

**BURKE SHIRE COUNCIL**

# **ANNUAL REPORT 2013-14**



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## Introduction



This Annual Report offers the public insight into the primary activities undertaken by, and the financial position of, Burke Shire Council throughout 2013/2014.

The report discloses, as legislated by the Local Government Act 2009, the Audited Financial Statements for the 2013/2014 Financial Year. This disclosure, coupled with the provision of a “Community Financial Report” demonstrates the

Council’s commitment to open and accountable governance and provides a medium by which the Shire’s constituents may generate an understanding of the Shire’s financial position and performance during the period in question (see pp. 10-18).

Further to the above, the Annual Report communicates, to the public at large, the highlights and major achievements of the Council as of 30th June 2014 (pp. 27-32).

## About Burke Shire

Burke Shire can boast of three great assets – great fishing, an abundance of sunshine and friendly people. With a population of around 550, the Shire covers an area of 41,802 square kilometres with two main communities in Burketown and Gregory. The balance of the Shire is primarily made up of pastoral properties.

The character of the Shire remains predominantly rural in nature though the tourism industry continues to flourish as the nomads seek warmer climes and greater adventure during the southern winter. Whether it’s the Leichhardt Falls, the Savannah Way or the recently sealed Wills Developmental Road, drive tourists encounter incredible colours, amazing birdlife and absolutely no traffic signals!



The traditional custodians of the land as well as the many great explorers who traversed this country in years gone by have helped make the Shire what it is today. We are proud of the balance of its landscape and its history, and welcome all to experience this very special part of the world.

The Shire hosts many natural attractions, from the Albert, Leichhardt, Nicholson and Gregory Rivers to the impressive Leichhardt Falls, idyllic Adel’s Grove and the beautiful Lawn Hill Gorge. Not forgetting the rugged country surrounding Hells Gate which boasts one of the world’s oldest landscapes. Stunning rock formations tell their own tales of the land’s evolvement, and natural art galleries from early Indigenous peoples can be found in caves nearby. Come September/October, there is always a chance to catch the rolling majesty of a Morning Glory cloud across this skies of Burketown.

## Report from the Mayor

The wet season delivered this year to the majority of the Shire resulting in the lifting of the Drought Declaration. Individual properties, still adversely affected by seasonal conditions, have been able to apply for Independent Drought Declarations to allow access to the various support mechanisms in place.

Several wet weather events have triggered evaluation and subsequent funding allocations for road maintenance activities. Council has long advocated for the upgrading of the Savannah Way to sealed standard and avails itself of every opportunity, directly and indirectly, to keep this issue in the minds of the decision makers. In order to highlight the importance of sealing this road Council last year sealed approximately ten kilometres from the NT border back towards Hells Gate and hopes to seal another five kilometres this year. The Roadworks crew have been, and continue to be, very busy as a result.

Council, as has been mentioned previously, are mindful of the lack of land available in Burketown to allow for residential and business growth. This shortage of land threatens ongoing development and therefore long term sustainability of the township. As a result we entered into discussions with relevant Government departments and stakeholders to create opportunities to redress the shortfall. Consideration of future refuse disposal and airport infrastructure has also been factored into the planning and discussions. Discussions have also been held with Town Planners in relation to future land development. Council looks forward to announcing the outcomes of the discussions and the exciting opportunities afforded by the availability of land for residential and commercial purposes.

Consultation with the Traditional Owners, government departments and the community has taken place as Council seeks to enter into an Indigenous Land Use Agreement (ILUA) with the traditional owners over land in and around Burketown. This also will have positive impacts upon the ability of the town to develop and expand. Council, mindful of its obligations to the whole community, has striven throughout the ILUA process to strike a balance between the interests of the Traditional Owners and those of other residents, businesses and visitors to the Shire.

With the engagement of project managers and builders work has commenced on building a new community hall – to be named the “Nijinda Durlga” – a Gangalidda term meaning “our place”. Council is quite excited about this new facility and what it will offer the community well into the future. Not only will it house a hall, but an operation centre for local disaster management, a well-appointed kitchen, additional offices and meeting rooms for visiting businesses etc to use.

The end of 2013 saw the Burke Shire Bloc party added to the wide variety of community events. The Burketown Gift – a foot race from the hospital to the pub was a hotly contested event in all categories. Several bands and a performance of a song written by the State School children entertained the large crowd. Those in attendance clearly enjoyed the family friendly event and are to be commended for their good behaviour. As always these events are a success due to the efforts of volunteers and the community is thankful for their ongoing contributions which enable us all to come together, celebrate and enjoy a variety of activities.



The biennial Order of the Outback Ball was this year held at Gregory Downs Sporting Grounds. The volunteer committee and Council staff did an outstanding job creating a party atmosphere for attendees. Due to funding from the Queensland Government; Department of Communities, Child Safety and Disability Services we were able to make the event free for locals. It was my absolute honour to acknowledge Brian and Nerida Egan, the work they do through Aussie Helpers to assist drought affected communities and individuals and present them with this year's Order of the Outback Award.



*Image: Order of the Outback Ball, Gregory, June 2014.*

The provision of water infrastructure and cost recovery has been a focus for Council this past year. To this end Council has consulted with a wide range of stakeholders and formulated a rating plan that seeks to balance the cost of water provision against cost recovery via rates. Council has held several meetings regarding the new rating system and has met with individual community members to address specific concerns. Council is also encouraging residents and businesses to be proactive with their water usage and intends to lead by example following a thorough investigation of its own water usage patterns and infrastructure provision.

Council has continued to invest in housing for its staff. Several new houses have been constructed in Burketown and staff moved into them over the course of 2014. While Council was disappointed with the unfortunate closing of the Gregory Educational Facility further discussions with the Department have seen the teacher's accommodation and remaining infrastructure on the school grounds becoming Council property.

Just prior to the end of the reporting period, Council became aware of discrepancies in our financial records and funds. Council has in place several policies and procedures to provide "checks and balances" on all our activities however we also need to trust all parties to adhere to these processes. It is unfortunate that there has been an apparent breach of trust. At the time of writing

we are working with Government and the Police in order to take appropriate steps to recover funds and ensure those responsible are held accountable for their actions whilst

further strengthening our financial policies and procedures.

Despite this, Council remains in an enviable financial position. Going forward we are progressing the construction of a pontoon in the Albert River, further sealing of the Savannah Way, upgrading ablution and council depot facilities at Gregory and finalising the ILUA for Burketown.

This blot on our copybook right at the end of the reporting period should not overshadow the good work that Council – its indoor and outdoor staff – and Councillors are undertaking on behalf of the community. There is much to acknowledge and be proud of – the clean and green spaces in our communities, the ever increasing provision of bitumen and facilities in our communities, the strong spirit of volunteerism and involvement in events and the positive comments I hear from travellers, government and business representatives who have been to Burke Shire who all reflect on the above and compliment our communities and residents.

I would like to thank my fellow Councillors, Council staff and the residents of this Shire for your support and commitment to making this Shire a place we can continue to be proud to call home.

Ernie Camp

## Report from the Chief Executive Officer

I am pleased to present Council's Annual Report to the residents and ratepayers of the Burke Shire. The Annual Report of a Local Government has a number of content requirements. Foremost among these are reporting on Council's financial position; commenting on Council's progress in delivering the goals outlined in the Corporate and Operational Plans; and providing information to stakeholders on the activities of Councillors throughout the year. I am very pleased to present an unqualified set of Financial Statements; solid progress toward the implementation of Council's planning goals; and another busy year for Councillors!

Financial Year 2013-2014 was very much a transitional year for the Burke Shire Council. Many of our key planning documents reached their maturity, leading to the development of a range of new planning documents that will shape the future of Council operations over the next five years. In addition, many of the projects commenced in 2013-2014 will only begin to bear fruit in the years ahead. In what follows, I outline a number of these key developments before concluding with a brief insight into one of the more challenging episodes faced by Council in recent years.

The Burketown Indigenous Land Use Agreement: Council and others have long identified the shortage of available land for development in Burketown as an impediment to growth. Burke Shire Council and Gangalidda and Garawa Peoples are attempting to redress this issue through the negotiation of an Indigenous Land Use Agreement. The negotiation of this agreement progressed well during 2013-2014, though it will be in 2014-2015 that we see the signing of this agreement and the implementation of the opportunities it promises to deliver. Some of the more important of these include:

- Housing: provision of 70 new residential lots for development in Burketown;
- Rural Residential: creation of 15 rural residential 'lifestyle' blocks between the southern end of Burketown and the Albert River
- Light Industrial/Commercial Lots: open up 130ha of light industrial land for use by local businesses, new businesses etc.
- Development of tourism infrastructure: boardwalk and hot spring baths
- Creation of Indigenous freehold around Burketown: designed to encourage economic development opportunities for Traditional Owners, particularly as this relates to catering to the ever-increasing demands of drive tourism. Also designed to provide Traditional Owners with greater control over environmental conservation and rehabilitation activities in/around Burketown with a view to improving the overall aesthetic of the town and surrounds.

Legacy items: to ensure the requisite focus can be placed on the future management of road assets and road asset renewals, it has been essential for Council to acquit a backlog of flood damage and Roads to Recovery event/program funding. Like Councils all across Queensland, the year-to-year changes to funding and acquittal requirements have made compliance a difficult and incredibly resource intensive task. 2013-2014 marked Council's most successful year in clearing up this backlog. With ordered restored to the past, Council can now set about more effective long-term planning for the future of the Council's road asset infrastructure.

Improving administrative efficiency: to promote compliance and long-term operational efficiency, Council proceeded to transition Council's ICT system onto a cloud-based system and undertook a major records keeping project. The first project is designed to provide additional data security

and improve the functionality of computer services for staff. The second project recognises that a quality records management system is integral to the success of any organisation. In upgrading this core function, Council now has better capture, retention and disposal processes, making it better placed to provide evidence of actions and decisions; to make good use of precedents and of organisational experience; and to support consistency, continuity, efficiency and productivity in programme delivery, management and administration.

Major Infrastructure projects: as mentioned by Mayor Camp, Council pursued a number of major infrastructure investments and upgrades including the purchase of four x 3-bedroom houses in Burketown, the sealing of 10km of the Doomadgee West Road, commencing the construction of the Burke Shire Nijinda Durlga as well as the release of the tender documentation for the Burketown Wharf pontoon project. We are hopeful that these infrastructure upgrades and investments will improve the quality of lifestyle/tourist experience for all those who live in and visit the Shire.



*Image: Sealing work on the Doomadgee West Road.*

The most disappointing and disruptive event of the financial year came in the very last month of the reporting period: June 2014. This relates to the unsuccessful attempt by former Deputy CEO Fred Aquilin to defraud Council of \$1.038m. Council's internal controls identified the fraud in time to launch a successful Supreme Court Order to freeze Aquilin's bank account. Aquilin was subsequently arrested and awaits sentencing. Council anticipates the full recovery of the money in



early 2015. It has been immensely satisfying to see how positively Council officers have responded to the challenges presented by this incident.

Finally, I would like to thank all Councillors, managers, supervisors, staff and volunteers who continue to make such outstanding contributions to the Burke Shire and to the communities of Burketown and Gregory. It has been a busy year, a tough year, but ultimately, an incredibly successful year in overcoming a range of legacy items and establishing the planning frameworks required for Council to sustainably deliver quality services and quality infrastructure to all those who call the Burke Shire home.

Philip Keirle

## Community Financial Report

In accordance with Section 184 of the Local Government Regulation 2012, Council is required to include a Community Financial Report in its Annual Report. This report summarises the Council's financial performance and position for the reporting period 1 July 2013 to 30 June 2014.

The Community Financial Report is a brief 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 position of the year ended 30 June 2014. It aims to present this information in a less technical manner than in the Financial Statements in order to promote broader understanding of Council's financial position.

### Income Statement

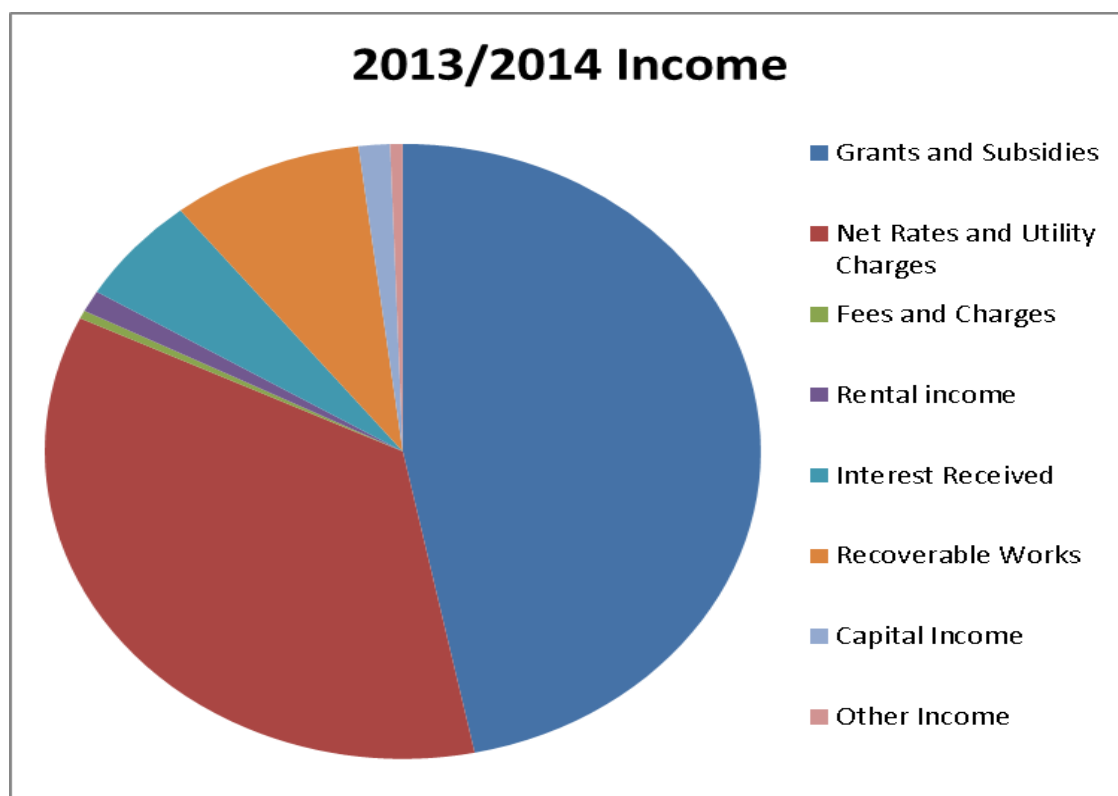
The Income Statement can be compared to the profit or loss of a private business. The Statement shows how much revenue (income) has been received during the year and how much it costs (expenses) to provide quality services and facilities to the community. The income and expenses are outlined in more detail on pages 10-12. The table below provides an overall snapshot of Council's income, expenses, assets, liabilities and equity.

Income		Assets	
Operating Revenue	\$6,960,980	Current Assets	\$17,566,579
Capital Revenue	\$3,667,252	Non-Current Assets	\$109,254,468
<b>Total Income</b>	<b>\$10,780,892</b>	<b>Total Assets</b>	<b>\$126,821,047</b>
Expenses		Liabilities	
<b>Total Expenses</b>	<b>\$11,997,206</b>	<b>Total Liabilities</b>	<b>\$2,627,442</b>
		Equity	
		Reserves	NA
		Retained Surplus	\$56,858,132
		Asset Revaluation Surplus	\$67,335,473

## Revenue – Where did the money come from?

Council received a total of \$10,780,892 in revenue and other income. The largest contribution came through Rates. Council also received funding for several Road Programs including Roads 2 Recovery (Infrastructure Australia), Flood Damage (National Disaster Relief and Recovery Arrangements), the Transport and Infrastructure Development Scheme (Main Roads) and our Road Maintenance Performance Contract (Main Roads).

Total revenue decreased by \$5,893,441 to \$10,780,892 as compared with 2012-2013. This is largely explained through reduced revenue flowing into the organisation for flood damage-related restoration works.



### Net Rates and Utility Charges

Rates payable by ratepayers include the levy for general rates, as well as charges for applicable services of water, sewerage and garbage. Net rates and utility charges for 2013/2014 were \$3,810,464. This represented an increase of \$101,279 over the net rates and utility charges for 2012/2013.

### Fees and Charges

Fees and charges collected in 2013/2014 totalled \$45,884. This constitutes less than 0.5% of Council revenue.. These fees and charges are for additional services requested from Council. The fees and charges are established to offset the costs of providing these services or to contribute to the cost of running and maintaining certain community facilities.

### Recoverable Works

From time to time Council is contracted to perform certain jobs. Some of these are minor

jobs which includes those items that the relatively small local-business base cannot feasibly undertake. It also includes more significant services for State departments including the Department of Transport and Main Roads. Council's revenue from recoverable works for 2013/2014 was \$936,030.

## **Grants and Subsidies**

Government grants and subsidies represent a significant portion of Burke Shire Council's total income. Grants and subsidies flow to Council from various entities, including the State and Federal Governments. These include community, special project, and infrastructure-based funding. For the year ended 30 June 2014, revenue sourced from grants, subsidies, contributions and donations totalled \$5,043,598.

## **Interest Income**

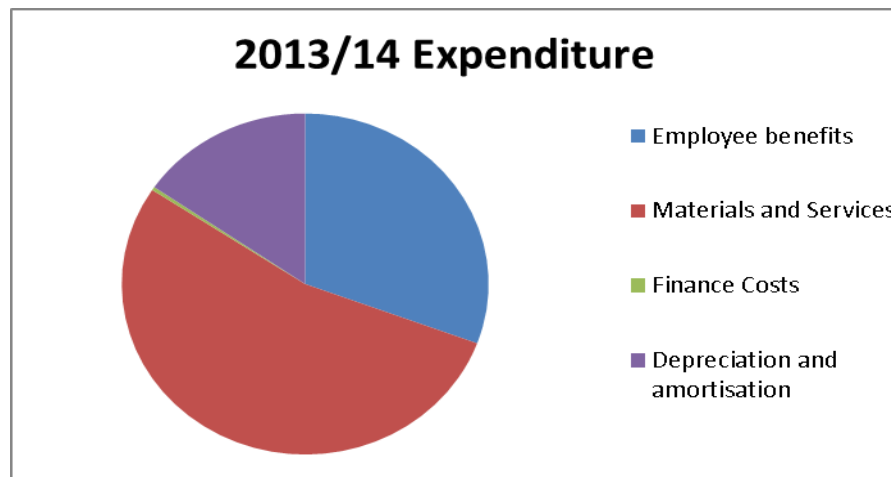
Burke Shire Council received \$609,118 in interest in the 2013/2014 financial year. This compared to \$709,928 in interest in the previous financial year.



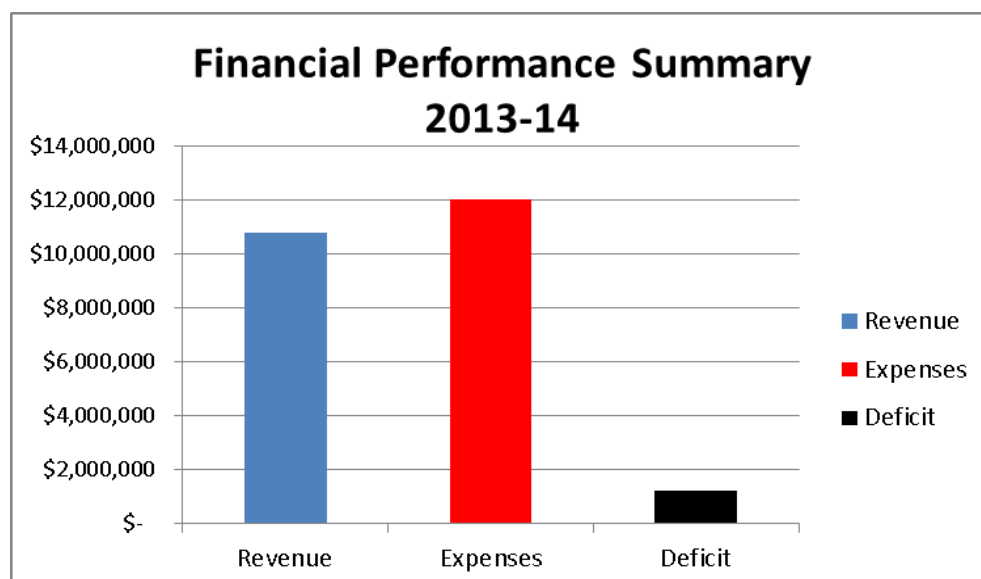
## Expenditure – Where was the money spent?

Council's total expenditure for 2013/2014 was \$11,997,206 as compared with \$9,204,478 in 2012/2013, a marked difference explained by flood damage restoration work. The primary expenses were:

- Employee benefits total amount of \$3,677,918 consisting of staff wages and salaries, Councillor's remuneration, leave entitlements and superannuation.
- Material and services total amount of \$6,436,103 consisting of advertising \$6,374; audits \$72,071; IT and communications \$145,851; consultants \$223,078; donations \$41,294; repairs and maintenance \$1,017,258; operating expenses \$736,186; recoverable works \$545,592; Flood Damage \$2,483,339; subscriptions and registrations \$126,182. During June 2014 Burke Shire Council was defrauded of approximately \$1,038,879. The total value of the fraud has been recognised as an expense in the 2014 financial statements. The matter is currently before the courts. Council are currently negotiating to have the \$1,038,879 returned and are hopeful of receiving an additional sum to cover interest forgone and other costs incurred as part of the fraud investigation.
- Depreciation and amortisation expenses \$1,844,546.
- Finance costs \$36,639.

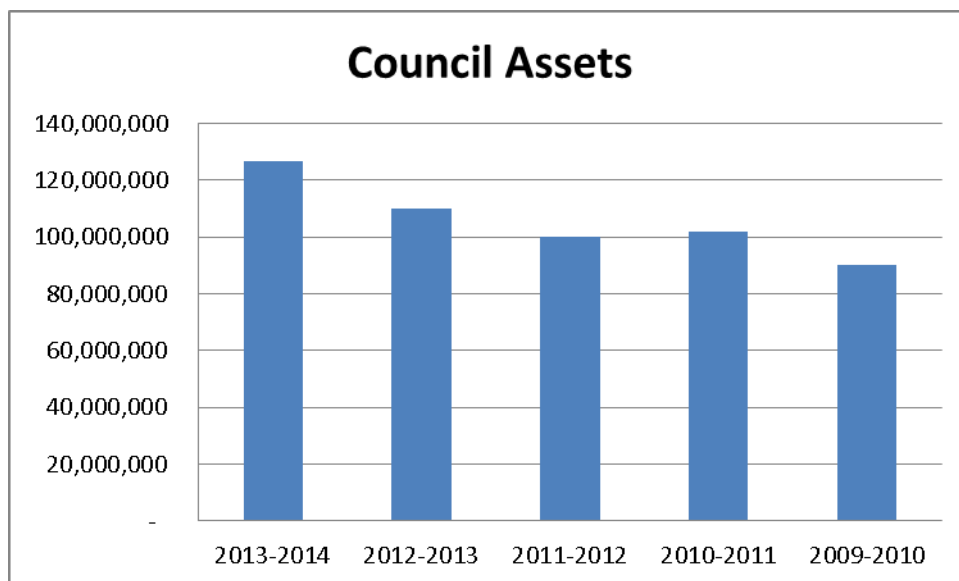
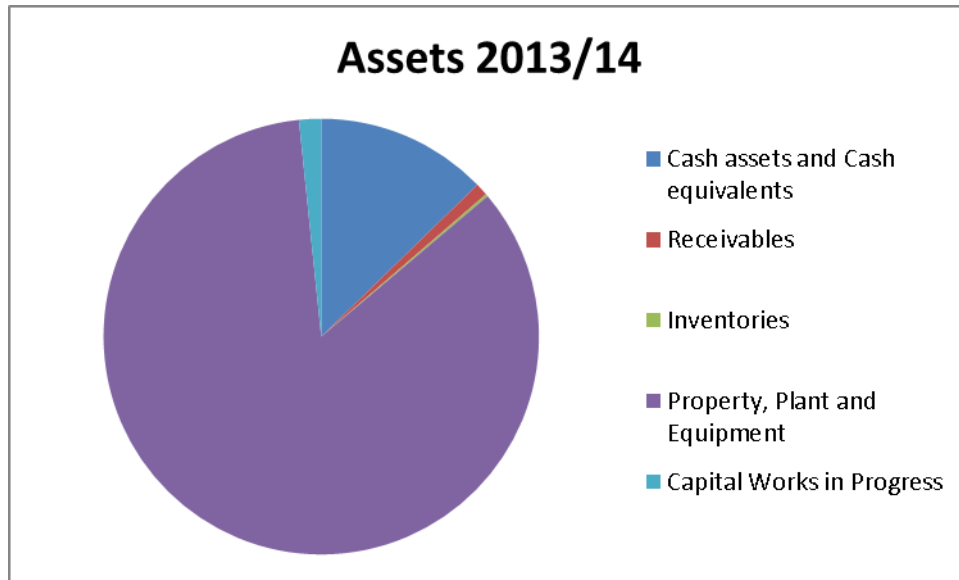


The difference between the revenue and the expenses represents a deficit. For 2013-2014, the deficit was (\$1,216,314). This is represented in the Financial Performance Summary below.



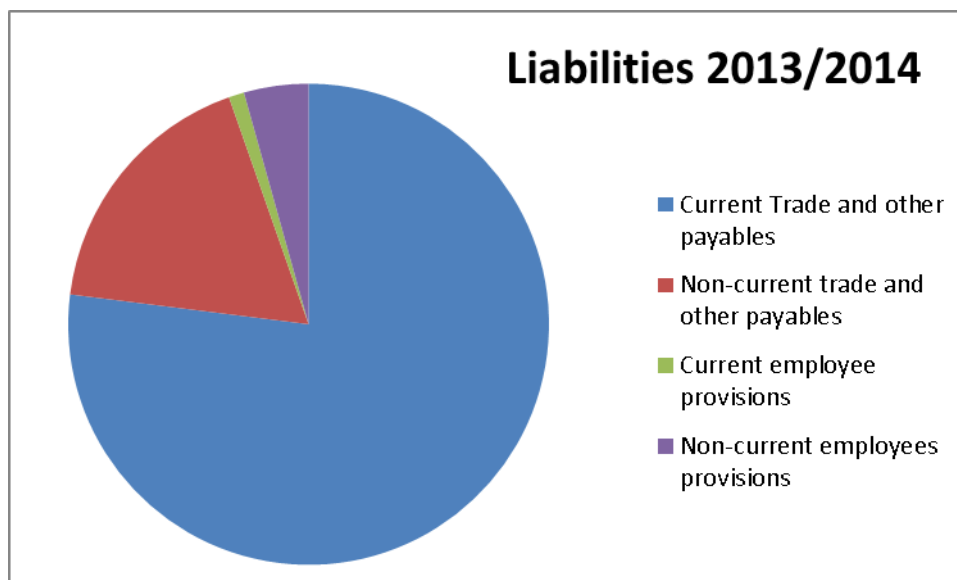
## Assets – What do we own?

As at 30 June 2014, Council held \$126,821,047 in current and non current assets. Current assets decreased by \$5,346,457 while non current assets increased by \$22,283,591 from the previous financial year.



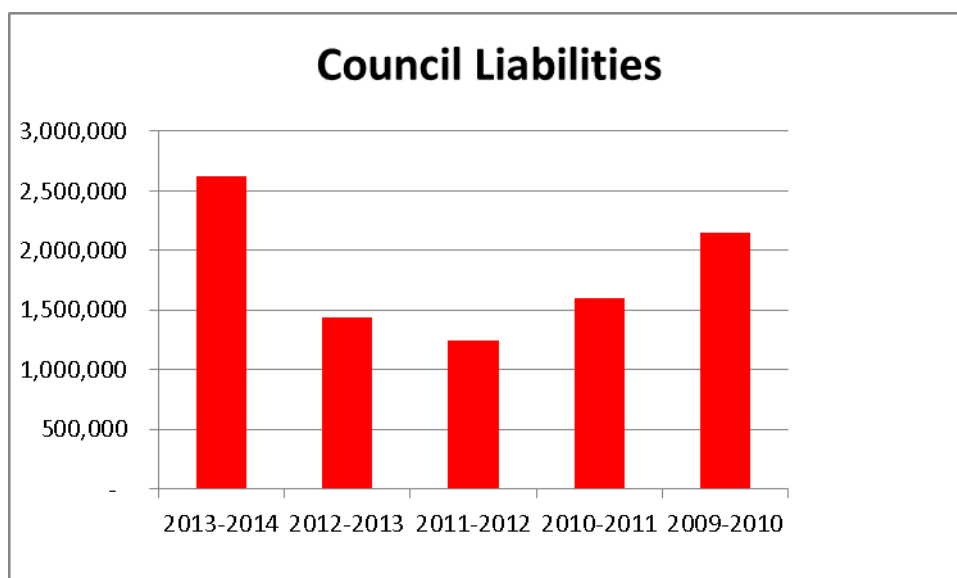
## Liability – What do we owe?

As at 30 June 2014, Council had liabilities of \$2,627,442 comprised of provisions for employee entitlements as well as amounts owed to suppliers.

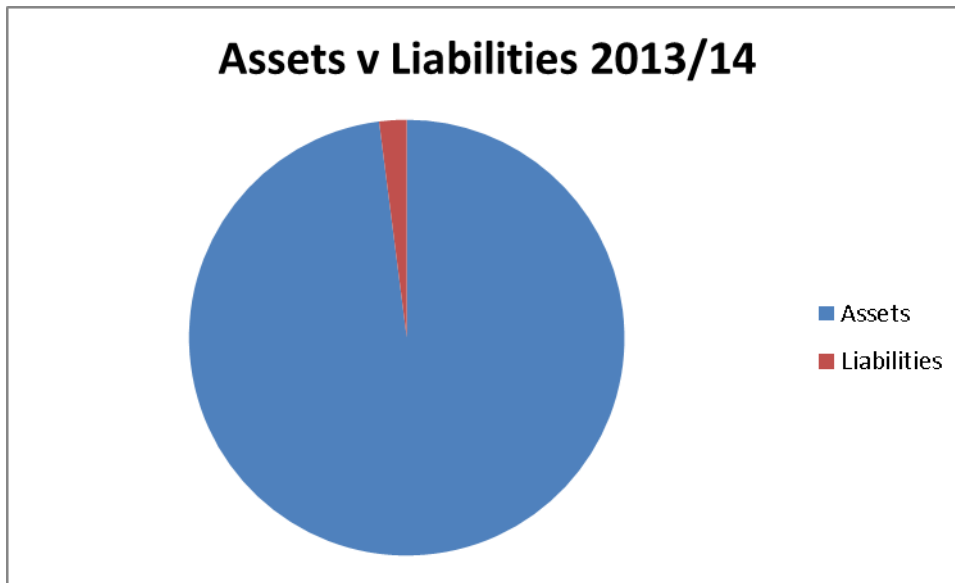


### COUNCIL LIABILITIES CONTINUED

While Council liabilities increased in 2013-2014, the ability of Council to cover liabilities remains strong. The relationship between Council's assets and liabilities is detailed in the charts that follow (pp. 15-16).



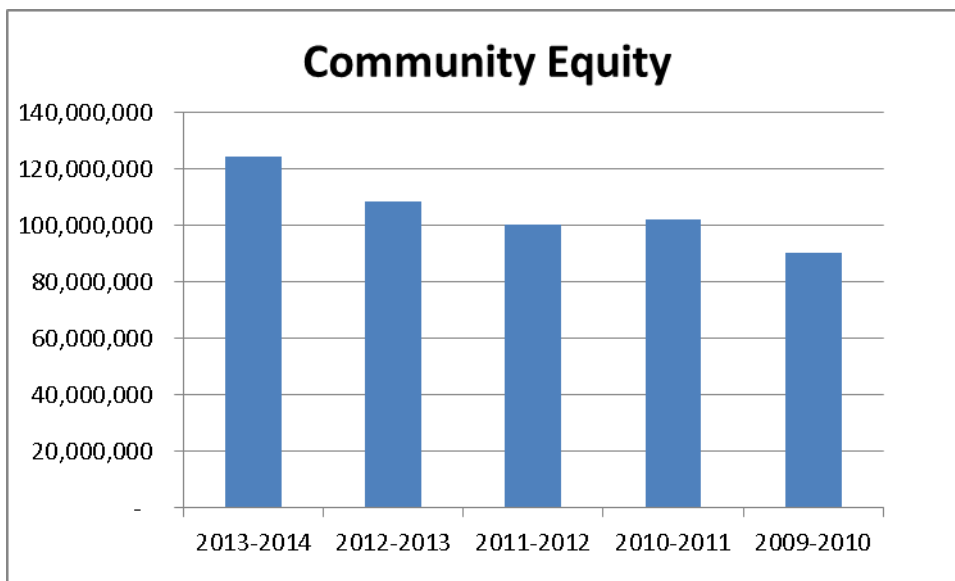
## TOTAL ASSETS VS TOTAL LIABILITIES



## 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 2014. It shows a summary of our asset value (\$) – liabilities (\$) = Community Equity (\$).

Burke Shire Council's equity as at 30 June 2014 was \$124,193,605, representing a \$15,749,934 increase from 2012-2013.





## Capital Works Program

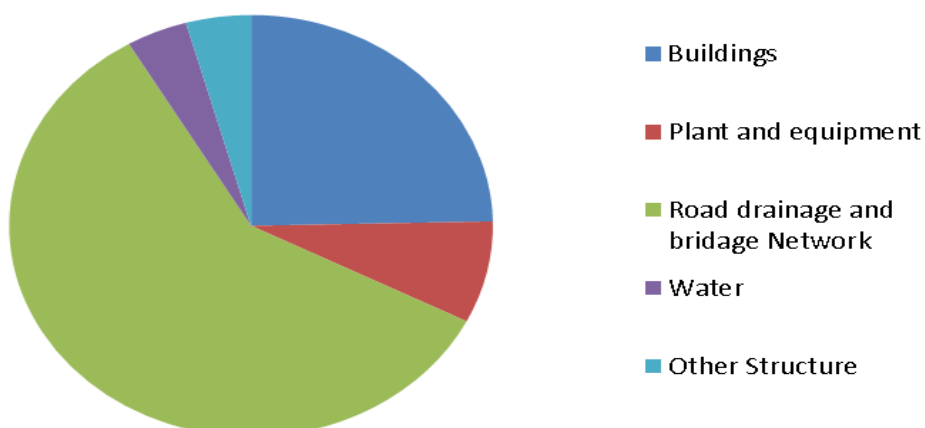
Council capitalised numerous assets during the 2013-2014 Financial Year. This included asset projects with a lifespan across multiple financial years.

\$4,814,826 was spent on road and drainage works, \$2,010,824 was spent on Council's Building programme and a further \$637,351 was spent on plant and equipment, while \$332,754 was spent on Utilities upgrades.



*Image:* Doomadgee West Road

### Assets capitalised during 2013-2014



## What Have We Achieved

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
	\$	\$	\$	\$	\$
Total Operating Income	6,960,980	16,318,134	16,695,311	30,538,188	8,986,429
Total Operating Expenses	11,997,206	9,204,478	23,404,077	15,250,702	8,972,834
Asset Purchases	8,149,969	2,638,309	2,525,652	6,080,328	5,585,098
Total Loan Value (Book)	0.00	0.00	0.00	0.00	0.00
Revenue Ratio*	55%	23%	21.13%	9.97%	32.65%
Council Assets	\$126,821,047	\$109,883,913	102,237,123	104,887,821	92,153,043
Council Liabilities	2,627,442	\$1,440,242	1,263,308	1,676,256	2,195,595
Council's Net Value	\$124,193,605	108,443,671	100,973,816	103,211,565	89,957,448

\* Council's dependence on net rates and utility charges as a percentage of total operating income received.

## Measures of Council's Financial Sustainability

The audited financial statements that support this Community Financial Report indicate that the Council has finished the 2013 - 2014 financial year in a strong financial position. Council concluded the year with sufficient funding to cover its present and future obligations. Revenue for the year ended 30 June 2013 -14 was lower than the previous financial year and expenses were higher than the previous year. However, Council's asset base increased by \$15,749,934. Net Community equity has continued to grow. Burke Shire Council will continue its commitment to sound financial management through long-term financial planning to ensure the success and stability of the Shire.

	Council's Calculated Ratio	
Indicator	2013/2014	Target
Asset sustainability ratio	284%	Greater than 90%
Operating surplus ratio	-72%	Between 0 and 10%
Net financial liabilities ratio	-215%*	Not greater than 60%

\* 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.

# 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 Saturday 28<sup>th</sup> April 2012.



## Councillor Profiles

### MAYOR

Councillor Ernie Camp



Cr Ernie Camp was elected Mayor at the 2012 elections has been involved in Local Government for 16years and Deputy Mayor for the previous two terms. He is a director on an agri-political body - Australian Beef Association. He is also a member of Agforce (a Qld based agri-political body) and Western Gulf Branch rep at Agforce meetings, a member of the Gregory Downs Jockey Club and has been race starter for many years, a Burketown P&C Member, a member of Isolated Children's Parents Association and a member of the Gregory Downs Sporting Association.

Ernie also represents Council (and Agforce) on the NW Qld Regional Water Supply Strategy Committee and as a board member on the Riversleigh Community Scientific Advisory committee (RCSAC). Ernie is the chair of Gulf Savannah Development.

### DEPUTY MAYOR

Councillor Paul Poole



Cr Paul Poole was elected as a Councillor at the 2012 elections and elected as Deputy Mayor at the Statutory Meeting of Council. He has been a resident of Burke Shire for a period of 23 years.

His 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. She is also involved in various community organisations including the Burketown Rodeo & Sporting Assoc, Volunteer Marine Rescue, Burketown Fishing Club, Burketown Kindergarten Association and the Burketown State School P & C.

### Councillor Tracy Forshaw



Cr Tracy Forshaw lives at Gregory and was first elected in 2008. She is now classed as a local as Tracy has lived in the gulf region for over 20 years. Cr Tracy is an active member of many community groups including the Gregory QCWA, SES, Rural Fire Brigade, Gregory Downs Jockey Club, Gregory District Sporting Assoc. as well as the local Gregory River Landcare Group and the Gregory Downs School P&C. Her commitment to rural health has Tracy overseeing the local RFDS and North West Primary Health Care needs in Gregory, as well advocating the health needs of Burke Shire to anyone that will listen. Tracy and her husband, Ian, run an earthmoving, quarry and concrete business in Gregory which employs up 16 people. In 2007 Tracy was Citizen of the Year for Burke Shire.

### Councillor Zach Duff



Cr Zach Duff was elected as a Councillor at the 2012 elections. Cr Duff manages Armraynald Station and has lived in Burke Shire since 2006. He is involved with the Rodeo and Campdraft Committee and has been President for the last 5 years. He is also a member of the Volunteer Marine Rescue. His interests include campdrafting, fishing and reading. Cr Duff sought election to Council to become a member of a team that is focused on improving infrastructure such as roads, communication and housing.



## **Statutory Requirements**

The following information includes the legislative disclosure requirements of the Local Government Act 2009 and related regulations for the 2012-2013 Annual Report.

### ***Local Government Act 2009***

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.

Three senior contract employees with a total remuneration package in the range of \$100,000

One senior contract employee with a total remuneration package in the range of \$200,000

### ***Local Government Regulation 2012***

#### **s183 Financial Statements**

Section 183 of the Local Government Regulation 2012 requires Council's Annual Report to contain:

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

Refer to Annexure A of this Annual Report for the Financial Statements.

#### **s184 Community Financial Report**

Section 184 of the Local Government Regulation 2012 requires Council to include a Community Financial Report as part of the Annual Report. This can be found at pages 9-17 of this report.

#### **s185 Particular Resolutions**

Section 185 of the Local Government Regulation 2012 requires Council's Annual report to contain a copy of the resolutions made during the financial year under (a) Section 250(1) Requirement to Adopt Expenses Reimbursement Policy or Amendment, and a list of any resolutions made during the financial year under (b) Section 206(2) Valuation of Non-current Physical Assets.

**(a) Expenses Reimbursement Policy**

The Reimbursement of Expenses Policy (GOV-POL-004) establishes the guidelines to ensure that Councillors receive reimbursement of reasonable expenses and are provided with the necessary facilities to assist them in performing their role.

The policy can be found on the council's website and outlines the entitlements of Councillors in their role such as training, travel costs, meals and use of Council facilities. During the period, Council incurred costs of \$5,671 for such expenses. This includes all reasonable expenses incurred in attending approved meetings, conferences, seminars, workshops, inspections and the like by Councillors.

In 2013-2014, there were no resolutions to amend the Expenses and Reimbursement Policy (GOV-POL-004).

**(b) Valuation of non-current physical assets**

Pursuant to section 185 of the Local Government Regulation 2012, it is reported that no resolutions were passed under section 206(2) of the Regulation. This provision deals with any resolutions passed that "sets an amount for each different type of non-current asset below which the value of an asset of the same type must be treated as an expense."

## ss186-188 Councillors

### s186 (a) Councillor Remuneration; (b), Expenses; and (c) Meetings Attended

Under Section 186 of the Local Government Regulation 2012, Council is required to report on details relating to “the total remuneration, including superannuation contributions, paid to each Councillor during the financial year (section 186a),” “the expenses incurred by, and the facilities provided to, each Councillor during the financial year under Council’s Expenses Reimbursement Policy (section 186b); and “the number of local government meetings that each Councillor attended during the financial year (section 186c).” This information is provided in the tables below.

#### Remuneration, including superannuation contributions, paid to councillors

Councillor remuneration and meeting attendance – 1 July 2013 to 30 June 2014:

Councillor	Ordinary Meeting Attendance	Special Meeting Attendance	Expenses	Remuneration (including Superannuation)
Cr Camp	12	4	\$1,436.00	\$73,803
Cr Poole	11	4	\$67.00	\$31,630
Cr Forshaw	10	3	\$4,168.00	\$22,492
Cr Duff	10	3	\$0.00	\$22,492
Cr Murray	12	4	\$0.00	\$22,492

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. Council resolved to adopt the Tribunal’s recommendations at its Council Meeting on Thursday 17<sup>th</sup> January 2013:

#### 09.01.02 Adoption of Councillor Remuneration Schedule

That Council adopt the Councillor Remuneration Schedule as determined by the Local Government Remuneration and Discipline Tribunal for the 2013-2014 financial year:

##### Category One Council

	Remuneration
Mayor	\$73,803
Deputy Mayor	\$31,630
Councillors	\$22,492

Moved: Cr Forshaw

Seconded: Cr Murray

Carried 09.130117

4/0

FILE NO: BCS/G/C/CA

## s186(b) Facilities provided to Councillors under the Expense Reimbursement Policy

Section 186(b) of the Local Government Regulation 2012, requires Council to provide particulars of the facilities provided to each of its Councillors under the Expense Reimbursement Policy during the year. These are detailed in the table on the following page.

2013-2014 Facilities provided to Councillors						
Councillor	Laptop/i Pad	Mobile Phone	Vehicle & Fuel	Secretarial Assistance	Expenses Conference & Workshops	Travel/ Accommodation
Cr Ernie Camp	✓	✓	✓	✓	✓	
Cr Zach Duff	✓			✓		
Cr Tracy Forshaw	✓			✓		
Cr Tonya Murray	✓			✓		
Cr Paul Poole				✓		



### s186(d) Code of Conduct, Complaints and Breaches

In accordance with section 186(d) of the Local Government Regulation 2012, the following table details any disciplinary action for misconduct taken by a regional conduct review panel:

Description	Number
The total number of orders and recommendations made under section 180(2) or (4) of the Act	Nil
The total number of orders made under section 181 of the Act	Nil
The 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	Nil
A description of the misconduct or inappropriate conduct engaged in by each of the Councillors	Nil
A summary of the order or recommendation made for each Councillor	Nil
The number of complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act	Nil
The number of complaints referred to the department's Chief Executive Officer under section 176C(3)(a)(i) of the Act	Nil
The number of complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	Nil
The number of complaints referred to the department's Chief Executive Officer under the section 176C(4)(a) of the Act	Nil
The number of complaints assessed by the Chief Executive Officer as being about official misconduct	Nil
The number of complaints heard by a regional conduct review panel	Nil
The number of complaints heard by a tribunal	Nil
The number of complaints to which section 176C(6) of the Act applied	Nil

### s187 Administration Action Complaints

In accordance with section 187 of the *Local Government Regulation 2012*, Council makes a genuine commitment to dealing fairly with administration action complaints. This is achieved through the adoption of policies and procedures designed to provide confidence in Council's ability to provide feedback and deal with complaints in a fair and equitable manner. The following particulars are provided:

Description	Number
Total number of administrative action complaints made to the local government	Nil
Total number of administrative action complaints resolved by the local government under the complaints management process	Nil
Total number of administrative action complaints not resolved by the local government under the complaints and management process	Nil
Total number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year	Nil

### s188 Overseas Travel undertaken by Councillors or Employees

In accordance with section 188 of the *Local Government Regulations 2012*, the following information is provided concerning **overseas travel**:

Description	Number
The name of a councillor who undertook overseas travel	Nil
The name of, and position held by, a local government employee who undertook overseas travel	Nil
The destination of the overseas travel	Nil
The purpose of the overseas travel	Nil
The cost of the overseas travel	Nil

## **s189 Grants to Community Organisations**

Council provided a number of grants and contributions to community organisations to the value of \$41,294.

The following grants/donations were made during the period 1 July 2013 to 30 June 2014 –

Description	Amount \$
Gregory Downs Landcare Group	2,400
Gregory District Sporting Association	12,280
North West Canoe Club	1,000
Q.C.W.A Gregory Branch	1,000
Gregory Downs Jockey Club Incorporated	5,000
Burketown Blue Light Association	7,000
Burketown Barramundi Fishing Organisation	5,000
Burketown Kindergarten Ass INC	3,100
Gregory Educational Facility	3,150
Local Community Groups	1,364
	\$41,294

## **s190 Other Contents required in an Annual Report**

### **s190(1)(a)&(b) Assessment of Corporate and Operational Plans**

The Annual Report must contain the CEO's assessment of the local government's progress toward implementing its 5-year Corporate Plan and annual Operational Plan. Providing commentary on the latter is a relatively easy task. The difficulties of assessing the former are briefly described below.

Corporate Plan: The difficulty stems from the fact that the Regulation requiring an assessment of the Corporate Plan 2010-2015 (Local Government Regulation 2012) is different to the Regulation in place at the time of the drafting of the Corporate Plan 2010-2015 (the Local Government Finance Standard 2005). This is important because the old regulation required different content to that required under the new regulation.

One particularly important difference is that the new regulation requires Local Governments to "state the performance indicators for measuring the local government's progress in achieving its vision for the future of the local government area." Why is this important? It is important because, in the absence of a requirement to generate metrics for monitoring performance, it is often the

case that we do not define our objectives as clearly as we should. Such was the case with Council's 2010-2015 Corporate Plan. Given the incompatibility of this Corporate Plan with the requirements of the modern regulations, the Plan was retired a year early and a new one adopted. Council's new Corporate Plan outlines a set of mid-level and high-level KPIs to monitor annually, as well as details on key infrastructure projects and other initiatives it seeks to deliver between 2014 and 2019.

Council's 2013-2014 Operational Plan is a milestone-based document that outlines the expectations that different departments will deliver throughout the course of the year. The main achievements and challenges of each of these departments are outlined below.

## **FINANCE**

The major challenge for the finance department, in association with Works and Services, was to solve a number of legacy items related to the acquittal of large amounts of funding through the National Disaster Relief and Recovery Arrangements (flood damage) and the Roads to Recovery program run by the federal Department of Infrastructure and Regional Development. Given many of Council's funding is combined into single projects – i.e. money from multiple funding sources will be used in the upgrading of a particular Council road – the acquittal of funding requires great diligence, particularly when acquittal requirements change on an annual basis. If this report had been written on 1 July 2014, the only comment to make would be that 'there is a long way to go.' However, the detective work commenced in 2013-2014 has paid dividends in 2014-2015, with the last of the roads-program legacy items now solved.

As noted in the Mayoral Report, irregular financial activity was detected in the final month of the financial year (in June 2014). Subsequent investigations revealed that former Deputy CEO Fred Aquilin had attempted to defraud Council to the tune of \$1.038m. The fraud was detected through standard internal checks and money in Aquilin's bank account frozen through a Supreme Court order. Council anticipates the return of this money in early 2015.

## **ADMINISTRATION**

Apart from all the usual business of delivering quality customer service, managing the swimming pool and library, organising Council meetings, reviewing policies, managing community facilities and maintaining the website, the Administration team was tasked with developing and delivering two major project between 2013-2014 and 2014-2015. These projects were, firstly, the transition of Council's ICT system onto a cloud-based system; and secondly, the completion of a major records keeping project.

The first was designed to provide additional data security and improve the functionality of computer services for staff (particularly at the Management and Councillor level, where remote access is crucial). This project was developed during 2013-2014 and has since been delivered in 2014-2015. Congratulations to Jenny Williams for bringing this project to its fruition.

The second was designed to improve Council's records keeping practices. A quality records management system is integral to the success of any organisation. Burke Shire is dependent on the availability of accurate and reliable records for the effective and efficient conduct of its business. Recognising shortcomings in its records management processes, Council completed a major

overhaul of this core business function during 2013-2014, which included the development of new business processes for keeping and maintaining records, the authorised destruction of obsolete records and training for staff in records keeping responsibilities. These changes, which will be fully delivered in 2014-2015, will ensure Council is better placed to provide evidence of actions and decisions; to make good use of precedents and of organisational experience; and to support consistency, continuity, efficiency and productivity in programme delivery, management and administration.

## **DEVELOPMENT**

As with many other areas of Council operations, Council activities in 2013-2014 were designed to establish the potential to deliver on a wide range of development opportunities in 2014-2015 and beyond. So, while Council continued to manage the Town Planning and Development Application process, promote the town through various advertising and event initiatives and promote economic development through a combination of the above, the most important developments taking place in 2013-2014 were in relation to the Burketown ILUA.

Through various land tenure changes, the Burketown ILUA reached in-principle negotiator agreement by the end of 2013-2014 with a view to delivering the following outcomes:

- 1) Housing:
  - a. Provide 70 new residential lots for development in Burketown;
  - b. Increase the availability and type of accommodation options available to all residents, either through freeholding or rental arrangements
- 2) Rural Residential:
  - a. Creation of 15 rural residential 'lifestyle' blocks between the southern end of Burketown and the Albert River
- 3) Light Industrial/Commercial Lots:
  - a. Provide 130ha of light industrial land for use by new businesses, local businesses and transport operators.
- 4) Development of boardwalk and hot spring baths
  - a. The ILUA provides for the creation of a 'green strip' around Burketown to increase liveability as well as the tourist experience of Burketown. This will incorporate the installation and establishment of boardwalk, shelter and barbeque sites;
  - b. It will also see Council and Traditional Owners (as well as QUT) work together to re-establish the Burketown mineral baths, incorporating this development as one component of the boardwalk/green strip project.
- 5) Creation of Indigenous freehold around Burketown:
  - a. Designed to encourage economic development for Traditional Owners, particularly as this relates to catering to the ever-increasing demand of drive tourists.
  - b. Designed to provide Traditional Owners with greater control over environmental conservation and rehabilitation activities in/around Burketown with a view to expanding the already successful Land & Sea Ranger program and overall aesthetic of the town and surrounds.

## ENGINEERING SERVICES

2013-2014 was a transitional year in the Works and Services Department as well. As indicated in the report on the Finance Department, one of the major objectives of the year was to reconcile and acquit historical funding and expenditure related to flood damage and Roads to Recovery works. Under Works Manager Chris Rohan, Council also improved its performance in the management of our RMPC contract with the Department of Transport and Main Roads.



*Image: sealing works on Doomadgee West Road.*

While there were no major movements in relation to aerodromes, wharves and boat ramps during 2013-2014, plenty of preparation went into preparing project plans and tenders for works to be commenced in 2014-2015. This included project planning into the development of a new airport terminal in Burketown and the potential realignment of the Burketown airstrip, a project which has since been de-prioritised. The single biggest development in this area will come with the staged installation of the long-awaited Burketown pontoon. At the time of writing, stage 1 (installation of pontoon piles) has been completed, with an anticipated projection completion date of May 2015.



Plant and equipment levels were maintained and improved to adequately meet the requirements of Council through the evaluation of life cycle and depreciation models, evaluation of plant replacement guidelines and maximising funds available for plant replacement.

## **ENVIRONMENTAL SERVICES**

The environmental accountability of Council operations was facilitated by the improvement of annual enforcement and control procedures, the use of suitably qualified environmental health consultants on a regular basis to maintain a high standard of community health, the evaluation of pest control procedures, the provision of adequate training for staff entrusted with the control of pests and the continued implementation of Council's Pest Management plan, the protection and preservation of grave sites and cemetery surrounds by regular maintenance, detailed grave identification and the location and construction of appropriate interpretive facilities at the cemetery locations.

## **COMMUNITY AND CULTURAL**

The Shire's jam-packed Event calendar had one new addition in 2013, with the first ever Burketown Bloc Party held in September 2013. We witnessed the return of the Order of the Outback Ball in June of 2014 and planning was well underway for the delivery of the Shire's largest ever festival in September 2014: the Morning Glory Festival. All events met with general acclaim and will continue to feature on Council's calendar of events for years to come. Congratulations to those innovative souls who developed these ideas into wonderful events for the Burke Shire community.



*Image: Getting ready for the Burketown Bloc Party, October 2013*



As indicated in the Community Financial Report, Council continued to support the myriad events and activities run by a wide variety of organisations within the Council. This includes the Gregory and Burketown Campdrafts and Rodeos, the Gregory Canoe Race and May-Day races. Thank you to all of the other sponsors in the Shire who continue to support these wonderful events.

## **REFUSE MANAGEMENT**

Council's commitment to improving landfill management practices was most clearly evidenced through planning in 2013-2014, with a number of key developments pending in 2014-2015. In relation to the Burketown Landfill, planning commenced for the removal of scrap metal and waste tyres. The ability to manage the Burketown landfill site through operations and rehabilitation will be improved by the pending transition of this land to Council as freehold, the most suitable tenure for this type of activity.

Similar plans are shaping up for Gregory, although the necessary land tenure changes for this site are not anticipated to proceed until the 2015-2016 financial year.

## **SEWERAGE & WATER UTILITY**

Planning commenced for the redesign of the Burketown Sewerage Treatment Plant during 2013-2014. The aim here will be to generate operational efficiencies at the same time as Council actively reduces any inflationary pressures on the delivery of this crucial service. This will be achieved through removing as many moveable parts (which require frequent maintenance and repair) from the treatment process as possible, while installing additional treatment ponds to ensure the quality of the treatment process is not compromised. Council hopes that these ponds will also be capable of use for irrigating sporting and recreational ovals in Burketown.

Water services improved in both Burketown and Gregory during 2013-2014. In Burketown, the water treatment system was replaced with an innovative new system that takes salt, rather than chlorine as the key system input. While the salt is still processed to produce the chlorine used in the treatment process, the cost, availability and storage requirements of salt will make this a value for money investment. The installation of this system was co-funded by the Department of Local Government, Community Recovery and Resilience.

Improved efficiency of operations in Gregory were primarily achieved through significant repairs to the plumbing systems in the Bidungu Aboriginal Reserve. Thank you to Bidungu leaders and Bynoe for their actions in this area.

## **s190(1c) Significant Business Activities and Commercial Business Units**

Council had no significant business activities or beneficial enterprises during the 2013-2014 financial year.

### **s190(1d) Joint government activity and levying of special rates**

Council engaged in no “joint government activity” during 2013-2014 nor did Council levy special rates or charges for the 2012-2013 financial year.

### **s190(1e) The number of invitations to change tenders under s228(7)**

There were no invitations to change tenders during 2013-2014.

### **s190(1f) Registers Open to the Public**

- Registers of Members Interests
- Register of Roads
- Register of General Charges and Regulatory Fees
- Register of Delegations by Council to Chief Executive Officer
- Register of Sub-Delegations from CEO to Council Officers and Authorised Officers
- Register of Policies
- Cemetery Register
- Impounding Register

### **s190(1g) Summary of all concessions for rate and charges**

The following resolution was passed by Council in relation to concessions for rates and charges:

09.04 Budget Adoption – Pensioner Discount on Rates 2013/14

That in accordance with Chapter 4, Part 10, section 119 and 120 of *the Local Government Regulation 2012*, a maximum of 20% off general rates and utility charges may be granted to eligible pensioners. This amount is in addition to the remission granted by the State Government Pensioner Rate Subsidy Scheme.

Moved: Cr Duff

Seconded: Cr Camp

Carried 21. 130618 3/0 FILE NO: BCS/FM/B/2013-14

### **s190(1h) Internal Audit Function**

Council established an Internal Audit Committee in June 2013. The Queensland Audit Office and Council's internal auditors help to identify the set of risks that the Internal Audit Committee should assess throughout the year. These items are outlined in Council's Internal Audit Plan. Items that Council continues to focus on include improvements in reconciliation processes, Asset Management, Governance and Financial Planning/Policies/Procedures.

### **s190(1i) Summary of investigation notices**

Not applicable

### **s190(1j) Responses to QCA's recommendations on competitive neutrality**

Not applicable

## 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. Council's measures of financial sustainability have been defined in the legislation and are outlined in the table on page 18 of this report.

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 (the 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 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 a number of policies to support the management of Council's 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 (2012-2013) and Long-Term Financial Sustainability Statement.

## **APPENDIX A**

### ***Financial Statements 2013-2014 & Long-Term Financial Sustainability Statement***

**Burke Shire Council  
Financial Statements**

**for the year ended 30 June 2014**





# Burke Shire Council

## Financial statements

### For the year ended 30 June 2014

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Certificate of Accuracy

**Burke Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	3,810,464	3,709,185
Fees and charges	3(b)	45,884	117,526
Rental income	3(c)	122,216	125,489
Interest received	3(d)	609,118	709,928
Sales revenue	3(e)	936,030	2,257,147
Other income	3(f)	60,922	46,842
Grants, subsidies, contributions and donations	4(a)	1,376,346	9,352,018
		<u>6,960,980</u>	<u>16,318,134</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	3,667,252	232,805
<b>Total revenue</b>		<u>10,628,232</u>	<u>16,550,939</u>
<b>Capital income</b>	5	152,660	123,394
<b>Total income</b>		<u>10,780,892</u>	<u>16,674,333</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(3,677,918)	(3,234,021)
Materials and services	7	(6,436,103)	(3,946,811)
Finance costs	8	(38,639)	(21,854)
Depreciation and amortisation	9	(1,844,546)	(2,001,792)
		<u>(11,997,206)</u>	<u>(9,204,478)</u>
<b>Capital expenses</b>			
<b>Total expenses</b>		<u>(11,997,206)</u>	<u>(9,204,478)</u>
<b>Net result</b>		<u>(1,216,314)</u>	<u>7,469,855</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	17	16,966,249	
<b>Total other comprehensive income for the year</b>		<u>16,966,249</u>	<u></u>
<b>Total comprehensive income for the year</b>		<u>15,749,935</u>	<u>7,469,855</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 2014

	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	10	16,144,278	19,780,368
Trade and other receivables	11	1,184,680	3,049,356
Inventories	12	<u>237,621</u>	<u>83,313</u>
<b>Total current assets</b>		<u>17,566,579</u>	<u>22,913,036</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	<u>109,254,468</u>	<u>86,970,877</u>
<b>Total non-current assets</b>		<u>109,254,468</u>	<u>86,970,877</u>
<b>Total assets</b>		<u>126,821,047</u>	<u>109,883,913</u>
<b>Current liabilities</b>			
Trade and other payables	15	2,022,650	845,280
Provisions	16	<u>27,255</u>	<u>-</u>
<b>Total current liabilities</b>		<u>2,049,904</u>	<u>845,280</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	-	-
Provisions	16	<u>577,537</u>	<u>594,962</u>
<b>Total non-current liabilities</b>		<u>577,537</u>	<u>594,962</u>
<b>Total liabilities</b>		<u>2,627,442</u>	<u>1,440,242</u>
<b>Net community assets</b>		<u>124,193,605</u>	<u>108,443,671</u>
<b>Community equity</b>			
Asset revaluation surplus	17	67,335,473	50,369,224
Retained surplus	18	56,858,132	58,074,447
Reserves	19	<u>-</u>	<u>-</u>
<b>Total community equity</b>		<u>124,193,605</u>	<u>108,443,671</u>

**Burke Shire Council**  
**Statement of Changes in Equity**  
For the year ended 30 June 2014

		Asset revaluation surplus	Retained Surplus	Reserves	Total
		17	18	19	
		\$	\$	\$	\$
<b>Balance as at 1 July 2013</b>		50,369,224	58,074,447	-	108,443,671
Net result			(1,216,314)		(1,216,314)
Other comprehensive income for the year					
Increase / (decrease) in asset revaluation surplus	17	16,966,249	-		16,966,249
<b>Total comprehensive income for the year</b>		16,966,249	(1,216,314)	-	15,749,935
<b>Balance as at 30 June 2014</b>		67,335,473	56,858,132	-	124,193,605
<b>Balance as at 1 July 2012</b>		50,369,224	43,900,465	6,704,127	100,973,816
Net result		-	7,469,855	-	7,469,855
<b>Total comprehensive income for the year</b>		-	7,469,855	-	7,469,855
<b>Transfers to and from reserves</b>					
Transfers from reserves	19	-	6,704,127	(6,704,127)	-
Total transfers to and from reserves		-	6,704,127	(6,704,127)	-
<b>Balance as at 30 June 2013</b>		50,369,224	58,074,447	-	108,443,671

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

**Burke Shire Council**  
**Statement of Cash Flows**  
For the year ended 30 June 2014

	Note	Council	
		2014	2013
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		6,717,976	3,902,276
Payments to suppliers and employees		(8,348,111)	(6,610,370)
		(1,630,135)	(2,708,094)
Interest received		609,118	709,928
Rental income		122,216	125,489
Non capital grants and contributions		1,376,346	9,352,018
Borrowing costs		(38,639)	(21,854)
<b>Net cash inflow (outflow) from operating activities</b>	24	<u>438,906</u>	<u>7,457,487</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	(8,149,969)	(2,649,290)
Proceeds from sale of property plant and equipment	5	407,721	332,294
Grants, subsidies, contributions and donations	4(b)	3,667,252	232,805
<b>Net cash inflow (outflow) from investing activities</b>		<u>(4,074,996)</u>	<u>(2,084,191)</u>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<u>(3,636,090)</u>	<u>5,373,296</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		19,780,368	14,407,072
<b>Cash and cash equivalents at end of the financial year</b>	10	<u>16,144,278</u>	<u>19,780,368</u>

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

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

**1.B Statement of compliance**

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

**1.C Basis of consolidation**

The Burke Shire Council does not have any controlled entities.

**1.D Constitution**

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

**1.E Date of authorisation**

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

**1.F Currency**

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

**1.G Adoption of new and revised Accounting Standards**

In the current year, Burke Shire Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.



**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2017
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2014
AASB 11 <i>Joint Arrangements</i>	1 January 2014
AASB 12 <i>Disclosure of interests in other entities</i>	1 January 2014
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1 January 2014
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2014
AASB 1055 Budgetary Reporting	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2015
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i>	1 January 2014
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i> [AASB 132]	1 January 2014
AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>	1 July 2014
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
AASB 2013-4 <i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</i> [AASB 139]	1 January 2014
AASB 2013-5 <i>Amendments to Australian Accounting Standards – Investment Entities</i> [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014
AASB 2013-6 <i>Amendments to AASB 136 arising from Reduced Disclosure Requirements</i>	1 January 2014
AASB 2013-7 <i>Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders</i> [AASB 1038]	1 January 2014
AASB 2013-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities</i> [AASB 10, AASB 12 & AASB 1049]	1 January 2014
AASB 2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	Refer Title column
Interpretation 21 <i>Leases</i>	1 January 2014

**AASB 9 Financial Instruments (effective from 1 January 2015)**

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

It is not anticipated that this standard will have any effect on Council.

**Burke Shire Council**  
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**1.H Critical accounting judgements and key sources of estimation uncertainty**

In the application of Burke Shire 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 1.Q and Note 13

Provisions - Note 1.T, 1.U and Note 16

Contingencies - Note 21

**1.I Revenue**

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

Rates and levies

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.

Grants and subsidies

Grants, subsidies 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. Council does not currently have any reciprocal grants.

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.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition

Cash Contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

Rental income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest

Interest received from term deposits is accrued over the term of the investment.

Sales revenue

Sale of goods 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.

**Burke Shire Council**  
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The council generates revenues from a number of contracts for construction services. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

**1.J Financial assets and financial liabilities**

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Burke Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 1.K)

Receivables - measured at amortised cost (Note 1.L)

Financial liabilities

Payables - measured at amortised cost (Note 1.S)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Burke Shire Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 26.

**1.K Cash and cash equivalents**

Cash and cash equivalents includes 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 and 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.

**1.L Receivables**

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.

**Burke Shire Council**  
**Notes to the financial statements**  
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All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. 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.

**1.M Inventories**

Stores, raw materials and water held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

**1.N Other financial assets**

Other financial assets are recognised at cost. At present Burke Shire Council does not have any other financial assets.

**1.O Non Current Assets held for Sale**

Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

**1.P Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2014, the Burke Shire Council did not have any term deposits in excess of three months.

**1.Q 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 with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

Land

Buildings

Furniture and fittings

Plant and equipment

Infrastructure

Road, drainage and bridge network

Water

Sewerage

Other structures

Work in progress

**Acquisition of assets**

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

**Burke Shire Council**  
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Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation 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**

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. 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.

**Valuation**

Land and improvements, buildings, major plant 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*. Other plant and equipment 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 5 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.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, 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 are disclosed in Note 14.

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

**Capital work in progress**

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

**Depreciation**

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

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.

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. Details of the range of estimated useful lives for each class of asset are shown in Note 13.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Council currently does not have any such land holdings.

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.

**1.R Impairment of non-current assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

**1.S Payables**

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.

**1.T Liabilities - employee benefits**

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Salaries and wages

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. This liability represents an accrued expense and is reported in Note 15 as a payable.



**Burke Shire Council**  
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Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable. The total balance of annual leave has been recognised as current as Council do not have an unconditional right to defer settlement.

Superannuation

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. Details of those arrangements are set out in Note 22.

Long service leave

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. This liability is reported in Note 16 as a provision.

**1.U Restoration provision**

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.

*Refuse dump 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 state reserves which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

**1.V Asset revaluation surplus**

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 asset 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.

**1.W Retained surplus**

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**Burke Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.X Reserves**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.

On 30 June 2013, council passed a resolution to close all existing reserves and account for any restrictions using an internal management accounting system. There were no internal restrictions imposed over cash at 30 June 2014.

The former reserves operated as follows:

Asset replacement reserve

The amounts previously reported in this reserve corresponded to amounts set aside for the future replacement of the Council's assets.

Constrained works reserve

The amounts previously reported in this reserve corresponded to contributions received, including grants and subsidies, for works where the required works have not yet been carried out, or where works have been completed and the subsidy/grant payment is awaiting final approval from the funding authority after confirmation that works are subsidisable under the grant funding guidelines. As works were completed and approved for grant/subsidy by the funding authority, relevant transfers were implemented.

Future recurrent expenditure reserve

The amounts previously reported in this reserve corresponded to amounts that were accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount related to a perceived future liability which was not currently a liability.

**1.Y 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.Z Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties include bonds for the use of council facilities, donations for community events, fundraising proceeds and retentions to guarantee performance. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 23.

**1.AA Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax 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 councils disaster management responsibilities.

The objective of this function is to provide quality leadership and promote positive political, economic, environmental and social outcomes, effectively manage risk and respond to and manage community expectations.

#### **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 wellbeing 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**  
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**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 2014**

Functions	Gross program income						Elimination of inter-function transactions	Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent			Capital					Recurrent	Capital				
	Grants	Other	Grants	Other	Grants	Other								
	2014	2014	2014	2014	2014	2014								
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue Raising	1,064,604	3,436,123	-	-	-	-	4,500,727	(86,251)	-	(86,251)	4,414,476	4,414,476	18,361,058	
Governance	-	273	-	-	-	-	273	(753,519)	-	(753,519)	(753,246)	(753,246)	-	
Finance & Community Services	-	613,370	-	-	-	-	613,370	(1,078,163)	-	(1,078,163)	(464,793)	(464,793)	3,499,304	
Planning & Building	-	2,095	-	-	-	-	2,095	(58,439)	-	(58,439)	(56,344)	(56,344)	-	
Engineering Services	(241,187)	884,294	3,667,252	-	152,660	-	4,463,019	(7,633,377)	-	(7,633,377)	(6,990,270)	(3,170,358)	71,954,849	
Environmental Services	-	3,007	-	-	-	-	3,007	(303,378)	-	(303,378)	(300,372)	(300,372)	892,811	
Community & Cultural	552,929	154,869	-	-	-	-	707,798	(1,120,083)	-	(1,120,083)	(412,285)	(412,285)	14,988,683	
Garbage Utility	-	67,716	-	-	-	-	67,716	(230,763)	-	(230,763)	(163,047)	(163,047)	351,107	
Sewerage Utility	-	110,848	-	-	-	-	110,848	23,950	-	23,950	134,797	134,797	2,724,221	
Water Utility	-	312,041	-	-	-	-	312,041	(757,184)	-	(757,184)	(445,143)	(445,143)	14,049,013	
Total Council	1,376,346	5,584,634	3,667,252	-	152,660	-	10,780,892	(11,997,206)	-	(11,997,206)	(5,036,226)	(1,216,314)	126,821,047	
Total consolidated	1,376,346	5,584,634	3,667,252	-	152,660	-	10,780,892	(11,997,206)	-	(11,997,206)	(5,036,226)	(1,216,314)	126,821,047	

**Year ended 30 June 2013**

Functions	Gross program income						Elimination of inter-function transactions	Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring			Capital					Recurring	Capital				
	Grants	Other	Grants	Other	Grants	Other								
	2013	2013	2013	2013	2013	2013								
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue Raising	2,502,718	3,328,042	-	-	-	5,830,760	(25,476)	-	-	(25,476)	5,805,283	5,805,283	2,626,679	
Governance	-	-	-	-	-	-	(665,763)	-	-	(665,763)	(665,763)	(665,763)	-	
Finance & Community Services	-	708,040	-	-	-	708,040	(896,933)	-	-	(896,933)	(188,893)	(188,893)	19,396,846	
Planning & Building	-	6,695	-	-	-	6,695	(18,785)	-	-	(18,785)	(12,090)	(12,090)	9,605,664	
Engineering Services	6,624,017	2,372,299	232,805	-	123,394	9,352,515	(5,125,637)	-	-	(5,125,637)	3,870,879	4,226,878	53,000,170	
Environmental Services	930	4,175	-	-	-	5,105	(258,638)	-	-	(258,638)	(253,533)	(253,533)	-	
Community & Cultural	224,353	131,289	-	-	-	355,642	(1,175,123)	-	-	(1,175,123)	(819,481)	(819,480)	11,598,710	
Garbage Utility	-	61,386	-	-	-	61,386	(222,536)	-	-	(222,536)	(161,150)	(161,150)	(99,911)	
Sewerage Utility	-	98,716	-	-	-	98,716	(194,132)	-	-	(194,132)	(95,416)	(95,416)	2,487,004	
Water Utility	-	255,475	-	-	-	255,475	(621,455)	-	-	(621,455)	(365,980)	(365,980)	11,268,751	
Total Council	9,352,018	6,966,116	232,805	-	123,394	16,674,334	(9,204,478)	-	-	(9,204,478)	7,113,656	7,469,855	109,883,913	

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Revenue analysis</b>		
<b>(a) Rates, levies and charges</b>		
General rates	3,555,729	3,500,879
Water rates	322,854	283,626
Sewerage rates	114,646	111,110
Garbage rates	69,825	67,936
Total rates and utility charge revenue	4,063,054	3,963,551
Less: Discounts	(251,009)	(253,742)
Less: Pensioner remissions	(1,581)	(624)
	<u>3,810,464</u>	<u>3,709,185</u>
<b>(b) Fees and charges</b>		
Building and development fees	830	1,910
Airport landing fees	42,031	39,620
Other fees and charges	3,024	75,996
	<u>45,884</u>	<u>117,526</u>
<b>(c) Rental income</b>		
Rental income	122,216	125,489
	<u>122,216</u>	<u>125,489</u>
<b>(d) Interest received</b>		
Bank interest	580,064	702,970
Interest from overdue rates and utility charges	29,054	6,958
	<u>609,118</u>	<u>709,928</u>
<b>(e) Sales revenue</b>		
Contract and recoverable works	936,030	2,257,147
	<u>936,030</u>	<u>2,257,147</u>
The amount recognised as revenue for 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.		
<b>(f) Other income</b>		
Other income	60,922	46,842
	<u>60,922</u>	<u>46,842</u>

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>4 Grants, subsidies, contributions and donations</b>		
<b>(a) Recurrent</b>		
General purpose grants	1,129,825	3,472,969
State government subsidies and other grants	246,521	5,879,049
	<u>1,376,346</u>	<u>9,352,018</u>
<b>(b) Capital</b>		
State government subsidies and grants	3,667,252	232,805
	<u>3,667,252</u>	<u>232,805</u>
<b>5 Capital income</b>		
<b>Gain / loss on disposal of non-current assets</b>		
Proceeds from the sale of land and improvements	302,267	-
Less: Book value of land and improvements disposed of	(162,000)	-
	<u>140,267</u>	<u>-</u>
Proceeds from the sale of property, plant and equipment	105,454	332,294
Less: Book value of property, plant and equipment disposed of	(93,061)	(208,900)
	<u>12,393</u>	<u>123,394</u>
Total capital income	<u>152,660</u>	<u>123,394</u>
<b>6 Employee benefits</b>		
Total staff wages and salaries	2,675,245	2,285,333
Councillors' remuneration	212,385	178,735
Annual, sick and long service leave entitlements	419,635	277,482
Superannuation	310,164	258,520
	<u>3,617,429</u>	<u>3,000,070</u>
Other employee related expenses	409,262	233,951
	<u>4,026,691</u>	<u>3,234,021</u>
Less: Capitalised employee expenses	(348,773)	-
	<u>3,677,918</u>	<u>3,234,021</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.		
Total Council employees at the reporting date:	<b>2014</b>	<b>2013</b>
Elected members	5	5
Administration staff	10	9
Depot and outdoors staff	30	35
Total full time equivalent employees	<u>45</u>	<u>49</u>

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

	2014	2013
	\$	\$
<b>7 Materials and services</b>		
Advertising and marketing	6,374	11,496
Audit of annual financial statements by the Auditor-General of Queensland	72,071	67,309
Communications and IT	145,851	144,922
Consultants	223,078	153,104
Donations paid	41,294	78,887
Operating expenses	736,186	389,493
Repairs and maintenance	1,017,256	367,689
Recoverable works	545,592	1,303,380
Roads - Flood damage	2,483,339	1,230,869
Subscriptions and registrations	126,182	83,534
Other materials and services	-	116,128
Other materials and services - refer note 25	1,038,879	-
	<u>6,436,103</u>	<u>3,946,811</u>
<b>8 Finance costs</b>		
Bank charges	17,250	21,457
Impairment of debts	21,389	397
	<u>38,639</u>	<u>21,854</u>
<b>9 Depreciation and amortisation</b>		
Buildings	140,789	125,442
Road, drainage and bridge network	665,559	911,606
Other infrastructure assets	415,898	385,270
Plant and Equipment	399,775	361,098
Sewerage	46,651	46,652
Water	167,302	160,454
Furniture and equipment	8,572	11,270
13	<u>1,844,546</u>	<u>2,001,792</u>
<b>10 Cash and cash equivalents</b>		
Cash at bank and on hand	986,342	2,737,838
Deposits at call	14,157,936	15,680,332
Term deposits	1,000,000	1,362,198
Balance per Statement of Cash Flows	<u>16,144,278</u>	<u>19,780,368</u>

Cash and deposits at call are held at Wespac in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-.

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

	2014	2013
	\$	\$

**11 Trade and other receivables**

**Current**

Rateable revenue and utility charges	213,174	99,670
Other debtors	499,077	2,983,608
Less impairment	(27,234)	(13,228)
GST recoverable	197,721	(84,639)
Prepayments	301,943	63,945
	<u>1,184,680</u>	<u>3,049,356</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

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

Opening balance at 1 July	13,228	13,228
Impairment Debts written off during the year	-	-
Additional impairments recognised	14,006	-
Impairments reversed	-	-
Closing Balance at 30 June	<u>27,234</u>	<u>13,228</u>

**12 Inventories**

Store materials and other items	237,621	83,313
	<u>237,621</u>	<u>83,313</u>



**13 Property, plant and equipment**

30 June 2014

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2013  
Correction to opening balances due to historical errors

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Write off capital WIP

**Closing gross value as at 30 June 2014**

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2013

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

**Accumulated depreciation as at 30 June 2014**

**Total written down value as at 30 June 2014**

Residual value

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

Note

Land and improvements	Buildings	Furniture and fittings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Other structures	Work in progress	Total
Valuation	Valuation	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2,970,000	12,387,528	150,506	5,958,465	65,692,857	13,262,144	3,597,813	10,450,740	2,875,366	117,345,419
			67,024						67,024
(162,000)	2,010,824		637,351	4,814,826	332,754		354,214		8,149,969
439,200	(216,976)		(309,157)			119,259	(775,423)		(471,157)
				4,664,697	2,584,995			(800,048)	6,815,749
3,247,200	14,181,376	150,506	6,353,683	75,172,380	16,179,893	3,717,072	10,029,531	2,075,318	131,106,957

5

17

	1,810,229	93,005	2,765,230	19,531,503	2,531,103	1,111,399	2,532,072	-	30,374,542
	140,789	8,572	399,775	665,559	167,302	46,651	415,898		1,844,546
			(216,096)						(216,096)
	488,874			(8,353,462)	(567,527)	(165,199)	(1,553,189)		(10,150,503)
-	2,439,892	101,577	2,948,909	11,843,601	2,130,878	992,851	1,394,781	-	21,852,489

9

5

3,247,200	11,741,483	48,928	3,404,774	63,328,779	14,049,013	2,724,221	8,634,749	2,075,318	109,254,468
	0 - 50%			20 - 35%	50 - 80%	50 - 60%	10 - 30%		
Land: Not depreciated	40 - 100	12	2 - 20	5 - 100	20 - 80	20 - 60	20 - 40	WIP: Not depreciated	-

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	237,360	-	12,031	4,788,397	67,474	-	125,946	-	5,231,207
-	1,773,464	-	625,320	26,429	265,280	-	228,268	-	2,918,762
-	2,010,824	-	637,351	4,814,826	332,754	-	354,214	-	8,149,969

**13 Property, plant and equipment (continued)**

30 June 2013

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2012

Additions

Disposals

**Closing gross value as at 30 June 2013**

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2012

Depreciation provided in period

Depreciation on disposals

**Accumulated depreciation as at 30 June 2013**

**Total written down value as at 30 June 2013**

Residual value

Range of estimated useful life in years

Note

Land - Council Owned	Buildings	Furniture and Fittings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Other structures	Work in progress	Total
Valuation	Valuation	Cost	Cost	Valuation	Valuation	Valuation	Valuation	Cost	
\$	\$	\$	\$	\$	\$	\$	\$		\$
2,970,000	12,379,047	150,506	5,808,357	65,284,511	13,262,144	3,597,813	10,450,740	1,969,720	115,872,838
-	8,481	-	1,326,817	408,346	-	-	-	905,646	2,649,290
-	-	-	(1,176,709)	-	-	-	-	-	(1,176,709)
2,970,000	12,387,528	150,506	5,958,465	65,692,857	13,262,144	3,597,813	10,450,740	2,875,366	117,345,419
<b>5</b>									
-	1,684,787	81,735	3,371,943	18,619,897	2,370,849	1,064,747	2,146,802	-	29,340,560
-	125,442	11,270	349,736	911,606	160,454	46,652	385,270	-	1,990,431
-	-	-	(956,449)	-	-	-	-	-	(956,449)
-	1,810,229	93,005	2,765,230	19,531,503	2,531,103	1,111,399	2,532,072	-	30,374,542
<b>9</b>									
2,970,000	10,577,298	57,500	3,193,235	46,161,354	10,731,041	2,486,414	7,918,668	2,875,366	86,970,877
-	5,085,499	-	1,239,010	22,352,989	3,501,422	918,487	2,960,472	-	36,057,879
Land: Not depreciated	40 - 100	12	2 - 20	5 - 100	20 - 80	20 - 60	20 - 40	-	-
<b>5</b>									

#### 14 Fair Value Measurements

##### (i) Recognised fair value measurements

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

##### Property, plant and equipment

- Land and improvements
- Buildings
- Road, drainage and bridge network
- Water
- Sewerage Infrastructure
- Other structures

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

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

In accordance with AASB 13 fair value measurements are categorised on the following basis:

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities 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.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*

At 30 June 2014	Note	Level 2 (Significant other observable inputs) \$	Level 3 (Significant unobservable inputs) \$	Total \$
<b>Recurring fair value measurements</b>				
Land and improvement	13	3,247,200		3,247,200
Buildings				
- Commercial Buildings	13		8,563,122	8,563,122
- Residential Buildings	13	3,178,361		3,178,361
Road, drainage and bridge network	13	-	63,328,779	63,328,779
Water	13		14,049,015	14,049,015
Sewerage	13		2,724,221	2,724,221
Other structures	13		10,185,596	10,185,596
		<u>6,425,561</u>	<u>98,850,734</u>	<u>105,276,295</u>

There were no transfers between levels 1 and 2 during the year, nor 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

Council adopted AASB13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

**Specific valuation techniques used to value Council assets comprise:**

##### Land (level 2)

Land fair values were determined by independent valuer, APV Valuers and Asset Management using a desktop valuation approach effective 30 June 2014. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 30 June 2010. Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

The desktop valuation approach involved research to determine any indication of changes in land value throughout the Burke Shire Council area. Research undertaken consisted of searching all land sales by town to determine whether any change has occurred during the 4 years to 30 June 2014. Based on the information gathered, an indexation of 20% has been applied to land held in Burketown, with no changes noted in the value of land held in Gregory Downs.

**Buildings (level 2 and 3)**

The fair value of buildings were also determined by independent valuer, APV Valuers and Asset Management using a desktop valuation approach effective 30 June 2014. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 30 June 2010. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size (Level 2). The most significant inputs into this valuation approach were price per square metre. Council's portfolio of residential properties were revalued using this valuation approach.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of council engineers, works and finance staff. The results of the valuation were further evaluated by confirmation against council's own understanding of the assets and the level of remaining service potential. A straight line consumption model has been utilised.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value, useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The valuation's sensitivity to these inputs is summarised below.

The desktop valuation undertaken at 30 June 2014 adjusts the figures from the previous valuation by reference to indexation in order to make them current as at 30 June 2014. The indexation percentage for the building valuations has been derived from reference to actual costs where details have been provided of recent construction, costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), construction data from the Australian Bureau of Statistics and APV internal market research and costings. APV analysis of these construction cost guides and research has determined the following indices to be applied to buildings: Residential - 5%; Commercial, Industrial and Civic - 3%; and Amenities - 3.5%.

*Fair Value Sensitivity to Unobservable Inputs*

**Specialised Buildings (Level 3)**

Unobservable Input	Sensitivity to Unobservable Inputs		Amount of Potential Impact	
	Lower	Upper	Lower	Upper
Relationship between asset consumption rating scale and the level of consumed service potential.	(2.5%)	2.5%	(\$209,237)	\$209,237

**Infrastructure assets (level 3)**

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

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

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

**Road, drainage and bridge network - calculation of current replacement cost**

**Roads**

*Current replacement cost*

Council categorises its road infrastructure into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

Road network infrastructure fair values were determined by independent valuers, APV Valuers and Asset Management using a desktop valuation approach effective 30 June 2014. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 30 June 2010. CRC was calculated based on expected replacement costs. All road network infrastructure assets were valued using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (Level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

APV's cost models are derived from the following sources:

- Actual construction or purchase prices for recent projects paid by the specific entity.
- APV database. Preference is provided to nearby locations.
- Rawlinson's Construction Guide or similar guides (such as Cordells)
- Development of costs using first principles
- Benchmarking against other valuations

The desktop approach undertaken in the current year adjusts the figures from the previous valuation by reference to indexation to make them current as at 30 June 2014. The indexation percentage for the infrastructure valuations has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction data from the Australian Bureau of Statistics and APV internal market research and costings. The analysis of these construction cost guides and research has determined that the approximate increase in infrastructure costs over the period from 30 June 2010 to 30 June 2014. An indexation of 9% has been applied to roads.

*Accumulated depreciation*

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

The valuer determined an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against council's own understanding of the assets and the level of remaining service potential. Asset condition for the purposes of a desktop valuation relied on the validation of the asset registers and physical inspections carried out by APV in 2010 and asset condition data supplied by Council. A straight line consumption model has been utilised.

**Bridges**

*Current replacement cost*

Bridge network infrastructure fair values were determined by independent valuers, APV Valuers and Asset Management using a desktop valuation approach effective 30 June 2014. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 30 June 2010. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads, with indexation of 9% being applied.

**Drainage infrastructure**

*Current replacement cost*

Drainage network infrastructure fair values were determined by independent valuers, APV Valuers and Asset Management using a desktop valuation approach effective 30 June 2014. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 30 June 2010.

Construction estimates were determined on a similar basis to roads. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Indexation of 9% has been applied since the last comprehensive revaluation.

**Burke Shire Council**  
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*Accumulated depreciation*

In determining the level of accumulated depreciation, roads, bridges and drainage assets were disaggregated into significant components which exhibited different useful lives.

The valuer determined an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against council's own understanding of the assets and the level of remaining service potential. Asset condition for the purposes of a desktop valuation relied on the validation of the asset registers and physical inspections carried out by APV in 2010 and asset condition data supplied by Council. A straight line consumption model has been utilised.

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

<u>Condition rating</u>	<u>Assessment</u>
0	New or very good condition - Very high level of remaining service potential
1	Not new but in Very Good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.
2	Aged and in good condition providing an adequate level of service potential. No signs of immediate or short term obsolescence.
3	Provide an adequate level of remaining service potential but some concerns over the ability of the asset to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in the short to mid-term.
4	Indicators that will need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.
End of Life	End of life

Estimated useful lives and residual values are disclosed in note 13.

**1(b) Roads, drainage and Bridge network – Sensitivity of valuation to unobservable inputs**

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Roads, Bridges and Drainage

Unobservable Input	Sensitivity to Unobservable Inputs		Amount of Potential Impact	
	Lower	Upper	Lower	Upper
Relationship between asset consumption rating scale and the level of consumed service potential.	(5%)	5%	(\$2,354,056)	\$2,354,056
Condition of the asset	(5%)	5%	(\$2,354,056)	\$2,354,056

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost**

*Current replacement cost*

Water and sewerage network infrastructure fair values were determined by independent valuers, APV Valuers and Asset Management using a desktop valuation approach effective 30 June 2014. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 30 June 2010. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining useful life. All water and sewerage network infrastructure assets were valued using level 3 valuation inputs using the cost approach.

APV's cost models are derived from the following sources:

- Actual construction or purchase prices for recent projects paid by the specific entity.
- APV database. Preference is provided to nearby locations.
- Rawlinson's Construction Guide or similar guides (such as Cordells)
- Development of costs using first principles
- Benchmarking against other valuations

The desktop approach undertaken in the current year adjusts the figures from the previous valuation by reference to indexation to make them current as at 30 June 2014. The indexation percentage for the infrastructure valuations has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction data from the Australian Bureau of Statistics and APV internal market research and costings. The analysis of these construction cost guides and research has determined that the approximate increase in infrastructure costs over the period from 30 June 2010 to 30 June 2014. Indexation has been applied as follows: Water Civil and Electrical Assets - 7%; Water mechanical and water pipe works and associated assets - 9%; Sewerage civil and electrical assets - 7%; Sewerage mechanical assets - 9%; and Sewerage pipe works and associated assets - 12.5%.

*Accumulated depreciation*

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

<u>Condition rating</u>	<u>Assessment</u>
0	New or very good condition - Very high level of remaining service potential
1	Not new but in Very Good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.
2	Aged and in good condition providing an adequate level of service potential. No signs of immediate or short term obsolescence.
3	Provide an adequate level of remaining service potential but some concerns over the ability of the asset to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in the short to mid-term.
4	Indicators that will need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.
End of Life	End of life

Estimated useful lives and residual values are disclosed in note 13.

**Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs**

The method used to value councils' water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Water and Sewerage

Unobservable Input	Sensitivity to Unobservable Inputs		Amount of Potential Impact	
	Lower	Upper	Lower	Upper
Relationship between asset consumption rating scale and the level of consumed service potential.	(5%)	5%	(\$834,590)	\$834,590
Condition of the asset	(5%)	5%	(\$834,590)	\$834,590

**Valuation processes**

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer and Chief Finance Officer. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) is set out in note 1R and 1Q respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>15 Trade and other payables</b>		
<b>Current</b>		
Creditors and accruals	1,802,618	643,895
Annual leave	194,836	172,160
RDO	25,195	29,225
	<u>2,022,650</u>	<u>845,280</u>
<b>16 Provisions</b>		
<b>Current</b>		
Long service leave	27,255	-
	<u>27,255</u>	<u>-</u>
<b>Non-current</b>		
Refuse restoration	463,501	463,501
Long service leave	114,036	131,461
	<u>577,537</u>	<u>594,962</u>
Details of movements in provisions:		
<b>Refuse restoration</b>		
Balance at beginning of financial year	463,501	463,501
Increase in provision due to unwinding of discount	-	-
Balance at end of financial year	<u>463,501</u>	<u>463,501</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 \$750,000 and this cost is expected to be incurred in 2029.		
<b>Long service leave</b>		
Balance at beginning of financial year	131,461	116,362
Long service leave entitlement arising	35,969	28,971
Long service entitlement paid	(26,139)	(13,872)
Balance at end of financial year	<u>141,291</u>	<u>131,461</u>
<b>17 Asset revaluation surplus</b>		
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	50,369,224	50,369,224
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and improvements	439,200	-
Buildings	(705,850)	-
Other structures	777,766	-
Road, drainage and bridge network	13,018,158	-
Sewerage	284,458	-
Water	3,152,518	-
Balance at end of financial year	<u>67,335,473</u>	<u>50,369,224</u>



**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

	2014	2013
	\$	\$
<b>Asset revaluation surplus analysis</b>		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land and improvements	3,317,557	2,878,357
Buildings	4,696,243	5,402,093
Other infrastructure assets	5,631,346	4,853,580
Road, drainage and bridge network	42,871,105	29,852,947
Water	3,429,206	3,144,748
Sewerage	7,390,015	4,237,497
	<u>67,335,473</u>	<u>50,369,224</u>
<b>18 Retained surplus</b>		
Movements in the retained surplus were as follows:		
Retained surplus/(deficit) at beginning of financial year	58,074,447	43,900,465
Adjustment to opening balance	-	-
Adjusted opening balance	<u>58,074,447</u>	<u>43,900,465</u>
Net result attributable to Council	(1,216,314)	7,469,855
Transfers (to) from capital reserves for future capital project funding, or from reserves that have been expended or closed:		
Asset replacement reserve	-	6,396,591
Constrained works reserve	-	225,608
Transfers (to) from recurrent reserves for future project funding, or from reserves funds that have been expended or closed:		
Future recurrent expenditure reserve	-	81,929
Retained surplus at end of financial year	<u>56,858,132</u>	<u>58,074,447</u>
<b>19 Reserves</b>		
<b>Reserves held for funding future capital expenditure</b>		
Asset replacement reserve	-	-
Constrained works reserve	-	-
<b>Reserves held for funding future recurrent expenditure</b>		
Future recurrent expenditure reserve	-	-
Total reserves	<u>-</u>	<u>-</u>

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Asset replacement reserve</b>		
Balance at beginning of financial year	-	6,396,591
Transfer to the retained surplus due to the closure of the reserve	-	(6,396,591)
Balance at end of financial year	-	-
<b>Constrained works reserve</b>		
Balance at beginning of financial year	-	225,608
Transfer to the retained surplus due to the closure of the reserve	-	(225,608)
Balance at end of financial year	-	-
<b>Movements in recurrent reserves:</b>		
<b>Future recurrent expenditure reserve</b>		
Balance at beginning of financial year	-	81,929
Transfer to the retained surplus due to the closure of the reserve	-	(81,929)
Balance at end of financial year	-	-

**20 Commitments for expenditure**

**Contractual commitments**

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

Construction of Community Hub	2,417,813	-
	<u>2,417,813</u>	<u>-</u>

**21 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 2014 the 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 the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$61,140.48.

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**22 Superannuation**

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund;

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

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

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2013 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be conducted as at 1 July 2015.

Note	Council	
	2014 \$	2013 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6 310,164	258,520

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

		<b>Council</b>	
		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>23 Trust funds</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		36,226	118,044
Security deposits		-	4,442
		<u>36,226</u>	<u>122,486</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.

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

Net result		(1,216,314)	7,469,855
Non-cash items:			
Depreciation and amortisation		1,844,546	2,001,792
		<u>1,844,546</u>	<u>2,001,792</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets		(152,660)	(123,394)
Capital grants and contributions		(3,667,252)	(232,805)
Impairment of capital WIP projects and other capital adjustments	13	733,017	-
		<u>(3,086,895)</u>	<u>(356,199)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		1,864,676	(2,224,082)
(Increase)/decrease in inventory		(154,307)	389,187
Increase/(decrease) in payables		1,177,370	161,835
Increase/(decrease) in provisions		9,830	15,099
		<u>2,897,569</u>	<u>(1,657,961)</u>
Net cash inflow from operating activities		<u>438,906</u>	<u>7,457,487</u>

**25 Events after the reporting period**

During June 2014, the former Deputy CEO defrauded Burke Shire Council of approximately \$1,038,879. The matter is currently before the courts. Council are currently negotiating to have the \$1,038,879 returned and are hopeful of receiving an additional sum to cover interest forgone and other costs incurred as part of the fraud investigation. It is unknown at this stage when the matter will be resolved. The total value of the fraud has been recognised as an expense in the 2014 financial statements.

The Burke Shire Nijinda Durlga project was completed on 28 October 2014 at a cost of \$4.019M.

Council awarded a contract for the Pontoon Pile Installation subsequent to year end. The total cost of the contract is \$196,444 (excl GST).

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**26 Financial instruments**

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

- credit risk
- liquidity risk
- market risk

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

**Financial risk management**

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

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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.

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

	Note	Council	
		2014	2013
<b>Financial assets</b>		\$	\$
Cash and cash equivalents	10	16,144,278	19,780,368
Receivables - rates	11	213,174	99,670
Receivables - other	11	669,563	2,885,741
<b>Other credit exposures</b>			
Guarantees	21	61,140	52,682
<b>Total financial assets</b>		<u>17,088,154</u>	<u>22,818,461</u>

**Cash and 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.

**Other financial assets**

Cash and deposits at call are held at Wespac in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

*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. Because the area is largely mining, there is also a concentration in the mining sector.

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	<b>Council</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Not past due	535,080	2,069,308
Past due 31-60 days	6,622	697,671
Past due 61-90 days	-	-
More than 90 days	368,268	231,660
Impaired	(27,234)	(13,228)
<b>Total</b>	<b>882,736</b>	<b>2,985,411</b>

**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.

Burke Shire Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

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:

	<b>Council</b>				
	<b>0 to 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2014</b>					
Trade and other payables	1,802,618	-	-	1,802,618	1,802,618
	1,802,618	-	-	1,802,618	1,802,618
<b>2013</b>					
Trade and other payables	643,895	-	-	643,895	643,895
	643,895	-	-	643,895	643,895

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

**Burke Shire Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**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 QTC and other financial institutions.

The 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 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.

Council	Net carrying	Effect on Net Result		Effect on Equity	
	amount	1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2014</b>					
QTC cash fund	14,157,936	141,579	(141,579)	141,579	(141,579)
Other investments	1,000,000	10,000	(10,000)	10,000	(10,000)
<b>Net total</b>		<b>151,579</b>	<b>(151,579)</b>	<b>151,579</b>	<b>(151,579)</b>
<b>2013</b>					
QTC cash fund	15,680,332	156,803	(156,803)	156,803	(156,803)
Other investments	1,362,188	13,622	(13,622)	13,622	(13,622)
<b>Net total</b>		<b>170,425</b>	<b>(170,425)</b>	<b>170,425</b>	<b>(170,425)</b>

**Fair value**

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

**Management Certificate**  
**For the year ended 30 June 2014**

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:

- a) 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
- b) the general purpose financial statements 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  
Cr Ernie Camp

Date: 19/12/14

  
\_\_\_\_\_  
Chief Executive Officer  
Philip Keirle

Date: 19/12/14



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Burke Shire Council

### Report on the Financial Report

I have audited the accompanying financial report of Burke Shire Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

#### *The Council's Responsibility 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 prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Burke Shire Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B Macrae FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**Burke Shire Council**  
**Current-year Financial Sustainability Statement**  
For the year ended 30 June 2014

**Measures of Financial Sustainability**

Council's performance at 30 June 2014 against key financial ratios and targets:  
Operating surplus ratio

**Asset sustainability ratio**

**Net financial liabilities ratio**

How the measure is calculated	Actual - Council	Target
Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-72%	Between 0% and 10%
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	284%	greater than 90%
Total liabilities less current assets divided by total operating revenue (excluding capital items)	-215%	not greater than 60%


**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and

**Certificate of Accuracy**  
For the year ended 30 June 2014

This current-year financial sustainability statement has been prepared pursuant to Section 178

In accordance with Section 212(5) of the Regulation we certify that this current-year financial

  
\_\_\_\_\_  
**Mayor**  
**Cr Ernie Camp**

Date: 19/12/14



**Chief Executive Officer**  
**Philip Keirle**

Date: 19/12/14

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Burke Shire Council

### **Report on the Current-Year Financial Sustainability Statement**

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Burke Shire Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility 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 Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.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 2014, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn 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.

### **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B Macrae FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**Burke Shire Council  
Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2014**

**Measures of Financial Sustainability**


Council		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating surplus ratio	Net result divided by total operating revenue	-72%	64%	25%	12%	10%	11%	10%	9%	9%	7%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	284%	281%	145%	123%	121%	118%	120%	118%	115%	115%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	-215%	-155%	-211%	-211%	-199%	-186%	-175%	-161%	-146%	-132%


**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 long-term financial sustainability statement prepared as at 30 June 2014**

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

  
Mayor  
Ernie Camp  
Date: 19/12/14

  
Chief Executive Officer  
Philip Koire  
Date: 19/12/14