



Budget 2013-2014



QUILPIE SHIRE COUNCIL BUDGET 2013-14

The 2013-14 budget is, like last year, a huge challenge for council. Although slightly smaller than last year at 30 million as compared to 36 million in 2012-13, it will, I believe, create a larger challenge. This budget is inflated by 16 million in flood damage. Last year flood damage funds were spent on state roads and supervised by Main Roads where as this year the funds will be spent on shire roads and supervised by council. These funds must be spent by June 2014 and it is going to be a huge task for all concerned to achieve this milestone. It does provide a great opportunity to bring our shire roads up to a high standard.

Another major factor in our deliberations this year is the increasing uncertainty of future government funding. At this point in time there is no capital works planned on main roads in Quilpie Shire in the foreseeable future. We will be doing everything within our power to change this situation but we can't factor this into any budget at this time. This is going to have a considerable impact on council workloads from July 2014 onwards. Considering this uncertainty and the huge road workload in the next 12 months, other major works such as the land developments and the new depot will be postponed until at least 2014-15. We will be doing preliminary planning and organising for these programs though. These factors have seen a reduced capital program from past years.

All other government grants are also getting squeezed so future revenue is certainly looking to be the leanest it has been for a long time. We have been warned repeatedly by governments in the last 12 months that we will have to learn to "do more with less".

The 2013-14 budget has also seen some structural changes that have presented some quite difficult decisions for council. We have been challenged by trying to meet goals with often competing outcomes. Last year's budget was brought down by a council in its first weeks of incumbency, in which we were constricted by a lack of time to clarify our objectives as a new council and also having to budget for a number of capital works projects that were committed to but not commenced.

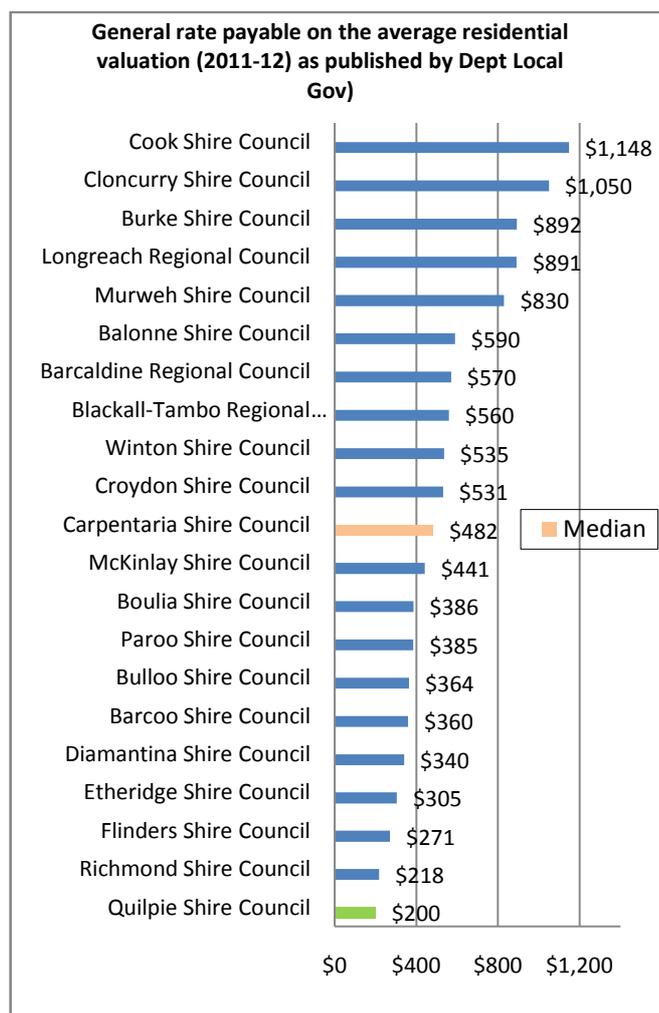
This backlog is out of the way and we have had 12 months to plan and deliberate on our future goals and ambitions. It is one thing to have goals, it is another to be able to fund them and maintain a healthy sustainable financial position. That is the challenge of budgeting!

Another major factor in this year's budget is the findings of a rates review commissioned by this council in 2012. This was comprehensive and was undoubtedly the most constructive review I have been involved with. There were some major anomalies and sector imbalances identified and if council had continued with the present rating levels these imbalances would have only amplified. With that in mind council has implemented the recommendations from that report with few adjustments.

Some of the major anomalies identified were our very low urban general rate which is the lowest of all other comparable councils in Queensland. For this reason the urban general rate has increased by 25%. Although this appears very high, in actual dollar terms, based on the average rate bill, it means an increase of around \$50/annum.

DID YOU KNOW?

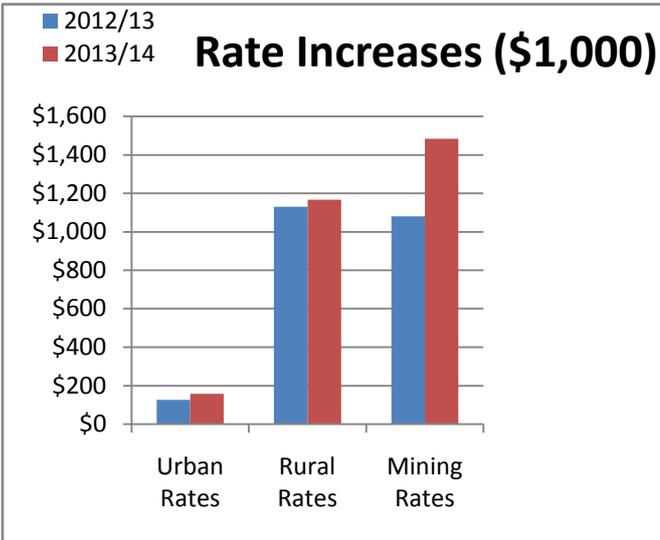
Quilpie Shire has the lowest Urban General Rate of any Council compared in a recent study...



Keeping our Community Connected

Also our rural general rate is lifting well above its weight in this shire. For example, the rural and resource sectors are paying around the same in rates, yet the shire exports of the resource sector (104 Million) is four times that of the rural sector (24 Million). This a massive imbalance. Rural rates will see a CPI increase of only 3%.

Just as federal and state governments collect taxes to pay for their programs, Council collects rates to fund the services to the community. Many of these services have seen significant cost increases due to electricity, labour and building materials price rises.

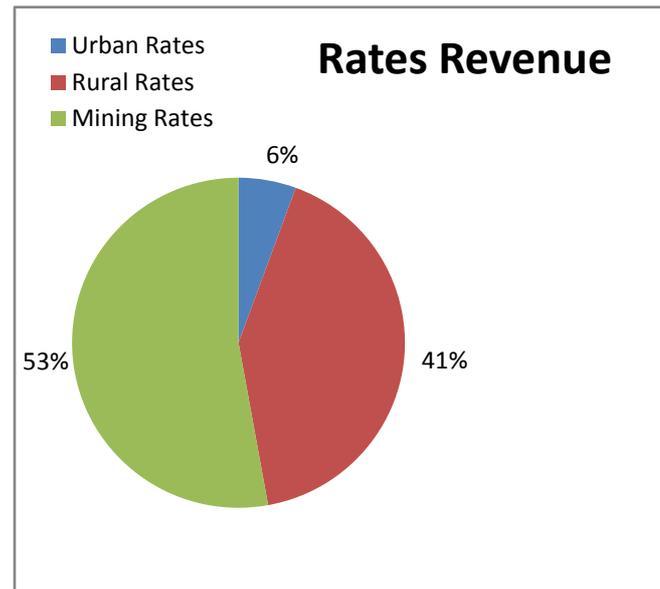


The above chart shows the total increase in rates from each sector:

- Total urban rates increase from \$126K to \$157K
- Total rural rates increase from \$1,130K to \$1,166K
- Total mining & resource sector rates increase from \$1,081 to \$1,483K

There was another strange anomaly within the resource sector. Mining companies like all rate payers are rated on the value of their land or lease. In the resource sector, however, this rate was varied throughout the sector depending on production. The variation, however, wasn't constant as we had some companies paying 70c in the dollar, another company with a higher production paying 21c in the dollar and another company with an even higher production paying 350c in the dollar. All resource companies will now pay the same rate, irrespective of production and the total take from the sector has been increased by 37% to try and address the imbalance mentioned above. Because we are replacing a convoluted system with a simple equitable one there will be some companies seeing a rise in their rates of more than 37% and some whose rates will actually drop from last year's.

Ratepayers are eligible for a 10% discount on rates and charges (excluding state fire levy) provided payment of all current and outstanding monies is received by Council on or before the close of discount date.



The above chart shows the rates from each sector as a percentage of the total rates levied.

The other major issue highlighted is that our charges on services, (water, garbage, etc) don't achieve cost recovery. As a business with increasingly uncertain revenue streams, we can't continue to provide services that aren't fully funded by the users of those services. This has prompted a 12.5% rise in charges.

The above mentioned situations needed to be addressed and that has strongly guided the setting of our rates and charges for this next financial year.

Keeping our Community Connected

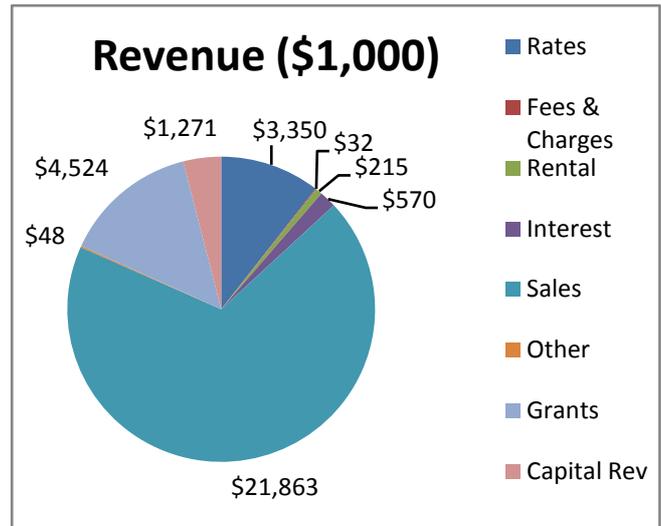
There is one overriding requirement of the council budget which, I believe, is non-negotiable. We must always balance our operational budget. That is, we must always fund service provision, asset maintenance and depreciation, (i.e. operational). To continue to do that we have to continue to increase our revenue to match the inevitable climb in expenses. The only alternative is to cut services.

Governments, of all persuasions, are tightening budgets across the country and we can be no different. We may well look back on previous years as times of relevant "plenty".

Best Regards,

Stuart Mackenzie

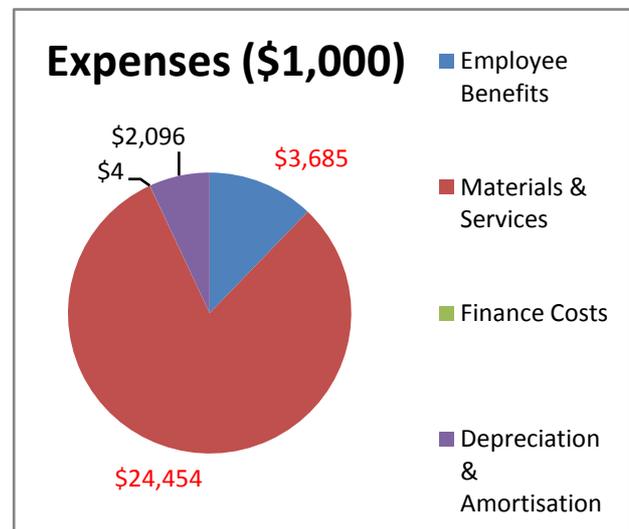
Mayor



The above graph shows Council's total revenue from each source:

- Rates (\$3,350K) account for 10% of revenue
- Grants (\$4,524K) account for 14% of revenue
- Sales, including flood damage and Main Roads contracts (\$21,863K) account for 69% of revenue

Council offers a generous pensioner subsidy on rates and charges of 50% up to a maximum of \$450. This is on top of the State Government's Pensioner Rate Subsidy Scheme for eligible Centrelink card holders. The state subsidy is for 20% of gross rates and charges to a maximum of \$200 per annum. Information on eligibility is available on the Department of Communities, Child Safety and Disability Services website www.communities.qld.gov.au



The above graph shows Council's expenditure in key areas:

- Employee benefits (\$3,685K) account for 12% of expenditure
- Materials and services (\$24,454K) account for 81% of expenditure
- Depreciation (\$2,096K) accounts for 7%

HOW CAN I PAY MY RATES?

CASH payments may be made in person at the Quilpie Shire Council Office.

CHEQUES & MONEY ORDERS should be made payable to the Quilpie Shire Council.

EFTPOS facilities are available at the Council Office for Credit and Debit card payments. Remittance by EFTPOS may be made in person or over the telephone.

PRE-PAYMENTS are the smart way to pay your rates. Pay as much as you like when you wish to accumulate funds to cover the net amount due on your next rates notice to qualify for discount.

OVERSEAS RESIDENTS are requested to forward remittance by bank draft in Australian currency and so avoid short payments as a result of currency fluctuations.

RECEIPTS will not be issued unless requested. If a receipt is required, please indicate on the bottom portion of your rates notice. If there are any changes in address etc., please complete the bottom portion of the rates notice and attach to your remittance.

Keeping our Community Connected

WHERE DO MY RATES GO?

Every \$100 of rates revenue is used in the following way...

CONSTRUCTION & MAINTENANCE OF RURAL ROADS	\$33.36
CORPORATE & CUSTOMER SERVICES	\$16.92
CONSTRUCTION, OPERATION & MAINTENANCE OF WATER INFRASTRUCTURE	\$9.06
CONSTRUCTION, OPERATION & MAINTENANCE OF COUNCIL HOUSES & AGED SERVICES	\$9.01
PEST MANAGEMENT & ANIMAL CONTROL SERVICES	\$5.49
CONSTRUCTION, OPERATION & MAINTENANCE OF PARKS	\$4.63
ECONOMIC DEVELOPMENT INCL VIC, TOURISM & RADF	\$3.16
COMMUNITY DEVELOPMENT INITIATIVES	\$3.15
CONSTRUCTION, OPERATION & MAINTENANCE OF SHIRE HALLS	\$2.07
CONSTRUCTION, OPERATION & MAINTENANCE OF SEWERAGE INFRASTRUCTURE	\$1.87
GARBAGE COLLECTION SERVICES	\$1.67
MAINTENANCE OF AERODROMES	\$1.59
OPERATION & MAINTENANCE OF SWIMMING POOLS	\$1.58
HEALTH PROMOTION & YOUTH SERVICES	\$1.38
DEPOTS & CAMPS	\$1.12
LIBRARY SERVICES	\$1.01
OPERATION & MAINTENANCE OF LANDFILLS	\$0.78
OPERATION & MAINTENANCE OF CEMETERIES	\$0.48
OPERATION & MAINTENANCE OF MUSEUMS & CRAFT SHOP	\$0.40
TELEVISION SERVICES	\$0.38
PLANNING & ENVIRONMENT SERVICES	\$0.35
ENVIRONMENTAL HEALTH SERVICES	\$0.29
STATE EMERGENCY SERVICES	\$0.15
SPORT & RECREATION SERVICES	\$0.12

KEY PROJECTS 2013-14

Plant replacement program	\$1M
Stage 4 of 5 of the community housing buyout program	\$300K
Various community development projects including a shower block at Bulloo Park, a dam and watering system at the Quilpie Cemetery, flagpole and memorial area at Adavale, playground soft-fall at the Adavale Sport & Rec ground, an office shelter at the Quilpie Rodeo grounds and the replacement of the shade covers at John Waugh Park.	\$300K
Complete the 6 houses currently being built in Quilpie and Eromanga	\$500K
Rural road gravel resheeting and resealing works	\$1M
Eromanga water supply upgrade	\$1M
Eromanga sewerage pump station improvements	\$50K
Funding assistance towards the OGF Natural History Museum Project	\$150K
Awning and repairs to the Quilpie Hall	\$180K
Various refurbishments to Council houses	\$100K
Buln Buln Street drainage improvements	\$100K
Shadecover Adavale playground	\$20K
New depot planning and design	\$150K
Industrial and rural residential subdivision planning and design	\$100K

Your Council...

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QUILPIE SHIRE COUNCIL BUDGET SUMMARY

Operations		Revenue	Expenditure
	Governance	\$0	\$572,638
	Corporate Services	\$6,994,860	\$1,877,709
	Infrastructure Services	\$24,428,136	\$25,300,616
	Planning & Environmental Services	\$229,824	\$1,035,361
	Community Services	\$181,506	\$1,452,861
	Total Operations	\$31,834,326	\$30,239,185
Net Operations			\$1,595,141
Plus Capital Expenses			\$38,917
Less Capital Revenue			\$1,271,271
Nett Operating Result			\$362,787
Capital Revenue			\$1,271,271
Capital Expenses			\$38,917
Sale of Assets			\$385,000
Depreciation			
	Buildings		\$239,624
	Other Structures		\$45,581
	Furniture & Office Equipment		\$5,041
	Plant & Equipment		\$566,386
	Roads, Drainage, Footpaths & Bridges		\$1,092,713
	Water Infrastructure		\$75,627
	Sewerage Infrastructure		\$71,235
	Total Depreciation		\$2,096,207
2012/13 WIP Reserve			\$1,700,845
Capital Works			
	2012/13 WIP		\$1,700,845
	Land Improvements		\$250,000
	Buildings		\$814,000
	Other Structures		\$280,000
	Furniture & Office Equipment		\$40,000
	Plant & Equipment		\$906,500
	Roads, Drainage, Footpaths & Bridges		\$1,060,000
	Water Infrastructure		\$900,000
	Sewerage Infrastructure		\$20,000
	Total Capital Expenditure		\$5,971,345
Capital Works			
	2012/13 WIP		\$1,700,845
	Replacement		\$2,260,500
	Upgrade		\$2,010,000
	New		
	Total Capital Expenditure		\$5,971,345
Overall Result			-\$194,152

QUILPIE SHIRE COUNCIL

Budget Statement of Comprehensive Income For the years ending 2013 - 2016

	2012-2013 Actual	2013-2014 Budget	% Increase/ (Decrease)	2014-2015 Budget	% Increase/ (Decrease)	2015-2016 Budget	% Increase/ (Decrease)
Revenue							
Recurrent revenue							
Rates, levies and charges	3,101,686	3,692,010	19.03%	4,523,145	22.51%	4,863,788	7.53%
Less: Discounts and rebates	(321,080)	(349,335)	8.80%	(431,455)	23.51%	(464,476)	7.65%
Net rates, levies and charges	2,780,606	3,342,675	20.21%	4,091,690	22.41%	4,399,312	7.52%
Fees and charges	32,777	32,195	-1.78%	33,805	5.00%	35,495	5.00%
Rental income	199,984	215,321	7.67%	226,087	5.00%	237,391	5.00%
Interest received	627,045	570,000	-9.10%	480,000	-15.79%	300,000	-37.50%
Interest - rates, levies and charges	7,311	8,058	10.22%	8,461	5.00%	8,884	5.00%
Sales revenue	32,682,686	21,862,732	-33.11%	5,368,369	-75.45%	5,636,787	5.00%
Other recurrent income	27,673	47,430	71.39%	49,802	5.00%	52,292	5.00%
Grants, subsidies, contributions and donations	4,899,986	4,523,561	-7.68%	4,585,916	1.38%	4,680,207	2.06%
Total recurrent revenue	41,258,068	30,601,972	-25.83%	14,844,129	-51.49%	15,350,368	3.41%
Capital revenue							
Grants, subsidies, contributions and donations	878,575	1,271,271	44.70%	600,000	-52.80%	900,000	50.00%
Total capital revenue	878,575	1,271,271	44.70%	600,000	-52.80%	900,000	50.00%
Total revenue	42,136,643	31,873,243	-24.36%	15,444,129	-51.55%	16,250,368	5.22%
Capital Income	38,182	0	-100.00%	0	0.00%	0	0.00%
Total Income	42,174,825	31,873,243	-24.43%	15,444,129	-51.55%	16,250,368	5.22%
Expenses							
Recurrent expenses							
Employee benefits	4,974,961	3,684,882	-25.93%	3,813,853	3.50%	3,947,338	3.50%
Materials and services	33,895,278	24,454,096	-27.85%	8,051,777	-67.07%	8,408,415	4.43%
Finance costs	3,413	4,000	17.20%	134,428	3260.70%	173,400	28.99%
Depreciation and amortisation	2,041,271	2,096,208	2.69%	2,223,294	6.06%	2,253,639	1.36%
Total recurrent expenses	40,914,923	30,239,186	-26.09%	14,223,352	-52.96%	14,782,792	3.93%
Capital expenses	0	38,917	0.00%	0	-100.00%	0	0.00%
Total Capital expenses	0	38,917	0.00%	0	-100.00%	0	0.00%
Total expenses	40,914,923	30,278,103	-26.00%	14,223,352	-53.02%	14,782,792	3.93%
Net operating surplus	1,259,902	1,595,140	26.61%	1,220,777	-23.47%	1,467,577	20.22%

QUILPIE SHIRE COUNCIL

Budget Statement of Financial Position For the years ending 2013 - 2016

	2012-2013 Actual	2013-2014 Budget	2014-2015 Budget	2015-2016 Budget
Current Assets				
Cash and cash equivalents	10,653,668	8,797,589	6,750,772	5,739,803
Trade and other receivables	4,117,820	1,116,395	1,172,214	1,230,825
Inventories	616,836	494,287	511,587	529,493
Other financial assets	0	370,000	382,950	396,353
	15,388,324	10,778,271	8,817,523	7,896,474
Non-current assets classified as held for sale	0	190,000	0	0
Total current assets	15,388,324	10,968,271	8,817,523	7,896,474
Non-current Assets				
Property, plant and equipment	97,508,990	109,059,353	112,935,769	122,214,989
Capital works in progress	6,558,361	1,032,485	4,000,000	0
Total non-current assets	104,067,351	110,091,838	116,935,769	122,214,989
TOTAL ASSETS	119,455,675	121,060,109	125,753,292	130,111,463
Current Liabilities				
Trade and other payables	892,361	869,336	899,763	931,254
Interest bearing liabilities	0	0	108,069	113,575
Provisions	79,199	79,616	82,403	85,287
Total current liabilities	971,560	948,952	1,090,234	1,130,116
Non-current Liabilities				
Trade and other payables	52,412	56,145	58,110	60,144
Interest bearing liabilities	0	0	3,314,331	3,200,756
Provisions	395,491	423,660	438,488	453,835
Total non-current liabilities	447,903	479,805	3,810,929	3,714,735
TOTAL LIABILITIES	1,419,463	1,428,757	4,901,163	4,844,851
NET COMMUNITY ASSETS	118,036,212	119,631,352	120,852,129	125,266,612
Community Equity				
Shire Capital	58,771,229	58,771,229	58,771,229	58,771,229
Asset revaluation reserve	45,737,620	45,737,620	45,737,620	49,016,910
Retained surplus/(deficiency)	9,872,856	13,421,658	14,582,905	15,656,485
Other reserves	3,654,507	1,700,845	1,760,375	1,821,988
TOTAL COMMUNITY EQUITY	118,036,212	119,631,352	120,852,129	125,266,612

QUILPIE SHIRE COUNCIL

Budget Statement of Cash Flows For the years ending 2013 - 2016

	2012-2013 Actual	2013-2014 Budget	2014-2015 Budget	2015-2016 Budget
Cash flows from operating activities:				
Receipts from customers	31,351,023	25,293,090	9,552,126	10,132,770
Payments to suppliers and employees	(38,424,325)	(28,142,978)	(11,869,770)	(12,360,038)
	(7,073,302)	(2,849,888)	(2,317,644)	(2,227,268)
Interest received	627,045	570,000	480,000	300,000
Rental income	199,984	215,321	226,087	237,391
Non-capital grants and contributions	5,559,195	4,523,561	4,585,916	4,680,207
Income from investments	0	0	0	0
Borrowing costs	0	0	-130,288	-169,115
Net cash inflow (outflow) from operating activities	(687,078)	2,458,994	2,844,071	2,821,215
Cash flows from investing activities:				
Payments for property, plant and equipment	(4,959,061)	(5,971,344)	(8,911,000)	(4,585,000)
Proceeds from sale of property, plant and equipment	40,227	385,000	128,000	130,000
Grants, subsidies and donations	260,956	1,271,271	600,000	900,000
Net cash inflow (outflow) from investing activities	(4,657,878)	(4,315,073)	(8,183,000)	(3,555,000)
Cash flows from financing activities				
Proceeds from borrowings	0	0	3,500,000	0
Repayments of borrowings	0	0	-207,888	-277,184
Repayments made on finance leases	0	0	0	0
Net cash inflow (outflow) from financing activities	0	0	3,292,112	-277,184
Net increase (decrease) in cash held	(5,344,956)	(1,856,079)	(2,046,817)	(1,010,969)
Cash at beginning of reporting period	15,998,624	10,653,668	8,797,589	6,750,772
Cash at end of reporting period	10,653,668	8,797,589	6,750,772	5,739,803

QUILPIE SHIRE COUNCIL

Budget Statements of Changes in Equity

For the Financial Year Ending 30 June 2014

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2013	58,771,229	9,872,856	45,737,620	3,654,507	118,036,212
Net result for the period		1,595,140	0	0	1,595,140
Transfers to other reserves		0	0		0
Transfers from other reserves		1,953,662		(1,953,662)	
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2014	58,771,229	13,421,658	45,737,620	1,700,845	119,631,352

For the Financial Year Ending 30 June 2015

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2014	58,771,229	13,421,658	45,737,620	1,700,845	119,631,352
Net result for the period		1,220,777	0	0	1,220,777
Transfers to other reserves		(59,530)	0	59,530	0
Transfers from other reserves				0	0
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2015	58,771,229	14,582,905	45,737,620	1,760,375	120,852,129

For the Financial Year Ending 30 June 2016

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2015	58,771,229	14,250,521	45,737,620	1,760,375	120,519,745
Net result for the period		1,467,577	0	0	1,467,577
Transfers to other reserves		(61,613)	0	61,613	0
Transfers from other reserves				0	0
Increase/(decrease) in asset revaluation surplus		0	3,279,290	0	3,279,290
Balance as at 30 June 2016	58,771,229	15,656,485	49,016,910	1,821,988	125,266,612

QUILPIE SHIRE COUNCIL

Measures of Financial Sustainability

Ratio	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
1. Operating Surplus Ratio										
(Net Operating Surplus/Total Operating Revenue)(%) Ratio indicates the extent to which revenues cover operational expenses. Target benchmark between 0% and 10%.	5.21%	8.22%	9.56%	10.50%	9.16%	9.82%	10.25%	10.58%	11.27%	11.80%
2. Net Financial Assets/Liabilities Ratio										
((Total Liabilities - Current Assets)/Total Operating Revenue) Ratio indicates that the net financial debt can be serviced by operating revenues. Target benchmark not greater than 60%.	-31.17%	-26.38%	-19.88%	-18.04%	-12.14%	-15.91%	-20.24%	-25.06%	-30.61%	-36.79%
3. Asset Sustainability Ratio										
(Capital Expenditure on the Replacement of Assets (renewals)/Depreciation Expense) Ratio indicates the extent to which infrastructure assets are replaced as assets reach the end of their useful lives. Target benchmark greater than 90%.	151.20%	199.07%	125.75%	108.06%	98.57%	113.32%	112.75%	112.19%	111.62%	111.07%

QUILPIE SHIRE COUNCIL

Budget Statement of Comprehensive Income For the years ending 2014 - 2023

	2013-2014 Budget	2014-2015 Budget	2015-2016 Budget	2016-2017 Budget	2017-2018 Budget	2018-2019 Budget	2019-2020 Budget	2020-2021 Budget	2021-2022 Budget	2022-2023 Budget
Revenue										
Recurrent revenue										
Rates, levies and charges	3,692,010	4,523,145	4,863,788	5,307,329	5,627,603	5,908,983	6,204,432	6,514,654	6,840,387	7,182,406
Less: Discounts and rebates	(349,335)	(431,455)	(464,476)	(507,735)	(538,613)	(565,544)	(593,821)	(623,512)	(654,687)	(687,422)
Net rates, levies and charges	3,342,675	4,091,690	4,399,312	4,799,594	5,088,990	5,343,439	5,610,611	5,891,142	6,185,700	6,494,984
Fees and charges	32,195	33,805	35,495	37,270	39,133	41,090	43,144	45,302	47,567	49,945
Rental income	215,321	226,087	237,391	249,261	261,724	274,810	288,551	302,978	318,127	334,034
Interest received	570,000	480,000	300,000	250,000	240,000	190,000	210,000	210,000	290,000	340,000
Interest - rates, levies and charges	8,058	8,461	8,884	9,328	9,795	10,284	10,798	11,338	11,905	12,501
Sales revenue	21,862,732	5,368,369	5,636,787	5,918,627	6,214,558	6,525,286	6,851,550	7,194,128	7,553,834	7,931,526
Other recurrent income	47,430	49,802	52,292	54,906	57,651	60,534	63,561	66,739	70,076	73,579
Grants, subsidies, contributions and donations	4,523,561	4,585,916	4,680,207	4,776,477	4,874,769	4,975,176	5,077,643	5,182,266	5,289,091	5,398,168
Total recurrent revenue	30,601,972	14,844,129	15,350,368	16,095,463	16,786,620	17,420,620	18,155,859	18,903,893	19,766,300	20,634,737
Capital revenue										
Grants, subsidies, contributions and donations	1,271,271	600,000	900,000	900,000	600,000	700,000	700,000	700,000	700,000	700,000
Total capital revenue	1,271,271	600,000	900,000	900,000	600,000	700,000	700,000	700,000	700,000	700,000
Total revenue	31,873,243	15,444,129	16,250,368	16,995,463	17,386,620	18,120,620	18,855,859	19,603,893	20,466,300	21,334,737
Capital Income	0									
Total Income	31,873,243	15,444,129	16,250,368	16,995,463	17,386,620	18,120,620	18,855,859	19,603,893	20,466,300	21,334,737
Expenses										
Recurrent expenses										
Employee benefits	3,684,882	3,813,853	3,947,338	4,085,495	4,228,487	4,376,484	4,529,661	4,688,199	4,852,286	5,022,116
Materials and services	24,454,096	8,051,777	8,408,415	8,781,276	9,171,117	9,578,726	10,004,932	10,450,604	10,916,649	11,404,019
Finance costs	4,000	134,428	173,400	168,044	162,413	156,493	150,268	143,724	136,844	129,610
Depreciation and amortisation	2,096,208	2,223,294	2,253,639	2,270,964	2,286,689	2,297,864	2,309,514	2,321,164	2,332,864	2,344,514
Total recurrent expenses	30,239,186	14,223,352	14,782,792	15,305,779	15,848,706	16,409,567	16,994,375	17,603,691	18,238,643	18,900,259
Capital expenses	38,917	0	0	0	0	0	0	0	0	0
Total Capital expenses	38,917	0								
Total expenses	30,278,103	14,223,352	14,782,792	15,305,779	15,848,706	16,409,567	16,994,375	17,603,691	18,238,643	18,900,259
Net operating surplus	1,595,140	1,220,777	1,467,577	1,689,684	1,537,915	1,711,053	1,861,484	2,000,202	2,227,657	2,434,478

QUILPIE SHIRE COUNCIL

Budget Statement of Financial Position For the years ending 2014 - 2023

	2013-2014 Budget	2014-2015 Budget	2015-2016 Budget	2016-2017 Budget	2017-2018 Budget	2018-2019 Budget	2019-2020 Budget	2020-2021 Budget	2021-2022 Budget	2022-2023 Budget
Current Assets										
Cash and cash equivalents	8,797,589	6,750,772	5,739,803	5,438,267	4,410,686	4,972,419	5,696,233	6,570,415	7,683,751	9,015,558
Trade and other receivables	1,116,395	1,172,215	1,230,825	1,292,367	1,356,985	1,424,834	1,496,076	1,570,880	1,649,424	1,731,895
Inventories	494,287	511,587	529,493	548,025	567,206	587,058	607,605	628,871	650,882	673,662
Other financial assets	370,000	382,950	396,353	410,226	424,584	439,444	454,824	470,743	487,219	504,272
	10,778,271	8,817,524	7,896,474	7,688,884	6,759,460	7,423,755	8,254,738	9,240,909	10,471,276	11,925,388
Non-current assets classified as held for sale	190,000	0	0	0	0	0	0	0	0	0
Total current assets	10,968,271	8,817,524	7,896,474	7,688,884	6,759,460	7,423,755	8,254,738	9,240,909	10,471,276	11,925,388
Non-current Assets										
Property, plant and equipment	109,059,353	112,935,769	122,214,989	122,535,192	124,656,340	128,892,311	129,578,457	130,249,095	133,850,232	135,139,210
Capital works in progress	1,032,485	4,000,000	0	0	0	0	0	0	0	0
Total non-current assets	110,091,838	116,935,769	122,214,989	122,535,192	124,656,340	128,892,311	129,578,457	130,249,095	133,850,232	135,139,210
TOTAL ASSETS	121,060,109	125,753,293	130,111,463	130,224,076	131,415,800	136,316,066	137,833,195	139,490,004	144,321,508	147,064,598
Current Liabilities										
Trade and other payables	869,336	899,763	931,254	963,848	997,583	1,032,498	1,068,636	1,106,038	1,144,750	1,184,816
Interest bearing liabilities	0	108,069	113,575	119,361	125,442	131,833	138,549	145,607	153,025	160,822
Provisions	79,616	82,403	85,287	88,272	91,361	94,559	97,868	101,294	104,839	108,508
Total current liabilities	948,952	1,090,234	1,130,116	1,171,481	1,214,386	1,258,890	1,305,053	1,352,939	1,402,614	1,454,146
Non-current Liabilities										
Trade and other payables	56,145	58,110	60,144	62,249	64,428	66,683	69,017	71,432	73,932	76,520
Interest bearing liabilities	0	3,314,331	3,200,756	3,081,395	2,955,953	2,824,120	2,685,571	2,539,964	2,386,939	2,226,117
Provisions	423,660	438,488	453,835	469,719	486,160	503,175	520,786	539,014	557,879	577,405
Total non-current liabilities	479,805	3,810,929	3,714,735	3,613,363	3,506,540	3,393,978	3,275,374	3,150,410	3,018,751	2,880,042
TOTAL LIABILITIES	1,428,757	4,901,163	4,844,851	4,784,844	4,720,927	4,652,868	4,580,427	4,503,349	4,421,364	4,334,188
NET COMMUNITY ASSETS	119,631,352	120,852,129	125,266,612	125,439,232	126,694,874	131,663,198	133,252,768	134,986,655	139,900,144	142,730,409
Community Equity										
Shire Capital	58,771,229	58,771,229	58,771,229	58,771,229	58,771,229	58,771,229	58,771,229	58,771,229	58,771,229	58,771,229
Asset revaluation reserve	45,737,620	45,737,620	49,016,910	49,016,910	49,016,910	52,551,409	52,551,409	52,551,409	55,497,662	55,497,662
Retained surplus/(deficiency)	13,421,658	14,582,905	15,656,485	15,765,336	16,954,976	18,320,490	19,839,357	21,500,067	23,391,565	26,143,441
Other reserves	1,700,845	1,760,375	1,821,988	1,885,757	1,951,759	2,020,070	2,090,773	2,163,950	2,239,688	2,318,077
TOTAL COMMUNITY EQUITY	119,631,352	120,852,129	125,266,612	125,439,232	126,694,874	131,663,198	133,252,768	134,986,655	139,900,144	142,730,409

QUILPIE SHIRE COUNCIL

Budget Statement of Cash Flows For the years ending 2014 - 2023

	2013-2014 Budget	2014-2015 Budget	2015-2016 Budget	2016-2017 Budget	2017-2018 Budget	2018-2019 Budget	2019-2020 Budget	2020-2021 Budget	2021-2022 Budget	2022-2023 Budget
Cash flows from operating activities:										
Receipts from customers	25,293,090	9,552,126	10,132,770	10,819,725	11,410,127	11,980,634	12,579,665	13,208,649	13,869,081	14,562,534
Payments to suppliers and employees	(28,142,978)	(11,869,770)	(12,360,038)	(12,871,206)	(13,404,194)	(13,959,961)	(14,539,510)	(15,143,892)	(15,774,202)	(16,431,586)
	(2,849,888)	(2,317,644)	(2,227,268)	(2,051,481)	(1,994,067)	(1,979,327)	(1,959,845)	(1,935,243)	(1,905,121)	(1,869,052)
Interest received	570,000	480,000	300,000	250,000	240,000	190,000	210,000	210,000	290,000	340,000
Rental income	215,321	226,087	237,391	249,261	261,724	274,810	288,551	302,978	318,127	334,034
Non-capital grants and contributions	4,523,561	4,585,916	4,680,207	4,776,477	4,874,769	4,975,176	5,077,643	5,182,266	5,289,091	5,398,168
Income from investments	0	0	0	0	0	0	0	0	0	0
Borrowing costs	0	(130,288)	(169,115)	(163,609)	(157,823)	(151,742)	(145,351)	(138,635)	(131,577)	(124,159)
Net cash inflow (outflow) from operating activities	2,458,994	2,844,071	2,821,215	3,060,648	3,224,603	3,308,917	3,470,998	3,621,366	3,860,520	4,078,991
Cash flows from investing activities:										
Payments for property, plant and equipment	(5,971,344)	(8,911,000)	(4,585,000)	(4,115,000)	(4,705,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
Proceeds from sale of property, plant and equipment	385,000	128,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Grants, subsidies and donations	1,271,271	600,000	900,000	900,000	600,000	700,000	700,000	700,000	700,000	700,000
Net cash inflow (outflow) from investing activities	(4,315,073)	(8,183,000)	(3,555,000)	(3,085,000)	(3,975,000)	(2,470,000)	(2,470,000)	(2,470,000)	(2,470,000)	(2,470,000)
Cash flows from financing activities										
Proceeds from borrowings	0	3,500,000	0	0	0	0	0	0	0	0
Repayments of borrowings	0	(207,888)	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)
Repayments made on finance leases	0	0	0	0	0	0	0	0	0	0
Net cash inflow (outflow) from financing activities	0	3,292,112	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)	(277,184)
Net increase (decrease) in cash held	(1,856,079)	(2,046,817)	(1,010,969)	(301,536)	(1,027,581)	561,733	723,814	874,182	1,113,336	1,331,807
Cash at beginning of reporting period	10,653,668	8,797,589	6,750,772	5,739,803	5,438,267	4,410,686	4,972,420	5,696,233	6,570,416	7,683,752
Cash at end of reporting period	8,797,589	6,750,772	5,739,803	5,438,267	4,410,686	4,972,420	5,696,233	6,570,416	7,683,752	9,015,558

QUILPIE SHIRE COUNCIL

Budget Statements of Changes in Equity

For the Financial Year Ending 30 June 2014

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2013	58,771,229	9,872,856	45,737,620	3,654,507	118,036,212
Net result for the period		1,595,140	0	0	1,595,140
Transfers to other reserves		0	0		0
Transfers from other reserves		1,953,662		(1,953,662)	
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2014	58,771,229	13,421,658	45,737,620	1,700,845	119,631,352

For the Financial Year Ending 30 June 2015

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2014	58,771,229	13,421,658	45,737,620	1,700,845	119,631,352
Net result for the period		1,220,777	0	0	1,220,777
Transfers to other reserves		(59,530)	0	59,530	0
Transfers from other reserves				0	0
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2015	58,771,229	14,582,905	45,737,620	1,760,375	120,852,129

For the Financial Year Ending 30 June 2016

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2015	58,771,229	14,250,521	45,737,620	1,760,375	120,519,745
Net result for the period		1,467,577	0	0	1,467,577
Transfers to other reserves		(61,613)	0	61,613	0
Transfers from other reserves				0	0
Increase/(decrease) in asset revaluation surplus		0	3,279,290	0	3,279,290
Balance as at 30 June 2016	58,771,229	15,656,485	49,016,910	1,821,988	125,266,612

For the Financial Year Ending 30 June 2017

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2016	58,771,229	14,139,421	49,016,910	1,821,988	123,749,548
Net result for the period		1,689,684			1,689,684
Transfers to other reserves		(63,769)	0	63,769	0
Transfers from other reserves			0	0	0
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2017	58,771,229	15,765,336	49,016,910	1,885,757	125,439,232

For the Financial Year Ending 30 June 2018

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2017	58,771,229	15,483,063	49,016,910	1,885,757	125,156,959
Net result for the period		1,537,915			1,537,915
Transfers to other reserves		(66,002)	0	66,002	0
Transfers from other reserves			0	0	0
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2018	58,771,229	16,954,976	49,016,910	1,951,759	126,694,874

For the Financial Year Ending 30 June 2019

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2018	58,771,229	16,677,748	49,016,910	1,951,759	126,417,646
Net result for the period		1,711,053			1,711,053
Transfers to other reserves		(68,311)	0	68,311	0
Transfers from other reserves			0	0	0
Increase/(decrease) in asset revaluation surplus		0	3,534,499	0	3,534,499
Balance as at 30 June 2019	58,771,229	18,320,490	52,551,409	2,020,070	131,663,198

For the Financial Year Ending 30 June 2020

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2019	58,771,229	18,048,576	52,551,409	2,020,070	131,391,284
Net result for the period		1,861,484			1,861,484
Transfers to other reserves		(70,703)	0	70,703	0
Transfers from other reserves			0	0	0
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2020	58,771,229	19,839,357	52,551,409	2,090,773	133,252,768

For the Financial Year Ending 30 June 2021

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2020	58,771,229	19,573,042	52,551,409	2,090,773	132,986,453
Net result for the period		2,000,202			2,000,202
Transfers to other reserves		(73,177)	0	73,177	0
Transfers from other reserves			0	0	0
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2021	58,771,229	21,500,067	52,551,409	2,163,950	134,986,655

For the Financial Year Ending 30 June 2022

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2021	58,771,229	21,239,647	52,551,409	2,163,950	134,726,235
Net result for the period		2,227,656			2,227,656
Transfers to other reserves		(75,738)	0	75,738	0
Transfers from other reserves			0	0	0
Increase/(decrease) in asset revaluation surplus		0	2,946,253	0	2,946,253
Balance as at 30 June 2022	58,771,229	23,391,565	55,497,662	2,239,688	139,900,144

For the Financial Year Ending 30 June 2023

	Shire Capital	Retained Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL
Balance as at 1 July 2022	58,771,229	23,787,352	55,497,662	2,239,688	140,295,931
Net result for the period		2,434,478			2,434,478
Transfers to other reserves		(78,389)	0	78,389	0
Transfers from other reserves			0	0	0
Increase/(decrease) in asset revaluation surplus		0	0	0	0
Balance as at 30 June 2023	58,771,229	26,143,441	55,497,662	2,318,077	142,730,409

REVENUE STATEMENT



2013-2014

REVENUE STATEMENT 2013 -14

1 Background

Section 104 of the *Local Government Act, 2009* requires the Council to adopt a Revenue Statement. The Revenue Statement will be an explanatory document accompanying the Budget outlining and explaining the revenue measures adopted in the budget process. This document should be read in conjunction with the Council's Revenue Policy.

2 General Rate or Differential General Rates

In the 2013/14 financial year differential general rates will be levied on a charging value in accordance with *Section 74 Local Government Regulation 2012*.

The following categories will be used for the levying of Differential General Rates: -

Category 1 - Town of Quilpie

All rateable land in the Township of Quilpie located in the Parish of Woorbil set aside for residential development and development which supports residential development which is or can be serviced with urban infrastructure and not used for grazing, agriculture, petroleum, mineral or extractive industry production.

Category 2 - Township of Eromanga

All rateable land in the Township of Eromanga located in the Parish of Erounghoola set aside for residential development and development which supports residential development which is or can be serviced with urban infrastructure and not used for grazing, agriculture, petroleum, mineral or extractive industry production.

Category 3 – Other Rural Towns

All rateable land in the Townships of Adavale, Toompine and Cheepie for residential development and development which supports residential development which is or can be serviced with urban infrastructure and not used for grazing, agriculture, petroleum, mineral or extractive industry production.

Category 4 – Mining Tenements

All rateable land in the Shire of Quilpie held under the Mineral Resources Act 1989 for the purpose of extracting precious metals and gemstones and by virtue of its operation impacts significantly on the economic, environmental and social welfare aspects of the local community.

Category 5 – Other

All rateable land not included in any other category.

Category 6 – Rural - Grazing and Agriculture <4\$/ha

All rateable land intended for rural purposes for grazing and agriculture. Bands based on valuation per hectare:

Category 7 – Rural - Grazing and Agriculture 4-7\$/ha

All rateable land intended for rural purposes for grazing and agriculture. Bands based on valuation per hectare:

Category 8 – Rural - Grazing and Agriculture 7-10\$/ha

All rateable land intended for rural purposes for grazing and agriculture. Bands based on valuation per hectare:

Category 9 – Rural - Grazing and Agriculture >10\$/ha

All rateable land intended for rural purposes for grazing and agriculture. Bands based on valuation per hectare:

Category 10 - Rural-Pumps, boresites and communication facilities

All rateable land intended for rural purposes for pumps, boresites and communication facilities.

Category 11 – Mining and Oil Production

All rateable land held under the Mineral Resources Act 1989 or Petroleum Act 1923 which are being utilised or have the potential to be utilised by virtue of improvements or activities conducted upon the land for the purpose of mining and oil production.

Category 12 – Oil Distillation/Refining

All rateable land used for or ancillary to the distillation of crude oil or natural gas, including land used for the storage or transport of refinery production.

DIFFERENTIAL AND MINIMUM GENERAL RATE

It is proposed that in accordance with Section 77 (Minimum General Rates) and Section 80 (Differential General Rates) of the Local Government Regulation 2012 the Minimum General Rate and the Differential General Rate for each category be made and levied for the year ending 30th June 2014, as follows.

Category 1:	Minimum \$263.00; 1.58188 cents in the dollar.
Category 2:	Minimum \$263.00; 3.72750 cents in the dollar.
Category 3:	Minimum \$263.00; 60.86063 cents in the dollar.
Category 4:	Minimum \$263.00; 40.43813 cents in the dollar.
Category 5:	Minimum \$460.00; 91.87500 cents in the dollar.
Category 6:	Minimum \$263.00; 3.26776 cents in the dollar.
Category 7:	Minimum \$263.00; 3.15014 cents in the dollar.

Category 8:	Minimum \$263.00; 2.73138 cents in the dollar.
Category 9:	Minimum \$263.00; 2.28014 cents in the dollar.
Category 10:	Minimum \$263.00; 39.62616 cents in the dollar.
Category 11:	Minimum \$20,000; 190.00000 cents in the dollar.
Category 12:	Minimum \$23,625; 172.66347 cents in the dollar.

The increase in general rates for category 11 is capped at 75%.

SEPARATE RATES AND CHARGES

Council does not presently levy separate rates and charges.

SPECIAL RATES AND CHARGES

Council does not presently levy special rates and charges.

UTILITY CHARGES

Each premises connected to a water supply or sewerage scheme is categorised on the basis of land use taking into consideration the principles of equity.

A specific number of "charging units" is assessed for each category of land use and a dollar charge per unit is set by the Council annually at its budget meeting.

It is proposed that in accordance with Section 99 of the Local Government Regulation 2012 the following utility charges be made and levied for the year ending 30th June 2014.

Garbage	\$22.948758 per unit, plus \$41.715513 per extra bin.
Sewerage	\$11.623878 per unit
Water	\$12.172923 per unit

In accordance with the following unit schedule;

Description	Garbage Units	Sewer Units	Water Units
Vacant Land – Infrastructure		15	15
Occupied Residential Land	20	30	30
For Each Extra Pedestal		5	5
Occupied Residential Land – Cheepie			40
Flat, Unit, APH (each)	20	20	20
Motel	20	20	20
For Each Extra Pedestal/Cistern		5	5
Hotel, Hotel/Motel, Club	20	20	20
For Each Extra Pedestal/Cistern		10	10
Fire Brigade/SES	20	15	150
Church/Residence	20	30	30
For Each Extra Pedestal/Cistern		5	5
Other Businesses	20	20	20

For Each Extra Pedestal/Cistern		5	5
School	20	20	20
For Each Extra Pedestal/Cistern		10	10
CWA, Cultural Society, Non Profit	20	20	20
Convent, Church, Residence	20	30	30
For Each Extra Pedestal/Cistern		5	5
Railway Station Yards	20		300
Railway Trucking Yards			350
Swimming Pool	20	200	200
JW Park Tennis/Netball Courts	20	300	600
Bulloo Park	20	300	600
Shire Office/Public Toilets	20	20	20
For Each Extra Pedestal/Cistern		10	10
Median Strips			600
Wash-down Bay – Quilpie			100
Industrial Blocks			30
Rural/Residential Blocks			30
Bowling Green			100
Caravan Park	20	300	300
Refinery		30	450
For Each Extra Pedestal/Cistern		5	
Oil Wash down – Eromanga			120

TIME WITHIN WHICH RATE MUST BE PAID

It is proposed that in accordance with Section 118 of the Local Government Regulation 2012 the time within which a rate or utility charge must be paid is 30 days from the issue date of the rate notice. Rates may be paid by instalment upon application to Council and a written re-payment agreement including the period for payment of each instalment is completed.

DISCOUNT

It is proposed that in accordance with Section 130 of the Local Government Regulation 2012, a discount of 10% is allowed on all rates and charges if paid in full including overdue rates. Therefore the date by which, or the time within which, a rate or utility charge for each 6 months must be paid, to receive the discount will be 30 days from the issue date of the rate notice.

REBATES AND CONCESSIONS

It is proposed that in accordance with Sections 119 and 120 of the Local Government Regulation 2012 Council offers a concession of 50% up to \$450 on rates and utility

charges to recipients of Aged, Disability, Widows and Veteran Affairs in accordance with Council's Pensioner Rate Concession Policy.

DEVELOPER COSTS

Council rarely deals with developers and has approved utility charges for its water, sewerage, garbage and recreational facilities. Council is developing a priority infrastructure plan for the purpose of determining developer contributions.

COST RECOVERY FEES

The Council's policy is to structure cost recovery fees so that the costs of each service, facility or activity provided are recovered, however, Council provides services, facilities or activities that are not fully cost recoverable but are deemed to be provided as a Community Service Obligation and are cross subsidised, any cross subsidy will be clearly be identified in accordance with Council's Community Service Obligation Policy.

Approved: Council Meeting: 1st July 2013

REVENUE POLICY



2013-2014

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1 LEGISLATIVE AUTHORITY

- *Local Government Act 2009* - section 104(5)(c)(iii)
- *Local Government Regulation 2012* - section 193

2 POLICY OBJECTIVE

The objective of this Revenue Policy is to set out the principles used by Council for:-

- The levying of rates and charges; and
- The granting of concessions for rates and charges; and
- The recovery of overdue rates and charges; and
- Cost recovery fees.

3 POLICY PRINCIPLES

3.1 The levying of rates and charges

Council levies rates and charges to fund the provision of valuable services to our community. When adopting its annual budget, Council will set rates and charges at a level that will provide for both current and future community requirements. Council will apply the principle of transparency in making rates and charges.

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

Council will also have regard to the following principles in the making of rates and charges:-

- Transparency in the making of rates and charges; and
- Administering a simple and inexpensive rating regime; and
- Equity by ensuring the fair and consistent application of lawful rating and charging principles and taking into account of all relevant considerations; and
- Flexibility to take account of changes in the local economy, extraordinary circumstances and impacts that different industries may have on Council infrastructure.

In levying rates Council will be guided by the following the principles of:-

- Making clear what is the Council's and each ratepayers' responsibility to the rating system; and
- Making the levying system simple and inexpensive to administer; and
- Timing the levy of rates to take into account the financial cycle of local economic activity, in order to assist smooth running of the local economy; and
- Equity through flexible payment arrangements for ratepayers with a lower capacity to pay; and

- Communication by advising ratepayers about rate notice issue dates and discount dates; and
- Clarity by providing meaningful information on rate notices to enable ratepayers to clearly understand their responsibilities.

3.2 The Purpose and of Granting Concessions for rates and charges

Council has determined that pensioners as defined in Section 2 (Dictionary) of the *Local Government Regulation 2012* are entitled to receive concessions on rates and various other services that Council provides to the community. The purpose of the concessions for pensioners is to assist pensioner property owners to remain in their own home by reducing the financial impact of rates and charges.

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

- Transparency by making clear the requirements necessary to receive concessions;
- Communication by raising the awareness of target groups that may qualify for these concessions; and
- Equity by ensuring that all applicants of the same type receive the same concession. Council may give consideration to granting a class concession in the event the State Government declares all or part of the local government area a natural disaster area.

3.3 Recovery of rates and charges

Council requires payment of rates and charges within the specified period and it is Council policy to pursue the collection of outstanding rates and charges diligently, but with due concern for the financial hardship faced by some members of the community. Council will exercise its rate recovery powers pursuant to the provisions of Chapter 4 Part 12 of the *Local Government Regulation 2012* in order to reduce the overall rate burden on ratepayers, and will be guided by the principles of:

- equity by treating all ratepayers in similar circumstances in the same manner and by having regard to their capacity to pay;
- transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them to meet their financial obligations; and
- flexibility by accommodating ratepayers' needs through short-term payment arrangements.
- making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective.

3.4 Cost-Recovery Fees

Section 97 of the *Local Government Act 2009* allows Council to set cost-recovery fees. The Council recognises the validity of fully imposing the user pays principle for its cost-recovery fees, unless the imposition of the fee is contrary to its express social, economic, environmental and other corporate goals. This is considered to be the most equitable and effective revenue approach, and is founded on the basis that the Council's rating base cannot subsidise the specific users or clients of Council's regulatory products and services.

However, in setting its cost-recovery fees, Council will be cognisant of the requirement that such a fee must not be more than the cost to Council of providing the service or taking the action to which the fee applies.

3.5 Funding of Physical and Social Infrastructure Costs

Council requires developers to pay reasonable and relevant contributions towards the cost of infrastructure required to support the development. Specific charges are detailed in the policies and other material supporting Council's town planning schemes.

These policies are based on normal anticipated growth rates. Where a new development is of sufficient magnitude to accelerate the growth rate of a specific community within the Shire, it may be necessary to bring forward social infrastructure projects. Where this occurs, Council expects developers to meet sufficient costs so that the availability of facilities are not adversely affected and so that existing ratepayers are not burdened with the cost of providing the additional infrastructure.

**Quilpie Shire Council
Investment Policy
F.08**



Date Approved:
Authority: Council

Council Policy F.08

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1 POLICY PURPOSE

This policy provides Council with a contemporary investment policy based on an assessment of market and liquidity risk within the legislative framework of the *Statutory Bodies Financial Arrangements Act 1982* and the *Statutory Bodies Financial Arrangements Regulations 2007*.

2 POLICY SCOPE

The objectives of this policy are:

- ❖ To invest Council funds not immediately required for financial commitments.
- ❖ To maximise earnings from authorised investments of cash reserves after assessing counterparty, market and liquidity risks.
- ❖ To ensure that appropriate records are kept and that adequate internal controls are in place to safeguard public monies.

3 LEGISLATIVE AUTHORITY

Section 104(5) of the Local Government Act 2009 under Chapter 4 Finances and Accountability requires as part of the Long Term Financial Plan an Investment Policy.

Section 191 of the Local Government Regulation 2012 sets out the requirements of the policy and states that a local government must prepare an investment policy each financial year.

Statutory Bodies Financial Arrangements Act 1982 sets out investment powers for statutory bodies.

Schedule 3 of Statutory Bodies Financial Arrangements Regulation 2007 allocates Quilpie Shire Council category 1 investment powers.

4 BACKGROUND

Council has a number of responsibilities when investing funds. These responsibilities are outlined in Section 47 and Section 48 of the *Statutory Bodies Financial Arrangements Act 1982*.

Section 47 states:

- (1) A statutory body must use its best efforts to invest in funds:
 - (a) At the most advantageous interest rate available to it at the time of the investment for an investment of the proposed type; and
 - (b) In a way it considers most appropriate in all the circumstances.

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

Section 48 states that:

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

5 INVESTMENT OBJECTIVES

Quilpie Shire Council's overall objective is to invest its funds at the most advantageous rate of interest available to it at the time, for that investment type, and in a way that it considers most appropriate given the circumstances.

In priority, the order of investment activities shall be preservation of capital, liquidity, and return.

5.1 Preservation of Capital

Preservation of capital shall be the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security of principal of the overall portfolio. This would include managing credit and interest rate risk with given risk management parameters and avoiding any transactions that would prejudice confidence in Council or its associated entities.

Credit Risk

Council will evaluate and assess credit risk prior to investment. Credit risk is the risk of loss due to the failure of an investment issuer or guarantor. The investment officer will minimise credit risk in the investment portfolio by pre-qualifying all transactions including the brokers/securities dealers with which they do business, diversify the portfolio and limit transactions to secure investments.

Interest Rate Risk

The investment officers shall seek to minimise the risk of a change in the market value of the portfolio because of a change in interest rates. This would be achieved by considering the cash flow requirements of Council and structuring the portfolio accordingly. This will avoid having to sell securities prior to maturity in the open market. Secondly, interest rate risk can be limited by investing in shorter term securities.

5.2 Maintenance of liquidity

The investment portfolio will maintain sufficient liquidity to meet all reasonably anticipated operating cash flow requirements of Council, as and when they fall due, without incurring significant transaction costs due to being required to sell an investment.

5.3 Return on investments

The portfolio is expected to achieve a market average rate of return and take into account Council's risk tolerance and current interest rates, budget considerations, and the economic cycle.

Any additional return target set by Council will also consider the risk limitations, prudent investment principles and cash flow characteristics identified within this Investment Policy.

5.4 Comparison of Performance

Council should ensure it achieves value-for-money or a competitive price after considering the costs of the investment.

6 INVESTMENT GUIDELINES

6.1 Types of Investments

Section 44 of the *Statutory Bodies Financial Arrangements Act 1982* states Council's investment power as follows:

- (1) Category 1 investment power is the power to invest in all or any of the following—
 - (a) deposits with a financial institution;
 - (b) investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
 - (c) other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
 - (d) investment arrangements, managed or offered by QIC or QTC, prescribed under a regulation for this paragraph;
 - (e) an investment arrangement with a rating prescribed under a regulation for this paragraph;
 - (f) other investment arrangements prescribed under a regulation for this paragraph.
- (2) However, the investment must be—
 - (a) at call; or
 - (b) for a fixed time of not more than 1 year.

6.2 Limitation on investment power

Section 43 of the *Statutory Bodies Financial Arrangements Act 1982* states that investments must be –

- (a) in Australian money; and
- (b) undertaken in Australia.

6.3 Portfolio Investment parameters and credit requirements

The following table shows the credit ratings and counterparty limits for Quilpie Shire Council:

Short Term Rating (Standard & Poor's) or equivalent	Individual counterparty Limit	Total Limit (Max % of Portfolio)
A1+	100%	100%
A1	10%-20%	50%

A2 – Financial Institutions only	5%-15%	30%
A3 – Financial Institutions only	2%-7%	10%
Unrated	Nil	Nil
QIC/QTC Pooled Cash Management Funds	100%	100%

A Financial Institution is defined as an authorised deposit taking institution within the meaning of the *Banking Act 1959 (Commonwealth)*, Section 5.

It is noted that for the purpose of this investment portfolio, the percentage limits apply effective from the date of purchase as a percentage of the total value of the portfolio.

No more than 20 percent of the portfolio is to be invested in Floating Rate Notes.

Whenever an investment is proposed, a minimum of two (2) quotes will be obtained from authorised institutions achieving as Standard & Poors or Mood rating of "AA" or better.

The institution offering the best quotation, net of costs, will generally be successful in attracting Council's investment. However Council may deviate from this arrangement in situations where it wishes to support local financial institutions, whose investment interest rate may not exactly match its competitors.

Investments held with the Queensland Treasury Cash Fund will be benchmarked against other investments or quoted investment rates at the end of each calendar month to ensure Council is receiving the most advantageous rate given the risk/return trade off.

6.4 Investments with Local Banks

Notwithstanding any other clause in this policy the investment officers/employees shall give preference to lodging Council cash investments through any bank that maintains a full time branch presence in Quilpie. In making this decision Council acknowledges that the intention is to maintain the viability of a local bank hence in turn providing full banking services to the residents of Quilpie Shire.

6.5 Maturity

The maturity structure of the portfolio will reflect a maximum term to maturity of one year and includes an interest rate reset of no longer than six months.

6.6 Liquidity requirement

Given the nature of the funds invested, no more than 20 percent of the investment portfolio will be held in non-liquid securities and at least 10 percent of the portfolio is to be available with 24 hours notice.

6.7 Breaches

Any breach of this Investment Policy is to be reported to the Chief Executive Officer and, if required, rectified as soon as practicable. The Finance Officer will report any breach that needs to be rectified to Council at the next meeting.

Where Council holds an investment that is downgraded below the minimum acceptable rating level, as prescribed under regulation for the investment arrangement, Council shall within 28 days after the change becomes known to the local government, either obtain Treasurer's approval for continuing with the investment arrangement or sell the investment arrangement (including, for example, withdrawing a deposit).

6.8 Records

For audit purposes, certificates must be obtained from the financial institution holding the funds, confirming the amounts of investment held on Council's behalf at 30 June each year.

6.9 Reporting

On a monthly basis, the Finance Manager will provide Council with a detailed report on the investment portfolio including a list securities by issue name, maturity date, par value and dollar amount invested.

On an annual basis, the Investment Policy will be reviewed and amended where required; any amendments are to be approved by Council prior to the implementation of the revised investment policy.

7 INTERNAL CONTROL

Council is at all times to have in place appropriate controls to prevent the fraudulent use of public monies. The following controls detail the minimum that is required:

- ❖ A person is to be identified as the responsible officer for the investment function;
- ❖ All investments are to be authorised by the Finance Manager or in that person's absence, the Corporate Services Manager;
- ❖ Confirmation advices from the Financial Institution are to be recorded in Council's Record Management System;
- ❖ Investment Officers shall refrain from personal activities that would conflict with the proper execution of Council's investment portfolio. This policy requires Investment Officers to disclose to the Chief Executive Officer any conflict of interest that could be related to the investment portfolio.

Council is at all times to comply with the legislation applicable to the investment function within Local Government. Council will utilise its Category 1 investment powers to earn interest revenue on its operating funds to supplement Council's other sources of revenue. Further, Council will maintain appropriate internal controls to prevent the fraudulent use of public monies.

The policy for the investment of Council funds is to be documented and followed at all times.

Reviewed: Council Meeting: 1st July 2013

DEBT POLICY



2013-2014

DEBT POLICY

PURPOSE AND SCOPE

To adopt a policy on borrowings that provides for responsible financial management on the loan funding of infrastructure and other capital projects by ensuring the level of Council indebtedness is within acceptable limits to Council, its ratepayers and interested external parties. This policy is in accordance with the Local Government Act 2009 and Local Government Regulation 2012.

POLICY PROVISIONS

As a general principle, Council recognises that loan borrowings for capital projects are an important source of funding but at the same time undue reliance should not be placed upon loans as a source of income. Council restrict borrowings to expenditure on identified capital projects that are considered by Council to be of a high priority and which cannot be funded from revenue as identified by the adopted budget.

BORROWING PRINCIPLES

- Council will in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.
- Council will only borrow funds for the purpose of acquiring assets, improving facilities, services or infrastructure and/or substantially extending their useful life. In no circumstances should funds be borrowed for recurrent expenditure.
- Council may borrow to meet strategic needs or to take advantage of opportunities for development providing there is a demonstrably good return in economic and/or social terms.
- Redemption and interest charges on borrowings, excluding those relating to water and sewerage will not exceed twenty percent of general rates revenue.
- *Borrowing's in programs/areas such as water, sewerage, cleansing are to be repaid from revenue generated in those areas and the full costs are to be taken to account in these areas.*
- Where borrowings are to be repaid by special rates, the revenue and repayments will be matched as far, as is practical. Borrowings will be repaid early should revenue exceed scheduled repayments.

- Borrowings will only be made in accordance with the adopted budget.
- Borrowings will only be from Queensland Treasury Corporation (QTC) or, if from another organisation, with the approval of QTC and the Department of Local Government and Planning.
- Borrowings will be for a maximum period of twenty years and the term of any loan will not exceed the expected life of the asset being funded. Shorter borrowing periods and earlier repayments will be taken where possible and appropriate.

TEN YEAR LOAN PROGRAM

FINANCIAL YEAR	DEBT DETAILS	LOAN TERM
2013/2014	NO NEW BORROWINGS	-
2014/2015	\$3,500,000 – NEW WORKSHOP AND DEPOT	20 YEARS
2015/2016	NO NEW BORROWINGS	-
2016/2017	NO NEW BORROWINGS	-
2017/2018	NO NEW BORROWINGS	-
2018/2019	NO NEW BORROWINGS	-
2019/2020	NO NEW BORROWINGS	-
2020/2021	NO NEW BORROWINGS	-
2021/2022	NO NEW BORROWINGS	-
2022/2023	NO NEW BORROWINGS	-

Reviewed: Council Meeting: 1ST July 2013