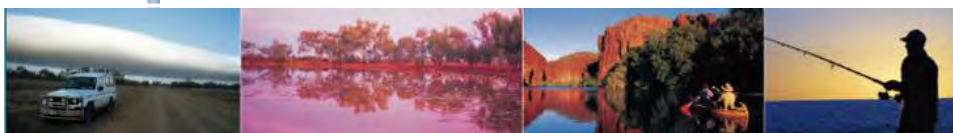


BURKE SHIRE COUNCIL

ANNUAL REPORT 2014-15



Contents

Introduction.....	3
About Burke Shire.....	3
Report from the Mayor	4
Report from the Chief Executive Officer	6
Philip KeirleCommunity Financial Report.....	8
The Council	18
Statutory Requirements	20
Local Government Act 2009	20
Local Government Regulation 2012	20
s183 Financial Statements.....	20
s184 Community Financial Report	20
s185 Particular Resolutions	21
Winning Photo – Burke Shire Arts and Crafts Show – Open Division.....	21
ss186-188 Councillors.....	22
s189 Grants to Community Organisations	26
s190 Other Contents required in an Annual Report.....	28
APPENDIX A	42
Financial Statements 2014-2015 & Long-Term.....	42
Financial Sustainability Statement	42

Introduction



This Annual Report offers the public insight into the primary activities undertaken by, and the financial position of, the Burke Shire Council throughout 2014-2015.

The report discloses, as legislated by the Local Government Act 2009, the Audited Financial Statements for the 2014-2015 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. 9-17).

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. 28-36).

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 majesty of a Morning Glory cloud rolling across the skies of Sweers Island and Burketown.

Report from the Mayor

2014-15 has been a year of achievement for our Shire. Buildings, additional land availability, mobile phone tower funding, festivals and starting to construct new assets for the community such as the Albert River Pontoon.

In late November, our new Community Hub – the Burke Shire Nijinda Durlga – was completed. Soon after, Council played host to many Councils, corporates and governmental departments at regional meetings in Burketown. All in attendance were full of praise for the building and its facilities and some were quite envious. Since that time we have had Federal Court hearings, celebrations, Christmas functions, family reunions, community workshops and many meetings all take place. It is a great asset and is sure to serve our community well for years to come. Council also undertook to upgrade its main office as well as maintenance on its existing housing assets.

April saw the Gangalidda/Garawa Native Title Determination hearing in Burketown. As part of the occasion parties involved in the ILUA for Burketown and immediate surrounds undertook the formal signing of documents. The successful ILUA process has allowed Council to plan for additional residential and rural/residential as well as for commercial land allocations and secure tenure over public utility spaces such as waste collection and water treatment areas. It has also allowed Council to consider exciting opportunities to provide facilities not only for the enjoyment of locals but to attract tourists to our region. The ILUA has also created opportunities for economic development for local indigenous groups. Both these outcomes have the real potential to secure future sustainability for the Shire.

In late June Council was pleased to learn that its application for Mobile Black Spot Funding was successful and coverage will be available at Gregory, though coverage area is still to be determined. As a hub for tourist, pastoral and mining traffic this improves safety and welfare. It will also improve the lives of residents, businesses and improve access to health and education services through access to increased data limits and speed as well as providing an alternate communication method should one fail.

Council has also been tirelessly advocating, as well as identifying potential funding opportunities, for fibre optic cabling to be laid from Doomadgee to Burketown. Providing high-speed broadband, 4g mobile and Wi-Fi to Burketown via fibre optic network will allow Council to continue to conduct its business in a timely and efficient manner, the State Govt to upgrade the telecoms capability of the Burketown State School and Burketown Clinic as well as deliver efficiencies to all local businesses and government service providers and attract new business to the area – all of which contributes to the ongoing sustainability of the Shire.

The holding of the inaugural Morning Glory Festival was a great success with attendees enjoying a variety of high quality music genres in a relaxed atmosphere. Whilst it was a triumph for music lovers, it highlighted the shortfalls of the communications and data offerings in Burketown with little or no access to mobile or internet during the Festival to talk, post or tweet about the event. This was one of the drivers for Council to pursue the aforementioned fibre optic project.

Council began work on the new pontoon on the Albert River. This will be a fantastic asset for locals and travellers and will comprise docking for boats as well as a floating gantry allowing easy access for members of the boating public as well as providing easy access for our emergency response groups: VMR and SES.

Unfortunately, 2014/15 also saw the Shire back on the drought declared list. This year's wet season was a spectacular failure resulting in challenges for our graziers, fishermen and Council's roadworks plans. The Shire has witnessed enormous turnoffs from its rural properties as they seek to minimise the impacts of pasture and water shortages. Without a good flush through the rivers there has been a marked downturn in the "catch" of our fishermen – affecting both our professional and recreational fishers.

As regards roadworks, challenges have arisen due to sourcing much needed water supplies to allow works to be completed. The lack of moisture in the soil also contributes to difficulties in preliminary preparation and consolidation of roadworks. The additional cattle movements combined with high traffic movements from tourists have stretched Council resources as we seek to maintain a reasonable standard of road surface with a limited budget.

In closing I would like to extend my thanks and appreciation to my fellow Councillors, our Executive team, Council staff and the community for your hard work, commitment and support to make Burke Shire a thriving, happening place.

Mayor Ernie Camp



The Inaugural Morning Glory Festival: held between 25-28 October 2015, featuring the "Hillbilly Goats".

Report from the Chief Executive Officer

The Annual Report of a Local Government has a number of content requirements. Foremost among these are reporting on Council's financial position to the residents and ratepayers of the Burke Shire; 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 pleased, once again, to present an unqualified set of Financial Statements to the Burke Shire community. The Financial Statements provide an overview of Council's financial position. They also represent the quality of Council's financial data and internal processes. Over the past two years, Council has placed significant emphasis on improving both and has made significant progress in this endeavour. Accordingly, the current Financials are based on the best data and processes that Burke has had in place for many years (see pp. 9-17 for the Community Financial Report and Appendix A at p. 42 for the Audited Financial Statements).

Looking backward, looking forward

At the beginning of 2014-2015, both State and Federal Governments continued to place downward pressure on the funding provided to Local Governments. By the end of the financial year, there were some very positive indications that Local Governments would benefit from an increased injection of funding toward key infrastructure from State and Federal Governments. The majority of this funding is to be directed toward the maintenance and upgrade of Council's road assets. This injection of funding will not only ameliorate recent declines in State and Federal funding, it will also act as a corrective against projected declines in rates revenue from 2016-2017 and beyond.

Council, in conjunction with the Queensland Reconstruction Authority, has worked diligently to ensure the 2014 Flood Damage works are fully compliant, full completed and fully acquitted with a minimum degree of fuss. Unfortunately, in the absence of a wet over 2014-2015, flood damage works are being completed in drought conditions. Nevertheless, works have progressed according to schedule and are due for completion by early December 2015.

Telecommunications - the 'Main Event'

Council's Corporate and Operational Plans identify the delivery of improved telecommunications infrastructure and services to Burketown and Gregory as major initiatives. 2014-2015 has seen a great deal of progress in this space. Council's application to install a mobile phone base station in Gregory through the Mobile Black Spots Program was successful. While the delivery date remains uncertain, a 4g mobile tower is on its way. For Burketown, Council is working toward a telecommunications solution that will link Burketown to the Queensland fibre optic network and provide high-speed broadband, 4g mobile and Wi-Fi infrastructure and services.

At the time of writing, the fate of the Doomadgee to Burketown Fibre Link project is in the hands of the State and Federal Governments, with announcements due shortly for project funding through the National Stronger Region Fund (Cth), the Local Government Grants and Subsidies Program (State), the Community Resilience Fund (State) and the Building our Regions Fund (State). If all goes according to plan, Council will commission the installation of this infrastructure in May 2016.

The fight for scarce resources

With declining income from State and Federal coffers, Local Governments have focused with unparalleled intensity on securing much needed revenue through competitive grant funding rounds. Council has outperformed many, securing a 100% success rate in funding applications during the 2014-15 financial year. Council was successful in obtaining funding for the following projects: the Morning Glory Festival (\$60,000), the Burketown Wharf pontoon project (State and Federal funding to the value of \$340,000), the History Pin Grant (\$9,100), Salute their Service (Honour Board Restorations, \$4,000), Tackling Tough Times Community Event (\$6,000) and the Mobile Black Spot Programme (\$750,000). This trend is continuing into 2015-2016, with Council securing funding through the Stronger Communities Program (\$20,000) and the Drought Communities Program (\$1.5m) since 1 July 2015.



The Burketown Wharf Pontoon: under construction (following gangway installation)

The Burketown ILUA

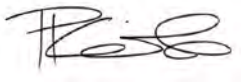
Council acquired in excess of \$1.8m worth of land in and around Burketown pursuant to the Burketown Indigenous Land Use Agreement, which was registered on 26 May 2015. This land will be released progressively over the coming years to facilitate commercial, light industrial and tourism development, the sale of rural-residential lots and a range of residential options in Burketown. The Agreement also paves the way for future development of Mineral Baths at the Burketown Artesian Bore, the redesign of the Burketown Sewerage Treatment Plant and upgrades to the Burketown landfill facility.

Council is currently in discussions with the State of Queensland about partnering in the development of various subdivisions and is confident of receiving good news very shortly.

Driving down costs: balancing compliance and productivity

Remote and regional Councils operate in the same compliance environment as the largest Councils in Queensland. Compliance is crucial to the extent that it drives quality control. It also costs money. To ensure that the increasing costs of compliance do not impact negatively on overall operational efficiency, it is absolutely essential that Council looks at opportunities to deliver long-term efficiencies and cost savings in the delivery of core services. Two key projects due to be rolled out in 2015-2016 are worth mentioning. The first of these is the installation of a solar array and energy storage system in Gregory, which should reduce operational costs of providing treated water by \$100,000 per year. The other is the redesign of the Burketown Sewerage Treatment System, which will replace the current treatment plant (BL4000) with a passive lagoon system, which requires neither power nor regular maintenance. Cost savings of \$100,000 per year are anticipated in this area also.

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 and a great launching pad for the delivery of quality services and quality infrastructure in 2015-2016.



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 2014 to 30 June 2015.

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 2015. 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 and Loss Statement of a private business. The Statement shows how much revenue (income) has been received during the year and how much it costs (expenses) to provide quality services and facilities to the community. The 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.

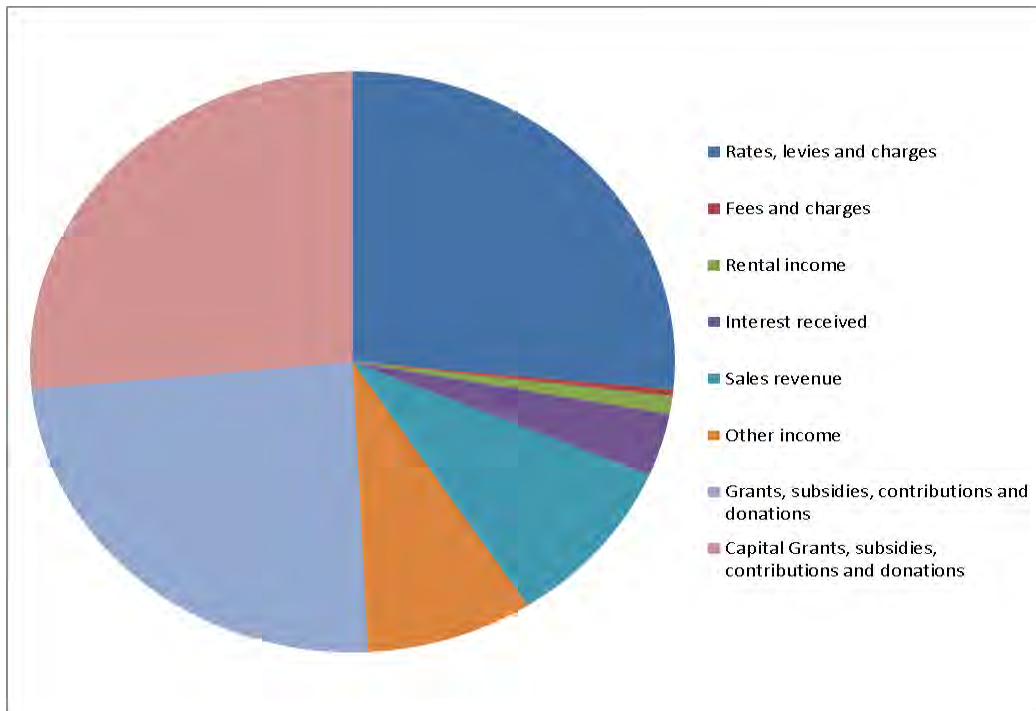
Income		Assets	
Operating Revenue	\$9,669,907	Current Assets	\$16,753,908
Capital Revenue	\$3,485,574	Non-Current Assets	\$131,572,273
Total Income	\$13,155,481	Total Assets	\$148,326,181
Expenses		Liabilities	
Total Expenses	\$11,224,397	Total Liabilities	\$1,961,632
		Equity	
		Reserves	NA
		Retained Surplus	\$72,249,598
		Asset Revaluation Surplus	\$74,114,951

Revenue – where did the money come from?

Council received a total of \$13,155,481 in revenue and other income. The largest contribution came through Rates. Council also received funding for several Road Programs including 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 increased by \$2,374,589 in 2014-2015 to \$13,155,481.

2014/15 Income



Net Rates and Utility Charges

Rates payable by ratepayers include the levy for general rates, as well as charges for provision of the following services as appropriate: water, sewer and refuse collection. Net rates and utility charges for 2014-2015 were \$3,488,320. This represented a decrease of \$322,144 over the net rates and utility charges for 2013-14. This decrease reflected the significant devaluation of rural properties in the most recently completed whole-of-Shire valuation.

Fees and Charges

Fees and charges collected in 2014-2015 totalled \$49,151. 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 2014-2015 was \$1,245,828.

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 2015, revenue sourced from grants, subsidies, contributions and donations totalled \$6,678,232.

Interest Income

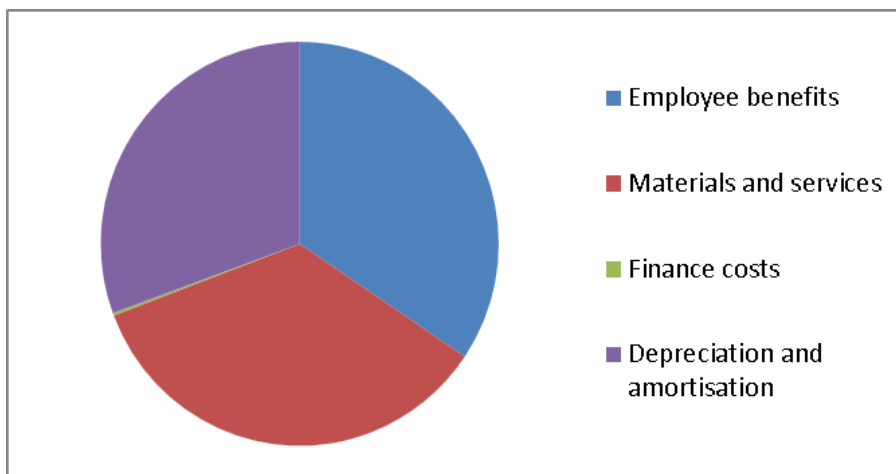
Burke Shire Council received \$459,096 in interest in the 2014-2015 financial year. This compared to \$609,118 in interest in the previous financial year. This decline reflects the gradual and persistent fall of interest rates in 2014-2015 to long-term lows.

Expenditure – where was the money spent?

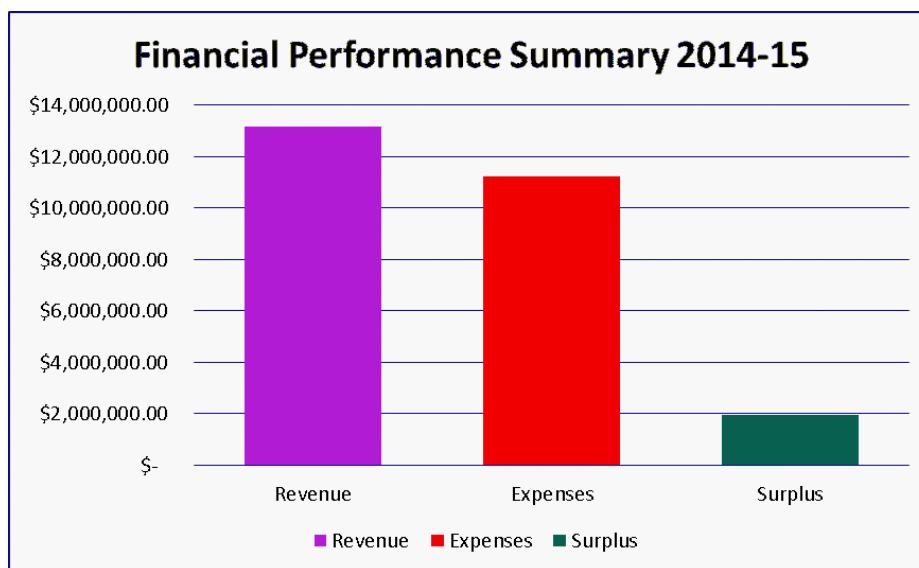
Council's total expenditure for 2014-2015 was \$11,224,397 as compared with \$11,694,989 in 2013-2014. The primary expenses were:

- Employee benefits: totalled \$3,737,848, consisting of staff wages and salaries, Councillor's remuneration, leave entitlements and superannuation.
- Material and services: totalled \$3,777,666, consisting of advertising \$23,622; audits \$175,500; IT and communications \$224,658; consultants \$278,242; donations \$31,030; repairs and maintenance \$1,118,857; operating expenses \$1,089,915; recoverable works \$828,865; subscriptions and registrations \$6,071.
- Depreciation and amortisation: expenses \$3,319,302.
- Finance costs: \$22,143.

2014/15 Expenditure



Council received more revenue in 2014-2015 than it spent. For 2014-2015 the surplus was \$1,931,083. This is represented in the Financial Performance Summary below.

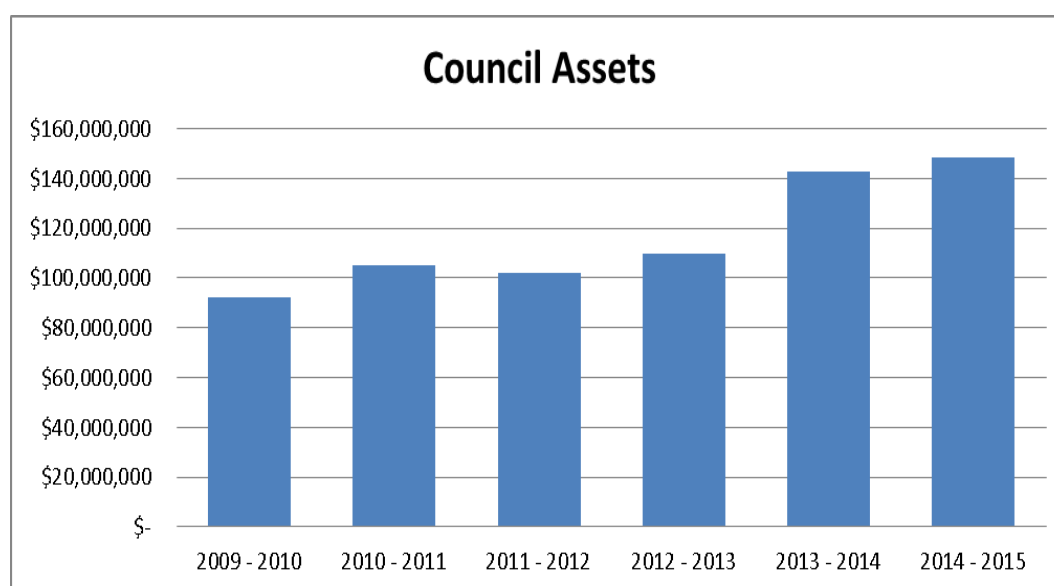
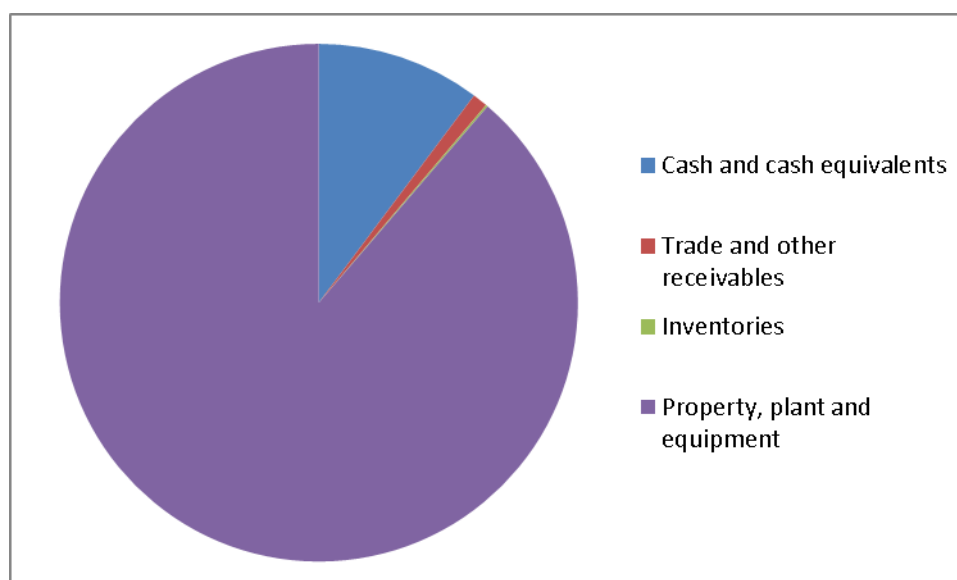


Assets – What do we own?

As at 30 June 2015, Council held \$148,326,181 in current and non current assets. Current assets decreased by \$812,671 while non current assets increased by \$6,487,012 from the previous financial year.

A full comprehensive revaluation was conducted by APV Valuers and Asset Management at 1 July 2014 for the purpose of validating the published fair value of Council assets at 30 June 2014. As a result of this process, significant deviations from the previously reported fair value were noted. This was due to a combination of previously unidentified assets, unrecorded changes in asset dimensions and component materials, and inaccurate unit rates. As such, the fair value of Council's buildings, other structures, roads, water and sewerage categories have been restated at 30 June 2014.

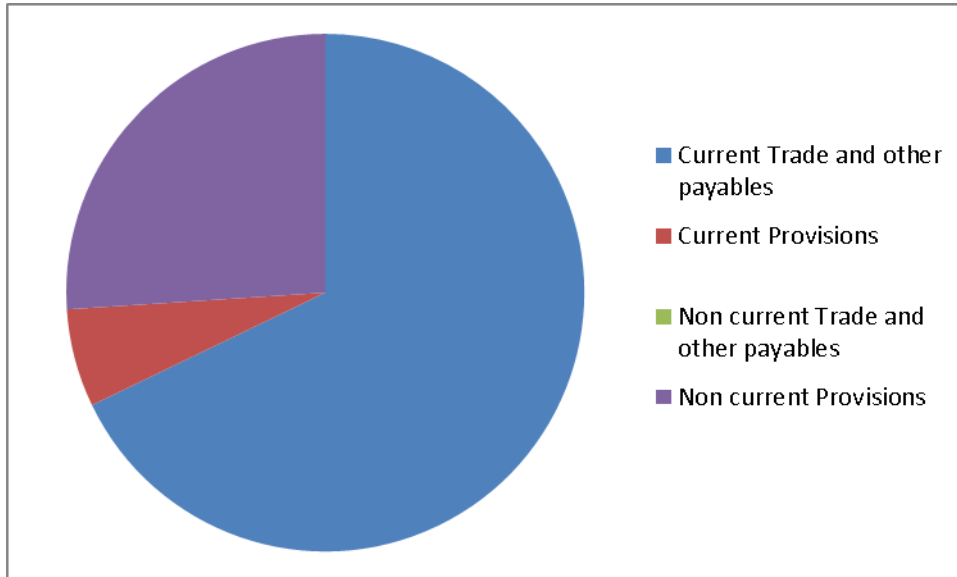
Assets 2014-15



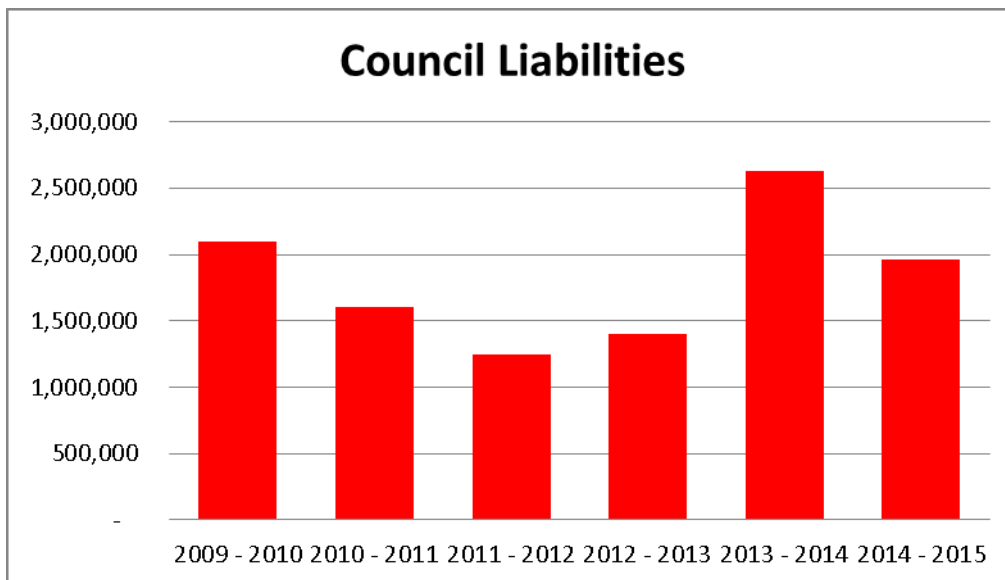
Liability – What do we owe?

As at 30 June 2015, Council had liabilities of \$1,961,632 comprised of provisions for employee entitlements as well as amounts owed to suppliers.

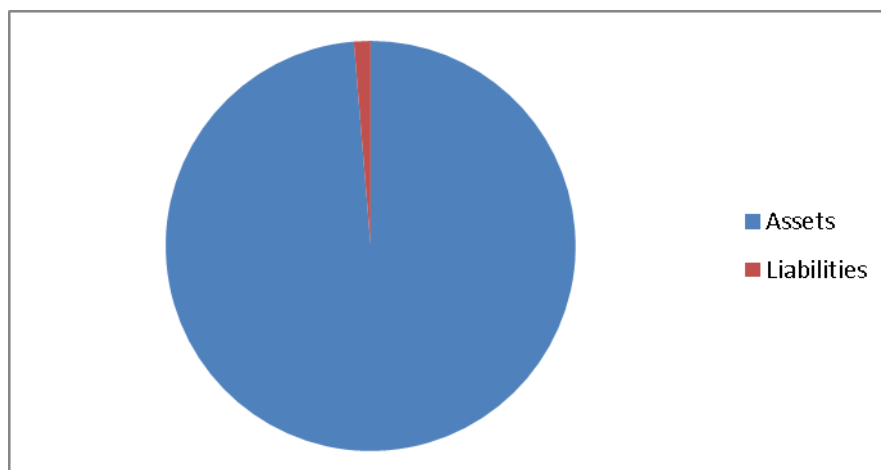
Liabilities 2014/15



Liabilities 2014/15



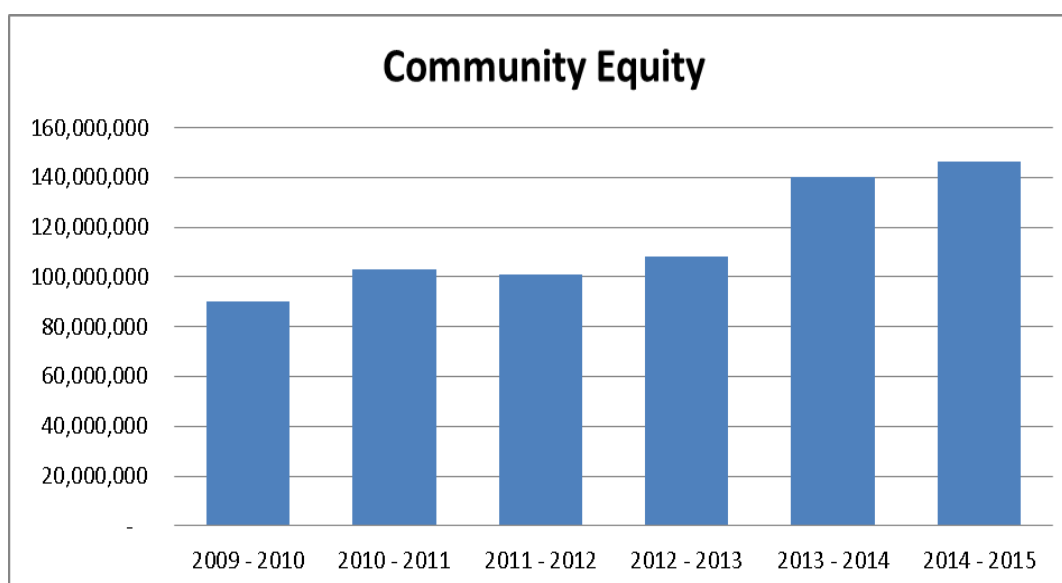
Total Assets vs Total Liabilities 2014-2015



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 2015. It shows a summary of our asset value (\$) – liabilities (\$) = Community Equity (\$).

Burke Shire Council's equity as at 30 June 2015 was \$146,364,548, representing a \$6,340,149 increase from 2013-2014.



Capital Works Program

Capital works are a fundamental component of Councils operations. Council invests in essential infrastructure assets required for service delivery to the community. Expenditure of a capital nature is also incurred to renew and replace existing assets as they reach the end of their useful life. Major capital expenditure for 2014-2015 included the following: \$1,525,521 spent on road upgrades under the TIDS and ATSI TIDS road programmes; \$4,429,704 was spent on Council's Building programme; and \$455,052 spent on the Burketown Wharf Pontoon Project.

Income, expenses and ratios over time

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
	\$	\$	\$	\$	\$	\$
Total Operating Income	8,986,429	30,538,188	16,695,311	16,318,134	6,960,980	9,669,907
Total Operating Expenses	8,972,834	15,250,702	23,404,077	9,204,478	10,650,745	10,856,958
Total Loan Value (Book)	-	-	-	-	-	-
Revenue Ratio*	32.65%	9.97%	21.13%	23%	55%	36.07%
Council Assets	92,153,043	104,887,821	102,237,123	109,883,913	142,651,841	148,326,181
Council Liabilities	2,195,595	1,676,256	1,263,308	1,440,242	2,627,442	1,961,632
Council's Net Value	89,957,448	103,211,565	100,973,815	108,443,671	140,024,399	146,364,549

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

Measures of Council's Financial Sustainability

Council's sustainability requires effective planning and financial management.

Council monitors its financial performance by using financial ratios. Financial ratios give an indication of organizational performance. Ratio analysis assists Managers to understand financial results and trends over time. The ratios also provide key indicators of the strengths and weaknesses of the business from which strategies and initiatives can be developed.

Indicator	Council's Calculated Ratio	
	2014-2015	Target
Asset sustainability ratio	28%	Greater than 90%
Operating surplus ratio	-12%	Between 0 and 10%
Net financial liabilities ratio	-153%	Not greater than 60%

Net Financial liabilities ratio

This ratio is an indicator of the extent to which the Net Financial Liabilities of a local Government can be serviced by its Operating Revenues.

The Financial Management (Sustainability) Guideline 2013 states that a ratio less than zero (negative) indicates that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if

necessary. 2014/15 results indicate that Council can fund its total liabilities from current assets and Council has capacity to increase its loan borrowings should it be required.

Operating Surplus ratio

This ratio indicates the extent to which revenues raised cover operational expenses. A positive ratio indicates that surplus revenue is available.

Asset Sustainability Ratio

This ratio measures the extent to which infrastructure assets are being renewed as they reach the end of their useful life. Councils Asset sustainability ratio decreased as depreciation expense for 2014/15 was significantly higher than previous years as Council identified assets which had not been recognised in previous years, this was also impacted by the AASB tentative Agreement with regards to residual values.

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 28th 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 camp-drafting, 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 2014-2015 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.

A Senior Contract employee is the Chief Executive Officer; and any other local government employee who is employed on a contractual basis and in a position that reports directly to the Chief Executive Officer.

At the Burke Shire Council, there is 1 senior contract employee with a total remuneration package in the range of \$200,000.

There are 3 senior contract employees with a total remuneration package in the range of \$100,000-\$150,000.

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.

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.

(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."



Winning Photo – Burke Shire Arts and Crafts Show – Open Division

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 2014 to 30 June 2015:

Councillor	Ordinary Meeting Attendance	Special Meeting Attendance	Expenses	Remuneration (including Superannuation)
Cr Camp	12	5	\$0.00	\$106,947
Cr Poole	12	5	\$3,960.91	\$61,700
Cr Forshaw	11	3	\$7,194.80	\$50,555
Cr Duff	8	2	\$0.00	\$40,421
Cr Murray	11	2	\$0.00	\$50,007

* Councillor Duff tendered his resignation from Council on 22 May 2015, in accordance with s162(f) of the Local Government Act 2009.

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 16 January 2014:

08.01.02 Councillor Remuneration

That Council accept the remuneration level as set by the Local Government Remuneration & Disciplinary Tribunal effective from 1 July 2014.

Moved: Cr Poole
Seconded: Cr Forshaw

Carried 10.140116 4/0

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.

20142015 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 2014 to 30 June 2015:

Organisation	Project and Rationale	In-kind - Approved by Council Resolution	Total Donation
Burketown Rodeo and Sporting Association	Burketown Campdraft and Rodeo	Rubbish Collection, Use of Council Loader for the 16/08/14, Pump Sewerage before and after event, clean toilets during the event	\$2,000.00 Plus in-kind support
Burketown State School	School Camp - 2014 Money to help with school camp	Use of the Council Bus	\$3,650.00
Gregory District Sporting Association	Development Application - Gregory Race Course Commentary Box	To pay for processing fees in relation to application	\$475.00
Burketown Rural Fire Brigade	Service for Defibrillator	Payment made through Council	\$120.00
Carpentaria Land Council	Preparations for Anniversary Dinner - digging of hole for cooking and spreading out of sand for Dances	Council Equipment	\$946.67
Gregory Branch Mini School	Mini School for SOTA children	Rubbish Collection. Fuel is already donated by SOTA	\$1,118.48
North West Canoe Club	Canoe Race Weekend	Rubbish Collection, Star Pickets and bunting to cordon off the finish line area at the bridge, supply a portaloos at the bridge finish line	\$2,426.72
Burketown Barramundi Fishing Organisation	Burketown Barramundi Fishing Competition	Rubbish Collection	\$5,759.30

Gregory Hall - Phone Connection	Telephone Connection	Telephone connection at the Gregory Downs Hall - contract \$34.49 per month	\$432.54
QCWA - Gregory Branch	Waive fees for the hire of the Meeting Room - Nijinda Durlga	Hire Fees and Bond	\$1,175.00
QCWA - Gregory Branch	Gregory Horse Sports and Fun Day - Banners	Support for Rubbish Collection, Printing of Programs, purchase of banners or flags	\$1,288.10
Gregory Downs Jockey Club Incorporated	Gregory Down Races	Rubbish Collection, Printing of Race Books, Printing of Program, Slashing of Grounds	\$5,888.00
Gregory District Sporting Association	Campdraft and Horse Sports	Printing of Programme, 4 x banners, rubbish collection	\$901.00
Gregory Volunteers - Fuel	Fuel for the generator at Gregory - this is used by the Gregory Sporting Clubs, Tennis Courts Lights and the Emergency Services building in Gregory	Fuel - 2030 litres	\$2,979.63
Gregory River Landcare Group	Burke Shire School Gardens Project		\$758.29
Gregory River Landcare Group	Assistance with Outback Packs		\$4,000.00
Carpentaria Land Council Aboriginal Corporation	Accommodation for weed control program in Gregory	Provide accommodation (including use of the Kitchen and Lounge Facilities) from 9 th May to 9 th July 2015 at Gregory Depot	\$3,100.00
Rural Flying Doctor Service	Advertising in their annual		\$395.00

	magazine		
Banners	Extra Set of banners printed for Gregory Jockey Club		\$991.10
Anzac Day - Trip to Townsville	Council co-funded and organised a trip to Townsville for Anzac Day 2015 for the Burketown State School and SOTA students	Hire of Vehicles in Townsville	\$452.29

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. Both of these documents contain a variety of milestones or targets that Council sets for itself each year. These are generally broken up by department or administrative area. The main achievements and challenges of each of these departments are outlined on pages 31-37. In addition, the Corporate Plan 2014-2019 outlines a range of key initiatives and key capital projects that Council is committed to delivering over a five-year period. These are also outlined in the following pages.

BSC Corporate Plan 2014-2019	
Key Capital Projects	Progress
Telecommunications co-investment into mobile and internet services in Gregory and Burketown	<p>Gregory: Council was successful in its application under the Mobile Black Spot Programme. While the timeframe for delivery is not yet known, this Programme will conclude with the construction of a 4g mobile phone based station in Gregory, jointly funded by the Burke Shire, the Commonwealth, the State of Queensland and Telstra.</p> <p>Burketown: Council has been lobbying hard for the installation of fibre optic cable between Doomadgee and Burketown, with associated upgrades to a 4g mobile network, high-speed broadband and Wi-Fi infrastructure.</p>

	At present, Council has four applications under consideration for the joint funding of this worthy project.
Solar power for Gregory Water Treatment Plant	Council has commissioned and completed a full feasibility study into this project, which will help to deliver close to \$100,000 in diesel expenditure each year. Tenders for the design and construction of this solar array will commence following the resolution of land tenure negotiations with the Waanyi PBC.
Burketown Sewerage Treatment Plant redesign	Council is working toward completion of the final engineering drawings for this redesign project, which is aimed at driving down the costs of sewerage treatment in Burketown. This project will be ready to proceed through the Development Application process from early 2016.
Reticulated Power in Gregory	The reticulation of power in Gregory may be an option following the installation and expansion of the solar power array for the Gregory Water Treatment Plant. However, with the leaps and bounds in the development of solar and technology, this long-desired project may change in scope to better reflect current reality.
Waste Transfer Stations in Burketown and Gregory	Council is in discussions with the Department of Local Government and Doomadgee Aboriginal Shire in relation to the establishment of a Regional Landfill with two feeder Waste Transfer Stations. Council will look to gradually transition to Waste Transfer Station status in 2016-2017.
Development of residential, commercial and industrial land in Burketown and Gregory	<p>The Burketown ILUA was registered on 26 May 2015. The ILUA provides for 70 new residential lots and 144ha of light industrial land. At the time of writing, Council is in discussions with Economic Development Queensland to partner on the development of this land.</p> <p>Gregory: land tenure negotiations are underway with Waanyi traditional owners and a range of other stakeholders. The aim of these negotiations is to identify land suitable for residential, commercial and industrial development. Following the completion of a Cultural Heritage Survey of relevant sites in Gregory in early 2016, these negotiations will progress to the next stage.</p>

Pontoon installation & 2 lane boat ramp at the Burketown Wharf	<p>The official opening of the Burketown Pontoon was held on 30 October 2015. The project was funded by Burke Shire Council, the State of Queensland, the Commonwealth, Volunteer Marine Rescue and Marto's Fishing.</p> <p>Council is currently seeking to partner with the Department of Transport and Main Roads to widen the boat ramp at the Burketown Wharf from one to three lanes. This project will also see the construction of all-weather parking and a recreation area.</p>
White Rock Road, continued sealing of Savannah Way, raising of bridges and flood ways on Wills Developmental Road and Doomadgee East Road, improved causeways at Archie Creek	Of all these projects, the continued sealing of the Savannah Way has yielded the most positive results. Due to the high costs associated with the raising of bridges and floodways, coupled with current State and Federal priorities, it is unlikely that a number of these projects will be concluded within the 5 year timeframe of this Corporate Plan.
Burketown airport: airstrip realignment and terminal/emergency evacuation centre	This project has been de-prioritised following the declining number of flights from the Century Mine and the high costs associated with realignment. While the project is still under serious consideration, current cost-benefit profiles do not suggest this project will be completed within the timeframe of this planning document.

BSC Corporate Plan 2014-2019

Key Organisational Initiatives	Progress
Town Planning Scheme	Council is partnering with the Department of Local Government
Burketown ILUA	Completed. The Burketown ILUA was registered on 26 May 2015.
Records Management Business Solutions	Completed. Council has completed a major audit of all Council records and implemented digitisation and appropriate storage and destruction protocols.
Waste Management Strategy	Council is partnering with the Department of Local Government and Doomadgee Aboriginal Shire to develop a

	regional waste strategy. Progress toward the development and implementation of this strategy is promising.
Introduction of Managed ICT Services	Completed. Council has transitioned to 'the cloud', a move which has improved data retention and security.
Upgrade to Asset Management System	<p>Council has focused much organisation effort toward the development and implementation of an asset management system. The main objective of this project is to ensure the sustainability of Council assets and finances.</p> <p>The 2016-2017 budget will feature the most rigorous forecasting models for asset maintenance, renewals, upgrades and acquisition in the organisation's history.</p>
Water Treatment and Water Consumption Plan	This multi-focused initiative is composed of the introduction of water consumption charges, renewable energy for the Gregory water treatment plant and a new treatment system in Burketown to reduce hazardous chemical inputs. Two of the three objectives have so far been completed.
Economic Development, Tourism & Events Strategy	These two strategies are currently being drafted. Further stakeholder consultation is required prior to finalisation. Scheduled completion in first quarter of 2016.
Gregory ILUA	Council anticipates making solid progress toward registering an ILUA in Gregory with Waanyi Traditional Owners during 2016-2017.

As noted at the beginning of this section, s190(1a-b) requires the Chief Executive Officer to provide an assessment of Council's progress toward objectives outlined in the Corporate and Operational Plans. This assessment is provided below and structured in line with the strategies and outcomes details in Council's Corporate and Operational Plans.

1. GOVERNANCE

One of Council's key aims for the five-year period 2014-2019 is to develop, implement and sustain quality asset management practices. This is an organisation-wide initiative that will ensure that Council and community are able to make well-informed decisions about the Shire's financial future. To progress this objective, Council completed a full asset revaluation and condition assessment during 2014-2015.

It is also crucial that Councillors and senior management play a strong advocacy role on behalf of the Shire. This is particularly true in relation to accessing external funding for capital projects – roads, water, sewer, tourism infrastructure – that Council seeks to deliver. Any opportunity to attract co-contributions toward new infrastructure or upgrades and renewals to existing infrastructure ensures that ratepayers receive better value for money. 2014-2015 has been one of the most successful years for Council, picking up considerable land through the Burketown ILUA, funding for the Burketown Wharf pontoon and advocating for additional road funding, which will be provided to Council in financial years 2015-2016 and 2016-2017.

This is not simply good news. It is, in fact, entirely necessary as Council moves into a period of declining own-source revenue and faces uncertainty in relation to levels of recurrent funding from the State and Federal governments over the next five years.

2. ADMINISTRATION

In Council's Corporate Plan for 2014-2019, Council has committed to ensuring that the organisation's Work Health and Safety System meets all legislative requirements. In meeting these requirements, it is essential that all members of the organisation are aware of their WHS rights and responsibilities. While Council already has an enviable record in terms of avoidance of workplace injury, greater knowledge of WHS rights, responsibilities and processes needs to be an ongoing concern of the organisation. To this end, Council implemented an Annual WHS Management Plan and completed its draft Monthly Action Plans for 2015-2016.

Noting considerable room for improvement in the area of Records Keeping, Council set itself the target of reaching full compliance in this area. 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 has recently completed a major overhaul of this core business function, 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 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.

Given the breadth of the Administration portfolio, Council has recognised the need to generate a survey instrument to receive regular feedback from the community on the range of services it delivers. It is important that this survey aligns closely with higher level 'satisfaction surveys' orchestrated by the State and Federal governments so that the data we collect can be benchmarked with other Local Governments. Council completed a review of previous survey instruments and will look to release the survey midway through 2015-2016.

3. FINANCE

2014-2015 saw Council deliver another unqualified audit; a great credit to Simba Chimpaka and his team in the Finance Department. The "unqualified" status of Council's external audit indicates that the Queensland Audit Office is confident in Council's financial processes and the integrity of the financial data produced. The 2014-2015 audit was completed earlier than in previous years, which is further indication that Council's financial staff and financial systems are working effectively.

Finance has played a crucial role in coordinating the activities of the Audit Committee and the Internal Audit Function. The Audit Committee and internal audit function ensure a degree of external oversight of Council's core activities and functions. Primary focus is given to items with the highest risk attributed, although nothing is off limits. Asset valuations, asset management systems, financial processes, legislative compliance, data security and retention, identification of operational savings are all items on the watch list of the Audit Committee and the internal audit function.

Finance and Governance also concluded a full-scale audit of one of Council's most important functions: rates. As with any audit, the aim here was to establish the integrity of information and processes in order to provide a sound basis for future modelling of the rates function and to deliver greater certainty to ratepayers.

4. COMMUNITY AND CULTURAL DEVELOPMENT

Council measures progress and success in this function in terms of community satisfaction in relation to events and in relation to community satisfaction with community facilities, infrastructure and parks and gardens. As indicated in the Administration Section (above), Council will look to release a Community Satisfaction Survey in mid 2015-2016.

In relation to events, Council and Shire organisations continue to punch above their weight in delivering a wide-range of events to the Community. Council provides financial and in-kind assistance to the many community groups that deliver events (for further information, please refer to the Community Grants section of this report).



Construction was completed on the Burke Shire *Nijinda Durlga* in November 2014.

Council's signature event for 2014-2015 was the inaugural Morning Glory festival, which was combined with the Burketown Rodeo, Campdraft and Sprint Races as well as the 30th Anniversary Celebrations of the Carpentaria Land Council Aboriginal Corporation. The event was incredibly well-supported and would not have been possible without the input of Festival Australia, Tourism and Events Queensland and a large list of local sponsors.

In terms of delivering infrastructure designed to improve liveability in the Shire, Council completed the construction of the Burke Shire Nijinda Durlga in November 2014 and was very close to completing the Burketown Wharf pontoon project. Both facilities are enjoying regular use and will do so for many years to come.

5. INTEGRATED PLANNING AND SUSTAINABLE DEVELOPMENT

Faced with both a clear demand for land to develop and a complete shortage of available land, Council joined forces with the State of Queensland and the Gangalidda and Garawa Peoples to address this situation through the Burketown ILUA.

The Burketown ILUA was registered on 26 May 2015, following a Native Title determination in Burketown on 1 April 2015. The Burketown ILUA delivered the following:

- 1) Housing:
 - a. 70 new residential lots for development in Burketown;

- 2) Rural Residential:
 - a. Creation of 15 rural residential 'lifestyle' blocks in Burketown South
- 3) Light Industrial/Commercial Lots:
 - a. Provision of 144ha of light industrial land
- 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. Drive economic development opportunities for Traditional Owners;
 - 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.

Council is now working with Economic Development Queensland on a development package to assist in bringing all of this land to market. This will require the installation of a range of infrastructure to make residential lots development ready; the survey and realignment of rural residential lots in Burketown South; and master planning for the new light industrial areas.

6. ASSET MANAGEMENT

While Finance and Governance develop and monitor many of the asset management systems required by Council, the Works and Services Department has the crucial task of implementing the majority of operational and maintenance work required to keep road, water treatment, sewer

treatment and other Council facilities in good order. The Works and Services Department is also crucial in delivering or assisting in the delivery of infrastructure upgrades and in monitoring the delivery of new assets.

As with all levels of government, Burke Shire has more infrastructure projects than resources to deliver them. This requires Council to prioritise certain projects and to recognise that meeting the expectations of all stakeholders will not be possible. A long-proposed airstrip realignment and the construction of an airport terminal were on the chopping block for 2014-2015 and will likely require significant external funding if they are to be prioritized once more.



The Burke Shire Council Roads Crew: re-sheeting Camooweal Road under the RMPC program

Major road projects included the continued sealing of the Wills Developmental Road and, of course, the commencement of the 2014 Flood Damage restoration works. Due to NDRRA arrangements, Council is not eligible to complete Flood Damage works. Accordingly, this work was tendered out and this was done in three stages: Earthworks, Stabilisation, Concrete and Gabion work. Council continues to improve the overall management of the NDRRA program, as it has with the RMPC contract, which sees Council deliver road maintenance work to two State Controlled Roads: Wills Developmental Road and the Camooweal Road.

Development is also very far advanced for the redesign of the Burketown Sewerage Treatment Plant and the installation of a solar array and energy storage system for the Gregory Water Treatment Plant. Both of these capital projects will deliver long-term operational savings to Council, and, if all goes according to plan, both of these projects should be delivered by late 2015-2016 or early 2016-2017.

7. ECONOMIC DEVELOPMENT

Council has committed to the development of an Economic Development Strategy (EDS) for the Shire as well as the development of a Tourism & Events Strategy that will complement the EDS. Council has commenced research for both and is scheduled to present drafts for consideration in the first quarter of 2015-2016.

As mentioned above, major land acquisitions and the delivery (as well as planned delivery) of major infrastructure projects provide the context in which economic development will take place.

8. ENVIRONMENTAL SERVICES

Council's main objectives in this area of organisational focus are to ensure that pest management practices, sewerage treatment operations and landfill operations are compliant and continually improving.

As with almost all areas of Council operations, Burke Shire has been seeking to enter into a range of partnerships to ensure that Council investment is able to leverage further funding. With respect to pest management, particularly as this relates to weeds, Council partnered with the Carpentaria Land Council and MMG in the Upper-Gregory River Catchment Area Weed Eradication Project. Council will continue to invest in this program during 2015-2016.

The Corporate and Operational Plans identify improvements to the Burketown and Gregory landfill sites as major priorities. To this end, Council joined forces with Doomadgee Aboriginal Shire Council to engage Zebra Metals to remove scrap metal from multiple sites within the two Shires. 320 tonnes was cleared from Burketown and 105 tonnes from Gregory. In addition, Council has also been working toward the development of a regional waste strategy and a full revision and update of its Site Based management Plans for both Council-operated refuse facilities in the Shire.

Planning commenced for the redesign of the Burketown Sewerage Treatment Plant during 2013-2014 and further progress has been made during 2014-2015. The overall aim is to drive down the costs of treating sewerage by replacing the current plant with a 'passive lagoon system'. The lagoon system will not require power nor the daily, weekly and monthly maintenance of the packaged treatment plant that currently services Burketown.

Annual Report Requirements - continued

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 2014-2015 nor did Council levy special rates or charges for the 2014-2015 financial year.

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

There were no invitations to change tenders during 2014-2015.

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 Revenue Statement – Pensioner Discount on Rates 2014-15

- j) Pursuant to Section 120 and 122 of the Local Government Regulation 2012, determines that verified Pensioners will be entitled to a Pensioner Concession in accordance with section 9.2 of the Revenue Statement 2015-2016.

Moved: Cr Camp

Seconded: Cr Poole

Carried 22. 150722 5/0

s105 Internal Audit Function

Each Local Government must establish an effective and efficient internal audit function. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. Each Local Government must also establish an audit committee. The 2014-15 Internal audit focused on Procurement, Fraud Control, Governance

(policies and processes), Risk Management and Asset Management. Focus in 2015-16 will be on Business Continuity and Asset Management.

s190(1i) Summary of investigation notices

Not applicable

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

Not applicable



The Winning Entry – Junior Division – from the Burke Shire Arts and Craft Show photo competition.

Finance Plans and Reporting

One of the driving forces behind local government reform in 2008 was the need for councils to ensure long term financial sustainability. Through Section 183 of the *Local Government Regulation 2012*, the State Government has legislated that Council must include in its Annual Report, a long-term financial sustainability statement inclusive of relevant measures of financial sustainability for the year the annual report has been prepared.

In addition Council is required to provide an explanation of how its financial management strategy is consistent with the long-term financial forecasts.

Council has developed a long-term financial forecast (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 (2014-2015) and Long-Term Financial Sustainability Statement.

APPENDIX A

Financial Statements 2014-2015 & Long-Term

Financial Sustainability Statement

**Burke Shire Council
Financial Statements**

for the year ended 30 June 2015



Burke Shire Council

Financial statements

For the year ended 30 June 2015

Table of contents

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

- 1 Significant accounting policies
- 2 Analysis of results by function
- 3 Revenue analysis
- 4 Grants, subsidies, contributions and donations
- 5 Employee benefits
- 6 Materials and services
- 7 Capital expenses
- 8 Cash and cash equivalents
- 9 Trade and other receivables
- 10 Property, plant and equipment
- 11 Fair Value Measurements
- 12 Trade and other payables
- 13 Provisions
- 14 Asset revaluation surplus
- 15 Commitments for expenditure
- 16 Contingent liabilities
- 17 Superannuation
- 18 Trust funds
- 19 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
- 20 Events after the reporting period
- 21 Financial instruments
- 22 Correction of prior period errors
- 23 National competition policy

Management Certificate

Independent Auditor's Report

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report - Current Year Financial Sustainability Report

Addendum of Unaudited Information:

Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

Burke Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2015

		2015	2014 - restated *
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	3,488,320	3,810,464
Fees and charges		49,151	45,884
Rental income		130,165	122,216
Interest received	3(b)	459,096	609,118
Sales revenue	3(c)	1,245,828	936,030
Other income	3(d)	1,104,689	60,922
Grants, subsidies, contributions and donations	4(a)	3,192,658	1,376,346
		<u>9,669,907</u>	<u>6,960,980</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	3,485,574	3,667,252
Total revenue		<u>13,155,481</u>	<u>10,628,232</u>
Capital income			152,660
Total income		<u>13,155,481</u>	<u>10,780,892</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(3,737,848)	(3,677,918)
Materials and services	6	(3,777,666)	(3,952,764)
Finance costs		(22,143)	(38,639)
Depreciation and amortisation	10	(3,319,302)	(2,981,423)
		<u>(10,856,958)</u>	<u>(10,650,745)</u>
Capital expenses			
Loss on disposal of property, plant and equipment	7	(367,439)	(1,044,244)
Total expenses		<u>(11,224,397)</u>	<u>(11,694,989)</u>
Net result		<u>1,931,083</u>	<u>(914,097)</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	14	4,409,066	19,336,661
Total other comprehensive income for the year		<u>4,409,066</u>	<u>19,336,661</u>
Total comprehensive income for the year		<u>6,340,149</u>	<u>18,422,565</u>

* Council has made a retrospective restatement as a consequence of a correction of an error. Details are disclosed in Note 22.

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 2015

		2015	2014	1 July 2013 - restated *
	Note	\$	\$	\$
Current assets				
Cash and cash equivalents	8	15,171,178	16,144,278	19,780,368
Trade and other receivables	9	1,392,660	1,184,680	3,049,356
Inventories		190,071	237,621	83,313
Total current assets		<u>16,753,908</u>	<u>17,566,579</u>	<u>22,913,037</u>
Non-current assets				
Property, plant and equipment	10	131,572,273	125,085,261	100,129,040
Total non-current assets		<u>131,572,273</u>	<u>125,085,261</u>	<u>100,129,040</u>
Total assets		<u>148,326,181</u>	<u>142,651,841</u>	<u>123,042,077</u>
Current liabilities				
Trade and other payables	12	1,330,979	2,022,650	826,410
Provisions	13	120,105	27,255	
Total current liabilities		<u>1,451,084</u>	<u>2,049,904</u>	<u>826,410</u>
Non-current liabilities				
Trade and other payables				18,870
Provisions	13	510,548	577,537	594,962
Total non-current liabilities		<u>510,548</u>	<u>577,537</u>	<u>613,832</u>
Total liabilities		<u>1,961,632</u>	<u>2,627,442</u>	<u>1,440,242</u>
Net community assets		<u>146,364,548</u>	<u>140,024,399</u>	<u>121,601,835</u>
Community equity				
Asset revaluation surplus	14	74,114,951	69,705,885	50,369,224
Retained surplus		72,249,598	70,318,514	71,232,611
Total community equity		<u>146,364,548</u>	<u>140,024,399</u>	<u>121,601,835</u>

* Council has made a retrospective restatement as a consequence of a correction of an error and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period i.e. as at 1 July 2013. Details are disclosed in Note 22.

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

Burke Shire Council
Statement of Changes in Equity
For the year ended 30 June 2015

		Asset revaluation surplus	Retained Surplus	Total
		\$	\$	\$
Balance as at 1 July 2014		69,705,885	70,318,514	140,024,399
Net result for the year			1,931,083	1,931,083
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	14	4,409,066	-	4,409,066
Total comprehensive income for the year		<u>4,409,066</u>	<u>1,931,083</u>	<u>6,340,149</u>
Balance as at 30 June 2015		<u>74,114,951</u>	<u>72,249,598</u>	<u>146,364,548</u>
Balance as at 1 July 2013		50,369,224	71,232,611	121,601,835
Net result for the year			(914,097)	(914,097)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	14	19,336,661		19,336,661
Total comprehensive income for the year		<u>19,336,661</u>	<u>(914,097)</u>	<u>18,422,565</u>
Balance as at 30 June 2014		<u>69,705,885</u>	<u>70,318,514</u>	<u>140,024,399</u>

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

Burke Shire Council
Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		5,805,912	6,717,976
Payments to suppliers and employees		(8,133,773)	(5,864,772)
		<u>(2,327,862)</u>	<u>853,204</u>
Interest received		459,096	609,118
Rental income		130,165	122,216
Non capital grants and contributions	4(a)	3,192,658	1,376,346
Finance costs		(22,143)	(38,639)
Net cash inflow (outflow) from operating activities	19	<u>1,431,915</u>	<u>2,922,245</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(5,921,498)	(10,633,308)
Proceeds from sale of property plant and equipment		30,909	407,721
Grants, subsidies, contributions and donations	4(b)	3,485,574	3,667,252
Net cash inflow (outflow) from investing activities		<u>(2,405,015)</u>	<u>(6,558,335)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(973,100)</u>	<u>(3,636,090)</u>
Cash and cash equivalents at the beginning of the financial year		16,144,278	19,780,368
Cash and cash equivalents at end of the financial year	8	<u>15,171,178</u>	<u>16,144,278</u>

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

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 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 certain classes of property, plant and equipment which are measured at fair value.

Recurrent/capital classification

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

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

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

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

1.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 Constitution

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

1.D 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.E Currency

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

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.F 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.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective except for AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Council applies standards and interpretations in accordance with their respective commencement

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2017 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

The new and amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

1.G 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.L and Note 10
- Impairment of property, plant and equipment - Note 1.M
- Provisions - Note 1.O, 1.P and Note 13
- Contingent Liabilities - Note 16

1.H 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.

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
Notes to the financial statements
For the year ended 30 June 2015

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.

1.I 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.J)

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

Financial liabilities

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 21.

1.J 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.K 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.

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.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.L 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 (including land) are capitalised.

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

- Land and improvements
- 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.

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

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

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

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

Valuation

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 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.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

In the intervening years management engage independent, professionally qualified valuers to perform a "desktop" valuation over all assets classes. 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. Data collected from internal inspections and condition assessments are also taken into consideration as part of the desktop revaluation process.

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 10.

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.

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 and estimated useful lives 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 9.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.M Impairment of non-current assets

Each non-current physical 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.

1.N 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.O 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.

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 12 as a payable.

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. As council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

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 13 as a provision.

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

1.P Restoration provision

A provision is made for the cost of restoration in respect of refuse dumps 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.Q 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.R Retained surplus

In reference to the comparative figures for the year ended 30 June 2014, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1.S 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.T 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 18

1.U 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 council's 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
Notes to the financial statements
For the year ended 30 June 2015

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 2015

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2015	2015	2015	2015							
	\$	\$	\$	\$							
Revenue Raising	2,449,264	3,114,022	-	-	5,563,286	(28,568)	-	(28,568)	5,534,718	5,534,718	16,561,966
Governance	-	-	-	-	-	(531,364)	-	(531,364)	(531,364)	(531,364)	-
Finance & Community Services	12,500	1,502,903	-	-	1,515,403	(2,180,217)	-	(2,180,217)	(664,814)	(664,814)	11,830,300
Planning & Building	-	843	-	-	843	(59,722)	-	(59,722)	(58,879)	(58,879)	-
Engineering Services	515,972	1,308,631	2,896,601	-	4,721,204	(5,254,977)	(367,439)	(5,622,416)	(3,430,374)	(901,212)	93,548,200
Environmental Services	-	2,587	-	-	2,587	(343,661)	-	(343,661)	(341,075)	(341,075)	516,669
Community & Cultural	214,923	138,860	588,973	-	942,755	(1,362,089)	-	(1,362,089)	(1,008,307)	(419,334)	13,201,772
Garbage Utility	-	63,292	-	-	63,292	(199,336)	-	(199,336)	(136,044)	(136,044)	-
Sewerage Utility	-	107,070	-	-	107,070	(244,275)	-	(244,275)	(137,205)	(137,205)	1,512,246
Water Utility	-	239,040	-	-	239,040	(652,748)	-	(652,748)	(413,708)	(413,708)	11,155,028
Total Council	3,192,658	6,477,248	3,485,574	-	13,155,481	(10,856,959)	(367,439)	(11,224,397)	(1,187,652)	1,931,083	148,326,182

Year ended 30 June 2014

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	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	(906,290)	-	(906,290)	(292,920)	(292,920)	5,292,186
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	(6,483,265)	(1,044,244)	(7,527,509)	(5,840,158)	(3,064,490)	90,344,574
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	25,606	-	25,606	136,453	136,453	1,482,486
Water Utility	-	312,041	-	-	312,041	(734,363)	-	(734,363)	(422,323)	(422,323)	10,938,938
Total Council	1,376,346	5,584,634	3,667,252	152,660	10,780,892	(10,650,744)	(1,044,244)	(11,694,989)	(3,689,764)	(914,097)	142,651,841

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
3 Revenue analysis			
(a) Rates, levies and charges			
General rates		3,244,319	3,555,729
Water rates		266,060	322,854
Sewerage rates		117,390	114,646
Garbage rates		71,166	69,825
Total rates and utility charge revenue		<u>3,698,935</u>	<u>4,063,054</u>
EMFR Levy		(957)	-
Less: Discounts		(208,977)	(251,009)
Less: Pensioner remissions		(680)	(1,581)
		<u>3,488,320</u>	<u>3,810,464</u>
(b) Interest revenue			
Bank interest		437,027	580,064
Interest from overdue rates and utility charges		22,069	29,054
		<u>459,096</u>	<u>609,118</u>
(c) Sales revenue			
Contract and recoverable works		1,245,828	936,030
		<u>1,245,828</u>	<u>936,030</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.			
(d) Other income			
Other income		1,104,689	60,922
		<u>1,104,689</u>	<u>60,922</u>
Other income includes repayment of \$1,038,879 which was defrauded by the former Deputy CEO in June 2014. See notation in Note 6 also. The former employee has been convicted of fraud and action is currently being pursued by Council to recover legal and other costs (amount to be determined).			
4 Grants, subsidies, contributions and donations			
(a) Recurrent			
General purpose grants		2,842,777	1,129,825
State government subsidies and other grants		349,881	246,521
		<u>3,192,658</u>	<u>1,376,346</u>
(b) Capital			
State government subsidies and grants		3,485,574	3,667,252
		<u>3,485,574</u>	<u>3,667,252</u>

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
5 Employee benefits			
Total staff wages and salaries		2,984,260	2,830,933
Councillors' remuneration		307,430	212,385
Annual, sick and long service leave entitlements		223,353	419,635
Superannuation	17	327,333	310,164
		<u>3,842,376</u>	<u>3,773,117</u>
Other employee related expenses *		109,175	253,575
		<u>3,951,551</u>	<u>4,026,691</u>
Less: Capitalised employee expenses		<u>(213,703)</u>	<u>(348,773)</u>
		<u><u>3,737,848</u></u>	<u><u>3,677,918</u></u>

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

* 2013/14 balance incorrectly included expenses totalling \$155,687.84 as "other employee related expenses". Comparative balances have been updated in 2014/15 to include this amount as part of "total staff wages and salaries" for consistency with current year treatment.

Total Council employees at the reporting date:

Elected members	5	\$
Administration staff	12	10
Depot and outdoors staff	32	30
Total full time equivalent employees	<u>49</u>	<u>45</u>

6 Materials and services

Advertising and marketing	23,622	6,374
Audit of annual financial statements by the Auditor-General of Queensland *	175,500	72,071
Communications and IT	224,658	145,851
Consultants	278,242	223,078
Donations paid	31,030	41,294
Operating expenses	1,089,915	736,186
Repairs and maintenance	1,118,857	1,017,256
Recoverable works	828,865	545,592
Roads - Flood damage	907	-
Subscriptions and registrations	6,071	126,182
Other materials and services **	-	1,038,879
	<u>3,777,666</u>	<u>3,952,764</u>

* This amount includes audit fees pertaining to the 2012/13 and 2013/14 financial years. The quoted fee for the 2014/15 financial statement audit is \$80,000.

** During June 2014, the former Deputy CEO defrauded Burke Shire Council of approximately \$1,038,879. This matter has since been settled in the courts and the monies refunded. Refund of de-frauded monies was receipted to other income.

7 Capital Expenses

Proceeds on disposal of PPE	30,909	-
Less: Book value of PPE disposed	<u>40,538</u>	<u>-</u>
	<u>9,629</u>	
Gross value of flood damaged roads written off	850,917	2,483,339
Less: Accumulated depreciation of flood damaged roads written off	<u>493,106</u>	<u>1,439,095</u>
	<u>357,810</u>	<u>1,044,244</u>
Total capital expenses	<u>367,439</u>	<u>1,044,244</u>

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
8 Cash and cash equivalents			
Cash at bank and on hand		3,639,790	986,342
Deposits at call		11,012,387	14,157,936
Term deposits		519,000	1,000,000
Balance per Statement of Cash Flows		<u>15,171,178</u>	<u>16,144,278</u>

Cash and deposits at call are held at Westpac Bank 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-.

Credit risk

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.

9 Trade and other receivables

Current

Rateable revenue and utility charges	143,711	213,174
Other debtors	1,076,404	499,077
Less impairment	(34,710)	(27,234)
Accrued interest and other revenue	91,912	-
GST recoverable	60,781	197,721
Prepayments	54,562	301,943
	<u>1,392,660</u>	<u>1,184,680</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	27,234	13,228
Additional impairments recognised	7,475	14,006
Closing Balance at 30 June	<u>34,710</u>	<u>27,234</u>

Credit risk

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:

Not past due	1,142,157	535,080
Past due 31-60 days	102,967	6,622
Past due 61-90 days	-	-
More than 90 days	35,772	368,268
Impaired	(34,710)	(27,234)
Total	<u>1,246,185</u>	<u>882,736</u>

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2015

10 Property, plant and equipment
30 June 2015

Basis of measurement

Asset values

Opening gross value as at 1 July 2014

Additions

Disposals

Revaluation adjustment - effective 30 June 2015

Transfers between classes

Write off abandoned projects

Closing gross value as at 30 June 2015

Accumulated depreciation and impairment

Opening balance as at 1 July 2014

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment - effective 30 June 2015

Accumulated depreciation as at 30 June 2015

Total written down value as at 30 June 2015

Range of estimated useful life in years

Additions

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
	Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value	Fair value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	3,751,000	15,465,102	150,506	6,353,683	121,387,853	15,043,976	3,015,333	3,950,863	2,075,325	171,193,641
	-	-	-	11,715	850,917	-	-	-	5,056,866	5,921,497
	-	-	-	(58,231)	(850,917)	-	-	-	-	(909,147)
14	-	120,513	-	-	1,740,448	196,346	27,515	79,018	-	2,163,840
	-	4,485,458	7,589	387,543	1,525,521	95,904	42,596	-	(6,544,611)	-
	-	-	-	-	-	-	-	-	(125,904)	(125,904)
	3,751,000	20,071,073	158,095	6,694,710	124,653,822	15,336,226	3,085,445	4,029,881	463,677	178,243,927

	-	2,434,537	101,577	2,949,216	34,096,823	4,105,038	1,532,847	888,340	-	46,108,379
	-	261,370	8,677	305,112	2,429,554	167,368	43,595	103,626	-	3,319,302
	-	-	-	(17,693)	(493,106)	-	-	-	-	(510,799)
14	-	(510,515)	-	-	(1,558,852)	(86,759)	(3,244)	(85,859)	-	(2,245,228)
	-	2,185,392	110,254	3,236,635	34,474,419	4,185,648	1,573,198	906,107	-	46,671,654

	3,751,000	17,885,681	47,841	3,458,075	90,179,403	11,150,578	1,512,246	3,123,774	463,677	131,572,273
	Land: Not depreciated	12 - 105 years	4-10 years	2 - 20	5 - 100	20 - 80	20 - 60	20 - 40	WIP: Not depreciated	

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	-	-	-	-	850,917	-	-	-	-	850,917
	41,191	3,395,991	7,589	244,721	1,291,595	43,066	14,753	31,676	-	5,070,581
	41,191	3,395,991	7,589	244,721	2,142,512	43,066	14,753	31,676	-	5,921,497

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2015

10 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

Land and improvements	Buildings	Furniture and Fittings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Other structures	Work in progress	Total
Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value	Fair value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2,970,000	12,387,528	150,506	5,958,465	71,931,851	13,262,144	3,597,813	4,211,746	2,875,366	117,345,419
-	277,892	-	67,024	23,103,357	(608,054)	(485,635)	648,748	(67,024)	22,936,308
-	2,010,824	-	637,351	7,298,165	332,754	-	354,214	-	10,633,308
(162,000)	-	-	(309,157)	(2,483,339)	-	-	-	-	(2,954,486)
943,000	788,868	-	-	21,537,819	2,057,132	(96,844)	(1,263,845)	-	23,966,120
-	-	-	-	-	-	-	-	(733,017)	(733,017)
3,751,000	15,465,102	150,506	6,353,683	121,387,853	15,043,976	3,015,333	3,950,863	2,075,325	171,193,641

Accumulated depreciation and impairment

Opening balance as at 1 July 2013
Correction to opening balances due to historical errors
Depreciation provided in period
Depreciation on disposals
Revaluation adjustment to asset revaluation surplus
Accumulated depreciation as at 30 June 2014

-	1,810,229	93,005	2,765,230	20,523,815	2,531,103	1,111,399	1,539,760	-	30,374,542
-	27,490	-	-	10,019,379	(223,076)	(191,688)	146,038	-	9,778,144
-	248,038	8,572	400,082	1,998,479	144,482	44,995	136,775	-	2,981,423
-	-	-	(216,096)	(1,439,095)	-	-	-	-	(1,655,191)
-	348,780	-	-	2,994,244	1,652,529	568,141	(934,233)	-	4,629,461
-	2,434,537	101,577	2,949,216	34,096,823	4,105,038	1,532,847	888,340	-	46,108,379

Total written down value as at 30 June 2014

3,751,000	13,030,565	48,929	3,404,467	87,291,030	10,938,938	1,482,486	3,062,523	2,075,325	125,085,261
Land: Not depreciated	12 - 105 years	4-10 years	2 - 20	5 - 100	20 - 80	20 - 60	20 - 40	WIP: Not depreciated	

11 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.

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 measured and recognised at fair value at 30 June 2015.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

At 30 June 2015	Note	Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$	\$	\$	\$	\$	\$
		2015	2014	2015	2014	2015	2014
Recurring fair value measurements							
Land and improvement	10	3,751,000	3,751,000			3,751,000	3,751,000
Buildings							
- Specialised Buildings	10						
- Non- Specialised Buildings	10			17,885,681	13,030,565	17,885,681	13,030,565
Road, drainage and bridge network	10			90,179,403	87,291,030	90,179,403	87,291,030
Water	10			11,150,578	10,938,938	11,150,578	10,938,938
Sewerage	10			1,512,246	1,482,486	1,512,246	1,482,486
Other structures	10			3,123,774	3,062,523	3,123,774	3,062,523
		<u>3,751,000</u>	<u>3,751,000</u>	<u>123,851,682</u>	<u>115,805,543</u>	<u>127,602,682</u>	<u>119,556,543</u>

Council had previously published a portion of its building assets at Level 2. Due to a relatement of Property, Plant and Equipment at 30 June 2014 (refer to note 22) Council have revised this assumption, and now recognise all buildings as Level 3. At 30 June 2015 the fair value of building assets previously recognised at Level 2 now recognised at Level 3 is \$3,789,313.

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

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

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

A full comprehensive revaluation was conducted by APV Valuers and Asset Management at 1 July 2014 for the purpose of validating the published fair value of Council assets at 30 June 2014. As a result of this process, significant deviations from the previously reported fair value were noted. This was due to a combination of previously unidentified assets, unrecorded changes in asset dimensions and component materials, and inaccurate unit rates. As such, the fair value of Council's buildings, other structures, roads, water and sewerage categories have been restated at 30 June 2014.

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 2015. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 1 July 2014 for the purpose of determining restated opening balances. 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.

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 since the previous comprehensive valuation. No changes were noted, as such no index has been applied.

Buildings and other structures (level 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 2015. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 1 July 2014.

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.

The desktop valuation undertaken at 30 June 2015 adjusts the figures from the previous valuation by reference to indexation in order to make them current as at 30 June 2015. 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 index relevant to buildings to be 3% and other structures to be 2%.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

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 the assumption that 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 and drainage

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 2015. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 1 July 2014. 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 2015. 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 is 2% for road assets and 2.5% for stormwater assets. This index has been applied at 30 June 2015.

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 during the 14/15 year and asset condition data supplied by Council. A straight line consumption model has been utilised.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

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 2015. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 1 July 2014. 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 2% being applied.

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were calculated based on condition assessments. The condition assessments were made using a seven point scale with 0 representing the lowest and 6 being the highest. A 0 condition assessment indicates an asset with a very high level of remaining service potential. 6 represents an asset at the end of its useful life.

Estimated useful lives are disclosed in Note 10.

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the condition assessment matrix disclosed in section (iii) of this note.

Estimated useful lives are disclosed in Note 10.

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 2015. The last comprehensive revaluation was performed by APV Valuers and Asset Management at 1 July 2014. 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 2015. 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 the appropriate Indexation to apply at 30 June 2015 as follows: Water Civil and Mechanical Assets 1%; Water civil, electrical and water pipe works and associated assets 2%; and sewerage treatment assets 3%.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

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 disclosed in section (iii) of this note.

Estimated useful lives are disclosed in Note 10.

(iii) Condition rating matrix

The condition assessment rating for the roads, drainage and bridge network, and water and sewerage assets is as follows:

Condition rating	Assessment
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

(iv) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer and Finance Manager. 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 1.M and 1.L 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 2015

Note	2015 \$	2014 \$
12 Trade and other payables		
Current		
Creditors and accruals	1,040,344	1,802,618
Annual leave	262,972	194,836
RDO	27,663	25,195
	<u>1,330,979</u>	<u>2,022,650</u>

Liquidity risk

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2015					
Trade and other payables	1,040,344	-	-	1,040,344	1,040,344
	<u>1,040,344</u>	<u>-</u>	<u>-</u>	<u>1,040,344</u>	<u>1,040,344</u>
2014					
Trade and other payables	1,802,618	-	-	1,802,618	1,802,618
	<u>1,802,618</u>	<u>-</u>	<u>-</u>	<u>1,802,618</u>	<u>1,802,618</u>

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

13 Provisions

Current

Long service leave	120,105	27,255
	<u>120,105</u>	<u>27,255</u>

Non-current

Refuse restoration	450,225	463,501
Long service leave	60,323	114,036
	<u>510,548</u>	<u>577,537</u>

Details of movements in provisions:

Refuse restoration

Balance at beginning of financial year	463,501	463,501
Decrease in provision due to unwinding of discount	(13,276)	-
Balance at end of financial year	<u>450,225</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.

Long service leave

Balance at beginning of financial year	141,291	131,461
Long service leave entitlement arising	46,520	35,969
Long service entitlement paid	(7,382)	(26,139)
Balance at end of financial year	<u>180,429</u>	<u>141,291</u>

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
14 Asset revaluation surplus			
Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land and improvements		3,821,357	3,821,357
Buildings		6,473,200	5,842,171
Other infrastructure assets		4,688,846	4,523,968
Road, drainage and bridge network		51,695,823	48,396,522
Water		3,832,455	3,549,351
Sewerage		3,603,270	3,572,511
		<u>74,114,951</u>	<u>69,705,885</u>

15 Commitments for expenditure

Contractual commitments

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

Construction of Pontoon Walkway - Concrete Ramp	155,356	
Construction of Community Hub	-	2,417,813
	<u>155,356</u>	<u>2,417,813</u>

16 Contingent assets and liabilities

During June 2014, the former Deputy CEO defrauded Burke Shire Council of approximately \$1,038,879. This matter has since been settled in the courts and the monies refunded. Council are seeking recovery of expenditure incurred in relation to the fraud investigation. A settlement date is not known, however at the date of signing this report the estimated recovery amount is \$60,000.

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 2015 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 \$62,730.40.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

17 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*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

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. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

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.

As at the reporting date, 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.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities. Burke Shire Council made less than 4% of the total contributions to the plan in the 2014/15 financial year.

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

	Note	2015 \$	2014 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	327,333	310,164

18 Trust funds

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

38,247	36,226
<u>38,247</u>	<u>36,226</u>

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

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

Net result		1,931,083	(914,097)
Non-cash items:			
Depreciation and amortisation	10	3,319,302	2,981,423
		<u>3,319,302</u>	<u>2,981,423</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	7	367,439	891,584
Capital grants and contributions	4(b)	(3,485,574)	(3,667,252)
Impairment of capital WIP projects and other capital adjustments	10	125,904	733,017
		<u>(2,992,230)</u>	<u>(2,042,651)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(207,980)	1,864,676
(Increase)/decrease in inventory		47,550	(154,307)
Increase/(decrease) in payables		(691,671)	1,177,370
Increase/(decrease) in provisions		25,862	9,830
		<u>(826,239)</u>	<u>2,897,569</u>
Net cash inflow from operating activities		<u>1,431,915</u>	<u>2,922,245</u>

20 Events after the reporting period

There were no material adjusting events after the balance date which may require disclosure.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

21 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	
		2015	2014
		\$	\$
Financial assets			
Cash and cash equivalents	8	15,171,178	16,144,278
Receivables - rates	9	143,711	213,174
Receivables - other	9	1,102,475	869,563
Other credit exposures			
Guarantees	17	62,730	61,140
Total financial assets		<u>16,480,093</u>	<u>17,088,154</u>

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

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 table at Note 12 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. At the end of the reporting period the council had no contractual cashflows outside of 1 year.

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.

	Net carrying amount \$	Effect on Net Result		Effect on Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
Council					
2015					
QTC cash fund	11,012,387	110,124	(110,124)	110,124	(110,124)
Other investments	519,000	5,190	(5,190)	5,190	(5,190)
Net total	11,531,387	115,314	(115,314)	115,314	(115,314)
2014					
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)
Net total	15,157,936	151,579	(151,579)	151,579	(151,579)

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.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

22 Correction of Prior Period Errors

(a) Residual value restatement

At the meeting of 27 and 28 May 2015 the Australian Accounting Standards Board (AASB) determined that the recognition of residual value, in accordance with AASB 116 Property, Plant and Equipment, is limited to when an entity expects to receive consideration at the end of an asset's useful life. Consistent with this determination, the recognition of residual value is not appropriate when existing assets are expected to be recycled into a replacement asset. The AASB's decision is divergent from the accounting practice adopted by Council for its buildings and major infrastructure assets whereby residual value includes cost savings from the re-use of in-situ materials.

As a result, the residual value on buildings and major infrastructure assets which represented cost savings, has been removed from affected sub-components and depreciation expense for the year 2013/14 year recomputed in accordance with the issued guidance. The change has been made retrospectively in accordance with requirements of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. refer to section (b) of this note

(b) Infrastructure restatement

In 2014/15 a comprehensive revaluation was undertaken of Council's major infrastructure. Prior to this, a comprehensive revaluation had not been performed since 2010, and Council did not undertake adequate data collection and verification processes in intervening years. As a result, the comprehensive revaluation identified a significant number of new assets or modified assets which had not been previously recognised in the Statement of Financial Position. In addition to this, unit rates previously adopted by Council were found to be inaccurate based on an assessment of recent project costs and market analysis. This change has resulted in a restatement of buildings, other structures, roads, water and sewerage categories 2014/15.

In accordance with AASB 101 Presentation of Financial Statements a third Statement of financial position has been presented to incorporate each of the restatements. A summary of all comparative changes is detailed below:

Statement of Financial Position as at 1 July 2013 -extract	Note	Published 13/14	NPR Assets*	Revaluation through ARS	Increase in Depreciation Estimate	Write Back A.D. on Disposals **	Restated 13/14
Property, plant and equipment	10	86,970,877	13,158,163	-	-	-	100,129,040
Equity - retained surplus		58,074,447	13,158,163	-	-	-	71,232,611

Not previously recognised assets with a net book value of \$13,158,163 were identified as a part of the comprehensive revaluation process. This has been reflected as an adjustment to the opening value of Property, Plant and Equipment at 1 July 2013 with a corresponding increase to Council's retained surplus.

Statement of Comprehensive Income for the year ended 30 June 2014 - extract	Note	Published 13/14	NPR Assets*	Revaluation through ARS	Increase in Depreciation Estimate	Write Back A.D. on Disposals **	Restated 13/14
Depreciation and amortisation	10	1,844,584	-	-	1,136,876	-	2,981,460

The removal of residual values from the depreciation calculation, consistent with the guidance issued by AASB in section (a) of this note, resulted in an increase to depreciation expense of approximately \$1.14million. This includes depreciation on not previously recognised assets, estimated to be \$460K.

Statement of Financial Position as at 30 June 2014 - extract	Note	Published 13/14	NPR Assets*	Revaluation through ARS	Increase in Depreciation Estimate	Write Back A.D. on Disposals **	Restated 13/14
Property, plant and equipment	10	109,254,468	13,158,163	2,370,412	(1,136,876)	1,439,095	125,085,262
Equity - community equity		124,193,605	13,158,163	2,370,412	(1,136,876)	1,439,095	140,024,399

The following factors are relevant to the re-statement of Property, Plant and Equipment and Community Equity at 30 June 2014:

- The abovementioned recognition of not previously recognised assets and an increase to the 2014 depreciation expense have resulted in an increase to the fair value of Property, Plant and Equipment at 30 June 2014.

- Changes to revaluation assumptions resulted in a fair value increase of \$2,370,412 at 30 June 2014 which has been reflected as an adjustment to Council's asset revaluation surplus.

- Council recognised a disposal of road network assets which had been damaged by flood. These assets had an estimated WDV of \$1,044 million. Costs to restore equivalent to the value of the disposed portion of the asset were capitalised at 30 June 2014. An adjustment of \$1,439 million was required to write back the accumulated depreciation on the damaged portion, effectively restoring the remaining useful life of the asset to its original level.

* NPR: Not Previously Recognised Assets

** Write Back A.D on Disposals: adjustment to write back the accumulated depreciation of flood damaged assets which were written off at 30 June 2014. Refer Note 10.

Burke Shire Council
Notes to the financial statements
For the year ended 30 June 2015

23 National Competition Policy

Business activities to which the code of competitive conduct is applied

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

Roads
Water and sewerage

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

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

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

	Roads	Water & Sewerage	Waste Management
Revenue for services provided to the Council			
Revenue for services provided to external clients	1,088,360	346,110	63,292
Community service obligations	-	-	-
Less: expenditure	951,079	897,023	199,336
Surplus/(deficit)	137,281	(550,914)	(136,044)

Description of the CSO's provided to business activities:

Activity	CSO Description	Net Cost
Water and sewerage	Providing free services in public areas	NIL

Management Certificate
For the year ended 30 June 2015

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
Ernie Camp

Date: 30 / 10 / 15



Chief Executive Officer
Philip Keirle

Date: 30 / 10 / 15

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 2015, 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 2014 to 30 June 2015 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.




D A Stolz 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 2015

Measures of Financial Sustainability

Council's performance at 30 June 2015 against key financial ratios and targets:

Operating surplus ratio

Asset sustainability ratio

Net financial liabilities ratio

How the measure is calculated	Actual -	Target
Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-12%	Between 0% and 10%
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	28%	greater than 90%
Total liabilities less current assets divided by total operating revenue (excluding capital items)	-153%	not greater than 60%

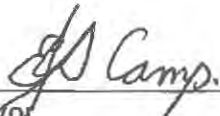
Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.

Certificate of Accuracy
For the year ended 30 June 2015

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

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



Mayor
Cr Ernie Camp

Date: 30 / 10 / 15



Chief Executive Officer
Philip Keirle

Date: 30 / 10 / 15

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 2015, 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 2015, 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.


D A Stolz FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Addendum of Unaudited Information:
Long Term Financial Sustainability Statement
Certificate of Accuracy

Burke Shire Council
Long-Term Financial Sustainability Statement
 Prepared as at 30 June 2015

Measures of Financial Sustainability		Measure	Target	Actuals at 30 June 2015	Projected for the years ended									
					30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	31 June 2025
Council														
Operating surplus ratio		Net result divided by total operating revenue	Between 0% and 10%	-12%	-34%	-16%	-35%	-37%	-40%	-40%	-40%	-42%	-44%	-46%
Asset sustainability ratio		Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	28%	146%	199%	165%	112%	112%	112%	112%	112%	112%	112%
Net financial liabilities ratio		Total liabilities less current assets divided by total operating revenue	not greater than 60%	-153%	-116%	-163%	-194%	-187%	-176%	-162%	-148%	-132%	-113%	-92%

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 2015

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

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



Mayor
Cr Ernie Camp

Date: 30 / 10 / 2015



Chief Executive Officer
Phillip Keirle

Date: 30 / 10 / 2015