

# LOCKHART RIVER ABORIGINAL SHIRE COUNCIL

## **2017-2018 BUDGET REPORT**

PRESENTED TO COUNCIL AND ADOPTED ON WEDNESDAY 19 JULY 2017

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## Highlights of Budget Assumptions and Principles

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

Those specific funding availability that cannot be predicted, have not been included in this budget except for those programs whose continuity is absolutely certain. The Council has primarily relied on SGFA and FAG grant funding for general purposes and it is assumed that they will continue to benefit from such grants into the forecasted period. Other community development and services grants are provided on specific service agreements, and unless where intention to terminate them has been communicated, the Council has budgeted for them even without extended funding agreement period.

The Interest rates on money invested by the Council is assumed to earn interest income at 2.0% annually when deposited with QTC. The Council rarely invests with other financial institutions except for the Lockhart River Aerodrome Company (controlled entity) that invests with Macquarie Bank.

There is no existing borrowing hence nil interest charges expected during the year. The existing liabilities are made up of normal business creditors and do not attract any charges.

Restoration and emergency works due to activated weather events are fully funded by Queensland Reconstruction Authority but this far no submissions have been approved and as such not included in this budget. Any approval given to the current submissions will be included in this budget via budget amendments. Any future weather events are highly unpredictable hence not included into the long term forecasts too.

The Queensland Government has funded the upgrade of Portland Road through the CRF and CIMA projects funding. This will achieve major reconstruction of pavement, seal, culverts, causeways and Gordon Bridge to improve accessibility of Lockhart River Community by road.

New terminal building will be funded by Building Our Regions Round 3 funding and there are all indications that this capital grant will be granted by the Department of State Development.

Through R2R funding, the Lockhart River Shire will upgrade rural roads accessibility during the year by constructing crossings and road pavement improvement especially on Old Mission Road.

The Long term trend of inflation rate is at least 2.0% and its impact has been included in the long term forecast by adjusting costs by CPI.

It was assumed that assets revaluation reserves will grow by 1% throughout the forecasting period to smoothen out the inter-annual revaluation increments and decrements.

All the Council revenue and fees will be increased by 5% except for BAS maintenance agreement trade rates that are stipulated in a separate agreement. Regular review of Council's fees and charges to reflect the market trend and additional sources of revenue will be carried out during the year. It is also assumed that any waiver of such fees and charges will be at the discretion of the CEO exercising powers delegated by the Mayor. This will be minuted and recorded as donation in nature of revenue contribution.

The long term forecasts have been formulated on a moderate growth rate of 1- 5% over 9 years' period with target rate of return from operating activities of 10%.

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Council will treat depreciation according to the requirement of the relevant Australian Accounting Standards. The noncurrent assets have been comprehensively componentized and that has significantly improved the accuracy of the depreciation expense. During the year, the Council will fund renewals, replacements and upgrades to the threshold of depreciation amount where they achieve breakeven operating outcome accordingly.

The Council does not intend to fund depreciation on Community Housing and Roads infrastructure as their renewals, replacements and new developments are assumed to be funded by the State and Federal Governments.

The employment costs have been adjusted to accommodate the new Modern Awards pay rates and Councillors' new remuneration. In general wages are expected to increase by 2.0% and later by 3% into the long term. Work attendance is assumed to be 100% of total budgeted working hours.

The capital programs in progress in 2016/17 will be continued to completion and as such included into this budget. The Council will seek authority from funding agencies to expend any unspent funds before scheduling the operations into this year.

This budget is a resources allocation tool to achieve planned outcome contained in 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 aims, goals and objectives of these strategic documents.

Lockhart River Aboriginal Shire recognise the importance of State and Federal funding and their impact on its financial sustainability. Therefore the Council will undertake to fully comply with all the funding terms and conditions to ensure timely availability of grants funding.

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## **Mayor's message**

The Lockhart River Aboriginal Shire Council is presenting its 2017/18 budget document that will guide the operational activities and capital works for this year and the forecasted 9 years. This budget is a balanced budget without allowance for any unplanned activities. It is a continuation of our Operational Plan, and the long term Corporate Plan and Asset Management Plan.

Last financial year, we narrowly achieved balanced operating results and given that years are never the same, we cannot be reckless in providing affordable services to our Community. As I submit this budget for your review and approval, there should be common understanding that every dollar must be well spent and accounted for (value for money principle).

The recoverable and private works revenues are the options we will continue to explore as shown by our budgeted revenue figure of \$7.4m (Council). The Council's building services team has taken leadership in this initiative in previous years and the Council will continue to support them for better results into this year and future years. Other departments have been tapped on the shoulder for similar effort including Mechanical Workshop, Road Gang and Council Warehouse. These are earmarked to be upgraded to Revenue Centres with target to record positive or breakeven operating outcome.

This effort should be embraced across all Council departments in this era where state and federal funding is only available in limited policy targeted areas. This has left the Council without options of directing funds to areas of priorities to Lockhart River Community but rather receiving grant funding to deliver policy objectives of funding governments. With our own revenue base, we are better placed even to supplement what the State and Federal Government is doing for our community and it helps achieve our own Community based objectives.

Our Building Services delivered 5 new houses during the last financial year and destined for another lot of 7 new houses this year. Also, our Road Gang team carried extensive and good quality restoration works on our rural and access roads. These achievements were due to good management from our administrative team and Council's leadership. I would like to request that this cooperation and team spirit be extended to this year.

This year the Council will support the start and growth of local businesses so that they can undertake non-municipal services within the Community. Local businesses will get full support of the Council by making business opportunities available to them. This will ease Council's burden of owning and maintaining plant equipment. Let us not forget the theme of 'Making Council smaller to make local business bigger'.

Council policies have been reviewed and updated to guide all Council operations. More specifically, the provisions of the procurement policy must be complied with all the time. Value for money must be achieved in every transaction due to very scarce resources that we possess to deliver endless list of services.

### ***Operational Revenue***

Council consolidated budgeted revenue is \$16.0m (Aerodrome \$1.97m):

- Grants & Subsidies 63%
- Recoverable Works 34%
- Other Sales and services 3%

Recoverable works revenue would ordinarily come from:

- Building services \$6.4m,
- Warehouse sales \$0.3m,
- Mechanical Workshop \$0.5m and
- Other works by Road Gang \$0.2m.

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### **Operational Expenditure**

The Council's consolidated operational expenditure budget is estimated at \$15.2m (Aerodrome \$1.43m):

- Employment costs – 42%
- Materials & services – 46%
- Depreciation/amortization - 12%.

The revised Council procurement policy is the platform for all procurement of supplies and services. Staff recruitment will be guided by our robust Human Resources Management Policies and Procedures and the Council will continue to support local staff training and development.

### **Capital Works highlights**

The consolidated capital grant revenue expected is \$9.8m (Aerodrome \$0.6m) mainly from:

- CRF \$2.8m
- CIMA \$3.0m
- BOR \$0.5m
- DSD \$0.5m
- R2R \$0.2m
- W4Q \$1.7m

The consolidated capital works budget for the year is \$14.9m (Aerodrome \$0.73m) and mainly made up of:

- Old Canteen building \$0.5m
- Water Park and Public Toilet Block \$0.9m
- Airport Terminal Building \$0.5m
- CRF2 – Portland Road pavement, seal and crossings \$4.2m
- CIMA - Portland Road pavement, seal and crossings \$2.2m
- CIMA - Gordon Bridge \$0.9m
- W4Q 2017 and 2018 projects \$2.2m
- TIDS 2017 projects \$1.2m
- IT upgrade (Council & Aerodrome) \$0.9m

The balance of capital expenditure of \$5.3m will be funded mainly by unspent grants and own generated revenues during the year.

### **Conclusion**

I submit this 2017/18 Budget (Balanced Budget) to the Council with confidence that it will achieve financial sustainability as indicated by budgeted *Operating Surplus Ratio of 5% (target = 0-10%), Net Financial Liability Ratio of -33% (target = 60%), and Assets Sustainability Ratio of 165% (target = 90%)*.

Therefore I commend the 2017/18 budget o the Council.

**Wayne Butcher**

**Mayor**

**LOCKHART RIVER ABORIGINAL SHIRE COUNCIL**

**Budget Statement of Comprehensive Income Budget Variance**

For the year ended 30 June	2016-2017 Actual	2016-2017 Budget	2017-2018 Budget*	Variance to budget	% Change
	\$	\$	\$	\$	
<b>Operating Revenue</b>					
Recurrent revenue					
Rates, levies and charges	133,304	121,000	121,000	-	0%
Rental income	238,698	300,160	299,117	(1,043)	0%
Interest received	96,409	125,000	140,000	15,000	12%
Sales and recoverable works	5,061,214	6,030,000	9,909,863	3,879,863	64%
Other income	77,055	135,000	110,000	(25,000)	-19%
Grants, subsidies, contributions and donations	17,454,368	21,940,159	5,468,000	(16,472,159)	-75%
	23,061,048	28,651,319	16,047,980	(12,603,339)	-44%
Capital revenue					
Grants, subsidies, contributions and donations	5,500,212	6,575,484	9,831,000	517,500	8%
<b>Total revenue</b>	<b>28,561,260</b>	<b>35,226,803</b>	<b>25,878,980</b>	<b>(9,347,823)</b>	<b>-27%</b>
				-	
<b>Capital income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
				-	
<b>Total income</b>	<b>28,561,260</b>	<b>35,226,803</b>	<b>25,878,980</b>	<b>(9,347,823)</b>	<b>-27%</b>
<b>Operating Expenses</b>					
Recurrent expenses					
Employee benefits	(4,418,093)	(5,281,681)	(5,719,796)	(438,115)	8%
Materials and services	(22,092,304)	(22,081,361)	(7,733,438)	14,347,923	-65%
Finance costs	(19,977)	(6,000)	(12,500)	(6,500)	108%
Depreciation and amortisation	(1,462,242)	(1,492,532)	(1,759,855)	(267,323)	18%
<b>Total expenses</b>	<b>(27,992,616)</b>	<b>(28,861,574)</b>	<b>(15,225,588)</b>	<b>13,635,986</b>	<b>-47%</b>
<b>Net Operating Result</b>	<b>568,644</b>	<b>6,365,229</b>	<b>10,653,392</b>	<b>4,288,163</b>	<b>67%</b>

**LOCKHART RIVER ABORIGINAL SHIRE COUNCIL**

**Capital Expenditure Budget Variance**

	Actual 2016/17	Budget 2016/17	Budget* 2017/18	Variance to budget	% Change
BUILDINGS (>\$5,000)	68,927	780,000	1,117,000	337,000	43%
HOUSING (>\$5,000)	95,353	390,000	467,000	77,000	20%
OTHER STRUCTURES (>\$5,000)	3,942,852	6,387,027	1,280,000	(5,107,027)	-80%
OFFICE FURNITURE & EQUIPMENT	29,688	332,000	900,000	568,000	>100%
PLANT & EQUIPMENT (>\$1,000)	94,524	140,000	530,000	390,000	279%
ROAD INFRASTRUCTURE (>\$5,000)	1,655,017	2,127,484	10,143,000	8,015,516	>100%
WATER INFRASTRUCTURE (>\$5,000)	-	-	110,000	110,000	>100%
SEWERAGE INFRASTRUCTURE (>\$5,000)	9,460	30,000	145,000	115,000	>100%
	<b>5,895,821</b>	<b>10,186,511</b>	<b>14,692,000</b>	<b>4,505,489</b>	<b>&gt;100%</b>

Consolidated entity budget - Council and Aerodrome Company

<b>LOCKHART RIVER ABORIGINAL SHIRE COUNCIL</b>			
<b>Budgeted and 2 Years Forecasted Statement of Comprehensive Income</b>			
	<b>Budget</b>	<b>Forecast</b>	
<b>Year ended</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
<b>Recurrent revenue</b>			
General rates	121,000	127,050	133,403
Other rental income	299,117	313,625	328,858
Other interest received	140,000	152,250	159,863
Contract and recoverable works	9,909,863	10,534,229	10,958,492
State subsidies and grants—operating	4,193,000	5,067,009	5,471,771
Commonwealth subsidies and grants—operating	1,275,000	1,514,100	1,589,805
Other income	110,000	188,000	196,400
<b>Total recurrent revenue</b>	<b>16,047,980</b>	<b>17,896,263</b>	<b>18,838,591</b>
<b>Capital revenue</b>			
Government subsidies and grants—capital	9,831,000	2,420,000	-
<b>Total income</b>	<b>25,878,980</b>	<b>20,316,263</b>	<b>18,838,591</b>
<b>Expenses</b>			
Employee benefits	5,719,796	6,174,637	6,311,555
Materials and services	7,733,438	8,998,523	9,505,795
Depreciation and amortisation	1,759,855	2,103,598	2,206,653
Other expenses	12,500	13,425	14,426
<b>Total expenses</b>	<b>15,225,588</b>	<b>17,290,183</b>	<b>18,038,429</b>
<b>Net result attributable to Council</b>	<b>10,653,392</b>	<b>3,026,080</b>	<b>800,162</b>
<b>OPERATING RESULT</b>			
<b>Operating revenue</b>	16,047,980	17,896,263	18,838,591
Operating expense	15,225,588	17,290,183	18,038,429
<b>Operating result</b>	<b>822,392</b>	<b>606,080</b>	<b>800,162</b>
Consolidated entity budget - Council and Aerodrome Company			



<b>LOCKHART RIVER ABORIGINAL SHIRE COUNCIL</b>			
<b>Budgeted and 2 Years Forecasted Statement of Financial Position</b>			
	<b>Budget</b>	<b>Forecast</b>	
<b>Year ended</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash assets and cash equivalents	5,856,014	7,263,748	9,169,037
Inventories	285,349	285,349	285,349
Receivables	1,307,505	1,458,412	1,531,043
Other assets	283,545	283,545	283,545
<b>Total current assets</b>	<b>7,732,413</b>	<b>9,291,054</b>	<b>11,268,975</b>
<b>Non-current assets</b>			
Property, plant and equipment	80,967,614	82,860,016	82,015,363
Other non-current assets	9,177,520	8,893,520	8,609,520
<b>Total non-current assets</b>	<b>90,145,134</b>	<b>91,753,536</b>	<b>90,624,883</b>
<b>Total assets</b>	<b>97,877,547</b>	<b>101,044,590</b>	<b>101,893,858</b>
<b>Current liabilities</b>			
Trade and other payables	628,019	731,598	770,869
Employee payables/provisions	470,120	507,504	517,341
<b>Total current liabilities</b>	<b>1,098,139</b>	<b>1,239,103</b>	<b>1,288,209</b>
<b>Non-current liabilities</b>			
Employee payables/provisions	1,372,265	1,372,265	1,372,265
<b>Total non-current liabilities</b>	<b>1,372,265</b>	<b>1,372,265</b>	<b>1,372,265</b>
<b>Total liabilities</b>	<b>2,470,404</b>	<b>2,611,368</b>	<b>2,660,474</b>
<b>Net community assets</b>	<b>95,407,143</b>	<b>98,433,222</b>	<b>99,233,384</b>
<b>Community equity</b>			
Asset revaluation reserve	31,258,324	31,258,324	31,258,324
Retained surplus (deficiency)	64,148,819	67,174,898	67,975,060
<b>Total community equity</b>	<b>95,407,143</b>	<b>98,433,222</b>	<b>99,233,384</b>
Consolidated entity budget - Council and Aerodrome Company			

<b>LOCKHART RIVER ABORIGINAL SHIRE COUNCIL</b>			
<b>Budgeted and 2 Years Forecasted Statement of Cash Flows</b>			
	<b>Budget</b>	<b>Forecast</b>	
<b>Year ended</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	10,100,242	10,660,218	11,119,117
Payment to suppliers and employees	(17,006,361)	(14,934,787)	(15,667,046)
Interest received	140,000	152,250	159,863
Lease receipts	284,000	284,000	284,000
Rental income	298,492	312,433	327,680
Non-capital grants and contributions	5,514,723	6,509,621	7,043,676
<b>Net cash inflow (outflow) from operating activities</b>	<b>(668,904)</b>	<b>2,983,734</b>	<b>3,267,290</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment			
Grants, subsidies, contributions and donations	(15,462,793)	(3,996,000)	(1,362,000)
<b>Net cash inflow (outflow) from investing activities</b>	<b>9,831,000</b>	<b>2,420,000</b>	<b>-</b>
	<b>(5,631,793)</b>	<b>(1,576,000)</b>	<b>(1,362,000)</b>
<b>Net increase (decrease) in cash held</b>			
	<b>(6,300,697)</b>	<b>1,407,734</b>	<b>1,905,290</b>
Cash at beginning of reporting period			
	12,156,711	5,856,014	7,263,748
<b>Cash at end of reporting period</b>			
	<b>5,856,014</b>	<b>7,263,748</b>	<b>9,169,037</b>
Consolidated entity budget - Council and Aerodrome Company			

<b>LOCKHART RIVER ABORIGINAL SHIRE COUNCIL</b>			
<b>Budgeted and 2 Years Forecasted Statement of Changes in Equity</b>			
<b>Year ended</b>	<b>Budget</b>		
	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Asset revaluation surplus</b>			
Opening balance	31,258,324	31,258,324	31,258,324
Increase in asset revaluation surplus	-	-	-
Closing balance	31,258,324	31,258,324	31,258,324
<b>Retained surplus</b>			
Opening balance	53,495,427	64,148,819	67,174,898
Net result	10,653,392	3,026,080	800,162
Closing balance	64,148,819	67,174,898	67,975,060
<b>Total</b>			
Opening balance	84,753,751	95,407,143	98,433,222
Net result	10,653,392	3,026,080	800,162
Increase in asset revaluation surplus	-	-	-
<b>Closing balance</b>	<b>95,407,143</b>	<b>98,433,222</b>	<b>99,233,385</b>
Consolidated entity budget - Council and Aerodrome Company			

**LOCKHART RIVER ABORIGINAL SHIRE COUNCIL**

**Budgeted and 9 Years Forecasted Measures of Financial Sustainability (Ratios)**

Year ended	Target Ratio	Budget	Forecast									
		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	
<b>1 Operating Surplus Ratio</b>												
(Net Operating Surplus / Total Operating Revenue) (%)	0 - 10%	5%	3%	4%	6%	8%	9%	10%	10%	10%	10%	10%
<b>2 Net Financial Asset / Liability Ratio</b>												
((Total Liabilities - Current Assets) / Total Operating Revenue)	60.0%	(33)%	(37)%	(46)%	(55)%	(64)%	(67)%	(77)%	(73)%	(85)%	(83)%	
<b>3 Asset Sustainability Ratio</b>												
(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense)	90.0%	165%	49%	52%	48%	72%	47%	27%	83%	27%	25%	

Consolidated entity budget - Council and Aerodrome Company

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL										
Budgeted and 9 Years Forecasted Statement of Comprehensive Income										
Year ended	Budget	Forecast								
	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>										
<b>Recurrent revenue</b>										
General rates	121,000	127,050	133,403	140,073	147,076	154,430	162,152	170,259	178,772	187,711
Other rental income	299,117	313,625	328,858	344,853	361,648	379,283	397,799	417,241	437,655	459,090
Other interest received	140,000	152,250	159,863	167,856	176,248	185,061	194,314	204,030	214,231	224,943
Contract and recoverable works	9,909,863	10,534,229	10,958,492	11,482,793	12,069,056	12,726,614	13,425,515	14,199,746	14,969,559	15,714,087
State subsidies and grants—operating	4,193,000	5,067,009	5,471,771	5,886,651	6,311,904	6,747,788	7,194,569	7,652,519	8,121,918	8,603,052
Commonwealth subsidies and grants—operating	1,275,000	1,514,100	1,589,805	1,669,295	1,752,760	1,840,398	1,932,418	2,029,039	2,130,491	2,237,015
Other income	110,000	188,000	196,400	205,220	214,481	224,205	234,415	245,136	256,393	268,213
<b>Total recurrent revenue</b>	<b>16,047,980</b>	<b>17,896,263</b>	<b>18,838,591</b>	<b>19,896,741</b>	<b>21,033,174</b>	<b>22,257,778</b>	<b>23,541,181</b>	<b>24,917,970</b>	<b>26,309,019</b>	<b>27,694,111</b>
<b>Capital revenue</b>										
Government subsidies and grants—capital	9,831,000	2,420,000	-	-	-	-	-	-	-	-
<b>Total income</b>	<b>25,878,980</b>	<b>20,316,263</b>	<b>18,838,591</b>	<b>19,896,741</b>	<b>21,033,174</b>	<b>22,257,778</b>	<b>23,541,181</b>	<b>24,917,970</b>	<b>26,309,019</b>	<b>27,694,111</b>
<b>Expenses</b>										
Employee benefits	5,719,796	6,174,637	6,311,555	6,451,834	6,595,571	6,804,394	7,019,997	7,242,609	7,474,791	7,714,638
Materials and services	7,733,438	8,998,523	9,505,795	10,027,357	10,563,721	11,309,886	12,083,102	12,884,498	13,822,464	14,797,846
Depreciation and amortisation	1,759,855	2,103,598	2,206,653	2,250,566	2,189,117	2,200,413	2,157,113	2,208,313	2,304,413	2,337,163
Other expenses	12,500	13,425	14,426	15,511	16,686	17,959	19,340	20,838	22,465	24,232
<b>Total expenses</b>	<b>15,225,588</b>	<b>17,290,183</b>	<b>18,038,429</b>	<b>18,745,268</b>	<b>19,365,095</b>	<b>20,332,651</b>	<b>21,279,551</b>	<b>22,356,259</b>	<b>23,624,134</b>	<b>24,873,879</b>
<b>Net result attributable to Council</b>	<b>10,653,392</b>	<b>3,026,080</b>	<b>800,162</b>	<b>1,151,473</b>	<b>1,668,078</b>	<b>1,925,127</b>	<b>2,261,630</b>	<b>2,561,711</b>	<b>2,684,886</b>	<b>2,820,232</b>
<b>OPERATING RESULT</b>										
<b>Operating revenue</b>	16,047,980	17,896,263	18,838,591	19,896,741	21,033,174	22,257,778	23,541,181	24,917,970	26,309,019	27,694,111
<b>Operating expense</b>	15,225,588	17,290,183	18,038,429	18,745,268	19,365,095	20,332,651	21,279,551	22,356,259	23,624,134	24,873,879
<b>Operating result</b>	<b>822,392</b>	<b>606,080</b>	<b>800,162</b>	<b>1,151,473</b>	<b>1,668,078</b>	<b>1,925,127</b>	<b>2,261,630</b>	<b>2,561,711</b>	<b>2,684,886</b>	<b>2,820,232</b>
Consolidated entity budget - Council and Aerodrome Company										

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL										
Budgeted and 9 Years Forecasted Statement of Financial Position										
Year ended	Budget	Forecast								
	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Current assets</b>										
Cash assets and cash equivalents	5,856,014	7,263,748	9,169,037	11,542,138	13,886,106	15,418,750	18,657,531	18,651,843	22,772,289	23,435,100
Inventories	285,349	285,349	285,349	285,349	285,349	285,349	285,349	285,349	285,349	285,349
Receivables	1,307,505	1,458,412	1,531,043	1,621,552	1,714,268	1,814,196	1,913,678	2,031,283	2,144,777	2,257,740
Financial assets	283,545	283,545	283,545	283,545	283,545	283,545	283,545	283,545	283,545	283,545
<b>Total current assets</b>	<b>7,732,413</b>	<b>9,291,054</b>	<b>11,268,975</b>	<b>13,732,584</b>	<b>16,169,267</b>	<b>17,801,840</b>	<b>21,140,102</b>	<b>21,252,020</b>	<b>25,485,960</b>	<b>26,261,734</b>
<b>Non-current assets</b>										
Property, plant and equipment	80,967,614	82,860,016	82,015,363	81,044,798	80,615,681	81,270,268	80,554,155	83,375,843	82,206,430	84,634,267
Other non-current assets	9,177,520	8,893,520	8,609,520	8,325,520	8,041,520	7,757,520	7,473,520	7,189,520	6,905,520	6,621,520
<b>Total non-current assets</b>	<b>90,145,134</b>	<b>91,753,536</b>	<b>90,624,883</b>	<b>89,370,318</b>	<b>88,657,201</b>	<b>89,027,788</b>	<b>88,027,675</b>	<b>90,565,363</b>	<b>89,111,950</b>	<b>91,255,787</b>
<b>Total assets</b>	<b>97,877,547</b>	<b>101,044,590</b>	<b>101,893,858</b>	<b>103,102,902</b>	<b>104,826,468</b>	<b>106,829,628</b>	<b>109,167,778</b>	<b>111,817,382</b>	<b>114,597,910</b>	<b>117,517,521</b>
<b>Current liabilities</b>										
Trade and other payables	628,019	731,598	770,869	815,492	859,167	920,036	980,411	1,048,431	1,124,989	1,204,655
Employee payables/provisions	470,120	507,504	517,341	530,288	542,102	559,265	575,410	595,283	614,366	634,080
<b>Total current liabilities</b>	<b>1,098,139</b>	<b>1,239,103</b>	<b>1,288,209</b>	<b>1,345,780</b>	<b>1,401,268</b>	<b>1,479,301</b>	<b>1,555,821</b>	<b>1,643,714</b>	<b>1,739,356</b>	<b>1,838,735</b>
<b>Non-current liabilities</b>										
Employee payables/provisions	1,372,265	1,372,265	1,372,264	1,372,265	1,372,264	1,372,265	1,372,265	1,372,265	1,372,265	1,372,265
<b>Total non-current liabilities</b>	<b>1,372,265</b>	<b>1,372,265</b>	<b>1,372,264</b>	<b>1,372,265</b>	<b>1,372,264</b>	<b>1,372,265</b>	<b>1,372,265</b>	<b>1,372,265</b>	<b>1,372,265</b>	<b>1,372,265</b>
<b>Total liabilities</b>	<b>2,470,404</b>	<b>2,611,368</b>	<b>2,660,473</b>	<b>2,718,045</b>	<b>2,773,532</b>	<b>2,851,566</b>	<b>2,928,086</b>	<b>3,015,979</b>	<b>3,111,621</b>	<b>3,211,000</b>
<b>Net community assets</b>	<b>95,407,143</b>	<b>98,433,222</b>	<b>99,233,385</b>	<b>100,384,857</b>	<b>102,052,936</b>	<b>103,978,062</b>	<b>106,239,692</b>	<b>108,801,403</b>	<b>111,486,289</b>	<b>114,306,521</b>
<b>Community equity</b>										
Asset revaluation reserve	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324
Retained surplus (deficiency)	64,148,819	67,174,898	67,975,060	69,126,533	70,794,611	72,719,738	74,981,368	77,543,079	80,227,965	83,048,197
<b>Total community equity</b>	<b>95,407,143</b>	<b>98,433,222</b>	<b>99,233,385</b>	<b>100,384,857</b>	<b>102,052,936</b>	<b>103,978,062</b>	<b>106,239,692</b>	<b>108,801,403</b>	<b>111,486,289</b>	<b>114,306,521</b>

Consolidated entity budget - Council and Aerodrome Company

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL										
Budgeted and 9 Years Forecasted Statement of Cash Flows										
Year ended	Budget	Forecast								
	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash flows from operating activities:</b>										
Receipts from customers	10,100,242	10,660,218	11,119,117	11,640,142	12,233,877	12,895,723	13,604,837	14,377,435	15,162,269	15,921,666
Payment to suppliers and employees	(17,006,361)	(14,934,787)	(15,667,046)	(16,316,085)	(16,993,277)	(17,920,129)	(18,904,492)	(19,910,628)	(21,066,521)	(22,271,893)
Interest received	140,000	152,250	159,863	167,856	176,248	185,061	194,314	204,030	214,231	224,943
Lease receipts	284,000	284,000	284,000	284,000	284,000	284,000	284,000	284,000	284,000	284,000
Rental income	298,492	312,433	327,680	343,465	360,268	377,833	396,367	415,554	435,978	457,329
Non-capital grants and contributions	5,514,723	6,509,621	7,043,676	7,533,723	8,042,851	8,565,156	9,104,756	9,653,923	10,225,490	10,811,767
<b>Net cash inflow (outflow) from operating activities</b>	<b>(668,904)</b>	<b>2,983,734</b>	<b>3,267,290</b>	<b>3,653,100</b>	<b>4,103,968</b>	<b>4,387,644</b>	<b>4,679,781</b>	<b>5,024,312</b>	<b>5,255,446</b>	<b>5,427,811</b>
<b>Cash flows from investing activities:</b>										
Payments for property, plant and equipment	(15,462,793)	(3,996,000)	(1,362,000)	(1,280,000)	(1,760,000)	(2,855,000)	(1,441,000)	(5,030,000)	(1,135,000)	(4,765,000)
Grants, subsidies, contributions and donations	9,831,000	2,420,000	-	-	-	-	-	-	-	-
<b>Net cash inflow (outflow) from investing activities</b>	<b>(5,631,793)</b>	<b>(1,576,000)</b>	<b>(1,362,000)</b>	<b>(1,280,000)</b>	<b>(1,760,000)</b>	<b>(2,855,000)</b>	<b>(1,441,000)</b>	<b>(5,030,000)</b>	<b>(1,135,000)</b>	<b>(4,765,000)</b>
<b>Net increase (decrease) in cash held</b>	<b>(6,300,697)</b>	<b>1,407,734</b>	<b>1,905,290</b>	<b>2,373,100</b>	<b>2,343,968</b>	<b>1,532,644</b>	<b>3,238,781</b>	<b>(5,688)</b>	<b>4,120,446</b>	<b>662,811</b>
Cash at beginning of reporting period	12,156,711	5,856,014	7,263,748	9,169,037	11,542,138	13,886,106	15,418,750	18,657,531	18,651,843	22,772,289
<b>Cash at end of reporting period</b>	<b>5,856,014</b>	<b>7,263,748</b>	<b>9,169,037</b>	<b>11,542,138</b>	<b>13,886,106</b>	<b>15,418,750</b>	<b>18,657,531</b>	<b>18,651,843</b>	<b>22,772,289</b>	<b>23,435,100</b>
Consolidated entity budget - Council and Aerodrome Company										

<b>LOCKHART RIVER ABORIGINAL SHIRE COUNCIL</b>										
<b>Budgeted and 9 Years Forecasted Statement of Changes in Equity</b>										
<b>Year ended</b>	<b>Budget</b>	<b>Forecast</b>								
	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-20</b>	<b>30-Jun-21</b>	<b>30-Jun-22</b>	<b>30-Jun-23</b>	<b>30-Jun-24</b>	<b>30-Jun-25</b>	<b>30-Jun-26</b>	<b>30-Jun-27</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Asset revaluation surplus</b>										
Opening balance	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324
Increase in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-
Closing balance	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324	31,258,324
<b>Retained surplus</b>										
Opening balance	53,495,427	64,148,819	67,174,898	67,975,060	69,126,533	70,794,611	72,719,738	74,981,368	77,543,079	80,227,965
Net result	10,653,392	3,026,080	800,162	1,151,473	1,668,078	1,925,127	2,261,630	2,561,711	2,684,886	2,820,232
Closing balance	64,148,819	67,174,898	67,975,060	69,126,533	70,794,611	72,719,738	74,981,368	77,543,079	80,227,965	83,048,197
<b>Total</b>										
Opening balance	84,753,751	95,407,143	98,433,222	99,233,384	100,384,857	102,052,935	103,978,062	106,239,692	108,801,403	111,486,289
Net result	10,653,392	3,026,080	800,162	1,151,473	1,668,078	1,925,127	2,261,630	2,561,711	2,684,886	2,820,232
Increase in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>95,407,143</b>	<b>98,433,222</b>	<b>99,233,385</b>	<b>100,384,857</b>	<b>102,052,935</b>	<b>103,978,062</b>	<b>106,239,692</b>	<b>108,801,403</b>	<b>111,486,289</b>	<b>114,306,521</b>
Consolidated entity budget - Council and Aerodrome Company										



Appendix

1. Council Policies and Procedures 2017-18



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<b>REVENUE STATEMENT</b>	
<b>POLICY NO:</b>	<b>STAT008</b>
<b>ADOPTION DATE:</b>	<b>July 2017</b>
<b>REVISION DATE:</b>	<b>June 2018</b>
<b>DIVISION</b>	<b>Corporate Services</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Chief Executive Officer Manager Finance and Admin</b>
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



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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.

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DOCUMENT END



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## **SCHEDULE OF REGULATORY AND NON-REGULATORY FEES AND CHARGES**

<b>POLICY NO:</b>	<b>ADM014</b>
<b>ADOPTION DATE:</b>	<b>July 2017</b>
<b>REVISION DATE:</b>	<b>June 2018</b>
<b>DIVISION:</b>	<b>Corporate</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Chief Executive Officer</b>

### **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

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**PLANT HIRE, TRADESMAN AND MISCELLANEOUS FEES AND CHARGES**

**PLANT HIRE (DRY)**

DESCRIPTION	DAILY RATE (\$) GST INCLUSIVE
– Trailer	105.50
– Station Wagon	157.50
– Ute	211.00
– Generator/Welder/Power pump	199.00

**PLANT HIRE (DRY)**

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

DESCRIPTION	HOURLY RATE (\$) GST INCLUSIVE
– Ford Tractor	45.00
– Community Bus	40.00
– Isuzu/Crew Cabs/Hino 300 Dyna/Hino Garb Truck/	37.50
– Bobcat Loader/mini excavator/Bobcat Cat 226 Skid Steer	52.00
– Forklift/Hino Tip Truck	98.00
– End Loader Cat966	52.00
– Backhoe Loader Cat	111.50
– Grader	237.50
– Dozer	257.00

**TRADESMAN AND ASSISTANT TRADESMAN**

**NB: 30% Discount on labour costs only applies to local community residents.**

DESCRIPTION	HOURLY RATE (\$) GST INCLUSIVE
– Carpenter	136.40
– Plumber/Painter	136.40
– Mechanic	125.40
– Assistant Tradesman Carpenter	91.30
– Assistant Tradesman Plumber	91.30
– Assistant Tradesman Mechanic	91.30
– Plant Operator/Road Gang	57.20
– Call out fees (Min 2hrs)	157.30

**MATERIALS**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE
– Bags of Cement (20kg)	32.00
– Bags of Concrete – Pre-mix 20kg	35.00
– Sand (M3)	35.00
– Top Soil (M3)	98.50

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**WORKSHOP CONSUMABLES**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE
– 'A' Service + Oil + Parts	201.50
– 'B' Service + Oil + Parts	401.50
– 'C' Service + Oil + Parts	628.00
– Engine Oil (Litre)	12.00
– BD44 Diff Oil (Litre)	13.50
– Transmission Oil (Litre)	12.00
– Brake Fluid (Litre)	23.00
– Coolant (Litre)	9.50
– 'A' Tyre Change	63.00
– 'B' Tyre Change	113.00
– Wheel Balance	63.00
– Parts (cost + 35%)	
– Battery	213.50

**GAS BOTTLES AND REFILL – LOCAL RESIDENTS**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE LOCAL RESIDENTS	TOTAL (\$) GST INCLUSIVE OTHERS
– 45 KG	268.00	294.50
– 8.5 KG (SWAP & GO)	77.50	91.50
– 8.5 KG (NEW BOTTLE INC.)	232.00	246.00

**ACCOMMODATION / HIRE OF FACILITIES**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE
– Guesthouse Accommodation per night	163.00
– Staff housing per week	62.50
– Contractor Donga per night	60.50
– <b>Community Hall – Full Day Hire</b>	627.00
– <b>Community Hall – ½ Day Hire</b>	376.50
– <b>Puuya Centre Accommodation - Per night</b>	217.00
– <b>Puuya Centre Accommodation - 2 People</b>	327.50
– <b>Puuya Centre Hall – Full Day Hire</b>	376.50
– <b>Puuya Centre Hall – ½ Day Hire</b>	250.50
– <b>Puuya Centre Office Spare – Per Week</b>	123.50
Community Housing – Rental charged policy is pegged on 25% of assessable income + rent assistance ( <i>maximum rent per week is determined by Department of Housing</i> )	

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

**LOCKHART RIVER STATE SCHOOL**

DESCRIPTION	TOTAL (\$) EXC GST
– School	9,494.00

**QUEENSLAND EDUCATION**

DESCRIPTION	TOTAL (\$) EXC GST
– 13A / 13B Blady Grass St	5,696.50
– 7 Blady Grass St	4,807.00

**DEPARTMENT OF HOUSING AND PUBLIC WORKS, GOVERNMENT EMPLOYEE HOUSING**

DESCRIPTION	TOTAL (\$) EXC GST
– 3A / 3B Piiramo St	5,696.50
– 8A / 8B Blady Grass St	5,696.50
– 1 Paytham St	4,807.00
– 6 Piiramo St	4,807.00

**TORRES AND CAPE HOSPITAL & HEALTH SERVICE**

DESCRIPTION	TOTAL (\$) EXC GST
– Hospital	9,494.00
– Duplex x2	5,696.50
– Houses x2	4,807.00

**QUEENSLAND POLICE SERVICE**

DESCRIPTION	TOTAL (\$) EXC GST
– Police Station / Watch House / Court	15,062.50
– Houses x 2	4,578.00
– Duplex x 1	5,696.50

**DEPARTMENT OF COMMUNITIES**

DESCRIPTION	TOTAL (\$) EXC GST
– Multi-Tenancy Centre (new)	9,494.00

**COMMUNITY ENTERPRISE QUEENSLAND (FORMER RETAIL STORE)**

DESCRIPTION	TOTAL (\$) EXC GST
– Retail Store	9,494.00
– Managers House – Retail Store/ Extension	7,131.50

**ANGLICAN STORE**

DESCRIPTION	TOTAL (\$) EXC GST
– Jamie's Shop	4,807.00
– Lot 70 – Church	4,807.00

**ERGON ENERGY**

DESCRIPTION	TOTAL (\$) EXC GST
– Power Station	6,277.00



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**PUUYA FOUNDATION**

DESCRIPTION	TOTAL (\$) EXC GST
– Kuunchi Kakana Centre	9,494.00
– Residential	5,696.50

**EMPTY BLOCK**

DESCRIPTION	TOTAL (\$) EXC GST
– Block of Land (10M <sup>2</sup> per annum)	313.00

**GRANTS / ADMINISTRATION CHARGES**

**ADMINISTRATION**

DESCRIPTION	TOTAL (\$)
– Non- Capital grants & subsidies	15% - 20 %
– Capital grants & subsidies	12.5%
– General Administration recoveries ( Stores oncosts included)	12.5%
– Permanent employees - oncosts	43.7%
– Casual employees - oncosts	18.6%
– Materials overhead recoveries	Cost + 40%
– Photocopying per page - colour A4	\$1.50
– Photocopying per page - colour A3	\$2.50
– Photocopying per page - black & white A4	\$0.50
– Photocopying per page - black & white A3	\$1.00

**YARD CLEANING**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE
– Mowing/slashing (normal cut) / 800m <sup>2</sup>	69.50
– Mowing/slashing (overgrown yard) 800m <sup>2</sup>	138.50
– General waste/garbage per M3 (cubic mtr)	28.50

**DUMPING FEES**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE SMALL LOAD	TOTAL (\$) GST INCLUSIVE LARGE LOAD
– General Waste (Domestic)	69.50	139.00
– Green Waste Domestic	7.50	15.00
– Building Waste	207.50	415.00
– Commercial Waste	85.00	170.00

**SERVICES – PLUMBING**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE
– Sewerage/Water connection <i>Subject to Council quotation</i>	2,761.50
– Sewerage Pump Hire per day	138.00

**OTHERS**

DESCRIPTION	TOTAL (\$) GST INCLUSIVE
– Application for Development Fees	3,765.50
– Green Wheelie Bin (120L)	188.00
– Dog registration (per dog)	25.50

DOCUMENT END



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<b>REVENUE POLICY</b>	
<b>POLICY NO:</b>	<b>STAT007</b>
<b>ADOPTION DATE:</b>	<b>July 2017</b>
<b>REVISION DATE:</b>	<b>June 2018</b>
<b>DIVISION</b>	<b>Corporate Services</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Chief Executive Officer Director Finance &amp; Administration</b>
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;



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- 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



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- 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.

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<b>INVESTMENT POLICY</b>	
<b>POLICY NO:</b>	<b>STAT004</b>
<b>ADOPTION DATE:</b>	<b>June 2017</b>
<b>REVISION DATE:</b>	<b>June 2018</b>
<b>DIVISION</b>	<b>Finance</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Chief Executive Officer Manager Finance and Admin.</b>
<b>Note: P – Primary Author, S – Secondary Author</b>	

**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.

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



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### *Benchmarking*

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.



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**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.

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<b>DEBT POLICY</b>	
<b>POLICY NO:</b>	<b>STAT002</b>
<b>ADOPTION DATE:</b>	<b>July 2017</b>
<b>REVISION DATE:</b>	<b>June 2018</b>
<b>DIVISION</b>	<b>Corporate Services</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Chief Executive Officer Manager Finance and Admin</b>
<b>Note: P – Primary Author, S – Secondary Author</b>	

**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"> <li>a) Finance leases primarily to raise amounts to buy, or to finance the purchase of, property the subject of the leases; and</li> <li>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</li> </ul>
	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: <ul style="list-style-type: none"> <li>a) A hire purchase agreement;</li> <li>b) An operating lease</li> <li>c) A credit card facility.</li> </ul> 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.





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### **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
<b>NO EXISTING BORROWINGS</b>				

### **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:

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Date of borrowing	Purpose of borrowing	Amount	Repayment Time	Treasurer Approval
<b>NO PROPOSED BORROWINGS</b>				

### **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.

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