



BURKE SHIRE *Council*

2019-2020 Annual Report





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COUNCIL ADMINISTRATION OFFICE
Musgrave Street
Burketown Queensland 4830

POSTAL ADDRESS
PO Box 90 Burketown Queensland 4830
Email: office@burke.qld.gov.au

Introduction

Purpose of the Annual Report

This annual report offers the public insight into the primary activities undertaken by, and the financial position of, the Burke Shire Council for the past financial year.

As legislated by the *Local Government Act 2009*, the report discloses the audited financial statements for the reporting year. This disclosure, coupled with a community financial report, demonstrates Council's commitment to open and accountable governance and provides a medium by which constituents may understand the Shire's financial position and performance.

The annual report also communicates how Burke Shire Council has achieved its goals as set out in the corporate and operational plans, and highlights its major achievements during the reporting year.

About Burke Shire

Burke Shire is characterised by great fishing, abundant sunshine and friendly people. The local government area spans more than 40,000 square kilometres, with a population of 328 living mainly in the communities of Burketown and Gregory or on vast pastoral stations. The Shire is in the North West Minerals Province, with an economic past and future linked to mining. Burke also supports a growing tourism industry as nomads seek warmer climes and greater adventure during the southern winter.

A diversity of natural attractions, stunning colours and amazing birdlife entices drive tourists. The Savannah Way, which connects Cairns to Broome, runs through Burke Shire from the lovely Leichardt River falls to Hells Gate and the Northern Territory border. The rugged country surrounding Hells Gate is one of the world's oldest landscapes, where impressive rock formations tell of the land's evolution and natural art galleries from early Indigenous peoples can be found in nearby caves.

Four mighty rivers – the Albert, Leichhardt, Nicholson and Gregory – provide habitat for waterbirds, crocodiles, barramundi and even sharks as they empty into the Gulf of Carpentaria. The towns of Burketown and Gregory are blessed to draw their drinking water from these sources. Burketown boasts hot mineral springs, abundant birdlife and the elusive, magnificent morning glory cloud formation that rolls in from the sea during mid spring. From Gregory, tourists can access idyllic Adels Grove and the beautiful Lawn Hill Gorge at Boodjamulla National Park, along with the World Heritage listed Riversleigh fossil site just outside the shire boundary.

The traditional custodians of the land as well as notable early explorers who traversed the southern gulf have helped make the Shire what it is today. We are proud of its landscape, its people and its history, and welcome all to experience this very special part of the world.

Report from the Mayor

This past year has been one of continuing challenges for the Burke Shire Council. The onset of corona virus early in the third quarter of the financial year had a massive impact on the community, its businesses and Council. Burke Shire was declared a pandemic area which significantly impacted upon Council's resources – fiscal, personnel, time and the mental and emotional wellbeing of our Councillors, staff and their support networks.

The inclusion in the federally declared Designated Biosecurity Area/Pandemic Exclusion Zone serves to protect the physical health and wellbeing of our residents, many of whom are determined as among the most vulnerable in our nation. We must remember this purpose and strive as one: one Council, one community, one entity to protect the integrity of the zones, to protect each other and to protect the future and enable our timely recovery when the restrictions are lifted.

Council had to respond to the COVID -19 pandemic in an immediate, planned and effective manner in order to adapt to the challenging economic and social changes which resulted from the crises. There have been significant impacts of the virus for all levels of Government. The amount of resources needed to assist in maintaining a contact register of inward bound traffic, assisting community and others to understand the parameters under which access to the Shire occurs and working with other stakeholders to develop policies, procedures and plans in response to local business and community needs has been exhaustive and exhausting. It has also been ever evolving and adapting as more is known about the virus, about the need to balance communal functionality against protection and about the resources available to facilitate response and recovery.



Ernie Camp
Mayor

It has impacted our local businesses to their detriment. Inevitably, there will be recovery programmes instigated by government to support and assist businesses. I would urge those in our Shire whose livelihood has been negatively impacted to apply for assistance when it becomes available.

To lose a business from any community is unfortunate and may create a multiplier effect. To lose a single business from a larger, more urban centre may create a ripple. To lose a single business from a small remote area, such as Burke Shire, may well cause a tsunami. Council and the Executive Management team are working tirelessly, taking a multipronged approach, to stem the tsunami.

Other challenges facing Council included the continuing high level of staff turnover. Despite this, due to our workforce and Council's strong commitment to progress and sustainability, we effectively met all required obligations to funding partners, community and legislative requirements. Council continues to invest heavily in training across the organisation to ensure operational efficiency, capacity building, resilience and business continuity.

As a result of the pandemic a number of major Council initiated events were cancelled such as the Order of the Outback Ball Community events have also been severely disrupted this year. This has a detrimental effect on the social and emotional health of our residents and communities. I remain hopeful that the

coming year will see us able to hold events that will promote positivity into our Shire.

Council adopted its Sport and Recreation Strategy in July 2019. Monitoring the implementation of the Sport and Recreation Strategy 2019-24 will help Council to progress key goals and strategies in the Corporate Plan 2019-24, particularly as these relate to community health, well being and sustainability.

Council partnered with the Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) in the development of a new Planning Scheme for the Burke Shire Local Government Area. Public information sessions on the proposed Planning Scheme were held and the new Planning Scheme was adopted in February 2020 after receiving Ministerial Approval

In a Shire as remote as Burke there is limited capacity to recoup costs through rates and works performed on behalf of State and Federal governments. Reliance upon (non-reliable) State and Federal funding streams, which have become increasingly competitive, as the streams become decreasingly funded, create a challenge to provide our communities, our residents, businesses and visitors with facilities, services and opportunities that meet modern expectations, legislative requirements and give our Shire longer term viability and sustainability. It is a juggling act that our Executive staff and Councillors constantly perform to deliver those provisions.

Sourcing adequate funding for necessary roadworks continues to challenge Council. Under Covid, Local, State and Federal government programmes are considered an essential service, so roadworks programmes were able to continue. Tracing, health and contact minimisation protocols were developed, documented and enacted. This generated much needed income for some local businesses

constrained by the restricted trading environment.

Council continues to lobby government at all levels for more equitable funding levels and, in particular, for increased fiscal support for roadworks leading to Boodjimulla National Park – an area of high traffic volumes, but one from which as a non-rateable entity, Council cannot obtain funds towards the offsetting of maintenance costs. Funding was secured for the upgrading of section of road between Adels Grove and Boodjamulla National Park. Work has also begun on Camooweal Road upgrades.

Rates increased, on average, by 3% for urban and rural residents and 6% for commercial and Industrial ratepayers in line with movements in CPI and inflation. Council increased general rates and utility charges as it endeavours to close the gap between operating revenue, due in part to limited access to general operating grants, and the increasing costs of providing services and utilities to the community. Capital projects for the 2019-20 financial year have been mainly restricted to capital renewals and upgrades to ensure the longevity of existing infrastructure and long-term reduction of operating expenditure.

Council continued to upgrade facilities at the Gregory Sporting Grounds. We have also been working on upgrades to the Burketown Football Grounds and these will continue into the coming year.

Council undertook a Community Satisfaction Survey where an overall community satisfaction rating of 70 % was achieved. Council is pleased with the overall rating noting that customer service was impacted by high level of staff turnover.

Housing continues to be a major issue for our Shire. Council's housing stock is limited and aging housing provision and maintenance is a major impost upon our budget and it is not possible to fully

recover those costs through traditional channels. We have expended considerable funding in repairing and restoration this past year and will continue to do so into the coming year. As a result of this Council has commenced a project to divest staff housing to staff. Aboriginal land ownership is very low across Australia, including the Burke Shire. During the year there was an approach to the Minister of Local Government with the aim to granting Council an exemption from the need to auction or tender our housing stock. The minister agreed in principal to expedite the process upon our request. Divestment of Council housing would deliver many benefits to Burke Shire, including alleviating the financial burden to council of maintenance, management and depreciation; increasing the rating base; having funds to build more (and more suitable) staff housing, as well as the community and individual benefits of home ownership. Council will continue to drive this project into the upcoming year. By working with government, commercial and local stakeholders, we hope to continue to drive this project forward, realising private home ownership for many in our Shire who believed it beyond their grasp.

This is my first report for the new term of council. I believe that Burke Shire Council punches well above its weight. It suffers regular climatic events and the issues of financial sustainability and above average staff turnover faced by most small remote Councils with a limited rates base. But it does not wilt in the face of those challenges: it stands tall, it thinks outside the box, it develops relationships of mutual benefit, it innovates and remains positive, tenacious and steadfast in its resolution to not just survive but sustain and strengthen. I would like to thank the CEO, Executive Management Team and all staff who work together with Council, standing tall and steadfast, adapting and adopting to achieve a strong customer service for the Burke Shire community.

Going forward, Covid response and recovery will increase our challenges, tighten funding pools and change the way we engage professionally and personally to participate, deliver, advocate and respond. In the face of this, this new Council is committed to its strong civic leadership and decision making with the key action being to help the economy and community maximise its COVID 19 recovery.

Mayor Ernest Camp

Report from the Chief Executive Officer

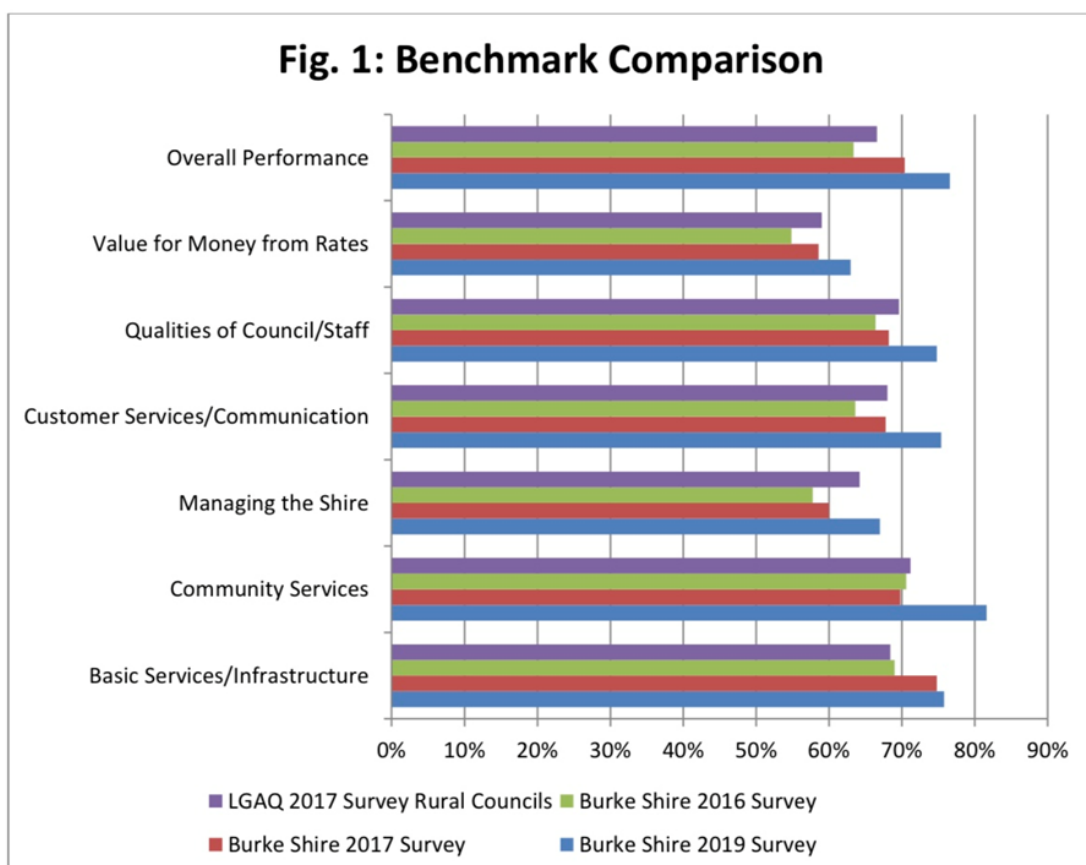
Resilience and Innovation

I am extremely grateful to have been Chief Executive Officer of the Burke Shire Council during such extraordinary times. The challenges we faced through COVID-19 tested the resilience of our organisation and our people. Our Council showed its mettle and I take pride in the leadership shown at all levels of the Burke Shire Council. Despite the constraints resulting from the decision to close our borders for four months, we have made significant progress as an organisation in the 2019/2020 financial year. Here are some of the highlights:



Clare Keenan
Chief Executive Officer

- Corporate Plan 2019-24 was adopted, with our vision to be the model remote Australian community with the goals of Inclusion, Integrity, Innovation and Infrastructure.
- Local Government Elections were held and governance was enhanced with the implementation of integrity legislation resulting from the Belcarra report
- Significantly improved our financial sustainability with the input of the Queensland Treasury Cooperation, who conducted a BIOP, the review of our RMPC rates and the leadership of our new Deputy Chief Executive Officer, Dan McKinlay.
- Adoption of the Burke Shire Planning Scheme
- Our Community Satisfaction Survey, undertaken in late 2019, showed an improvement across all high-level measures.



Key non-road projects completed in 2019-20:

- Sewerage Treatment Plant Lagoon Upgrade
- Gregory Showgrounds Judge's Tower
- Gregory Showgrounds Bar & Kitchen
- Upgrade to the Phillip Yanner Memorial Oval
- Installation of iTerra Satellite
- Installation of 4G small cell

We have already made strides towards our innovation goal as recipients of the Butch Lenton Bush Council Innovation Award for our use of virtual reality training for Workplace Health and Safety (WHS) during our period in a Pandemic Exclusion Zone (from March to July 2020).

A safe working environment is a priority for Council and our progress within a year is nothing short of amazing.

As well as these organisational goals, the priorities of having a local executive management team within five years, and divesting our Council housing to our tenants have progressed greatly. Burke Shire residents have been appointed management positions as team leader, co-ordinator and works manager, and succession plans are built into other areas where we currently rely on contractors, for example, WHS. The result of this is to create a stable workforce working in their community, for their community.

Despite the disruption caused by the pandemic and being an exclusion zone, we have laid the foundations for an excellent 2020/2021 with the granting of an exemption from s 227 of the Local Government Regulation 2012 by the Minister for Local Government, which allows us to sell our housing. With Westpac making mortgages available, local home ownership will become a reality.

I would like to thank all my staff for their dedication and efforts in this most unusual year. You have done Burke Shire proud.

Clare Keenan
Chief Executive Officer

Key initiatives:

- Burke Shire Flood Monitoring Network Study
- Burke Shire Flood Risk Management Study
- Burke Shire Planning Scheme
- Burke Shire Coastal Hazard Adaptation Strategy, phases 1-4. Phases 5-8 continuing in 2020-21.

The Council Elected Representatives

Burke Shire Council has an elected body of five Councillors, with specific powers, responsibilities, and duties set out in the Local Government Act 2009 (the Act). Under the Act elections for the Mayor and Councillors are undertaken every four years, with the last election held on Saturday 28 March 2020.



The Council Elected Representatives

Meet the Councillors

Mayor

Councillor Ernie Camp

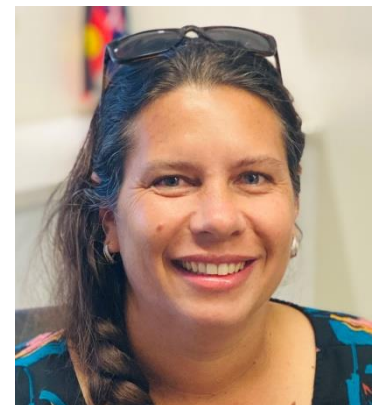
Cr Ernie Camp was re-elected Mayor at the 2020 elections having served as Mayor for the previous term, Deputy Mayor for the two terms before 2012 and before that as a Councillor. In all, Cr Camp has been involved in Local Government for 17 years. He is a Chair of an agri-political body - Australian Beef Association, a member of Agforce (a Qld based agri-political body), Gulf Cattleman's Association and NORTHBeef. He is a member of a committee looking to develop a new cattle board following on from recommendations by a senate committee into compulsory levies paid by the grassfed beef industry. Cr Camp is a member of the Gregory Downs Jockey Club and has been race starter for many years. He is also a member of the Burketown P&C, the Isolated Children's Parents Association (ICPA), Gregory Downs Sporting Association, Gregory Landcare and Southern Gulf NRM. Cr Camp represents Council as a board member on the Riversleigh Community Scientific Advisory committee (RCSAC), and is the chair of Gulf Savannah Development.



Deputy Mayor

Councillor Tonya Murray

Cr Tonya Murray is a descendant of the Gangalidda people, one of the Traditional Owner groups in the Burke Shire. She has a keen interest in providing opportunities for young people, ensuring we minimise environmental impacts in our area and providing services & opportunities for locals. Cr Murray is also involved in various community organisations including the Burketown Rodeo & Sporting Association, Volunteer Marine Rescue, Burketown Fishing Club, Burketown Kindergarten Association and the Burketown State School P & C.



The Council Elected Representatives

Meet the Councillors

Councillors

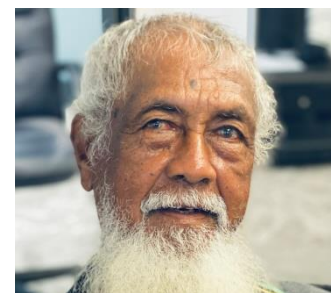
Councillor John Clarke

Cr Clarke was elected in the March 2016 elections. His interest in being a Councillor was driven through his belief in the importance of contributing to community. Cr Clarke wants to keep Council and governments connected to volunteers, the backbone of our communities. He has an interest in land management, as pest and weeds are becoming an increasingly big problem. Cr Clarke is President of the Gregory Downs Jockey Club, and member of the Gregory District Sporting Association and Planet Downs Fire Brigade.



Councillor John Yanner

After spending 20 years employed by Burke Shire Council as rural foreman, Cr Yanner put his hat in the ring and was elected as Councillor in the 2016 election. Along with his extensive knowledge and interest in the road network, Cr Yanner's interest in becoming a Councillor was driven by his desire to improve relationships between Council and community.



Councillor Rosita Wade

Councillor Wade was selected as a councillor in the 2020 election. She and her husband own Morning Glory restaurant in the township of Burke. She has a passion for the community and has an interest in the finance side of council as she had previously worked in the finance section of council for approximately 6 years. Cr Wade is also one of the councillors on the audit committee.



Former Councillor Paul Poole

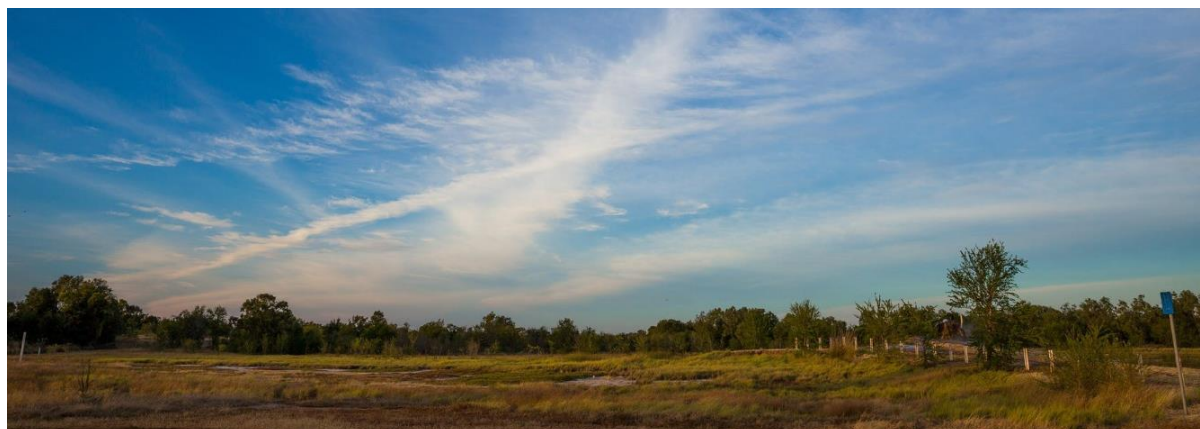
Cr Paul Poole was re-elected as a Councillor at the 2016 elections and elected as Deputy Mayor at the Statutory Meeting of Council, having also served the past term as Deputy Mayor. He has been a resident of Burke Shire for a period of 25 years.

Cr Poole's interest is to maintain a financially viable shire with economic growth and infrastructure expansion along with providing services to residents and employees. He has a great interest in marine safety.



Burke Shire Council

2019/20 Results At a Glance



This community financial report shows a summary of the Council's Financial Statements with the aim of providing understandable information to members of our community. The use of graphs allows readers to easily evaluate Council's financial performance and financial position. In addition, this report includes key financial statistics and ratios that can be useful indicators of Council's performance.

Summary of Operations for 2019/20

	\$'000
Operating Revenue	15,419
Operating Expenses	20,295
Operation Position	(4,876)
Capital Income	2,850
Capital Expenses	-
Net Result	(2,026)
Total Assets	161,874
Total Liabilities	3,197
Net Community Assets	158,677

Burke Shire Council

2019/20 Results At a Glance

The Financial Statements in this report cover a 12-month period ending 30 June 2020. The Financial Statements contained in this report include:

- **Statement of Comprehensive Income** - displays Council's revenue and expenses with the resulting profit or loss amount known as the net result attributable to Council. This also displays Council's other comprehensive income.
- **Statement of Financial Position** - displays the assets (what we own), liabilities (what we owe) and community equity (total assets minus total liabilities). Community equity can be a reflection of how healthy the position of Council is at any given point in time.
- **Statement of Cash Flows** - reports how revenue received and expenses paid impact on Council's cash balances.
- **Statement of Changes in Equity** - presents a summary of transfers to and from equity accounts including retained surplus, capital and other reserves.
- **Notes to the Financial Statements** - provides a detailed breakdown of all significant items in the Financial Statements and what these items represent.

Background

Assumption and Principles

Under the requirements of the Local Government Regulation on 2012, Council is required to prepare general purpose Financial Statements for the 2019-20 financial year. This report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 2009 and the Local Government Regulation on 2012.

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.

Burke Shire Council, like many smaller Councils, does not generate enough self funding revenue with a limited rates base and a significant reliance on grant and subsidy funding.

As a result, Council has a high level of unfunded depreciation and also breaches some of its sustainability ratios.

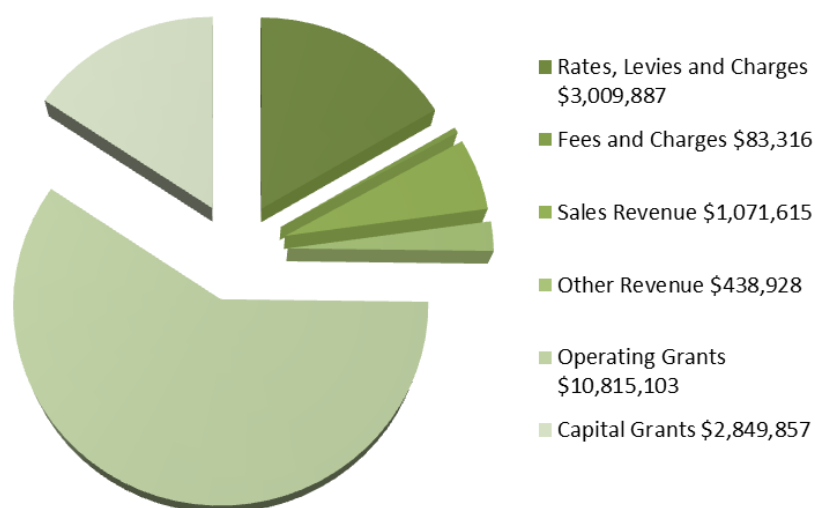
Burke Shire Council Community Financial Report

Statement of comprehensive income

Revenue

Revenue for the 2019/20 financial year is sourced from various items as shown in the graph at right.

The majority of Council's revenue (59.2%) is sourced from operating grants, much of this revenue is specifically tied to DRFA flood damage maintenance funding for roads. Another significant source of council revenue (16.48%) is from rates and levies.

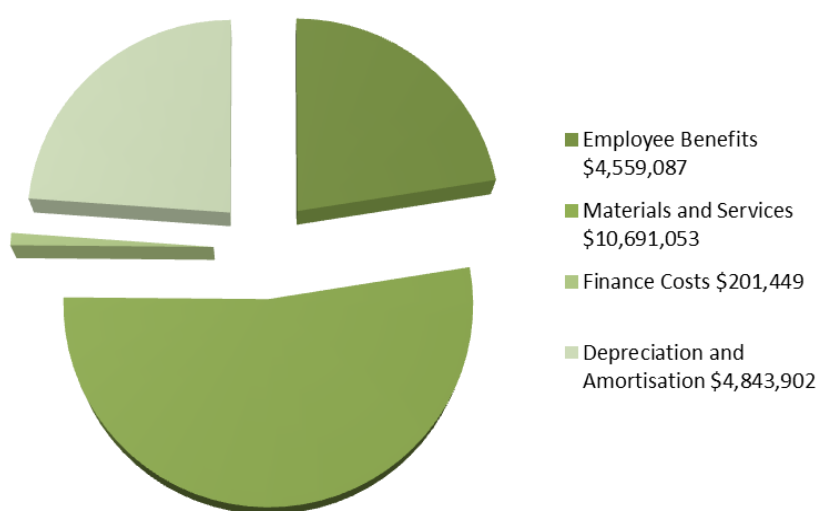


Total Revenue \$18.2 million

Expenses

Materials and services and employee costs make up 52.68% of the total expenditure for Council. Council has a strong labour workforce to provide maintenance, water and waste services, community, sport and cultural services and capital infrastructure for the community.

Materials and services include advertising, audit fees, communication and IT, grants to community groups, electricity, garbage collection services, flood damage roads maintenance and repairs and maintenance. Refer to note 6 of the Financial Statements for further details.



Total Expenses \$20.3 million

Burke Shire Council Community Financial Report

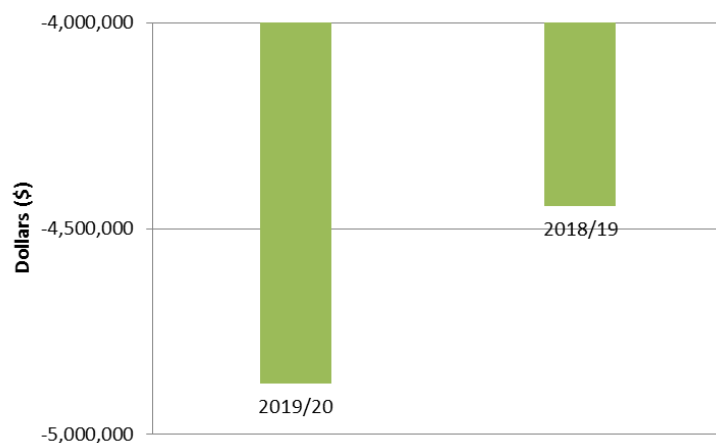
Operating position

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 (\$20.3M) from total operating revenue (\$15.4M) and does not include revenue or expenditure amounts for capital projects.

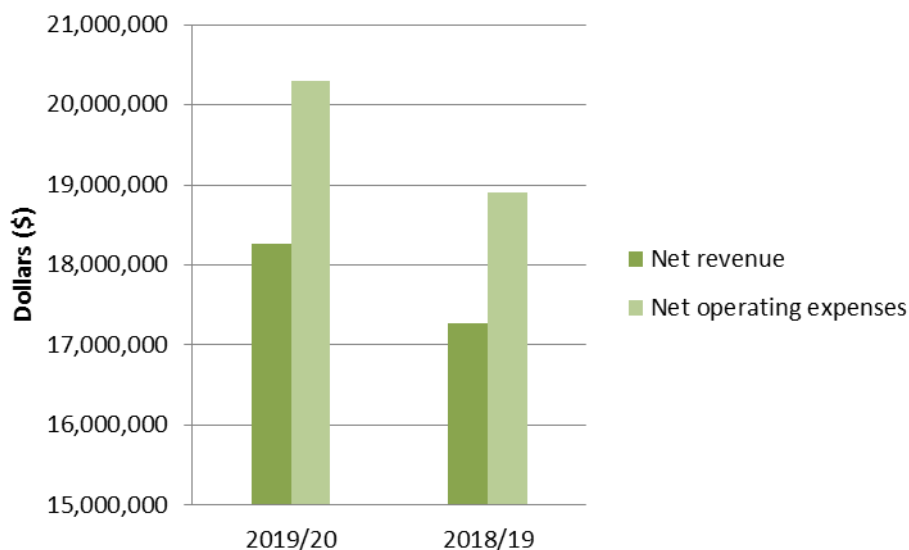
Council's operating position as at 30 June 2020 is a deficit of \$4.9M which has decreased from a deficit of \$4.5M in the 2018/19 financial period.

This graph shows the operating position for 2019/20 compared to the operating position for the 2018/19 period.



Net results

Council's net result reflects the operating position above plus capital revenue and expenses.



Burke Shire Council Community Financial Report

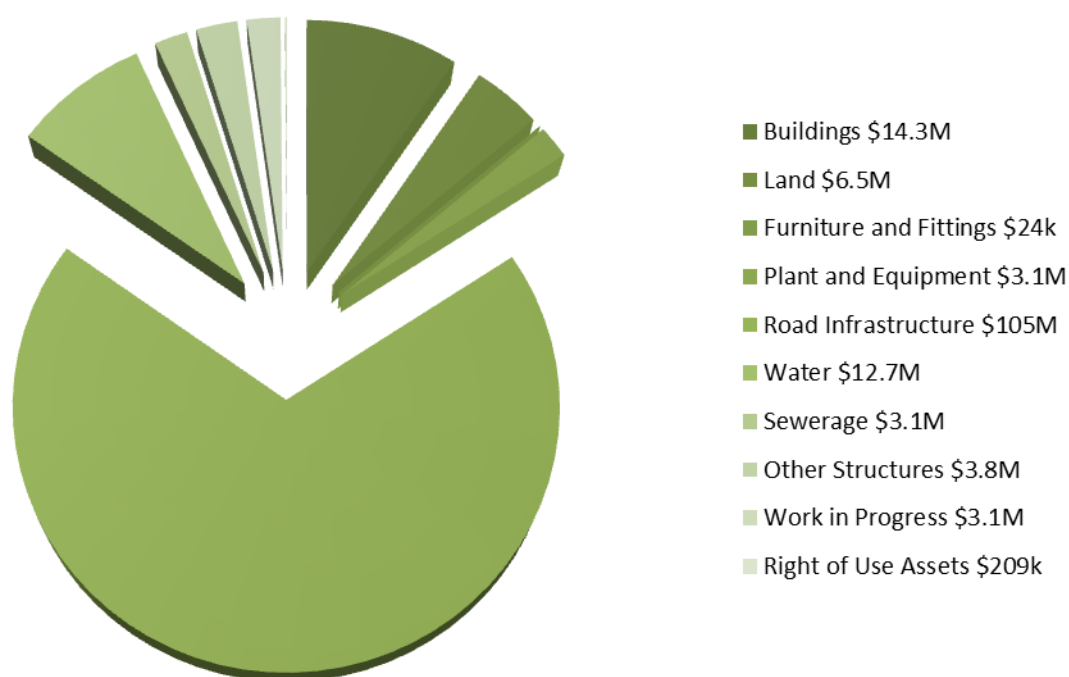
Statement of financial position

Assets

	2019/20	2018/19
	\$ Million	\$ Million
Current assets	9.6	11.2
Non-Current assets	152.2	145.7
Total assets	161.8	156.9

Council assets as at 30 June 2020 total just over \$161.8M. This includes \$9.6M of current assets (liquid assets or amounts due to be received within 12 months) and \$152.2M of non-current assets. Property, plant and equipment makes up 91.06% of total assets.

The following graph shows a breakdown of property, plant and equipment by asset category.



Total Property, Plant and Equipment \$152.2M

Burke Shire Council

Community Financial Report

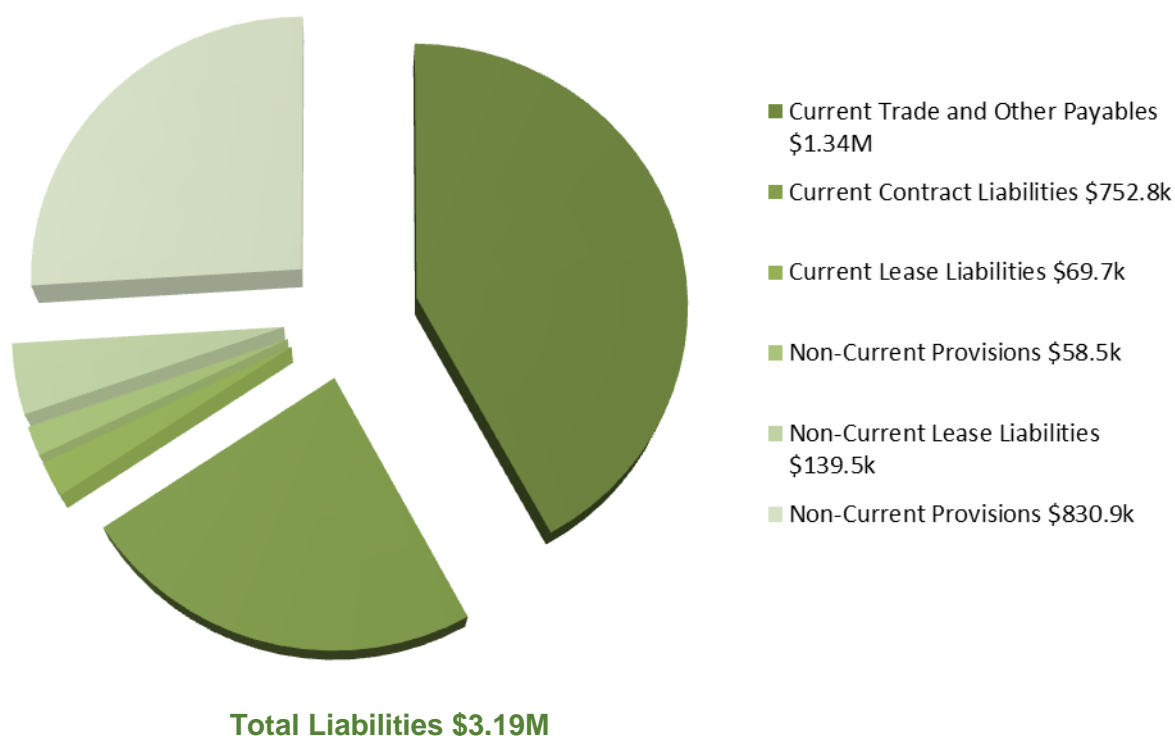
Statement of financial position

Liabilities

	2019/20	2018/19
	\$ Million	\$ Million
Current liabilities	2.2	2.4
Non-Current liabilities	1.0	0.8
Total liabilities	3.2	3.2

Total liabilities as at 30 June 2020 are \$3.2M. This includes \$2.2M of current liabilities (due to be paid out within 12 months) and \$1M of non-current liabilities. Liabilities mostly consist of contract liabilities, amounts owing to suppliers and amounts owing to employees for leave entitlements.

The following graph shows a breakdown of liabilities by category.



Burke Shire Council Community Financial Report

Statement of financial position

Sustainability Ratio

The following ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which should be met to ensure the prudent management of financial risks in accordance with Chapter 5, Part 3 Division 1 of the *Local Government Regulation 2012*. The benchmarks used for the prescribed ratios are per the Department of Local Government, Racing and Multicultural Affairs (DLGRMA) guidelines.

Sustainability Ratio					
Ratio	Description	Formula	Bench- mark	2019/20	2018/19
Asset sustain-ability ratio	This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	Capital Expenditure on renewals / Depreciation expense	Greater than 90%	47.2%	60%
Net financial liabilities ratio	This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	Total Liabilities less Current Assets / Total Operating Revenue	Not greater than 60%	-41.7%	-57%
Operating surplus ratio	This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes.	Net Operating Surplus / Total Operating Revenue	Between 0 and 10%	-31.6%	-31.5%

Conclusion

Council has finished the 2019/20 financial year with a \$4.9M operating deficit though it has continued investment in community infrastructure through the delivery of a capital works program in excess of \$4M for the year. A critical factor for the deficit was Councils depreciation for the financial year of \$4.7M.

Further details and breakdowns of all of the above items can be found in the Financial Statements and the detailed notes to the Financial Statements.

Burke Shire Council

Grants to Community Organisations

Grants

The annual report for a financial year must contain a summary of the local government's expenditure for the financial year on grants to community organisations.

Council has a commitment to building strong, vibrant and robust communities. To assist in achieving this goal, Council's Grant Program provides financial and in-kind assistance to community based groups, individuals and organisations that are providing programs, activities, events and projects that enrich the diversity of cultural, social, sport and economic development opportunities available to the residents of the Burke Region.

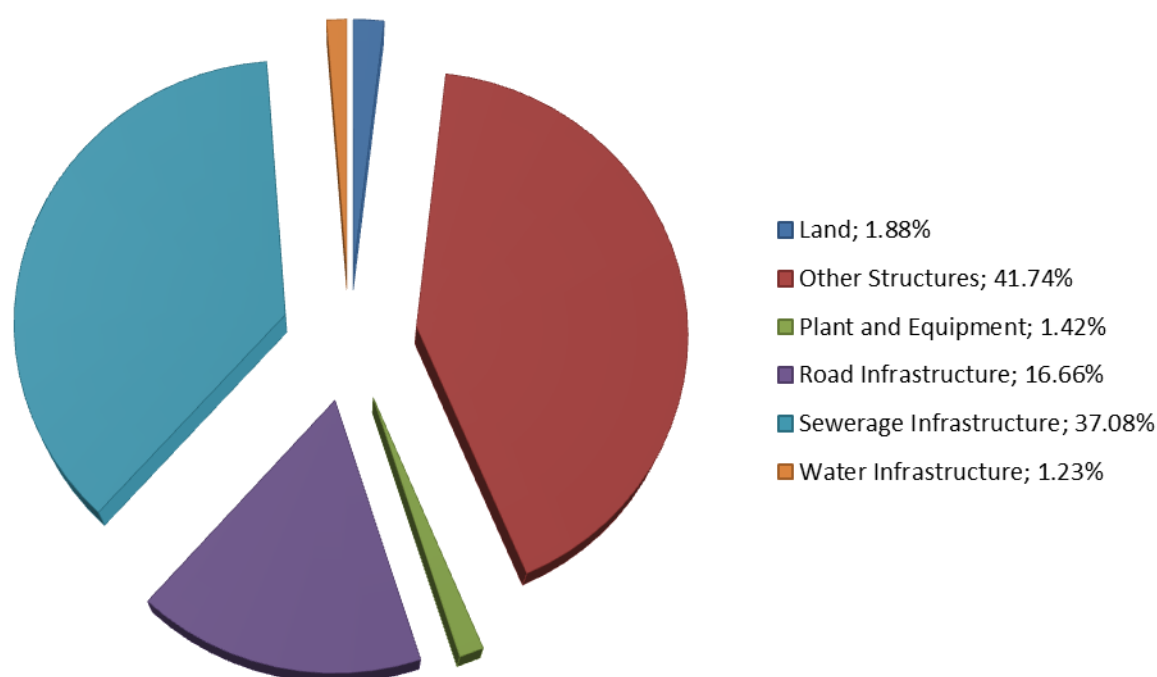
The desired outcome is to support more creative, innovative and self-reliant communities, where participation in community life is enabled and encouraged.

Grants allocated for 2019/20 were well down on the previous year as a number of major planned events were cancelled due to COVID19.

Organisation	Project and rationale	In-kind as approved by council resolution \$	Total donation (cash + in kind) \$
QCWA Gregory Branch	Horse sports and family fun day	-	2,500
Burketown Rodeo and Sporting Association	Support for the Burketown sprint races	10,552	11,552
Gulf Frontier Days	Sponsorship of 2018-19 Gulf Frontier Days Festival	1,467	2,376
Mt Isa School of the Air	Support for isolated students in North West QLD	-	1,075
Burketown State School	Support for school camp	-	5,200
Gregory Land Care Group	Support for GLCG	-	750
TOTAL			23,453

Burke Shire Council Capital Works Projects

During the 2019/20 financial year, expenditure on capital works was \$4.01M. The following graph provides a breakdown of the capital works for 2019/20 by asset category.



Capital Works Projects Detailed

Council incurred expenditure on the following capital works projects during the period 1 July 2019 to 30 June 2020.

	Amount \$'000
LAND	
Purchase of 1 Sloman Street	75
	75
OTHER STRUCTURES	
Boat Ramp Solar and CCTV project	24
Burketown Oval	227
Gregory Showgrounds	774
Gregory War Memorial	6
Burketown Waste Transfer Bins	37

Burke Shire Council

Capital Works Projects

Capital Works Projects Detailed (continued.)

	Amount \$'000
OTHER STRUCTURES (Continued.)	
Landfill Loading Facility	18
Philip Yanner Memorial Oval	333
Rodeo and Campdraft Shade Structure	9
iTerra Upgrade	49
Small Cell at Hellgate Project	87
Flood Monitoring Network	55
Waste Tyre Removal Project	54
	1,673
PLANT AND EQUIPMENT	
Kubota Out Front Ride on Mower	32
Traffic Light Management System	25
	57
ROAD INFRASTRUCTURE	
Gregory to Lawn Hill Road Reseal Project	9
Leichardt River Crossing	117
Floraville Road Culverts	177
Doomadgee East Road Pavement	15
Gregory to Lawn Hill Road Sight Improvement	332
Doomadgee West Road Upgrade	18
	668
SEWERAGE INFRASTRUCTURE	
Sewer Treatment Plant Redesign	1,471
Firefly Sewerage Upgrade	17
	1,488
WATER INFRASTRUCTURE	
Clear Water Storage Upgrade	49
	49
TOTAL	4,010

Burke Shire Council Corporate Plan

Assessment of Progress towards Corporate Plan

In 2019 Council adopted the Corporate Plan 2019-2024. This document provides strategic direction for all activities to be undertaken by Council over the five (5) financial years ended 30 June 2024. Based on this Corporate Plan, Council will ensure that key services and projects will be delivered in current and future financial years through the annual operating plans. Specifically each operational Plan activity is linked to the Corporate Plan's strategic goals. The Chief Executive Officer's assessment of council's progress in 2019-2020 towards the five year Corporate Plan and Annual Operational Plan is detailed below.

COVID-19 had a significant impact on Council's operations in 2019-2020 which impacted on a number of the Operational Plan KPI's.





1. GOOD GOVERNANCE

Council is committed to financial, asset, environmental and community sustainability and secures these ends through efficient and effective decision-making processes. This, in turn, promotes community confidence, employee pride and stakeholder satisfaction with the organisation.

Key outcomes/progress

- A review of Councils Enterprise Risk Management Policy occurred and a draft Enterprise Risk Management Framework was developed.
- Asset management planning continues to be enhanced which was supported by a comprehensive external review of asset valuations.
- The Business Continuity Plan was reviewed.
- Installation of iTerra Satellite and 4G small cell at Hells Gate.
- QTC Project Decision Making Framework was developed and utilised on a number of projects.
- Progressive GIS updates added to system, including additional Planning Scheme mapping and Gregory Showgrounds Upgrades.
- Council satisfactorily met its finance requirements across the year. Finance outcomes included:
 1. Submission of audited financial statements within the prescribed audit timeframe.
 2. Auditor General issued an unqualified audit opinion on Council's financial statements.
 3. Met all external financial reporting targets and deadlines.
- New membership of Audit Committee ratified by Council.
- New and enhanced End Of Month reports drafted with traffic light reporting at both management detail and council detail levels.
- New HR System, Employment Hero, was implemented to be rolled out in the new financial year. Key new staff appointments occurred for the Deputy CEO, Workshop Manager and Manager Human Resources.
- WH&S resources were increased to ensure WH&S obligations were met.
- Significant Learning and Development Training Plan implemented during the financial year. This included longer courses as follows:
 - Cert IV in Business Procurement.
 - Cert iii in Business Administration
 - Cert iii in WH&S.
 - Diploma of Project Management



2. HEALTHY, INCLUSIVE, SUSTAINABLE COMMUNITIES

Council acts, directly or through facilitation or advocacy, to promote healthy, inclusive and sustainable communities in the Burke Shire.

Key outcomes/progress

- Council made a range of donations to local charities, organisations and community groups to support the Burke Shire community with services and events.
- Council delivered a series of successful events over the course of the year including Remembrance Day, Anzac Day, Seniors Week, Tidy Yards, RACQ Get Ready and the Young Ambassadors Program.
- A Sports and Recreation Strategy was adopted by Council after community consultation and a series of Council workshops.
- Council undertook a telephone Survey in relation to the Community Satisfaction Survey. A 77 % satisfaction rate was achieved.
- A Policy that helps preserve historical resource whilst adopted by council for the present and future communities adopted by Council.
- Council engaged EcoSure and SESL for assistance in determining an appropriate irrigation method and an appropriate REMP (receiving environment monitoring program). Site visit completed by irrigation specialist. Procurement of design and planning services to proceed in Q1 2020-21.
- Council progressed divestment of housing to current tenants with proposal to use that funding to build further housing. Negotiations occurred with potential lenders.
- Gregory Showgrounds judge's Tower and Bar & Kitchen was completed.
- Upgrade to the Phillip Yanner Memorial Oval was completed.
- Work also occurred on the Burketown oval.



3. ASSET SUSTAINABILITY

Council makes appropriate infrastructure investments (operations, maintenance, renewals, upgrades, acquisitions, disposals) to ensure the delivery of appropriate levels of service. These decisions are made with reference to financial, asset and community sustainability.

Key outcomes/progress

- Key infrastructure projects completed:
 - Sewerage Treatment Plant Lagoon upgrade
 - Leichardt river crossing
 - Floraville Roads Culvert commencement.
- Gregory to Lawn Hill Road Sight Improvement
- A total of \$6.998 million was spent on Roads to Recovery. This covered flood events from 2016/2017 to 2019/20.
- Council undertook work to the value of \$532,000 on RMPC. This covered Wills Developmental Road and the Camooweal Road.-
- Road Hierarchy and Road Register reviewed
- Funding was secured for upgrading section of road between Adels Grove and Boodjamulla National Park.
- Council has developed a Quarry Management Plan in partnership with DAF.



4. SUSTAINABLE ENVIRONMENT

Council acts, directly or through facilitation or advocacy, to promote positive environmental outcomes that strike a balance between built and natural forms for the benefit of current and future generations.

Key outcomes/progress

- A new Planning Scheme was adopted by Council for the Burke Shire Local Government Area. This was developed in partnership with DSDMIP.
- New Planning and Development Guidelines, including a Development Application procedure, have been developed as a resource for staff to support consistent application of process.
- The Coastal Hazard Adaptation Strategy (CHAS) Plan development was significantly progressed with phases one, two and three completed.
- Funding was secured through the Queensland Disaster Resilience Fund and project completed for a Burketown Flood Risk Management Study. This study is designed to augment Burke's new Planning Scheme to assist with any future development in Flood Hazard areas (1 in 100 years).
- Initial review of Waste Reduction Recycling Plan occurred.



5. ECONOMY

A diverse, strong and sustainable economy that provides employment and business opportunities for current and future generations.

Key outcomes/progress

- Council met on two occasions with the DSMIP to provide input to the preparation of their Economic Development Plan for Burke Shire.
- Gulf Savannah Developments is being reviewed to make it a more effective regional economic development implementation mechanism.
- The Gregory Economic Development ILUA was progressed during the year.

Burke Shire Council

Internal Audit Function

Section 105 of the Local Government Act 2009 requires the local government to establish an efficient and effective internal audit function. Division 1 of the Local Government Regulation 2012 sets out the requirements for the internal audit function including to prepare an internal audit plan, carry out an internal audit, prepare a progress report, and assess compliance with the internal audit plan. Burke Shire Council has accordingly established an internal audit function.

The annual report for a financial year must contain a report on the internal audit for the financial year. Council's Internal Audit function provides independent, objective assurance activities in accordance with an approved strategic, risk-based internal audit plan. The role, scope and purpose of the Internal Audit function is understood and supported by the organisation.

The Internal Audit function works collaboratively with management to implement recommended improvements to systems, processes, work practices, compliance and business effectiveness. The Internal Audit activities are performed by an appropriately qualified internal audit consultant on a wholly outsourced basis. For the year ended 30 June 2020.

The Internal Audit Plan is reviewed annually by management and the Audit Committee to ensure it remains relevant to the organisation's needs and the key underpinning document is the Corporate Risk Register. Council's 2019/20 Internal Audit Plan covered all Departments and included reviews of Payroll and Risk Management progress. In addition QTC did a review of Burke Shire Council's financial sustainability. Council's governance documents for the internal audit function include:

Internal audit instrument	Purpose	Last review
Charter FIN-CHA-001	Provides the framework including establishment of roles and responsibilities for the conduct of the internal audit function Review cycle: 3 years (next due June 2020)	18 May 2017
Procedure FIN-PRO-003	Describes the processes involved in discharging the internal audit function Review cycle: 3 years (next due June 2020)	18 May 2017
Plan FIN-PLA-001	Sets out the internal audit plan for the current financial year, with a three-year rolling strategy Review cycle: annual	18 May 2017

Burke Shire Council

Statutory Requirements

The following information includes the legislative disclosure requirements of the Local Government Act 2009 and related regulations for the reporting period of the Annual Report.

Local Government Act 2009

The *Local Government Act 2009* requires the local government to include in its annual report information about certain business activities during the financial year. These are detailed below for the reporting year.

Division	Report
Division 1 Beneficial enterprises (s41)	N/A - Nil beneficial enterprises conducted during the reporting year
Division 2 Business reform, including competitive neutrality (s45 and 46)	N/A - Council did not commence or conduct a significant business activity during the financial year therefore there is nothing to report under section 45 or 46.
Division 3 Common provisions (s201)	Section 201 requires the annual report to state the total of all remuneration packages that are payable to the senior management of the local government and the number of employees in senior management who are being paid each band of remuneration. A senior contract employee is the Chief Executive Officer; and any other local government employee who is employed on a contractual basis and in a position that reports directly to the Chief Executive Officer. At the Burke Shire Council during the 2019-20 financial year there was one senior contract employee with a total remuneration package in the range of \$200,000 - \$300,000 and six senior contract employees with a total remuneration package in the range of \$100,000 - \$200,000.

Local Government Regulation 2012

Division 3 of the Local Government Regulation 2012 defines the required contents for the annual report. These particulars are reported by subheading below with the exception of the following matters that appear earlier in the Burke Shire Council annual report document under separate headings:

- 184 Community financial report
- 189 Grants to community organisations
- 190 (1) (a) Corporate and operational plan progress report
- 190 (1) (h) Internal audit report

Burke Shire Council

Statutory Requirements

Financial Statements (s183)

Refer to **Appendix A** of this annual report for the financial statements including the following requirements:

- (a) general purpose financial statements for the financial year, audited by the auditor-general; and
- (b) current-year financial sustainability statement for the financial year, audited by the auditor-general; and
- (c) long-term financial sustainability statement for the financial year; and
- (d) auditor-general's audit reports about the general purpose financial statement and the current-year financial sustainability statement.

Particular Resolutions (s185)

The annual report for a financial year must contain: (a) Expenses Reimbursement Policy – a copy of the resolutions made under section 250 (1) and (b) Valuation of non-current physical assets - a list of any resolutions made during the financial year under section 206(2).

Section	Resolution/s made in reporting year
250 (2) A local government may, by resolution, amend its expenses reimbursement policy at any time.	Resolution 200618.09 (18 June 2020)): That Council adopt and implement the amended Burke Shire Council Reimbursement of Expenses and Provision of Facilities for Mayor and Councillors policy
206 (2) The local government must, by resolution, set an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense	Nil

Burke Shire Council

Councillors

Councillor Meeting Attendance – previous term

The following table displays the Councillors' attendance at Council meetings for the period 1 July 2019 to 24 April 2020.

	Mayor Camp	Deputy Mayor Poole	Councillor Murray	Councillor Clarke	Councillor Yanner
Ordinary Meetings					
(9 held)	9	9	9	9	9
Special Meetings					
(3 held)	3	3	3	3	3

Councillor Meeting Attendance – current term

Local Government Elections were held on 28 March 2020 and the following table depicts Councillor attendance at Council Meetings for the new Council.

The following table displays the Councillors' attendance at Council meetings for the period 24 April 2020 to 30 June 2020.

	Mayor Camp	Deputy Mayor Murray	Councillor Clarke	Councillor Yanner	Councillor Wade
Ordinary Meetings					
(3 held)	3	3	3	3	3
Special Meetings					
(1 held)	1	1	1	1	0

Burke Shire Council

Councillors

Councillor remuneration

The following table shows the total Councillors' remuneration (including superannuation contributions), expenses and meeting attendance for the period from 1 July 2019 to 30 June 2020.

Councillor	Expenses	Remuneration (inc Superannuation)
Cr Ernie Camp	-	\$110,500
Cr Tonya Murray	-	\$56,593
Cr John Yanner	-	\$50,502
Cr John Clarke	-	\$54,016
Cr Rosita Wade	-	\$12,333
Cr Paul Poole (former)	-	\$46,745

Councillor remuneration is established each year by the Local Government Remuneration and Discipline Tribunal. Each year Council is invited to accept or review the remuneration recommendations of this Tribunal.

Facilities provided to Councillors under the expense reimbursement policy

Councillor	Laptop/ iPad	Mobile Phone	Vehicle & Fuel	Secretarial Assistance	Expenses Conference & Workshops	Travel/ Accom
Cr Ernie Camp	✓	✓	✓	✓	✓	✓
Cr Tonya Murray	✓			✓	✓	✓
Cr John Yanner	✓			✓	✓	✓
Cr John Clarke	✓			✓	✓	✓
Cr Rosita Wade	✓			✓	✓	✓
Cr Paul Poole (former)	✓			✓	✓	✓

Burke Shire Council

Councillors

Complaints about the conduct and performance of councillors

Conduct and performance of Councillors

To ensure appropriate standards of conduct and performance are maintained by Councillors, a code of conduct has been adopted and a process is in place to deal with complaints. The Code of Conduct for Councillors sets out the standards of behaviours expected of Councillors of Burke Shire Council. The requirements of the code are in addition to the roles, responsibilities and obligations of Councillors set out in the Local Government Act 2009.

On 21 May 2018 the Local Government (Councillor Complaints) and Other Legislation Amendment Bill 2018 received ascent. The Bill amends the Local Government Act 2009 and the Public Service Act to provide a simpler, more streamlined system for making, investigating and determining complaints about councillor conduct in Queensland. The reforms established the Independent Assessor and the Office of the Independent Assessor to investigate and deal with the conduct of councillors where it is alleged or suspected to be inappropriate conduct, misconduct or, when referred to the Independent Assessor by the Crime and Corruption Commission (CCC), corrupt conduct.

Number of Councillor Conduct orders and disciplinary actions 1 July 2019 to 30 June 2020.

Subsection of the LGA	Description	Number
150I(2)	The chairperson may make 1 or more of the following orders— (a) an order reprimanding the councillor for the conduct; (b) an order requiring the councillor to leave the place at which the meeting is being held, including any area set aside for the public, and stay away from the place for the rest of the meeting; (c) if the councillor fails to comply with an order to leave and stay away from the place—an order that the councillor be removed from the place.	Nil
150AH(1)	(1) For section 150AG(1)(b), the local government may— (a) order that no action be taken against the councillor; or (b) make 1 or more of the following orders as outlined in subsections (i) to (vii).	Nil
150AR(1)	For section 150AQ(1)(b), the conduct tribunal may decide— (a) that no action be taken against the councillor; or (b) to make 1 or more of the following orders or recommendations as outlined in subsections (i) to (xiii).	Nil

Burke Shire Council

Other Matters

Administrative Action Complaints

Burke Shire Council is committed to the principles of natural justice and fairness in all administrative complaint dealings. Burke Shire Council assesses all complaints, including anonymous complaints.

Section 187 (1) of the Local Government Regulation 2012 requires the local government to include in its annual report a statement about the local government's commitment to dealing fairly with administrative action complaints; and how the local government has implemented its complaints management process including an assessment of the local government's performance in resolving complaints under the process.

Burke Shire Council is committed to dealing fairly and promptly with administrative action complaints. It has in place a formal administrative action complaints management policy along with a corresponding procedure, to ensure that council has a complaint framework to receive, resolve and report upon any administrative action complaints. This policy is available in the policies section of Council's website.

The following particulars of complaints are reported in accordance with Section 187 (2):

Number	Section 187 (2) Matters pertaining to administrative action complaints during the financial year
17	The number of Administrative Action Complaints made in the reporting period.
12	The number of Administrative Action Complaints resolved in the reporting period.
5	The number of Administrative Action Complaints outstanding at 1 July 2020.
Nil	<p>The number of Administrative Action Complaints that were made in a previous financial year and resolved in 2019/20.</p> <p>Reasons for the Administrative Action Complaints were due to:</p> <ul style="list-style-type: none">- 1 lack of contact/communication from Council, and- 16 for customer expectation/Council decision.

Burke Shire Council

Other Matters

Overseas Travel undertaken by Councillors or Employees

Section 188 requires the annual report to contain the following information about overseas travel made by a councillor or local government employee in an official capacity during the financial year.

Purpose (1) (d) and other information that council considers relevant (2)	Councillor: name (1) (a)	Employee: name & position (1) (b)	Destination (1) (c)	Cost (1) (e)
N/A – nil overseas travel				

Summary of investigation notices

The annual report for a financial year must contain a summary of investigation notices given in the financial year under s.49 for competitive neutrality complaints and any responses made by the Local Government in response to the Queensland Productivity Commission's recommendations on any competitive neutrality complaints.

During the 2019/20 financial year Council was not in receipt of any Queensland Productivity Commission notices of investigation under section 49. During the same period Council was not in receipt of any Queensland Productivity Commission recommendations on any competitive neutrality complaints under section 52(3).

Beneficial enterprises

Burke Shire Council does not have any beneficial enterprises.

Burke Shire Council

Other Matters

Other compliance items

Section and particulars	Annual report
190 (1) (c) annual operations report for each commercial business unit;	N/A – Council did not operate any commercial business unit
190 (1)(d) details of any action taken for, and expenditure on, a service, facility or activity—(i) supplied by another local government under an agreement for conducting a joint government activity; and (ii) for which the local government levied special rates or charges for the financial year;	N/A – Council did not operate any joint government activity
190 (e) number of invitations to change tenders under section 228 (7) during the financial year	Nil
<p>190 (1) (f) list of registers kept by the local government</p> <p>Council keeps a broad range of operational registers. The list at right discloses the statutory registers kept by Burke Shire Council under the <i>Local Government Act 2009</i> and Local Government Regulation 2012.</p>	<ul style="list-style-type: none"> ➤ Assets LGA s104 (5) (b) (ii) ➤ Complaints - including administrative action complaints LGR s 306 (4) (a) ➤ Contractual Arrangements > \$200,000 LGR s287 ➤ Cost-recovery fees LGA s98 ➤ Delegations council to CEO or Mayor, and CEO to officers LGA s260 ➤ Local laws LGA s31 ➤ Pre-qualified suppliers LGR s232 ➤ Registers of interest s290 ➤ Roads map and register LGA s74

Burke Shire Council

Other Matters

Other compliance items (continued.)

Section and particulars	Annual report
190 (1) (g) summary of all concessions for rates and charges granted by the local government	<p>Pursuant to Section 120 and 122 of the <i>Local Government Regulation 2012</i> Council granted the following concessions for rates and charges</p> <ul style="list-style-type: none"> ➤ Pensioner Concession - a concession of 20% of the general rate and utility charges, excluding water consumption and Emergency Management Levy (EML) to a maximum of 500.00 per year. ➤ 100% concession on general rates and 75% concession on sewerage and waste management charges for 2019-20 for Burketown Kindergarten.
190 (1) (i) and (j) Competitive neutrality	<p>(i) NA - Nil notices given in the financial year under section 49 for competitive neutrality (i)</p> <p>(j) NA – nil competitive neutrality complaints under section 52(3)</p>

Burke Shire Council

Finance Plans and Reporting

One of the driving forces behind local government reform in 2008 was the need for councils to ensure long-term financial sustainability. Through Section 183 of the Local Government Regulation 2012, the State Government has legislated that Council must include in its Annual Report, a long-term financial sustainability statement inclusive of relevant measures of financial sustainability for the year the annual report has been prepared. In addition, Council is required to provide an explanation of how its financial management strategy is consistent with the long-term financial forecasts.

Council has developed a long-term financial forecast to help monitor and guide its decision-making to ensure the financial sustainability of council and limit further future rate price shocks on the community. The long-term financial forecast provides for the anticipated growth in the Burke Shire region and funds renewal and new capital infrastructure to maintain service levels and support growth with millions of dollars invested in infrastructure in recent years. Cash balances are maintained at a level to provide sufficient liquidity to cover working capital requirements. Expenditure is forecast to grow in line with the increases to Council's asset base with an expectation for ongoing efficiency gains from Council's operations.

Council has in place various policies, some of which are legislated, to support the management of its finances and the achievement of the long-term financial forecast. These include but are not limited to –

- Revenue Policy
- Investment Policy
- Budget Policy
- Debt Policy
- Procurement Policy
- Asset & Services Management Plan

Please see Appendix A for Council's Financial Statements and Long-Term Financial Sustainability Statement for the reporting period.



Financial Statements
for the year ended 30 June 2020

Burke Shire Council

Financial Statements

For the year ended 30 June 2020

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Burke Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3(a)	3,009,887	2,764,882
Fees and Charges	3(b)	83,316	148,507
Sales Revenue	3(c)	1,071,615	1,063,958
Other Revenue		105,254	387,451
Grants, Subsidies, Contributions and Donations	4(a)	10,815,103	9,303,470
		<u>15,085,175</u>	<u>13,668,268</u>
Capital Revenue			
Capital Income		-	16,743
Grants, Subsidies, Contributions and Donations	4(b)	2,849,857	3,129,540
		<u>2,849,857</u>	<u>3,146,283</u>
Non-recurrent Revenue			
Rental Income	18	209,891	224,559
Interest Received		123,783	229,780
		<u>333,674</u>	<u>454,339</u>
Total Income		<u>18,268,707</u>	<u>17,268,890</u>
Expenses			
Recurrent Expenses			
Employee Benefits	5	(4,559,087)	(4,497,245)
Materials and Services	6	(10,691,053)	(9,299,102)
Finance Costs		(201,449)	(12,940)
Depreciation and Amortisation			
Property, Plant and Equipment	10	(4,774,144)	(4,758,366)
Right of Use Assets	18	(69,758)	-
		<u>(20,295,491)</u>	<u>(18,567,653)</u>
Capital Expenses	7	-	(331,050)
Total Expenses		<u>(20,295,491)</u>	<u>(18,898,702)</u>
Net Result		<u>(2,026,784)</u>	<u>(1,629,812)</u>
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Increase / (Decrease) in Revaluation Surplus	10	7,067,420	-
Total Other Comprehensive Income for the Year		<u>7,067,420</u>	<u>-</u>
Total Comprehensive Income for the Year		<u>5,040,637</u>	<u>(1,629,812)</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Burke Shire Council
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Current Assets			
Cash and Cash Equivalents	8	7,053,604	9,595,818
Trade and Other Receivables	9	946,898	1,423,704
Inventories		249,372	230,813
Contract Assets	11	1,378,721	-
Total Current Assets		<u>9,628,596</u>	<u>11,250,335</u>
Non-Current Assets			
Property, Plant and Equipment	10	152,035,934	145,732,419
Right of Use Assets	18	209,273	-
Total Non-Current Assets		<u>152,245,207</u>	<u>145,732,419</u>
Total Assets		<u>161,873,803</u>	<u>156,982,754</u>
Current Liabilities			
Trade and Other Payables	12	1,344,996	2,303,257
Contract Liabilities	11	752,849	-
Lease Liabilities	18	69,758	-
Provisions	13	58,564	68,680
Total Current Liabilities		<u>2,226,166</u>	<u>2,371,936</u>
Non-Current Liabilities			
Lease Liabilities	18	139,515	-
Provisions	13	830,952	791,809
Total Non-Current Liabilities		<u>970,467</u>	<u>791,809</u>
Total Liabilities		<u>3,196,633</u>	<u>3,163,745</u>
Net Community Assets		<u>158,677,171</u>	<u>153,819,010</u>
Community Equity			
Revaluation Surplus	14	93,485,877	86,418,456
Retained Surplus		65,191,294	67,400,554
Total Community Equity		<u>158,677,171</u>	<u>153,819,010</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Burke Shire Council
Statement of Changes in Equity
For the year ended 30 June 2020

	Revaluation Surplus \$	Retained Surplus \$	TOTAL \$
Balance as at 1 July 2019	86,418,456	67,400,553	153,819,010
Adjustment on Initial Application of AASB 15 / AASB 1058	-	(182,476)	(182,476)
Restated Balance at 1 July 2019	86,418,456	67,218,077	153,636,534
Net Result	-	(2,026,784)	(2,026,784)
Increase / (Decrease) in Revaluation Surplus	7,067,421	-	7,067,421
Total Comprehensive Income for the Year	7,067,421	(2,026,784)	5,040,637
Balance as at 30 June 2020	93,485,877	65,191,294	158,677,171
Balance as at 1 July 2018	86,418,456	69,030,365	155,448,821
Net Result	-	(1,629,812)	(1,629,812)
Increase / (Decrease) in Revaluation Surplus	-	-	-
Total Comprehensive Income for the Year	-	(1,629,812)	(1,629,811)
Balance as at 30 June 2019	86,418,456	67,400,553	153,819,010

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

The comparatives have not been restated on adoption of AASBs 15, 1058, and 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Burke Shire Council
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Receipts from Customers		3,919,970	4,638,681
Payments to Suppliers and Employees		(16,249,132)	(13,555,116)
		(12,329,162)	(8,916,435)
Finance Costs		(201,449)	(12,940)
Interest Received		123,783	229,780
Rental Income		209,891	224,559
Operating Grants and Contributions		10,815,103	9,303,470
Net Cash Inflow (Outflow) from Operating Activities	17	(1,381,833)	828,435
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(4,010,240)	(4,177,649)
Proceeds from Sale of Property, Plant and Equipment		-	34,636
Grants, Subsidies, Contributions and Donations		2,849,857	3,011,674
Net Cash Inflow (Outflow) from Investing Activities		(1,160,382)	(1,131,338)
Net Increase (Decrease) in Cash and Cash Equivalents Held		(2,542,216)	(302,904)
Cash and Cash Equivalents at the Beginning of the Financial Year		9,595,818	9,898,722
Cash and Cash Equivalents at End of the Financial Year	8	7,053,604	9,595,818

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

1 Significant Accounting Policies

1.A Basis of Preparation

Burke Shire Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*. They comply with all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Burke Shire Council is a not-for-profit entity for financial reporting purposes and complies with the Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and investment property.

1.B Statement of Compliance

Because Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.C Date of Authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

1.D Currency

Burke Shire Council uses the Australian dollar as its functional currency and its presentation currency.

1.E New and Revised Accounting Standards Adopted During the Year

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases. Refer to the change in accounting policy note for transition disclosures for AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of NFP Entities* and AASB 16 *Leases*.

1.F Standards Issued by the AASB Not Yet Effective

The AASB has issued Australian Accounting Standards and interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note. The standards that are expected to have a material impact upon Council's future financial statements are:

Effective Periods Beginning on or After:

AASB 2018-7 <i>Amendments to Australian Accounting Standards - Definition of Material</i>	1 January 2020
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	1 January 2020
AASB 2018-6 <i>Amendments to the Australian Accounting Standards - Definition of a Business</i>	1 January 2020

1.G Estimates and Judgements

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Valuation and Depreciation of Property, Plant and Equipment - Note 10
Provisions - Note 13
Contingent Liabilities - Note 15
Revenue - Note 3
Financial Instruments and Financial Risk Management - Note 21
Leases - Note 18

1.H Rounding and Comparatives

The financial statements have been rounded to the nearest \$1. Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Standard.

1.I Volunteer Services

Council has not recognised volunteer services provided to the council during the financial year as they have been determined to be immaterial in value.

1.J Taxation

Council is exempt from income tax, however is subject to Fringe Benefits Tax, Goods and Services Tax ("GST") and payroll tax on certain activities. The net amount of GST recoverable from, or payable to, the ATO is shown as an asset or liability respectively.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

2. Analysis of Results by Function

2(a) Components of Council Functions

The activities relating to the Council's components reported on in Note 2(b) are as follows:

Revenue Raising

Relates to the management of all cash obtained through rates and charges, secured grants and financial assistance grants. The primary objective of this program is to maintain a level of revenue sufficient for the delivery of local government services at an appropriate level and standard.

Governance

Includes oversight of key governance frameworks, ensuring Council has a strong voice in the region and with the State Government, ensures Council connects with the community and Council's disaster management responsibilities.

Finance and Community Services

Includes revenue (rates and general grants), purchasing and budgeting. The effective and efficient administration of general operations is the primary objective of this program.

Planning and Building

Includes strategic (town) planning, building services and tourism. Facilitating sustainable infrastructure and economic development within the Shire is the primary objective of this program.

Engineering Services

Includes road construction and maintenance, airport operation, boat ramps, drainage and footpaths. Ensuring Council continues to deliver appropriate levels of service to the community through the maintenance and replacement of its asset base is the primary objective of this program.

Environmental Services

Includes animal control, pest control, environmental health and cemeteries. Promoting environmental and community health is the primary objective of this function.

Community and Cultural

Includes libraries, civic buildings, ablution facilities, housing, sport and recreation, and parks and gardens. The primary objective of this program is to promote well-being through the provision of a range of services, support, events and venues for community and volunteer activities / organisations.

Garbage Utility

Includes refuse collection, refuse disposal and recycling. Ensuring Council continues to deliver appropriate levels of service to the community through the maintenance and replacement of its asset base is the primary objective of this program.

Sewerage Utility

Includes sewerage services. Ensuring Council continues to deliver appropriate levels of service to the community through the maintenance and replacement of its asset base is the primary objective of this program.

Water Utility

Includes water services. Ensuring Council continues to deliver appropriate levels of service to the community through the maintenance and replacement of its asset base is the primary objective of this program.

2(b) Analysis of Results by Function

Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2020

Functions	Gross Programme Income				Total Income	Gross Programme Expenses		Total Expenses	Net Result from Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Revenue Raising	\$ 2,764,585	\$ 2,316,044	\$ -	\$ -	\$ 5,080,629	\$ (47,012)	\$ -	\$ (47,012)	\$ 5,033,617	\$ (848,665)	\$ 9,379,224
Governance	-	-	-	-	-	(848,665)	-	(848,665)	(848,665)	-	-
Finance and Community Services	52,000	202,583	-	-	254,583	(3,307,545)	-	(3,307,545)	(3,052,962)	(3,052,962)	482,734
Planning and Building	82,800	2,028	-	-	84,828	(132,559)	-	(132,559)	(47,731)	(47,731)	-
Engineering Services	7,747,957	1,136,250	2,846,305	-	11,730,512	(12,684,821)	-	(12,684,821)	(3,800,614)	(954,309)	109,032,985
Environmental Services	39,000	1,872	-	-	40,872	(53,667)	-	(53,667)	(12,795)	(12,795)	-
Community and Cultural	128,761	221,773	3,552	-	354,086	(1,958,998)	-	(1,958,998)	(1,608,464)	(1,604,912)	27,009,916
Garbage Utility	-	108,309	-	-	108,309	(130,717)	-	(130,717)	(22,408)	(22,408)	-
Sewerage Utility	-	163,741	-	-	163,741	(184,549)	-	(184,549)	(20,808)	(20,808)	3,159,424
Water Utility	-	451,146	-	-	451,146	(946,957)	-	(946,957)	(495,811)	(495,811)	12,809,522
TOTAL	10,815,103	4,603,746	2,849,857	-	18,268,707	(20,295,491)	-	(20,295,490)	(4,876,641)	(2,026,784)	161,873,803

Year ended 30 June 2019

Functions	Gross Programme Income				Total Income	Gross Programme Expenses		Total Expenses	Net Result from Recurrent Operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2019	2019	2019	2019							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue Raising	2,631,989	2,103,456	-	-	4,735,445	(52,918)	-	(52,918)	4,682,528	4,682,528	11,019,522
Governance	-	-	-	-	-	(958,581)	-	(958,581)	(958,581)	(958,581)	-
Finance and Community Services	57,113	731,056	-	-	788,168	(3,624,613)	(331,050)	(3,955,664)	(2,836,445)	(3,167,495)	267,050
Planning and Building	-	3,104	-	-	3,104	(17,240)	-	(17,240)	(14,137)	(14,137)	-
Engineering Services	5,571,949	1,063,873	3,129,540	16,743	9,782,106	(10,294,147)	-	(10,294,147)	(3,658,325)	(512,042)	105,441,864
Environmental Services	-	2,850	-	-	2,850	(73,767)	-	(73,767)	(70,917)	(70,917)	-
Community and Cultural	1,042,420	224,831	-	-	1,267,251	(2,369,599)	-	(2,369,599)	(1,102,347)	(1,102,347)	26,112,623
Garbage Utility	-	104,983	-	-	104,983	(213,862)	-	(213,862)	(108,879)	(108,879)	-
Sewerage Utility	-	157,715	-	-	157,715	(134,048)	-	(134,048)	23,668	23,668	1,792,380
Water Utility	-	427,268	-	-	427,268	(828,878)	-	(828,878)	(401,610)	(401,610)	12,349,315
TOTAL	9,303,470	4,819,137	3,129,540	16,743	17,268,891	(18,567,652)	(331,050)	(18,898,702)	(4,445,045)	(1,629,812)	156,982,754

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

3 Revenue Analysis

Note	2020 Financial year	
	AASB 15	AASB 1058
	\$	\$
Revenue Recognised at a Point in Time		
Rates, Levies and Charges (Excluding those Related to Services)	-	3,009,887
Fees and Charges (Excluding Infringements)	76,771	-
Sales of Goods and Services	33,955	-
Other	15,315	-
	<u>126,041</u>	<u>3,009,887</u>
Revenue Recognised Over Time		
Fees and Charges (Excluding Infringements)	6,545	-
Sales of Goods and Services	1,037,660	-
Other	46,882	43,057
	<u>1,091,087</u>	<u>43,057</u>
Total Revenue	<u>1,217,128</u>	<u>3,052,944</u>

2020 Accounting Policy: Rates and annual charges are recognised as revenue when Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

2019 Accounting Policy: Rates were recognised as revenue upon the issuing of rate notices or excess water notices. Prepaid rates were recognised as revenue upon receipt.

Note	2020	2019
	\$	\$
(a) Rates, Levies and Charges (Excluding Those Related to Services)		
General Rates	2,340,489	2,132,391
Water	451,146	427,268
Sewerage	163,741	157,715
Garbage Charges	108,309	104,983
Total Rates and Utility Charge Revenue	<u>3,063,686</u>	<u>2,822,357</u>
Less: Discounts	(49,799)	(53,487)
Less: Pensioner Remissions	(4,000)	(3,988)
	<u>3,009,887</u>	<u>2,764,882</u>

(b) Fees and Charges

2020 Accounting Policy: Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example pools. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

2019 Accounting Policy: Fees and charges are recognised by Council upon receipt.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

(c) **Sales Revenue**

2020 Accounting Policy: Sale of goods revenue is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions

2019 Accounting Policy: The amount recognised as revenue from contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions. Sale of goods and recoverable works revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

	Note	2020 \$	2019 \$
Recoverable Work			
Contract and Recoverable Works		1,071,615	1,063,958
Total Sales Revenue		<u>1,071,615</u>	<u>1,063,958</u>

4 Grants, Subsidies and Contributions

2020 Accounting Policy:

Grant Income Under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied. The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant Income Under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital Grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control, and which is enforceable, are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, revenue is recognised when the asset is acquired and controlled by Council.

2019 Accounting Policy: Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds. Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. In 2019, Council did not have any reciprocal grants.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

4 Grants, Subsidies and Contributions (continued)

		2020 Financial Year	
		AASB 15	AASB 1058
		\$	\$
	Note		
Recurrent			
General Purpose Grants		-	3,214,301
Flood Restoration Funding		7,187,174	-
State Government Subsidies and Grants		80,352	333,276
		<u>7,267,526</u>	<u>3,547,577</u>
	Note	2020	2019
		\$	\$
(a) Recurrent			
General Purpose Grants		3,214,301	2,631,989
Flood Restoration Funding		7,187,174	4,974,517
State Government Subsidies and Grants		413,628	1,696,964
		<u>10,815,103</u>	<u>9,303,470</u>

(b) **Capital**

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and / or investment in new assets.

		2020 Financial Year	
		AASB 15	AASB 1058
		\$	\$
	Note		
Capital			
Specific Purpose Government Subsidies and Grants		-	2,849,857
		<u>-</u>	<u>2,849,857</u>
	Note	2020	2019
		\$	\$
Capital			
Specific Purpose Government Subsidies and Grants		2,849,857	3,011,674
Non-Cash Contributions		-	117,866
		<u>2,849,857</u>	<u>3,129,540</u>

5 Employee Benefits

Total Staff Wages and Salaries		3,039,890	3,082,281
Councillors' Remuneration		305,110	303,621
Annual, Sick and Long Service Leave Entitlements		528,867	488,803
Superannuation	16	428,400	399,666
		<u>4,302,267</u>	<u>4,274,371</u>
Other Employee Related Expenses		296,068	400,418
		<u>4,598,335</u>	<u>4,674,789</u>
Less: Capitalised Employee Expenses		(39,248)	(177,545)
		<u>4,559,087</u>	<u>4,497,244</u>

Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.

Total Council employees at the reporting date:

Elected Members	5	5
Administration Staff	21	18
Depot and Outdoors Staff	21	31
Total Full-Time Equivalent Employees	<u>47</u>	<u>54</u>

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
6 Materials and Services			
Audit Fees *		88,457	82,000
Communications and IT		423,827	351,062
Consultants		240,793	149,708
Donations		17,964	66,174
Operating Expenses		2,953,878	3,351,800
Repairs and Maintenance		1,623,689	1,557,902
Recoverable Works		421,193	759,104
Roads - Flood Damage		4,921,252	2,981,351
		<u>10,691,053</u>	<u>9,299,101</u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2019/20 financial statements are \$77,500 (2019: \$82,000). Additional fees of \$10,957 were charged in 2019/20 in relation to previous year internal audit works and are reflected above.

7 Capital Expenses

Loss on Disposal of Non-Current Assets

Proceeds from the Sale of Property, Plant and Equipment

	-	-
Less: Carrying Value of Property, Plant and Equipment Disposed of	-	(331,050)
Total Capital Expenses	<u>-</u>	<u>(331,050)</u>

8 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Cash Flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash at Bank and On-Hand	456,038	123,012
Deposits at Call	6,597,566	9,472,806
Balance per Statement of Cash Flows	<u>7,053,604</u>	<u>9,595,818</u>

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent Government Grants and Subsidies	752,849	4,091,555
Total Unspent Restricted Cash	<u>752,849</u>	<u>4,091,555</u>

Council's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk. Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of Council.

Cash and deposits at call are held at both Westpac Banking Corporation (WBC) and Queensland Treasury Corporation (QTC) in deposit at call and business cheque accounts. WBC currently has a short term credit rating of A1+ and long term rating of AA- (*Standard & Poor's*). QTC is currently rated at 'AA+' (*Standard & Poor's*) (Australian Government Guaranteed) with a stable outlook.

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. Council does not invest in derivatives or other high risk investments.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, both short and long term, to cater for unexpected volatility in cash flows.

Trust Funds Held for Outside Parties

Monies held on behalf of other entities yet to be paid out	118,972	118,972
	<u>118,972</u>	<u>118,972</u>

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
9 Trade and Other Receivables			
Current			
Rateable Revenue and Utility Charges		351,215	279,827
Trade Debtors		269,783	842,879
Less: Impairment		(167,865)	(6,846)
GST Receivable		146,415	233,751
Prepayments		347,350	74,094
		<u>946,898</u>	<u>1,423,705</u>

Trade receivables, loans and advances are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. All known bad debts were written-off at 30 June. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

Where Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and the debt is less than the value of the property, Council does not impair rate receivables unless the situation indicates that council may choose not exercise its' right of recovery.

Council has provided for a specific rate debtor at 30 June 2020 due to such circumstances arising, resulting in \$95,258 being provided for within the below impairment losses balance.

Interest was charged on outstanding rates at a rate of 10% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	6,846	213
Increment / (Decrement) of provision for impairment of debts	161,019	6,782
Impairments reversed	-	(149)
Closing Balance at 30 June	<u>167,865</u>	<u>6,846</u>

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020
10 Property, Plant and Equipment
Council - 30 June 2020

Buildings	Land	Furniture and Fittings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Work in Progress	TOTAL
	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
23,657,846	6,487,700	193,903	6,759,434	142,699,965	17,998,829	3,384,249	6,352,390	2,608,938	210,143,253
-	75,465	-	56,597	1,009,905	355,515	1,729,899	258,242	(3,485,623)	-
-	-	-	-	-	-	-	-	4,010,240	-
385,954	(10,465)	-	-	8,483,570	308,203	(97,131)	(264,314)	-	8,805,818
-	-	-	-	-	-	-	-	-	-
24,043,800	6,552,700	193,903	6,816,031	152,193,440	18,662,547	5,017,017	6,346,318	3,133,555	222,959,312

9,501,464	-	157,666	3,343,182	41,847,228	5,652,574	1,862,470	2,046,252	-	64,410,835
640,970	-	12,149	347,814	3,210,446	314,171	51,115	197,480	-	4,774,144
(459,858)	-	-	-	2,059,030	(61,369)	(27,702)	228,297	-	1,738,398
9,682,576	-	169,815	3,690,996	47,116,704	5,905,376	1,885,884	2,472,026	-	70,923,378
14,381,225	6,552,700	24,088	3,125,035	105,076,736	12,757,171	3,131,133	3,874,290	3,133,555	152,035,834
10 - 60	Land: Not Depreciated	3 - 10	2 - 20	15 - 180	20 - 120	20 - 100	15 - 150	-	-

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	355,515	1,729,899	-	-	2,085,414
-	75,465	-	56,597	1,009,905	-	-	258,242	524,617	1,924,826
-	75,465	-	56,597	1,009,905	355,515	1,729,899	258,242	524,617	4,010,240

Council - 30 June 2019

Buildings	Land	Furniture and Fittings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Work in Progress	TOTAL
	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
23,517,764	6,367,700	193,903	6,854,487	140,956,228	16,746,198	3,384,249	6,244,340	2,423,691	205,688,660
509,322	2,134	-	63,926	2,056,338	1,252,631	-	108,050	(3,992,401)	-
-	-	-	-	-	-	-	-	4,177,649	-
-	117,866	-	-	-	-	-	-	-	117,866
(369,240)	-	-	(159,079)	(312,601)	-	-	-	-	(840,921)
23,657,846	6,487,700	193,903	6,795,434	142,699,965	17,998,829	3,384,249	6,352,390	2,608,938	210,143,253

Accumulated Depreciation and Impairment

9,094,777	-	144,815	3,116,064	38,772,911	5,354,018	1,811,355	1,850,505	-	60,144,446
634,253	-	12,850	368,304	3,197,541	298,556	51,115	195,747	-	4,758,366
(227,567)	-	-	(141,186)	(123,224)	-	-	-	-	(491,978)
9,501,464	-	157,666	3,343,182	41,847,228	5,652,574	1,862,470	2,046,252	-	64,410,834
14,156,352	6,487,700	35,237	3,416,252	100,852,737	12,346,255	1,521,779	4,306,138	2,608,938	145,732,419

Accumulated Depreciation as at 30 June 2019

9,094,777	-	144,815	3,116,064	38,772,911	5,354,018	1,811,355	1,850,505	-	60,144,446
634,253	-	12,850	368,304	3,197,541	298,556	51,115	195,747	-	4,758,366
(227,567)	-	-	(141,186)	(123,224)	-	-	-	-	(491,978)
9,501,464	-	157,666	3,343,182	41,847,228	5,652,574	1,862,470	2,046,252	-	64,410,834
14,156,352	6,487,700	35,237	3,416,252	100,852,737	12,346,255	1,521,779	4,306,138	2,608,938	145,732,419

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

10 Property, Plant and Equipment (continued)

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Land	Sewerage	Furniture and Fittings
Buildings	Water	Plant and Equipment
Other Structures	Road Infrastructure	Work in Progress

Acquisition of Assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Capital and Operating Expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Valuation

Land, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment, furniture and fittings and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. A comprehensive revaluation of land, sewerage, roads, water, buildings and other infrastructure assets has been conducted in the 2019-20 year by Asset Val (prior to this it was conducted in the 2016-17 year by Asset Val).

In the intervening years, Council uses Valuation Consultants (AssetVal), along with internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and buildings asset classes in the intervening years, management engage independent, professionally qualified valuers (AssetVal) to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are appropriate. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed below.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Capital Work in Progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for

Where assets have separately significant identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to Council or the unexpired period of the lease, whichever is the shorter.

Land Under Roads

Land under the roads and reserve land which falls under the Land Act 1994 or the Land Title Act 1994 is controlled by the Queensland Government pursuant to relevant legislation and not recognised by Council. Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a lease over the asset. Burke does not have any such holdings.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

10 **Property, Plant and Equipment (continued)**

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. Condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets.

Impairment of Non-Current Assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Fair Value Measurements

Recognised Fair Value Measurements

Council measures and recognises the following assets at fair value on a recurring basis:

Property, Plant and Equipment

Land	Sewer	Water
Buildings	Road Infrastructure	Other Assets

Council does not measure any liabilities at fair value on a recurring basis. Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (Level 2)".

In accordance with AASB 13 *Fair Value Measurements* are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

Fair values of assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more significant inputs are not based on observable market data, the asset is included in level 3. This is the case for infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

There were no transfers between levels of the hierarchy during the year. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to derive fair values for level 2 and level 3 valuations

Land and Buildings (Level 2)

Valuations have been based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Where necessary, adjustments are made to the sales evidence to account for differences between sold properties and the subject property.

Due regard has also been given to zoning, size, shape, location, topography and exposure characteristics for each lot, as well as overall market conditions as at the date of valuation. Research of the various submarkets within the asset locations has been undertaken through the analysis of sales evidence and market data derived from real estate agents.

It should be noted that there is often a lack of appropriate comparable sales evidence in certain geographic locations and also for properties of certain specific comparable land use and/or area classification. In such cases, regard is given to the closest comparable sales and the subject properties' characteristics in relation to those sales.

Buildings (Level 3)

The fair value of buildings was determined by AssetVal Pty Ltd effective on 30 June 2020.

Where there is a market for Council building assets they are categorised as non-specialised buildings and the fair value has been derived from market based evidence of sales prices for non-specialised buildings.

Where Council's buildings are of a specialised nature and there is no active market for the assets, the fair value has been determined on the basis of current replacement cost. The current replacement cost for specialised buildings have been derived from the following sources:

- Recent construction data (observable)
- Rawlinson's cost data & cost indices with regional indexation's applied to allow for the remote location (observable/ publicly available). The Rawlinson's cost data selected is then subject to review by engineers and valuers taking into account site specifics
- Consideration of building size, material, type, and structure (observable)
- Condition assessment (unobservable / subjective)
- Restrictions associated with each site (unobservable)
- Valuer's professional judgement (unobservable/subjective)
- Useful life and remaining useful life (unobservable/subjective)

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

10 Property, Plant and Equipment (continued)

The table below sets out our valuer's condition ratings and how they compare to Council's condition rating, a description of that rating and the amount of remaining useful life that the rating implies.

Valuer Condition Rating (0-10)	Burke Shire Council Equivalent Condition Rating (1-5)	Description	Remaining Useful Life
0 - 0.5	1	New / Excellent Condition	100%
1 - 1.5	1	Excellent / good condition	90%
2 - 2.5	2	Good condition	80%
3 - 3.5	2	Good / average condition	70%
4 - 4.5	3	Average condition	60%
5 - 5.5	3	Mid life	50%
6 - 6.5	3	Average / below average	40%
7 - 7.5	4	Below average	30%
8 - 8.5	4	Below average/deteriorating	20%
9 - 9.5	5	Deteriorating / Defective	10%
10	5	End of Useful Life	0%

In determining the level of accumulated depreciation, assets have been componentised to clearly separate and depreciate each component that is a significant in relation to the total cost of the item, and b) has a useful life or depreciation method that differs from other components. For the purposes of this exercise we have limited the number of components to 11. The valuer has adopted a single useful life for each component that we believe most closely represents, the building and component type, the environment within which each asset stands, its pattern of consumption and economical, physical and technological obsolescence.

Other Structures (Level 3)

Generally the nature of other structures requires that they are valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit (be it metres, square metres, tonnes, etc.) of an asset. The major components of any asset are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the Fair Value.

As an example, in relation to a fence, the cost per metre is the sum of the raw cost of the fencing materials delivered to site, the cost of installation and various intangibles such as design, survey, administration, management and contingency.

The raw cost of material, as well as plant and labour hire rates, are established through communicating directly with suppliers and obtaining quoted prices and by using cost guides such as the Rawlinson's' Construction handbook. Intangibles are estimated using industry standards as a starting point; these rates are then tailored to suit Burke Shire Councils' requirements.

Infrastructure Assets (Level 3)

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The DRC was determined using methods relevant to the asset class as described under individual asset categories below.

Roads Infrastructure (Level 3)

Council categorises its roads and stormwater infrastructure into road and street networks. All assets are then componentised into formation pavement, seal, kerb & channel and floodways (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each road or street. Council also assumes an asset is designed and constructed to the same standards and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear area specifications, estimated labour and material inputs, service costs, and overhead allocations. Council also assumes that all raw materials can be sourced locally. For internal construction estimates, materials and services prices were based on existing supplier contract rates of supplier price lists.

As an example, in relation to road pavement, the cost per square metre is the sum of the raw cost of the gravel delivered to site, the cost to lay and compact, the cost of any geotechnical testing and various intangibles such as design, survey, administration, management and contingency.

In determining the level of physical obsolescence, the road and stormwater networks were disaggregated into significant components which exhibit different useful lives. The straight line depreciation method has been used to calculate accumulated depreciation based on the age of each road.

Water and Sewerage (Level 3)

In determining the level of physical obsolescence, the water and sewerage network were disaggregated into significant components which exhibit different useful lives. The straight line depreciation method has been used to calculate accumulated depreciation based on the age of each component.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

10 Property, Plant and Equipment (continued)

In relation to a length of pipe, the cost per metre is the sum of the raw cost of the pipe, the cost to deliver the pipe to site, the cost to lay the pipe, the cost of excavation and backfilling and various intangibles such as design, survey, administration, management and contingency.

Some assets are complex assets that are required to be split into sub components due to varying lives or consumption patterns, additional componentisation also assists with asset management and replacement cost development. Examples of these assets include: sewerage pump stations and sewerage treatment plants. These assets are valued by determining the current cost to replace the required service capacity i.e. modern replacement asset.

The raw cost of material, as well as plant and labour hire rates, are established either through communicating directly with suppliers and obtaining quoted prices, by using cost guides such as the Rawlinson's Construction Handbook and through reviewing prices supplied by Burke Shire Council. Intangibles are estimated using industry standards as a starting point; these rates are then tailored to suit Council.

Where there is an active and liquid market as evidenced by sales transactions of similar asset types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB 13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

The Fair Value should represent the highest and best use of the asset, i.e. the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value. Opportunities that are not available to the agency or entity are not considered. In this case we have assumed the current use is the highest and best use due to the specialist nature of the assets.

Due to the predominantly specialised nature of Local Government assets, the valuations have been undertaken on a Cost Approach, an accepted valuation methodology under AASB 13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis.
- While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition assessment, which was used to estimate remaining useful life. For assets maintained within the Gregory township, as weather conditions prohibited access to valuers during site inspections, an engineering qualified member of the Burke Shire Council management team was engaged to perform the assessment on behalf of the valuers to ensure assets were appropriate inspected and valued.

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
11 Contract Balances			
Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.			
When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable. When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.			
(a) Contract Assets		<u>1,378,721</u>	
(b) Contract Liabilities			
Funds received upfront to construct Council controlled assets.		-	
Deposits received in advance of services provided		<u>752,849</u>	
		<u>752,849</u>	
Current Contract Liabilities		<u>752,849</u>	
		<u>752,849</u>	
Revenue recognised that was included in the contract liability balance at the beginning of the year.			
Funds to construct Council controlled assets		560,000	
Deposits received in advance of services provided		<u>1,112,103</u>	
		<u>1,672,103</u>	
Significant changes in contract balances			
The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no impact on the Statement of Financial Position.			
Current Contract Liabilities			
Flood Damage		631,986	
Prepaid Rates		14,358	
Other		<u>106,505</u>	
		<u>752,849</u>	
12 Trade and Other Payables			
Current			
Creditors and Accruals		995,183	1,950,547
Annual Leave Liability		307,307	304,239
Other Employee Entitlements		<u>42,506</u>	<u>48,471</u>
		<u>1,344,996</u>	<u>2,303,257</u>
Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/ contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms. A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.			
Annual Leave			
A liability for annual leave is recognised. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.			
Sick leave			
Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.			
13 Provisions			
Current			
Long Service Leave		<u>58,564</u>	<u>68,680</u>
		<u>58,564</u>	<u>68,680</u>
Non-Current			
Long Service Leave		175,534	162,072
Refuse Restoration		<u>655,418</u>	<u>629,737</u>
		<u>830,952</u>	<u>791,809</u>

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

13 Provisions (continued)

Details of movements in provisions:

	Note	2020 \$	2019 \$
Refuse Restoration			
Balance at Beginning of Financial Year		629,737	515,236
Increase (Decrease) in Provision due to Unwinding of Discount		25,681	114,501
Balance at End of Financial Year		<u>655,418</u>	<u>629,737</u>

Provision is made for the cost of restoration of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of restoration. The refuse restoration closing balance of \$655,418 is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life.

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2029 and that the restoration will occur progressively over the subsequent four years.

Long Service Leave

Balance at Beginning of Financial Year	230,751	208,247
Long Service Leave Entitlement Arising	13,463	33,312
Long Service Entitlement Paid	(10,115)	(10,807)
Balance at End of Financial Year	<u>234,098</u>	<u>230,751</u>

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

14 Revaluation Surplus

Revaluation Surplus Analysis

The closing balance of the revaluation surplus comprises the following asset categories:

Land	5,232,722	5,243,187
Buildings	4,015,709	3,169,897
Road Infrastructure	71,359,633	64,935,092
Water	4,753,884	4,384,112
Sewerage	3,610,043	3,679,472
Other Structures	4,514,087	5,006,697
	<u>93,485,877</u>	<u>86,418,456</u>

The revaluation surplus comprises adjustments relating to changes in value of assets that don't result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets. Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in the surplus in respect of that asset is retained in the revaluation surplus and not transferred to retained surplus.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

15 Contingent Liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Local Government Mutual

Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

At 30 June 2019 financial statements reported an accumulated surplus and it's not anticipated any liability will arise.

Local Government Workcare

Council is a member of the Queensland local government workers' compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers' compensation authority may call on any part of the guarantee should the above arise. Council's maximum exposure to the bank guarantee is \$70,340.

16 Superannuation

Council contributes to the LGIA super Regional Defined Benefits Fund (the scheme), at the rate of 12.5% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIA super trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIA super is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Burke Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIA super trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2021.

The significant risks that may result in LGIA super increasing the contribution rate, on the advice of the actuary, are:

Investment risk - risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Burke Shire Council made less than 4% of the total contributions to the plan in the 2019/20 financial year.

	Note	2020 \$	2019 \$
Superannuation contributions made to the Regional Defined Benefits Fund		428,400	399,666
Total superannuation contributions paid by Council	5	<u>428,400</u>	<u>399,666</u>

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
17	Reconciliation of Net Result for the Year to Net Cash Flows from Operating Activities		
Net Result		(2,028,784)	(1,629,812)
Non-Cash Items:			
Depreciation - Property, Plant and Equipment		4,774,144	4,758,366
Depreciation - Right of Use Assets		69,758	-
Loss on Disposal of Assets		-	314,307
		<u>4,843,902</u>	<u>5,072,673</u>
Investing and Development Activities:			
Capital Grants and Contributions		(2,849,857)	(3,129,540)
		<u>(2,849,857)</u>	<u>(3,129,540)</u>
Changes in Operating Assets and Liabilities:			
(Increase) / Decrease in Receivables		(901,916)	262,294
(Increase) / Decrease in Inventory		(18,559)	11,589
(Increase) / Decrease in Other Assets		(209,273)	-
Increase / (Decrease) in Payables		(248,373)	93,418
Increase / (Decrease) in Other Provisions		29,027	147,813
		<u>(1,349,094)</u>	<u>515,114</u>
Net Cash Inflow from Operating Activities		<u>(1,381,833)</u>	<u>828,435</u>

18 Leases

Council as a lessee
Council has a significant lease in place over office space in Cairns. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Council leases office space in Cairns which is used for office space for a period of five years.

Right of Use Assets

	Buildings \$
Adoption of AASB 16 at 1 July 2019	279,031
Depreciation Charge	(69,758)
Impairment of Right-of-Use Assets	-
	<u>209,273</u>

Lease Liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts may not be the same as the recognised lease liability in the statement of financial position.

< 1 Year	1 to 5 Years	> 5 Years	Total	Carrying Amount
\$	\$	\$	\$	\$
69,758	139,515	-	209,273	209,273

Council as a lessee

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

Rent from Council's building assets is recognised as income on a periodic straight line basis over the lease term

	\$
Property Income (excluding variable lease payments not dependent on an index of rate)	209,891
	<u>209,891</u>

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

19 Events After the Reporting Period

Divestment of staff Housing

On the 20th August a confidential report was tabled at the Council meeting regarding the disposal of Council Housing. The report detailed the community and economic benefits of divestment of Council housing and the positive contribution to rates of Indigenous home-ownership; and also noted the benefits to Council's Financial Sustainability and ability to build new housing to address shortages through divestment of Council housing. The meeting also resolved to seek from the Minister of Local Government, in accordance with section 236(1)(f) of the Local Government Regulation 2012, an exemption from section 227 of the Regulation in its disposal of valuable non-current assets. This exemption was received on the 10 September and will enable Council to deal directly with staff currently tenanted Council houses without going through a tender process. All 21 properties involved have been independently valued.

20 Related Parties

(a) Transactions with Key Management Personnel (KMP)

KMP are the Mayor, Deputy Mayor, Councillors, Chief Executive Officer, Deputy Chief Executive Officer, Executive Manager Finance, Works Manager, Executive Manager Strategic Projects and Executive Manager Works and Infrastructure. The compensation paid to KMP for 2019/20 comprises

Details of Transaction	2020	2019
	\$	\$
Short-Term Employee Benefits	1,108,589	1,167,831
Post-Employment Benefits	122,741	124,194
Long-Term Benefits	10,701	50,304
Termination Benefits	57,600	50,000
Total	1,299,632	1,392,330

* Detailed remuneration disclosures are provided in the Annual Report

(b) Transactions with Other Related Parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

Details of transactions between council and other related parties are disclosed below:

Details of Transaction	Additional Information	2020	2019
		\$	\$
Purchase of materials and services from entities controlled by KMP	20(b)(i)	1,094,280	695,139
Employee expenses for close family members of KMP	20(b)(ii)	329,448	251,642
Total		1,423,728	946,781

(i) Council purchased the following material and services from entities that are controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations:

	2020	2019
	\$	\$
Contracting services (machinery hire and trade services)	778,167	203,940
Goods / supplies	316,113	491,199
Total	1,094,280	695,139

(ii) All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform:

Council employs 42 staff of which only 4 are close family members of key management personnel.

(c) Outstanding Balances

There are no outstanding balances at the end of the reporting period in relation to Council's key management personnel or entities controlled by KMP.

(d) Loans and Guarantees to / from Related Parties

Council does not make loans or receive loans from related parties. No guarantees have been provided.

(e) Commitments to / from Other Related Parties

KG Booth (Business owned by the father of Cr. Tonya Murray and father-in-law of Clinton Murray (Works Manager)) and CM Contracting (Clinton Murrays personal business) are on Councils' register of Pre-Qualified Suppliers for the Hire of Plant and Equipment for the 2019-20 Construction season. The use of this register may give rise to tenders and/or contracts and no set value is available until the scope of the work is established. This pre-qualified register of suppliers is assessed and approved by council representatives to ensure there are no conflicts of interests. Cr Tonya Murray and Clinton Murray (Works Manager) were not involved in the decision to include KG Booth or CM Contracting on the Register of Pre-qualified Suppliers.

(f) Transactions with Related Parties that have not been Disclosed

Most of the entities and people that are related parties of Council live and operate within Burke Shire. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- use of community halls
- Borrowing of books from the Council libraries
- use of Burketown Aquatic Centre

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

21 Financial Instruments and Financial Risk Management

Burke Shire Council has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial Risk Management

Burke Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies. Both Council's audit committee and management approve policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. Council aims to manage volatility to minimise potential adverse effects on the financial performance of Council. Council does not enter into derivatives.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from Council's investments and receivables from customers. Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State / Commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by Burke Shire Council.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2020	2019
Financial Assets		\$	\$
Cash and Cash Equivalents	8	7,053,604	9,595,818
Receivables - Rates	9	351,215	279,827
Receivables - Other	9	248,333	1,069,784
Other Credit Exposures			
Guarantees	15	70,340	61,246
Total Financial Assets		7,723,492	11,006,675

Cash and Cash Equivalents

Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Trade and Other Receivables

In the case of rate receivables, Council has the power to sell the property to recover any defaulted amounts. In effect this power protects Council against credit risk in the case of defaults.

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural and mining, there is also a concentration in those sectors.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

21 Financial Instruments and Financial Risk Management (continued)

	2020	2019
Financial Assets	\$	\$
Ageing of past due receivables and the amount of any impairment is disclosed in the following table:		
Not Past Due	194,763	932,946
Past Due 31-60 Days	81,152	4,058
Past Due 61-90 Days	383	1,760
More than 90 Days	486,491	400,888
Recognised Impairment	(167,865)	(6,846)
	<u>594,924</u>	<u>1,332,806</u>

Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Council is exposed to liquidity risk through its normal course of business. Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 Year	1 to 5 Years	Over 5 Years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
2020					
Trade and Other Payables	1,037,689	-	-	1,037,689	1,037,689
	<u>1,037,689</u>	<u>-</u>	<u>-</u>	<u>1,037,689</u>	<u>1,037,689</u>
2019					
Trade and Other Payables	1,999,018	-	-	1,999,018	1,999,018
	<u>1,999,018</u>	<u>-</u>	<u>-</u>	<u>1,999,018</u>	<u>1,999,018</u>

The outflows in the above table are not expected to occur significantly earlier or for significantly different amounts than indicated in the table.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, will affect Council's income or the value of its holdings of financial instruments.

Interest Rate Risk

Burke Shire Council is exposed to interest rate risk through investments with QTC and other financial institutions. Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net Carrying Amount	Effect on Net Result		Effect on Equity	
	\$	1% Increase	1% decrease	1% Increase	1% decrease
	\$	\$	\$	\$	\$
2020					
QTC Cash Fund	6,597,566	65,976	(65,976)	65,976	(65,976)
Other Investments	-	-	-	-	-
Net Total	<u>6,597,566</u>	<u>65,976</u>	<u>(65,976)</u>	<u>65,976</u>	<u>(65,976)</u>
2019					
QTC Cash Fund	9,472,806	94,728	(94,728)	94,728	(94,728)
Other Investments	-	-	-	-	-
Net Total	<u>9,472,806</u>	<u>94,728</u>	<u>(94,728)</u>	<u>94,728</u>	<u>(94,728)</u>

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

22 Changes in Accounting Policies

Revenue Standards - AASB 15 and AASB 1058

During the year ended 30 June 2020, Council adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-For-Profit Entities* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

The following options have been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Opening contract balances on transition at 1 July 2019

	Balance at 1 July 2019
Contract Assets	\$
- Under AASB 15	1,371,627
- Under AASB 1058	118,000
Total Contract Assets	1,489,627
Contract Liabilities	
- Under AASB 15	1,112,103
- Under AASB 1058	560,000
Total Contract Liabilities	1,672,103

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

Statement of financial position at 30 June 2020

	Note	Carrying amount per Statement of Financial Position Dr / (Cr)	Adjustments Dr / (Cr)	Carrying amount if previous standards applied Dr / (Cr)
Contract Assets		1,378,721	(1,378,721)	-
Contract Liabilities		(752,849)	752,849	-
Retained Surplus		(65,191,294)	625,872	(64,565,422)
		<u>(64,565,422)</u>	<u>-</u>	<u>(64,565,422)</u>

Statement of comprehensive income for the year ended 30 June 2020

	Balance per Statement of Comp. Income	Adjustments Dr / (Cr)	Carrying amount if previous standards applied Dr / (Cr)
	\$	\$	\$
Grants	13,664,961	642,235	14,307,196
Rates Income	(3,009,887)	(16,363)	(3,026,250)
	<u>10,655,074</u>	<u>625,872</u>	<u>11,280,946</u>

The adjustments above relate to the recognition of the contract assets and liabilities for the revenues streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

Statement of cash flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not caused material changes to the Statement of Cash Flows for the year ended 30 June 2020.

Lease Standard AASB16

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets). Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

Burke Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2020

22 Changes in Accounting Policies (continued)

Impact of adopting AASB 16 at 1 July 2019

Council has recognised right-of-use assets and lease liabilities of \$279,031 at 1 July 2019 for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 1.99%.

	\$
Operating lease commitment at 30 June 2019 per Council financial statements	287,591
Discounted using the incremental borrowing rate at 1 July 2019	279,031
Lease liabilities recognised at 1 July 2019	279,031

23 Impacts of COVID-19 Pandemic

Council undertook the following key actions during the current year in response to the COVID-19 pandemic, some of which will also impact the financial results for the 20/21 financial year:

- Council has extended the period to pay rates from 30 days to 60 days;
- Residential general rates did not increase for the 20/2021 financial year; and
- Council has included \$150,000 in its budget for 20/2021 for COVID-19 recovery initiatives.

The impact of these measures is not material to the 2019/20 financial statements of Council and is not expected to be material for the 2020/21 financial year

24 Commitments for expenditure

Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

	2020 \$	2019 \$
Gregory Lawn Hill road sight distance improvement	-	100,000
Work for Queensland round 2 projects	-	1,190,000
Burketown showgrounds	-	100,000
Gregory showgrounds	-	100,000
Upgrade to Phillip Yanner memorial ground	-	180,000
Doomadgee East Road pavement and sealing	-	298,000
Liechardt River crossing project	-	159,000
Sewer treatment plant redesign	-	1,250,000
Burke Clear Water Storage (1ML)	400,000	-
Burke (Water) Quality Control (SCADA upgrade Stage 2 and Lab)	255,000	-
Upgrade of Water Supply, Treatment and Reticulation	384,372	-
Floraville Rd Culverts	1,325,000	-
Waste Management (Facilities Maintenance and Improvements)	204,585	-
Waste Management (BKT Landfill Cell)	267,300	-
Lawn Hill National Park Road	2,450,000	-
	5,286,257	3,377,000

**Burke Shire Council
Financial Statements
For the year ended 30 June 2020**

**Management Certificate
For the year ended 30 June 2020**

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

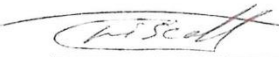
In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 28, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Ernie Camp

Date: 13/10/2020



Chief Executive Officer
Clare Keenan Triscott

Date: 13/10/2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Burke Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Burke Shire Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2020, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Burke Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Sri Narasimhan
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office
Brisbane

Burke Shire Council
Current-Year Financial Sustainability Statement
For the year ended 30 June 2020

Measures of Financial Sustainability

Council's performance at 30 June 2020 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating Surplus Ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-31.6%	Between 0% and 15%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	47.2%	greater than 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-41.7%	not greater than 60%

Note 1 - Basis of Preparation

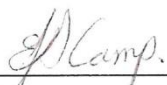
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2020.

**Burke Shire Council
Financial Statements
For the year ended 30 June 2020**

**Certificate of Accuracy
For the year ended 30 June 2020**

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation)

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Mayor
Ernie Camp

Date: 13/10/20



Chief Executive Officer
Clare Keenan Triscott

Date: 13/10/20

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Burke Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Burke Shire Council (the council) for the year ended 30 June 2020, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Burke Shire Council for the year ended 30 June 2020 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Burke Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the current year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the current year financial sustainability statement

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sri Narasimhan
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office
Brisbane

Burke Shire Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2020

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2020	Projected for the years ended									
				30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030
Operating Surplus Ratio	Net result divided by total operating revenue	Between 0% and 15%	-31.6%	-33.46%	-50.82%	-50.66%	-49.28%	-48.09%	-47.92%	-46.79%	-45.68%	-45.62%	-44.63%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	47.2%	145.69%	72.91%	55.30%	57.36%	59.43%	60.45%	62.57%	64.72%	65.66%	83.13%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-41.7%	-19.75%	-16.19%	-15.01%	-13.38%	-11.27%	-8.65%	-5.54%	-1.96%	2.11%	15.42%

Burke Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

**Burke Shire Council
Financial statements
For the year ended 30 June 2020**

**Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2020**

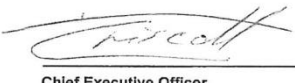
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation)

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Mayor
Ernie Camp

Date: 13, 10, 2020



Chief Executive Officer
Clare Keenan Triscott

Date: 13, 10, 2020