

2018-2019 Budget  
&  
Long Term Financial  
Forecasts 2018-2028

# Part 1

## Revenue & Rating Strategy 2018-2019

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## 2018/2019 REVENUE POLICY

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*Adopted on 27/07/2018 by Council Resolution No. XXXX/XXX*

### 1. POLICY STATEMENT

- 1.1 The Revenue Policy is intended to be a strategic document. Its adoption, in advance of setting the budget, allows Council to set out the principles that it will use to set its budget and to identify in broad terms the general strategy to be used for raising revenue, and setting of funds aside into reserves.
- 1.2 The legislative authority for the Revenue Policy are:
  - (a) *Local Government Act 2009*, Chapter 4, Part 3, Sections 104(5); and
  - (b) *Local Government Regulation 2012*, Chapter 5, Part 5, Section 193.

### 2. PRINCIPLES

- 2.1 A local government must prepare a Revenue Policy each financial year. The purpose of the policy is to identify the planning framework within which Council operates.
- 2.2 The Revenue Policy must state -
  - 2.2.1 The principles that the local government intends to apply in the financial year for:
    - i. Levying of rates and charges; and
    - ii. Recovering overdue rates and charges; and
    - iii. Granting rebates and concessions; and
    - iv. Cost recovery fees.
  - 2.2.2 If the local government intends to grant concession for rates and charges – the purpose for the concessions; and
  - 2.2.3 The extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development; and
  - 2.2.4 The amount of each reserve to be kept in the operating fund and the way in which the local government intends to ensure funding is available to support the purpose of each reserve.  
(The following policy has been prepared in accordance with the above requirements).
- 2.3 **Principles used for the levying of Rates and Charges**

In general Council will be guided by two (2) principles in the making of rates and charges so as to equalise the impact of rating on the efficiency of the local economy. These are the Equity Principle and the Benefit Principle (also called the User Pays Principle).

**Equity Principle** – Council will aim to ensure that all sectors of the rate paying community contribute equitably to the rates revenue of the Council. This means that in determining the level of rates and charges, Council's objective is to ensure the fair and consistent application of lawful rating and charging principles, without bias, taking into account of all relevant considerations, and disregarding irrelevancies such as the perceived personal wealth of individual ratepayers or ratepayer classes.

The general basis for determining rates is the valuation of rateable land as determined under the Land Valuation Act 2010, however differential general rating will be applied to achieve a more equitable relationship between the contribution to rates revenue that Council considers land with high economic activity should contribute, than could be achieved if a simple (i.e. single rate in the dollar) general rating scheme were to be adopted.

**Benefit (User Pays) Principle** – at a minimum, ratepayer should contribute rates which reflect the cost of providing Council’s services to rateable properties in each sector of the community. Wherever possible, this should be reflected in the minimum rate for each rating category.

Council will also have regard to the principles of:

- Transparency in the making of rates and charges.
- Having in place a rating regime that is simple and inexpensive to administer; and
- Flexibility to take account of changes in the local economy.

#### **Principles used for levying of rates**

In levying rates Council will apply the principles of:

- Making clear what is the Council’s and each ratepayer’s responsibility to the rating system.
- Making the levying system simple and inexpensive to administer; and
- Timing the levy of rates to take into account the financial cycle of local economy activity, in order to assist smooth running of the local economy.

#### **2.4 Principles used for Granting of Concessions for Rates and Charges**

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

- Fairness and social conscience by having regard to the different levels of ability to pay within the local community.
- The same treatment for ratepayers with similar circumstances.
- Transparency by making clear the requirements necessary to receive concessions; and
- Flexibility to allow Council to respond to local economic issues.

*Council may also give consideration to granting a class concession in the event all or part of the local government area is declared a natural disaster area by the State Government.*

#### **2.5 Principles used for Recovering Overdue Rates and Charges**

Council will exercise its rate recovery powers in order to adjust to ratepayer cash flows so as to minimise the overall rate burden on ratepayers. It will be guided by the principles of:

- Transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them meet their financial obligations.
- Making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective.
- Equity by having regard to providing the same treatment for ratepayers with similar circumstances; and
- Flexibility by responding where necessary to changes in the local economy.

#### **2.6 Principles to be applied for 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/benefit 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 should not subsidise the specific users or clients of Council’s regulatory products and services.

However, in setting its cost-recovery fees, Council will be cognizant 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.

## 2.7 Purpose of Concessions

See paragraph 2.4 (above).

## 2.8 Funding of Physical and Social Infrastructure Costs

Council requires property 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 Region, 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 is not adversely affected and so that existing ratepayers are not burdened with the cost of providing the additional infrastructure.

## 2.9 Operating Fund Reserves

Council will maintain 11 classes of reserves within its operating fund. These are:

- Land Development Reserve
- Sewerage Reserve
- Water Reserve
- Plant Replacement Reserve
- Airport Reserve
- Sustainability Reserve
- Future Capital Works Reserve
- Capital Grants Reserve
- Operating Grants Reserve
- Operating Expenditure Reserve
- Quarry Rehabilitation Reserve

Council during its budget deliberations examines the purposes of its reserves to ensure that the reserves are used for that purpose. Those reserves that are intended to be ongoing will be supported by transfers from operations and these transfers are included in Council's adopted budget.

## 3. SCOPE

This policy applies to the revenue and rating functions of Council.

## 4. REPEAL

This policy repeals all previous versions of policies relating to the Revenue Policy.

## 5. RESPONSIBILITIES

5.1 This Policy is to be implemented by all Elected Members and Officers; and

5.2 The responsible officer for this Policy is the Director Corporate Services who is required to monitor its adequacy and effectiveness and recommend appropriate changes to Council.

**6. REVIEW**

The *Local Government Act 2009* and *Local Government Regulation 2012* require Council to prepare a new Revenue Policy for each financial year.

**7. RESOLUTION**

Adopted by Council on the 27 July 2018 by Council Resolution XXXX/XXX

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date

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## REVENUE STATEMENT 1 July 2018 – 30 June 2019

The Carpentaria Shire Council 2018-2019 Revenue Statement has been drafted to comply with section 104(5) of the *Local Government Act 2009* and in accordance with sections 169(2)(b) and 172 of the *Local Government Regulation 2012*.

### 1. Purpose

A Revenue Statement is required to accompany the budget each year. The *Local Government Regulation 2012* outlines the matters that a local government must include in its Revenue Statement.

The Revenue Statement is an explanatory statement outlining and explaining the revenue measures adopted in the budget.

The purpose of the Revenue Statement is:

- To enunciate the methods used to achieve Council's objectives set out in the Revenue Policy;
- To explain material matters that guide the development and implementation of revenue practices within the Council; and
- To comply in all respects with legislative requirements.

### 2. Applicability

This Revenue Statement applies to the financial period from 1 July 2018 to 30 June 2019. It is approved in conjunction with the Budget as presented to Council.

It is not intended that this Revenue Statement reproduce all related policies. Related adopted policies will be referred to within the Revenue Statement where appropriate.

### 3. Rates and Charges

[s 94 *Local Government Act 2009*]

For the financial year beginning 1 July 2018, Carpentaria Shire Council will make and levy rates and charges. Rates and charges to be levied will include:

- a) Differential General Rates;
- b) Utility Charges for Water, Sewerage and Waste Management

### 4. General Rates Rationale

General rates are for services, facilities and activities that are supplied or undertaken for the benefit of the community in general (rather than a particular person).

Council calculates and levies rates and charges utilising the rateable value of the land; this valuation is set by the Department of Natural Resources.

Council has decided that in accordance with section 81 of the *Local Government Regulation 2012*, differential general rates will be levied on all rateable land in the shire.

In Councils opinion, differential general rating enables there to be a more equitable relationship between revenue raised from particular land and the circumstances relevant to that land, than would be the case under a standard rating system where rates are levied at a single rate in the dollar on all rateable land.

In determining its differential rating system, Council's objective is to ensure the fair and consistent application of lawful rating and charging principles, without bias, taking account of all relevant considerations and disregarding irrelevances such as the perceived personal wealth of individual ratepayers or ratepayer classes.

In summary, the differential rating categories have been determined having regard to matters such as:

- Land use;
- Availability of services;
- Consumption of services;
- Valuation; and
- Income producing capacity of land.

**Table 1 - Differential Rating Categories**

Category	Description	Identification
1	Vacant Urban Land <10,000 m <sup>2</sup>	All vacant urban land of less than 10,000m <sup>2</sup> in size, within the areas defined as Normanton Township or Karumba Township in the Carpentaria Shire Council Planning Scheme 2008 (Map 3)
2	Residential Land <4,000 m <sup>2</sup>	All residential land of less than 4,000m <sup>2</sup> in size, within the areas defined as Normanton Township or Karumba or Karumba Point, in the Carpentaria Shire Council Planning Scheme 2008 (Map 3)
3	Residential Land ≥4,000m <sup>2</sup> & <100Ha	All land within the council area that is 4,000m <sup>2</sup> or more but less than 100Ha in size, that is used for residential or rural residential purposes.
4	Residential Multi-units	All land within the council areas which consists multi residential dwelling
5	Vacant Land ≥4,000m <sup>2</sup> & <100Ha	All land within the council area that is 4,000m <sup>2</sup> or more but less than 100Ha in size, that could be used for residential or rural residential purposes, but is currently vacant.
6	Rural Areas	All land within the council area not included in other Categories
7	Rural \$500,000 - \$999,999	All rural land within the council area with an unimproved value of between \$500,000 and \$999,999.
8	Rural ≥ \$1,000,000	All rural land within the council area with an unimproved value of \$1,000,000 or more.
9	Rural - Agriculture	All rural land within the council area used for agricultural purposes, rather than grazing or other rural uses.
10	Commercial	All commercial land in Karumba and Normanton that is zoned "Commercial" in the Carpentaria Shire Council Planning Scheme 2008 (Map's 3 and 5) and land zoned as 'Residential' used to operating commercial tourism operations.

Category	Description	Identification
11	Motels	All land within the council area used for public accommodation such as motels and guest houses.
12	Commercial - Other	All land within the council area that is used by not for profit groups or organisations
13	Electrical Reticulation and Telecommunications Infrastructure – Rural	All land as described in Category 18 and which is located outside the Normanton and Environs and Karumba and Environs (Maps 2,3,4 &5 Carpentaria Shire Planning Scheme 2008)
14	Electrical Reticulation and Telecommunications Infrastructure – Normanton and Karumba	All land predominately used for Commercial Electrical, Reticulation or Telecommunication purposes or to which the primary land use code 91 – Transformers applies or should apply and is located within Normanton and Environs and Karumba and Environs (Maps 2,3,4 &5 Carpentaria Shire Planning Scheme 2008)
15	Intensive Accommodation – 10 to 30 Person	All land predominately used for intensive accommodation capable of accommodating 10 to 30 persons (other than the ordinary travelling public) in rooms, suites or caravan sites specifically built or provided for this purpose. Land within this category is commonly known as "workers accommodation", "single person's quarters", "work camps", "accommodation village" or "barracks".
16	Intensive Accommodation – 31 to 50 Person	All land predominately used for intensive accommodation capable of accommodating 31 to 50 persons (other than the ordinary travelling public) in rooms, suites or caravan sites specifically built or provided for this purpose. Land within this category is commonly known as "workers accommodation", "single person's quarters", "work camps", "accommodation village" or "barracks".
17	Intensive Accommodation ≥51 Person	All land predominately used for intensive accommodation capable of accommodating 51 or more persons (other than the ordinary travelling public) in rooms, suites or caravan sites specifically built or provided for this purpose. Land within this category is commonly known as "workers accommodation", "single person's quarters", "work camps", "accommodation village" or "barracks".
20	Light Industry	All industrial land in Karumba and Normanton that is zoned as either "Strategic Port Land" or "Industry" in the Carpentaria Shire Council Planning Scheme 2008 (Map's 3 and 5) excluding land identified in other Categories.
21	Transport and Heavy Industry <1Ha	All land used for the purposes of and incidental to transport operation, freight companies, batching plant, stockpiling, and or hazardous industries that is less than 1.0 Hectare in land size.
22	Service Stations	All land used for the purpose of and incidental to retail or wholesale fuel distribution, with a holding capacity of one million litres or less.

Category	Description	Identification
23	Bulk Fuel Storage	All land used for the purpose of and incidental to bulk fuel storage operations with a holding capacity greater than one million litres.
24	Shipping and Other Industry	All land used for the purpose of shipping operations and other industry located on the Norman River side of Yappar Street Industrial Area not identified in category 9, 10, 11, 13, 14, 15, 16, 17, 18, 19 and 26.
25	Processing Plant	All land used for the purpose of and incidental to the processing of goods and services for wholesale purposes.
26	Mine Product Operations	All land used, or capable of being used, for the purpose of, and incidental to:- -the bulk handling of mining products; -the storage of mining products; -the distribution of mining products; and/or -the storage of other mining related products and equipment. This category includes land previously used for any or more of the other purposes identified in this category, being rehabilitated (including the removal of structures)
27	Electricity Generation ≤5MW	All land used or intended to be used for or ancillary to the generation of electricity from a facility with an output capacity of 5Mega Watts or less.
28	Electricity Generation >5MW	All land used or intended to be used for or ancillary to the generation of electricity from a facility with an output capacity of greater than 5Mega Watts.
31	Quarry 5,000 – 100,000 Tonnes	All land in the council area used or intended to be used as a quarry extracting between 5,000 and 100,000 tonnes as defined by the appropriate State Government Department.
32	Quarry >100,000 Tonnes	All land in the council area used or intended to be used as a quarry extracting 100,000 tonnes or more as defined by the appropriate State Government Department.
33	Petroleum Lease	All petroleum leases located in the council area.
34	Mining Leases <25 people	All mining leases located in the council area, that employ less than 25 people in mining activities and has no on-site accommodation
35	Mining Leases <100 people	All mining leases located in the council area, that employ less than 100 people in mining activities and has no on-site accommodation
36	Mining Leases >100 people	All mining leases located in the council area, that employ less than 100 people in mining activities and has no on-site accommodation
37	Mining Leases <25 people with accommodation	All mining leases located in the council area, that employ less than 25 people in mining activities and has on-site accommodation.

Category	Description	Identification
38	Mining Leases <100 people with accommodation	All mining leases located in the council area, that employ less than 100 people in mining activities and has on-site accommodation
39	Mining Leases >100 people with accommodation	All mining leases located in the council area, that employ less than 100 people in mining activities and has on-site accommodation
41	Caravan Parks <50 sites	All land within the council area used as a caravan parks with less than 50 sites or accommodation units.
42	Caravan Parks 50 - 100 sites	All land within the council area used as a caravan parks with 51 – 100 sites or accommodation units.
43	Caravan Parks >100 sites	All land within the council area used as a caravan parks with more than 100 sites or accommodation units.
44	Hotels <20 Rooms	All land within the council area used as a hotel with less than 20 accommodation units.
45	Hotels >20 Rooms	All land within the council area used as a hotel with less than 20 accommodation units.
50	Transport >1.0Ha	All land used for the purposes of and incidental to transport operation, freight companies, batching plant, stockpiling and hazardous industries that is 1.0 Hectare or greater in land size.

## 5. Objection against Categorisation

Pursuant to section 90 of the *Local Government Regulation 2012* the owners of rateable land will be informed that they have the right of objection to the category their land is included in.

All objections shall be to the Chief Executive Officer of the Carpentaria Shire Council and the only basis for objection shall be that at the date of issue of the rate notice, the land should belong to a different rating category.

## 6. Minimum Differential General Rate

A minimum differential general rate is set for each differential general rate category to achieve an appropriate contribution from all property owners.

Council considers that a minimum general rate should be applied to ensure a sufficient contribution is made to cover the cost of public services that benefit all properties irrespective of the valuation of a property.

No minimum will apply to land to which section 50 of the *Land Valuation Act 2010* applies.

## 7. General Rating Categories

For the financial period from 1 July 2018 to 30 June 2019 the Differential General Rates and minimum general rates will be levied on the Differential General Rate categories as follows:

**Table 2 - Differential Rating Charges 2018/2019**

<b>Category</b>	<b>Description</b>	<b>Cents in the dollar</b>	<b>Minimum</b>
1	Vacant Urban Land <10,000 m <sup>2</sup>	1.3444	\$620.00
2	Residential Land <4,000 m <sup>2</sup>	1.4025	\$600.00
3	Residential Land ≥4,000m <sup>2</sup> & <100Ha	0.8248	\$610.00
4	Residential Multi-units	1.5268	\$640.00
5	Vacant Land ≥4,000m <sup>2</sup> & <100Ha	0.5648	\$670.00
6	Rural Areas	0.9522	\$600.00
7	Rural \$500,000 - \$999,999	1.1092	\$5,200.00
8	Rural ≥ \$1,000,000	1.5826	\$20,800.00
9	Rural - Agriculture	2.0000	\$5,200.00
10	Commercial	1.5988	\$680.00
11	Motels	1.4992	\$2,000.00
12	Commercial - Other	1.2044	\$570.00
13	Electrical Reticulation and Telecommunications Infrastructure – Rural	7.5816	\$1,060.00
14	Electrical Reticulation and Telecommunications Infrastructure – Normanton and Karumba	15.1696	\$5,550.00
15	Intensive Accommodation – 10 to 30 Person	3.3280	\$1,140.00
16	Intensive Accommodation – 31 to 50 Person	3.3280	\$2,290.00
17	Intensive Accommodation ≥51 Person	3.3280	\$3,430.00
20	Light Industry	1.2752	\$690.00
21	Transport and Heavy Industry <1Ha	3.0126	\$2,000.00
22	Service Stations	1.7272	\$1,040.00
23	Bulk Fuel Storage	3.0452	\$2,080.00
24	Shipping and Other Industry	3.4990	\$2,080.00
25	Processing Plant	4.2842	\$2,080.00
26	Mine Product Operations	121.9738	\$1,500,000.00
27	Electricity Generation ≤5MW	1.8756	\$4,310.00
28	Electricity Generation >5MW	2.0000	\$8,610.00
31	Quarry 5,000 – 100,000 Tonnes	3.4668	\$5,200.00
32	Quarry >100,000 Tonnes	2.0000	\$26,000.00
33	Petroleum Lease	2.0000	\$2,500.00
34	Mining Leases <25 people	2.0000	\$2,000.00
35	Mining Leases <100 people	2.0000	\$10,000.00
36	Mining Leases >100 people	2.0000	\$100,000.00
37	Mining Leases <25 people with accommodation	2.0000	\$3,000.00

Category	Description	Cents in the dollar	Minimum
38	Mining Leases <100 people with accommodation	2.0000	\$15,000.00
39	Mining Leases >100 people with accommodation	2.0000	\$110,000.00
41	Caravan Parks <50 sites	2.8494	\$710.00
42	Caravan Parks 50 - 100 sites	1.0310	\$1,000.00
43	Caravan Parks >100 sites	1.6702	\$2,000.00
44	Hotels <20 Rooms	1.3388	\$1,000.00
45	Hotels >20 Rooms	1.6702	\$2,000.00
50	Transport >1.0Ha	1.9266	\$3,000.00

## 8. Limitation on Rate Increase

[Chapter 4, Part 9, Division 3 Local Government Regulation 2012]

Council has determined that it is not appropriate to apply limits to increases applicable to any of the Differential Categories identified in the Revenue Statement and will not be making a resolution to limit the increases in rates and charges for the current period.

## 9. Utility Charges

[S 94 Local Government Act 2009]

Utility charges are for a service, facility or activity for water, sewerage and waste management.

Council has determined that, pursuant to section 94 of the Local Government Act 2009, it will make and levy charges for the supply of water, sewerage and cleansing services for the financial year beginning 1 July 2018.

### Water Utility Charges

Water utility charges are to be levied on all land within the Carpentaria Shire Council area whether vacant or occupied that Council is prepared and able to supply water, together with any land connected to the Carpentaria Shire Council water supply system.

The Carpentaria Shire Council water supply system includes the raw water pipeline from Glenore Weir to Normanton water treatment works.

All charges shall be used to defray the cost of constructing the water supply facilities including the payment of interest and redemption, depreciation and the costs associated with the operation, maintenance and management of the water supply system.

Water utility charges will be levied on a two-part basis made up of an access charge and a consumption charge and will be calculated on the following basis:

- (a) The access charge will be levied based on the number of units assigned to each class of occupancy in accordance with [Table 3](#) (Water Charging Schedule);
- (b) where water is used in excess of the classification allowance, an excess consumption charge will be levied;
- (c) no excess consumption charges will apply to dwellings connected to the raw water supply;
- (d) where raw water is used for stock watering, industrial or commercial purposes, the supply is to be separately metered and a consumption charge will be made and levied for every kilolitre of water used or part thereof.

**Table 3 - Water Charging Schedule**

No	Class	Units Per Class	Allowance Per Class (kL)
1	Accommodation units (up to 2)	15	900
2	Accommodation Units (more than 2)	5	200
3	Ambulance Centre	20	800
4	Café	36	1,440
5	Caravan Park (units per site)	2.5	80
6	Church	8	320
7	DPI Complex	40	1,600
8	Single Dwelling	15	900
9	Freight Depot	40	1,600
10	Fuel Depot (Storage > 1000000l)	100	4,000
11	Fuel Depot (Storage < 1000000l)	60	2,400
12	General Engineering	60	2,400
13	Harbour/ Marine Office & Depot	40	1,600
14	Hospital	500	20,000
15	Hotel/Bar	200	8,000
16	Kindergarten	15	900
17	Light Industrial	20	800
18	Motel Units (per Unit)	5	200
19	Office	20	800
20	Police Station (Karumba)	20	800
21	Police Complex	80	3,200
22	Railway station	75	3,000
23	Raw Water Rural Domestic	6	Nil
24	Receiver Depot	40	1,600
25	Recreation Club	100	4,000
26	Restaurant	36	1,440
27	Satellite Station	20	800
28	Schools – Karumba (state)	100	4,000
29	Schools – Normanton (state)	300	12,000
30	Schools – Private	75	3,000
31	Service Station	20	800
32	Shop	20	800
33	Slipway Cleaning and refit	100	4,000
34	Small Business	20	800
35	Sporting Club	20	800
36	Swimming Pool – public	20	800
37	Telstra and Ergon Facilities	40	1,600
38	Vacant Connected	15	900
39	Vacant Unconnected	10	0

No	Class	Units Per Class	Allowance Per Class (kL)
40	TAFE	150	6,000

**Table 4 - Water Utility Charges 2018/2019**

Type	Basis of Charge	Charge
Access Charge	per unit	\$69.00
Excess Consumption Charge	per kL	\$2.60
Consumption Charge - Stock Watering & Industrial Use	per kl	\$2.60

## 10. Sewerage Utility Charges

Council will levy Waste Water utility charges on each rateable property, both vacant and occupied, that Council has or is able to provide with sewerage services;

The Waste Water utility charges are to apply to all lands and/or premises within the Normanton and Karumba township declared sewerage areas:

### Normanton Sewerage Utility Charges

Sewerage charges will be calculated as follows –

#### (1) Residential

- (i) A base charge per annum for the first Pedestal.
- (ii) No additional charges will be made for any additional pedestals.

#### (2) Commercial

- (i) A base charge per annum; and
- (ii) A charge per unit will be made and levied with the number of units assigned to each classification in accordance with Table 5.

#### (3) Vacant Land

- (i) A base charge per annum for each vacant lot.
- (ii) Where more than one vacant lot is included on the same rate assessment, only one vacant charge will apply.

**Table 5 - Normanton Sewerage Charging Schedule**

Category	Commercial Types	Base (No. of Pedestals)	Per Unit
A	Motels	2	1
B	Service Stations	<i>Same as H Commercial</i>	
C	Caravan Parks	2	1
D	Dual Occupancy	2	1
E	Flats	1	1
F	Clubs & Hotels	2	1
G	Laundromat	2	1
H	Commercial	2	1

Category	Commercial Types	Base (No. of Pedestals)	Per Unit
I	Non-Rateable	0	0
J	Religious Institution	1	1

**Table 6 - Normanton Sewerage Utility Charges 2018/2019**

Type	Basis of Charge	Charge
Residential Charge	per unit	\$ 808.60
Vacant Charge	per unit	\$ 606.70
Base Commercial Charge	per unit	\$ 1,159.80
Comm. Pedestal Charge	per unit	\$ 526.30

### Karumba Sewerage Utility Charges

Sewerage charges will be calculated as follows –

- (i) Sewerage charges will be based on a unit ET (Equivalent Tenement) basis.
- (ii) For each property in the Karumba sewerage scheme area, the sewerage rate to be levied will be calculated by multiplying the base rate by the relevant ETV value applying to the specific property type as listed in [Table 7](#).

**Table 7 - Equivalent Tenement Schedule**

Category	Description	Unit	Equivalent Tenement Value
Residential	Standard Residential Dwelling	Lot	1.00
	Units – 1 Bedroom	Dwelling	0.50
	Units – 2 Bedroom		0.75
	Units – 3 Bedroom or more		1.00
Commercial Class A	Caravan Park – camping site	Site	0.50
	Caravan/Cabin site	Site	0.50
Commercial Class B	Hair Dresser/Beauty Salon	Basin	0.79
	Supermarket	Minimum	1.00
	Single Retail Shop	Minimum	1.00
	Medical Centre	Consulting Room	0.63
	Service Station	Per Lane	0.90
	Fish Farm	Site	2.00
	Restaurant/Cafe	Floor Area m <sup>2</sup>	0.01
	Take Away/Fast Food (no amenities)	Floor Area m <sup>2</sup>	0.02

Category	Description	Unit	Equivalent Tenement Value
	Take Away/Fast Food (with amenities)	Floor Area m <sup>2</sup>	0.05
	Butcher Shop	Floor Area m <sup>2</sup>	0.05
	Pub/Bar	Floor Area m <sup>2</sup>	0.05
	All other commercial	Floor Area m <sup>2</sup>	0.01
Community Facilities	Sporting facility	Site	2.00
	Child Care Centre	Site	2.00
	Schools	Site	7.00
	Public Amenities	Site	1.00
	Police Station	Site	2.00
Industry General	Light Industry	Site	2.00
	Medium Industry	Site	5.00
	Heavy Industry	Site	15.00
Vacant Land	All categories of use	Lot	0.75

Council has separated Commercial properties into two (2) Classes:

- Class A - are those properties used for camping and caravan purposes and have been assessed by the Council as having a slightly lower impact on the sewerage network than properties in Class B
- Class B - are motels, hotel, resorts, unit accommodation and intensive accommodation.

**Table 8 - Karumba Sewerage Utility Charges 2018/2019**

Type	Basis of Charge	Charge
Residential Charge	per ETV	\$1,176.30
Vacant Charge	per ETV	\$882.70
Commercial/ Industrial Charge	per ETV	\$1,176.30
Accommodation A or B Charge	per ETV	\$1,176.30
Community Facilities Charge	per ETV	\$1,176.30

## 11. Waste Management Utility Charges

Council will provide a garbage collection service and disposal facilities to all domestic and commercial premises within the townships of Normanton and Karumba.

A Cleansing Charge will be levied on all assessments within the townships of Normanton and Karumba. This utility charge is intended to cover the full cost of collection and disposal of household and commercial refuse, as well as for the operation, maintenance and upkeep of the waste management facilities and a portion of the charges shall be associated with capital works in the refuse disposal area and future cost of restoration of the refuse disposal area.

Cleansing charges will be calculated as follows:

- (i) council will determine a base rate per cleansing unit through the adoption of the annual budget.
- (ii) the cleansing rate to be levied will be calculated by multiplying the base rate by the number of cleansing units.
- (iii) the number of cleansing units assigned to each property is to be calculated as follows:
  - a. determine the minimum number of bins allocated to each specific property type as listed in the [Table 9](#) (Garbage Charges Schedule);
  - b. compare the minimum number of bins identified with column 1 in [Table 10](#) (Cleansing Units Applied Schedule) and calculate the number of cleansing units to be applied from column 2 of [Table 10](#)

**Table 9 – Garbage Charges Schedule**

Class No.	Classification	Minimum No of Bins	No of Services per Week
1	Aerodrome	1	3
2	Caravan park 1 bin per 3 sites	1	3
3	Catering Shop	2	3
4	Child Care Centre	1	1
5	Dwelling House	1	1
6	School – Normanton	2	3
7	Multiple Dwelling – each Unit	1	1
08	Hospital	8	3
9	Hotel Complex	5	3
10	Hotel/Motel – Serviced Units – 1 bin per 4 units	1	3
11	Light Industry	1	3
12	Place of Worship	1	1
13	Service Station	1	3
14	Shop	2	3
15	Truck Depot	1	3
16	Waterfront Industry – Category 1	1	3
17	Waterfront Industry – Category 2	9	3
18	Medical Centre	1	3
19	Hall	1	1
20	Accommodation Units 1 bin per – 2 units	1	1
21	Commercial Premises	2	3
22	Commercial Industry	2	3
23	Tourist Facility	11	3
24	Special Purposes	1	3
25	Outdoor Entertainment	2	3
26	Indoor Entertainment	1	3
27	Shopping Centre	5	3
28	Motel Complex	5	3
29	School – Karumba	2	3
30	School – Private	2	3
31	Aged Persons Home	2	3

Class No.	Classification	Minimum No of Bins	No of Services per Week
32	Depot – Council & Other	1	3
33	Karumba Recreation Club	2	3
34	Accommodation Building	1	1
35	TAFE Complex	2	1
36	Post Office	1	1

**Table 10 - Cleansing Units Applied Schedule**

Minimum Number of Bins Allocated Column 1	Cleansing Units Applied Column 2
1	1
1	3
2 - 4	6
5 - 7	10
8 - 10	16
11 - 13	22
14 - 16	28
17 - 19	34
20 - 29	40
30 - 39	60
40 - 49	80
50+	100

**Table 11 - Waste Management Utility Charges 2018/2019**

Type	Basis of Charge	Charge
Waste Management Charge	per unit	\$385.00

## 12. Rate Concessions

[s 121 Local Government Regulation 2012]

### Pensioner Rates Remission

Council will provide a remission on differential general rates, water, sewerage and garbage utility charges, if the owner of the land is a qualifying pensioner and is eligible for the State Government pensioner remission.

Council will grant a remission if the owner of the land is:

- (i) A pensioner and is eligible for the State Government pensioner remission;
- (ii) Has been a resident within the shire boundary for a period of at least 10 years

Under Council's remission scheme any arrears of rates and charges associated with the residential allotment must be paid in full before a Pensioner becomes entitled to receive the Council rates remission.

## **Not for Profit Organisations**

Council acknowledges the contributions made by various community and sporting organisations throughout the shire by way of granting a donation or concession to the organisation. Applications are to be submitted to Council and these will be assessed and determined on a case by case basis.

These remissions are subject to the conditions set out in Council's Rates Based Financial Assistance Policy. The Policy sets out the eligibility criteria and the calculation of the quantum of the remission. To be eligible for the remission ratepayers must apply before the commencement of the financial year.

## **Natural Hardship**

Council may, at its discretion allow other concessions or remissions if it is of the opinion that some unusual, exceptional and/or serious circumstances exist which may prevent payment of the full amount of rates levied, payment within the appointed time or otherwise delay the payment of rates and charges as they fall due.

Applications for concessions or remissions should be able to demonstrate unusual, exceptional and/or severe difficulty rather than the usual frustration and trial to which everyone is subjected from time to time.

## **Natural Disaster or Drought Relief**

Council may at its discretion grant some relief to rural and commercial ratepayers who are financially stressed by drought or have been affected by natural disaster.

The relief may be in the form of an extension to the period during which Council will permit discount to be deducted from rates. This period shall be extended to the end of the period covered by the rate levy (31 December or 30 June).

This concession may be available only to primary producers and select commercial operations who can provide objective evidence of financial difficulty arising from drought or natural disaster.

The Department of Primary Industries shall be the determining body for the process of declaration of drought.

## **13. Other Matters Concerning Rates and Charges**

### **Interest**

(s 133 Local Government Regulation 2012)]

Council encourages ratepayers to meet their rates and charges debts payment responsibilities.

To this end Council will impose interest compounded daily, to be calculated from the end of the financial half year in which they fall due and charged at the end of each month or at such other time as required for the issuing of statutory notices.

The rate of interest will be determined annually by resolution.

### **Discount**

(s 130 Local Government Regulation 2012)

To encourage the prompt payment of rates and charges a discount will be allowed on gross rates and charges (excluding excess water).

Discount for prompt payment is subject to the following provisions:

- (a) all rates and charges levied are paid within 30 days of the date of issue of the rate notice; and
- (b) all other rates and charges appearing on the rate notice (that are not subject to a discount) are paid within 30 days after the date of issue of the rate notice; and
- (c) all other overdue rates and charges relating to the rateable assessment are paid within 30 days of the date of issue of the rate notice.

The maximum discount allowed on the differential general rate is set at \$5,000. There is no maximum limit on the discount for any other rates and charges, only the general rate.

### **Collection of Outstanding Rates and Charges**

Council requires payment of rates and charges within the specified period and it is Council's practice to pursue the collection of outstanding rates and charges diligently but with due concern for any financial hardship faced by relevant ratepayers.

Council will allow property owners who are unable to pay their rates by the due date to enter into an arrangement to pay by instalments according to an agreed schedule, with no recovery action being taken while the arrangement is being maintained. However, interest will be charged on any arrears of rates at the rate set by Council's annual budget resolutions.

Council's Rates and Charges Debt Recovery Policy guides the administration process that is used in the collection of overdue rates and charges. This may include the selection of various recovery actions including the sale of land in accordance with legislative requirements.

### **Payments In Advance**

Council accepts payments in advance of future rate levies. Interest is not payable on any credit balances held.

### **Issue of Rate Notices**

(s 107 Local Government Regulation 2012)

Rates and utility charges referred to in the Revenue Statement shall generally be levied half yearly (billing periods beginning August/September and February/March).

A separate rate notice for water excess charges will be issued annually.

Such rates and utility charges shall be payable by the due date detailed on the rate notice.

All rates and charges issued will be due and payable within 30 days of the issue of a notice to pay.

## **14. Authority**

It is a requirement of the Local Government Act 2009 that for each financial year Council adopt, by resolution, a Revenue Statement.

**MIKE HAYWARD**  
**CHIEF EXECUTIVE OFFICER**

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## **2018/2019 RATES BASED FINANCIAL ASSISTANCE POLICY**

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*Adopted on 27/07/2018 by Council Resolution No. XXXX/XXX*

### **1. PURPOSE**

To establish guidelines to assess requests for rates and utility charge remissions in order to alleviate the impact of Local Government rates and charges, particularly in relation to Not-For-Profit/Community Organisation.

### **2. REPEAL**

This policy repeals all previous versions of policies relating to Rates Based Financial Assistance.

### **3. SCOPE**

This policy will allow Council to consider applications for remissions of general rates, garbage, water and sewerage charges from Not-For-Profit/Community Organisation.

### **4. RESPONSIBILITIES**

The administration of this policy shall occur through the Chief Executive Officer.

### **5. DEFINITIONS**

- Chief Executive Officer (CEO) - A person appointed under section 194 of the Local Government Act 2009, including a person acting in that position.
- Council – Carpentaria Shire Council.

### **6. POLICY**

A local government may exercise power under Chapter 4 Part 10 of *the Local Government Regulation 2012* if the local government resolves that the case justifies the exercise of the power or in the case is of a kind that has been accepted by resolution of the local government as justifying the exercise of the power.

#### **6.1 ELIGIBILITY**

Rate remissions are available to approved organisations whose objectives do not include the making of profit and who provide services to their membership and the community at large.

Not-For-Profit/Community Organisation – Is an incorporated body who:

- a) Does not include the making of profit in its objectives;
- b) Does not charge a commercial fee for service;
- c) Is located within the Carpentaria Shire Council area and the majority of its members reside in the Council area;
- d) Does not receive income from gaming machines;

- e) Does not receive income from the sale of alcohol in a commercial manner (e.g. bar with regular hours of operation with permanent liquor license operated by paid bar staff);
- f) Is the owner, lessee or life tenant of the property;
- g) The property is the incorporated body's main grounds/base/club house or residence;
- h) Has, either solely or jointly with a co-owner, the legal responsibility for the payment of rates and charges which are levied in respect of the property;
- i) Is not a religious body or entity or educational institution recognised under State or Federal statute or law; and
- j) Is not a State and Federal entity whose activities are controlled or Governed by State or Federal statute or law.

Should an applicant only have part ownership of the property the Council remission would be similarly reduced.

## **6.2 CLOSE OF APPLICATIONS**

Applications are to be received by Council no later than the closing date of the discount period for each rates notice levied. Not-For-Profit/Community Organisation are required to submit an application for each rates notice levied, at present Council levies rates notices on a half yearly basis for the period 01 July to 31 December and 01 January to 30 June. If an application is approved by Council, remissions will be applied from the beginning of the current rating period (remissions will not be applied retrospectively).

However, late applications may be approved by Council for the current rating period subject to the Not-For-Profit/Community Organisation (applicant) meeting all the requirements of this policy. Furthermore, if a Not-For-Profit/Community Organisation purchases property during a rating year, Rates Based Financial Assistance will apply from the date the land is actually used for its intended purpose, subject to that group meeting all requirements of this policy.

## **6.3 AMOUNT OF REMISSION**

The concession provided in this policy is on the levied general rate, garbage, water and sewerage charges (less discounts). Concessions will not apply to vacant land or not for profit organisations that do not fulfil their lease obligations. If rates are in arrears, a concession will not apply in future until all outstanding rates and charges are paid

General Rates – Council may provide up to 100% of the General Rates.

Garbage, Water and Sewerage Charges – Council may provide up to 50% concession of the Garbage, Water and Sewerage charges.

All other rates, levies and charges are excluded from concessions.

An example of the remission calculation is provided below:

Not-For-Profit/Community Organisation

**Assessment – XXXXX-XXXXX-XXX**

	Original 2018/2019 First Half Levy	Concession 2018/2019 First Half Levy	Total Discount
01 July XXXX – 31 December XXXX			
General Rates	\$815.39	\$0.00	-\$815.39
Water	\$502.50	\$251.25	-\$251.25
Sewerage	\$1,142.00	\$571.00	-\$571.00
Cleansing (Garbage)	\$185.00	\$92.50	-\$92.50
State Gov Emergency	\$126.20	\$126.20	\$0.00
Gross Total	\$2,771.09	\$1,040.95	-\$1,730.14
Less Discount Applicable	\$264.49	\$91.48	-\$173.01
Council Concession	\$2,506.60	\$949.48	-\$1,557.13

**7. ASSOCIATED DOCUMENTS**

*Local Government Act 2009*

*Local Government Regulation 2012*

Revenue Policy

Revenue Statement

**8. REVIEW**

30 June 2019

**9. RESOLUTION**

Adopted by Council on the 27 July 2018 by Council Resolution XXXX/XXX

\_\_\_\_\_

Chief Executive Officer

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_

Date

# Part 2

## Budget 2018-2019

## COMMUNITY FINANCIAL REPORT

The annual operating budget ensures that Council has adequate revenue to fund expenditure that meets the needs of the community today. The capital budget provides for the delivery of infrastructure to service the region now and in the future. The long term forecast focuses on Council's ability to continue to meet community needs over the long term.

In framing the budget, Council has been mindful of the effect rate rises have on the community and has focused on continuing to achieve efficiencies and reduce operating costs, whilst limiting the impact that this will have on services to the community, to deliver a balanced budget.

### ANNUAL BUDGET 2018/2019 AT A GLANCE

Statement of Income and Expenditure		Financial Position	
Operating Revenue	\$41,436,797	Current Assets	\$21,939,898
Operating Expenses	\$43,076,732	Non-Current Assets	\$344,091,424
<b>Operating Result</b>	<b>(\$1,639,935)</b>	<b>Total Assets</b>	<b>\$366,031,322</b>
Capital Revenue	\$6,583,000	Current Liabilities	\$5,330,964
Contributed Assets	\$0	Non-Current Liabilities	\$10,484,617
<b>Net Result</b>	<b>\$4,943,065</b>	<b>Total Liabilities</b>	<b>\$15,815,581</b>
Capital Expenditure		Borrowings	
Capital Works Program	\$9,025,011	Outstanding Borrowings	\$9,495,000
Repayment of Borrowings	\$669,415	Borrowings per Assessment	\$8,101.53

### BACKGROUND

The following report outlines Council's budgeted financial position and performance for the 2018/2019 financial year.

The information contained in this report is based upon Council's budgeted Financial Statements for the three year periods commencing in 2018/2019 with a comparison to the 2017/2018 forecast year end position. The budgeted financial statements are contained in Section 2 of this report and include;

- **Statement of Income and Expenditure** – expected revenue and expenses.
- **Statement of Financial Position** – anticipated assets (what we own), liabilities (what we owe) and community equity (our net worth).
- **Statement of Cash Flows** – how forecast revenue received and expenses paid will impact on Council's cash balance.
- **Statement of Changes in Equity** – summary of the forecast transfers to and from equity accounts including accumulated surplus, capital and other reserves.

## BUDGET ASSUMPTIONS AND PRINCIPLES

Under the requirements of the Local Government Regulation 2012, Council's budget for each financial year must be prepared on an accruals basis and include financial statements for the year for which it was prepared and the next two financial years.

The results of this budget are linked to the Corporate Plan which provides the strategic direction of Council and the Operational Plan which outlines key objectives and deliverables for Council for the upcoming year. The budget forms the basis of Council's Long Term Financial Forecast and is aligned with Council's Asset Management Plan and Capital Works Program.

Council controls and manages infrastructure assets that are largely unique to the public sector. These infrastructure assets include roads, bridges, footpaths, water reticulation and sewerage assets, which generally have very long useful lives and can only be used for providing local government services. The costs associated with the maintenance, depreciation and replacement of these assets form a material part of Council's annual expenditure.

Council is committed to delivering balanced operating budgets and a capital works program that not only maintains existing assets but continues to grow its asset base in line with community needs over the long term. Council aims to deliver on these objectives with rate rises at or around CPI.

During 2018/19 Council will continue to drive costs down by ensuring that our business is operating efficiently and effectively.

## CORPORATE FINANCIAL STATEMENTS

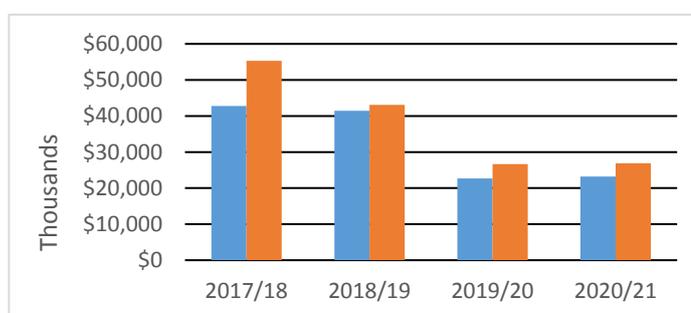
### STATEMENT OF INCOME AND EXPENDITURE

#### OPERATING POSITION

Council's operating position reflects the organisation's ability to meet its day-to-day running costs from operating revenue. The operating position is calculated by taking total operating expenses from total operating revenue and does not include revenue or expenditure amounts for capital projects. Council have budgeted a balanced operating position for the Financial Years 2017/18, 2018/19, 2019/20 and 2020/21.

#### FINANCIAL SUMMARY – OPERATING

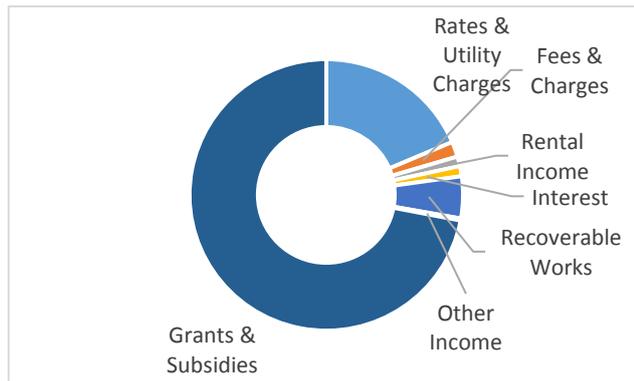
Financial Year	Operating Revenue	Operating Expenses
2017/18	\$42,755,571	\$55,300,735
2018/19	\$41,436,797	\$43,076,732
2019/20	\$22,662,600	\$26,638,330
2020/21	\$23,216,475	\$26,902,640



## OPERATING REVENUE

### OPERATING REVENUE 2018/2019

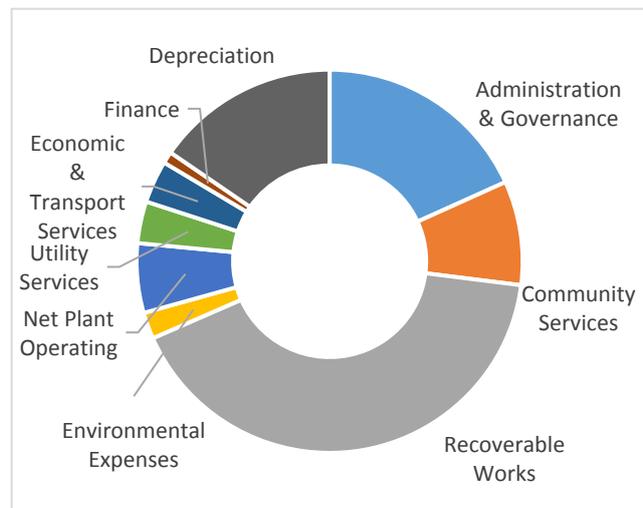
Category	Budget
Net rates & utility charges	\$7,718,000
Fees & charges	\$751,000
Interest revenue	\$503,000
Grants & subsidies	\$29,821,797
Other operating income	\$2,643,000
<b>Total Operating Revenue</b>	<b>\$41,436,797</b>



## OPERATING EXPENSES

### OPERATING EXPENSES 2018/2019

Category	Budget
Administration & Governance	8,890,000
Community Services	4,283,000
Recoverable Work	20,212,000
Environmental Expenses	1,092,000
Net Plant Operating	(2,860,000)
Utility Services	1,722,000
Economic & Transport Services	1,741,000
Finance	482,732
Depreciation	7,514,000
<b>Total Operating Expenditure</b>	<b>\$43,076,732</b>



## NET RESULT

Council projected net result reflects total revenue less total expenses, this includes capital revenue.

### NET RESULT 2018/2019

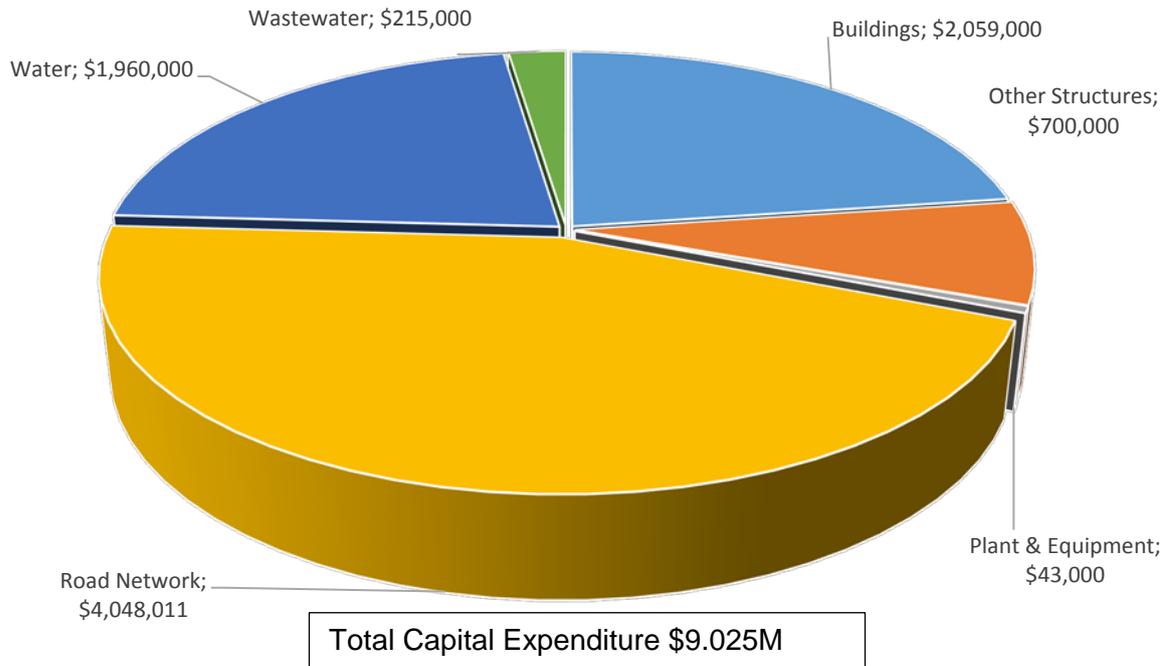
Budget	Net Result
2017/18	(\$5,784,785)
2018/19	\$4,943,065
2019/20	(\$2,075,730)
2020/21	(\$1,786,165)



## CAPITAL WORKS PROGRAM

Council manages a very diverse range of infrastructure assets with a net value in excess of \$326M. These assets cover categories such as land, buildings, plant and equipment, road and bridge network, drainage, water, sewerage and solid waste disposal. Council is responsible for the construction, upgrade and renewal of the majority of these assets through its capital works program.

Council's capital works program for 2018/19 is \$9.025M. Council will utilise a combination of revenue, capital grants and loans to fund this program. The following table provides a breakdown of the proposed capital works for the 2018/19 year by asset category.

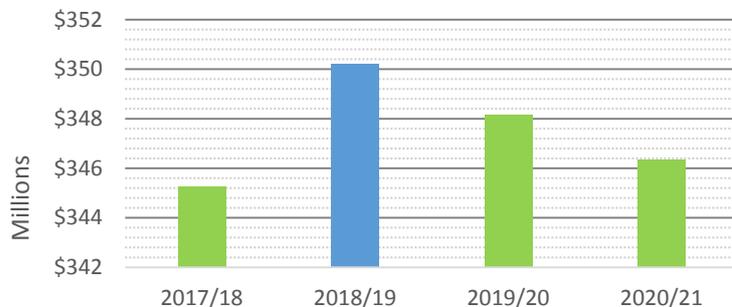


## STATEMENT OF FINANCIAL POSITION

Council manages in excess of \$350M of net community assets on behalf of the ratepayers and residents of the region. Growth of net community assets is projected to increase steadily over the next three years, driven mostly by Council's capital works program.

### NET COMMUNITY ASSETS

Budget	Net Result
2017/18	\$345,272,675
2018/19	\$350,215,741
2019/20	\$348,140,010
2020/21	\$346,353,831



## BORROWINGS

Borrowings are obtained from Queensland Treasury Corporation (QTC) and are in line with Council's Debt Policy.

Borrowings are repaid on a quarterly basis in accordance with the terms and conditions set by Queensland Treasury Corporation. Council borrows to fund future long-term infrastructure assets to provide ongoing benefits to the community.

### DEBT SERVICE PAYMENTS

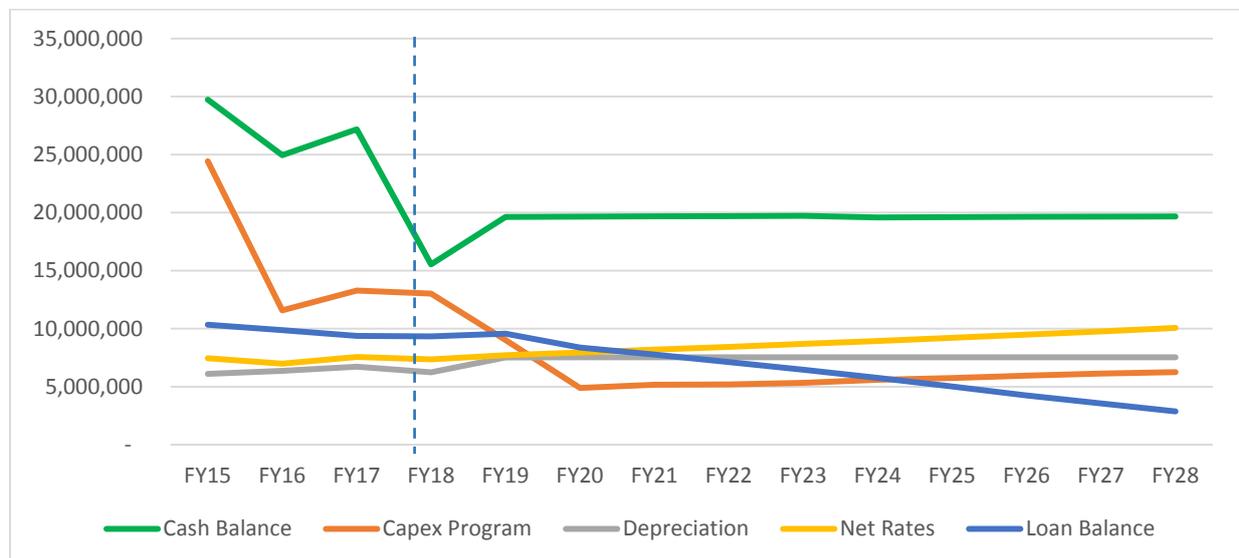
Budget	Principal	Interest
2017/18	\$518,939	\$453,958
2018/19	\$669,415	\$445,732
2019/20	\$531,490	\$424,775
2020/21	\$558,208	\$397,948



## LONG TERM FINANCIAL FORECAST

Council has developed, and maintains, a long term financial forecast in order to ensure Council continues to be sustainable in the long term. The forecast covers a period of 10 years and contains forecasts for revenue and expenditure, assets values, liabilities and equity. The long term financial forecast is key to the strategic direction of Council and is consistent with Council's corporate plan and long term asset management plans.

Key outputs from the long term financial forecast are outlined below.



# BUDGETED FINANCIAL STATEMENTS

## Budgeted Statement of Income and Expenditure

	Budget 2018-2019 \$	Forecast 2019-2020 \$	Forecast 2020-2021 \$
<b>Operating Revenue</b>			
Rates and Utility Charges	8,267,000	8,515,100	8,769,102
Less: Discount Allowed	(549,000)	(565,000)	(582,000)
	<b>7,718,000</b>	<b>7,950,100</b>	<b>8,187,102</b>
Fees and Charges	751,000	910,160	983,955
Rental Income	475,000	477,750	493,142
Interest	503,000	506,440	509,946
Recoverable Works	2,066,000	2,124,440	2,184,633
Other Income	102,000	59,730	60,997
Contributions from developers	0	0	0
Grants and Subsidies	29,821,797	10,633,980	10,796,700
<b>Total Operating Revenues</b>	<b>41,436,797</b>	<b>22,662,600</b>	<b>23,216,475</b>
<b>Operating Expenditure</b>			
Employee benefits	8,646,000	8,671,767	8,888,561
Material and services	26,434,000	9,974,864	10,048,260
Finance costs	482,732	462,699	436,819
Depreciation	7,514,000	7,529,000	7,529,000
	<b>43,076,732</b>	<b>26,638,330</b>	<b>26,902,640</b>
<b>OPERATING RESULT</b>	<b>(1,639,935)</b>	<b>(3,975,730)</b>	<b>(3,686,165)</b>
<b>Capital Items</b>			
Capital Grants, and Subsidies	6,583,000	1,900,000	1,900,000
<b>INCREASE IN OPERATING CAPABILITY</b>	<b>4,943,065</b>	<b>(2,075,730)</b>	<b>(1,786,165)</b>

## Budgeted Statement of Financial Position

	Budget 2018-2019 \$	Forecast 2019-2020 \$	Forecast 2020-2021 \$
<b>Current Assets</b>			
Cash and Equivalents	19,626,685	18,999,245	18,372,512
Trade and Other Receivables	1,307,266	1,341,734	1,376,772
Inventories	483,459	483,459	483,459
Non-Current Assets classified as Inventory	522,488	522,488	522,488
<b>Total Current Assets</b>	<b>21,939,898</b>	<b>21,346,926</b>	<b>20,755,231</b>
<b>Non-Current Assets</b>			
Trade and Other Receivables	188,482	154,014	118,976
Property, Plant and Equipment	310,583,875	303,054,875	295,525,875
Capital Works in Progress	33,319,067	38,868,286	44,679,632
<b>Total Non-Current Assets</b>	<b>344,091,424</b>	<b>342,077,175</b>	<b>340,324,483</b>
<b>TOTAL ASSETS</b>	<b>366,031,322</b>	<b>363,424,101</b>	<b>361,079,714</b>
<b>Current Liabilities</b>			
Trade and Other Payables	4,812,081	4,812,081	4,812,081
Borrowings	206,426	229,658	252,990
Provisions	312,457	312,457	312,457
<b>Total Current Liabilities</b>	<b>5,330,964</b>	<b>5,354,196</b>	<b>5,377,528</b>
<b>Non-Current Liabilities</b>			
Borrowings	9,288,574	8,733,852	8,152,312
Provisions	1,196,043	1,196,043	1,196,043
<b>Total Non-Current Liabilities</b>	<b>10,484,617</b>	<b>9,929,895</b>	<b>9,348,355</b>
<b>TOTAL LIABILITIES</b>	<b>15,815,581</b>	<b>15,284,091</b>	<b>14,725,883</b>
<b>NET COMMUNITY ASSETS</b>	<b>350,215,741</b>	<b>348,140,010</b>	<b>346,353,831</b>
<b>Community Equity</b>			
Asset Revaluation Reserve	235,810,806	235,810,806	235,810,806
Retained Surplus	114,404,935	112,329,204	110,543,025
<b>TOTAL COMMUNITY EQUITY</b>	<b>350,215,741</b>	<b>348,140,010</b>	<b>346,353,831</b>

## Budgeted Statement Cash Flows

	Budget 2018-2019 \$	Forecast 2019-2020 \$	Forecast 2020-2021 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers	10,637,000	11,044,430	11,416,687
Payments to suppliers and employees	(35,087,961)	(18,684,557)	(18,975,708)
	<b>(24,450,961)</b>	<b>(7,640,127)</b>	<b>(7,559,021)</b>
Interest received	503,000	506,440	509,946
Rental income	475,000	477,750	493,142
Non capital grants and contributions	29,821,797	10,633,980	10,796,700
Borrowing costs	(445,732)	(424,775)	(397,948)
<b>Net cash inflow (outflow) from operating activities</b>	<b>5,903,104</b>	<b>3,553,268</b>	<b>3,842,819</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	(9,025,011)	(4,899,219)	(5,161,346)
Investment in short term deposits			
Proceeds from sale of property, plant and equipment			
Grants, subsidies, contributions and donations	6,583,000	1,900,000	1,900,000
<b>Net cash inflow (outflow) from investing activities</b>	<b>(2,442,011)</b>	<b>(2,999,219)</b>	<b>(3,261,346)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	1,300,000	0	0
Repayment of borrowings	(669,415)	(531,490)	(558,208)
<b>Net cash inflow (outflow) from financing activities</b>	<b>630,585</b>	<b>(531,490)</b>	<b>(558,208)</b>
Net increase (decrease) in cash held	4,091,678	22,559	23,265
Cash at beginning of reporting period	15,535,007	19,626,685	19,649,244
<b>Cash at end of reporting period</b>	<b>19,626,685</b>	<b>19,649,244</b>	<b>19,672,509</b>

## Budgeted Statement of Changes in Equity

	Budget 2018-2019 \$	Forecast 2019-2020 \$	Forecast 2020-2021 \$
<b>Retained Surplus</b>			
Opening balance	109,461,870	114,404,935	112,329,204
Net Result	4,943,065	(2,075,731)	(1,786,179)
<b>Closing Balance</b>	114,404,935	112,329,204	110,543,025
<b>Asset Revaluation Surplus</b>			
Opening Balance	235,810,806	235,810,806	235,810,806
Change in Asset revaluaton surplus			
<b>Closing Balance</b>	235,810,806	235,810,806	235,810,806
<b>Total Communtiy Equity</b>	350,215,741	348,140,010	346,353,831

## LONG TERM FINANCIAL FORECAST 2018/2019 – 2027/2028

	Original 2017-2018	Amended 2017-2018	Forecast 2017-2018	Proposed 2018-2019	Forecast 2019-2020	Forecast 2020-2021	Forecast 2021-2022	Forecast 2022-2023	Forecast 2023-2024	Forecast 2024-2025	Forecast 2025-2026	Forecast 2026-2027	Forecast 2027-2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating Revenue</b>													
Rates and Utility Charges	7,795,000	7,854,000	7,879,902	8,267,000	8,267,100	8,265,102	8,263,214	8,261,649	8,260,634	8,259,382	8,258,132	8,256,126	8,254,609
Less: Discount Allowed	(993,000)	(530,000)	(529,420)	(549,000)	(549,000)	(549,000)	(549,000)	(549,000)	(549,000)	(549,000)	(549,000)	(549,000)	(549,000)
	<b>6,802,000</b>	<b>7,324,000</b>	<b>7,350,482</b>	<b>7,718,000</b>	<b>7,718,100</b>	<b>7,716,102</b>	<b>7,714,214</b>	<b>7,712,649</b>	<b>7,711,634</b>	<b>7,710,382</b>	<b>7,709,132</b>	<b>7,707,126</b>	<b>7,705,609</b>
Fees and Charges	788,000	676,000	611,594	751,000	910,160	983,955	1,013,707	1,044,346	1,075,894	1,108,378	1,141,828	1,176,270	1,211,734
Rental Income	468,000	478,000	427,388	475,000	477,750	493,142	505,236	517,694	530,524	543,740	557,352	571,373	585,814
Interest	506,000	455,000	506,159	503,000	506,440	509,946	513,522	517,165	520,877	524,659	528,514	532,441	536,440
Recoverable Works	2,122,000	2,540,000	1,749,751	2,066,000	2,124,440	2,184,633	2,246,632	2,310,491	2,376,266	2,444,015	2,513,795	2,585,669	2,659,699
Other Income	43,000	42,000	67,927	102,000	59,730	60,997	62,302	63,646	65,030	66,456	67,924	69,438	70,996
Grants and Subsidies	65,650,000	33,322,000	32,042,270	29,821,797	10,633,980	10,796,700	10,829,300	11,001,929	11,181,988	11,367,447	11,558,472	11,755,225	11,957,881
<b>Total Operating Revenues</b>	<b>76,379,000</b>	<b>44,837,000</b>	<b>42,755,571</b>	<b>41,436,797</b>	<b>22,430,600</b>	<b>22,745,475</b>	<b>22,884,913</b>	<b>23,167,920</b>	<b>23,462,213</b>	<b>23,765,077</b>	<b>24,077,017</b>	<b>24,397,542</b>	<b>24,728,173</b>
<b>Operating Expenditure</b>													
Employee benefits	8,460,260	9,000,000	9,979,107	8,646,000	8,671,767	8,888,561	9,110,775	9,338,544	9,572,008	9,811,308	10,056,591	10,308,005	10,565,705
Material and services	64,014,740	32,835,000	38,590,317	26,434,000	9,974,864	10,048,260	10,177,523	10,340,246	10,499,023	10,586,452	10,730,133	10,877,669	11,117,666
Finance costs	480,000	478,000	490,140	482,732	462,699	436,819	410,772	383,430	355,534	324,599	292,886	259,561	225,019
Depreciation	6,649,000	6,244,000	6,241,171	7,514,000	7,529,000	7,529,000	7,529,000	7,529,000	7,529,000	7,529,000	7,529,000	7,529,000	7,529,000
	<b>79,604,000</b>	<b>48,557,000</b>	<b>55,300,735</b>	<b>43,076,732</b>	<b>26,638,330</b>	<b>26,902,640</b>	<b>27,228,070</b>	<b>27,591,220</b>	<b>27,955,565</b>	<b>28,251,359</b>	<b>28,608,610</b>	<b>28,974,235</b>	<b>29,437,390</b>
<b>OPERATING RESULT</b>	<b>(3,225,000)</b>	<b>(3,720,000)</b>	<b>(12,545,164)</b>	<b>(1,639,935)</b>	<b>(4,207,730)</b>	<b>(4,157,165)</b>	<b>(4,343,157)</b>	<b>(4,423,300)</b>	<b>(4,493,352)</b>	<b>(4,486,282)</b>	<b>(4,531,593)</b>	<b>(4,576,693)</b>	<b>(4,709,217)</b>
<b>Capital Items</b>													
Sale of Non-Current Assets	50,000	50,000	(41,741)	0	0	0	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Grants, and Subsidies	8,579,000	8,350,000	6,868,346	6,583,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Less Capital Expenses	0	0	(66,226)	0	0	0	0	0	0	0	0	0	0
<b>NET RESULT</b>	<b>5,404,000</b>	<b>4,680,000</b>	<b>(5,784,785)</b>	<b>4,943,065</b>	<b>(2,307,730)</b>	<b>(2,257,165)</b>	<b>(2,443,157)</b>	<b>(2,523,300)</b>	<b>(2,593,352)</b>	<b>(2,586,282)</b>	<b>(2,631,593)</b>	<b>(2,676,693)</b>	<b>(2,809,217)</b>
<b>CAPITAL WORKS PROGRAM EXPENDITURE</b>	<b>4,899,219</b>	<b>4,899,219</b>	<b>4,899,219</b>	<b>9,025,011</b>	<b>4,899,219</b>	<b>5,161,346</b>	<b>5,194,287</b>	<b>5,338,773</b>	<b>5,600,219</b>	<b>5,742,861</b>	<b>5,946,700</b>	<b>6,132,174</b>	<b>6,257,984</b>
<b>Community Assets</b>													
Total Assets	377,746,445	367,789,002	360,428,633	366,031,322	363,424,101	361,079,714	358,769,512	356,604,301	354,603,070	352,845,599	351,287,535	349,904,827	348,647,927
Total Liabilities	12,657,429	12,051,542	15,155,958	15,815,581	15,284,091	14,725,883	14,141,842	13,529,925	12,892,037	12,222,841	11,522,367	10,757,352	9,956,666
<b>NET COMMUNITY ASSETS</b>	<b>365,089,016</b>	<b>355,737,460</b>	<b>345,272,675</b>	<b>350,215,741</b>	<b>348,140,010</b>	<b>346,353,831</b>	<b>344,627,670</b>	<b>343,074,376</b>	<b>341,711,033</b>	<b>340,622,758</b>	<b>339,765,168</b>	<b>339,147,475</b>	<b>338,691,261</b>

## PERCENTAGE OF CHANGE IN RATES LEVIED FROM 2017-2018

Revenue	Budget 2017/2018	Actual 2017/2018	Budget 2018/2019	Budget 2017/2018 v Budget 2018/2019 \$	Budget 2017/2018 v Budget 2018/2019 %	Actual 2017/2018 v Budget 2018/2019 \$	Actual 2017/2018 v Budget 2018/2019 %
General Rates	4,069,000	4,092,747	4,325,000	256,000	6.29%	232,253	5.71%
Water	1,550,000	1,549,881	1,628,000	78,000	5.03%	78,119	5.04%
Sewerage	1,500,000	1,499,919	1,576,000	76,000	5.07%	76,081	5.07%
Waste Management	655,000	656,020	688,000	33,000	5.04%	31,980	4.88%
Other Utilities (Excess Water)	80,000	81,334	50,000	-30,000	-37.50%	-31,334	-39.17%

## Measures of Financial Sustainability

In accordance with section 169 of the *Local Government Regulation 2012*, the Council is required to disclose in the budget certain measures of financial sustainability.

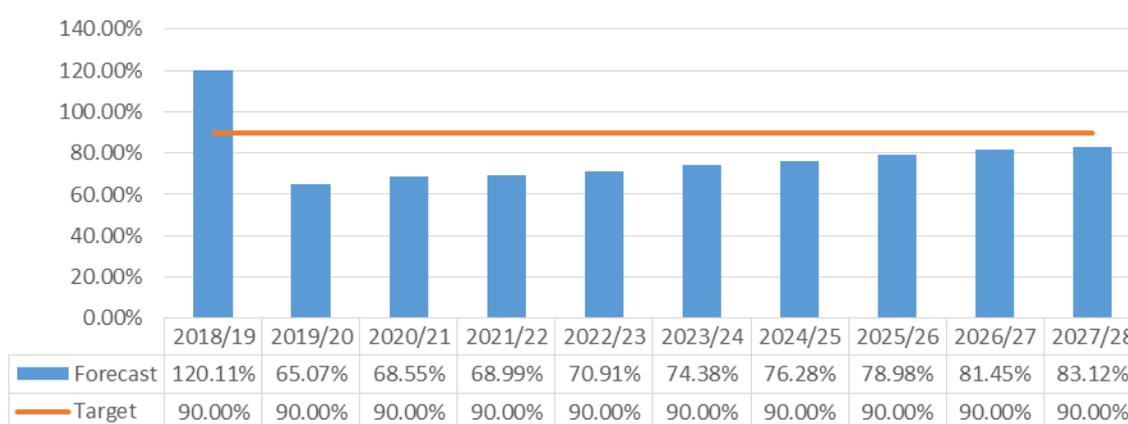
The Queensland Government defines a sustainable local government as being “able to maintain its financial capital and infrastructure capital over the long term” (*Local Government Act 2009, section 104(2)*).

The three financial sustainability measures cover the period of the annual budget plus the next nine financial years (10 years in total).

The target indicated in each graph are sourced from the “Financial management (sustainability) guideline 2013” which is available from the website of The Department of Local Government, Racing and Multicultural Affairs.

## Asset Sustainability Ratio

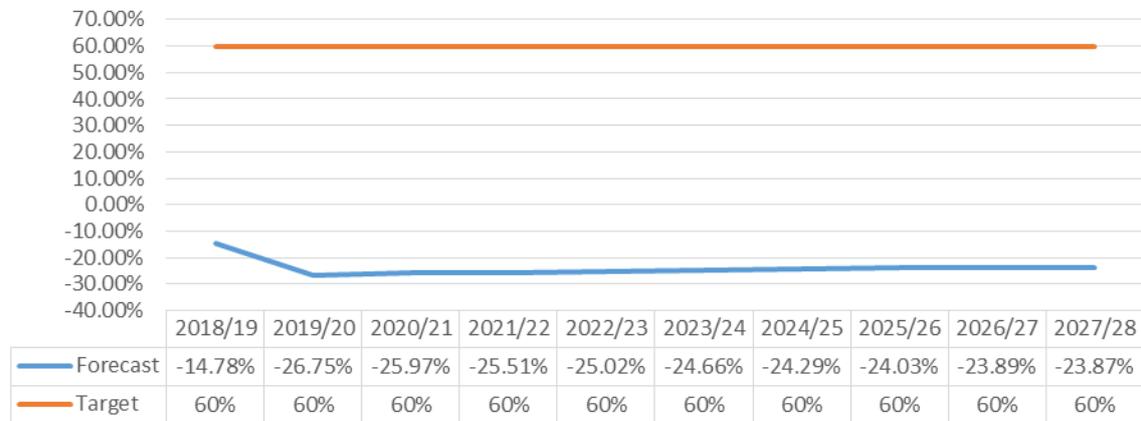
Demonstrates the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.



Measure	Target
<u>Capital Expenditure on Replacement Assets</u> Depreciation Expense	Greater than 90% (on average over the long term)
Commentary	
Capital expenditure can broadly be classified as new (building something entirely new) or renewal (replacing an old asset with a new one). This ration measures how much capital expenditure goes towards replacing existing assets each year when divided by depreciation expense. Even though the ten-year forecast indicates Council’s ratio is below the target of 90% - the trend is heading towards the 90% mark. It can also be noted that Council’s depreciation expense is distorted by the fact that there is multitude of assets currently being depreciated that there is no intent to replace once the asset has reached its useful life.	

## Net Financial Liabilities Ratio

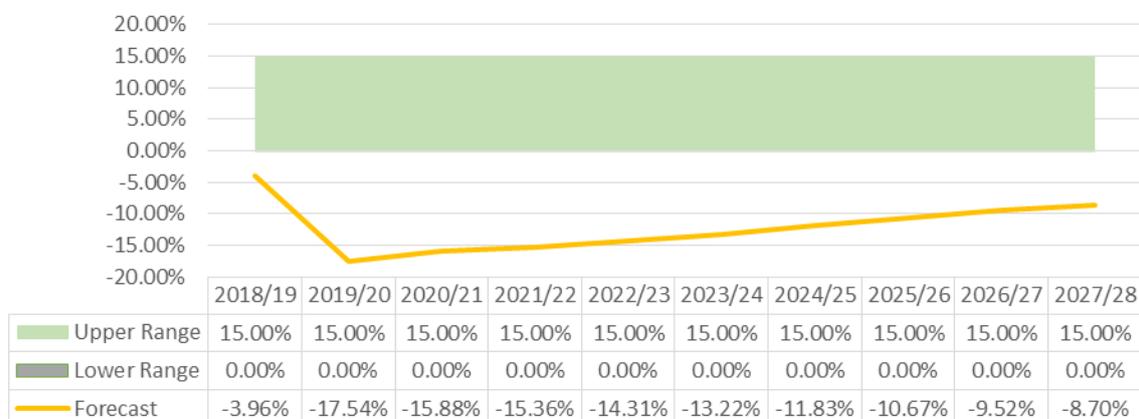
Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues.



Measure	Target
$\frac{\text{Total Liabilities less Current Assets}}{\text{Total Operating Revenue}}$	Not Greater than 60% (on average over the long term)
Commentary	
<p>This ratio indicates Council does not exceed the upper limit of 60% over the entire forecast period. This indicates an acceptable level of operating revenues are being used to meet finance charges associated with debt. Keeping under the 60% mark mean Council is not over-extending its operating revenues to meet interest obligations and is a healthy indicator of long-term sustainability.</p>	

## Operating Surplus Ratio

Demonstrates the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes



Measure	Target
<u>Net Operating Result</u> Total Operating Revenue	Between 0% and 10% (on average over the long term)
Commentary	
<p>Council is forecasting an operating deficit in each of the ten years. Operating deficits results in a negative operating surplus ratio (as indicated in the graph). A negative ratio (below 0%) indicates that recurring operating revenue is less than recurring operating expenses and this may require the utilisation of Council reserves and/or borrow funds to assist in funding capital expenditure. A big contributor to this result is Council trying to fully-fund the depreciation expense, that includes assets that there is no intent to replace in the future. However - the trend over the next ten years is moving towards a more positive result.</p>	

# Part 3

## Financial Management Policies

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## **2018/2019 DEBT POLICY**

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*Adopted on 27/07/2018 by Council Resolution No. XXXX/XXX*

### **1. POLICY STATEMENT**

- 1.1 The Debt Policy is intended to set out the planned borrowings for Council over the next ten (10) years.
- 1.2 The legislative authority for the Debt Policy are:
  - (a) *Local Government Act 2009*, Chapter 4, Part 3, Sections 104(5); and
  - (b) *Local Government Regulation 2012*, Chapter 5, Part 4, Section 192.

### **2. REPEAL**

This Policy repeals all previous versions of policies relating to the Debt Policy.

### **3. PRINCIPLES**

- 3.1 To provide Council with a debt management strategy based on sound financial management guidelines.
- 3.2 To establish a framework for:
  - 3.2.1 The new borrowings planned for the next financial year and the following nine (9) financial years; and
  - 3.2.2 The period over which Council plans to repay existing and new borrowings.

### **4. SCOPE**

This policy applies to the debt raising and redemption functions of Council.

### **5. RESPONSIBILITIES**

- 5.1 This Policy is to be implemented by all Elected Members and Officers; and
- 5.2 The responsible officer for this Policy is the Director Corporate Services who is required to ensure that the annual budget conforms to this policy.

### **6. POLICY**

- 6.1 It is Council's intention that, in order to provide a better service and value for money to ratepayers, Council will restrict the purpose of loans to asset acquisition and expenditure of a capital nature only. The service that will be provided by long term capital assets will benefit present and future generations. Therefore, it is the opinion of Council that the cost should be shared between present and future generations.
- 6.2 The appropriate mix of debt and internal funding is intended to provide the lowest long term level of rates which does not over-commit future generations, but which provides adequate flexibility of funding in the short term. The total debt will depend on the future outlook for growth in the region. The term of the debt will relate to the life of the asset created, but will not exceed twenty (20) years for any individual asset.
- 6.3 Council will not use long-term debt to finance operating activities or recurrent expenditure of Council.
- 6.4 Council will raise all external borrowings from the Queensland Treasury Corporation.

Existing and Planned Future Borrowings, including annual repayments and remaining loan terms.

Loan Description	Balance as at 30/06/18	Balance as at 30/06/19	Est. Annual Loan Payments 2018/2019	Est. Remaining Term of Loan (Years)
<b>Current Carpentaria Shire Borrowings</b>				
Normanton Sewerage	155,060	0	155,060	-
Karumba Sewerage	2,272,637	2,078,413	264,396	9.96
Normanton Water Supply	1,224,729	1,127,524	136,128	10.73
Raise Glenore Weir	5,478,142	5,136,909	441,649	14.74
<b>Total Current Carpentaria Shire Borrowings</b>	<b>9,130,568</b>	<b>8,342,846</b>	<b>997,233</b>	
<b>Planned "New" Carpentaria Shire Borrowings</b>				
FY 2018/2019	0	1,300,000	151,476	10.00
FY 2019/2020				
FY 2020/2021				
FY 2021/2022				
FY 2022/2023				
FY 2023/2024				
FY 2024/2025				
FY 2025/2026				
FY 2026/2027				
FY 2027/2028				
<b>Total Planned "New" Carpentaria Shire Borrowings</b>	<b>0</b>	<b>1,300,000</b>	<b>151,476</b>	<b>10.00</b>

*\*Council intends to fully fund its capital program for the next ten years from Government subsidies, funded depreciation, asset sales and capital reserves.*

## 7. REVIEW

The *Local Government Act 2009* and *Local Government Regulation 2012* require Council to prepare a new Debt Policy for each financial year.

## 8. RESOLUTION

Adopted by Council on the 27 July 2018 by Council Resolution XXXX/XXX

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Chief Executive Officer

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Date

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## **2018/2019 INVESTMENT POLICY**

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*Adopted on 27/07/2018 by Council Resolution No. XXXX/XXX*

### **1. POLICY STATEMENT**

- 1.1 The purpose of this policy is to provide direction and guidelines regarding the investment of cash holdings with an objective to maximise earnings whilst minimising risk to ensure the integrity of Council's funds.
- 1.2 The legislative authority for the Investment Policy are:
  - (a) *Local Government Act 2009 (Act)*;
  - (b) *Local Government Regulation 2012 (Regulation)*;
  - (c) *Statutory Bodies Financial Arrangements Act 1982 (SBFAA)*; and
  - (d) *Statutory Bodies Financial Arrangement Regulation 2007 (SBFAR)*.

### **2. REPEAL**

This policy repeals all previous versions of policies relating to Council Investment.

### **3. PRINCIPLES**

- 3.1 This policy applies to the investment of all surplus funds held by Carpentaria Shire Council. For the purposes of this policy, investments are defined as arrangements that are required or undertaken for the purpose of producing income and/or capital gains.
- 3.2 To establish a framework for:
  - Ensuring that adequate procedures are in place to safeguard public monies;
  - To maximise earnings via capitalising on potential rate of returns, subject to acceptable levels of risk as determined by the *SBFAA*.
  - To have ready access to funds for day-to-day operations without penalty; and
  - To maintain adequate levels of diversification.

### **4. SCOPE**

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

### **5. POLICY**

#### **5.1 Ethics and Conflicts of Interest**

##### **Prudent Person Standard**

The standard of prudence is to be used by investment officers when managing the overall portfolio. Investments will be managed with the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. This includes having in place appropriate reporting requirements that ensure the investments are being reviewed and overseen regularly.

Investment officers are to manage the investment portfolios not for speculation, but for investment and in accordance with the spirit of this Investment Policy. Investment officers are to avoid any transaction that might harm confidence in Carpentaria Shire Council. They will consider the safety of capital and income objectives when making an investment decision.

### Ethics and Conflicts of Interest

Investment officers and employees shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This includes activities that would impair the investment officer's or employee's ability to make impartial decisions as outlined in Council's Code of Conduct Administration Instruction. This policy requires that employees and investment officials disclose to the Manager Finance and Administration any conflict of interest or any investment positions that could be related to the investment portfolio.

### Delegation of Authority

Authority for implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with sections 257 and 259 of the *Local Government Act 2009*.

Authority for the day to day management of Council's Investment Portfolio is delegated by the Chief Executive Officer to the Manager Finance and Administration subject to regular reviews with the Chief Executive Officer.

## 5.2 Investment Objectives

Councils overall objective is to invest its surplus funds at the most advantageous rate of interest available at the time and in a way that it considers most appropriate given the circumstances.

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

### Preservation of Capital

Preservation of capital shall be the principal objective of the investment portfolio. This can be achieved by 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

The amount invested with any one financial institution should be in accordance with the Credit Risk Guidelines as described in Table 2. Credit risk will be minimised by Council by pre-qualifying all transactions with which they do business, diversify the portfolio and limit transactions to secure investments.

### Interest Rate Risk

Minimising the risk of a change in the market value can be managed by maintaining Councils investment portfolio in line with cash flow requirements and limited investments to short term investments.

### Maintenance of Liquidity

This refers to Council's ability to access funds in the short-term to meet its day to day liquidity requirements. Council will seek to minimise the costs of failing to adequately manage its day to day liquidity needs through maintaining daily for next week, weekly for the next month, monthly and annual cash forecasts, establishing and maintaining an appropriate cash balance in the transactional banking account, establishing and maintaining a procedure for evaluating investment options for surplus funds and a list of approved investments for short term cash surpluses.

### Return on Investment

The portfolio is expected to achieve the following performance benchmarks as a minimum set by Council.

TABLE 1 – INVESTMENT PERFORMANCE BENCHMARK

Investment	Performance Benchmark
Cash / Cash Plus / Direct Investments	11 AM and UBS Bank Bill
Overnight Deposits	RBA Cash Rate
Interest Bearing Deposits/Negotiable Certificates of Deposit	UBS Bank Bill Index
Floating Rate Notes	Bank Bill Swap Rate

### 5.3 INTERNAL CONTROLS

#### New Investment Products

No new investment products will be allowed until a full risk assessment has been undertaken by management. These assessments will be signed off by the Chief Executive Officer and reported to Council.

#### Reporting

The Manager Finance and Administration will provide a quarterly report to Council, detailing the investment portfolio in terms of performance and counterparty exposure.

### 5.4 INVESTMENT PARAMETERS

#### Investable funds

For the purposes of this policy, investable funds are Council's cash holdings available for investment at any one time.

The investable funds should match the cash flow needs of Council deemed by the Manager Finance and Administration after preparing Council's annual budget and cash flow forecasts. Once it is determined that the cash flow forecast can be met, surplus funds may be invested for an appropriate period.

#### Portfolio investment parameters

The structure and features of Council's investments are to be consistent within the time horizon, risk parameters, liquidity requirements and operational guidelines of Council as set out below.

#### Quotations on investments

Except for investments with the Queensland Treasury Corporation Capital Guaranteed Cash Fund, not less than three quotations shall be obtained from different authorised institutions when an investment is proposed.

In assessing the fair value of quotes obtained, the risk of the entity providing the return must be considered. The Fair Value Calculator provided by the Queensland Treasury Corporation can be used to assist in this evaluation.

#### Authorised investments

Carpentaria Shire Council is allocated Category 2 Investment Powers as per Part 6 *SBFA Act 1982*. All investments must be denominated in Australian Dollars and undertaken in Australia. All investments undertaken by Council should be in accordance with the authorised investments definitions and restrictions as specified throughout this policy.

The following investments are authorised by this Investment Policy:

- Managed Fund Investments. The total amount invested with any one fund manager should not exceed the limits as described in the Credit Risk Guidelines Table 2 below.
- Direct Investments

#### Prohibited investments

Investment officers are to manage the investment portfolios not for speculation, but for investment and

in accordance with the spirit of this Investment Policy. Investment officers are to avoid any transaction that might harm confidence in Carpentaria Shire Council. They will consider the safety of capital and income objectives when making an investment decision.

In line with Part 6 *SFBA Act 1982*, the following investments are prohibited by this Investment Policy:

- Derivative based instruments (excluding floating rate notices)
- Principal only investments or securities that provide potentially nil or negative cash flow
- Standalone securities that have the underlying futures, options, forward contracts and sways of any kind, and
- Securities issued in non- Australian dollars

#### Portfolio investment parameters and credit requirements

The following table shows the credit rating and counterparty limits for Council, as a percentage of the market value of the investment portfolio.

TABLE 2 - CREDIT RISK GUIDELINES

Long Term Rating (Standard & Poor's)	Short Term Rating (Standard & Poor's)	Minimum Percentage of Total Investments	Maximum Percentage of Total Investments	Maximum Term (for fixed term investments only)
QTC Cash Fund	QTC Cash Fund	0%	100%	3 years
Aaf	Not available	0%	50%	n/a
AA+ to AA-	A1+	0%	100%	3 years
A+ to A-	A1	0%	75%	1 year
BBB+ to BBB-	A2	0%	50%	1 year
Qualifying Local Financial Institutions	Unrated	\$1m limit	\$1m limit	90 days
Unrated	Unrated	0%	0%	n/a

*N.B. The above percentages are based on average annual funds invested.*

In the event that the maximum percentage is exceeded based on the average annual funds, the Manager Finance and Administration should submit a report to the Chief Executive Officer.

In addition to the above, the following should be noted:

- For the purpose of the day to day management of surplus funds, term to maturity may be:
  - Short term which refers to a period of 1 day to 1 year
  - Short to Medium term refers to a period of 1 to 2 years
  - Long term refers to a period of 2 to 3 years
- Credit Ratings
 

If any financial institution's credit rating is downgraded or the credit rating is placed on a negative watch, Council will revise downwards its credit limits or divest the investment as soon as practicable.
- Qualifying Local Financial Institutions
 

In order to qualify for investment, local institutions must meet the following criteria:

  - provide a benefit to the local community, outside of standard financial institution services;
  - be able to provide competitive term deposit rates that rival those able to be obtained from rated institutions; and
  - satisfy a financial health check that assesses key financial indicators, and is to be based on the most recent audited financial statements for the institution as well as that institution's latest available Capital Adequacy Disclosure.

### Term to Maturity

The term to maturity of any of Council's direct investments may range from "at Call" to 3 years and will be dependent upon Carpentaria Shire Council's future cash flow requirements, credit risk guidelines and the prevailing outlook regarding interest rates.

TABLE 3 - Time Horizon and Maximum Exposure Guidelines

<b>Fund Type</b>	<b>Minimum Investment Time Horizon</b>	<b>Maximum Exposure as % Total Investment Portfolio</b>
Cash Funds (at call)	0-180 days	100%
Cash Plus / Cash Enhanced Funds / Fixed Term Deposits / or equivalent	0-12 months	100%
Investments that meet the following rating requirements: Rating by Fitch IBCA(Australia) Pty Ltd Aa, AA+ or AAA; or Rating by Moody' Investors Service of; Aa2, Aa1 or Aaa; or Rating by Standard & Poor's (Australia) Pty Ltd of AA, AA+ or AAA	0 – 36 months	20%

### New investment products

A new investment product requires a full risk assessment by the Finance Committee and approval by Council

## 6. INTERNAL CONTROLS

The Director Corporate Services shall establish internal controls and processes that will ensure investment objectives are met and that the investment portfolios are protected from loss, theft or inappropriate use.

The Manager Finance and Administration is responsible for maintaining the approved lists and guidelines that will be updated as required. The established process will include a regular report by the Corporate Services to the Council.

- Reporting recommendations
- Reporting breaches
- Portfolio performance, and
- Compliance and oversight of investment parameters

Each transaction will require written confirmation by the broker/dealer/bank. Council will hold all security documents, or alternatively a third party custodian authorised by the Manager Finance and Administration may hold security documents.

The Chief Executive Officer will make the final determination with the investments of surplus funds in institutions or with fund managers other than those with QTC.

These investments will be reported to Council on a monthly basis.

