

Capital expenditure highlights

The capital budget allocation makes 20% of total expenditure and has been increased to \$3.66m and partly being budget carryover of about \$2.023m that should be accomplished during this financial year. This is a huge responsibility that faces the Council to ensure policy alignment with State and Federal policies in infrastructure development.

Some of the major capital projects in progress during the 2013/14 include the following:-

- Quintell Beach camping site funded 56% by Department of Local Government, Community Recovery and Resilience for \$0.9m though commencement work deferred to next year.
- Pascoe Crossing Slab funded 100% by Department of Transport and Main Roads for \$0.5m. and on schedule of being completed.
- Council warehouse upgrade funded 67% by Department of Local Government, Community Recovery and Resilience for \$1.5m and on schedule of being completed.
- Street Lighting restoration funded 83% by Department and on schedule of being completed.
- Roads to Recovery project; Cemetery Road and Illa-Wachee Street connection for \$0.412m funded by Department of Infrastructure and Transport.
- New sub-division water and sewerage infrastructure 100% funded by Department of Housing and Public Works
- Acquisition of new Grader (Komatsu) into Council, replacing the old Mayor's vehicle and new vehicle for the CEO funded by Council's own source of revenue.

The Council has a long term ambition of upgrading the runway infrastructure (Lockhart River Aerodrome) at a budget of \$6.2m subject to availability of funding from application lodged with federal government in July 2013. Recently, the Council received approval for runway drainage works funding of \$650,000 though the \$5.5m for pavement works is still unfunded.

Conclusion

The Operating Surplus ratio for the 2012/13 was -22% and the Council is determined to improve this to -19.8% or better and aiming to achieve positive results from 2015/16 financial year when the benefits of the current restructuring are likely to bear fruits.

I said that our budget is a very dependent budget. However, we can through various efforts contribute to increasing the share of our contribution to the budget. We should whenever it is required play own roles constructively – whether it is through expanding private/recoverable works, user pay service system, paying our bills, or just looking after our assets in a more responsible way to minimise the cost of repairs and maintenance or replacement of asset hence make the assets live their full technical lives. That we can do and we should do.

In bringing down this budget, I pay tribute to all persons who directly or indirectly made a contribution. I would however like to pay a special tribute to the Corporate Services team for the hard work and diligence they displayed in undertaking this enormous task to its successful completion.

I commend the budget to the Council

Budget Variances

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

For the year ended 30 June	2012-2013 Actual	2012-2013 Budget	2013-2014 Budget	Variance to budget	% Change
	\$		\$	\$	
Operating Revenue					
Recurrent revenue					
Rates, levies and charges	113,851	120,000	110,000	(10,000)	-9%
Rental income	649,629	740,000	665,000	(75,000)	-12%
Interest received	107,569	130,000	102,864	(27,136)	-25%
Sales and recoverable works	772,829	440,000	2,200,000	1,760,000	228%
Other income	115,167	127,000	93,000	(34,000)	-30%
Grants, subsidies, contributions and donations	6,955,731	7,277,415	7,523,267	245,852	4%
	8,714,776	8,834,415	10,694,131	1,859,716	21%
Capital revenue					
Grants, subsidies, contributions and donations	1,151,010	1,817,000	2,730,100	913,100	79%
Total revenue	9,865,786	10,651,415	13,424,231	2,772,816	28%
				-	
Capital income	(43,175)	-	-	-	0%
				-	
Total income	9,822,611	10,651,415	13,424,231	(3,601,620)	-37%
Operating Expenses					
Recurrent expenses					
Employee benefits	(4,216,879)	(4,692,851)	(4,183,211)	509,640	-11%
Materials and services	(4,310,333)	(5,925,257)	(6,443,975)	(518,718)	9%
Finance costs	4,648	(6,500)	(6,500)	-	0%
Depreciation and amortisation	(2,105,313)	(2,000,000)	(2,177,088)	(177,088)	9%
Total expenses	(10,627,877)	(12,624,608)	(12,810,774)	(186,166)	1%
Net Operating Result	(805,266)	(1,973,193)	613,457	2,586,650	131%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL
Capital Expenditure Budget Variance 2012/13 - 2013/14

	Actual 2012/13	Budget 2012/13	Budget 2013/14	Variance to budget	% Change
BUILDINGS (>\$5,000)	726,484	1,570,000	972,000	598,000	-38%
HACC Building	99,061	70,000	-		
<i>Men's Healing Place - Accommodation</i>	-	-	100,000		
<i>Council Store Upgrade</i>	627,423	1,500,000	872,000		
HOUSING (>\$5,000)	-	-	473,000	473,000	>100%
New Housing (1 Low-set houses)	-	-	473,000		
OTHER STRUCTURES (>\$5,000)	85,837	1,105,000	78,100	1,026,900	-93%
Ivy Park Playground	25,000	25,000	-		
<i>Quintell Beach-Camp Site</i>	60,837	900,000	-		
<i>Street Lighting</i>		180,000	78,100		
OFFICE FURNITURE & EQUIPMENT	19,655	20,000	21,000	1,000	5%
Engineering Office Furniture	19,655	20,000	-		
<i>Computer & Back up</i>	-	-	15,000		
<i>Toshiba Photocopier - Coloured</i>	-	-	6,000		
PLANT & EQUIPMENT (>\$1,000)	239,059	234,105	454,490	220,385	94%
HACC Bus	67,347	69,615	-		
Truck-2door-Warehouse	45,791	50,000	-		
Truck-4door-Wparks & Gardens	27,282	30,000	-		
Ride-On-Mower	14,297	15,000	-		
<i>Radio station</i>	-	19,490	19,490		
<i>Komatsu Grader</i>	-	-	325,000		
<i>CEO - Toyota Prado</i>	-	-	50,000		
<i>Mayor - Landcruiser</i>	41,547	50,000	60,000		
<i>Warehouse Forklift (part warehouse upgrade budget)</i>	36,000	-	-		
<i>Nissan Nivara-Working on Country</i>	6,795	-	-		
ROAD INFRASTRUCTURE (>\$5,000)	25,340	-	971,000	971,000	>100%
<i>Wachee-Illa Street connection street (R2R)</i>	7,340	-	216,000		
<i>Blady Grass/Cemetery Road (R2R)</i>	18,000	-	172,000		

Pascoe Crossing Slab (TIDS)	-		460,000		
<i>TIDS - Signage</i>	-		40,000		
<i>TIDS - Taylors Landing Road</i>	-		83,000		
<hr/>					
WATER INFRASTRUCTURE (>\$5,000)	-	25,000	318,000	293,000	>100%
<hr/>					
Stormwater Works Upgrade	-	25,000	-		
<i>Water reticulation infrastructure- New Subdivision</i>	-	-	318,000		
<hr/>					
SEWERAGE INFRASTRUCTURE (>\$5,000)	-	93,000	375,000	282,000	>100%
<hr/>					
Sewerage Works Upgrade	-	93,000	-		
<i>Sewerage reticulation infrastructure - New Subdivision</i>		-	375,000		
<hr/>					
	1,096,375	3,047,105	3,662,590	615,485	20%
<hr/>					

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Budget Statement of Comprehensive Income

For the year ended

	30-Jun-14	30-Jun-15	30-Jun-16
	\$	\$	\$
Revenue			
Recurrent revenue:			
General purpose grants	2,901,176	2,973,705	3,048,048
State government grants and subsidies	4,583,850	4,698,446	4,815,907
Commonwealth government subsidies	-	-	-
Grants, subsidies, contributions and donations	7,485,026	7,672,151	7,863,955
General rates and fees	110,000	115,500	121,275
Other fees and charges	3,000	3,150	3,308
Sales - contract and recoverable works	2,220,000	5,500,350	5,910,064
Interest received	102,864	89,357	134,119
Rental income	665,000	674,975	691,849
Post/Bank agency commissions	-	-	-
Other operating revenue	108,241	109,865	112,612
Total recurrent revenue	10,694,131	14,165,348	14,837,182
Capital revenue:			
Grants, subsidies, contributions and donations	2,730,100	2,833,000	3,311,000
Total capital revenue	2,730,100	2,833,000	3,311,000
Capital income:			
Revaluation up of PPE (reversing previous down revaluations)	-	-	-
Total capital income	-	-	-
Total capital revenue and capital income	-	-	-
Total income	13,424,231	16,998,348	18,148,182

Expenses

Recurrent expenses:

Employee benefits	4,195,115	4,300,053	4,407,618
Materials and services	6,430,524	6,591,537	6,756,537
Depreciation and amortisation	2,177,088	2,287,848	2,451,966
Finance Costs	8,047	1,594	1,642

Total recurrent expenses

12,810,774	13,181,032	13,617,763
------------	------------	------------

Capital expenses:

Loss on sale of property, plant and equipment	-	-	-
Loss on investments	-	-	-

Total capital expenses

-	-	-
---	---	---

Total expenses

12,810,774	13,181,032	13,617,763
------------	------------	------------

Net result attributable to Council

613,457	3,817,316	4,530,419
---------	-----------	-----------

OPERATING RESULT

Operating revenue	10,694,131	14,165,348	14,837,182
-------------------	------------	------------	------------

Operating expense	12,810,774	13,181,032	13,617,809
-------------------	------------	------------	------------

Operating result	(2,116,643)	984,316	1,219,373
------------------	-------------	---------	-----------

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Budget Statement of Finance Position

For the year ended

	30-Jun-14	30-Jun-15	30-Jun-16
	\$	\$	\$
Current assets			
Unrestricted component	1,811,843	2,745,363	4,094,723
Cash assets and cash equivalents	1,811,843	2,745,363	4,094,723
Other inventory	110,312	110,312	110,312
Inventories	110,312	110,312	110,312
Receivables	870,515	1,156,931	1,208,471
Other current assets	1,938	3,934	5,990
Total current assets	2,794,608	4,016,540	5,419,496
Non-current assets			
Investments	100	100	100
Property, plant and equipment	56,540,826	59,164,978	62,322,512
Capital works in progress	713,396	713,396	713,396
Total non-current assets	57,254,322	59,878,474	63,036,008
Total assets	60,048,930	63,895,014	68,455,504
Current liabilities			
Trade and other payables	529,070	541,770	555,336
Employee payables/provisions	64,572	73,746	83,196
Other	1,938	3,934	5,990
Total current liabilities	595,580	619,450	644,522
Non-current liabilities			
Trade and other payables	1,547	3,141	4,783
Employee payables/provisions	116,081	119,385	122,788
Total non-current liabilities	117,628	122,526	127,571
Total liabilities	713,208	741,976	772,093
Net community assets	59,335,722	63,153,038	67,683,411
Community equity			
Asset revaluation reserve	28,186,729	28,186,729	28,186,729
Retained surplus (deficiency)	31,148,993	34,966,309	39,496,682
Total community equity	59,335,722	63,153,038	67,683,411

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Budget Statement of Cash Flows

For the year ended

	30-Jun-14	30-Jun-15	30-Jun-16
	\$	\$	\$
Cash flows from operating activities:			
Receipts from customers	10,337,618	13,789,575	14,651,523
Payment to suppliers and employees	(11,130,390)	(10,866,412)	(11,137,782)
Interest received	102,864	89,357	134,119
	<hr/>	<hr/>	<hr/>
Net cash inflow (outflow) from operating activities	(689,908)	3,012,520	3,647,860
Cash flows from investing activities:			
Payments for property, plant and equipment	(3,662,590)	(4,912,000)	(5,609,500)
Subsidies, donations and contributions for new capital expenditure	2,730,100	2,833,000	3,311,000
Proceeds from sale of property, plant and equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash inflow (outflow) from investing activities	(932,490)	(2,079,000)	(2,298,500)
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash held	(1,622,398)	933,520	1,349,360
	<hr/>	<hr/>	<hr/>
Cash at beginning of reporting period	3,434,241	1,811,843	2,745,363
	<hr/>	<hr/>	<hr/>
Cash at end of reporting period	1,811,843	2,745,363	4,094,723

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Budget Statement of Changes in Equity

	Total \$	Retained surplus \$	Asset revaluation reserve \$
Balance at 30 Jun 2013	58,722,265	30,535,536	28,186,729
Net result for the period	613,457	613,457	
Balance at 30 Jun 2014	59,335,722	31,148,993	28,186,729
Net result for the period	3,817,316	3,817,316	
Balance at 30 Jun 2015	63,153,038	34,966,309	28,186,729
Net result for the period	4,530,373	4,530,373	
Balance at 30 Jun 2016	67,683,411	39,496,682	28,186,729

Measures of financial sustainability

	2013/14	2014/15	2015/16
Operating Surplus Ratio			
(Net Operating Surplus / Total Operating Revenue) (%)	(19.8)%	6.9%	8.2%
Net Financial Asset / Liability Ratio			
((Total Liabilities - Current Assets) / Total Operating Revenue)	(19.5)%	(23.1)%	(31.3)%
Asset Sustainability Ratio			
(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense)	28.3%	73.4%	93.7%

10 Year Forecast Period

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Income Statement of Comprehensive Income - 10 Years - 30 June 2023

	Budget	Forecast								
Year ended	30-Jun-14	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Recurrent revenue:										
Grants and subsidies										
General purpose grants	2,901,176	2,973,705	3,048,048	3,109,009	3,171,189	3,226,685	3,283,152	3,332,399	3,382,385	3,433,121
State government grants	4,583,850	4,698,446	4,815,907	4,912,226	5,010,470	5,098,153	5,187,371	5,265,182	5,344,159	5,424,322
Total grants and subsidies	7,485,026	7,672,151	7,863,955	8,021,235	8,181,659	8,324,838	8,470,523	8,597,581	8,726,544	8,857,443
General rates and charges fees	110,000	115,500	121,275	127,339	133,706	140,391	147,411	154,781	162,520	170,646
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	102,864	89,357	134,119	123,054	145,310	184,200	254,418	233,517	228,208	295,556
Sales - contract and recoverable works	2,220,000	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	665,000	674,975	691,849	709,146	726,874	745,046	767,397	790,419	814,132	838,556
Commissions	15,000	15,225	15,606	15,996	16,396	16,806	17,310	17,829	18,364	18,915
Other operating revenue	93,241	94,640	97,006	99,431	101,917	104,464	107,598	110,826	114,151	117,576
Total recurrent revenue	10,694,131	14,165,348	14,837,182	15,301,360	15,798,423	16,471,856	17,238,825	17,920,240	18,661,121	19,541,450
Capital revenue:										
Grants, subsidies, contributions and donations	2,730,100	2,833,000	3,311,000	3,311,000	3,311,000	2,838,000	-	-	-	-
Other capital contributions	-	-	-	-	-	-	-	-	-	-
Total capital revenue	2,730,100	2,833,000	3,311,000	3,311,000	3,311,000	2,838,000	-	-	-	-

Total income	13,424,231	16,998,348	18,148,182	18,612,360	19,109,423	19,309,856	17,238,825	17,920,240	18,661,121	19,541,450
Expenses										
Recurrent expenses:										
Total staff wages and salaries	3,698,115	3,790,628	3,885,457	3,982,658	4,082,290	4,184,416	4,289,097	4,396,397	4,506,381	4,619,117
Councillors remuneration	312,000	319,800	327,795	335,990	344,390	352,999	361,824	370,870	380,142	389,645
Other employee costs	185,000	189,625	194,366	199,225	204,205	209,311	214,543	219,907	225,405	231,040
Employee benefits	4,195,115	4,300,053	4,407,618	4,517,873	4,630,885	4,746,726	4,865,464	4,987,174	5,111,928	5,239,802
Materials & Services	6,330,524	6,488,787	6,651,007	6,817,282	6,987,714	7,162,407	7,341,467	7,525,004	7,713,129	7,905,957
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
Total materials and services	6,430,524	6,591,537	6,756,583	6,925,761	7,099,176	7,276,935	7,459,144	7,645,917	7,837,367	8,033,611
Depreciation and amortisation										
Buildings	1,300,700	1,345,491	1,421,441	1,531,730	1,629,269	1,740,759	1,819,139	1,882,027	1,944,914	1,988,664
Plant & Equipment	285,250	336,500	384,500	432,500	405,802	259,500	272,500	272,500	272,500	272,500
Furniture and Fittings	61,667	30,717	44,685	21,961	22,711	16,886	9,062	5,687	2,312	-
Roads, Drainage & Bridge Network	205,855	214,710	214,710	219,710	232,210	242,210	244,710	249,710	254,710	264,710
Water	147,975	151,950	151,950	151,950	151,950	151,950	151,950	156,200	160,450	160,450
Sewerage	111,688	121,375	126,375	126,375	126,375	126,375	126,375	126,375	126,375	126,375
Other	63,953	87,105	108,305	108,305	108,305	108,305	108,305	108,305	108,305	108,305
Total depreciation and amortisation	2,177,088	2,287,848	2,451,966	2,592,531	2,676,622	2,645,985	2,732,041	2,800,804	2,869,566	2,921,004
Finance Costs	8,047	1,594	1,642	1,691	1,742	1,794	1,848	1,903	1,960	2,019
Finance costs charged by Queensland Treasury Corporation	-	-	-	-	-	-	-	-	-	-
Total recurrent expenses	12,810,774	13,181,032	13,617,809	14,037,856	14,408,425	14,671,440	15,058,497	15,435,798	15,820,821	16,196,436
Total expenses	12,810,774	13,181,032	13,617,809	14,037,856	14,408,425	14,671,440	15,058,497	15,435,798	15,820,821	16,196,436

Net operating result	613,457	3,817,316	4,530,373	4,574,504	4,700,998	4,638,416	2,180,328	2,484,442	2,840,300	3,345,014
<u>OPERATING RESULT</u>										
Operating revenue	10,694,131	14,165,348	14,837,182	15,301,360	15,798,423	16,471,856	17,238,825	17,920,240	18,661,121	19,541,450
Operating expense	12,810,774	13,181,032	13,617,809	14,037,856	14,408,425	14,671,440	15,058,497	15,435,798	15,820,821	16,196,436
Operating result	(2,116,643)	984,316	1,219,373	1,263,504	1,389,998	1,800,416	2,180,328	2,484,442	2,840,300	3,345,014
Operating Surplus Ratio										
(Net Operating Surplus / Total Operating Revenue) (%)	(19.8)%	6.9%	8.2%	8.3%	8.8%	10.9%	12.6%	13.9%	15.2%	17.1%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Statement of Financial Position Forecast - 10 Years - 30 June 2023

	Budget	Forecast								
Year ended	30-Jun-14	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets										
Restricted component	-	-	-	-	-	-	-	-	-	-
Unrestricted component	1,811,843	2,745,363	4,094,723	2,181,032	5,229,758	4,164,454	8,810,846	3,098,524	8,540,102	6,533,257
Cash assets and cash equivalents	1,811,843	2,745,363	4,094,723	2,181,032	5,229,758	4,164,454	8,810,846	3,098,524	8,540,102	6,533,257
Inventories	110,312	110,312	110,312	110,312	110,312	110,312	110,312	110,312	110,312	110,312
Receivables	870,515	1,156,931	1,208,471	1,247,532	1,286,557	1,338,711	1,395,979	1,453,703	1,515,034	1,581,854
Other current assets	1,938	3,934	5,990	8,108	10,289	12,536	14,850	17,234	19,689	22,218
Total current assets	2,794,608	4,016,540	5,419,496	3,546,984	6,636,916	5,626,013	10,331,987	4,679,773	10,185,137	8,247,641
Non-current assets										
Investments	100	100	100	100	100	100	100	100	100	100
Property, plant and equipment	56,540,826	59,164,978	62,322,512	68,800,481	70,443,359	76,125,374	73,633,333	81,804,529	79,174,963	84,493,959
Capital works in progress	713,396	713,396	713,396	713,396	713,396	713,396	713,396	713,396	713,396	713,396
Total non-current assets	57,254,322	59,878,474	63,036,008	69,513,977	71,156,855	76,838,870	74,346,829	82,518,025	79,888,459	85,207,455
Total assets	60,048,930	63,895,014	68,455,504	73,060,961	77,793,771	82,464,883	84,678,816	87,197,798	90,073,596	93,455,096
	529,070	541,770	555,336	569,241	583,494	598,104	613,080	628,432	644,167	660,297
	64,572	73,746	83,196	92,929	102,954	113,280	123,916	134,871	146,155	157,777
	1,938	3,934	5,990	8,108	10,289	12,536	14,850	17,234	19,689	22,218
Total current liabilities	595,580	619,450	644,522	670,278	696,737	723,920	751,846	780,537	810,011	840,292
Non-current liabilities										
Trade and other payables	1,547	3,141	4,783	6,474	8,216	10,010	11,858	13,761	15,721	17,740
Employee payables/provisions	116,081	119,385	122,788	126,294	129,905	133,624	137,455	141,401	145,465	149,651

Other provisions	117,628	122,526	127,571	132,768	138,121	143,634	149,313	155,162	161,186	167,391
	-	-	-	-	-	-	-	-	-	-
Total liabilities	713,208	741,976	772,093	803,046	834,858	867,554	901,159	935,699	971,197	1,007,683
Net community assets	59,335,722	63,153,038	67,683,411	72,257,915	76,958,913	81,597,329	83,777,657	86,262,099	89,102,399	92,447,413
Community equity										
Asset revaluation reserve	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	28,186,729
Retained surplus (deficiency)	31,148,993	34,966,309	39,496,682	44,071,186	48,772,184	53,410,600	55,590,928	58,075,370	60,915,670	64,260,684
Total community equity	59,335,722	63,153,038	67,683,411	72,257,915	76,958,913	81,597,329	83,777,657	86,262,099	89,102,399	92,447,413
Net Financial Asset / Liability Ratio										
((Total Liabilities - Current Assets) / Total Operating Revenue)	(19.5)%	(23.1)%	(31.3)%	(17.9)%	(36.7)%	(28.9)%	(54.7)%	(20.9)%	(49.4)%	(37.0)%
Asset Sustainability Ratio										
(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense)	28.3%	73.4%	93.7%	222.2%	37.7%	18.5%	8.8%	391.7%	8.4%	42.5%

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Statement of Cash Flows Forecast - 10 Years - 30 June 2023

	Budget	Forecast								
Year ended	30-Jun-14	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:										
Receipts from customers	10,337,618	13,789,575	14,651,523	15,139,245	15,614,088	16,235,502	16,927,139	17,628,999	18,371,582	19,179,074
Payment to suppliers and employees	(11,130,390)	(10,866,412)	(11,137,782)	(11,416,490)	(11,702,172)	(11,995,006)	(12,295,165)	(12,602,838)	(12,918,212)	(13,241,475)
Interest received	102,864	89,357	134,119	123,054	145,310	184,200	254,418	233,517	228,208	295,556
Net cash inflow (outflow) from operating activities	(689,908)	3,012,520	3,647,860	3,845,809	4,057,226	4,424,696	4,886,392	5,259,678	5,681,578	6,233,155
Cash flows from investing activities:										
Payments for property, plant and equipment	(3,662,590)	(4,912,000)	(5,609,500)	(9,070,500)	(4,319,500)	(8,328,000)	(240,000)	(10,972,000)	(240,000)	(8,240,000)
Subsidies, donations and contributions for new capital expenditure	2,730,100	2,833,000	3,311,000	3,311,000	3,311,000	2,838,000	-	-	-	-
Net cash inflow (outflow) from investing activities	(932,490)	(2,079,000)	(2,298,500)	(5,759,500)	(1,008,500)	(5,490,000)	(240,000)	(10,972,000)	(240,000)	(8,240,000)
Cash flows from financing activities										
Net increase (decrease) in cash held	(1,622,398)	933,520	1,349,360	(1,913,691)	3,048,726	(1,065,304)	4,646,392	(5,712,322)	5,441,578	(2,006,845)
Cash at beginning of reporting period	3,434,241	1,811,843	2,745,363	4,094,723	2,181,032	5,229,758	4,164,454	8,810,846	3,098,524	8,540,102
Cash at end of reporting period	1,811,843	2,745,363	4,094,723	2,181,032	5,229,758	4,164,454	8,810,846	3,098,524	8,540,102	6,533,257

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

Statement of Changes in Equity Forecast - 10 Years - 30 June 2023

	Total	Retained surplus	Asset revaluation reserve
	\$	\$	\$
Balance at 30 Jun 2013	58,722,265	30,535,536	28,186,729
Net result for the period	613,457	613,457	
Balance at 30 Jun 2014	59,335,722	31,148,993	28,186,729
Net result for the period	3,817,316	3,817,316	
Balance at 30 Jun 2015	63,153,038	34,966,309	28,186,729
Net result for the period	4,530,373	4,530,373	
Balance at 30 Jun 2016	67,683,411	39,496,682	28,186,729
Net result for the period	4,574,504	4,574,504	
Balance at 30 Jun 2017	72,257,915	44,071,186	28,186,729
Net result for the period	4,700,998	4,700,998	
Balance at 30 Jun 2018	76,958,913	48,772,184	28,186,729
Net result for the period	4,638,416	4,638,416	
Balance at 30 Jun 2019	81,597,329	53,410,600	28,186,729
Net result for the period	2,180,328	2,180,328	
Balance at 30 Jun 2020	83,777,657	55,590,928	28,186,729
Net result for the period	2,484,442	2,484,442	
Balance at 30 Jun 2021	86,262,099	58,075,370	28,186,729
Net result for the period	2,840,300	2,840,300	
Balance at 30 Jun 2022	89,102,399	60,915,670	28,186,729
Net result for the period	3,345,014	3,345,014	
Balance at 30 Jun 2023	92,447,413	64,260,684	28,186,729

REVENUE STATEMENT 2013/2014	
POLICY NO:	
MINUTE NO:	LRASC 33.1/07/2013
ADOPTION DATE:	July 2013
REVISION DATE:	June 2014
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

Applies to all employees of the Council.



Lockhart River Aboriginal Shire Council
2013/2014
Schedule of Regulatory and Non Regulatory Fees and Charges

Origin/Authority

Local Government (Finance, Plans and Reporting) Regulation 2012
Local Government Act 2009

Policy No: 34/07/2013

Objectives

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

Policy Statement

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

Plant Hire, Tradesman and Miscellaneous Fees and Charges			
Description	Day Rate	GST	Total Fees
Plant Hire			
• Trailer	\$80.00	\$8.00	\$88.00
• Holden Commodore s/wagon	\$120.00	\$12.00	\$132.00
• Ute/Troopie/Rodeo/Toyota Hiace Bus/Renault Bus	\$160.00	\$16.00	\$176.00
• Generator/Welder/Power pump	\$150.00	\$15.00	\$165.00
Description	Hour Rate	GST	Total Fees
Plant Hire (Dry)			
• Ford Tractor	\$60.00	\$6.00	\$66.00
• Community Bus	\$56.00	\$5.60	\$61.60
• Isuzu/Crew Cabs/Hino 300 Dyna/Hino Garb Truck/	\$54.00	\$5.40	\$59.40
• Bobcat Loader/mini excavator/Bobcat Cat 226 Skid Steer	\$66.00	\$6.60	\$72.60
• Forklift/Hino Tip Truck	\$74.00	\$7.40	\$81.40
• End Loader Cat966	\$87.00	\$8.70	\$95.70

• Backhoe Loader Cat	\$120.00	\$12.00	\$132.00
• Grader	\$215.00	\$21.50	\$236.50
• Dozer	\$230.00	\$23.00	\$253.00

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

Plant Hire, Tradesman and Miscellaneous Fees and Charges			
NOTE - 30% Discount applies to local community plus cost of materials			
Description	Hourly Rate	GST	Total Fees
Tradesman			
• Carpenter	\$100.00	\$10.00	\$110.00
• Plumber/Painter	\$100.00	\$10.00	\$110.00
• Mechanic	\$90.00	\$9.00	\$99.00
• Electrician	\$110.00	\$11.00	\$121.00
• IT Technician	\$100.00	\$10.00	\$110.00
Assistant Tradesman			
• Carpenter	\$71.50	\$7.15	\$78.65
• Plumber	\$71.50	\$7.15	\$78.65
• Mechanic	\$65.00	\$6.50	\$71.50
• Electrician	\$71.50	\$7.15	\$78.65
• Plant Operator/Road Gang	\$50.00	\$5.00	\$55.00
• Call out fees (Min 2hrs)	\$138.00	\$13.80	\$151.80
Materials			
Description	Cost per unit	GST	Total Cost
• Bags of Cement (20kg)	\$49.58	\$4.96	\$54.54
• Bags of Concrete – Pre-mix (20kg)	\$72.50	\$7.25	\$79.75

• Sand (M ³)	\$60.00	\$6.00	\$66.00
• Top Soil (M ³)	\$65.00	\$6.50	\$71.50
• Concrete mix (M ³)	\$1,000.00	\$100.00	\$1,100.00

Plant Hire, Tradesman and Miscellaneous Fees and Charges			
Description	Rate	GST	Total
Workshop			
'A' Service + Oil + Parts	\$145.45	\$14.55	\$160.00
'B' Service + Oil + Parts	\$290.91	\$29.09	\$320.00
'C' Service + Oil + Parts	\$454.55	\$45.45	\$500.00
Engine Oil (Litre)	\$8.55	\$0.85	\$9.40
BD44 Diff Oil (Litre)	\$9.36	\$0.94	\$10.30
Transmission Oil (Litre)	\$8.64	\$0.86	\$9.50
Brake Fluid (Litre)	\$16.00	\$1.60	\$17.60
Coolant (Litre)	\$6.82	\$0.68	\$7.50
'A' Tyre Change	\$45.45	\$4.55	\$50.00
'B' Tyre Change	\$81.82	\$8.18	\$90.00
Wheel Balance	\$45.45	\$4.55	\$50.00
Parts (cost+35%)			
Battery	\$154.55	\$15.45	\$170.00
Gas			
Gas Bottle - 45kg - 25kg - 12kg - 8kg	\$231.82	\$23.18	\$255.00

Accommodation/Hire of Facilities			
• Guesthouse Accommodation (per Night)	\$80.00	\$8.00	\$88.00
• Puuya Centre Accommodation (per Night)	\$145.50	\$14.55	\$160.00
• Staff Housing (per Week)	\$50.00	\$5.00	\$55.00
• Hire of Hall per day	\$500.00	\$50.00	\$550.00
• - Community	\$300.00	\$30.00	\$330.00
• - Puuya Centre	\$100.00	\$10.00	\$110.00
• Hire of Hall half day	\$300.00	\$30.00	\$330.00
• - Community	\$200.00	\$20.00	\$220.00
• - Puuya Centre			
• Office Space (Puuya Centre) (per Week)	\$100.00	\$10.00	\$110.00
• Community Housing (Rental charge policy is pegged on 25% of assessable income + rent assistance) – 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)			
QLD Education			
• School			\$7,563.00
• Preschool			\$4,538.00
• 3a/3b Piiramo St			\$4,538.00
• 8a/8b Blady Grass St			\$4,538.00
• 13a/13b Blady Grass St			\$4,538.00
• 1 Paytham St			\$3,830.00
• 6 Piiramo St			\$3,830.00
• 7 Blady Grass St			\$3,830.00

QLD Health			
• Hospital			\$7,563.00
• Duplex x2			\$4,538.00
• Houses x2			\$3,830.00
QLD Police Service			
• Police Station/Watch House/ Court			\$12,000.00
• Houses x 2			\$3,830.00
• Duplex 1 x			\$3,830.00
Department of Communities (former DATSIP)			
• Retail Store			\$7,563.00
• Multi-Tenancy Centre (new)			\$7,563.00
• Managers House – Retail Store/ Extension			\$5,682.00
Anglican Store			
• Jamie's Shop			\$3,830.00
• Lot 70 - church			\$3,830.00
Ergon Energy			
• Power Station			\$5,000.00
Empty Land			
• Block of land (10M ² per annum)			\$275.00

Grants / Administration charges			
• Non- Capital grants & subsidies			17.5%
• Capital grants & subsidies			10%
• General Administration recoveries (Stores oncosts included)			10%
• Permanent employees - oncosts			40.75%
• Casual employees - oncosts			16.28%

• Materials overhead recoveries			Cost + 35%
• Photocopying per page - colour A4			\$1.15
• - colour A3			\$2.15
• - black & white A4			\$0.50
• - black & white A3			\$0.75
• Mowing/slashing (normal cut) / 800m ²	\$50.00	\$5.00	\$55.00
• Mowing/slashing (overgrown yard) 800m ²	\$100.00	\$10.00	\$110.00
• Dog registration			\$20.00
• Community levy			TBA
• Application for Development Fees			\$2,000.00

Dumping fees			
• General waste/garbage per M ³ (cubic mtr)	\$20.00	\$2.00	\$22.00
• Concrete waste per M ³ (cubic mtr)	\$50.00	\$5.00	\$55.00
• Asbestos waste per M ³ (cubic mtr)	\$200.00	\$20.00	\$220.00
• Sewerage waste per M ³ (cubic mtr)	\$150.00	\$15.00	\$165.00
• Sewerage Pump Hire per day	\$100.00	\$10.00	\$110.00
• Green Waste – Ute load	\$5.00	\$0.50	\$5.50
• Oil/Grease Waste 100ltr drum	\$50.00	\$5.00	\$55.00

Sewerage/Water			
• Sewerage/Water connection - Subject to Council quotation	\$2,000.00	\$200.00	\$2,200.00

REVENUE POLICY 2013/2014	
POLICY NO:	
MINUTE NO:	LRASC 33.2/07/2013
ADOPTION DATE:	July 2013
REVISION DATE:	June 2014
DIVISION	Corporate Services
RESPONSIBLE OFFICER:	CEO, CFO
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 2013-14

POLICY NO:	
MINUTE NO:	LRASC 35.1/07/2013
ADOPTION DATE:	July 2013
REVISION DATE:	June 2013
DIVISION	Corporate Services
RESPONSIBLE OFFICER:	CEO, CFO
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:*Quotations on Investment*

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.

Term to Maturity

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.

Placement of Investment

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.

Benchmarking

Lockhart River Aboriginal Shire Council prefers to invest in Risk-free term deposits with QTC.

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.

DEBT POLICY

POLICY NO:	
MINUTE NO:	LRASC 35.2/07/2013
ADOPTION DATE:	July 2013
REVISION DATE:	June 2014
DIVISION	Corporate Services
RESPONSIBLE OFFICER:	CEO, CFO
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 – 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
	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: a) A hire purchase agreement; b) An operating lease c) A credit card facility. 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.

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.
