

Burke Shire Council Annual Report Year ended 30 June 2017





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Front cover photograph | Morning Glory Cloud rolling over the Albert River | Supplied by Jordan Westerhuis



Introduction

Purpose of the Annual Report

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

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

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

About Burke Shire

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

A diversity of natural attractions, stunning colours and amazing birdlife entices drive tourists – with the added bonus of absolutely no traffic signals. The Savannah Way, which connects Cairns to Broome, runs through Burke Shire from the lovely Leichardt River falls to Hells Gate and the Northern Territory border. The rugged country surrounding Hells Gate is one of the world's oldest landscapes, where impressive rock formations tell of the land's evolution, and natural art galleries from early Indigenous peoples can be found in nearby caves.

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

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

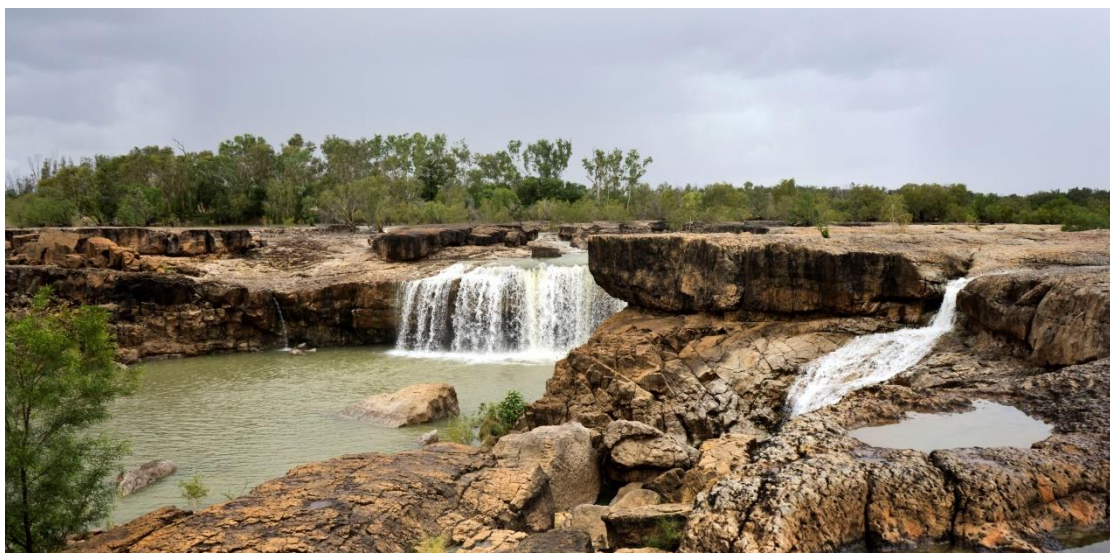


Image: Leichardt River falls

Report from the Mayor

The 2016-17 year has seen many successful grant applications that have brought funding to the Shire.

The State Government introduced the Works for Queensland (W4Q) Programme and, unlike many other Government funding streams, Burke Shire Council is not required to make a co-contribution. The rationale behind W4Q is to deliver on ground benefits to communities: projects must improve the condition (maintenance), quality or lifespan of a local government-owned capital asset - such as, but not limited to, footpaths, kerb and channel works, roads, car parks, sewer, water and stormwater systems and networks, shade structures, playgrounds, community and sport facilities, halls, swimming pools and water play infrastructure or be new minor infrastructure projects. Submitted projects may not already be proposed for funding in the applicant's 2016-17 budget. They must clearly demonstrate they will create or sustain jobs.

Council's program for its W4Q allocation of \$1.19 million, prioritised through swift community consultation, will result in improvements to assets that will, in turn, improve the capacity to encourage economic investment. In the current climate with the mining downturn W4Q will provide work for local and regional contractors to help to keep them in business. Council will use Works for Queensland funding to deliver upgrades to community assets including water, sewer, cemetery and airport infrastructure, home and community care building, playground equipment and public toilets. Along with increased remote liveability, well maintained public assets increase the tourist experience which stimulates increased visitation and income from tourism.

Notification of Round Two funding was received just prior to the end of June. Council has been allocated \$1.18million dollars to deliver projects, subject to Ministerial approval, under the same parameters as round one.

Council, in partnership with Economic Development Queensland (EDQ), is progressing a staged rollout of land in and around Burketown for residential and commercial purposes. In April 2017, nine blocks of land were released for tender in what was named "Crimson Edge". Light industrial land will also be a focus in the future.

Additional success in securing funding from several grants this year will see the following projects undertaken:

- Widening of the Burketown boat ramp, with parking and BBQ facilities, will proceed in 17-18 as a result of accessing funding from four separate grant programs and receiving two extra-curricular ministerial approvals which will keep Council's co-contribution to a minimum.
- Solar power and water treatment upgrades at the Gregory Water Treatment Plant, which project to deliver an estimated \$100,000 per annum reduction in annual operating costs.
- Rehabilitation of the Burketown Visitor Information Centre.
- Replacement of the SES shed.
- Resealing of Gregory airport

Stage One of the Gregory Indigenous Land Use Agreement (ILUA) has been completed and approved by the Minister, Hon Dr Lyneham, and is now lodged with the National Native Title Tribunal for entry into the register. This land portion, adjacent to the Water Treatment Plant, will be utilised for solar power panels. Discussions are ongoing regarding further ILUA progression.

The receipt of eighteen million dollars in flood damage grants has resulted in a flurry of roadwork throughout the Shire. Council is looking forward to proposed policy changes from 01 July 2018 that will enable flood damage funding to be used to improve, not just repair, flood damaged roads to potentially mitigate future damage.

Council, as part of a coalition of neighbouring Shires, relevant economic development bodies and our local Federal member, is seeking to progress recognition of the importance of Savannah Way. As part of National Highway 1 network it has a key role to play in defence, biosecurity, Northern Australia economic development and communal connections. The coalition hope to strengthen the alliance with cross border involvement and ultimately aims to increase fiscal contributions to maintenance and improvements and ongoing responsibility for same by the Federal government.

Following extensive consultation, a long-held aspiration of Council came to fruition in 2017 with the establishment of a register of pre-qualified suppliers. Going forward this will enable a timelier and cost-effective response to qualifying, identified works.

2017 saw the official commissioning of the Fibre Optic cable between Doomadgee and Burketown. The fibre optic project has brought increased internet speed and

reliability along with 4G mobile services to Burketown. This initiative has provided a measurable improvement in Council's cloud based computing and opened opportunity for teleconferencing to reduce travel costs. I witnessed, firsthand, the qualitative benefits the technology has brought to the local primary school in improving access to courses unable to be provided face to face eg language studies.

The federal Black Spot Mobile Fund Round 2 allocations saw funding granted to an application to provide mobile tower service at Burke and Wills Roadhouse. Burke Shire Council is collaborating and contributing with other Shire Councils. With the impending mobile coverage at Gregory, as a result of a successful round 1 application, this will improve connectivity and safety for residents and travellers alike.

The coming year will see Council complete Round 1 W4Q projects and commence Round Two as well as complete roadworks and projects funded in this year and progress further ILUA discussions. We will continue to work with EDQ to deliver a master plan for light industrial land around Burketown. The sale of Century Mine and subsequent mooted reinvigoration of activity, albeit on a smaller scale, is most welcomed. The closure of the mine had a major impact upon our ratings base. The new activity as well as the activity of other mining interests in

the Shire has the real potential to negate some of that impact.

As always, the challenging economic times created by declining funding, increased competition for the decreasing monetary pool, the ever-increasing legislative driven reporting requirements and a shrinking rates base require Council to constantly re-evaluate, for efficiency, effectiveness and endurance, its plans, budgets, ambitions and respond accordingly. At times to the casual observer or member of the public, decisions made seem to counteract rationalisation and re-evaluation, however Council is always mindful of its obligations to community and its funding partners and so decisions are often made with a longer-term vision in mind regarding delivering savings and value for money.

We take our responsibility very seriously and are proud of the fact that State and Federal governments recognise our commitment to that responsibility: this recognition manifests in our continued, ongoing success with our funding applications. The efforts of our staff, indoor and outdoor, to identify and deliver funded projects in a timely manner cements our position as a responsible Local Government and on behalf of my fellow Councillors, I thank you all for your hard work and contributions.

Mayor Ernie Camp



Image: Burketown Visitor Information Centre

Report from the Chief Executive Officer

The year in review

2016-17 has been an extraordinarily busy, and equally successful, year for Burke Shire Council.

Revenue leapt from \$14.5 to \$23.4 million – primarily through additional project based grants – bringing an exponential increase in operational workload across the board from the works area through to procurement and finance.

On the other side of the coin, rate revenue plunged when the Century Mine ceased production and moved from a mining rate category to rehabilitation. Council's annual income is down \$1.4 million per annum as a result – a figure that cannot be recouped by spreading rates across our small base of ratepayers. We will work smarter and harder to mitigate the impact of this loss.

Council restructured its workforce in several stages over the financial year to ensure that it can meet the challenge of reduced income on the one hand, and increased operational workload on the other. The restructure, which was achieved within the existing budget and without any redundancies, introduces two key new positions. The executive manager works and infrastructure (EMWI) will provide leadership and engineering expertise in this growing portfolio and release the works manager to concentrate on delivering operations. The human resource and workforce development coordinator (HRWDC) will ensure that our workforce gets the best support and training that we can offer. Capitalising on the strengths of our remote community, Burke seeks to become an employer of choice and provide opportunities to build on the skills and capacities of our local workforce to underpin efficient and effective operations. Everybody wins in this scenario.

Council was notably successful in securing competitive grants this year for strategic infrastructure projects including widening of the Burketown boat ramp, water treatment optimisation and solar power at the Gregory drinking water treatment plant, resealing of the Gregory airport, rehabilitation of the visitor information centre, and replacement of the SES shed. Council also secured two ministerial approvals to reduce the amount of own-source funding required for the boat ramp project.

Cyclone Alfred in February 2017 added \$5m in flood damage on local roads to the \$13m already approved for NDRRA restoration funding (Federal and State) after the 2016 rain events. This led Council to act on a

long discussed initiative – at the beginning of 2017 Burke Shire Council had in place its first ever register of pre-qualified suppliers under the provisions of the Local Government Regulation 2012.

Announcement in 2017 of over \$1m in unmatched funding through the new Works for Queensland initiative sent our works program into overdrive due to tight delivery timeframes on top of an existing heavy project schedule. Council embraced this opportunity with a quick round of community consultation. Approved projects include overdue upgrades to the drinking water treatment plants at Burketown and Gregory, and a range of community infrastructure such as niche walls at the Burketown and Gregory cemeteries, an alternative boat ramp to mitigate impact on tourism businesses while the existing ramp is closed for construction, and a new playground in Morning Glory Park.

A pinnacle during the year was the opening of the Doomadgee to Burketown optic fibre, bringing increased internet speed and reliability along with 4G mobile services to Burketown. Council benefitted with a measurable improvement in cloud based computing and more importantly, this initiative opened up opportunities for videoconferencing for the benefit of services such as health – especially critical care - and education.

It is Burke's resilient and proud community, strong elected member leadership, and passionate workforce that enable Burke to deliver outcomes that are exceptional in our remote context. The success that Burke has enjoyed in securing funding and delivering community infrastructure projects on time and on budget is made possible through the work of our great people.

The year ahead

The year ahead promises to be equally busy, with funded projects entering the procurement and construction stage. Council will continue to balance the demands of delivering efficient, effective and enduring services to our community and meeting our governance obligations within the constraints of limited resources.

Chief Executive Officer Sharon Daishe

The Council

Elected Representatives

Burke Shire Council has an elected body of five Councillors, with specific powers, responsibilities, and duties set out in the *Local Government Act 2009* (the Act). Under the Act elections for the Mayor and Councillors are undertaken every four years, with the last election held on Saturday 19 March 2016.



Councillor Profiles

Mayor

Councillor Ernie Camp

Cr Ernie Camp was re-elected Mayor at the 2016 elections having served as Mayor for the previous term, Deputy Mayor for the two terms before 2012 and before that as a Councillor. In all, Cr Camp has been involved in Local Government for 17 years. He is a Chair of an agri-political body - Australian Beef Association, a member of Agforce (a Qld based agri-political body), Gulf Cattleman's Association and NORTHBeef. He is a member of a committee looking to develop a new cattle board following on from recommendations by a senate committee into compulsory levies paid by the grassfed beef industry. Cr Camp is a member of the Gregory Downs Jockey Club and has been race starter for many years. He is also a member of the Burketown P&C, the Isolated Children's Parents Association (ICPA), Gregory Downs Sporting Association, Gregory Landcare and Southern Gulf NRM. Cr Camp represents Council as a board member on the Riversleigh Community Scientific Advisory committee (RCSAC), and is the chair of Gulf Savannah Development.



Deputy Mayor

Councillor Paul Poole

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

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



Councillors

Councillor Tonya Murray

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



Councillor John Clarke

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



Councillor John Yanner

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



Community Financial Report

LGR s184

In accordance with Section 184 of the Local Government Regulation 2012, Council is required to include a community financial report in its annual report. The community financial report is a summary of the information contained in Council's annual financial statements and is intended to provide the reader with an overview of Council's financial position of the year ended 30 June 2017. It aims to present this information in a less technical manner than in the financial statements to promote broader understanding of Council's financial position.

Income Statement

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

Income		Assets	
Operating Revenue	\$19,994,182	Current Assets	\$17,919,997
Capital Revenue	\$3,420,677	Non-Current Assets	\$140,424,672
Total Income	\$23,414,859	Total Assets	\$158,344,669
Expenses		Liabilities	
Total Expenses	\$17,809,283	Total Liabilities	\$1,695,213
		Equity	
		Reserves	NA
		Retained Surplus	\$74,174,475
		Asset Revaluation Surplus	\$82,474,980

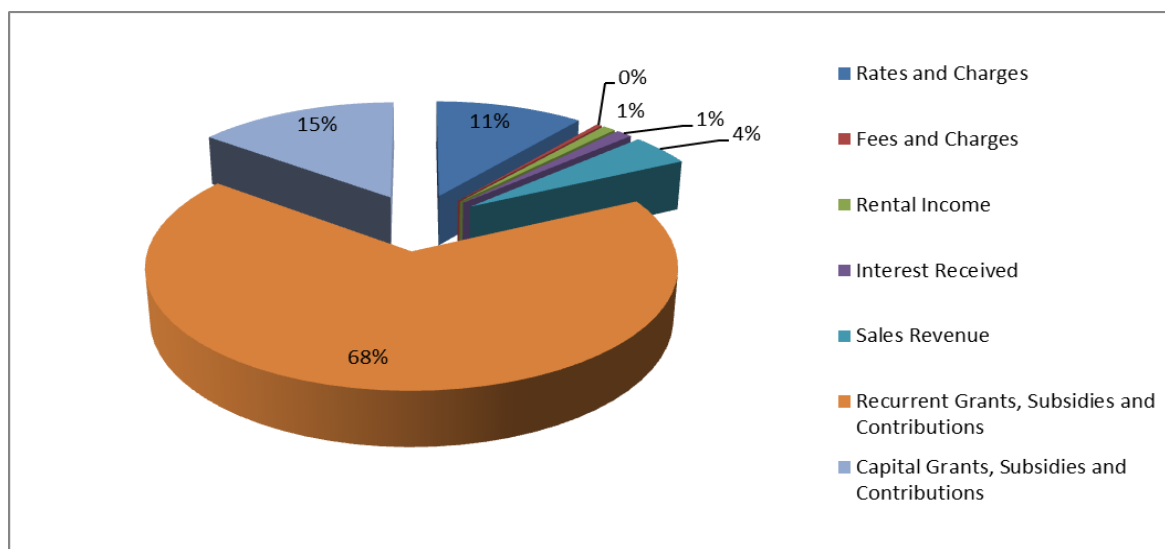


Image: Opening Ceremony for the Doomadgee to Burketown Fibre Link Project held on Friday 5 May 2017

L to R: Burke Shire Mayor Ernie Camp, Senator the Hon Ian Macdonald, the Hon Coralee O'Rourke, Martin Blennerhasset (Telstra) and Philip Keirle (Burke Shire Council)

Revenue – where did the money come from?

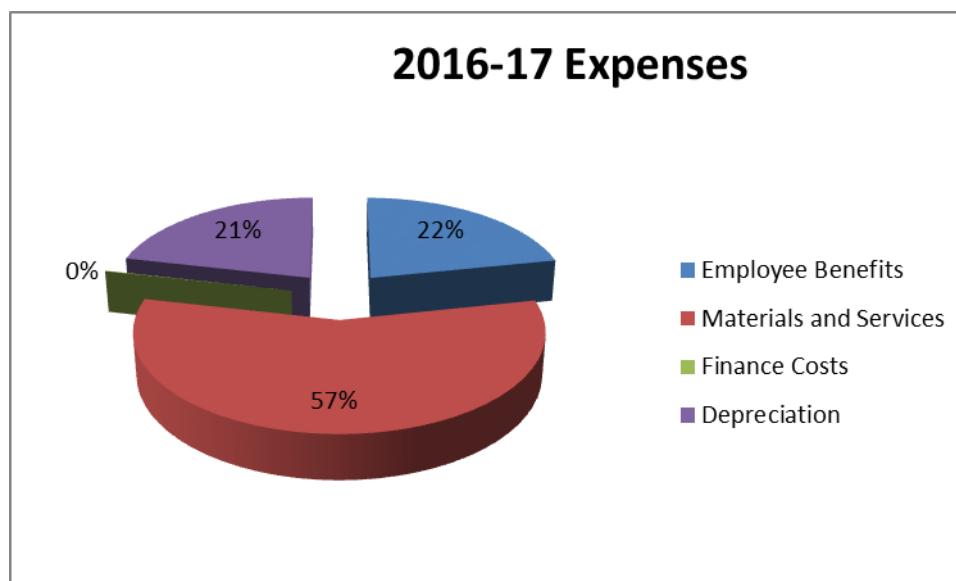
Council received \$23,414,859 in revenue and other income. The largest contribution came through grants, subsidies, contributions and donations revenue and rates and utility charges revenue. Council received funding for several road programs including the Transport and Infrastructure Development Scheme (TIDS) (Main Roads), Road Maintenance Performance Contract (Main Roads) and Natural Disaster Relief and Recovery Arrangements (NDRRA – Federal and State).



Income item	Details
Net rates and utility Charges	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 2016-2017 were \$ 2,523,373 from \$3,629,309 in the previous year. This represented a decrease of \$ 1,105,936 (30%) over the net rates and utility charges for 2015-16.
Fees and charges	Fees and charges collected in 2016-2017 totalled \$ 94,208 from \$87,113 in the previous year. 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 2016-2017 was \$1,047,001.
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 2017, revenue sourced from grants, subsidies, contributions and donations totalled \$19,227,286.
Interest income	Burke Shire Council received \$ 276,987 in interest in the 2016-2017 financial year. This compared to \$363,592 in interest in the previous financial year.

Expenditure – where was the money spent?

Council's total expenditure for 2016-2017 was \$17,809,283 as compared with \$18,264,163 in 2015-2016. The primary expenses were:



Expense Item

Details

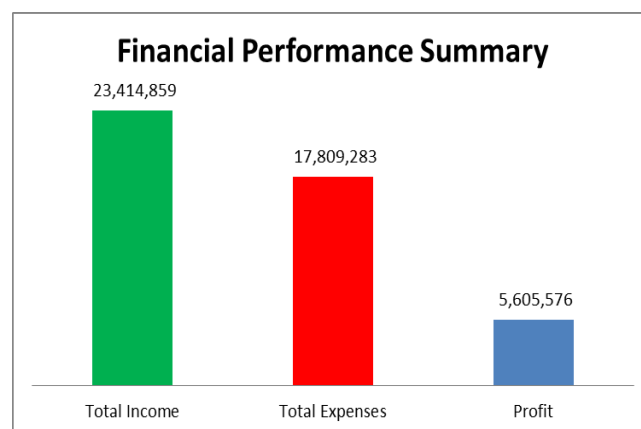
Employee Benefits	Totalled \$3,875,984, consisting of staff wages and salaries, Councillor's remuneration, leave entitlements and superannuation.
Materials & Services	Totalled \$10,080,364 consisting of audits \$81,000; information & technology (IT) and communications \$286,566; consultants \$94,267; donations \$30,484; repairs and maintenance \$1,939,407; operating expenses \$5,063,618; recoverable works \$824,704.
Depreciation & Amortisation	\$3,813,940
Finance Costs	\$16,943

Financial performance – in context

Although Council's net result at 30 June shows a profit of \$5,605,576 this figure must be read in context to understand Council's actual financial position.

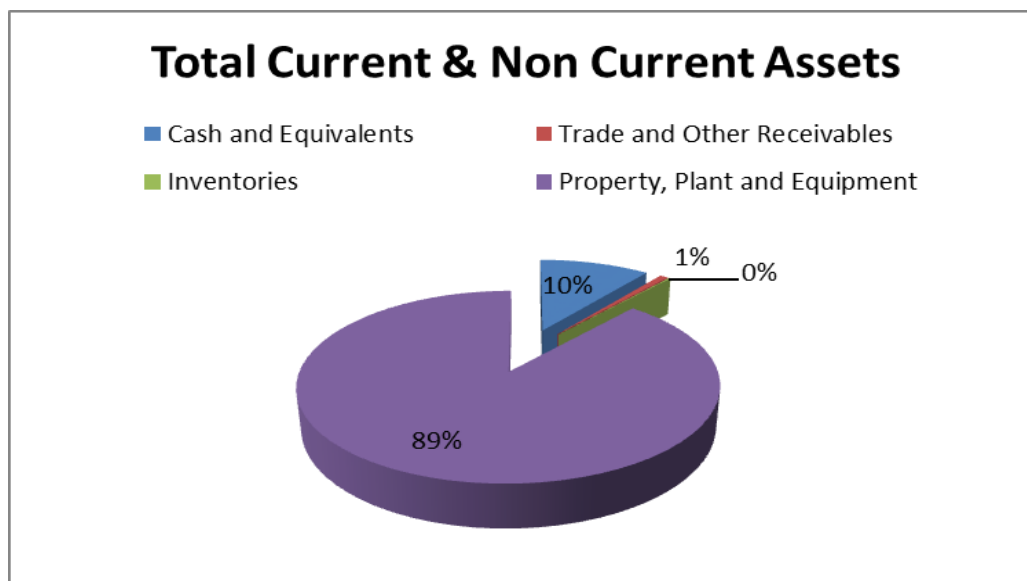
The net result of \$5,605,576 includes \$5,218,923 in restricted cash that is not available for discretionary or future use because it is tied to specific projects. For instance, Council received over \$6m to be spent on approved flood damage, of which around \$4m is carried forward for work that will be completed in 17-18.

In addition, Council received \$1,531,199 in financial assistance grant (FAGs) funding paid in advance for the 2017-18 financial year. If restricted cash and prepaid FAGs are deducted from the net result, financial performance equates to an operating loss of around \$1.14m – a figure that is not inconsistent with the \$1.4m loss in annual rate revenue sustained in 2016-17.

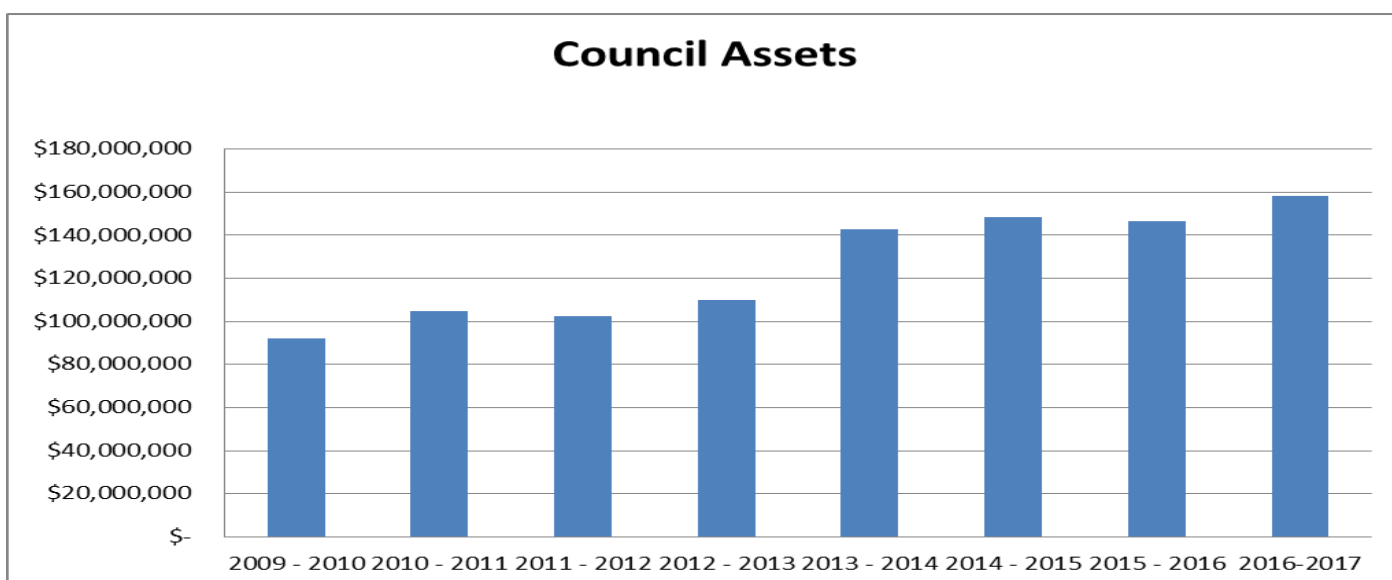


Assets – What do we own?

As at 30 June 2017, Council held \$ 158,344,669 in current and non current assets from \$146,424,572 in the previous year. Current assets increased by \$ 4,879,080 from the previous financial year.

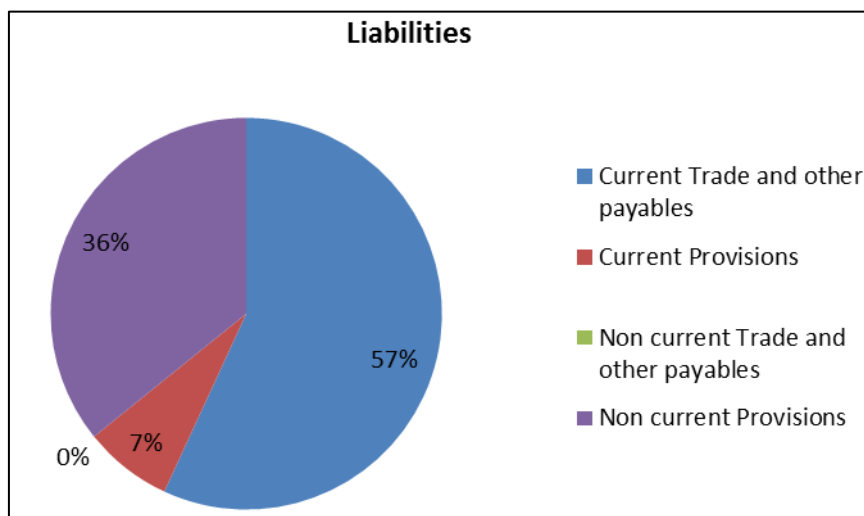


Council Assets



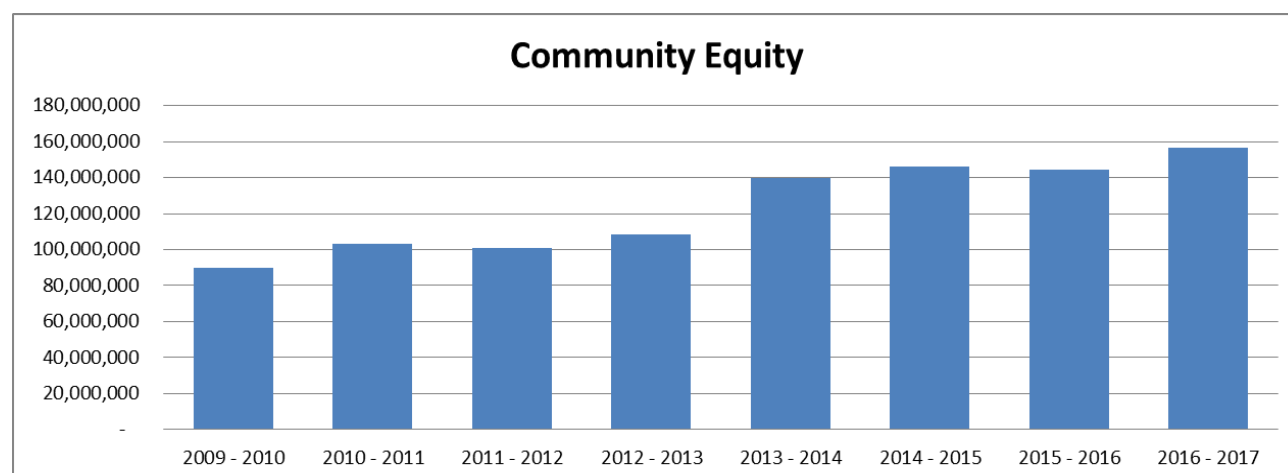
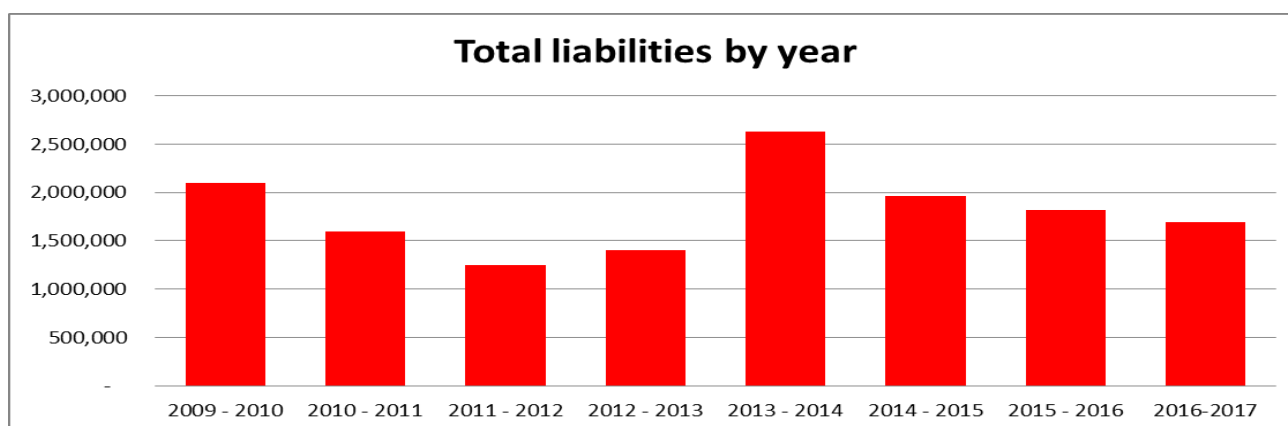
Liability – What do we owe?

As at 30 June 2017, Council had liabilities of \$1,695,213 comprised of provisions for employee entitlements as well as amounts owed to suppliers.



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 2017. It shows a summary of our asset value (\$) – liabilities (\$) = Community Equity (\$). Burke Shire Council's equity as at 30 June 2017 was \$ 156,649,456



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. With a limited rate base, Council is heavily dependent on securing external grant funding to renew its community infrastructure assets.

Major capital expenditure for 2016-2017 included:

- \$2,678,641 spent on road reseals/rehabilitation under the Burke Shire Council co-funded TIDS (transport infrastructure development fund) road program
- \$410,969 spent on road reseals under the Commonwealth Government R2R (Roads to Recovery) program
- Expenditure for the installation of a solar array to power the Gregory water treatment plant - this co-funded project carries forward into the 2017-18 financial year.



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 organisational performance. Ratio analysis assists managers to understand financial results and trends over time. The ratios also provide key indicators of the strengths and weaknesses of the business from which strategies and initiatives can be developed.

Indicator	Ratio 2016-17	Target	Description
Asset Sustainability Ratio	90%	Greater than 90%	This ratio measures the extent to which infrastructure assets are being renewed as they reach the end of their useful life.
Operating Surplus Ratio	11%	Between 0 and 10%	This ratio indicates the extent to which revenues raised cover operational expenses. A positive ratio indicates that surplus revenue is available.
Net Financial Liabilities Ratio	-81%	Not greater than 60%	This ratio is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues. The Financial Management (Sustainability) Guideline 2013 states that a ratio less than zero (negative) indicates that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if necessary. 2016/17 results indicate that Council can fund its total liabilities from current assets and Council has capacity to increase its loan borrowings should it be required. Burke Shire Council did not have any loan borrowings in the 16-17 financial year.

Grants to Community Organisations

LGR s189

Organisation	Project and rationale	In-kind as approved by council resolution \$	Total donation (cash + in kind) \$
Burketown Rodeo And Sporting Association	Printing 70 race booklet and 30 A3 flyers and cleaning of amenities for the Burketown rodeo and races		2,500
Gangalidda & Garawa Services	Support of Traditional Owner groups culture through ceremony	\$5,266	5,266
Gregory community groups	Fuel for generator - up to 4000 litres per year		0
Gregory District Sporting Association	Gregory Campdraft and Childrens' Horse Sports		2,500
Gregory Downs Jockey Club Incorporated	Support to run Gregory Races 2017		6,000
Burketown Barramundi Fishing Organisation Inc	To support the running of the World Barramundi Fishing Championship		10,320
Mount Isa School Of The Air.	Sponsorship for the Gumbuya magazine		150
North West Canoe Club	Donation for the Gregory Canoe Race on 30 April 2017		270
QCWA - Gregory branch	Donation for the Horse Sports and Family Fun Day		2,500
QCWA - Gregory branch	Hall hire for women's health event	1135	1135
TOTAL			30,641



Image: Gregory Races

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

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

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

VISION: Quality Infrastructure | Quality Services | Quality Living

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

Area	Progress
Governance	<ul style="list-style-type: none"> ✓ Asset management: Revised framework (plan, strategy and policy) adopted in September; condition assessments completed for all road assets and buildings; comprehensive revaluation completed for all classes of assets. ✓ Governance: Milestones met, and new framework introduced to improve the way that Council implements, maintains, improves and ensures compliance of its various governance frameworks. A major review of Council's fraud framework was completed and implemented during the reporting year. ✓ Internal and external audits: completed and compliant with no major deficiencies. ✓ Stakeholder engagement: Council maintained its strong voice in the region through regular liaison with key government and non-government stakeholders both operational and political. Mayor Ernie Camp retained his regional leadership role as chair of Gulf Savannah Development. ✓ Community engagement: Public consultation: completed for Town Planning scheme and Works for Queensland. ✓ Disaster management: Council met its disaster management responsibilities including exercising the local disaster management plan, and providing response during Tropical Cyclone Alfred.
Administration	<ul style="list-style-type: none"> ✓ Records Management: Council met its responsibilities under the <i>Public Records Act 1992</i> alongside seeking to improve efficiency and reduce compliance costs. Savings in the order of \$10,000 were achieved during the year through rationalised practices. ✓ Website: project commenced to review compliance, and transition to new website in 2018. ✓ Work health and safety: Council maintained a compliant SafePlan2 WHS system including exceeding its 90% monthly action plan targets. Council also achieved a very strong bronze status result of 70.6% in an external audit. This result enabled Council to retain registration with the Department of Transport and Main Roads Traffic Management Scheme – a top result for a small local government.

Area	Progress
Finance	<ul style="list-style-type: none"> ✓ General: Burke successfully transitioned its finance section to a hybrid on-site/off-site model during the reporting year. Success is measured by full legislative compliance with internal and external audit, budget, rates, annual and regular reporting and policies. ✓ Rate recovery: achieved improved results during the reporting year through adherence to Burke Shire's debt collection policy. Council elected not to refer any debts for debt collection action during the year. ✓ Audit: unqualified and compliant – QAO audit clearance provided 21 October 2016. ✓ Grant funding: council well and truly exceeded its "GOLD" target by securing approvals for more than \$1m in non-recurrent grant funding. In a particularly successful grant year Council has been able to fund the Burketown boat ramp widening, solar power to the Gregory water treatment plant, replacement of the SES shed, resealing of the Gregory airstrip and rehabilitation of the Visitor Information Centre. ✓ Roads: 100% completion and acquittal of all regular funded road programs.
Community and cultural development	<ul style="list-style-type: none"> ✓ Disaster management: during the year council took possession of new plant and equipment for disaster management and facilitated a range of training. ✓ Tennis courts: upgrade completed in Burketown. ✓ Burketown State School: council entered into lease to provide land to enable BSS to construct a multi-purpose court adjacent to the primary school. ✓ Budgeting and service levels: council commenced a project to develop activity-based budgets to use as a basis for community service levels. ✓ Events: Order of the Outback Ball, Morning Glory Festival and other events conducted within budget. ✓ History Book: council allocated a budget and determined a publishing arrangement to complete the book 'Cultural History of the Burke Shire' in 2018.
Integrated planning and sustainable development	<ul style="list-style-type: none"> ✓ Operational Plan: quarterly reports completed and published on website. ✓ Corporate Plan: reviewed in June. ✓ Housing: Council entered into development management agreement and lease with EDQ (economic development Queensland) for the development and sale of 18 residential blocks of land in Burketown, with ministerial approval to sell by private treaty. ✓ Town Planning Scheme: draft approved by Council and released for public consultation.
Asset and infrastructure management	<ul style="list-style-type: none"> ✓ Condition assessments: completed for roads and buildings. Delta S software purchased and staff training provided to increase capacity to manage building assets. ✓ Training: councillor workshops completed for asset management plan and road funding. ✓ Housing: council purchased an additional house for key work accommodation. ✓ NDRRA (Federal and State funding): 2017 Cyclone Alfred rain event \$5m restoration of public assets package approved for roads in Burke Shire. ✓ TIDS/RTA: council completed its Regional Transport Alliance funded road projects under budget before December 2016; and successfully applied for, and completed, additional project for reseals on Floraville Road before 30 June 2017. ✓ Optic Fibre Doomadgee to Burketown: completed 2016 with 4G mobile upgrade.

Area	Progress
Economic development	<ul style="list-style-type: none"> ✓ Land in Burketown: Council entered into a development management agreement with EDQ (economic development Queensland) to complete master planning for development of land identified for rural residential and industrial purposes. Survey work was completed during the year for Burketown South (rural residential), and 9 blocks of land were released for sale by private treaty at the Crimson Edge residential development. ✓ Mineral Baths: Council made a budget allocation to progress planning and approvals required for the Burketown Mineral Baths project.
Environmental services	<ul style="list-style-type: none"> ✓ Waste Management: Council adopted waste management strategy and site based management plans for waste at Burketown and Gregory; and achieved plan targets including fencing, separation of waste, signage and other improvements at Burketown. ✓ Indigenous Land Use Agreement (ILUA): signed in January to secure tenure over the waste management site at Gregory, and land for the solar array at the water treatment plant. ✓ Treated drinking water: Council secured funding through Works for Queensland to install SCADA/telemetry solutions at the Burketown water treatment plant, along with other improvements to the drinking water treatment plants at both Burketown and Gregory. ✓ Drinking water quality management plan and SWIM data: compliant. ✓ Biosecurity: Council nominated councillors to a biosecurity portfolio. Councillors and CEO attended biosecurity meetings and participated in regional pest sub-committee meetings. Development of biosecurity plan is deferred to 2018 due to resourcing constraints. ✓ Food licensing: Council provided a compliant food licensing service.



Image: Mayor Ernie Camp and Assistant Minister Jennifer Howard opening Crimson Edge residential development in Burketown

Internal audit function

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

Internal audit instrument	Purpose	Last review
Charter FIN-CHA-001	Provides the framework including establishment of roles and responsibilities for the conduct of the internal audit function Review cycle: 3 years (next due June 2020)	18 May 2017 170518.17
Procedure FIN-PRO-003	Describes the processes involved in discharging the internal audit function Review cycle: 3 years (next due June 2020)	18 May 2017 170518.17
Plan FIN-PLA-001	Sets out the internal audit plan for the current financial year, with a three-year rolling strategy Review cycle: annual	18 May 2017 170518.17

2016-17 Internal audit report

LGR s190 (1) (h)

The following report on the internal audit for the financial year is provided in accordance with section 190 (1) (h) of the Local Government Regulation 2012.

Auditable area	Audit objectives	Report
Business Continuity	Review the adequacy of: <ul style="list-style-type: none"> Recruitment processes; Outsourcing arrangements; Opportunities to address issues related to attracting and retaining qualified staff, including relocation of finance department and processes to a more suitable location 	Key findings/progress as reported to audit committee meetings in February and June. <ol style="list-style-type: none"> Interview technique training for key personnel and elected members scheduled in July HR policies and procedures updated with regard to training and probation New position of HRWDC (human resource and workforce development coordinator) approved; recruitment commenced – will address administrative shortfalls identified during audit including improved interview documentation; improve probationary and performance review processes; capture exit interview data to enable trend analysis Develop workforce plan – to be assigned to HRWDC

Statutory Requirements

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

Local Government Act 2009

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

Division	Report
Division 1 Beneficial enterprises (s41)	NA - Nil beneficial enterprises conducted during the reporting year
Division 2 Business reform, including competitive neutrality (s45 and 46)	NA - Council did not commence or conduct a significant business activity during the financial year therefore there is nothing to report under section 45 or 46.
Division 3 Common provisions (s201)	Section 201 requires the annual report to state the total of all remuneration packages that are payable to the senior management of the local government and the number of employees in senior management who are being paid each band of remuneration. A Senior Contract employee is the Chief Executive Officer; and any other local government employee who is employed on a contractual basis and in a position that reports directly to the Chief Executive Officer. At the Burke Shire Council during the 2016-17 financial year there was one senior contract employee with a total remuneration package in the range of \$200,000 and four senior contract employees with a total remuneration package in the range of \$100,000-\$200,000.

Local Government Regulation 2012

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

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

Financial Statements

s183

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

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

Particular Resolutions

s185

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

Section	Resolution/s made in reporting year
250 (2) A local government may, by resolution, amend its expenses reimbursement policy at any time.	Decision 160818.22 (18 August 2016): That Council adopts version 6 of the GOV-POL-001 Councillor Expenses Reimbursement Policy as presented.
206 (2) The local government must, by resolution, set an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense	Nil

Councillors

s186

Councillor remuneration, expenses and meetings attended

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

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

Councillor	Ordinary Meeting	Special Meeting	Expenses	Remuneration (inc Superannuation)
Cr Ernie Camp	12	11		110,500.14
Cr Paul Poole	12	9		63,749.91
Cr John Yanner	12	11		52,454.64
Cr John Clarke	12	11	5,456	52,454.64
Cr Tonya Murray	10	8		49,714.18

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

Facilities provided to Councillors under the expense reimbursement policy

Section 186(b)

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

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

Complaints about the conduct and performance of councillors

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

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

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

Administration Action Complaints

s187

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

Burke Shire Council is committed to dealing fairly and promptly with administrative action complaints. At the June 2017 ordinary meeting, a formal administrative action complaints management policy was adopted, along with a corresponding procedure, to ensure that council has a complaint framework to receive, resolve and report upon any administrative action complaints. This policy is available in the policies section of Council's website.

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

Number	Section 187 (2) Matters pertaining to administrative action complaints during the financial year
Nil	Administrative action complaints made to the local government (a) (i)
NA	Administrative action complaints resolved by the local government under the complaints management process (a) (ii)
NA	Administrative action complaints not resolved by the local government under the complaints management process (a) (iii)
Nil	Number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year (b)

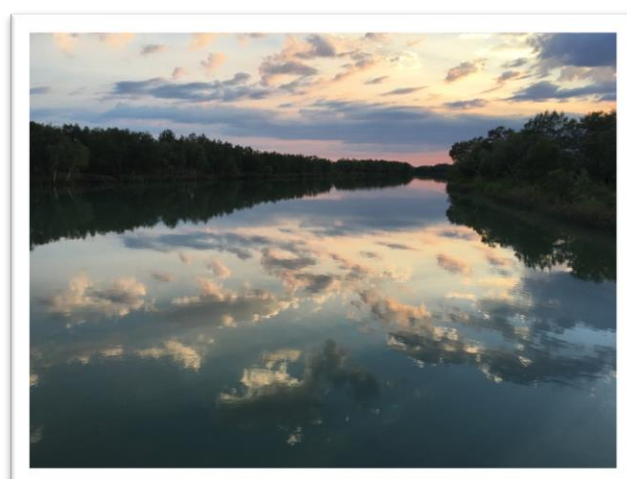
Overseas Travel undertaken by Councillors or Employees

s188

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

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

s190

Section and particulars	Annual report
190 (1) (c) annual operations report for each commercial business unit;	NA – Council did not operate any commercial business unit
190 (1)(d) details of any action taken for, and expenditure on, a service, facility or activity—(i) supplied by another local government under an agreement for conducting a joint government activity; and (ii) for which the local government levied special rates or charges for the financial year;	NA – Council did not operate any joint government activity
190 (e) number of invitations to change tenders under section 228 (7) during the financial year	Nil
190 (1) (f) list of registers kept by the local government Council keeps a broad range of operational registers. The list at right discloses the statutory registers kept by Burke Shire Council under the <i>Local Government Act 2009</i> and Local Government Regulation 2012.	<ul style="list-style-type: none"> ➤ Assets LGA s104 (5) (b) (ii) ➤ Complaints - including administrative action complaints LGR s 306 (4) (a) ➤ Contractual Arrangements > \$200,000 LGR s287 ➤ Cost-recovery fees LGA s98 ➤ Delegations council to CEO, and CEO to officers LGA s260 ➤ Local laws LGA s31 ➤ Pre-qualified suppliers LGR s232 ➤ Registers of interest s290 ➤ Roads map and register LGA s74
190 (1) (g) summary of all concessions for rates and charges granted by the local government	<p>Pursuant to Section 120 and 122 of the <i>Local Government Regulation 2012</i> Council granted the following concessions for rates and charges</p> <ul style="list-style-type: none"> ➤ Pensioner Concession - a concession of 20% of the general rate and utility charges, excluding water consumption and Emergency Management Levy (EML) to a maximum of 500.00 per year. ➤ 100% concession on general rates and 75% concession on sewerage and garbage charges for 2015-16 and 2016-17 for Burketown Kindergarten
190 (1) (i) and (j) Competitive neutrality	<p>(i) NA - Nil notices given in the financial year under section 49 for competitive neutrality (i)</p> <p>(j) NA – nil competitive neutrality complaints under section 52(3)</p>

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

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

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



Image (l-r): Mayor Ernie Camp and Waanyi Representatives Claudette Albert, Edwin Jacob and Henry Aplin at the signing of the Gregory Indigenous Land Use Agreement (ILUA)

APPENDIX A

Financial Statements 2016-2017 & Long-Term



Burke Shire Council
Financial Statements
for the year ended 30 June 2017

Burke Shire Council

Financial Statements

For the year ended 30 June 2017

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Burke Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Income			
Revenue			
Recurrent Revenue			
Rates and Charges	3(a)	2,523,373	3,629,309
Fees and Charges		94,208	87,113
Rental Income		221,795	226,715
Interest Received		276,987	363,592
Sales Revenue	3(b)	1,047,001	1,052,031
Other Revenue		24,209	248,115
Grants, Subsidies and Contributions	4(a)	15,806,609	7,157,722
		<u>19,994,182</u>	<u>12,764,597</u>
Capital Revenue			
Grants, Subsidies and Contributions	4(b)	3,420,677	1,773,660
Total Revenue		<u>23,414,859</u>	<u>14,538,258</u>
 Capital Income	5	-	45,195
 Total Income		<u>23,414,859</u>	<u>14,583,453</u>
 Expenses			
Recurrent Expenses			
Employee Benefits	6	(3,875,984)	(3,925,189)
Materials and Services	7	(10,080,364)	(10,485,695)
Finance Costs		(16,943)	(13,834)
Depreciation		(3,813,940)	(3,765,813)
		<u>(17,787,231)</u>	<u>(18,190,531)</u>
Capital Expenses	8	(22,052)	(73,632)
 Total Expenses		<u>(17,809,283)</u>	<u>(18,264,163)</u>
 NET RESULT		<u>5,605,576</u>	<u>(3,680,710)</u>
 Other comprehensive income			
Items that will not be reclassified to net result			
Increase in Revaluation Surplus		6,436,324	1,923,706
Total other comprehensive income for the year		<u>6,436,324</u>	<u>1,923,706</u>
 Total comprehensive income for the year		<u>12,041,900</u>	<u>(1,757,004)</u>

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

Burke Shire Council
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash and Equivalents	9	16,430,002	11,866,862
Trade and Other Receivables	10	1,272,732	980,112
Inventories		217,262	193,943
Total Current Assets		17,919,997	13,040,917
Non-Current Assets			
Property, Plant and Equipment	11	140,424,672	133,383,655
Total Non-Current Assets		140,424,672	133,383,655
Total Assets		158,344,669	146,424,572
Current Liabilities			
Trade and Other Payables	12	964,268	1,087,337
Provisions	13	124,107	119,794
Total Current Liabilities		1,088,375	1,207,131
Non-Current Liabilities			
Provisions	13	606,838	609,885
Total Non-Current Liabilities		606,838	609,885
Total Liabilities		1,695,213	1,817,015
Net Community Assets		156,649,456	144,607,555
Community Equity			
Revaluation Surplus	14	82,474,980	76,038,657
Retained Surplus		74,174,475	68,568,898
Total Community Equity		156,649,456	144,607,555

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 2017

	Revaluation Surplus	Retained Surplus	TOTAL
Note	14		
	\$	\$	\$
Balance as at 1 July 2016	76,038,657	68,568,898	144,607,555
Net result	-	5,605,576	5,605,576
Other comprehensive income for the year			
Increase in revaluation surplus	6,436,324	-	6,436,324
Balance as at 30 June 2017	82,474,980	74,174,474	156,649,456
Balance as at 1 July 2015	74,114,951	72,249,597	146,364,548
Net result	-	(3,680,710)	(3,680,710)
Other comprehensive income for the year			
Increase in revaluation surplus	1,923,706	-	1,923,706
Balance as at 30 June 2016	76,038,657	68,568,898	144,607,555

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

Burke Shire Council
Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		3,372,851	5,426,719
Payments to suppliers and employees		(14,078,152)	(14,516,975)
		(10,705,301)	(9,090,256)
Finance Costs		(16,943)	(13,834)
Interest Received		276,987	363,592
Rental Income		221,795	226,715
Operating Grants, subsidies, and contributions		15,806,609	7,157,722
Net cash inflow /(outflow) from operating activities	19	5,583,146	(1,356,060)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,516,289)	(3,269,001)
Proceeds from sale of property plant and equipment		75,605	536,000
Capital Grants, subsidies, and contributions		3,420,677	784,746
Net cash inflow /(outflow) from investing activities		(1,020,007)	(1,948,255)
Net increase /(decrease) in cash held		4,563,139	(3,304,315)
Cash and equivalents at the beginning of the financial year		11,866,862	15,171,178
Cash and equivalents at end of the financial year	9	16,430,002	11,866,862

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

1 Significant Accounting Policies

1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

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

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

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

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

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

1.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.

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

1.C Date of Authorisation

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

1.D Currency

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

1.E Adoption of New and Revised Accounting Standards

This year Council has applied *AASB 124 Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in note 21.

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

1 Significant Accounting Policies (cont.)

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a material impact upon council's future financial statements are:

Standard and impact	Date Council will apply the standard
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AASB 9 Financial Instruments	01-Jul-18
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This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and will change the classification, measurement and disclosures of financial assets.
As a result, Council will measure its financial assets at fair value.

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities	01-Jul-19
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AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

<i>AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	01-Jan-17
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<i>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	01-Jan-18
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<i>AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	01-Jan-17
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<i>AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts</i>	01-Jan-18
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<i>AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</i>	01-Jan-17
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<i>AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</i>	01-Jan-19
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1.F Critical accounting judgements and key sources of estimation uncertainty

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

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

Valuation and depreciation of property, plant and equipment - Note 11
Provisions - Note 13
Contingent liabilities - Note 16

1.G 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.

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

1 Significant Accounting Policies(cont.)

1.H 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.

Finance and Community Services

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

Planning and Building

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

Engineering Services

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

Environmental Services

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

Community and Cultural

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

Garbage Utility

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

Sewerage Utility

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

Water Utility

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

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 2017

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	Other							
	2017	2017	2017	2017	2017							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue Raising	3,884,787	1,923,062	-	-	-	5,807,849	(38,623)	-	(38,623)	5,769,225	5,769,225	17,702,734
Governance	-	-	-	-	-	-	(899,814)	-	(899,814)	(899,814)	(899,814)	-
Finance and Community Services	22,000	289,923	-	-	-	311,923	(2,796,906)	15,877	(2,781,030)	(2,484,984)	(2,469,107)	280,396
Planning and Building	-	447	-	-	-	447	(198,581)	-	(198,581)	(198,133)	(198,133)	-
Engineering Services	7,942,872	1,121,881	3,200,677	-	-	12,265,430	(7,280,272)	(37,929)	(7,318,201)	1,784,481	4,947,229	103,327,245
Environmental Services	-	2,393	-	-	-	2,393	(317,877)	-	(317,877)	(315,484)	(315,484)	-
Community and Cultural	3,956,950	235,731	20,000	-	-	4,212,681	(5,195,387)	-	(5,195,387)	(1,002,706)	(982,706)	24,456,950
Garbage Utility	-	94,525	-	-	-	94,525	(151,025)	-	(151,025)	(56,501)	(56,501)	4,793
Sewerage Utility	-	136,610	-	-	-	136,610	(149,398)	-	(149,398)	(12,787)	(12,787)	1,487,506
Water Utility	-	383,001	200,000	-	-	583,001	(759,347)	-	(759,347)	(376,346)	(176,346)	11,085,044
Total	15,806,609	4,187,573	3,420,677	-	-	23,414,859	(17,787,231)	(22,052)	(17,809,283)	2,206,951	5,605,576	158,344,668

Year ended 30 June 2016

	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	Other							
	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$							
Revenue Raising	2,510,508	3,027,581	-	-	-	5,538,089	(39,042)	-	(39,042)	5,499,047	5,499,047	12,846,416
Governance	-	-	-	-	-	-	(1,050,657)	-	(1,050,657)	(1,050,657)	(1,050,657)	-
Finance and Community Services	13,750	408,072	-	-	-	421,822	(1,607,937)	(73,632)	(1,681,569)	(1,186,115)	(1,259,747)	233,749
Planning and Building	-	13,952	-	-	-	13,952	(56,158)	-	(56,158)	(42,206)	(42,206)	-
Engineering Services	4,415,095	1,283,770	556,690	45,195	-	6,300,750	(12,399,707)	-	(12,399,707)	(6,700,842)	(6,098,957)	93,697,128
Environmental Services	-	555	-	-	-	555	(399,482)	-	(399,482)	(398,927)	(398,927)	-
Community and Cultural	218,369	253,746	228,056	988,914	-	1,689,085	(1,540,630)	-	(1,540,630)	(1,068,515)	148,455	26,713,710
Garbage Utility	-	91,845	-	-	-	91,845	(209,953)	-	(209,953)	(118,108)	(118,108)	-
Sewerage Utility	-	136,998	-	-	-	136,998	(154,871)	-	(154,871)	(17,873)	(17,873)	1,551,432
Water Utility	-	390,358	-	-	-	390,358	(732,093)	-	(732,093)	(341,735)	(341,735)	11,382,137
Total	7,157,722	5,606,877	784,746	1,034,109	-	14,583,453	(18,190,531)	(73,632)	(18,264,163)	(5,425,933)	(3,680,710)	146,424,572

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017	2016
Note	\$	\$
3 Revenue analysis		
(a) Rates and service charges		
General rates	1,967,221	3,333,270
Water	383,001	420,886
Sewerage	136,610	149,103
Garbage charges	94,525	100,380
Total rates and charges revenue	2,581,357	4,003,639
Less: Pensioner remissions	(1,541)	(958)
Less: Discounts	(56,443)	(373,371)
	<u>2,523,373</u>	<u>3,629,309</u>

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

(b) Sales revenue

Contract and recoverable works	1,047,001	1,052,031
	<u>1,047,001</u>	<u>1,052,031</u>

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Sale of goods and Recoverable works revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

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

4 Grants, subsidies, and contributions

(a) Recurrent		
General Purpose Grants	4,495,508	2,910,907
NDRRA Funding	6,952,090	4,014,696
State Government Subsidies and Grants	4,359,011	232,119
	<u>15,806,609</u>	<u>7,157,722</u>
(b) Capital		
State Government subsidies and grants	3,420,677	784,746
Non-Cash contribution	-	988,914
	<u>3,420,677</u>	<u>1,773,660</u>

Conditions over contributions

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

Non-reciprocal grants	1,684,878	-
	<u>1,684,878</u>	<u>-</u>

Grants and subsidies

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

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

4 Grants, subsidies, and contributions (cont.)

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses. In the 2016 financial year, Burke Shire Council received a non-cash contribution from Queensland Government for blocks of land under the Indigenous Land Use Agreement.

	Note	2017 \$	2016 \$
5 Capital Income			
Gain on Disposal of Non-Current Assets			
Proceeds from the sale of property, plant and equipment		-	536,000
Less: Book value of property, plant and equipment disposed off		-	(490,805)
Profit on Sale Non-Current Assets			45,195
Total Capital Income		-	45,195

6 Employee Benefits

Total Staff Wages and Salaries		2,605,774	2,877,242
Councillors' Remuneration		301,453	304,550
Annual, Sick and Long Service Leave Entitlements		471,896	318,512
Superannuation	17	347,950	340,731
		3,727,073	3,841,035
Other Employee Related Expenses		229,356	221,417
		3,956,429	4,062,452
Less: Capitalised Employee Expenses		(80,444)	(137,263)
		3,875,984	3,925,189

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

Total Council employees at the reporting date:	2017	2016
Elected members	5	5
Administration staff	16	12
Depot and outdoors staff	27	36
Total full time equivalent employees	48	53

7 Materials and Services

Audit of annual financial statements by Auditor General of Queensland	81,000	85,000
Communications and IT	286,566	262,255
Consultants	94,267	84,811
Donations	30,484	32,856
Operating Expenses	5,063,618	1,369,735
Repairs and Maintenance	1,939,407	926,398
Recoverable Works	824,704	845,452
Roads - Flood Damage	1,760,319	6,879,189
	10,080,364	10,485,695

8 Capital Expenses

Loss on Disposal of Non-Current Assets		
Proceeds from the sale of property, plant and equipment	75,605	-
Less: Book value of property, plant and equipment disposed off	(97,657)	(73,632)
Total capital expenses	(22,052)	(73,632)

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017	2016
Note	\$	\$
9 Cash and Equivalents		
Cash at Bank and on Hand	834,860	1,041,110
Deposits at Call	15,595,142	10,825,753
Balance per Statement of Cash Flows	<u>16,430,002</u>	<u>11,866,862</u>

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

Unspent government grants and subsidies	5,218,923	-
Total unspent restricted cash	<u>5,218,923</u>	<u>-</u>

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, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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

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

10 Trade and Other Receivables

Current		
Rateable revenue and utility charges	112,778	137,712
Trade Debtors	1,062,743	665,130
Less: Provision for Doubtful Debts	(27,234)	(27,234)
GST Recoverable	41,600	102,990
Prepayments	82,846	101,514
	<u>1,272,732</u>	<u>980,112</u>

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

Movement in accumulated impairment provisions is as follows:

Opening balance at 1 July	27,234	34,710
Impairments reversed	-	(7,476)
Closing Balance at 30 June	<u>27,234</u>	<u>27,234</u>

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

10 Trade and Other Receivables (cont.)

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. This is due to economic issues e.g. low employment and various cultural issues all of which have a general economic

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.

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.

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

Not past due	1,076,079	108,832
Past due 31-60 days	-	601,089
Past due 61-90 days	1,199	-
More than 90 days	139,843	195,911
Impaired	(27,234)	(27,234)
Total	<u>1,189,887</u>	<u>878,598</u>

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

11 Property, Plant and Equipment

(A) Council - 30 June 2017

Basis of Measurement	
Asset Values	
Opening gross value as at 1 July 2016	
Transferred from WIP	
Additions	
Disposals	
Transfers between classes	
Revaluation adjustment to Asset Revaluation Reserve	
Closing Gross Value as at 30 June 2017	
Accumulated Depreciation	
Opening balance as at 1 July 2016	
Depreciation provided in period	
Disposals	
Transfers between classes	
Revaluation adjustment to Asset Revaluation Reserve	
Accumulated Depreciation as at 30 June 2017	

Total Written Down Value as at 30 June 2017

Residual Value	
Range of Estimated Useful Life in Years	

Additions Comprise:

Renewals	
Other Additions	
Total Additions	

Council - 30 June 2016

Basis of Measurement	
Asset Values	
Opening gross value as at 1 July 2015	
Additions	
Disposals	
Transfers between classes	
Transferred to Operating Expenses	
Revaluation adjustment to Asset Revaluation Reserve	
Closing Gross Value as at 30 June 2016	
Accumulated Depreciation	
Opening balance as at 1 July 2015	
Depreciation provided in period	
Disposals	
Revaluation adjustment to Asset Revaluation Reserve	
Accumulated Depreciation as at 30 June 2016	

Total Written Down Value as at 30 June 2016

Note

Buildings	Land	Furniture and Fittings	Plant and Equipment	Road Infrastructure	Water	Sewerage	Other Structures	Work in Progress	TOTAL
Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
21,075,066	4,599,000	158,095	6,754,296	129,781,860	15,627,873	3,148,430	4,910,620	201,730	186,256,970
379,052	-	35,808	446,797	3,107,469	-	-	61,262	(4,030,389)	-
-	-	-	-	-	-	-	-	4,516,289	4,516,289
-	-	-	(608,344)	-	-	-	-	-	(608,344)
-	-	-	21,328	-	-	-	(21,328)	-	-
1,221,282	1,359,000	-	-	3,943,285	292,868	120,028	613,189	-	7,549,652
22,675,400	5,958,000	193,903	6,614,077	136,832,614	15,920,741	3,268,458	5,563,743	687,630	197,714,566
2,969,137	-	118,846	2,805,147	40,128,013	4,260,136	1,602,412	989,623	-	52,873,314
346,902	-	11,923	461,018	2,649,720	173,392	45,468	125,516	-	3,813,940
-	-	-	(510,688)	-	-	-	-	-	(510,688)
-	-	-	2,881	-	-	-	(2,881)	-	-
4,994,550	-	-	-	(4,994,481)	446,772	133,072	533,415	-	1,113,328
8,310,589	-	130,769	2,758,368	37,783,252	4,880,300	1,780,952	1,645,673	-	57,289,894
14,364,811	5,958,000	63,134	3,855,720	99,049,362	11,040,441	1,487,506	3,918,069	687,630	140,424,672
-	-	-	1,630,010	-	-	-	-	-	-
15-50	Not depreciated	3-10	2-46	15-180	20-120	20-100	15-150	-	-
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	3,458,737	-
-	-	-	-	-	-	-	-	1,057,552	-
-	-	-	-	-	-	-	-	4,516,289	-
Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
20,071,073	3,751,000	158,095	6,694,710	124,653,822	15,336,226	3,085,445	4,029,881	463,676	178,243,928
-	988,914	-	-	-	-	-	-	3,269,001	4,257,915
-	(156,000)	-	(1,387,114)	(73,632)	-	-	-	(3,490,947)	(1,616,746)
371,018	15,086	-	1,446,700	865,775	12,377	-	779,992	(40,000)	(40,000)
-	-	-	-	-	279,270	62,985	100,747	-	5,411,872
632,975	-	-	-	4,335,895	279,270	62,985	100,747	-	5,411,872
21,075,066	4,599,000	158,095	6,754,296	129,781,860	15,627,873	3,148,430	4,910,620	201,730	186,256,969
2,185,392	-	110,254	3,236,635	34,474,419	4,185,648	1,573,198	906,107	-	46,671,653
329,318	-	8,592	620,823	2,476,698	171,290	44,528	114,564	-	3,765,813
-	-	-	(1,052,311)	-	-	-	-	-	(1,052,311)
454,427	-	-	-	3,176,896	(96,802)	(15,314)	(31,048)	-	3,488,159
2,969,137	-	118,846	2,805,147	40,128,013	4,260,136	1,602,412	989,623	-	52,873,314
18,105,929	4,599,000	39,249	3,949,149	89,653,847	11,367,737	1,546,018	3,920,997	201,730	133,383,654

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

11B Property, Plant and Equipment

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

Acquisition of Assets

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

Capital and Operating Expenditure

Direct labour 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 of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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

Valuation

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. Desktop valuations are conducted in the intervening years by qualified external valuers and, where material, are applied to the asset values.

In the intervening years, with respect to the valuation of the land, buildings and infrastructure assets in the intervening years, management engage independent, professionally qualified valuers to perform a desktop valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Capital Work in Progress

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

Depreciation

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

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.

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

11B Property, Plant and Equipment(cont.)

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

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

Land Under Roads

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

Impairment of Non-Current Assets

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Fair Value Measurements

(i) Recognised Fair Value Measurements

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

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

Valuations are categorised as follows:

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

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

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

There were no transfers between levels 2 and 3.

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

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

Land (level 2)

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

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

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

11B Property, Plant and Equipment(cont.)

Buildings (Level 3)

The fair value of buildings was determined by an independent valuer effective 30 June 2017.

The valuation methodology has been determined having regard to the existence of a market, the level of specialisation of the asset and the availability of sales evidence. Each asset is considered together with the other improvements at the location.

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

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

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

The valuer has performed inspections and provided photographs of the built assets to Council on completion of the condition rating inspections. The valuer has utilised the expanded version of The Institute of Public Works Engineering Australia condition ratings schedule to rate condition assessments and assess remaining useful lives of the assets.

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

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

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

The material change to accumulated depreciation has resulted from the revised condition assessments and also from the re-componentisation of specialised buildings.

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

11B Property, Plant and Equipment(cont.)

Other Structures (Level 3)

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

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

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

Infrastructure Assets (Level 3)

Valuation Processes

Significant changes between the previous valuation and the current valuation have been noted. Council engaged qualified external valuers to inspect Councils entire road network, prior to the 2016-17 financial year Council only inspected a representative sample of the road network. Through a full inspection of the road network Council has established better asset data (updated asset measurements and dimensions), better condition data (updated condition ratings), added more asset components and made relevant changes in assumptions resulting in a significant increase in road values.

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

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

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

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

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

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

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

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

Burke Shire Council
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11B Property, Plant and Equipment(cont.)

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

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

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

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

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

Calculation of Gross Replacement Cost

The replacement cost of the assets was determined by applying the unit rates to each individual asset.

The unit rates applied include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, direct quotations from suppliers, unit rate databases, indices and Rawlinson's' Construction Handbook.

Accumulated Depreciation

An assessment of remaining useful life was made using data supplied by Council. An assessment of remaining useful life was made by the Valuer taking into consideration the construction date, evidence of recent repairs or capital works and the surrounding environmental factors

Impact of Unobservable Inputs

Burke Shire Council
Notes to the Financial Statements
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11B Property, Plant and Equipment(cont.)

The current valuer has undertaken a sensitivity analysis to observe the impact of unobservable inputs to Fair Value. This analysis is summarised in the following table:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Number of Labour Hours	5-100 hr/m2	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependant of type and application	The longer the remaining life, the higher the Fair Value
Condition Rating Remaining useful Life	0-10 As specified	The lower the condition rating, the higher the Fair Value
The higher the usage quantities, the higher the Fair Value	1-298 years	The longer the remaining life, the higher the Fair Value

Percentage of Assets Inspected

All above ground, visible assets were inspected as part of the valuation. Particular attention was paid to the road network due to the high percentage of value incorporated in this category. 100% of the road network was inspected as part of the valuation.

12 Trade and Other Payables

	2017 \$	2016 \$
Current		
Creditors and Accruals	639,125	770,266
Annual Leave	320,457	290,563
Other Employee Entitlements	4,686	26,508
	964,268	1,087,337

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase / contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

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

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

13 Provisions

Current		
Long Service Leave	124,107	119,794
	124,107	119,794
Non-Current		
Long Service Leave	110,604	80,750
Refuse Restoration	496,234	529,135
	606,838	609,885

Details of movements in provisions:

Refuse Restoration

Balance at beginning of financial year	529,135	450,225
Change in provision due to change in cost assessment	(32,901)	78,910
Balance at end of financial year	496,234	529,135

Burke Shire Council
Notes to the Financial Statements
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13 Provisions (cont.)

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 \$496,234 and this cost is expected to be incurred in 2029.

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

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

As refuse dumps are on 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.

<u>Note</u>	<u>2017</u> <u>\$</u>	<u>2016</u> <u>\$</u>
Long Service Leave		
Balance at beginning of financial year	200,544	180,429
Long service leave entitlement arising	87,711	80,025
Long Service entitlement paid	(53,544)	(59,910)
Balance at end of financial year	<u>234,711</u>	<u>200,544</u>

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

14 Revaluation Surplus

Movements in the revaluation surplus were as follows:

Balance at beginning of financial year	76,038,657	74,114,951
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	1,359,000	-
Buildings	(3,773,268)	178,548
Road Infrastructure	8,937,765	1,158,995
Water	(153,905)	376,072
Sewerage	(13,044)	78,300
Other Structures	79,775	131,791
Balance at end of financial year	<u>82,474,980</u>	<u>76,038,657</u>

Revaluation Surplus Analysis

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

Land	5,180,357	3,821,357
Buildings	2,878,480	6,651,748
Road Infrastructure	61,792,583	52,854,818
Water	4,054,622	4,208,527
Sewerage	3,668,526	3,681,570
Other Structures	4,900,412	4,820,637
	<u>82,474,980</u>	<u>76,038,657</u>

The revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the revaluation surplus.

Burke Shire Council
Notes to the Financial Statements
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14 Revaluation Surplus(cont.)

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

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

15 Commitments for Expenditure

	2017 \$	2016 \$
Contractual Commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Work for Queensland various projects	490,000	
Gregory Airstrip Reseal	330,000	
Gregory Water Treatment Plant Solar Array	1,311,440	
Boat Ramp Widening & Wharf Car Park Upgrade	2,500,000	
Upgrade Gregory to Lawn Hill Road	817,000	1,406,020
	5,448,440	1,406,020

16 Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2016 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 Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and insufficient funds were available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$58,800.

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*.

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Burke Shire Council made less than 4% of the total contributions to the plan in the 2015/16 financial year.

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 the 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.

Burke Shire Council
Notes to the Financial Statements
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17 Superannuation (cont.)

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "at the valuation date 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory position at the valuation date."

In the 2015 Actuarial report, the actuary recommended no change the employer contribution levels at this time.

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

The next actuarial investigation will be conducted as at 1 July 2018.

	Note	2017 \$	2016 \$
Superannuation contributions paid by Council to the scheme for the benefit of employees was:	6	347,950	340,731

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

18 Trust Funds

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

	118,197	126,155
	<u>118,197</u>	<u>126,155</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	5,605,576	(3,680,710)
Non-cash items:		
Depreciation	3,813,940	3,765,813
	<u>3,813,940</u>	<u>3,765,813</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	22,052	28,437
Capital grants and contributions	(3,420,677)	(1,773,660)
	<u>(3,398,625)</u>	<u>(1,745,223)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(292,621)	412,548
(Increase)/decrease in inventory	(23,319)	36,128
Increase/(decrease) in payables	(123,070)	(243,642)
Increase/(decrease) in other provisions	1,266	99,026
	<u>(437,745)</u>	<u>304,060</u>
Net cash inflow/(outflow) from operating activities	<u>5,583,146</u>	<u>(1,356,060)</u>

20 Events after the reporting period

There were no material adjusting events after the balance date.

Burke Shire Council
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21 Related Parties

(a) Transactions with Key Management Personnel(KMP)

KMP are the Mayor, Deputy Mayor, Councillors, Chief Executive Officer, Deputy CEO, Finance Manager, Administration Manager, and Workshop Manager. The compensation paid to KMP for 2016/17 comprises

Details of Transaction	2017 \$
Short-term employee benefits	1,113,609
Post-employment benefits	117,185
Long-term benefits	36,163
Termination benefits	-
Total	1,266,957
* Detailed remuneration disclosures are provided in the Annual report	

(b) Transactions with other related parties

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

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

Details of Transaction	Additional Information	2017 \$
Purchase of materials and services from entities controlled by close family members of KMP	21(b)(i)	357,673
Employee expenses	21(b)(ii)	270,119

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

Contracting Services (machinery hire and trade services)

KG Booth 12,782

Goods/Supplies

Nowlands 294,357

Savannah Aviation 41,067

Savannah Lodge 9,467

Total 357,673

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

The council employs 43 staff of which only 5 are close family members of key management personnel.

(c) Outstanding balances of related parties

The following balances are outstanding at the end of the reporting period in relation to:

Receivables	Amounts owed by entities controlled by close family members to KMP	Amounts owed by KMP
	\$	\$
Past due 31-60 days	1,504	518
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total	1,504	518

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

(d) Loans and guarantees to/from related parties

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

Burke Shire Council
Notes to the Financial Statements
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21 Related Parties(cont.)

(e) Commitments to/from other related parties

Council entered into a contract with KG Booth (Business owned by the father of Cr. Tonya Murray) as Pre-Qualified Supplier for Hire of Plant and Equipment for the 2017 Construction Season. This is a continual contract with no total contract value available until completion of the construction season. The contract was the result of a tender process in accordance with Council's normal procedures and policies. Cr. Tonya Murray was not involved in the decision of awarding the contract.

(f) Transactions with related parties that have not been disclosed

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

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

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

Burke Shire Council
Notes to the Financial Statements
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22 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.

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*.

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:

Financial Assets	Note	2017 \$	2016 \$
Cash and Equivalents	9	16,430,002	11,866,862
Receivables - Rates	10	112,778	137,712
Receivables - Other	10	1,077,108	740,886
Other Credit Exposures			
Guarantees	16	58,800	64,378
Total Financial Assets		17,678,688	12,809,838

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

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2017					
Trade and Other Payables	643,811	-	-	643,811	643,811
	643,811	-	-	643,811	643,811
2016					
Trade and Other Payables	796,774	-	-	796,774	796,774
	796,774	-	-	796,774	796,774

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

Burke Shire Council
Notes to the Financial Statements
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22 Financial Instruments(cont.)

Market Risk

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

Interest rate risk

Burke Shire Council is exposed to interest rate risk through investments with financial institutions.

Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

23 National Competition Policy

Business activities to which the code of competitive conduct is applied

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

Roads

Water and sewerage

Waste Management

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

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

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

	Roads	Water & Sewerage	Waste Management
	\$	\$	\$
Revenue for services provided to the Council	-	-	-
Revenue for services provided to external clients	952,279	519,611	94,525
Community service obligations	-	-	-
Less: expenditure	1,054,344	908,744	151,025
Surplus/(deficit)	(102,065)	(389,133)	(56,501)

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Management Certificate
For the year ended 30 June 2017

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 3 to 29, 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: 19 / 10 / 17



Chief Executive Officer
Sharon Daishe

Date: 19 / 10 / 17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Burke Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Burke Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information in the council's annual report

The council is responsible for the other information. The other information comprises the information included in the council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

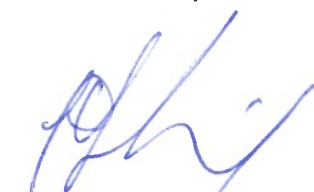
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

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



Patrick Flemming
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Burke Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2017

Measures of Financial Sustainability

	How the measure is calculated	Actual	Target
Council's performance at 30 June 2017 against key financial ratios and targets:			
Operating Surplus Ratio	Net result (excluding capital) divided by total operating revenue (excluding capital)	11.0%	0% to 10%
Asset Sustainability Ratio	Capital expenditure on replacement of assets (renewals) divided by depreciation expense.	90%	> 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-81%	< 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 2017.

Certificate of Accuracy
For the year ended 30 June 2017

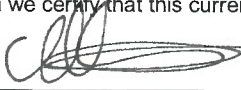
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the

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



Mayor
Ernie Camp

Date: 19/10/17



Chief Executive Officer
Sharon Daishe

Date: 19/10/17

Burke Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2017

Measures of Financial Sustainability	Measure	Target	Actuals										
			30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	
Operating Surplus Ratio	Net result divided by total operating revenue	0% to 10%	11.0%	-92.51%	-43.01%	-41.71%	-40.66%	-39.42%	-38.40%	-37.21%	-36.23%	-35.09%	
Asset Sustainability Ratio	Capital expenditure on renewals divided by depreciation expense.	> 90%	90%	115.78%	72.26%	35.63%	52.23%	41.85%	41.85%	41.85%	41.85%	41.85%	
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	< 60%	-81%	-55.12%	-85.06%	-84.06%	-78.80%	-74.67%	-71.55%	-68.07%	-64.90%	-61.04%	

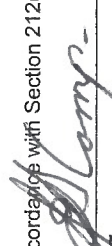
Burke Shire Council's Financial Management Strategy

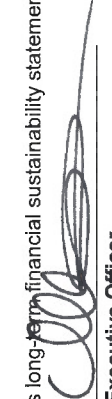
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

Certificate of Accuracy
For the year ended 30 June 2017

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

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


Mayor
Ernie Camp


Chief Executive Officer
Sharon Daishe

Date: 19.10.17

Date: 19.10.17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Burke Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Burke Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Burke Shire Council for the year ended 30 June 2017 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other information

Other information comprises the information included in Burke Shire Council's annual report for the year ended 30 June 2017, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



Patrick Flemming
as delegate of the Auditor-General



Queensland Audit Office
Brisbane