

# Burke Shire Council Annual Report Year ended 30 June 2019



# BURKE SHIRE COUNCIL

Western Gulf Savannah



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**Front cover photograph | Sunrise Reflection at the Albert River Boat Ramp – Deb Blennerhasset**



# 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.



Image: Aerial shot of the Albert River



## Report from the Mayor

The past year has been one of challenges, change and celebration. A concentrated period of staff turnover created challenges and change. 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 has invested heavily in training across the organisation to ensure operational efficiency, capacity building, resilience and business continuity. Congratulations must go to the team of Shannon Moren, Madison Marshall, Calvin Page, Jayden Douglas, and Davo Booth, who represented Council in the State-wide Local Government Rural Management Challenge in 2018. The members of this team, all locals, participated in other training to build their leadership capacity. Given this was the first time Council, and indeed many of our young staff, had participated in a competition of this nature and level, they performed admirably and were a real credit to Council, community and most importantly themselves. I am proud, as are all Councillors, of the talent and attitude of Burke's emerging leaders.

We celebrated via our usual Council initiated events: Anzac and Remembrance Day, the Order of the Outback Ball at which we honoured the on and off field efforts of Johnathon Thurston and the Ambassador's Packs for graduating students. 2019 also saw the launch of our much awaited tome on the social history of Burke Shire by Dr Richard Martin - "The Gulf Country: The Story of People and Place In Outback Queensland".

The JCU Centre for Rural and Remote Health completed its building and we look forward to welcoming students undertaking nursing and allied health training into our community. This will be a great facility. Council worked with JCU reps in seeking the support of Federal funding and through the supply of land on which to construct the building.

In a Shire as remote as Burke there is limited capacity to recoup costs through rates and performing works 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 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. Increased traffic as a result of tourism, exploration and agriculture has placed a lot of pressure on our roadworks as has the late Wet Season and the effects of the extreme flooding event on the Eastern edge of the Shire. 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.

Rates increased, on average, by 3% for urban residents and 6% for rural, commercial and mining 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 2018-19 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 upgraded facilities at the Gregory Sporting Grounds and is seeking funding to continue to progress additional upgrades as part of the new spectator facility. We have also been working on upgrades to the Burketown Football Grounds and these will continue into the coming year. As a result of these upgrades, Burketown Roosters will be able to host games in the regional rugby league competition. Upgrades have also been made to the Water Treatment Plants in Burketown and Gregory.

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, funding dependant, into the coming year. In a Shire where a commercial rental market is minimal, where there has been a marked reduction in investment by government housing providers and terms and conditions imposed by commercial lenders to allow for private investment into the housing market are prohibitive, there are increased pressures upon Council to become the primary housing provider to the community, even those residents external to our workforce. Council cannot, and should not, be the default housing provider for community –

that is, and should be, the responsibility of State and Federal governments. Council has been making concerted efforts to engage with these providers/departments in order to stimulate their sense of obligation and responsibility to provide housing. We have also been advocating with relevant stakeholders of the need to create a viable, achievable funding body to enable residents to realise private home ownership.

As this will be the last report produced in this term of local government office I would like to make the following closing observations: I believe we do a great job in the face of what are frequently adversarial conditions – fiscal, personnel, seasonal and political. I would thank those who work in and under these conditions for their dedication, persistence and tenacity.

I would also thank those who support Council staff and the elected members through those times and those who show appreciation for their efforts. It is not an easy task and is not always a thankful task, but our combined efforts have delivered above and beyond what many expect from a small, remote Shire. Council is deservedly proud of its efforts, proud of what we have achieved and the direction Council has tried to set itself upon. Going forward, it is imperative that community supports Council with partnerships, positivity and participation if we are to negate challenges and reduce the adversity we face. Without it, the threat to our sustainability, identity and existence may well become insurmountable.

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**Mayor Ernie Camp**

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# Report from the Chief Executive Officer

## Burke Shire context



Location: Gulf of Carpentaria adjacent to NT border

Population: 328

Area: > 40,000 km<sup>2</sup>

ASGCS: Very remote

~ 54 staff

Heavily grant dependent

Pastoral stations, tourism, mining

550km local roads – including National Highway 1 (Savannah Way)

2 depots – 120 km apart (Burketown and Gregory)

2 drinking water plants | 1 sewerage treatment plant |

2 waste facilities

28 units of Council owned housing (~ 1/3<sup>rd</sup> of houses in Burketown)

## Planning for the future and recognising our past.

Since my arrival in 2019, Burke Shire has set itself an ambitious goal - to be the model Australian community for inclusion, integrity, innovation and infrastructure.

In order to achieve this, we understand the need to work closely with other local organisations and get our collective voice heard at a State and Federal level. To further our goal of sustainability, we continue to develop plans to put to our stakeholders, which will get them as excited about our future as we are.

Staff development and culture has been a priority for Council in my tenure, with the goal of having local

residents occupying Executive Management roles within five years.

Over this period, we set plans in motion to future-proof our key facilities and infrastructure, and improve our knowledge to be able to better prepare and respond to flooding events as a community.

- **Burketown Wharf ILUA:** Burke Shire Council negotiated an Indigenous Land Use Agreement with the Gangalidda & Garawa People in order to facilitate the development of the Burketown Wharf area, which included the widening of the Burketown Boat Ramp and the construction of a new car park.

- **Flood Resilience:** We have undertaken a project to allow for a technical solution to give pastoral stations forewarning of flood events. The possibilities of this project are ground-breaking, with the data that will be collected able to be used for many purposes including biosecurity.
- **Gulf Country History Book:** In April 2018, the commencement of history book 'The Gulf Country - the story of people and place in outback Queensland' going on sale was accompanied by a book launch event in Burketown. Burke Shire Council commissioned Richard Martin to write the unique history of the Burke Shire region, sharing the stories handed down to descendants by their forefathers. The outcome, 'The Gulf Country' book, tells the story of all who call the gulf country home, Aboriginal and non- Aboriginal. The book tells the story of colonisation, mining, building of the cattle industry, missionary's involvement and indigenous activism all coming together to form the gulf country as it is now.
- **Corporate Plan 2019-2024:** Council undertook extensive consultation with the Burke Shire community to gain feedback to help develop Council's five-year Corporate Plan. The Plan, adopted in June 2018, will guide Council operations from 01 July 2019.
- **Sport and Recreation Strategy:** Consultation was also evident in the discussions that took place in 2018/19 to help shape a new Sport and Recreation Strategy. Developed with funding obtained through the Australian Government's Building Better Regions Fund, this 5-year plan identifies strategies and priorities to address the various sport and recreational needs and aspirations of Council, community, clubs, associations and other stakeholders.
- **Register of pre-qualified suppliers:** Council endorsed a register of pre-qualified suppliers for both plant and professional services, in order to work more effectively with Contractors and avoid delays to the works program.

## Our Capital Projects

For a small and under-resourced local government, Burke Shire Council achieved a satisfyingly ambitious program in 2018/19. With my tenure as CEO starting only in April 2019, many of the achievements of

2018/19 were set in motion prior to my appointment and can be attributed to my predecessors and previous decisions of Council.

- **Gregory Showgrounds Spectator facility:** Work commenced in 2018 on the 24m x 14m spectator shed at the Gregory Showgrounds. The shed connects to the existing community hall to provide a fantastic new facility for the Gregory community.
- **Phillip Yanner Memorial Ground upgrade:** Work also commenced on the upgrade to the Phillip Yanner Memorial Ground. The upgrade will establish playing fields that deliver a regionally accredited NRL ground as well as installing fencing, irrigation, and other improvements.
- **SES Shed:** Burketown's emergency response volunteers will be better able to respond in an emergency situation after the opening of the new SES shed which will be utilised by SES, Rural Fires & Marine Rescue.
- **CCTV:** Council has introduced CCTV at public sites managed by Council, including the Burketown Wharf and Nijinda Durlga facility, to manage compliance, promote safety and to deter unlawful activity (e.g. illegal dumping).
- **Works for Queensland:**  
Projects delivered in the 2018-19 financial year included:
  - Replacement of filters at the Burketown Water Treatment Plant;
  - Design and construction of the Gregory Showgrounds Spectator Facility;
  - Installation of smart-fuel storage systems in Burketown and Gregory;
  - Installation of a storage shed at the Gregory Airport;
  - Fencing installation at the Phillip Yanner Memorial Oval;
  - Installation of CCTV and solar lighting in Burketown.
- **New positions:** To assist with our capital works planning and delivery, we recruited two new positions. A Procurement Officer to assist stakeholders to more effectively plan, develop, source and manage procurement arrangements, and a Technical Officer to produce technical specifications, drawings, engineering designs and calculations.

- **Beames Brook Bridge:** Local community member and Councillor, Johnny Yanner, was appropriately recognised for his contributions to the Burke Shire when the State Government named the new Beames Brook Bridge the 'John Yanner Milmarja Ngarnara Bridge'. Milmarja Ngarnara means 'egg laying barramundi swimming upstream in freshwater to lay her eggs'.

## Shared services

In 2018, Doomadgee Aboriginal Shire Council asked Burke Shire Council to assist them with financial services. This led to a ground breaking collaborative agreement, signed in May 2018, in front of the Hon Stirling Hinchliffe, Minister for Local Government, for Burke Shire Council to provide financial services to Doomadgee Shire Council.

Despite Burke Shire Council providing a quality service, Doomadgee Shire Council terminated the arrangement prior to the end of the financial year.

Council continues to explore collaboration with those Councils who understand the financial and regulatory efficiencies of sharing highly-qualified and specialist staff in a non-political environment.

## The year ahead

In 2019/20 we will support each other as one team; pursuing opportunities to achieve Council's vision within our budgetary constraints.

- **Council Elections:** Council elections for Burke Shire Council and all 77 Council's in Queensland, will be held on Saturday 28 March 2020.
- **Century Mine reopening:** New mine owner, New Century Resources, has resumed mining operations and has ambitions to make the mine one of the ten largest zinc mines recycling a waste product. Feasibility studies have also commenced in regards to future open cut mining commencing. This increase in mining operations has the potential for significant subsidiary implications for Council and the Burke Shire community.
- **JCU residence:** The James Cook University (JCU) and the Mount Isa Centre for Regional and Remote Health (MICRRH) will complete the development of student nursing accommodation in Burketown

which will house nurses undertaking training placements with the Burketown Health Centre.

- **Burketown Sewerage Treatment Plant upgrade:**  
The design work was completed on Council Sewerage Treatment Plant Upgrade Project in the 2018-19 financial year, with final delivery scheduled for December 2019. This project will improve the performance and compliance of Council's sewerage treatment operations.
- **Community Satisfaction Survey:** Council will carry out a telephone survey with Burke Shire residents to find out views about Council's service delivery and how these have changed since the last survey undertaken in 2017.
- **Burke Shire Planning Scheme:** Consultation on the new planning scheme was undertaken throughout the year. It is anticipated that the new planning scheme will be adopted before the end of 2019.
- **Housing:** Council is seeking approval from the Minister of Local Government to divest housing to staff to create a local housing market and to encourage the Queensland Department of Housing and Public Works to do the same.

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Chief Executive Officer – Clare Keenan

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## 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 19 March 2016.

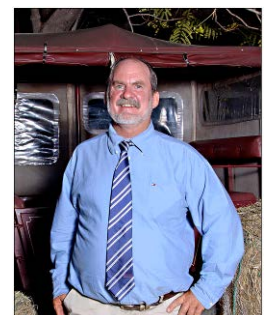


### Councillor Profiles

#### Mayor

##### Councillor Ernie Camp

Cr Ernie Camp was re-elected Mayor at the 2016 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 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.



## Councillors

### 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.



### 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.



# Community Financial Report

LGR s184

In accordance with Section 184 of the Local Government Regulation 2012, Council is required to include a community financial report in its annual report. The community financial report is a summary of the information contained in Council's annual financial statements and is intended to provide the reader with an overview of Council's financial performance for the year and the financial position as at 30 June 2019. It aims to present this information in a less technical manner than in the financial statements to promote broader understanding of Council's financial position.

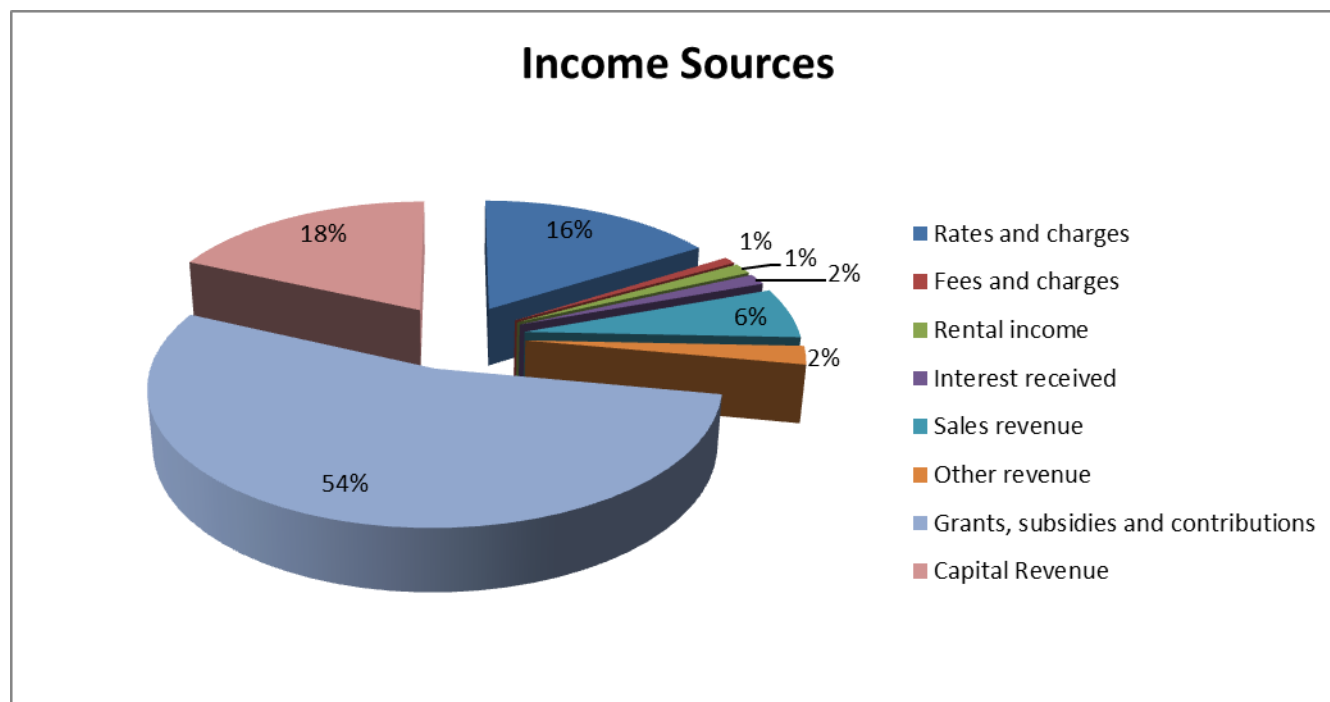
## Income Statement

The income statement can be compared to the profit and loss statement of a private business. The statement shows how much revenue (income) has been received during the year and how much it costs (expenses) to provide quality services and facilities to the community. The table below provides an overall snapshot of Council's income, expenses, assets, liabilities and equity.

Income		Assets	
Operating Revenue	\$14,122,607	Current Assets	\$11,250,335
Capital Revenue	\$3,146,284	Non-Current Assets	\$145,732,419
<b>Total Income</b>	<b>\$17,268,891</b>	<b>Total Assets</b>	<b>\$156,982,754</b>
Expenses		Liabilities	
<b>Total Expenses</b>	<b>\$18,898,702</b>	<b>Total Liabilities</b>	<b>\$3,163,745</b>
		Equity	
		Retained Surplus	\$67,400,554
		Asset Revaluation Surplus	\$86,418,456

## Revenue – where did the money come from?

Council received \$17,268,891 in revenue and other income. The largest contribution came through grants, subsidies, contributions and donations revenue and rates and utility charges revenue. Council received funding for several road programs including the Transport and Infrastructure Development Scheme (TIDS) (Main Roads), Road Maintenance Performance Contract (Main Roads) and Natural Disaster Relief and Recovery Arrangements (NDRRA – Federal and State).

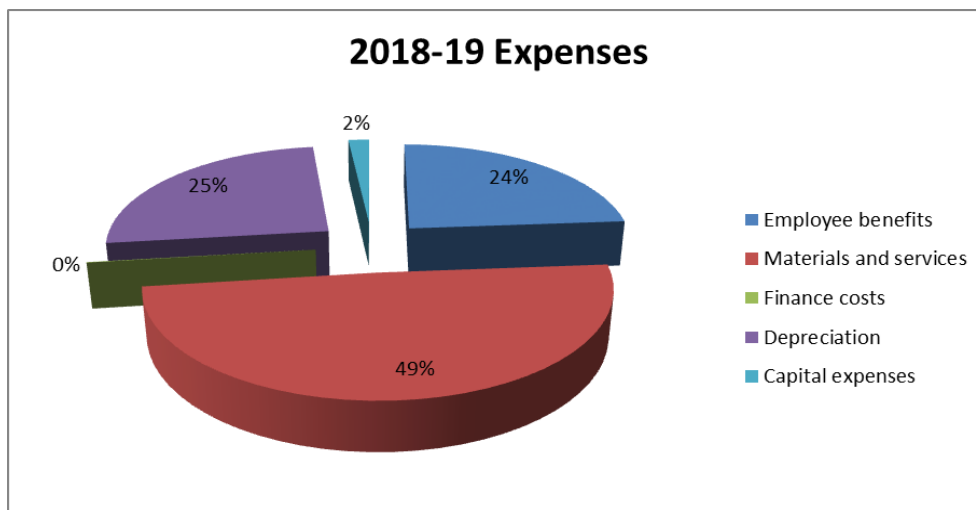


Income item	Details
Net rates and utility charges	\$ 2,764,882
Fees and charges	\$ 148,507
Recoverable works	\$ 1,063,958
Recurrent grants, subsidies and contributions	\$ 9,303,470
Interest income	\$ 229,780
Rental income	\$ 224,559
Other income	\$ 387,451
Capital grants, subsidies and contributions	\$ 3,129,540
Capital income	\$ 16,743



## Expenditure – where was the money spent?

Council's total expenditure for 2018-19 was \$18,898,702 as compared with \$25,144,460 in 2017-18. The primary expenses were:



### Expense Item

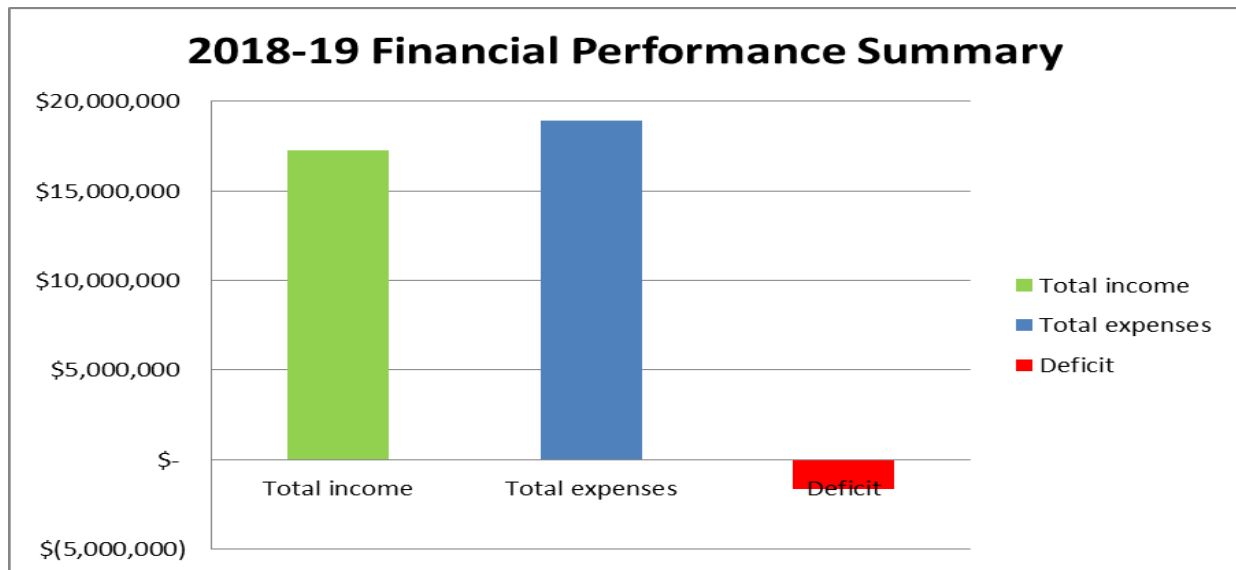
### Details

Employee benefits	\$ 4,497,245
Materials & services	\$ 9,299,102
Depreciation	\$ 4,758,366
Finance costs	\$ 12,940
Capital expenses	\$ 331,050



Image: Group toast at "The Gulf Country" book launch event

## Financial performance – in context



Audited financial results show a net loss of \$1,629,812 at the end of the 2018-19 financial year. Council's overall operating expenditure exceeded its total revenue resulting in a net loss. The timing of recognition of revenue and expenditure has an impact on the financial results of Council. Grants and subsidies may be recognised as revenue in one reporting period while the associated expenditure is incurred in another period resulting in fluctuations in the net result. This approach will change from 1 July 2019 in accordance with changes to relevant accounting standards and will result in more consistent reporting of revenue and expenditure between reporting periods.



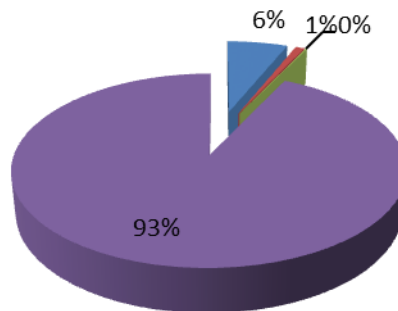
Image: Lawn Hill Gorge

## Assets – What do we own?

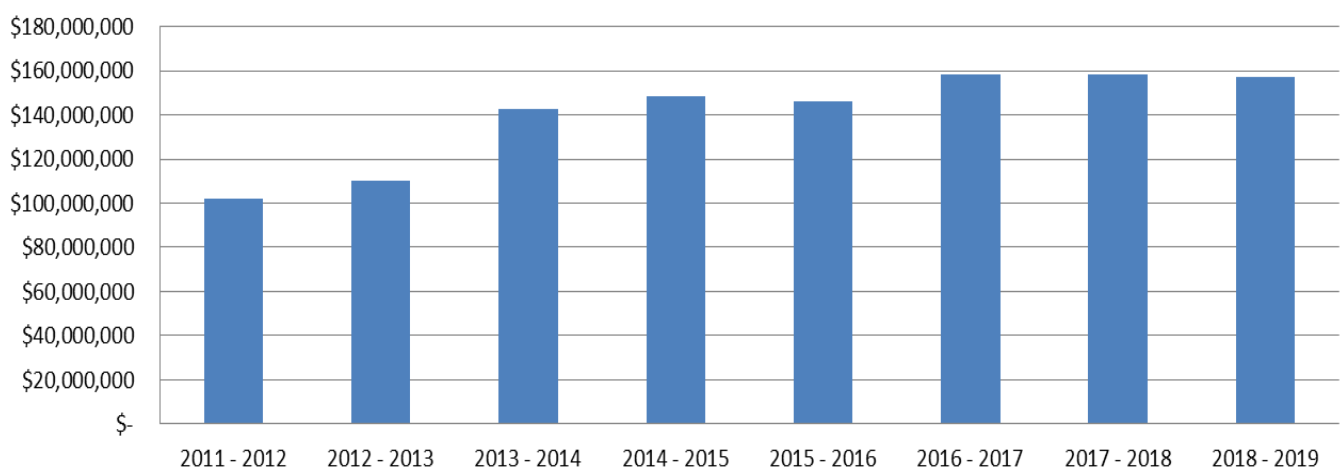
As at 30 June 2019, Council held \$156,982,754 in current and non current assets from \$158,371,335 in the previous year. Current assets decreased by \$576,787 from the previous financial year.

### Total Current Assets & Non Current Assets

■ Cash and cash equivalents    ■ Trade and other receivables  
■ Inventories    ■ Property, Plant and Equipment

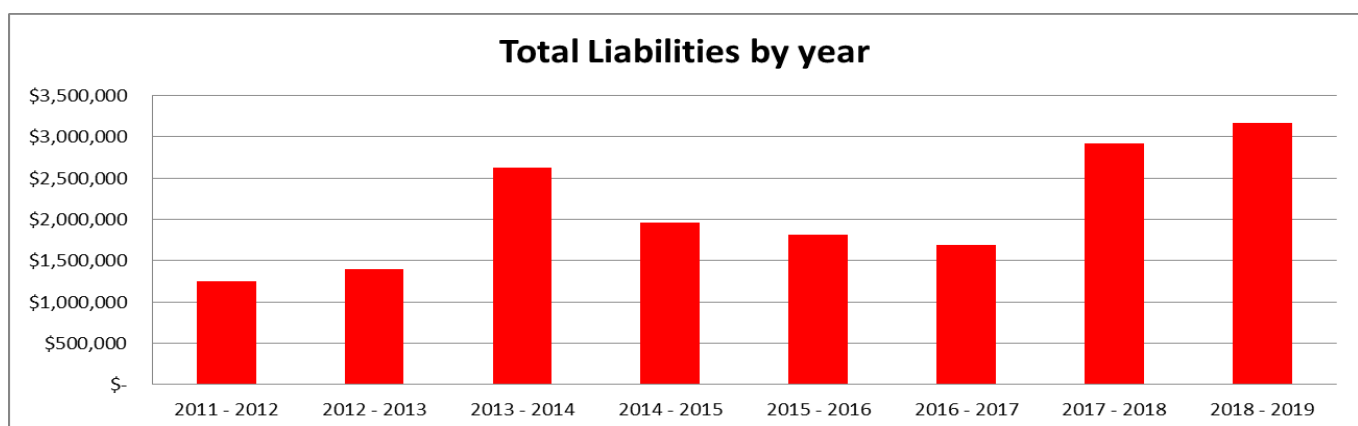
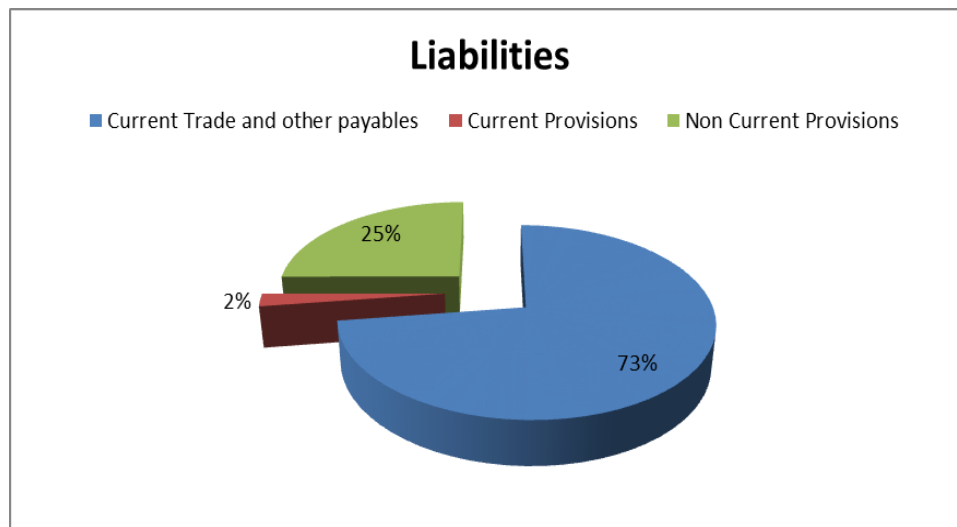


### Total Assets



## Liabilities – What do we owe?

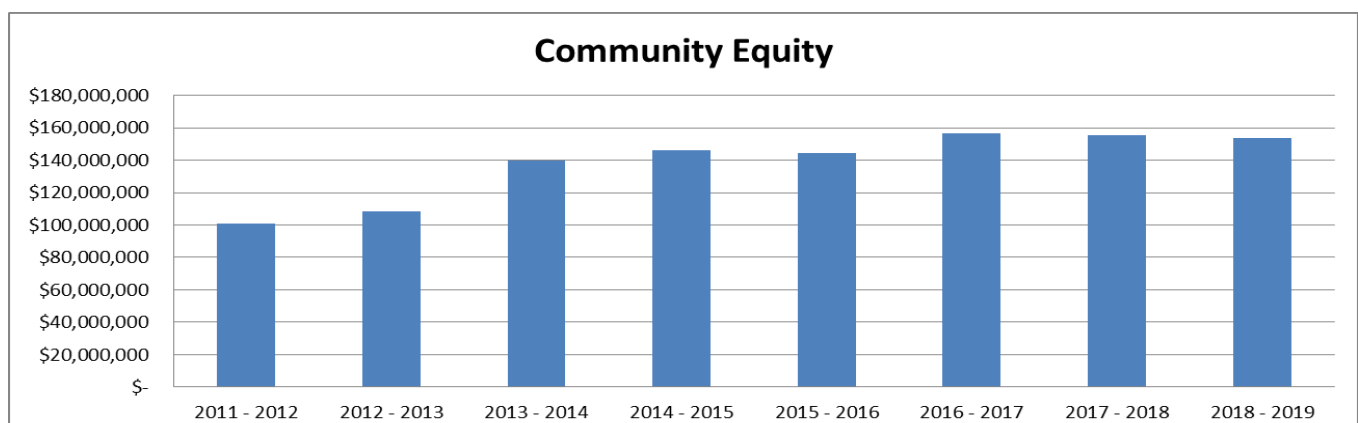
As at 30 June 2019, Council had liabilities of \$3,163,745 comprised of provisions for employee entitlements as well as amounts owed to suppliers. Council does not have any borrowings.



Total liabilities vary on a year by year basis due to differences in timing of payment to suppliers and contractors.

## Community Equity

Council's community equity is defined as its net worth – what we own, less what we owe. The graph below provides a snapshot of Council's financial position at 30 June 2019. It shows a summary of our asset value (\$) – liabilities (\$) = community equity (\$). Burke Shire Council's equity as at 30 June 2019 was \$ 153,819,010.





## Measures of Council's Financial Sustainability

Council's financial sustainability requires effective planning and financial management. Council monitors its financial performance by using financial ratios. Financial ratios give an indication of organisational performance. Ratio analysis assists managers to understand financial results and trends over time. The ratios also provide key indicators of the strengths and weaknesses of the business from which strategies and initiatives can be developed.

Indicator	Ratio 2018-19	Target	Description
Asset Sustainability Ratio	60%	Greater than 90%	This ratio measures the extent to which infrastructure assets are being renewed as they reach the end of their useful life.
Operating Surplus Ratio	-31.5%	Between 0 and 10%	This ratio indicates the extent to which revenues raised cover operational expenses. A positive ratio indicates that surplus revenue is available.
Net Financial Liabilities Ratio	-57%	Not greater than 60%	This ratio is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues. The Financial Management (Sustainability) Guideline 2013 states that a ratio less than zero (negative) indicates that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if necessary. 2018/19 results indicate that Council can fund its total liabilities from current assets and Council has capacity to increase its loan borrowings should it be required. Burke Shire Council did not have any loan borrowings in the 2018-19 financial year.



Image: Brolgas in the bush

# Grants to Community Organisations

LGR s189

Organisation	Project and rationale	In-kind as approved by council resolution \$	Total donation (cash + in kind) \$
Burketown Rodeo and Sporting Association	Support for the Burketown sprint races	\$363.27	\$1,363.27
QCWA Gregory Branch	Horse sports and family fun day	-	\$2,500.00
Gregory District Sporting Association	Support for the Gregory campdraft	\$806.01	\$3,806.01
Gregory Downs Jockey Club Incorporated	Support for the Gregory Races	\$3,200.07	\$9,200.07
North West Canoe Club	Support Gregory Canoe Races	\$498.66	\$498.66
Burketown Barramundi Fishing Organisation	Support for the annual fishing competition	\$5,369.67	\$10,369.67
Burketown Sporting & Community Association Inc.	Support for community sport and projects	-	\$5,000.00
CLCAC	Support for Rangers Forum	\$13,209.40	\$13,209.40
Gulf Frontier Days	Sponsorship of 2018-19 Gulf Frontier Days Festival	\$24,752.31	\$24,752.31
<b>TOTAL</b>			<b>\$71,449.47</b>

# Corporate and Operational Plan Progress Report LGR s190(1)(a)&(b)

Section 190 of the Local Government Regulation 2012 (Other contents) requires the annual report to contain the CEO's assessment of progress towards implementing Council's 5-year corporate plan and annual operational plan.

These documents, along with quarterly progress reports, are published on the Burke Shire Council website: <http://www.burke.qld.gov.au/corporate-publications>. Both plans contain milestones or targets that Council sets for itself and the report below documents progress towards implementation during the financial year, broken up by section/functional area, with the focus on key areas of relevance and benefit.

**VISION:** Quality Infrastructure | Quality Services | Quality Living

**MISSION:** Council accesses the right information to make responsible decisions that deliver effective and efficient solutions that meet the needs and expectations of the community.

Area	Progress
Governance	<p>Council satisfactorily met its governance requirements across the year, using a risk management approach suitable for our size. Governance outcomes include:</p> <ul style="list-style-type: none"> <li>⇒ Council adopted a revised suite of Asset Management Plans.</li> <li>⇒ Improved asset management planning was also supported by completion of an externally reviewed asset valuation.</li> <li>⇒ A Policy Framework Policy was developed and adopted to provide guidance for the consistent development and review of Council policies.</li> <li>⇒ A major review of Council's enterprise risk management framework was undertaken, with a variety of recommendations delivered being implemented to improve harmonisation of risk registers and Council's Business Continuity Planning.</li> <li>⇒ Disaster management: Council met its disaster management responsibilities.</li> <li>⇒ Across the year, Council undertook consultation on development of a new Planning Scheme, the new Corporate Plan, and a Sport and Recreation Strategy.</li> <li>⇒ Council contracted a consultant to assist with a rigorous review of Council's ICT architecture to help define the scope for future improvement in this space.</li> </ul>
Administration	<p>Council met its administration requirements and made significant advances in improving administrative functions.</p> <p>Administration outcomes include:</p> <ul style="list-style-type: none"> <li>⇒ Council has undertaken cross-skilling for all administration staff so that everyone is able to assist in all areas and answer queries more effectively, as well as increasing options for cover during staff absence.</li> <li>⇒ Reviewing and updating administration policies and procedures.</li> <li>⇒ Human resources: created and filled new positions of Recordkeeping Trainee, Procurement Officer, and Technical Officer.</li> </ul>

Area	Progress
Community and cultural development	<p>Council achieved its community and cultural development targets for the 2018-19 operational year.</p> <ul style="list-style-type: none"> <li>⇒ Disaster management: The SES shed replacement project was completed.</li> <li>⇒ Donations: Council made significant donations to local charities, organisations and community groups to support the Burke Shire community with services and events.</li> <li>⇒ Public consultation on the draft Sport and Recreation Strategy.</li> <li>⇒ Events: Council delivered a series of successful events over the course of the year including Remembrance Day, Australia Day, and Anzac Day.</li> <li>⇒ History book: Publication of the Council commissioned Burke Shire history book 'The Gulf Country'.</li> </ul>
Finance	<p>Council satisfactorily met its finance requirements across the year. Finance outcomes include:</p> <ul style="list-style-type: none"> <li>⇒ Submission of audited financial statements within the prescribed audit timeframe.</li> <li>⇒ Auditor General issued an unqualified audit opinion on Council's financial statements.</li> <li>⇒ Met all external financial reporting targets and deadlines.</li> </ul>
Integrated planning and sustainable development	<p>Council complied with its legislative obligations for integrated planning. The new Town Planning Scheme has not yet been adopted as Council was required to undertake additional community consultation. Due to staff turnover, improvement of Council's governance framework for development applications has been delayed.</p> <ul style="list-style-type: none"> <li>⇒ Operational Plan: quarterly reports completed and published on website including regular reviews.</li> <li>⇒ Corporate Plan: a new 5-year Corporate Plan was adopted by Council after extensive public consultation. The Plan takes effect on 01 July 2019.</li> <li>⇒ Burke Shire Council Quarry Management Plan adopted.</li> </ul>
Asset and infrastructure management	<p>Council must manage its assets and infrastructure with limited funding and resources - annual income derived from rates and financial assistance grants is only slightly higher than annual depreciation. Council has sought to manage within these limitations by taking a frugal approach to service levels, seeking grant funding and maximising use of our own plant and equipment.</p>
Economic development	<ul style="list-style-type: none"> <li>⇒ Council's CEO met with cross-departmental representatives to inform Council's input into the North West Minerals Province Economic Development Strategy.</li> <li>⇒ The Gregory Economic Development ILUA #2 was completed.</li> </ul>
Environmental services	<p>Council had some challenges in this area during the year along with some wins.</p> <ul style="list-style-type: none"> <li>⇒ QCoast: The Coastal Hazard Adaptation Plan development was significantly progressed.</li> <li>⇒ Food licensing: Council provided a compliant food licensing service.</li> </ul>





**Image: Principal Chris Ford and children from the Burketown School raising the flags at the event to commemorate the tragic events in Christchurch, New Zealand which occurred in March 2019.**

## 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. 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

## 2018-19 Internal audit report

LGR s190 (1) (h)

The following report on the internal audit for the financial year is provided in accordance with section 190 (1) (h) of the Local Government Regulation 2012. The 2018-19 internal audit focused on Risk Management and Industrial Relations.

Auditable area	Audit objectives	Report
Risk Management	<p>To review Council's Risk Management Framework for implementation of key processes and controls.</p> <p>Focus areas included processes to identify, monitor and report on risks across Council, to consider the Council's current risk management maturity level and the application of better practice principles in the Framework.</p>	<p>Internal audit reviewed a suite of policies, procedures and plans formulating councils risk management framework. Council's policies and framework were assessed against the Queensland Audit Offices Risk Management Maturity Model.</p> <p>The internal audit reports provided recommendations on best practice risk management practices. Council is progressively implementing the recommendations from the Risk Management review.</p>
Industrial Relations	To conduct a review of Council's industrial relations /human resources practices and processes.	<p>The Industrial Relations audit included a review of:</p> <ul style="list-style-type: none"> <li>• Application of Award wage rates and classifications;</li> <li>• Application and payment of allowances, overtime and loadings;</li> <li>• Consideration of use of part time, casual and fixed term employees;</li> <li>• Payment of meal breaks, callouts and higher duties;</li> <li>• General compliance with the Industrial Relations Act 2016 (IR Act), Queensland Local Government Industry (Streams A, B &amp; C) Awards- State 2017 and BSC's Certified Agreement;</li> <li>• Review of employee employment contracts.</li> </ul>

## 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 2018-19 financial year there was one senior contract employee with a total remuneration package in the range of \$200,000 - \$300,000 and four 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

## Financial Statements

s183

Refer to **Annexure 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.

Decision 170914.19 (14 September 2017):  
That Council adopts version 7 of the GOV-POL-001 Councillor Expenses Reimbursement Policy as presented.

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

## Councillors

s186

Councillor remuneration, expenses and meetings attended

Section 186 (a) (b) and (c)

The table below reports particulars for each councillor for the financial year in accordance with s186 (a) total remuneration including superannuation contributions; (b) expenses incurred under the local government's expenses reimbursement policy; and (c) the number of local government meetings attended.

Councillor	Ordinary Meeting	Special Meeting	Expenses	Remuneration (inc Superannuation)
Cr Ernie Camp	11	4	\$1,842.84	\$110,500
Cr Paul Poole	12	4	\$488	\$62,326
Cr John Yanner	12	4	-	\$54,016
Cr John Clarke	12	4	\$741.31	\$54,016
Cr Tonya Murray	12	3	-	\$52,516

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

Section 186(b)

The table below reports particulars for each councillor for the financial year in accordance with s186 (b) facilities provided under the local government's expenses reimbursement policy.

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

## Complaints about the conduct and performance of councillors

Section 186(d), (e), (f)

The following table reports matters dealt with under Division 6 of the *Local Government Act 2009* pertaining to conduct and performance of councillors.

Number	Section 186
Nil	Number of orders and recommendations made under section 180(2) or (4) of the Act   (d) (i)
Nil	Number of orders made under section 181 of the Act   (d) (ii)
N/A	Name of each Councillor for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act   (e) (i) Description of the misconduct or inappropriate conduct engaged in by each of the Councillors   (e) (ii) Summary of the order or recommendation made for each Councillor (e) (iii)
Nil	Number of complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act   (f) (i)
Nil	Number of complaints referred to the department's Chief Executive Officer under section 176C(3)(a)(i) of the Act   (f) (ii)
Nil	Number of complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act   (f) (iii)
Nil	Number of complaints referred to the department's Chief Executive Officer under the section 176C(4)(a) of the Act   (f) (iv)
Nil	Number of complaints assessed by the Chief Executive Officer as being about corrupt conduct under the Crime and Corruption Act   (f) (v)
Nil	Number of complaints heard by a regional conduct review panel   (f) (vi)
Nil	Number of complaints heard by the tribunal   (f) (vii)
Nil	Number of complaints to which section 176C(6) of the Act applied   (f) (viii)

## Administration Action Complaints

s187

Section 187 (1) 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. At the June 2017 ordinary meeting, a formal administrative action complaints management policy was adopted, 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
Nil	Administrative action complaints made to the local government   (a) (i)
N/A	Administrative action complaints resolved by the local government under the complaints management process   (a) (ii)
N/A	Administrative action complaints not resolved by the local government under the complaints management process   (a) (iii)
Nil	Number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year (b)

## Overseas Travel undertaken by Councillors or Employees

s188

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				

## Other contents

s190

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
190 (1) (f) list of registers kept by the local government 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.	<ul style="list-style-type: none"> <li>➤ Assets   LGA s104 (5) (b) (ii)</li> <li>➤ Complaints - including administrative action complaints   LGR s 306 (4) (a)</li> <li>➤ Contractual Arrangements &gt; \$200,000   LGR s287</li> <li>➤ Cost-recovery fees   LGA s98</li> <li>➤ Delegations council to CEO or Mayor, and CEO to officers   LGA s260</li> <li>➤ Local laws   LGA s31</li> <li>➤ Pre-qualified suppliers   LGR s232</li> <li>➤ Registers of interest   s290</li> <li>➤ Roads map and register   LGA s74</li> </ul>
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"> <li>➤ 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.</li> <li>➤ 100% concession on general rates and 75% concession on sewerage and waste management charges for 2018-19 for Burketown Kindergarten.</li> </ul>
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>

## 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
- 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.



**Image: Albert River**

## APPENDIX A

# Financial Statements 2018-2019 & Long-Term Financial Sustainability Statement





**Burke Shire Council**  
**Financial Statements**  
**for the year ended 30 June 2019**

# Burke Shire Council

## Financial Statements

### For the year ended 30 June 2019

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**Burke Shire Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates and charges	3(a)	2,764,882	2,621,361
Fees and charges		148,507	96,129
Rental income		224,559	224,154
Interest received		229,780	284,357
Sales revenue	3(b)	1,063,958	1,096,010
Other revenue		387,451	19,708
Grants, subsidies and contributions	4(a)	9,303,470	9,272,368
		<u>14,122,607</u>	<u>13,614,085</u>
<b>Capital revenue</b>			
Grants, subsidies and contributions	4(b)	3,129,540	6,374,272
Capital income	5	16,743	11,993
<b>Total capital revenue</b>		<u>3,146,284</u>	<u>6,386,265</u>
<b>Total income</b>		<u>17,268,891</u>	<u>20,000,350</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(4,497,245)	(4,153,259)
Materials and services	7	(9,299,102)	(16,267,860)
Finance costs		(12,940)	(23,911)
Depreciation		(4,758,366)	(4,672,467)
		<u>(18,567,652)</u>	<u>(25,117,497)</u>
<b>Capital expenses</b>	8	(331,050)	(26,963)
<b>Total expenses</b>		<u>(18,898,702)</u>	<u>(25,144,460)</u>
<b>Net result</b>		<u>(1,629,812)</u>	<u>(5,144,110)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	14	-	3,943,476
<b>Total other comprehensive income for the year</b>		<u>-</u>	<u>3,943,476</u>
<b>Total comprehensive income for the year</b>		<u>(1,629,812)</u>	<u>(1,200,634)</u>

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

**Burke Shire Council**  
**Statement of Financial Position**  
**As at 30 June 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	9	9,595,818	9,898,722
Trade and other receivables	10	1,423,704	1,685,998
Inventories		230,813	242,401
		<u>11,250,335</u>	<u>11,827,121</u>
<b>Total current assets</b>		<u>11,250,335</u>	<u>11,827,121</u>
<b>Non-current assets</b>			
Property, Plant and Equipment	11	145,732,419	146,544,214
<b>Total non-current assets</b>		<u>145,732,419</u>	<u>146,544,214</u>
<b>Total assets</b>		<u>156,982,754</u>	<u>158,371,335</u>
<b>Current liabilities</b>			
Trade and other payables	12	2,303,257	2,199,031
Provisions	13	68,680	79,487
<b>Total current liabilities</b>		<u>2,371,936</u>	<u>2,278,518</u>
<b>Non-current liabilities</b>			
Provisions	13	791,809	643,996
<b>Total non-current liabilities</b>		<u>791,809</u>	<u>643,996</u>
<b>Total liabilities</b>		<u>3,163,745</u>	<u>2,922,514</u>
<b>Net community assets</b>		<u>153,819,010</u>	<u>155,448,821</u>
<b>Community equity</b>			
Asset revaluation surplus	14	86,418,456	86,418,456
Retained surplus		67,400,554	69,030,365
<b>Total community equity</b>		<u>153,819,010</u>	<u>155,448,821</u>

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

**Burke Shire Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

	Asset revaluation surplus 14	Retained surplus	Total
Note	\$	\$	\$
<b>Balance as at 1 July 2018</b>	<b>86,418,456</b>	<b>69,030,365</b>	<b>155,448,821</b>
Net result	-	(1,629,812)	(1,629,812)
Other comprehensive income for the year	-	-	-
Increase in asset revaluation surplus	-	-	-
<b>Balance as at 30 June 2019</b>	<b>86,418,456</b>	<b>67,400,553</b>	<b>153,819,010</b>
<b>Balance as at 1 July 2017</b>	<b>82,474,980</b>	<b>74,174,475</b>	<b>156,649,456</b>
Net result	-	(5,144,110)	(5,144,110)
Other comprehensive income for the year	-	-	-
Increase in asset revaluation surplus	3,943,476	-	3,943,476
<b>Balance as at 30 June 2018</b>	<b>86,418,456</b>	<b>69,030,365</b>	<b>155,448,821</b>

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



**Burke Shire Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		4,638,681	3,394,803
Payments to suppliers and employees		(13,555,116)	(19,193,818)
		(8,916,435)	(15,799,015)
Finance costs		(12,940)	(23,911)
Interest received		229,780	284,357
Rental income		224,559	224,154
Operating grants, subsidies, and contributions		9,303,470	9,272,368
<b>Net cash inflow/(outflow) from operating activities</b>	<b>19</b>	<b>828,435</b>	<b>(6,042,048)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(4,177,649)	(6,685,580)
Proceeds from sale of property plant and equipment		34,636	95,000
Capital grants, subsidies, and contributions		3,011,674	6,101,348
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(1,131,338)</b>	<b>(489,232)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(302,904)</b>	<b>(6,531,280)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>9,898,722</b>	<b>16,430,002</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>9</b>	<b>9,595,818</b>	<b>9,898,722</b>

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

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**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 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

**1.B Statement of compliance**

These general purpose financial statements comply with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. 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). Therefore in some instances 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.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment at fair value, long service leave and provision for landfill restoration at net present value.

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

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.

The following transactions are classified as either "capital income" or "capital expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of property, plant and equipment.

All other revenue and expenses have been classified as "recurrent".

**1.C New and revised Accounting Standards**

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged.

Financial asset/liability	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**1.C New and revised Accounting Standards(cont.)**

Some new Australian Accounting Standards and Interpretations have been issued but are not yet effective. These standards have not been applied in these financial statements. The standards that are expected to have a material impact upon council's future financial statements are:

**Standard and impact**

**Date Council will  
 apply the  
 standard**

**AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities** 01-July-2019

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue decrease of \$2,523,656 due to deferral of grant funding and other sales related revenue (based on the facts available to Council at the date of assessment).
- there would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.
- net result would be lower on initial application as a result of decreased revenue.

A range of new disclosures will also be required by the new standards in respect of the department's revenue.

**1.C New and revised Accounting Standards**

**Transition method**

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. This will recognise the cumulative effect of initially applying the Standards as an adjustment to the opening balance of retained earnings at the date of initial application.

**Burke Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2019**

**1.C New and revised Accounting Standards(cont.)**

**Date Council will  
apply the  
standard  
01-July-2019**

**AASB 16 Leases**

The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

**Leases in which the Council is a lessee**

The Council will recognise new assets and liabilities for its operating lease for 15 Lake Street Cairns (see Note 15). The nature of expenses related to those leases will now change because the Council will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Council has elected not to recognise IT leases under the AASB 16 as they have been assessed as being low-value assets under the standard.

No significant impact is expected for the Council's finance leases.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impacts:

- lease assets and financial liabilities on the balance sheet will increase by \$209,274 and \$215,502 respectively at 30 June 2020 (based on the facts available to Council at the date of assessment).
- there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- net result will be lower on initial application as depreciation and the lease liability interest will be initially higher than operating lease expenses previously recorded.

**Leases in which the Group is a lessor**

No significant impact is expected for other leases in which the Council is a lessor.

**Peppercorn Leases**

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

**Transition method**

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases involving AASB 117 Leases and Interpretation 4 *Determining whether an Arrangement contains*

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**1.D Critical accounting judgements and key sources of estimation uncertainty**

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - (Note 11)

Provisions - (Note 13)

Contingent liabilities - (Note 16)

**1.E Inventories**

Stores and raw materials held for resale are valued at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

**1.F Rounding and comparatives**

The financial statements have been rounded to the nearest \$1. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

**1.G Taxation**

Income of local government and public authorities is exempt from income tax except for Fringe Benefits Tax, Pay as you go (PAYG), and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.



## **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.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**2 Analysis of results by function**

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

**Year ended 30 June 2019**

Functions	Gross program income				Total Income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2019	2019	2019	2019		2019	2019	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

**Year ended 30 June 2018**

Functions	Gross program income				Total Income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2018 \$	2018 \$	2018 \$	2018 \$		2018 \$	2018 \$	2018 \$	2018 \$	2018 \$	2018 \$
Revenue raising	2,599,216	1,992,371	-	-	4,591,587	(37,019)	-	(37,019)	4,554,568	4,554,568	11,568,371
Governance	-	-	-	-	-	(844,768)	-	(844,768)	(844,768)	(844,768)	-
Finance and community services	36,400	288,724	-	11,993	337,117	(3,322,879)	-	(3,322,879)	(2,997,754)	(2,985,762)	307,837
Planning and building	-	2,558	-	-	2,558	(42,455)	-	(42,455)	(39,898)	(39,898)	-
Engineering services	6,550,714	1,164,043	4,936,091	-	12,650,849	(17,849,028)	(26,963)	(17,875,991)	(10,134,270)	(5,225,142)	106,874,305
Environmental services	-	1,800	-	-	1,800	(239,128)	-	(239,128)	(237,328)	(237,328)	-
Community and cultural	86,037	245,710	1,182,461	-	1,514,208	(1,726,937)	-	(1,726,937)	(1,395,190)	(212,729)	25,449,926
Garbage utility	-	99,630	-	-	99,630	(132,882)	-	(132,882)	(33,252)	(33,252)	4,793
Sewerage utility	-	147,137	-	-	147,137	(154,714)	-	(154,714)	(7,578)	(7,578)	1,588,400
Water utility	-	399,745	255,720	-	655,465	(767,687)	-	(767,687)	(367,942)	(112,222)	12,577,702
Total	9,272,368	4,341,718	6,374,272	11,993	20,000,350	(25,117,497)	(26,963)	(25,144,460)	(11,503,412)	(5,144,110)	158,371,335

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**3 Revenue analysis**

Rates and charges, grants, and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates and charges

Where monies are received prior to the commencement of the levying period, the amount is recognised as revenue in the period in which they are received.

Fees and charges

Fees and charges relate to general fees, levy on staff houses and airport landing fees. Levels of fees and charges are determined by Council at the commencement of each year and recognised as revenue upon receipt.

	Note	2019 \$	2018 \$
(a) Rates and service charges			
General rates		2,132,391	2,019,898
Water		427,268	399,745
Sewerage		157,715	147,137
Garbage charges		104,983	99,630
Total rates and charges revenue		2,822,357	2,666,410
Less: Pensioner remissions		(3,988)	(2,971)
Less: Discounts		(53,487)	(42,078)
		<u>2,764,882</u>	<u>2,621,361</u>

Where monies are received prior to the commencement of the levying period, the amount is recognised as revenue in the period in which they are received.

(b) Sales revenue

Contract and recoverable works	1,063,958	1,096,010
	<u>1,063,958</u>	<u>1,096,010</u>

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.

Contract works include construction and maintenance works for locals and local businesses.

**4 Grants, subsidies, and contributions**

(a) Recurrent

General purpose grants	2,631,989	3,021,827
NDRRA funding	4,974,517	5,718,593
State government subsidies and grants	1,696,964	531,947
	<u>9,303,470</u>	<u>9,272,368</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. It also includes non-cash contributions which are usually infrastructure assets received from developers.

State government subsidies and grants	3,011,674	6,101,348
Non-cash contribution	117,866	272,924
	<u>3,129,540</u>	<u>6,374,272</u>

**Conditions over contributions**

Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

Non-reciprocal grants	2,523,657	14,208
	<u>2,523,657</u>	<u>14,208</u>

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**4 Grants, subsidies, and contributions (cont.)**

**Grants and subsidies**

Grants and subsidies are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

All grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled.

**Non-cash contributions**

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses. In the 2019 financial year, Burke Shire Council received a non-cash contribution from Queensland Government for blocks of land under the Indigenous Land Use Agreement.

	Note	2019 \$	2018 \$
<b>5 Capital income</b>			
<b>Gain on disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		34,636	34,091
Less: Carrying value of property, plant and equipment disposed of		(17,893)	(22,098)
Total capital income		<u>16,743</u>	<u>11,993</u>

**6 Employee benefits**

Total staff wages and salaries		3,082,281	2,763,722
Councillors' remuneration		303,621	304,082
Annual, sick and long service leave entitlements		488,803	504,397
Superannuation	17	399,666	462,539
		<u>4,274,372</u>	<u>4,034,740</u>
Other employee related expenses		400,418	256,014
		<u>4,674,790</u>	<u>4,290,755</u>
Less: Capitalised employee expenses		(177,545)	(137,495)
		<u>4,497,245</u>	<u>4,153,259</u>

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

<b>Total Council employees at the reporting date:</b>	<b>2019</b>	<b>2018</b>
Elected members	5	5
Administration staff	18	16
Depot and outdoors staff	31	30
Total full time equivalent employees	<u>54</u>	<u>51</u>

	Note	2019 \$	2018 \$
<b>7 Materials and services</b>			
Audit of annual financial statements by Auditor-General of		82,000	83,500
Communications and IT		351,062	293,269
Consultants		149,708	44,693
Donations		66,174	19,007
Operating expenses		3,351,800	5,089,891
Repairs and maintenance		1,557,902	1,870,735
Recoverable works		759,104	794,583
Roads - flood damage		2,981,351	8,072,182
		<u>9,299,102</u>	<u>16,267,860</u>

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>8 Capital expenses</b>			
<b>Loss on disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		-	60,909
Less: Carrying value of property, plant and equipment disposed of		(331,050)	(87,872)
Total capital expenses		<u>(331,050)</u>	<u>(26,963)</u>

**9 Cash and cash equivalents**

Cash at bank and on hand	123,012	1,916,889
Deposits at call	9,472,806	7,981,833
Balance per statement of cash flows	<u>9,595,818</u>	<u>9,898,722</u>

Council's cash and equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

Unspent government grants and subsidies	4,091,555	1,581,376
Total unspent restricted cash	<u>4,091,555</u>	<u>1,581,376</u>

Cash and cash equivalents 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 known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash is held in the Westpac Bank in normal business cash reserve accounts and business cheque accounts. The bank currently has a short-term credit rating of A1+ and a long-term rating of AA-. Deposits at call are held with the Queensland Treasury Corporation.

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.

**10 Trade and other receivables**

Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

**Current**

Rateable revenue and utility charges	279,827	163,704
Trade debtors	842,879	1,438,527
Less: Provision for doubtful debts	(6,846)	(213)
GST recoverable	233,751	43,441
Prepayments	74,094	40,539
	<u>1,423,704</u>	<u>1,685,998</u>

No interest is charged on debtors. There is no concentration of credit risk for service charges, fees and other debtors receivable. Interest is charged on overdue rates at 10% per annum.

Movement in accumulated impairment provisions is as follows:

Opening balance at 1 July	213	27,234
Adjustment to opening balance upon application of AASB 9*	-	-
Impairments reversed	(149)	(27,234)
Additional provision recognised	6,782	213
Closing Balance at 30 June	<u>6,846</u>	<u>213</u>

\*Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The application of AASB 9 has not had a significant impact on the receivables balance as such no opening balance adjustment has been required. Further details of councils expected credit loss amount are contained in note 22.





**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**11B Property, Plant and Equipment**

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 and furniture and fixture 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.

**Acquisition of assets**

Acquisitions of property, plant, and equipment 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.

Property, plant and equipment received in the form of contributions, is recognised as assets and revenues at fair value by Council where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

**Capital and operating expenditure**

Direct labour, 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 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 fixture, 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. Desktop valuations are conducted in the intervening years by qualified external valuers and, where material, are applied to the asset values.

In the intervening years, with respect to the valuation of the land, buildings and infrastructure assets, management engage independent, professionally qualified valuers 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 sound. Further details in relation to valuers, the methods of valuation and the key assumptions used in valuing each different asset class 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.

**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**

Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, 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. Land is not depreciated as it has an infinite life.

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 use.

Where assets have separately 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 to the Council.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**11B Property, Plant and Equipment (cont.)**

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 the Council or the unexpired period of the lease, whichever is the shorter.

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. The 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 at each reporting date.

**Land under roads**

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

**Impairment of non-current assets**

Property, plant and equipment 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

**Fair Value Measurements**

**(i) Recognised Fair Value Measurements**

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

- Land
- Buildings
- Infrastructure Assets ( Road, water, and sewerage)
- Other Structures

Valuations are categorised as follows:

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

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

The fair values of the 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 of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council 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 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations**

**Land (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 on 30 June 2017 and indexed on 30 June 2018.

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.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**11B Property, Plant and Equipment (cont.)**

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 valuer's 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 (unobservable/subjective)

The table below sets out our condition rating, a description of that rating and the amount of remaining useful life that the rating implies.

Condition Rating	Description	Remaining Useful Life
0	New –Excellent Condition	100%
1	Excellent / good condition	90%
2	Good condition	80%
3	Good / average condition	70%
4	Average condition	60%
5	Mid life	50%
6	Average / below average	40%
7	Below average	30%
8	Below average/deteriorating	20%
9	Deteriorating / Defective	10%
10	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)**

Generally the nature of infrastructure assets 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 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 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.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**11B Property, Plant and Equipment (cont.)**

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 as tabled below:

Description	Percentage of Life Remaining
1 Near new with no visible deterioration	90-100%
2 Excellent overall condition early stages of deterioration	80-90%
3 Very good overall condition with obvious deterioration evident	70-80%
4 Good overall condition, obvious deterioration, serviceability impaired very slightly	60-70%
5 Fair overall condition, obvious deterioration, some serviceability loss	50-60%
6 Fair to poor overall condition, obvious deterioration, some serviceability loss	40-50%
7 Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30-40%
8 Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20-30%
9 Extremely poor condition, severe serviceability problems, renewal required immediately	10-20%
10 Failed asset, no longer serviceable. Should not remain in service	0-10%

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 2019**

**11B Property, Plant and Equipment (cont.)**

**Valuation Indexation of Burke Shire Council's infrastructure assets**

Burke Shire Council instructed AssetVal Pty Ltd (AssetVal) to develop and apply indices reflecting the movement of costs of non-current asset categories as at 30 June 2019 for financial reporting purposes.

These categories comprise the following:

Land  
 Buildings  
 Other structures  
 Infrastructure

The indexation assessment assisted Council with an interim desktop assessment of assets and was provided on the following basis:

- The indicative market movements contained within the report were not to be used as a substitute to valuations in forming Council's account as at the date of indexing;
- The report was not a valuation or revaluation of the assets, but rather a review of the general market that may indicate a change of value since the last undertaken valuation; and
- The report provides an indicative estimate of the degree of market movement likely to be revealed in the event that a valuation or revaluation was commissioned.

Burke Shire Council required an indexation assessment of specified asset categories for the development and application of a desktop review of specified assets for accounting compliance purposes as at 30 June 2019, for a one year period, in accordance with Queensland Local Government Act 2009, Queensland Local Government Regulation 2012, Australian Accounting Standards – Fair Value Methodology. Relevant Australian Accounting Standards are AASB 116 for application to reporting periods beginning on or after 1 January 2012 and AASB 13 for application to reporting periods beginning on or after 1 January 2013. AASB 13 defines Fair Value as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

In arriving at an opinion of indices, Council's external valuer considered relevant market information and economic factors. Inspections of the assets were not undertaken.

The specified assets were assessed as having regard to movements in both construction and property markets for the following periods:

CATEGORY	PERIOD
Land	1 July 2018 to 30 June 2019
Buildings	1 July 2018 to 30 June 2019
Other structures	1 July 2018 to 30 June 2019
Infrastructure	1 July 2018 to 30 June 2019

**Assessment of assets**

The last comprehensive assessment for Land, Buildings, Other Structures and Specified assets was performed under the AASB 116 and AASB 13 standards as at 30 June 2017. The revaluation of the assets was assessed using the Cost Approach (Current Replacement Cost) methodology, which is a level 3 assessment. This indexation assessment has regard to the movement of costs of specified asset categories during the period 1 July 2018 to 30 June 2019 for Land, Building, Other Structures and Specified assets. The Non-Current Asset Policies for the Queensland Public Sector (NCAP) states that the application of the indexation assessment is not regarded as a change of valuation technique.

In respect to current year dated 30 June 2019:

**Land**

Movements in property markets have been estimated through analysis of sale evidence and previous valuation work undertaken in the Queensland property market. AssetVal Pty Ltd analysed the 2018 'Queensland Valuer General Property Market Movement Report' of which the three most rural Local Government Areas valued in the yearly program all indicated a 0.0% movement in residential and rural residential land. For the 'Land' category, council elected to adopt 0.0% movement in fair value.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**11B Property, Plant and Equipment (cont.)**

**Buildings**

Buildings were assessed by analysing data, which has been derived from information from Rawlinsons Australian Construction Handbook, Costweb and the Australian Bureau of Statistics. The indexation assessment is based on inputs from producer price data, construction indices and recent construction cost guides. These are analysed by determining the movement between 1 July 2018 and 30 June 2019 and include the Non-Residential, Residential and Other Residential categories from Costweb, together with the regional building price index for all construction from Rawlinsons Australian Construction Handbook. AssetVal Pty Ltd's research has shown an overall movement of 4.2% according to Rawlinsons' Australian Construction Handbook, 2.4% according to Costweb and -1.1% according to the Australian Bureau of Statistics residential construction indices. Further analysis of this data and cross-referencing with shires that reflect similar characteristics to Burke Shire result in an increase of 2.3%. Council elected to adopt a 0.0% movement in line with the Burke Shire Council Non current Asset Policy provision which states that the indexation rate will only be applied if the cumulative movement is above 5%. Council considers the overall movement in gross replacement cost and fair value to be immaterial.

**Other structures**

Other Structures were assessed by applying the appropriate composite index rate dependent on the class of the asset. The composite index rates are as follows:

Road & bridge index  
Civil index  
Electrical index  
Building index

**Infrastructure**

The infrastructure assets comprise of the following assets classes:

Road & aerodrome  
Bridge  
Kerb & channel  
Footpath  
Stormwater culvert  
Water equipment  
Water main  
Sewer equipment  
Sewer mains  
Maintenance hole

The Infrastructure assets were assessed by applying the appropriate composite index rate dependent on the class of the asset. The composite index rates are as follows:

Road & bridge index  
Civil index  
Electrical index  
Mechanical index  
Building index

The Road & Bridge index is developed by the Australian Bureau of Statistics (ABS) producer price index. Consequently, for the Road assets a 2.8% increase from 1 July 2018 to 30 June 2019 was provided by Assetval. The Civil index is developed by combining the Road and Bridge Index, the Engineering Design and Management Index and the Concrete Product Manufacturing Index. The weighting of each index is based on an estimated project cost breakdown at 40%, 30% and 30% respectively. Consequently, for the Civil index a 3.0% increase from 1 July 2018 to 30 June 2019 was provided by AssetVal. The Electrical index is developed by combining the Electrical Equipment Manufacturing Index and the Engineering Design and Management Index. The weighting of each index is based on an estimated project cost breakdown at 60% and 40% respectively. Consequently, for the Electrical index a 1.5% increase from 1 July 2018 to 30 June 2019 was provided by AssetVal. The Mechanical index is developed by combining the Electrical Equipment Manufacturing Index, the Engineering Design and Management Index and the Metal Product Manufacturing Index. The weighting of each index is based on an estimated project cost breakdown at 40%, 40% and 20% respectively. Consequently, for the Mechanical index a 1.4% increase from 1 July 2018 to June 2019 was provided by AssetVal. Council elected to adopt a 0.0% movement in line with the Burke Shire Council Non current Asset Policy provision which states that the indexation rate will only be applied if the cumulative movement is above 5%.

**Special factors**

Burke Shire Council provided information on assets which were upgraded and or renewed, this information was used to update the condition rating of the assets. The index movements contained within this report are based upon information obtained or the application of the appropriate index rate.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**11B Property, Plant and Equipment (cont.)**

Our valuers advice was restricted to estimates of increases or decreases in price of various asset categories as detailed within this report. As no physical inspections of these assets was conducted, any impairment evident in the initial valuation will be carried over following the application of the relevant indices.

**12 Trade and other payables**

	2019	2018
Note	\$	\$
<b>Current</b>		
Creditors and accruals	1,950,547	1,832,624
Annual leave	304,239	363,800
Other employee entitlements	48,471	2,606
	<u>2,303,257</u>	<u>2,199,031</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.

A liability for annual leave and other employee entitlements is recognised. All amounts have been recognised as current due to the entitlement of staff to take their leave at any time, subject to operational requirements.

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**

	2019	2018
Note	\$	\$
<b>Current</b>		
Long service leave	68,680	79,487
	<u>68,680</u>	<u>79,487</u>
<b>Non-current</b>		
Long service leave	162,072	128,760
Refuse restoration	629,737	515,236
	<u>791,809</u>	<u>643,996</u>
Details of movements in provisions:		
<b>Refuse restoration</b>		
Balance at beginning of financial year	515,236	496,234
Change in provision due to change in cost assessment	114,501	19,002
Balance at end of financial year	<u>629,737</u>	<u>515,236</u>

This 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 projected cost is \$560,883 and this cost is expected to be incurred in 2029.

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a 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 the restoration.

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.

As refuse dumps are on Council controlled land, movements in the tip restoration provision are reflected through an adjustment to the revaluation reserve for land assets.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

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	2019 \$	2018 \$
<b>Long service leave</b>		
Balance at beginning of financial year	208,247	234,711
Long service leave entitlement arising	33,312	18,156
Long service leave entitlement paid	(10,807)	(44,620)
Balance at end of financial year	<u>230,751</u>	<u>208,247</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 Asset revaluation surplus**

Note	2019 \$	2018 \$
<b>Movements in the revaluation surplus were as follows:</b>		
Balance at beginning of financial year	86,418,456	82,474,980
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	62,830
Buildings	-	291,417
Road infrastructure	-	3,142,509
Water	-	329,490
Sewerage	-	10,946
Other structures	-	106,285
Movement Total	<u>-</u>	<u>3,943,476</u>
Balance at end of financial year	<u>86,418,456</u>	<u>86,418,456</u>

**Asset revaluation surplus analysis**

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

Land	5,243,187	5,243,187
Buildings	3,169,897	3,169,897
Road infrastructure	64,935,092	64,935,092
Water	4,384,112	4,384,112
Sewerage	3,679,472	3,679,472
Other structures	5,006,697	5,006,697
	<u>86,418,456</u>	<u>86,418,456</u>

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not 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 asset revaluation surplus in respect of that class. Any excess is treated as an expense.

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

**15 Commitments for expenditure**

**Operating leases**

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Minimum lease payments in relation to non-cancellable operating leases are as follows:

	2019 \$	2018 \$
Within one year	67,725	-
One to five years	219,866	-
Later than five years	-	-
	<u>287,591</u>	<u>-</u>

**Burke Shire Council**  
**Notes to the Financial Statements**  
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**15 Commitments for expenditure (cont.)**

The Council has entered into an operating lease for office space with a lease term of five years.

During the year an amount of \$65,120 was recognised as an expense in the Statement of Profit or Loss in respect of operating leases.

**Contractual commitments**

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

	2019 \$	2018 \$
Gregory Lawn Hill road sight distance improvement	100,000	-
Work for Queensland round 2 projects	1,190,000	1,040,000
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	-
Gregory water treatment plant solar array	-	58,000
Boat ramp widening & wharf car park upgrade	-	109,000
SES shed	-	60,000
Gregory war memorial	-	15,000
	<u>3,377,000</u>	<u>1,282,000</u>

**16 Contingent liabilities**

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

**Local Government Mutual**

The 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.

As at 30 June 2018 the LGM financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's 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 insufficient funds were available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$61,246.

**17 Superannuation**

Council contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper 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 LGIAsuper 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 LGIAsuper 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.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**17 Superannuation (cont.)**

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

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

**Salary growth risk** - The 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 2018-19 financial year.

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Superannuation contributions paid by Council to the scheme for the benefit of employees was:	6	399,666	462,539

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees.

**18 Trust funds**

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Trust funds held for outside parties</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		118,972	119,972
		<u>118,972</u>	<u>119,972</u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

**19 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities**

Net result	(1,629,812)	(5,144,110)
Non-cash items:		
Depreciation	4,758,366	4,672,467
	<u>4,758,366</u>	<u>4,672,467</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	314,307	14,970
Capital grants and contributions	(3,129,540)	(6,374,272)
	<u>(2,815,233)</u>	<u>(6,359,302)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	262,294	(413,266)
(Increase)/decrease in inventory	11,589	(25,139)
Increase/(decrease) in payables	93,418	1,234,763
Increase/(decrease) in other provisions	147,813	(7,462)
	<u>515,113</u>	<u>788,896</u>
Net cash inflow/(outflow) from operating activities	<u>828,434</u>	<u>(6,042,048)</u>

**20 Events after the reporting period**

There were no material adjusting events after the balance date.



**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**21 Related parties**

**(a) Transactions with key management personnel (KMP)**

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

KMP are the Mayor, Deputy Mayor, Councillors, Chief Executive Officer, Executive Manager Corporate & Community Services, Executive Manager Finance, Executive Manager Works and Infrastructure and Executive Manager Strategic Projects. The compensation paid to KMP for 2018/19 comprises:

Mr JM Blennerhasset was engaged by council in the role of Executive Manager Works and Infrastructure during the course of the year and was paid as a contractor (See Note 21b).

Details of transaction	2019 \$	2018 \$
Short-term employee benefits	1,167,831	1,172,304
Post-employment benefits	124,194	122,070
Long-term benefits	50,304	45,093
Termination benefits	50,000	-
Total	1,392,330	1,339,467

\* 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	2019 \$	2018 \$
Purchase of materials and services from entities controlled by close family members of KMP	21(b)(i)	695,139	1,178,985
Employee expenses	21(b)(ii)	251,642	244,037

(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:

	2019 \$	2018 \$
<b>Contracting services (machinery hire and trade services)</b>		
K & G Booth	176,425	853,113
CM Contracting	27,516	
<b>Goods/supplies</b>		
Nowlands	355,996	277,133
Savannah Aviation	30,332	39,846
Savannah Lodge	13,719	8,893
JM Blennerhasset	91,152	
Total	695,139	1,178,985

(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.

The council employs 49 staff of which 3 are close family members of key management personnel.

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**21 Related parties (cont.)**

**(c) Outstanding balances of related parties**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Receivables	Amounts owed by entities controlled by close family members to KMP	Amounts owed by entities controlled by close family members to KMP
	2019	2018
	\$	\$
Past due 31-60 days	-	844
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total	-	844
Receivables	Amounts owed by KMP	Amounts owed by KMP
	2019	2018
	\$	\$
Past due 31-60 days	-	-
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total	-	-

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect to amounts owed by related parties.

**(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**

Council entered into a contract with KG Booth (Business owned by the father of Cr. Tonya Murray) as Pre-Qualified Supplier for Hire of Plant and Equipment for the 2018-19 Construction Season. This is a continual contract with no total contract value available until completion of the construction season. The contract was the result of a tender process in accordance with Council's normal procedures and policies. Cr. Tonya Murray was not involved in the decision of awarding the contract.

**(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 the Burke Shire Council. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of the Burketown Aquatic Centre
- Use of the Community Halls
- Borrowing of books from the Council libraries

Council has not included these types of transactions in its disclosures, 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 2019**

**22 Financial instruments and financial risk management**

Burke Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

**Risk management framework**

Burke Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

The 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. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Burke Shire 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 the 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 carrying amount of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

**Cash & cash equivalents**

The 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, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the 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. This is due to economic issues e.g. low employment and various cultural issues all of which have a general economic impact.

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2019, the exposure to credit risk for trade receivables was as follows:

Financial assets	Note	2019 \$	2018 \$
Cash and cash equivalents	9	9,595,818	9,898,722
Receivables - rates	10	279,827	163,704
Receivables - other	10	1,069,783	1,481,755
<b>Other credit exposures</b>			
Guarantees	16	-	58,343
<b>Total financial assets</b>		<b>10,945,428</b>	<b>11,602,524</b>

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**22 Financial instruments and financial risk management (cont)**

Trade receivables 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. 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.

All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue. Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

A summary of the Council's exposure to credit risk for trade receivables is as follows:

	2019	2018
	\$	\$
Not past due	932,946	262,258
Past due 31-60 days	4,058	1,085,433
Past due 61-90 days	1,760	2,395
More than 90 days	400,888	191,569
Impaired	(6,846)	(213)
<b>Total</b>	<b>1,332,806</b>	<b>1,541,442</b>

For impaired financial assets the factors the Council considered when impairing the asset included the ageing of receivables, historical collection rates and specific knowledge of the debtors financial position.

*Expected credit loss assessment as at 1 July 2018 and 30 June 2019*

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2019:

Subject to impairment - 2019	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
	\$	\$	\$	\$
Not due	0.00%	14,107	0	No
0-30	0.00%	4,058	0	No
30-60	0.00%	1,760	0	No
60-90	27.99%	0	0	No
<120	100.00%	6,846	6,846	Yes
<b>Total</b>		<b>26,771</b>	<b>6,846</b>	
<b>Not subject to impairment - 2019</b>				
General rates and charges		279,827		
Government Grants & Subsidies		914,477		
Other		111,732		
		<b>1,306,035</b>		
<b>Total</b>		<b>1,332,806</b>	<b>6,846</b>	

Loss rates are based on actual credit loss experience over the past ten years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**22 Financial Instruments and financial risk management (cont)**

**Liquidity risk**

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

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation

The following table sets out the liquidity risk in relation to financial liabilities held by the 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
	\$	\$	\$	\$	\$
<b>2019</b>					
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>
<b>2018</b>					
Trade and other payables	1,835,231	-	-	1,835,231	1,835,231
	<u>1,835,231</u>	<u>-</u>	<u>-</u>	<u>1,835,231</u>	<u>1,835,231</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 the 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 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
	\$	\$	\$	\$	\$
<b>2019</b>					
QTC cash fund	9,472,806	94,728	(94,728)	94,728	(94,728)
	<u>9,472,806</u>	<u>94,728</u>	<u>(94,728)</u>	<u>94,728</u>	<u>(94,728)</u>
<b>2018</b>					
QTC cash fund	7,981,833	79,818	(79,818)	79,818	(79,818)
	<u>7,981,833</u>	<u>79,818</u>	<u>(79,818)</u>	<u>79,818</u>	<u>(79,818)</u>

**Burke Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**23 National Competition Policy**

**Business activities to which the code of competitive conduct is applied**

Burke Shire Council applies the competitive code of conduct to the following activities:

Roads  
 Water and sewerage  
 Waste management

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

The following activity statements are for activities subject to the competitive code of conduct:

	<b>Roads</b>	<b>Water &amp; sewerage</b>	<b>Waste management</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue for services provided to the Council	-	-	-
Revenue for services provided to external clients	969,978	584,984	104,983
Community service obligations	-	-	-
Less: expenditure	858,580	962,926	213,862
Surplus/(deficit)	111,397	(377,942)	(108,879)



Burke Shire Council  
Financial Statements  
For the year ended 30 June 2019

Management Certificate  
For the year ended 30 June 2019

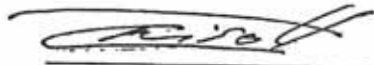
These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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 3 to 32, 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: 11, 10, 19

  
\_\_\_\_\_  
Chief Executive Officer  
Clare Keenan Triscott

Date: 11, 10, 19

## 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 2019, 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 2019, 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 of Queensland 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 of Queensland 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 the information included in Burke Shire Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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 council for the financial report**

The council is 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 council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The council is 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 2019:

- 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

14 October 2019

Queensland Audit Office  
Brisbane

**Burke Shire Council**  
**Current-year Financial Sustainability Statement**  
**For the year ended 30 June 2019**

**Measures of Financial Sustainability**


	How the measure is calculated	Actual	Target
Council's performance at 30 June 2019 against key financial ratios and targets:			
Operating Surplus Ratio	Net result (excluding capital) divided by total operating revenue (excluding capital)	-31.5%	0% to 10%
Asset Sustainability Ratio	Capital expenditure on replacement of assets (renewals) divided by depreciation expense.	60%	> 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-57%	< 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 2019.

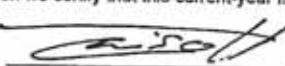
**Certificate of Accuracy**  
**For the year ended 30 June 2019**

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: 11/10/19

  
 \_\_\_\_\_

Chief Executive Officer  
 Clare Keenan Triscott

Date: 11/10/19

## 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 2019, 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 2019 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Burke Shire Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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 council for the current year financial sustainability statement**

The council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines 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.



14 October 2019

Sri Narasimhan  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

Burke Shire Council  
Long-Term Financial Sustainability Statement (unaudited)  
Prepared as at 30 June 2019

Measures of Financial Sustainability	Measure	Target	Actuals 30 June 2019	Projected for the years ended									
				30 June 2020	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
Operating Surplus Ratio	Net result divided by total operating revenue	0% to 10%	-31.5%	-23.90%	-43.53%	-36.42%	-36.02%	-34.12%	-33.10%	-32.47%	-30.90%	-29.58%	-29.40%
Asset Sustainability Ratio	Capital expenditure on renewals divided by depreciation expense.	> 90%	90%	48.26%	55.60%	55.60%	55.60%	55.60%	55.60%	55.60%	55.60%	55.60%	55.60%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	< 60%	-57%	-42.57%	-46.76%	-56.62%	-53.04%	-50.22%	-47.21%	-46.23%	-47.89%	-47.69%	-48.25%


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.

Certificate of Accuracy  
For the year ended 30 June 2019

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(3) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

  
Mayor  
Elyse Camp

  
Chief Executive Officer  
Clare Keenan Triscott

Date: 11, 10, 19

Date: 11, 10, 19