



CHERBOURG ABORIGINAL SHIRE COUNCIL

ANNUAL BUDGET 2020/2021

DATE: 26th June Friday 2020

Cherbourg ABORIGINAL SHIRE COUNCIL BUDGET

DOCUMENTS 2020/2021

Table of Contents

- Budget Highlights 2020/2021
- Financial Budget Overview 2020/21
- Budgeted Statement of Comprehensive Income
- Budgeted Statement of Financial Position
- Budgeted Statement of Cash Flows
- Budgeted Statement of Changes in Equity
- Financial Sustainability Measures
- Long Term Financial Forecast
- 2020/2021 Revenue Statement
- 2020/2021 Revenue Policy

CHERBOURG ABORIGINAL SHIRE COUNCIL

BUDGET HIGHLIGHTS 2020/2021

Cherbourg Aboriginal Shire Council formally adopted its budget for 2020/21 on 26/06/2020. The 2020/21 budget of \$19.92 million with the main focus being on various infrastructure projects including new Cherbourg to Murgon Footpath, New Town Clock, Cemetery major upgrade, New Skate Park and Sports Complex Upgrade etc. This Budget also focused on much needed construction of six new houses, upgrading existing houses, emergency repairs and maintenance on all the Cherbourg Houses.

The following is a snapshot of some of the programs and operational areas that will be funded.

Council's Capital Works for 2020/2021:

Financial and asset sustainability will be the focus of the capital program, with Council considering renewal of existing assets more favourably than the purchase of new assets. New assets not only impact on capital expenditure but also bring associated whole of life operating and maintenance costs with them. Key factors in the construction of the capital expenditure program are deliverability and community desire.

- Murgon to Cherbourg Footpath: \$1.5M
- Cherbourg Rising Main: \$1.25M
- COVID W4Q \$1.13 M
- Cherbourg Solid Waste Upgrade: \$881K
- Cherbourg Material Recovery Facility Upgrade Stage 5: \$830,000
- Cherbourg Waste Water: \$ 375K
- W4Q3 Projects: \$320,825
 - ❖ town clock: \$80,000
 - ❖ Town Pathway extension: \$75,000
 - ❖ Sports Centre Upgrade: \$70,000
 - ❖ Security Fencing and Public Waste Bins: \$62,200
 - ❖ Roads & Kerbing: \$19,225
 - ❖ Cherbourg memorial Park Upgrade: \$14,400

Building and Construction

During the coming 12 months, Council will be contracting to the Department of Housing and Public works for

- New Housing Builds: \$2.50M
- Existing Houses Major Upgrades: \$1.27M

Roads and Civil Construction

Council has allocated \$90,318 under the Roads to Recovery Program and \$ 39,849 under Local Roads and Community Infrastructure Program (LRCI).

Operational Areas

- *Artificial Intelligence :\$150K*
- *Responsive maintenance to Houses: \$1.90M*

Community services:

Council will receive operating grant of \$1.03 M from Commonwealth and State Governments for the following:

Cherbourg Radio Station: \$309,000

ATSI Service Reform: \$200,000

ATSI Public Health: \$175,000

Sports and Recreation: \$130,000

Community Support Grant: \$80,000

Indigenous Economic Development Grant: \$80,000

First start program: \$30,000

Indigenous Knowledge Centre: \$21,000

Get Ready QLD: \$6,780

Enterprise:

Council has budgeted operating revenue of \$1.54M from the following Council enterprises:

Materials Recycling Facility including Containers for Change: \$1.07 M

Joinery: \$340,000

Cattle and Produce farm: \$130,000

Rental Houses, Building and Fees & Charges:

Council has budgeted recurrent revenue of \$2.036M for Rental houses, building and Fees & Charges.

- Rental income from 316 community houses 1.19M
- Service charges 711K
- Building Rent 132K

Essential Services Programs:

An amount of \$ 702,745 has been allocated for the areas of water supply, sewerage and parks and gardens to ensure that essential services are maintained to a standard to ensure that Cherbourg Residents receive a service equal to any other town in Queensland.

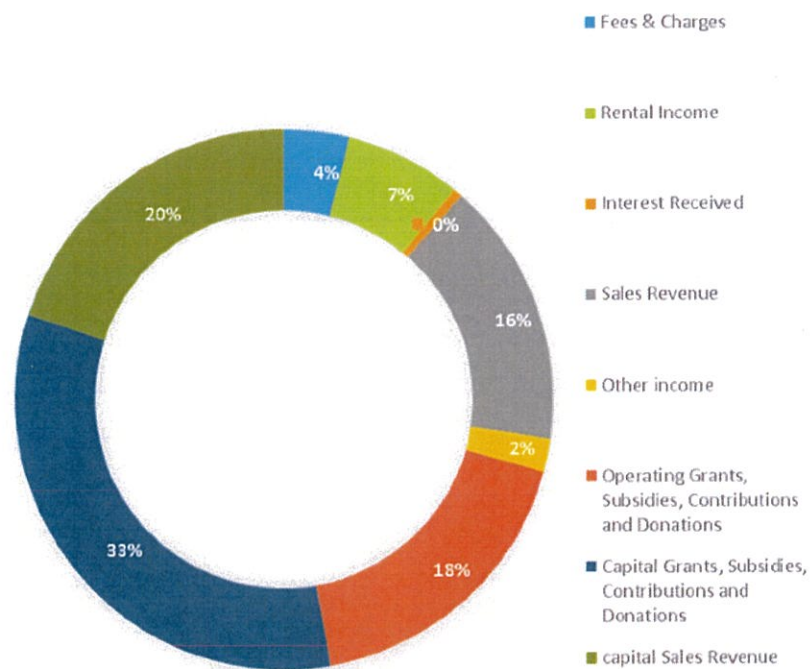
Councillors, Management and Administration:

Operating revenue for Councillors, Management and Administration across all operations of council will receive an allocation of \$1.83 M.

Financial Budget Overview 2020-21

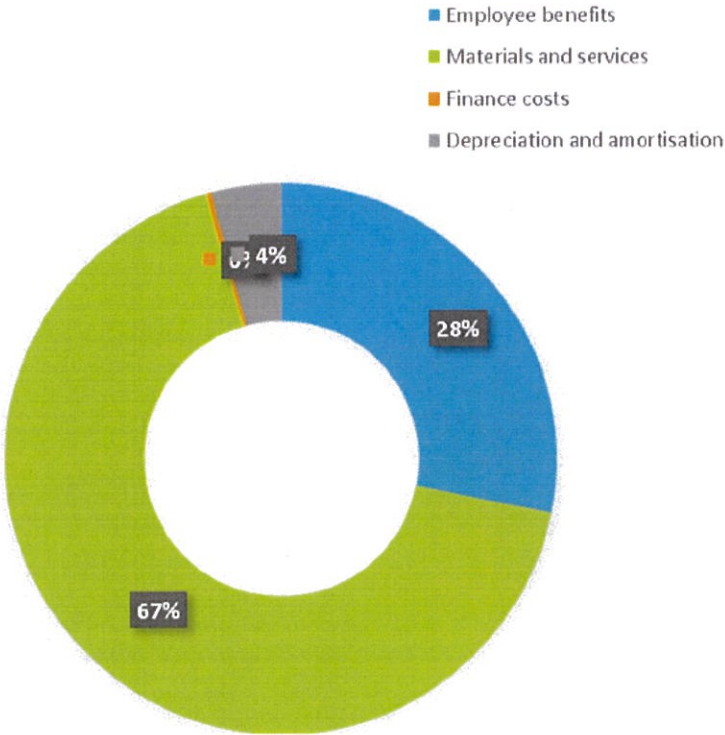
Where does the money come from?

Cherbourg Aboriginal Shire Council's cash funding originates from a range of sources. Capital and operating grants, subsidies and contribution are forecast to provide 51% of cash funding and this revenue assists Council in delivering a variety of capital programs and various operational maintenance activities. Operating and capital sales revenue account for 36% of total revenue. Rental income, fees and charges & interest contribute approximately 13% of the funds.



Where does the money go?

Employee costs and materials and services accounts for 95% of total expenses , with finance costs representing less than one percent of operating expenses and depreciation cost representing 4% of total expenses.



Cherbourg Aboriginal Shire Council -Statement of Income and Expenditure

In accordance with section 169(1)(b (iii) of the *Local Government Regulations* 2012, the following items are components of council's statement of income and expenditure:
statement of comprehensive income , in compliance with section 169(3)(a) to (h) of the *Local Government Regulation* 2012.

	Budget Year 1 2020-21 \$	Forecast Year 2 2021-22 \$	Forecast Year 3 2022-23 \$
Recurrent revenue			
Fees and charges	733,616	739,918	747,317
Rental income	1,324,642	1,338,330	1,340,739
Interest received	103,300	127,500	130,050
Sales revenue	3,140,000	3,680,000	3,753,600
Other income	415,119	423,421	431,890
Operating grants & contributions	3,565,955	3,637,274	3,710,019
Total operating revenue	9,282,632	9,946,443	10,113,615
Capital revenue			
Capital grants & contributions	6,570,974	6,702,393	6,836,441
Capital sales revenue	4,070,000	4,151,400	4,234,428
Total capital revenue	10,640,974	10,853,793	11,070,869
Total income	19,923,606	20,800,236	21,184,484
Recurrent expenses			
Employee benefits	(5,585,403)	(6,175,270)	(6,298,775)
Materials & services	(13,476,604)	(13,746,136)	(13,989,302)
Finance costs	(80,771)	(82,386)	(84,034)
Depreciation	(780,828)	(796,444)	(812,373)
Total operating expenses	(19,923,606)	(20,800,236)	(21,184,484)
Total expenses	(19,923,606)	(20,800,236)	(21,184,484)
Net result	-	-	-

Cherbourg Aboriginal Shire Council -Statement of Financial Position

The statement below includes the community's assets, Council's liabilities and equity, as required by section 169(1)(b)(i) of the *Local Government Regulation 2012*

	Budget Year 1 2020-21 \$	Forecast Year 2 2021-22 \$	Forecast Year 3 2022-23 \$
Current assets			
Cash & cash equivalents	10,500,000	10,000,000	10,500,000
Trade & other receivables	1,038,444	1,043,636	1,048,854
Inventories	152,484	154,009	155,549
Biological assets	250,000	162,500	164,125
Total current assets	11,940,928	11,360,145	11,868,528
Non-current assets			
Property, plant & equipment	136,000,000	138,000,000	140,000,000
Total non-current assets	136,000,000		
Total assets	147,940,928	149,360,145	151,868,528
Current liabilities			
Trade & other payables	912,949	931,208	931,573
Provisions- Long service leave	135,116	139,169	143,345
Total current liabilities	1,048,065	1,070,377	1,074,918
Non-current liabilities			
Trade & other payables-unearned revenue	3,035,669	3,094,429	3,155,806
Provision	142,517	143,942	145,381
Total non-current liabilities	3,178,186	3,238,371	3,301,187
Total liabilities	4,226,251	4,308,748	4,376,105
Net community assets	143,714,677	145,051,397	147,492,423
Community equity			
Asset revaluation reserve	47,425,843	47,866,961	48,672,500
Retained surplus	96,288,834	97,184,436	98,819,923
Total community equity	143,714,677	145,051,397	147,492,423

Cherbourg Aboriginal Shire Council -Statement of Cash Flows

cash movement is illustrated for the three areas: operating, investing and financing , as required by section 169(1)(b) (ii) of the *Local Government Regulation 2012*.

	Year 1 2020-21 \$	Year 2 2021-22 \$	Year 3 2022-23 \$
Cash flow from operating activities			
Receipts from customers	3,725,498	4,274,881	4,859,025
Payments to supplier & employees	(11,000,000)	(11,000,000)	(11,000,000)
	(7,274,502)	(6,725,119)	(6,140,975)
Rental income	1,324,642	1,338,330	1,340,739
Interest received	103,300	127,500	130,050
Operating grants and contributions	3,565,955	3,637,274	3,710,019
Net cash inflow/ outflow from operating activities	(2,280,605)	(1,622,015)	(960,167)
Cash flow from investing activities			
Payments to property, plant & equipment	(8,579,598)	(9,649,392)	(9,526,668)
Capital grants & contributions	6,570,974	6,702,393	6,836,441
Capital sales revenue	4,070,000	4,151,400	4,234,428
Net cash inflow/ outflow from investing activities	2,061,376	1,204,401	1,544,201
Cash flow from financing activities			
Finance expenses	(80,771)	(82,386)	(84,034)
Net cash inflow/ outflow from financing activities	(80,771)	(82,386)	(84,034)
Net increase/ decrease in cash held	(300,000)	-500,000	500,000
Cash at the beginning of the year	10,800,000	10,500,000	10,000,000
Cash at end of reporting period	10,500,000	10,000,000	10,500,000

Cherbourg Aboriginal Shire Council -Statement of Changes in Equity

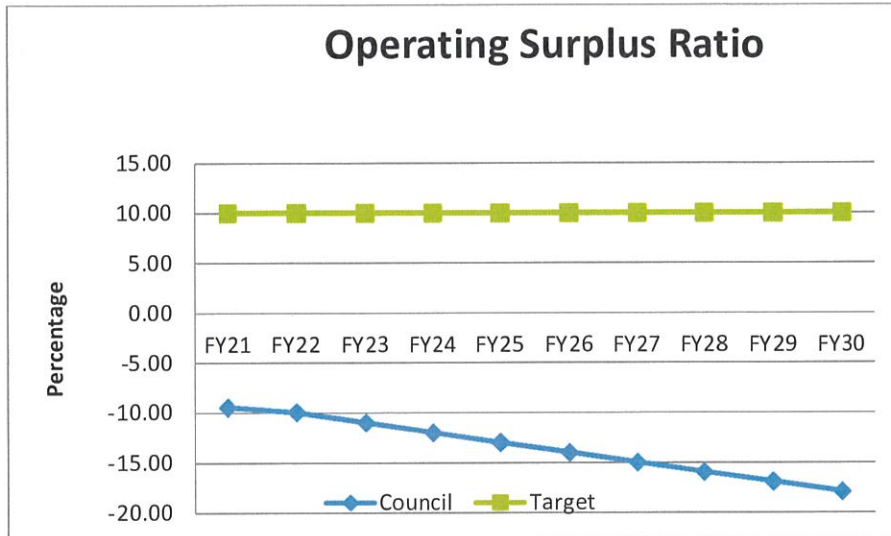
The movement in reserves and retained earnings for the following three years is forecast below, as required by section 169(1)(b)(iv) of the *Local Government Regulation 2012*.

	Asset revaluation surplus	Retained Surplus	Total Community Equity
	\$	\$	\$
Balance as at 1 July 2020	43,956,605	88,968,677	132,925,282
Net operating surplus	-	7,320,157	7,320,157
<i>Other comprehensive income for the year</i>			
Increase in asset revaluation surplus	3,469,238	-	3,469,238
Total comprehensive income for the year	3,469,238	7,320,157	143,714,677
Balance as at 30 June 2021	47,425,843	96,288,834	143,714,677
Balance as at 1 July 2021	47,425,843	96,288,834	143,714,677
Net operating surplus	-	895,603	895,603
<i>Other comprehensive income for the year</i>			
Increase in asset revaluation surplus	441,118	-	441,118
Total comprehensive income for the year	441,118	895,603	1,336,720
Balance as at 30 June 2022	47,866,961	97,184,436	145,051,397
Balance as at 1 July 2022	47,866,961	97,184,436	145,051,397
Net operating surplus	-	1,635,487	1,635,487
<i>Other comprehensive income for the year</i>			
Increase in asset revaluation surplus	805,539	-	805,539
Total comprehensive income for the year	805,539	1,635,487	2,441,026
Balance as at 30 June 2023	48,672,500	98,819,923	147,492,423

Financial Sustainability Measures:

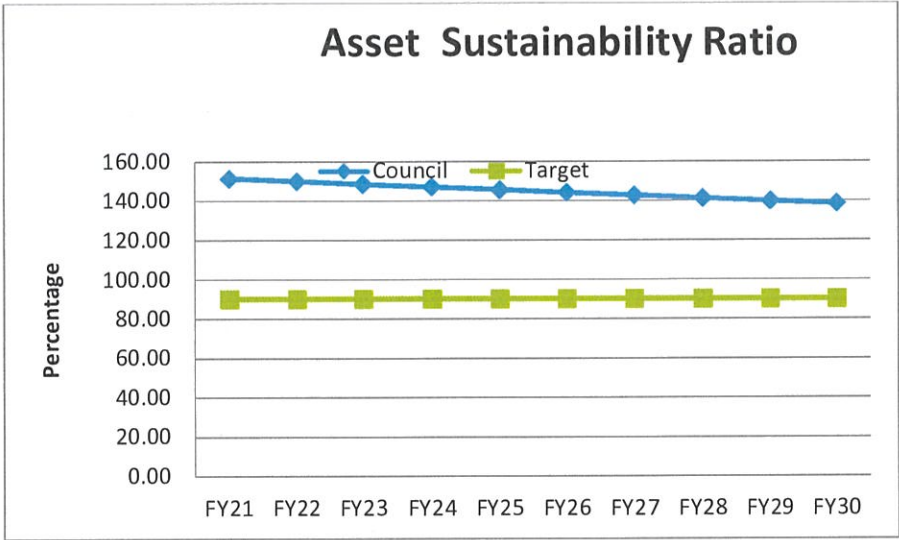
Operating Surplus Ratio:

The target for the operating surplus ratio is between 0 and 10%. Since Cherbourg Aboriginal Shire Council is highly dependent on external grant funding, operating Surplus ratio is budgeted at a deficit of 9.47%. In future years' forecasts indicate Council will operate below benchmark. Cherbourg Aboriginal shire council is aware of the need to generate its own revenues from its own operations and reduce its spending levels in the short-term.



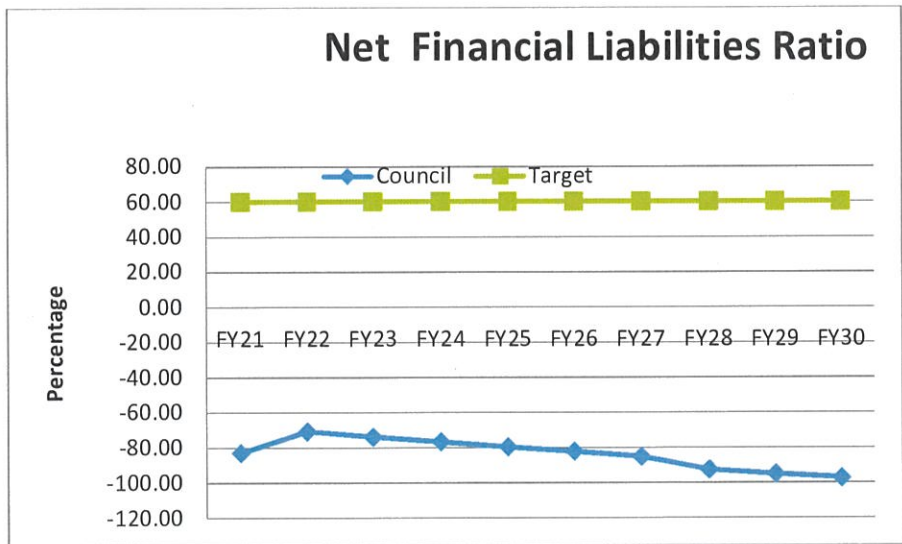
Asset Sustainability Ratio:

The target for this ratio is greater than 90%. Cherbourg Council will meet the benchmarks recommended in respect to Asset Sustainability Ratio. It is predicted that Council will meet the benchmarks in all of coming years.



Net Financial Liabilities Ratio:

The target for this ratio is less than 60%. Council expected no borrowings and low liabilities in 2020/21 and thus Net Financial Liabilities will be within the targets recommended by the State Government. It is predicted that Council will meet the benchmarks in all of coming years. The net financial liabilities ratio indicates that while Council's capital structure appears adequate for its size. If council intends to obtain debt funding for future capital projects, its negative operating surplus ratio suggests council may experience difficulty in repaying this debt.



Long-Term Financial Forecast

As per section 169(2)(a) of the *Local Government Regulation 2012*, Council's budget is required to include a long-term financial forecast. The forecast includes Council's Income, Expenditure and the value of Council's Assets, Liabilities and Community Equity.

	Year 1 Budget 2020-21 \$000	Year 2 Forecast 2021-22 \$000	Year 3 Forecast 2022-23 \$000	Year 4 Forecast 2023-24 \$000	Year 5 Forecast 2024-25 \$000
Total Income	19,923	20,800	21,184	21,576	21,975
Total Expenses	19,923	20,800	21,184	21,576	21,975
Total Assets	147,940	149,360	151,868	154,376	156,885
Total Liabilities	4,226	4,308	4,376	4,464	4,537
Community Equity	143,714	145,051	147,492	149,912	152,347

	Year 6 Forecast 2025-26 \$000	Year 7 Forecast 2026-27 \$000	Year 8 Forecast 2027-28 \$000	Year 9 Forecast 2028-29 \$000	Year 10 Forecast 2029-30 \$000
Total Income	22,383	22,798	23,222	23,654	24,094
Total Expenses	22,383	22,798	23,222	23,654	24,094
Total Assets	159,394	161,902	164,411	166,920	169,428
Total Liabilities	4,631	4,673	4,203	4,270	4,357
Community Equity	154,762	157,229	160,207	162,649	165,071

CHERBOURG ABORIGINAL SHIRE COUNCIL

Fees and Charges schedule 2020/2021

Section 94 of the Local Government Act 2009 and Section 106 of the Local Government (Finance, Plans and Reporting) Regulation 2010 require the Council to adopt a revenue Statement for each financial years and to include certain information therein.

The purpose of the revenue statement is to set out the revenue measures adopted by Council to frame the 2020/2021 Budget.

Cherbourg Aboriginal Shire Council will be guided by the principle of user pays in the making of rates and charges. Fees and charges are determined by resolution at Council's budget meeting each year and become effective from 1st July.

Council is required to raise an amount of revenue it sees as being appropriate to maintain assets and provide services to the shire as whole. Council will levy general rates based on the unimproved capital value of the land in conjunction with a minimum general rate.

Council expects to marginally increase the operating capability in 2020/2021 to maintain and deliver services to the reasonable expectation of the community. Apart from General rates and Utility charges Council has not levied any special or separate rate.

ANIMAL REGISTRATIONS

Dogs	- Entire	\$50.00
	Speyed	\$15.00
Horses	-	\$100.00
Cats	- Entire	\$50.00
	Speyed	\$10.00

CEMETERIES

Excavate and internment	-	\$1,495.00
-------------------------	---	------------

OFFICE COPYING/PRINTING COSTS

Minutes of Council meeting (per copy)	\$20.00
---------------------------------------	---------

Annual Report (per copy)	\$40.00
Photocopies (per page)	
- A4 (black & white)	\$0.20
- A3 (black & white)	\$0.25
- A4 (Colour)	\$0.50
- A3 (Colour)	\$0.60
Outgoing faxes (per page)	\$1.00

HIRE OF BUILDINGS

Community Hall	\$500.00
Sports Complex	\$150.00
Training Room	\$150.00
Hall Hire – Gundoo Day Care (per day)	\$20.00
Bond per event (returned if building left clean/undamaged)	\$200.00
Key Security (returned if Key is returned back)	\$100.00
SERVICE CHARGES – (increase of 1.9% from 2019/2020 charges)	

Sewerage - 1 Pedestal	\$474.41
- Extra Pedestal	\$405.13
Water - per connection (residence)	\$467.06
- Per connection (organization)	\$925.72
Garbage - per bin	\$405.13
Churches - Service Fees (per year)	\$487.00
Internal Housing Charges – (per dwelling)	\$2,051.91

Plant & Equipment Charge Out Rates

Including Operator

Plant	Rate per Hour
HIAB Truck	\$ 85.00
Tip Truck	\$ 85.00
Bobcat	\$ 75.00
D6 Dozer	\$ 115.00
Backhoe	\$ 115.00
Excavator	\$85.00
Tractor	\$75.00
Roller	\$75.00
Zero Turn Mower	\$ 50.00
High Pressure Water Jetter	\$120.00

Excluding Operator

Plant	Rate per Hour
HIAB Truck	\$ 60.00
Tip Truck	\$ 60.00
Bobcat	\$ 50.00
D6 Dozer	\$ 90.00
Backhoe	\$ 90.00
Excavator	\$ 60.00
Tractor	\$ 50.00

Roller	\$ 50.00
Zero Turn Mower	\$ 25.00
Rock Hammer	\$ 30.00
Broom	\$ 30.00



REVENUE POLICY

Origin / Authority

1. Local Government Act 2009
 2. Local Government (Finance, Plans & Reporting) Regulation 2012
- Policy

This Policy sets out the principles used by Council for:

- Levying rates (service charges);
- Granting rates (service charges) concessions; and
- Recovering overdue rates (service charges).

Principles used in Making Rates and Service Charges:

In general Council will be guided by the principle of user pays in the making of rates and charges. Council will also have regard to the principles of:

- Transparency in the making of rates and charge;
- Having in place a system of charges that is simple and inexpensive to administer;
- Equity by taking account of the different levels of capacity to pay within the local community; and
- Flexibility to take account of changes in the local economy.

Principles used in Levying Rates and Charges:

In levying rates and charges Council will apply the principles of:

- Making clear what is the Council's and each payers' responsibility to the service charges system;
- Making the levying system simple and inexpensive to administer; and
- Timing the levy of service charges to take into account the financial cycle of local economic activity, in order to assist smooth running of the local economy;

Rebates and Concessions for Rates and Charges:

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

- Equity by having regard to the different levels of capacity to pay within the local community;
- The same treatment for payers of charges with similar circumstances;
- Transparency by making clear the requirements necessary to receive concessions, rebates or exemptions; and
- Flexibility to allow Council to respond to local economic issues.

Principles used in the Recovery of Rates and Charges:

Council will exercise its charges recovery powers in order to reduce the overall burden on payers of charges. It will be guided by the principles of:

- Ensuring there is transparency in the process used by Council to meet financial obligations;
- Payers of charges are clear on their obligations;
- Ensuring processes used to recover outstanding charges clear, simple to administer and cost effective;
- Ensuring capacity of payers of charges is considered in determining arrangements for payment;
- Ensuring there is equity in arrangements for payers of charges with similar circumstances; and
- Flexibility by responding where necessary to changes in the local economy.

From an operational perspective, monthly statements are sent to all debtors (including rental tenants). Trade debtors are invoiced for services provided. Payment is expected in 30 days. Aged debtor lists are reviewed on a monthly basis. Action proposed by Council will include:

- Letters to outstanding debtors;
- Persons invited to attend Council meetings to discuss options if required;
- Tenants to discuss rental repayment options in the first instance with the Housing Officer;
- Every tenant in arrears must have a repayment plan commensurate with their ability to pay;
- Eviction from houses if all other avenues fail; and
- Write off of debts for those people who cannot be located or are deceased.
- Possible referral to a debt collection agency.

DOCUMENT NAME : REVENUE POLICY

Resolution Number :

Date of Effect : 1 July 2020

Update History : 11 June 2020