2026-27 BUDGET

FINANCE POLICIES

ST GEORGE | BOLLON | DIRRANBANDI | THALLON | MUNGINDI | NINDIGULLY | HEBEL

For the People Balonne Shire Council

Investment Policy (Statutory)

1. PURPOSE

The purpose of this Policy is to outline Council's Investment strategies. The Policy aims:

- To invest Council Funds not immediately required for financial commitments.
- To maximise earning from authorised investments of such surplus funds after assessing counterparty, market and liquidity risks.

2. SCOPE & AUTHORITY

The intent of this document is to outline Balonne Shire Council's investment policy and guidelines regarding the investment of surplus funds, with the objective to maximise earnings within approved risk guidelines and to ensure the security of funds.

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 Council. They will consider the safety of capital and income objectives when making an investment decision.

The policy is required under *Local Government Act 2009* Section 104. *Local Government Regulation 2012* Section 191 requires:

(1) A local government must prepare and adopt an investment policy.
(2) The investment policy must outline—
  (a) the local government's investment objectives and overall risk philosophy; and
  (b) procedures for achieving the goals related to investment stated in the policy.

Investment of Council funds is to be in accordance with Council's powers to invest under the *Statutory Bodies Financial Arrangements Act 1982*, as amended and the *Statutory Bodies Financial Arrangements Regulation 2007(SBFA)*.

3. POLICY STATEMENT

3.1 Term of Investment

Council's investment portfolio should be realisable, without penalty, in a reasonable time frame. The term to maturity of Council investments should not exceed one year.

3.2 Authorised Investments (selected from permitted investments under SBFA)

- Interest Bearing Deposits with a licensed bank.
- Deposits with Queensland Treasury Corporation.
- Deposits with a building society or credit union specifically approved by Council for investment purposes.

3.3 Approved Building Societies and Credit Unions

Nil.

3.3.1 Quotations on Investments

When investing with banks, approved building societies or credit unions, not less than three quotes shall be obtained. Quotes shall be sourced from organisations with shopfront premises within the Shire. The best quote on the day will be successful after having regard to administrative and banking costs and fair value adjustments for credit rating of the institution and term of investment.

3.4 Calculating Fair Value

When placing investments, consideration shall be given to the effective interest rate offered, the credit rating of the institution and term of investment.

Rates will be compared using Queensland Treasury Corporation Fair Value Model.

3.5 Priority of Funds Placement

Investments will be placed to maximise interest income within acceptable risk standards. Consideration will be given to term to maturity and the amount Council would be compelled to hold to meet liabilities as and when they fall due, thus maximising funds available for investment.

3.6 Reporting

A monthly report shall be provided to Council, detailing the investment portfolio in terms of performance and counterparty exposure. The report will also detail investment income earned versus budget year to date.

4. RESPONSIBILITIES

4.1 All Councillors and Council Employees

- It is mandatory for all Councillors and Council employees to act consistently with this policy and when seeking to invest Council funds in the course of council business.

4.2 Managers and Directors

- Shall respect, promote and act compatibly with the principles described in this policy and relevant legislative requirements.

4.3 Director Finance and Corporate Services

- Shall be the custodian of this policy
- Shall implement control measures and training that provide assurance that Council acts in accordance with the policy

4.4 Chief Executive Officer

- Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and relevant legislative provisions.
- Authority for the implementation of the investment policy is delegated by Council to the Chief Executive Officer.
- The Chief Executive Officer may delegate this authority to the Director of Finance and Corporate Services in accordance with the *Local Government Act 2009*, Section 257-Delegation of local government powers and Section 259 - Delegation of Chief Executive Officer powers.

5. RISK

This policy seeks to address the risk of non-compliance and poor investment strategies that will impact Council's financial sustainability. The policy aims to ensure investment decisions are in accordance with legislative requirements and maximise the return to Council.

6. IMPACTS

- **Corporate Plan:** Governance Goal – Program area 5.7 – Financial management for long term sustainability.
- **Human Rights Compatibility Statement:** This Policy has been assessed as compatible with the Human Rights protected under the *Human Rights Act 2019*.
- **Engagement:** This policy has been developed in consultation with the Senior Leadership Group and Council.

7. RELATED LAWS

- *Local Government Act 2009*
- *Local Government Regulations 2012*
- *Statutory Bodies Financial Arrangements Act 1982*, as amended
- *Statutory Bodies Financial Arrangements Regulation 2007* (SBFA)

8. RELATED DOCUMENTS

- Budget 2026-2027

9. REVISION HISTORY

- **Revokes:** Investment Policy 17/07/2025
- **Suggested to Review By:** Annual review

Debt Policy 2026-2027 (Statutory)

1. PURPOSE

The purpose of the Debt Policy is to outline Council's intentions for future new borrowings and the time for repaying existing borrowings.

2. SCOPE & AUTHORITY

This policy applies to all current and future borrowings proposed by Council to comply with Section 192 of the *Local Government Regulation 2012*. Council is required to adopt a debt policy each year which must state—

a. the new borrowings planned for the current financial year and the next 9 financial years; and
b. the time over which the local government plans to repay existing and new borrowings.

3. POLICY STATEMENT

3.1 Purposes for which borrowing is allowable

Council shall, where necessary, undertake borrowing for the following purposes and is subject to the following restrictions in addition to those imposed elsewhere in this policy:-

a. Roadworks Construction/Reconstruction
- Construction / Reconstruction to bitumen or equivalent standard
- Construction / Reconstruction of major road drainage works
- Plant to undertake roadworks

b. Bridgeworks Construction/Reconstruction
- Construction / Reconstruction of major bridges

c. Water Supply Infrastructure Construction/Reconstruction
- Any construction / reconstruction which cannot be funded from revenue
- Any water allocation requirements for water security

d. Urban Wastewater Infrastructure Construction/Reconstruction
- Any construction / reconstruction which cannot be funded from revenue

e. Aerodrome Construction/Reconstruction
- Aerodrome pavement reconstruction

f. **Building Construction/Reconstruction**
- Major public building construction / reconstruction
- Upgrade of infrastructure services depot St George
- Land development for residential or other purposes including construction of housing

g. **Drainage Works Construction/Reconstruction**
- Major storm water drainage works / flood mitigation works

h. **Community Services Infrastructure**
- Major Recreation / Sport / Economic Development / Cultural infrastructure construction / reconstruction which cannot be funded from revenue

i. **Wild Dog Exclusion Fence Scheme**
- Any debt incurred with respect to providing Wild Dog Exclusion Fencing will be recouped by a special rate over a land holders land over a 25-year period.

j. **Beautification Special Rate Scheme**
- Council may initiate borrowings for a beautification scheme to provide a special benefit to business houses to improve the façade and/or offer energy efficiency within the boundary of the shire. Any debt incurred with respect to provide a beautification scheme would be recouped by a special rate over a landholder's land over a max 25-year period.

3.2 Financial constraints on borrowing

a. **General Programmes**
- Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's general rate revenue unless specifically authorised otherwise by resolution of Council.

b. **Urban Water Programme**
- Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's urban water utility charge revenue unless specifically authorised otherwise by resolution of Council.

c. **Urban Wastewater Programme**
- Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's Urban Wastewater utility charge revenue unless specifically authorised otherwise by resolution of Council.

3.3 Method of Borrowing

Council will borrow from the Queensland Treasury Corporation.

3.4 Terms of Borrowing

The repayment period of a loan shall not exceed the useful life of the asset being created. For example:- A loan for the construction of a bitumen road with an expected life of 15 years shall not have a repayment period in excess of 15 years.

The Wild Dog Exclusion Fence Scheme or Beautification special rate scheme will be for a loan period of 25 years and will be recouped by a special levy over a land holders land.

3.5 Borrowing Programme

Council had approved borrowings up to $8,540,987m (including capitalised interest) that could be drawn down by instalments from 1 July 2019 to 30 June 2021 for the Wild Dog Exclusion Fence Scheme. A total of $4,685,445.32 was drawn down in Rounds 1 and 2 of the Wild Dog Exclusion Fence Scheme. Revenue will be raised via a special rate to repay the loans itemised below. Actual borrowings are stated in the table below. No further borrowings are proposed beyond 2022/23 financial year for wild dog exclusion fencing.

During 2026/27 Council plans to make borrowing applications for:

- $2,000,000 – purchase water entitlement for St George River Water

3.6 Existing Borrowings

Council's existing borrowings shall be redeemed over the period originally negotiated, excepting that Council may negotiate new repayment schedules which shorten the term of the loan.

Where the provisions of this borrowing policy allow, loans which fall due for conversion shall be fully redeemed at the time specified for conversion.

Loans which fall due for conversion, and are to be renegotiated, shall be renegotiated as if they are new loans under this borrowing policy.

Start Date	Amount Borrowed	Balance as at 30/04/2025	Purpose of Borrowing	Annual Repayments with Interest	Remaining (Years) Repayment Terms	Interest Rate
15/06/2012	$900,000	$434,307	Water	$ 71,342.76	15/06/2032	4.8860%
15/06/2012	$2,100,000	$1,013,383	Administration Building	$166,466.48	15/06/2032	4.8860%
15/11/2019	$472,171.44	$478,528	WDEF Round 1 – Drawdown 1	Nil repayments for 2 years $10,609.60 for 3 years $38,423.96 for 15 years	15/09/2039	2.0450%
02/12/2019	$477,642.28	$482,005	WDEF Round 1 – Drawdown 2	Nil repayments for 2 years $9,930.08 for 3 years $38,296.96 for 15 years	15/09/2039	1.8910%
31/01/2020	$2,224,436.49	$2,279,048	WDEF Round 1 – Drawdown 3	Nil repayments for 2 years $44,888.72 for 3 years $177,687.04 for 15 years	15/12/2039	1.8310%
18/12/2020	$1,228,806.03	$1,279,303	WDEF Round 2 – Drawdown 4	Nil repayments for 2 years $24,338.28 for 3 years $98,033.84 for 15 years	15/12/2040	1.7920%
14/05/2021	$282,389.08	$296,923	WDEF Round 2 – Drawdown 5	Nil repayments for 2 years $7,588.77 for 3 years $23,831.22 for 15 years	14/05/2041	2.4490%

4. RESPONSIBILITIES

4.1 All Councillors and Council Employees

- It is mandatory for all Councillors and Council employees to act consistently with this policy when considering new borrowings in the course of council business.

4.2 Managers and Directors

- Shall respect, promote and act compatibly with the principles described in this policy.

4.3 Director Finance and Corporate Services

- Shall be the custodian of this policy
- Shall implement control measures and training that provide assurance that Council acts in accordance with the policy.

4.4 Chief Executive Officer

- Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and the relevant legislative requirements.

5. RISK

The Debt policy seeks to outline Council's plan for new borrowings and how Council plans to repay existing borrowings. This reduces the risk of increasing Council's Net Financial Liabilities ratio. The policy also provides transparency to the community on Council's current and non-current liabilities.

6. IMPACTS

- **Corporate Plan:** The Policy is consistent with the Governance Goal and Program Areas of financial management for long term sustainability.
- **Human Rights Compatibility Statement:** This Policy has been assessed as compatible with the Human Rights protected under the *Human Rights Act 2019*.
- **Engagement:** This policy has been developed in consultation with the Senior Leadership Group and Council.

7. RELATED LAWS

- *Local Government Act 2009* – Section 104
- *Local Government Regulation 2012* – Section 192

8. RELATED DOCUMENTS

- Budget 2026/2027

9. REVISION HISTORY

- **Revokes:** Debt Policy 2025/2026 adopted 17 July 2025 (Doc ID 645803)
- **Previous Approved Versions:** 28/06/2022
- **Suggested to Review By:** Annually reviewed

Rating Strategy 2019 – 2028

1. POLICY STATEMENT

The Rating Strategy has been developed by the Balonne Shire Council to compliment the Revenue Policy and Revenue Statement and aims to achieve best practice and inform decision making when setting rates on an annual basis by adopting a consistent strategic approach to its rating strategy over the long term.

2. PRINCIPLES

Council's Revenue Policy provides the principles for levying rates and charges including observing council's legislative obligations, ensuring a fair and consistent approach, flexibility to take account of changes in the local economy, extraordinary circumstances and the impacts different industries have on Council infrastructure.

Council considered the rates practice principles shown at Figure 1 B provided by the Queensland Audit Office [QAO] when adopting the rating strategy. The long-term rating strategy is consistent with the recommendations of the QAO shown at Figure 2D. (Queensland Audit Office - Managing local government rates and charges Report 17: 2017–18)

Council's rating strategy aims to:

- Improve transparency of its rating model
- Assist the community to understand how it has established different rating categories
- How general rates are determined and why some categories are charged more than others
- Consult with the community on its rating strategy
- Ensure that annual revenue statements on rates and charges support financial sustainability
- Establish the economic and other factors that influence councils' rates decisions

Overall, the rating strategy seeks to simplify Council's rate model structure by:

- Ensuring equity and fairness
- Having no more than 65% of properties on the minimum general rate – noting that recommended best practice is no more than 50% of properties on minimum general rate (QAO Report 2017-18)
- Providing a similar rate revenue base for Council to maintain existing facilities and necessary services
- Focussing on own source revenue from a range of avenues to reduce burden on ratepayers
- Acknowledging land valuations consider the inherent differences and highest and best use of individual properties

3. SCOPE

The rating strategy will be reviewed by Council on an annual basis as part of its decision-making process to adopt an annual budget and to set rates and charges for the financial year. The rating strategy is a strategic document to deliver a consistent approach over the long-term, working towards financial sustainability and promoting transparency with ratepayers.

4. RESPONSIBILITY

Council must calculate the rates for land by using the rateable value of the land.

Council has a responsibility to set the rates and charges each financial year and if the value of the land changes under the Land Valuation Act, Council must adjust the rates so that the rates are calculated on the new value of the land for the period that starts on the day the change takes effect under that Act.

The Director Finance & Corporate Services has a responsibility to implement the strategy, communicate and/or consult with ratepayers and finalise the rate model each financial year with the budget process.

5. STRATEGY

Financial Sustainability

On average rate revenue represents only 29% of the Balonne Shire's revenue, partly due to a declining population and limited economic base. Council acknowledges this is not sufficient revenue to achieve long-term financial sustainability and is an issue that faces many smaller rural and regional local governments. Council recognises that its revenue needs should reflect the full cost of maintaining and replacing council's assets and that rate increases are expected to cover the gap between a Council's forecast revenue from other sources and the forecast revenue needs. This rating strategy aims to adopts rate increases that are considered to be fair and reasonable for ratepayers.

Council will continue to work towards operating sustainably over the long term without undue burden on its ratepayers or erosion of its physical asset base by sourcing revenue through alternate means such as:

- Developing a diverse economic base through economic development strategies;
- Achieving and maintaining accreditation to undertake contract works both in and external to the Shire; and
- Actively seeking grant programs to deliver services, maintain, upgrade and renew assets in the Shire.

Council will consider service levels and industry impacts on service levels in developing a fairer and simpler way forward. To this end Council has adopted asset management plans across its major asset classes to inform long term financial plans and annual budgets.

Council's rating strategy will remain flexible to take account of changes in the local economy, extraordinary circumstances and impacts that different industries may have on Council infrastructure. Council will aim to introduce change in increments to reduce substantial impacts. Limitations will continue to be used to assist a smooth transition where relevant.

Council will review levels of services and community expectations over the general rating strategy period to enhance appreciation and capability and to address the needs and expectations of the community. Council will continue to be responsive to the changing political, economic and climatic impacts on the community and consult the community accordingly.

Council will inform the community of the level of general rate revenue requirements, including but not limited to:

- The cost of maintaining facilities and services
- The need for additional facilities and services

Minimum General Rates

Council is aware that over a period of time a number of non-rural based rating categories have Minimum General Rates (MGRs) set at levels that are not consistent with the intent of the legislation. Many categories have MGRs set that catch greater than 50% of the category cohort and in some instances substantially more. Further to this benchmarking has also indicated that some MGRs are set at levels, which sit outside reasonable benchmark tolerances. Council will seek to address this situation when considering rates as part of its annual budget cycle.

Council will continue to enhance and develop insight into the cost drivers that influence the cost to the community for the provision of facilities and services and work with the community via enhanced community consultation to maintain service relevance and standards. These assessments will drive the funding required and flow into decisions regarding the level of funding to be secured via general rating.

Single Rural Rate

Council's rating strategy aims at administering a simple rating regime. Over recent years Council has invested in external support to analyse and review its rating model for the Shire. The complexity of previous models is noteworthy. Council must ensure equity through the fair and consistent application of lawful rating and charging principles, without bias, and taking into account the differences and highest and best use of the land within the local government area. Council has considered options for some time to address the impact of previous rating decisions and the continual revaluation impacts (especially on rural categories).

The rating strategy records the history and implementation of a single rural rate. The single rural rate was introduced to significantly simplify the processes required to raise the general component of rates and charges, maintain the financial aspects of the property database and provide a simpler base to forecast going into the future. In 2019/2020 Council consolidated the rural Categories 60, 61, 62, 63, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74 and 75 into four rating categories being 100, 200, 300 and 500. The transition to a single rural rate commenced as part of the 2019/20-budget cycle with a completion date of no later than 2025/26 (i.e. over 7 years). Council at its 2019/20, budget adopted a rate in the dollar consistent with a seven-year strategy that was communicated with all rural landholders.

The seven-year strategy to transition to a single rural rate may be subject to percentage increases/decreases in CCI* or CPI* and valuation variations from year to year. Annually, Council will consider recalibration of this segment of the strategy to ensure the outcome remains consistent with the impact of subsequent revaluations, assessed required level of services and consumer price and council cost indexes. For the 2024/2025 financial year the Council had paused the single rural rate strategy so that it can again review the level of and access to services across rural categories to ensure fairness and equity. In the 2025/2026 financial year Council had continued the single rural rate strategy with an extension of a further three years which will see the single rural rate strategy fully implemented in 2027/2028.

6. RESPONSIBILITIES

All Councillors and Council employees

- All Councillors and Council employees to act consistently with this policy

Managers and Directors

- Shall respect, promote and act compatibly with the principles described in this policy and relevant legislative requirements.

Director Finance and Corporate Services

- Shall be the custodian of this policy
- Shall implement control measures and training that provide assurance that Council acts in accordance with the policy

Chief Executive Officer

Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and relevant legislative provisions.

7. RISK

This policy is a strategy to address the recommendation of the Queensland Audit Office to inform ratepayers of Council's long-term plans for rating, while noting that Council must set the rates and charges each financial year. The strategy provides some guidance for decision making to ensure consistency.

8. IMPACTS

Corporate Plan: Governance Goal – Program area 5.7 – Financial management for long term sustainability.

Human Rights Compatibility Statement: This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019.

Engagement: This policy has been developed in consultation with the Senior Leadership Group and Council.

9. LEGAL PARAMETERS

- Local Government Act 2009
- Local Government Regulations 2012

10. RELATED DOCUMENTS

- Revenue Policy
- Revenue Statement
- Budget 2026-2027

11. REVISION HISTORY

Revokes: Rating Strategy 17 July 2025

Suggested to review by: Annual review

12. DEFINITIONS

- CCI – Council cost index
- CPI – Consumer Price Index
- MGR – Minimum General Rate
- Differential rating categories are defined in Council's Revenue Statement
- 7 year strategy – transitional arrangement towards a single rural rate
- QAO – Queensland Audit Office
- Value of land - the value, of land for a financial year, is its value under the Land Valuation Act when a liability for payment of rates or charges for the land arises for the financial year.

Figure 1B
Rates practice principles

Principle	Interpretation	Mechanisms
Fairness	There should be flexibility to deliver fair and equitable outcomes through rates practices.	Establishing an appropriate number of differential rates categories and setting an appropriate level of rates for each category. Allowing discounts or concessions based on ratepayer circumstances—balanced against overall fairness across the community.
Equity	Parcels of similarly valued land, which are used for the same or similar purposes, and receive similar services, should be levied similar general rates.	Establishing an appropriate number of differential rates categories and setting an appropriate level of rates for each category. Maintaining a connection between property valuations and general rates charged.
Meaningful contribution	There should be recognition of the characteristics which necessitate differences in services or facilities, e.g. land use, to ensure revenue contribution is meaningful across the community. Where land valuations are so low that revenue generation from the community becomes too disparate, there should be provision to support a base level contribution.	Establishing an appropriate number of differential rates categories and setting an appropriate level of rates for each category. Setting minimum general rates when property valuations in a rates category are so low that the cents in the dollar rate does not raise a sufficient level of rates.
Predictability	There should be a reasonable level of predictability in the amount of rates levied on parcels of land.	Describing rates categories and their rates and charges in sufficient detail and explaining why some categories are charged higher levels of rates than others. Averaging land valuations and/or applying a rates cap to smooth the rates levied from year to year when valuations increase significantly.
User pays	Where it is possible to tie a specific council-provided service to a user of that service, council should levy rates, fees, or charges directly on those users.	Using special and separate rates and charges and utility charges as appropriate to compensate for cost of service delivery.

Source: Queensland Audit Office adapted from the department's June 2017 Guideline on equity and fairness in rating for Queensland local governments.

Figure 2D
Components of a good practice rates strategy

Component	Description
General rates	What general rates are used for and how they differ to other types of rates and charges.
Economic and environmental drivers	The economic factors influencing the council's rates decisions over the next 10 years, such as: • the local economy • environmental conditions • asset management requirements • sustainability objectives.
Rates property mix	The nature of the rateable properties in the council's area and the impact they have on the council's services and facilities, revenue, and costs. The extent to which the council relies on rates revenue may also be relevant.
Mechanisms used	How council has decided to use each of the rates mechanisms available in the Regulation, and why. Why council has established its suite of rates categories and how properties are allocated to them. How and when council may change the suite of rates categories and why. How council will communicate those changes. How council has considered and balanced each of the local government (and other) principles in applying the mechanisms.
Link between property valuations and rates	How the council's use of the rates mechanisms maintains the connection between land valuations and general rates.
Subject to change	The factors or events that may cause the council to review and change the rates strategy over the next 10 years, and how council will communicate those changes.

Source: Queensland Audit Office.