

Burke Shire Council Annual Report Year ended 30 June 2018





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Front cover photograph | Escott Crossing near Burketown



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: Aerial shot of the Albert River

Report from the Mayor

Fuelled by an ambitious desire to strengthen and sustain our remote Shire in the face of social and economic challenges coupled with declining funding avenues/increasing competitive funding streams, and enacted by a passionate and hardworking Council workforce guided by Councillors invested of themselves, their time and their knowledge, it has been all systems go Shire wide.

A late, sporadic Wet Season the past two years has created ramifications for residents and businesses Shire wide including Council. In some areas it created difficulty in sourcing water to undertake roadworks and in other areas it created havoc for road users due to damage to road infrastructure. Counterbalancing these challenges has been our Register of Prequalified Suppliers (ROPS) for plant hire which enabled Council to be more proactive and targeted in our roadworks planning. Despite the climatic and fiscal challenges our roadworks teams, in conjunction with ROPS teams, have been busy all year with projects.

Completion of the 3-lane, barge compatible, boat ramp facility was undertaken with minimal impact. Works for Queensland (W4Q) funding enabled the placement of a temporary boat ramp facility to minimise disruption to recreational fishers. The parking bay project, completed by our staff, complements and completes the Wharf Precinct-delivering locals and travellers a high calibre facility. Council envisages making further installations, in the future, to create a more complete experience for precinct users eg tables, lighting.

Travellers to Gregory would have seen the yard of solar panels adjacent to the Water Treatment Plant. Upgrades to the sewerage treatment plant and the solar panels, in combination, are delivering real benefit to community and Council. There has been a marked cost reduction in supplying water to Gregory due to reduced reliance on a diesel fuelled power supply.

One of the exciting projects we have delivered this year has been the provision of Shared Services to Doomadgee. Under the agreement which both Councils signed in Brisbane this year in the office of Minister for Local Government, Hon Stirling Hinchliffe, Council commenced supplying financial services to Doomadgee. Council has set up a satellite office in Cairns and employed several finance personnel to service both Councils.

Shared services offers a win-win situation as it creates an alternate funding stream for Council, develops a stronger relationship with a neighbouring shire,

encourages reciprocation and sets a strong foundation for future mutually beneficial relationships with other local governments.

W4Q funding this financial year has seen a lot of interactive and accessible improvements to our public spaces with the installation of playground and gym equipment. Upgrades to communal facilities for water and sewerage have also been undertaken.

Council progressed the Gregory Indigenous Land Use Agreement (ILUA) to allow the allocation of fit for purpose tenure for core communal facilities. A longer-term view to also create housing and business opportunities is guiding continuing progress. We are also working with Economic Development Queensland (EDQ) to create social and economic opportunity through residential and light industrial land development in Burketown.

As I note every year, Council is well served by a hardworking workforce proud of their unique corner of the State. Council acknowledges that this workforce is its greatest asset and seeks to support that workforce with both tangible assets – accommodation (subject to availability), depot/office upgrades and a well-maintained fleet of plant and equipment – as well as intangible – individual and team capacity building, identifying and investing in future leaders in our local workforce. Council has engaged the skills of Coach Central to assist in delivering these intangible benefits and assist in creating a strong, healthy workplace.

Going forward, we have plans to upgrade facilities at the Gregory Sporting Grounds, make further investment in communal facilities – water, waste and sewerage- to streamline efficiencies and increase cost benefits and develop a case study to upgrade the Leichhardt River causeway. We intend to solidify our Shared Services arrangement with Doomadgee and look at ways we can further support our regional LG neighbours and diversify our funding streams.

Indeed, Council looks toward investigating methods and means to increase efficiencies, streamline and simplify processes across all its core competencies while targeting external funding opportunities to match our ambition and desire for progress and sustainability. This introspection in partnership with external stakeholder engagement and investment in a Shire rich in natural, pastoral and mineral resources will nurture the vision Council desires for Burke Shire: quality infrastructure, quality living.

Mayor Ernie Camp

Report from the Chief Executive Officer

Burke Shire context



Location: Gulf of Carpentaria adjacent to NT border

Population 328 | > 40,000 km²

Pastoral stations, tourism, mining

~ 50 staff

Heavily grant dependent

Loss of \$1.4m in rates per annum from 2016 when Century Mine moved from production to rehabilitation | ~88% drop in GDP

550km local roads – including national highway 1/ Savannah Way

\$5 - \$25m annual flood damage restoration

2 depots – 120 km apart (Burketown and Gregory)

2 drinking water plants | 1 sewerage treatment plant |

2 waste facilities

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

Our people are our most important asset

In 2017-18 we set out to implement an organisational restructure that would resource Council to provide opportunities to develop our local workforce including council staff and contractors.

Despite many setbacks and challenges during the year, we achieved the following goals:

- **Enabling positions:** recruited executive manager to lead works and services (EMWI), and coordinator to implement our workforce development program (HRWDC).

- **Future leaders program:** implemented first ever future leaders program and entered first ever team in the LGMA (Local Government Managers Association) Rural Management Challenge. The team is comprised of our identified future leaders, all of whom are local Indigenous residents of Burke Shire.
- **Council as prime contractor:** one of the most important roles for the EMWI has been to establish Council as prime contractor for road works. This has enabled Council to make strategic use of the ROPS (register of pre-qualified suppliers) for plant hire for our road programs. It also enables Council to become more financially sustainable by utilising our own workforce instead of outside tenders.

Our Capital Projects

For a small and under-resourced local government, Burke Shire Council achieved a satisfyingly ambitious program in 2017-18.

- **Burketown Wharf upgrade:** 3 lane barge capable boat ramp installed with minimal disruption to boating traffic.
- **Gregory Solar Power and Water Optimisation:** installation of solar power at the Gregory Water Treatment Plant – estimated saving of \$100,000 per annum in diesel costs. This project will also enable future provision of solar power to the Council depot in Gregory. The water optimisation is expected to improve the reliability and quality of treated drinking water to the township.
- **Works for Queensland:** Despite the excessively short timeframe for completion by 30 November 2017, Council delivered all projects in the first round of this funding. Based on community consultation, we took on multiple projects to address a backlog of community aspirations and maintenance of council infrastructure. Community projects included a new playground, outdoor gym equipment and upgrades to various community facilities. Council projects included water, sewer and depot upgrades.

Shared services

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

Burke and Doomadgee are working together to make this shared service a success that will be mutually beneficial for both local governments. We have been able to establish a larger team of accountants which improves our ability to manage our finances with increased levels of governance on the one hand, and simplified systems of business on the other. It is easier to cover absences and to analyse financial data to reduce costs.

Lessons learnt

Works for Queensland: we realise if we take on one rather than many projects when the third round is offered we will have more chance of having time and capacity to plan, procure and deliver the best quality outcome and value for money.

Register of pre-qualified suppliers: we realise if we develop our works program as early as possible, and communicate frequently and as early as possible with contractors, we will best meet the needs of our community to work harmoniously with council and avoid delays to the works program.

The year ahead

In 2018-19 we will support each other as one team; pursuing opportunities to achieve Council's vision within our budgetary constraints.

- **Corporate Plan 2019-2024:** Council will consult extensively with community to seek your views on Council's next four-year Corporate Plan. This Plan will guide Council operations from 01 July 2019.
- **Shared Services:** Council will be looking to continuously improve delivery of financial services to Doomadgee Aboriginal Shire Council, and also to seek more ways of collaborating with others to reduce costs and improve efficiency.
- **Future Leaders and team building:** we will be seeking to develop the skills of our future leader's team, build a values-based culture across the organisation, and improve our skills in working together as one team to deliver Council's vision.
- **Register of pre-qualified suppliers:** we will be looking to build on our capacity – and our lessons learnt - to act as prime contractor utilising plant hire from contractors on our ROPS.
- **Systems of business:** across our four portfolios of works & infrastructure, corporate & community services, finance, and strategic projects we will be looking to improve and simplify our systems of business. Our aim is cost effectiveness and ease of use. We will be piloting some new Council software as part of this approach.

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 performance for the year and the financial position as at 30 June 2018. 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.

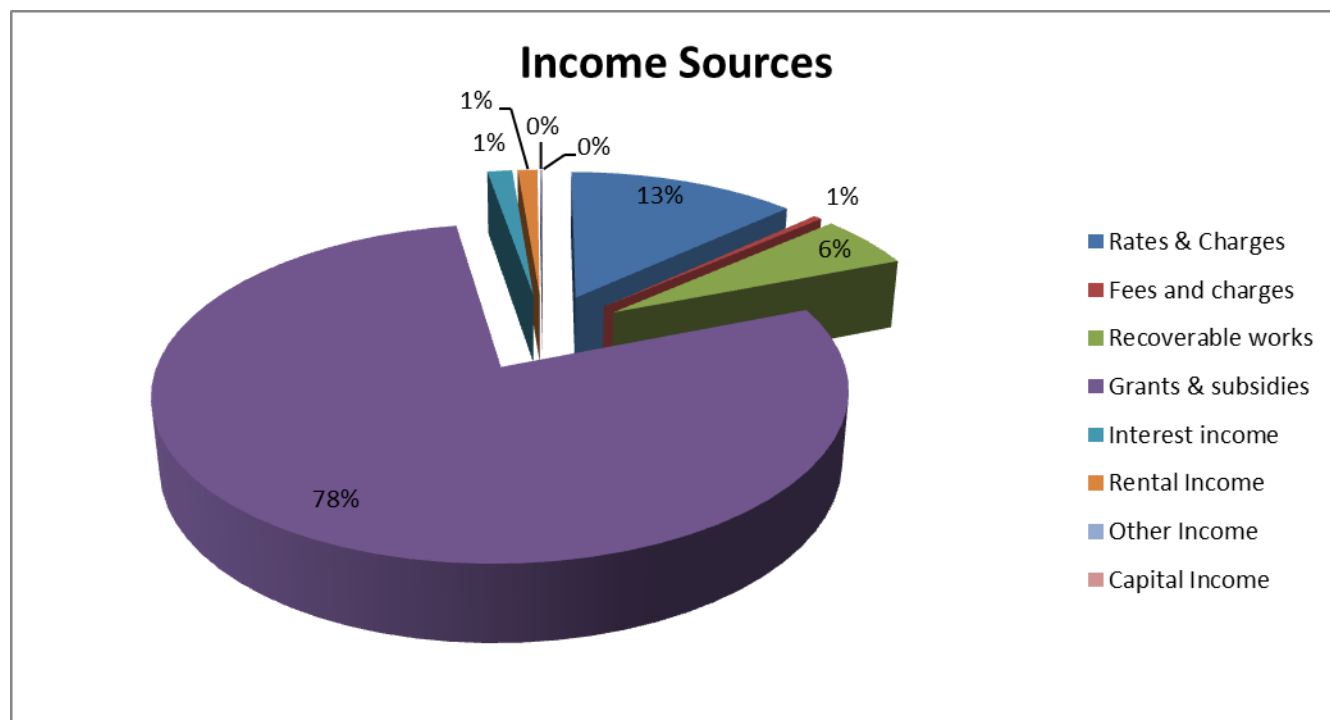
Income Statement

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	\$13,614,085	Current Assets	\$11,827,121
Capital Revenue	\$6,386,265	Non-Current Assets	\$146,544,214
Total Income	\$20,000,350	Total Assets	\$158,371,335
Expenses		Liabilities	
Total Expenses	\$25,144,460	Total Liabilities	\$2,922,514
		Equity	
		Retained Surplus	\$69,030,365
		Asset Revaluation Surplus	\$86,418,456

Revenue – where did the money come from?

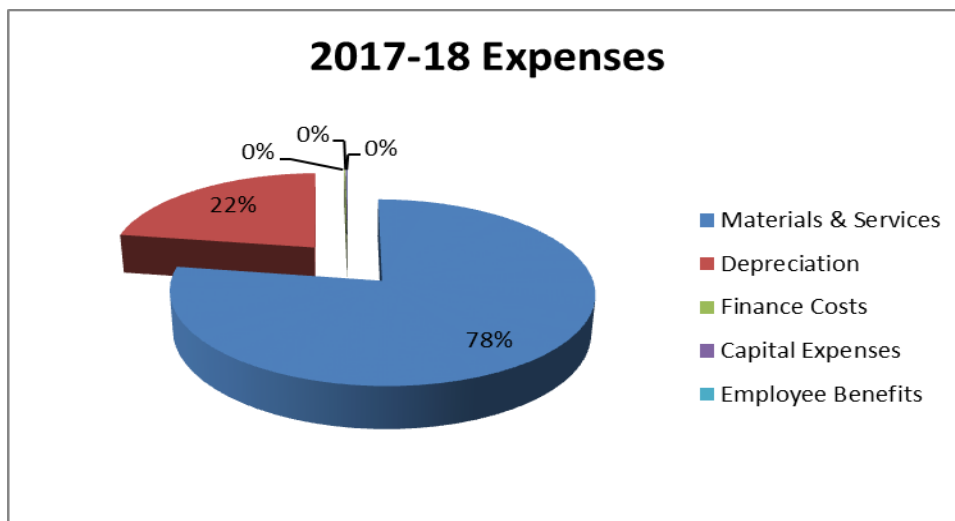
Council received \$20,000,350 in revenue and other income. The largest contribution came through grants, subsidies, contributions and donations revenue and rates and utility charges revenue. Council received funding for several road programs including the Transport and Infrastructure Development Scheme (TIDS) (Main Roads), Road Maintenance Performance Contract (Main Roads) and Natural Disaster Relief and Recovery Arrangements (NDRRA – Federal and State).



Income item	Details
Net rates and utility Charges	\$2,621,361
Fees and charges	\$96,129
Recoverable works	\$1,096,010
Grants and subsidies	\$15,646,640
Interest income	\$284,357
Rental Income	\$224,154
Other Income	\$19,708
Capital Income	\$11,993

Expenditure – where was the money spent?

Council's total expenditure for 2017-2018 was \$25,144,460 as compared with \$17,809,283 in 2016-2017. The primary expenses were:



Expense Item	Details
Employee Benefits	\$4,153,259
Materials & Services	\$16,267,860
Depreciation & Amortisation	\$4,672,467
Finance Costs	\$23,911
Capital Expenses	\$26,963

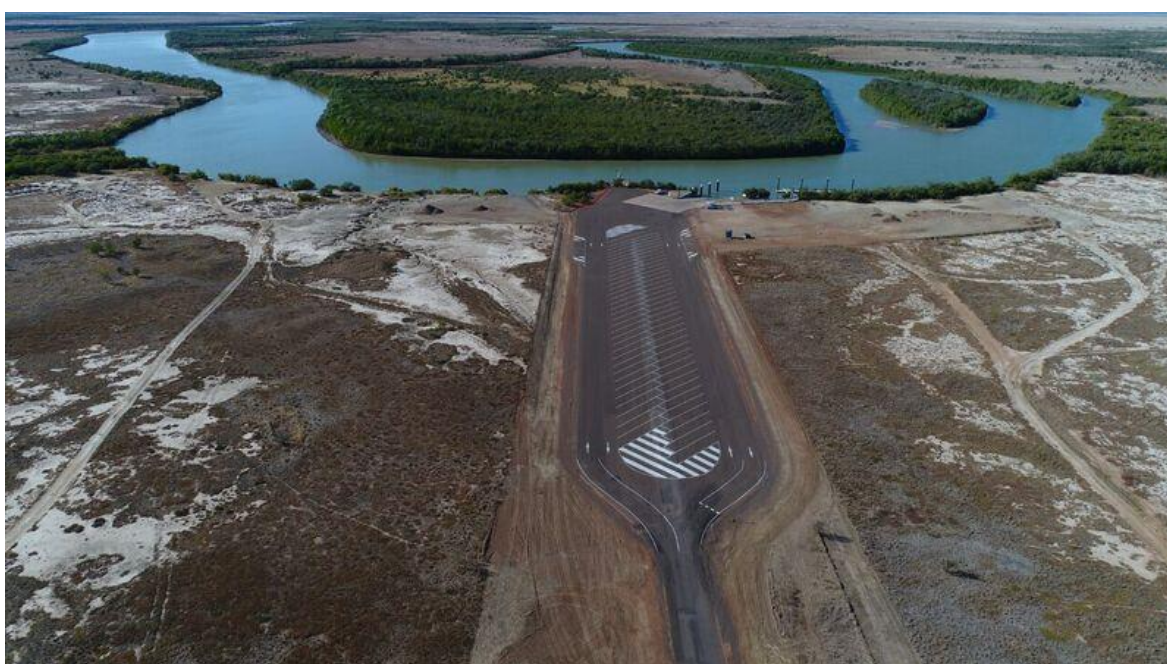
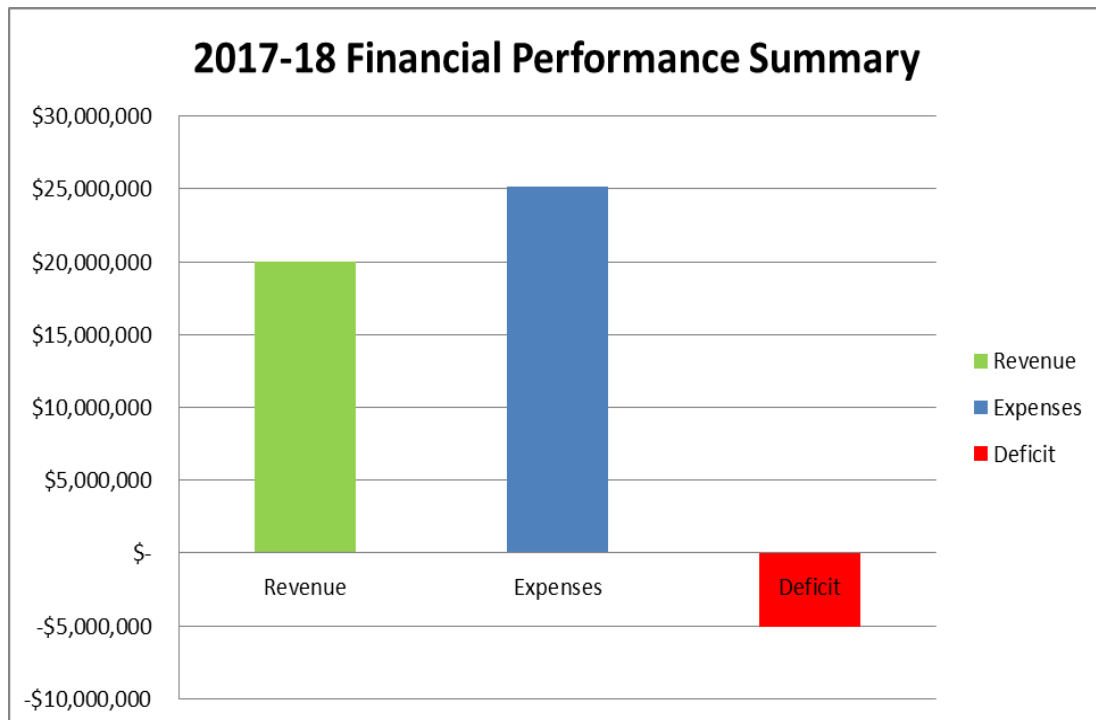


Image: Aerial view of the Burketown Wharf Boat Ramp and Car Park

Financial performance – in context



Although Council's net result at 30 June shows a loss of \$5,144,110 this figure must be read in context to understand Council's actual financial position.

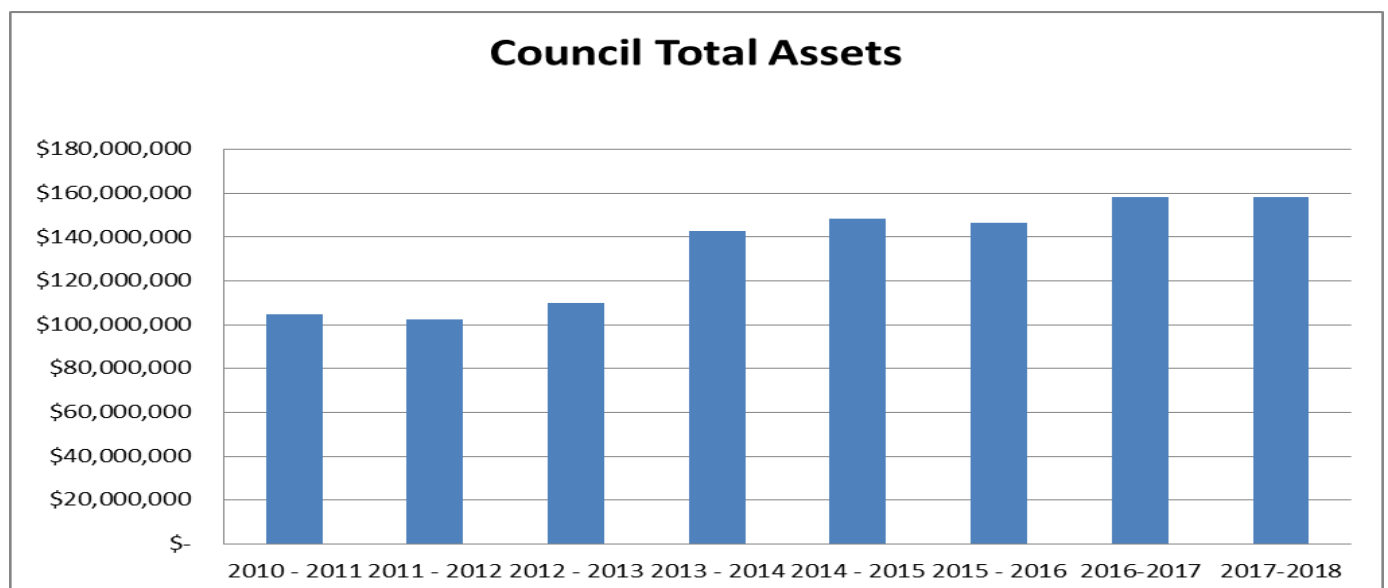
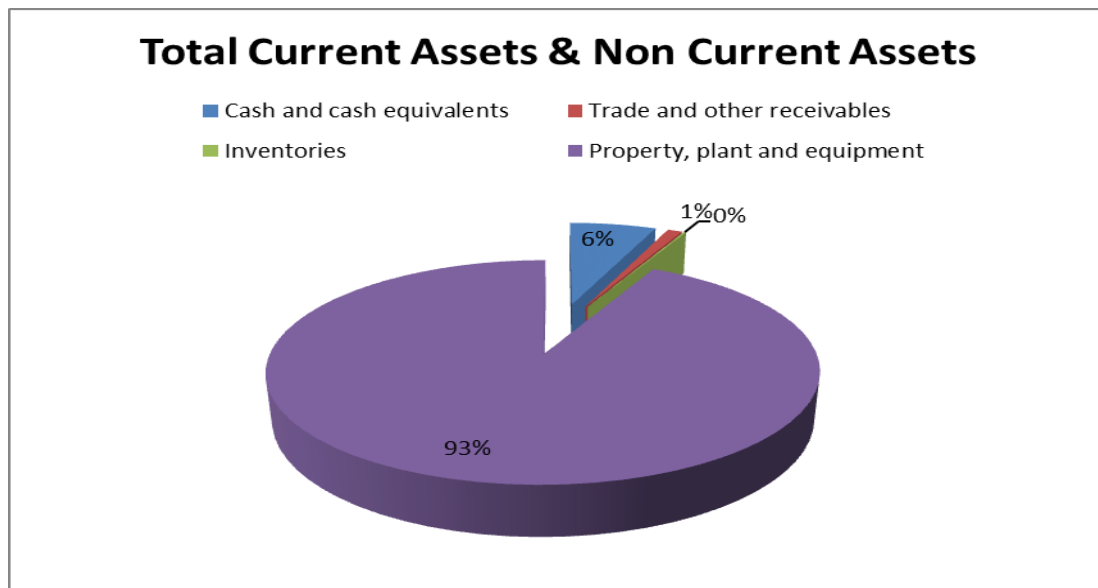
The net loss of \$5,144,110 is indicative of the timing distortions related to receipt of income and incurring of expenditure. In the previous financial year Council received several payments of income in advance with little to no associated expenditure in that same year, resulting in a net profit of 5,605,576. In the 2017-18 financial year Council incurred expenditure associated with the advance income received in the previous year resulting in a net loss of \$5,144,110.



Image: Lawn Hill Gorge

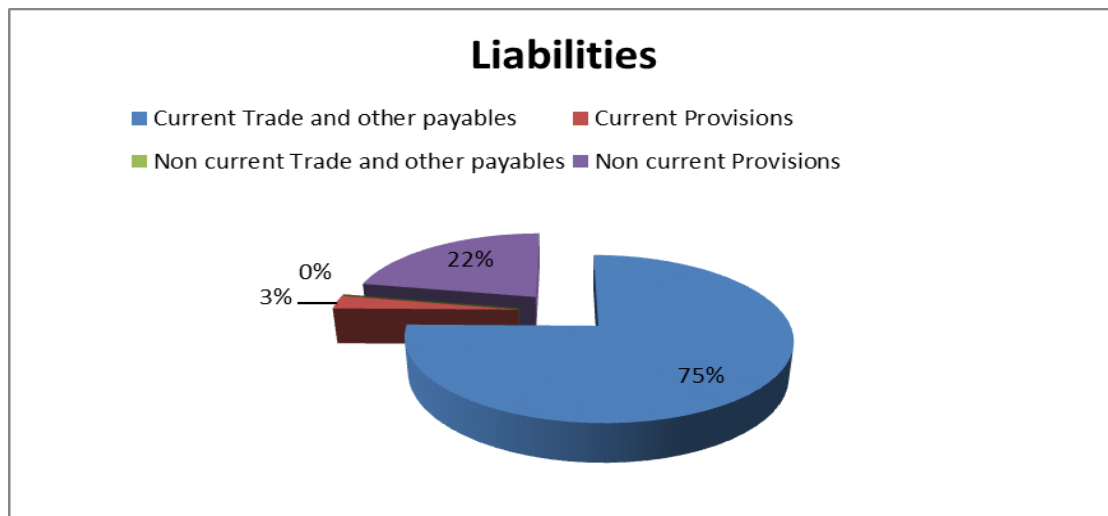
Assets – What do we own?

As at 30 June 2018, Council held \$158,371,335 in current and non current assets from \$158,344,669 in the previous year. Current assets decreased by \$6,092,876 from the previous financial year.

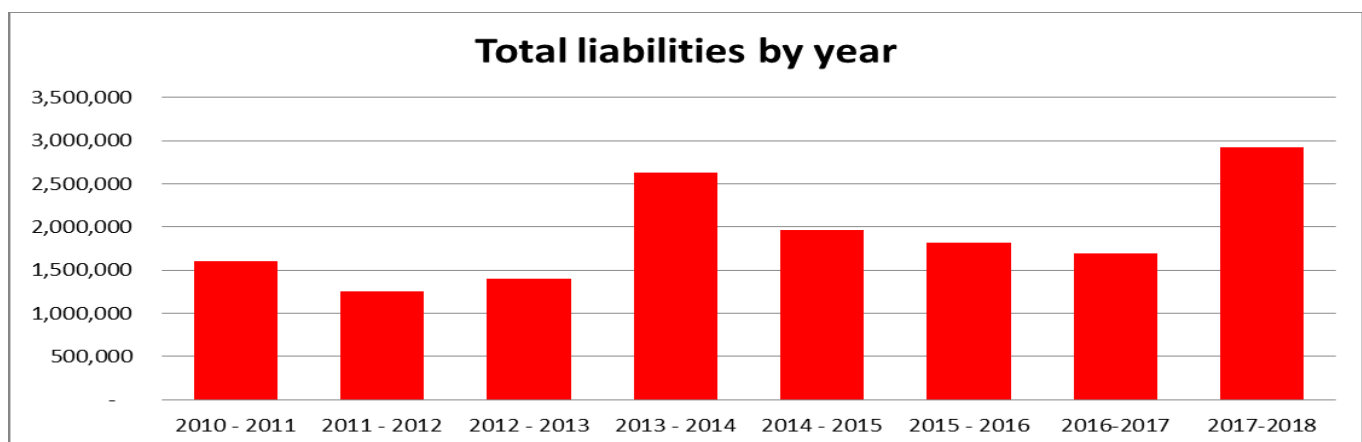


Liabilities – What do we owe?

As at 30 June 2018, Council had liabilities of \$2,922,514 comprised of provisions for employee entitlements as well as amounts owed to suppliers. Council does not have any borrowings.

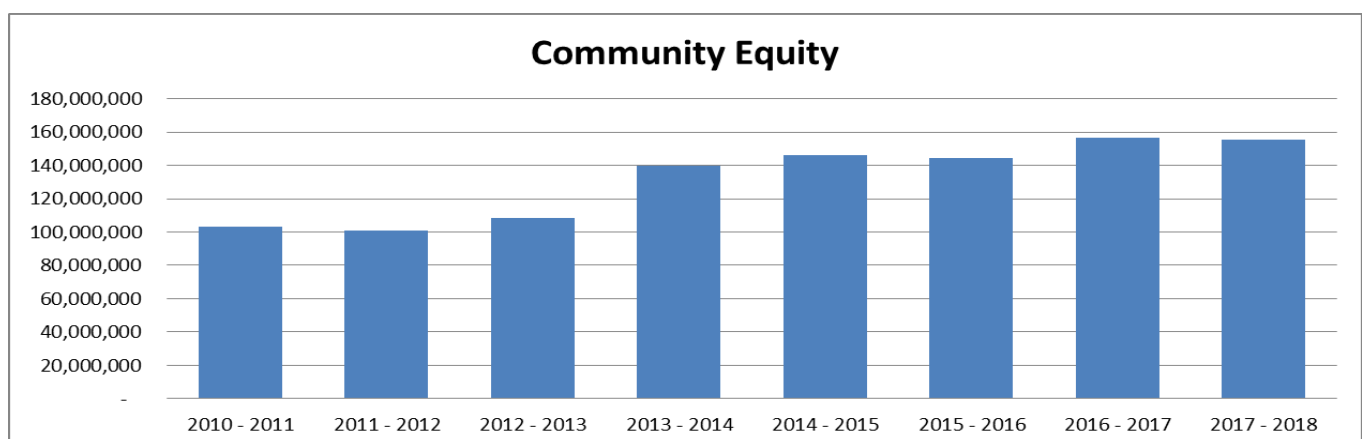


Community Equity



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

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 2018. It shows a summary of our asset value (\$) – liabilities (\$) = Community Equity (\$). Burke Shire Council's equity as at 30 June 2018 was \$ 155,448,821.



Measures of Council's Financial Sustainability

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

Indicator	Ratio 2017-18	Target	Description
Asset Sustainability Ratio	91%	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	-84.5%	Between 0 and 10%	This ratio indicates the extent to which revenues raised cover operational expenses. A positive ratio indicates that surplus revenue is available.
Net Financial Liabilities Ratio	-65%	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. 2017/18 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 17-18 financial year.



Image: 2018 Order of the Outback Ball

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	Hold the Burketown sprint races and rodeo event on 26 August 2017		\$1,000.00
Gangalidda & Garawa Services	Hold Savannah Guides training on the salt pans on 22 October 2017		\$1,000.00
Waanyi PBC	Support family to attend Funeral at Doomadgee by providing Council's bus 15-20 September 2017	\$3,245.00	\$3,382.50
Gregory QCWA	Hold horse sports and family fun day		\$2,500.00
Gregory District Sporting Association	To conduct a campdraft and children's horse sports to raise funds for improvement to the facilities at the Gregory Sports Reserve		\$3,000.00
Gregory Downs Jockey Club Incorporated	Hold the Gregory Races on 5 May 2018	\$109.90	\$6,109.90
Burketown P&C	Hold Trivia fundraising night on 15 September 2017		\$231.80
North West Canoe Club	Hold Gregory Canoe Races 6 May 2018	\$5,643.77	\$5,643.77
Gulf Cattleman's Association	Sponsor BeefUp showcase in Karumba held on 13-14 October 2017		\$1,500.00
Burketown Kindergarten Association Inc.	Provide sand for Kindergarten sandpit	\$200.00	\$200.00
Burketown Sporting & Community Association Inc.	Support to Burketown Roosters in the Battle of the Gulf Rugby League by providing bus to travel	\$2,800.00	\$2,800.00
Gangalidda & Garawa Services	Stargazing on the salt pans for the savannah guides	\$3,207.81	\$3,207.81
TOTAL			\$30,575.78

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

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

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

VISION: Quality Infrastructure | Quality Services | Quality Living

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

Area	Progress
Governance	<p>Council satisfactorily met its governance requirements across the year, using a risk management approach suitable for our size. We achieved an unqualified audit as usual. Governance outcomes include:</p> <ul style="list-style-type: none"> ⇒ Asset management planning was improved by transitioning to an industry standard format. ⇒ Council consulted with road users and as a result, made significant changes to its 5-year road program. ⇒ Community satisfaction survey 72.4%: overall increase in satisfaction particularly regarding roads. ⇒ Disaster management: Council met its disaster management responsibilities including preparation for the impact of Tropical Cyclone Nora. ⇒ Gulf Savannah Development (GSD): Burke assumed the secretariat for this regional area board, which was previously provided by Carpentaria Shire Council. ⇒ Council engaged effectively with Ministers and other stakeholders during the year and achieved three successful discretionary approvals. Two of these were to reduce Council's co-contribution for funded projects and one was for the lease of land to James Cook University. The Centre for Remote and Rural Health have funding to build and operate student nurse accommodation on this land. ⇒ Internal audit: Council sought quotes and appointed an internal auditor for the next three years.

Area	Progress
Administration	<p>Council generally met its administration requirements and made significant advances in workforce development with the introduction of a team coaching and future leaders' program.</p> <p>However, our systems of business need comprehensive reform – we spend too much time and too much money for average results. Our records management system meets legislative requirements but is neither cost effective or efficient. Our multiple computer software systems are either poorly integrated, or not integrated. Elected members are not able to easily access Council information systems.</p> <p>Council aspires to move to contemporary information systems in the next operational year that use enterprise software and artificial intelligence. We want simplicity and ease of access for current and future staff and elected members.</p> <p>Administration outcomes include:</p> <ul style="list-style-type: none">⇒ Website: updated site went live⇒ Human resources: created and filled new position of Human Resource & Workforce Development Coordinator (HRWDC). This has achieved results in improving our training programs and introducing a future leaders' team for the first time.⇒ Enterprise agreement: negotiated and implemented in January 2018 – backpayments made to staff.
Community and cultural development	<p>Whilst Council generally achieved its community and cultural development targets for the 17-18 operational year, the community expressed discontent via a petition about management of parks and gardens. This occurred after a sprinkler system breakdown combined with a level of cost cutting led to Morning Glory Park being less green than usual.</p> <ul style="list-style-type: none">⇒ Disaster management: Council secured funding to replace the SES shed and commenced demolition of the old building.⇒ Donations: Council sought to improve the way that it manages community donations by seeking applications for regular annual events at the time of considering the annual budget. This helps Council with planning for in-kind donations and helps community groups with their preparation.⇒ Events: Council delivered a successful Order of the Outback Ball at the end of June – many compliments were received for the well-attended function.⇒ History book: whilst publication of the Burketown history book has been delayed, the project is on track for delivery in 18-19.

Area	Progress
Finance	<p>Council complied with its financial obligations and achieved an unqualified audit.</p> <p>However, Council's financial position is predicted to continue to decline because our revenue streams are insufficient to cover operations. To address this issue, Council has determined that it is necessary to assume a level of risk to identify new sources of income and achieve operational savings. 2017-18 outcomes include:</p> <ul style="list-style-type: none"> ⇒ High level diagnostic: Council piloted a program with the Queensland Treasury Corp (QTC) to conduct a high-level review of our financial environment. QTC recommended various actions for Council to consider to help improve its financial position over time. Council also started using the QTC local government financial modelling tool. This tool assists Council to measure the long term impact of decisions that it makes relating to income and expenditure. ⇒ Established a financial services team in a regional location. This is anticipated to maintain a stable financial services team to address an earlier history of continual instability. ⇒ Shared services: commenced providing financial services under a fee for service agreement to Doomadgee Aboriginal Shire Council. This enables Burke to maintain a larger team of finance staff to cover absences and improve processes, along with providing a new income stream with the potential for expansion. Working in this way with another local government also helps to strengthen the local government sector by sharing knowledge and resources. ⇒ Rating: Council reviewed its rating categories to ensure current and future relevance. ⇒ Works for Queensland: Council successfully delivered and acquitted round one W4Q projects despite the very short delivery timeframe. We acknowledge that the outcomes could have been better if we had been allowed more time for planning. However, Council delivered projects that the community requested including a large undercover playground, water treatment plant and cemetery improvements in Gregory and Burketown, and outdoor fitness equipment. Long overdue improvements were made at Council's works depots. ⇒ Roads: 100% completion and acquittal of all regular funded road programs.
Integrated planning and sustainable development	<p>Council complied with its legislative obligations for integrated planning. The new Town Planning Scheme has not yet been adopted as Council was required to undertake additional community consultation. Due to staff turnover, improvement of Council's governance framework for development applications has been delayed.</p> <ul style="list-style-type: none"> ⇒ Operational Plan: quarterly reports completed and published on website including regular reviews. ⇒ Corporate Plan: reviewed in June, with planning commenced for public consultation for the next 5-year Corporate Plan that must be adopted to take effect on 01 July 2019. ⇒ Lease of land to Centre for Rural and Remote Health for student nurse accommodation in Burketown: Council secured ministerial approval to dispose of land by way of lease to James Cook University (JCU) for this project. Timing was delayed because Council was required to enter into a Deed with the Commonwealth who are providing the funds to construct the facility. This required 4-way negotiations between the State, JCU, Council and the Commonwealth. The project is on track, with all requirements met at 30 June and the Lease under preparation for signing by the parties who have agreed to the conditions.

Area	Progress
Asset and infrastructure management	<p>Council must manage its assets and infrastructure with limited funding and resources - annual income derived from rates and financial assistance grants is only slightly higher than annual depreciation. Council has sought to manage within these limitations by taking a frugal approach to service levels, seeking grant funding and maximising use of our own plant and equipment.</p> <ul style="list-style-type: none"> ⇒ Deed of Agreement: one-off agreement for road use secured with mining company seeking to haul heavy machinery. Purpose of agreement was to ensure that Council did not become liable for the cost of repairing roads should the haulage result in damage. ⇒ Asset management workshop held with councilors and senior staff in December, and road policy reviewed in March. ⇒ ROADS & BRIDGES <ul style="list-style-type: none"> ○ Bridge inspections were completed in November 2017. Council added upgrades to the Leichhardt River crossing into the 5 year road program; and successfully applied for funding in 2018/19 for the detail design and business case through the state government's Maturing the Infrastructure Pipeline Program (MIPP) round 2. MIPP helps Council to be financially sustainable because it does not require matching funds. ○ TIDS and RMPC: Council completed 100% of its road program funded under the Transport Infrastructure Development Scheme (TIDS) as well as its contract with Main Roads (RMPC). This is important because if the money is not spent and claimed in the financial year it is lost. RMPC is a fee for service contract. TIDS is an allocation of funding however Council must match dollar for dollar. ○ ATSI TIDS: Council successfully applied for the ATSI (Aboriginal and Torres Strait Islander) TIDS funding for work on causeways on the Doomadgee East Road. ATSI TIDS is only available to Burke for the Doomadgee East Road – because DE it is the primary access road to an Aboriginal Shire. ATSI TIDS helps Council to be financially sustainable because it does not require matching funds. The funding is heavily over-subscribed so the amount was small. ⇒ CAPITAL WORKS (non road) <ul style="list-style-type: none"> ○ Burketown Wharf Upgrade: With competitive funding from four different sources, and two ministerial discretionary approvals to reduce the impact on Council's funds, Council installed a 3-lane barge capable boat ramp. The carpark element of this project was prepared for sealing. ○ Gregory Water Treatment Plant: solar power and water optimisation project mostly completed. ○ Visitor information centre: renovations completed. ○ Mineral Baths: Council's application for MIPP funding for the detail design and business case was not successful. Project carried forward until funding secured. ⇒ NDRRA (Federal and State funding): Council is awaiting the outcome of an application for funding to restore causeways damaged by a major rainfall event to the south at the end of the wet season.

Area	Progress
Economic development	<p>Economic development activities in 2017-18 centered on progressing the development agreement (DMA) with Economic Development Queensland (EDQ), and securing funding for a study.</p> <ul style="list-style-type: none"> ⇒ Funding secured for economic development and tourism strategy – a consultant was engaged and commenced consultation in June 2018 ⇒ EDQ DMA: This project stalled in late 2017 when the state government moved into caretaker mode ahead of the election. Progress recommenced towards the end of the financial year with surveying of lots in the light industrial area near the airport, and Burketown South rural residential development.
Environmental services	<p>Council had some challenges in this area during the year along with some wins.</p> <ul style="list-style-type: none"> ⇒ Sewerage treatment plant upgrade: Council secured funding through the Local Government Grants and Subsidies program and was unsuccessful in the Building Better Regions Fund. This has resulted in a need to change the scope of work with the project to be delivered in the next financial year. ⇒ Environmental Authority: Council is mostly compliant with the EA although improvements are required at the Burketown sewerage treatment plant and the Burketown landfill. ⇒ Gregory landfill: council has secured tenure over this land. ⇒ SCADA and telemetry – project completed for electronic monitoring of the water treatment plant at Burketown, with improvements to the WTP at Gregory. ⇒ QCoast: Council secured funding for a Coastal Hazard Adaptation Plan. ⇒ Food licensing: Council provided a compliant food licensing service.



Image:: Mayor, Councillors and Council Staff at the Gregory Solar

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

2017-18 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
Financial sustainability	<p>Review all Council departments and areas of operation to determine:</p> <p>Appropriateness of service levels;</p> <p>Appropriateness of processes;</p> <p>Efficiency dividends;</p> <ul style="list-style-type: none"> Opportunities to reduce service levels, cancel a service; outsource a service 	<p>Council sought quotes for a three-year internal audit contract, which was awarded to OCM.</p> <p>The 17-18 audit for financial sustainability focussed on two areas:</p> <ul style="list-style-type: none"> Council's rental properties Parks and gardens <p>Draft audit report was presented to the audit committee with recommendations. The audit committee requested further input from councillors. This was sought and a draft final report provided by the auditor.</p> <p>At 30 June the report was awaiting finalisation of management action plan to implement recommendations. Staff changeover has impacted on finalisation timeframe.</p> <p>The audit committee also determined that the focus for the 18-19 audit should change – in progress and delayed due to executive staff turnover.</p>

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 2017-18 financial year there was one senior contract employee with a total remuneration package in the range of \$200,000 - \$300,000 and four senior contract employees with a total remuneration package in the range of \$100,000-\$200,000.

Local Government Regulation 2012

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

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

Financial Statements

s183

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

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

Particular Resolutions

s185

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

Section	Resolution/s made in reporting year
250 (2) A local government may, by resolution, amend its expenses reimbursement policy at any time.	Decision 170914.19 (14 September 2017): That Council adopts version 7 of the GOV-POL-001 Councillor Expenses Reimbursement Policy as presented.
206 (2) The local government must, by resolution, set an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense	Nil

Councillors

s186

Councillor remuneration, expenses and meetings attended

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

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

Councillor	Ordinary Meeting	Special Meeting	Expenses	Remuneration (inc Superannuation)
Cr Ernie Camp	11	4	\$510.91	\$110,500.09
Cr Paul Poole	12	4		\$63,749.85
Cr John Yanner	12	4		\$52,454.67
Cr John Clarke	12	4	\$1,446.40	\$52,194.31
Cr Tonya Murray	12	3		\$52,454.67

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)
NA – nil overseas travel				

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 or Mayor, and CEO to officers LGA s260 ➤ Local laws LGA s31 ➤ Pre-qualified suppliers LGR s232 ➤ Registers of interest s290 ➤ Roads map and register LGA s74
190 (1) (g) summary of all concessions for rates and charges granted by the local government	<p>Pursuant to Section 120 and 122 of the <i>Local Government Regulation 2012</i> Council granted the following concessions for rates and charges</p> <ul style="list-style-type: none"> ➤ Pensioner Concession - a concession of 20% of the general rate and utility charges, excluding water consumption and Emergency Management Levy (EML) to a maximum of 500.00 per year. ➤ 100% concession on general rates and 75% concession on sewerage and waste management charges for 2017-18 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: Albert River

APPENDIX A

Financial Statements

2017-2018 & Long-Term Financial Sustainability Statement



Burke Shire Council
Financial Statements
for the year ended 30 June 2018

Burke Shire Council

Financial Statements

For the year ended 30 June 2018

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Burke Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Revenue			
Recurrent revenue			
Rates and charges	3(a)	2,621,361	2,523,373
Fees and charges		96,129	94,208
Rental income		224,154	221,795
Interest received		284,357	276,987
Sales revenue	3(b)	1,096,010	1,047,001
Other revenue		19,708	24,209
Grants, subsidies and contributions	4(a)	9,272,368	15,806,609
		<u>13,614,085</u>	<u>19,994,182</u>
Capital revenue			
Grants, subsidies and contributions	4(b)	6,374,272	3,420,677
Capital income	5	11,993	-
		<u>6,386,265</u>	<u>3,420,677</u>
Total income		<u>20,000,350</u>	<u>23,414,859</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(4,153,259)	(3,875,984)
Materials and services	7	(16,267,860)	(10,080,364)
Finance costs		(23,911)	(16,943)
Depreciation		(4,672,467)	(3,813,940)
		<u>(25,117,497)</u>	<u>(17,787,231)</u>
Capital expenses	8	(26,963)	(22,052)
Total expenses		<u>(25,144,460)</u>	<u>(17,809,283)</u>
Net result		<u>(5,144,110)</u>	<u>5,605,576</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		3,943,476	6,436,324
Total other comprehensive income for the year		<u>3,943,476</u>	<u>6,436,324</u>
Total comprehensive income for the year		<u>(1,200,634)</u>	<u>12,041,900</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 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	9	9,898,722	16,430,002
Trade and other receivables	10	1,665,998	1,272,732
Inventories		242,401	217,262
Total current assets		11,827,121	17,919,997
Non-current assets			
Property, plant and equipment	11	146,544,214	140,424,672
Total non-current assets		146,544,214	140,424,672
Total assets		158,371,335	158,344,669
Current liabilities			
Trade and other payables	12	2,199,031	964,268
Provisions	13	79,487	124,107
Total current liabilities		2,278,518	1,088,375
Non-current liabilities			
Provisions	13	643,996	606,838
Total non-current liabilities		643,996	606,838
Total liabilities		2,922,514	1,695,213
Net community assets		155,448,821	156,649,456
Community equity			
Asset revaluation surplus	14	86,418,456	82,474,980
Retained surplus		69,030,365	74,174,475
Total community equity		155,448,821	156,649,456

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 2018

	Asset revaluation surplus 14	Retained surplus	Total
Note	\$	\$	\$
Balance as at 1 July 2017	82,474,980	74,174,475	156,649,456
Net result	-	(5,144,110)	(5,144,110)
Other comprehensive income for the year	-	-	-
Increase in asset revaluation surplus	3,943,476	-	3,943,476
Balance as at 30 June 2018	86,418,456	69,030,365	155,448,821
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 asset revaluation surplus	6,436,324	-	6,436,324
Balance as at 30 June 2017	82,474,980	74,174,475	156,649,456

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

Burke Shire Council
Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		3,394,803	3,372,851
Payments to suppliers and employees		(19,193,818)	(14,078,152)
		(15,799,015)	(10,705,301)
Finance costs		(23,911)	(16,943)
Interest received		284,357	276,987
Rental income		224,154	221,795
Operating grants, subsidies, and contributions		9,272,368	15,806,609
Net cash inflow /(outflow) from operating activities	19	(6,042,048)	5,583,146
Cash flows from investing activities			
Payments for property, plant and equipment		(6,685,580)	(4,516,289)
Proceeds from sale of property plant and equipment		95,000	75,605
Capital grants, subsidies, and contributions		6,101,348	3,420,677
Net cash inflow /(outflow) from investing activities		(489,232)	(1,020,007)
Net increase /(decrease) in cash held		(6,531,280)	4,563,139
Cash and cash equivalents at the beginning of the financial year		16,430,002	11,866,862
Cash and cash equivalents at end of the financial year	9	9,898,722	16,430,002

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

1 Significant Accounting Policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 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

Some new Australian Accounting Standards and Interpretations have been issued but are not yet effective. These standards have not been applied in these financial statements. Council will implement them when they are effective. Council is still assessing whether these standards will have a material impact upon Council's future financial statements.

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

1.E Adoption of new and revised accounting standards(cont.)

Standard and impact

**Date Council will
apply the
standard**

AASB 9 Financial Instruments

01-July-2018

This replaces *AASB 139 Financial Instruments Recognition and Measurement*, and addresses the classification measurement and disclosure of Financial Assets and Liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council does not anticipate any significant increase in impairment losses however the standard is not expected to have a material impact overall.

AASB 16 Leases

01-July-2019

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. The changes in standards are not expected to have a material impact upon council's future financial statements.

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

01-July-2019

These will replace *AASB 118 Revenue*, *AASB111 Construction Contracts*, *AASB 1004 Contributions* 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*. 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 revenue is measured and recognised to identify whether they will have a material impact.

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

01-January-2018

AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

01-January-2018

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

01-January-2019

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 Inventories

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

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

1.H Rounding and comparatives

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

1.I Taxation

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

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 2018

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 2018

Functions	Gross program income						Total Income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent		Capital										
	Grants	Other	Grants	Other	Capital								
	2018	2018	2018	2018	2018	2018							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue raising	2,599,216	1,992,371	-	-	4,591,587	(37,019)	-	4,554,568	4,554,568	(844,768)	(844,768)	11,588,371	
Governance	-	-	-	-	-	(844,768)	-	(844,768)	(844,768)	-	-	-	
Finance and community services	36,400	288,724	-	11,993	337,117	(3,322,879)	-	(3,322,879)	(2,987,754)	-	(2,985,762)	307,837	
Planning and building	-	2,558	-	-	2,558	(42,455)	-	(42,455)	(39,898)	-	(39,898)	-	
Engineering services	6,550,714	1,164,043	4,936,091	-	12,650,849	(17,849,028)	(26,963)	(17,875,991)	(10,134,270)	(5,225,142)	(5,225,142)	106,874,305	
Environmental services	-	1,800	-	-	1,800	(239,128)	-	(239,128)	(237,328)	(237,328)	-	-	
Community and cultural	86,037	245,710	1,182,461	-	1,514,208	(1,726,937)	-	(1,726,937)	(1,395,190)	(212,729)	(212,729)	25,449,926	
Garbage utility	-	99,630	-	-	99,630	(132,882)	-	(132,882)	(33,252)	(33,252)	(33,252)	4,793	
Sewerage utility	-	147,137	-	-	147,137	(154,714)	-	(154,714)	(7,578)	(7,578)	(7,578)	1,588,400	
Water utility	-	399,745	255,720	-	655,465	(767,687)	-	(767,687)	(367,942)	(112,222)	(112,222)	12,577,702	
Total	9,272,368	4,341,718	6,374,272	11,993	20,000,350	(25,117,497)	(26,963)	(25,144,460)	(11,503,412)	(5,144,110)	(5,144,110)	158,371,335	

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	Grants	Other							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue raising	3,884,787	1,923,062	-	-	5,807,849	(38,623)	-	5,769,226	(38,623)	5,769,226	5,769,226	17,702,734	
Governance	-	-	-	-	-	(899,814)	-	(899,814)	(899,814)	(899,814)	(899,814)	-	
Finance and community services	22,000	289,923	-	-	311,923	(2,796,906)	15,877	(2,781,029)	(2,781,029)	(2,484,983)	(2,469,106)	280,396	
Planning and building	-	447	-	-	447	(198,581)	-	(198,581)	(198,581)	(198,134)	(198,134)	-	
Engineering services	7,942,872	1,121,881	3,200,677	-	12,265,430	(7,280,272)	(37,929)	1,784,481	(7,318,201)	1,784,481	4,947,229	103,327,245	
Environmental services	-	2,393	-	-	2,393	(317,877)	-	(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)	(5,195,387)	(1,002,706)	(982,706)	24,456,950	
Garbage utility	-	94,525	-	-	94,525	(151,025)	-	(151,025)	(151,025)	(56,500)	4,793	-	
Sewerage utility	-	136,610	-	-	136,610	(149,398)	-	(149,398)	(149,398)	(12,788)	(12,788)	1,487,508	
Water utility	-	383,001	200,000	-	583,001	(759,347)	-	(759,347)	(759,347)	(376,346)	(176,346)	11,085,045	
Total	15,806,609	4,187,573	3,420,677	-	23,414,859	(17,787,231)	(22,052)	2,206,951	(17,809,283)	2,206,951	5,605,576	158,344,669	

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

3 Revenue analysis

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

Rates and charges

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

Fees and charges

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

	Note	2018 \$	2017 \$
(a) Rates and service charges			
General rates		2,019,898	1,967,221
Water		399,745	383,001
Sewerage		147,137	136,610
Garbage charges		99,630	94,525
Total rates and charges revenue		2,666,410	2,581,357
Less: Pensioner remissions		(2,971)	(1,541)
Less: Discounts		(42,078)	(56,443)
		<u>2,621,361</u>	<u>2,523,373</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	1,096,010	1,047,001
	<u>1,096,010</u>	<u>1,047,001</u>

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

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

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

4 Grants, subsidies, and contributions

(a) Recurrent

General Purpose Grants	3,021,827	4,495,508
NDRRA Funding	5,718,593	6,952,090
State Government Subsidies and Grants	531,947	4,359,011
	<u>9,272,368</u>	<u>15,806,609</u>

(b) Capital

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

State Government subsidies and grants	6,101,348	3,420,677
Non-Cash contribution	272,924	-
	<u>6,374,272</u>	<u>3,420,677</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	14,208	1,684,878
	<u>14,208</u>	<u>1,684,878</u>

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

4 Grants, subsidies, and contributions(cont.)

Grants and subsidies

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

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

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

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses. In the 2018 financial year, Burke Shire Council received a non-cash contribution from Queensland Government for blocks of land under the Indigenous Land Use Agreement.

	Note	2018 \$	2017 \$
5 Capital income			
Gain on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		34,091	-
Less: Carrying value of property, plant and equipment disposed		(22,098)	-
Total capital income		<u>11,993</u>	<u>-</u>

6 Employee benefits

Total staff wages and salaries		2,763,722	2,605,774
Councillors' remuneration		304,082	301,453
Annual, sick and long service leave entitlements		504,397	471,896
Superannuation	17	<u>462,539</u>	<u>347,950</u>
		4,034,740	3,727,073
Other employee related expenses		<u>256,014</u>	<u>229,356</u>
		4,290,755	3,956,429
Less: Capitalised employee expenses		<u>(137,495)</u>	<u>(80,444)</u>
		<u>4,153,259</u>	<u>3,875,984</u>

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

Total Council employees at the reporting date:	2018	2017
Elected members	5	5
Administration staff	16	16
Depot and outdoors staff	30	27
Total full time equivalent employees	<u>51</u>	<u>48</u>

	Note	2018 \$	2017 \$
7 Materials and services			
Audit of annual financial statements by Auditor General of Queensland		83,500	81,000
Communications and IT		293,269	286,566
Consultants		44,693	94,267
Donations		19,007	30,484
Operating expenses		5,089,891	5,063,618
Repairs and maintenance		1,870,735	1,939,407
Recoverable works		794,583	824,704
Roads - Flood damage		<u>8,072,182</u>	<u>1,760,319</u>
		<u>16,267,860</u>	<u>10,080,364</u>

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

	2018	2017
8 Capital expenses	\$	\$
Loss on disposal of non-current assets		
Proceeds from the sale of property, plant and equipment	60,909	75,605
Less: Carrying value of property, plant and equipment disposed	(87,872)	(97,657)
Total capital expenses	<u>(26,963)</u>	<u>(22,052)</u>

9 Cash and cash equivalents

Cash at bank and on hand	1,916,889	834,860
Deposits at call	7,981,833	15,595,142
Balance per statement of cash flows	<u>9,898,722</u>	<u>16,430,002</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	1,581,376	5,218,923
Total unspent restricted cash	<u>1,581,376</u>	<u>5,218,923</u>

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

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

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

10 Trade and other receivables

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

Current

Rateable revenue and utility charges	163,704	112,778
Trade debtors	1,438,527	1,062,743
Less: Provision for doubtful debts	(213)	(27,234)
GST recoverable	43,441	41,600
Prepayments	40,539	82,846
	<u>1,685,998</u>	<u>1,272,732</u>

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

Movement in accumulated impairment provisions is as follows:

Opening balance at 1 July	27,234	27,234
Impairments reversed	(27,234)	-
Additional provision recognised	213	-
Closing Balance at 30 June	<u>213</u>	<u>27,234</u>

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

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. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

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

Not past due	262,258	1,076,079
Past due 31-60 days	1,085,433	-
Past due 61-90 days	2,395	1,199
More than 90 days	191,569	139,843
Impaired	(213)	(27,234)
Total	<u>1,541,442</u>	<u>1,189,887</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 2018

11 Property, plant and equipment

(A) Council - 30 June 2018

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	
Basis of measurement										
Asset values										
Opening gross value as at 1 July 2017	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
Transferred from WIP	388,856	73,947	-	436,896	3,097,908	269,899	127,950	554,064	(4,949,520)	-
Additions	-	-	-	-	-	-	-	-	6,685,580	6,685,580
Contributed assets	-	272,924	-	-	-	-	-	-	-	272,924
Disposals	-	-	-	(196,366)	-	-	-	-	-	(196,366)
Revaluation adjustment to asset revaluation surplus	453,508	62,830	-	-	1,025,706	555,558	(12,159)	126,533	-	2,211,975
Closing gross value as at 30 June 2018	23,517,764	6,367,700	193,903	6,854,587	140,956,228	16,746,198	3,384,249	6,244,340	2,423,691	206,688,680
Accumulated depreciation										
Opening balance as at 1 July 2017	8,310,599	-	130,769	2,758,358	37,783,252	4,880,300	1,780,952	1,645,673	-	57,289,894
Depreciation provided in period	622,097	-	14,048	444,123	3,106,461	247,650	53,507	184,584	-	4,672,468
Disposals	-	-	-	(86,416)	-	-	-	-	-	(86,416)
Revaluation adjustment to asset revaluation surplus	162,891	-	-	-	(2,116,803)	226,069	(23,105)	20,248	-	(1,731,500)
Accumulated depreciation as at 30 June 2018	9,094,777	-	144,815	3,116,064	38,772,911	5,354,018	1,811,355	1,850,505	-	60,144,446

Total written down value as at 30 June 2018	14,422,987	6,367,700	49,088	3,738,523	102,183,317	11,392,179	1,572,894	4,393,835	2,423,691	146,544,214
Residual value	-	-	-	1,776,010	-	-	-	-	-	-
Range of estimated useful life in years	15-50	Not depreciated	3-10	2-46	15-160	20-120	20-100	15-150	-	-

Additions comprise:										
Renewals	-	-	-	-	-	-	-	-	-	-
Other additions	-	-	-	-	-	-	-	-	-	-
Total additions	-	-	-	-	-	-	-	-	-	-

Council - 30 June 2017

	Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value	Fair value	Cost	TOTAL
Basis of measurement										
Asset values										
Opening gross value as at 1 July 2016	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	166,256,970
Transferred from WIP	379,052	-	35,808	446,797	3,107,469	-	-	61,262	(4,030,389)	-
Additions	-	-	-	-	-	-	-	-	4,516,289	4,516,289
Disposals	-	-	-	(608,344)	-	-	-	-	-	(608,344)
Transfers between classes	-	-	-	21,328	-	-	-	(21,328)	-	-
Revaluation adjustment to asset revaluation surplus	1,221,282	1,359,000	-	-	3,943,285	292,868	120,028	613,189	-	7,549,652
Closing gross value as at 30 June 2017	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
Accumulated depreciation										
Opening balance as at 1 July 2016	2,868,137	-	118,846	2,805,147	40,128,013	4,260,136	1,602,412	989,623	-	52,873,314
Depreciation provided in period	346,902	-	11,923	461,018	2,649,720	173,392	45,468	125,516	-	3,813,940
Disposals	-	-	-	(510,688)	-	-	-	-	-	(510,688)
Transfers between classes	-	-	-	2,881	(4,994,481)	448,772	133,072	533,415	-	1,113,328
Revaluation adjustment to asset revaluation surplus	4,994,550	-	-	-	37,783,252	4,880,300	1,780,952	1,645,673	-	57,289,894
Accumulated depreciation as at 30 June 2017	8,310,599	-	130,769	2,758,358	37,783,252	4,880,300	1,780,952	1,645,673	-	57,289,894
Total written down value as at 30 June 2017	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	140,424,673

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

11B Property, plant and equipment

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

Acquisition of assets

Acquisitions of property, plant, and equipments 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, furniture and fixture, and work in progress are measured at cost.

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

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

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

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

Capital work in progress

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

Depreciation

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

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

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

11B Property, plant and equipment(cont.)

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

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

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

Land under roads

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

Impairment of non-current assets

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

Fair Value Measurements

(i) Recognised Fair Value Measurements

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

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

Valuations are categorised as follows:

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

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

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

There were no transfers between levels 2 and 3.

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

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

Land (level 2)

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

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

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

Buildings (Level 3)

The fair value of buildings was determined by an AssetVal Pty Ltd on the 30 June 2017. Indices were applied on the 30 June 2018 to reflect the movement of costs of non-current asset categories for financial reporting purposes.

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

11B Property, Plant and Equipment(cont.)

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

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

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

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

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

Other Structures (Level 3)

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

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

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

Infrastructure Assets (Level 3)

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

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

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

11B Property, Plant and Equipment(cont.)

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

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

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

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

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

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

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

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

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

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

11B Property, Plant and Equipment(cont.)

Valuation Indexation of Burke Shire Council's Infrastructure assets

Burke Shire Council instructed AssetVal Pty Ltd (AssetVal) to develop and apply indices reflecting the movement of costs of non-current asset categories as at 30 June 2018 for financial reporting purposes.

These categories comprise the following:

Land
 Buildings
 Other structures
 Infrastructure

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

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

Burke Shire Council required an indexation assessment of specified asset categories for the development and application of a desktop review of specified assets for accounting compliance purposes as at 30 June 2018, for a one year period, in accordance with Queensland Local Government Act 2009, Queensland Local Government Regulation 2012, Australian Accounting Standards – Fair Value Methodology. Relevant Australian Accounting Standards are AASB 116 for application to reporting periods beginning on or after 1 January 2012 and AASB 13 for application to reporting periods beginning on or after 1 January 2013. AASB 13 defines Fair Value as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

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

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

CATEGORY	PERIOD
Land	1 July 2017 to 30 June 2018
Buildings	1 July 2017 to 30 June 2018
Other structures	1 July 2017 to 30 June 2018
Infrastructure	1 July 2017 to 30 June 2018

Assessment of assets

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

In respect to current year dated 30 June 2018:

Land

Movements in property markets have been estimated through analysis of sale evidence and previous valuation work undertaken in the Queensland property market. Given the lack of transactions and the typical trend for small community economies to move slowly, it is considered to be prudent to adopt an indexation rate for land in the Burke Shire Council area of 0.0%. For the 'Land' category, we have adopted 0.0% movement. The \$62k increase in valuation is due to the acquisition of land by Council at a value less than the market value through the Indigenous Land Use Agreement that was subsequently revalued to market rate.

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

11B Property, plant and equipment(cont.)

Buildings

Buildings were assessed by analysing data, which has been derived from information from Rawlinsons Australian Construction Handbook, Costweb and the Australian Bureau of Statistics. The indexation assessment is based on inputs from producer price data, construction indices and recent construction cost guides. These are analysed by determining the movement between 1 July 2017 and 30 June 2018 and include the Non-Residential, Residential and Other Residential categories from Costweb, together with the regional building price index for all construction from Rawlinsons Australian Construction Handbook. AssetVal Pty Ltd's research has shown an overall movement of 2.2% according to Rawlinsons' Australian Construction Handbook, 3.8% according to Costweb and 2.7% according to the Australian Bureau of Statistics residential construction indices. Further analysis of this data and cross-referencing with shires that reflect similar characteristics to Burke Shire result in an increase of 2.0%. For the 'Buildings' category, we have adopted a 2.0% increase.

Other structures

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

Road & bridge index
Civil index
Electrical index
Building index

Infrastructure

The infrastructure assets comprise of the following assets classes;

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

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

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

The Road & Bridge Index is developed by the Australian Bureau of Statistics (ABS) producer price index. Consequently, for the Road assets we have adopted a 3.0% increase from 1 July 2017 to 30 June 2018. The Civil index is developed by combining the Road and Bridge Index, the Engineering Design and Management Index and the Concrete Product Manufacturing Index. The weighting of each index is based on an estimated project cost breakdown at 40%, 30% and 30% respectively. Consequently, for the Civil index we have adopted a 3.5% increase from 1 July 2017 to 30 June 2018. The Electrical index is developed by combining the Electrical Equipment Manufacturing Index and the Engineering Design and Management Index. The weighting of each index is based on an estimated project cost breakdown at 60% and 40% respectively. Consequently, for the Electrical index we have adopted a 4.5% increase from 1 July 2017 to 30 June 2018. The Mechanical index is developed by combining the Electrical Equipment Manufacturing Index, the Engineering Design and Management Index and the Metal Product Manufacturing Index. The weighting of each index is based on an estimated project cost breakdown at 40%, 40% and 20% respectively. Consequently, for the Mechanical index we have adopted a 4.0% increase from 1 July 2017 to June 2018. For Building index see section for building.

Special factors

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

11B Property, plant and equipment(cont.)

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

AssetVal Pty Ltd valuation opinion on the indicative indexed values of various asset categories as at 30 June 2018 is assessed below.

DESCRIPTION	REPLACEMENT COSTS	FAIR VALUE
	\$	\$
Land		6,367,700
Buildings	23,517,764	14,422,987
Other structures	6,244,340	4,393,835
Road & aerodrome	122,655,882	90,036,999
Bridge	14,479,119	10,179,185
Kerb & channel	350,548	226,723
Footpath	390,090	210,903
Stormwater culvert	3,080,588	1,529,507
Water equipment	7,502,660	5,187,646
Water main	9,243,538	6,204,533
Sewer equipment	1,380,796	858,963
Sewer mains	1,621,696	466,238
Maintenance hole	381,757	247,693
TOTAL	190,848,778	140,332,912

12 Trade and other payables

	Note	2018 \$	2017 \$
Current			
Creditors and accruals		1,832,624	639,125
Annual leave		363,800	320,457
Other employee entitlements		2,606	4,686
		<u>2,199,031</u>	<u>964,268</u>

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

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

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

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

Burke Shire Council
Notes to the Financial Statements
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13 Provisions

	Note	2018 \$	2017 \$
Current			
Long service leave		79,487	124,107
		<u>79,487</u>	<u>124,107</u>
Non-current			
Long service leave		128,760	110,604
Refuse restoration		515,236	496,234
		<u>643,996</u>	<u>606,838</u>
Details of movements in provisions:			
Refuse restoration			
Balance at beginning of financial year		496,234	529,135
Change in provision due to change in cost assessment		19,002	(32,901)
Balance at end of financial year		<u>515,236</u>	<u>496,234</u>

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$685,893 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.

Long service leave

Balance at beginning of financial year	234,711	200,544
Long service leave entitlement arising	18,156	87,711
Long service leave entitlement paid	<u>(44,620)</u>	<u>(53,544)</u>
Balance at end of financial year	<u>208,247</u>	<u>234,711</u>

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

14 Asset revaluation surplus

Movements in the revaluation surplus were as follows:

Balance at beginning of financial year	82,474,980	76,038,657
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	62,830	1,359,000
Buildings	291,417	(3,773,268)
Road infrastructure	3,142,509	8,937,765
Water	329,490	(153,905)
Sewerage	10,946	(13,044)
Other structures	<u>106,285</u>	<u>79,775</u>
Balance at end of financial year	<u>86,418,456</u>	<u>82,474,980</u>

Burke Shire Council
Notes to the Financial Statements
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14 Asset revaluation surplus (cont.)

	Note	2018 \$	2017 \$
Asset revaluation surplus analysis			
The closing balance of the revaluation surplus comprises the following asset categories:			
Land		5,243,187	5,180,357
Buildings		3,169,897	2,878,480
Road infrastructure		64,935,092	61,792,583
Water		4,384,112	4,054,622
Sewerage		3,679,472	3,668,526
Other structures		5,006,697	4,900,412
		<u>86,418,456</u>	<u>82,474,980</u>

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

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

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

15 Commitments for expenditure

Contractual commitments

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

Upgrade Gregory to Lawn Hill Road		817,000
Work for Queensland round 2 projects	1,040,000	490,000
Gregory airstrip reseal	-	330,000
Gregory water treatment plant solar array	58,000	1,311,440
Boat ramp widening & wharf car park upgrade	109,000	2,500,000
SES shed	60,000	-
Gregory war memorial	15,000	-
	<u>1,282,000</u>	<u>5,448,440</u>

16 Contingent liabilities

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

Local Government Mutual

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

As at 30 June 2018 the 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 \$58,343.

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 and is also governed by the *Local Government Act 2009*.

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

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 2017/18 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.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "at the valuation date 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory position at the valuation date."

In the 2018 Actuarial report, the actuary recommended no change to the employer contribution levels at this time.

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

The next actuarial investigation will be conducted as at 1 July 2019.

	Note	2018 \$	2017 \$
Superannuation contributions paid by Council to the scheme for the benefit of employees was:	6	462,539	347,950

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

	119,972	118,197
	<u>119,972</u>	<u>118,197</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	(5,144,110)	5,605,576
Non-cash items:		
Depreciation	4,672,467	3,813,940
	<u>4,672,467</u>	<u>3,813,940</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	14,970	22,052
Capital grants and contributions	(6,374,272)	(3,420,677)
	<u>(6,359,302)</u>	<u>(3,398,625)</u>

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

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

	2018	2017
Note	\$	\$
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(413,266)	(292,621)
(Increase)/decrease in inventory	(25,139)	(23,319)
Increase/(decrease) in payables	1,234,763	(123,070)
Increase/(decrease) in other provisions	(7,462)	1,266
	<u>788,896</u>	<u>(437,744)</u>
Net cash inflow/(outflow) from operating activities	<u>(6,042,048)</u>	<u>5,583,146</u>

20 Events after the reporting period

There were no material adjusting events after the balance date.

21 Related parties

(a) Transactions with key management personnel(KMP)

KMP are the Mayor, Deputy Mayor, Councillors, Chief Executive Officer, Deputy CEO, Executive Manager Finance, Executive Manager Works and Infrastructure and Executive Manager Strategic Projects. The compensation paid to KMP for 2017/18 comprises

Details of transaction	2018	2017
	\$	\$
Short-term employee benefits	1,172,304	1,113,609
Post-employment benefits	122,070	117,185
Long-term benefits	45,093	36,163
Termination benefits	-	-
Total	<u>1,339,467</u>	<u>1,266,957</u>
* 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	2018	2017
		\$	\$
Purchase of materials and services from entities controlled by close family members of KMP	21(b)(i)	1,178,985	357,673
Employee expenses	21(b)(ii)	244,037	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:

	2018	2017
	\$	\$
Contracting services (machinery hire and trade services)		
K & G Booth	853,113	12,782
Goods/supplies		
Nowlands	277,133	294,357
Savannah Aviation	39,846	41,067
Savannah Lodge	8,893	9,467
Total	<u>1,178,985</u>	<u>357,673</u>

(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:

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

21 Related parties(cont.)

The council employs 46 staff of which only 3 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 transactions with related parties:

Receivables	Amounts owed by entities controlled by close family members to KMP	Amounts owed by entities controlled by close family members to KMP
	2018	2017
	\$	\$
Past due 31-60 days	844	1,504
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total	844	1,504
Receivables	Amounts owed by KMP	Amounts owed by KMP
	2018	2017
	\$	\$
Past due 31-60 days	-	518
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total	-	518

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

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

Council entered into a contract with KG Booth (Business owned by the father of Cr. Tonya Murray) as Pre-Qualified Supplier for Hire of Plant and Equipment for the 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
For the year ended 30 June 2018

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.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

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	2018 \$	2017 \$
Cash and cash equivalents	9	9,898,722	16,430,002
Receivables - rates	10	163,704	112,778
Receivables - other	10	1,481,755	1,077,108
Other credit exposures			
Guarantees	16	58,343	58,800
Total financial assets		11,602,524	17,678,688

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
	\$	\$	\$	\$	\$
2018					
Trade and other payables	1,835,231	-	-	1,835,231	1,835,231
	1,835,231	-	-	1,835,231	1,835,231
2017					
Trade and other payables	643,811	-	-	643,811	643,811
	643,811	-	-	643,811	643,811

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

Burke Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

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.

Sensitivity

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

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

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2018					
QTC cash fund	7,981,833	79,818	(79,818)	79,818	(79,818)
	7,981,833	79,818	(79,818)	79,818	(79,818)
2017					
QTC cash fund	15,595,142	155,951	(155,951)	155,951	(155,951)
	15,595,142	155,951	(155,951)	155,951	(155,951)

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	942,640	546,882	99,630
Community service obligations	-	-	-
Less: expenditure	892,633	922,401	132,882
Surplus/(deficit)	50,007	(375,520)	(33,252)

**Burke Shire Council
Financial Statements
For the year ended 30 June 2018**

**Management Certificate
For the year ended 30 June 2018**

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 27, 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: 12, 10, 2018



Acting Chief Executive Officer
Ross Higgins

Date: 12, 10, 2018

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Burke Shire Council

Report on the Audit of the Financial Report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2018, 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 2018, 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 Acting Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in Burke Shire Council's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- 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.



16 October 2018

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Burke Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2018

Measures of Financial Sustainability


	How the measure is calculated	Actual	Target
Council's performance at 30 June 2018 against key financial ratios and targets:			
Operating Surplus Ratio	Net result (excluding capital) divided by total operating revenue (excluding capital)	-84.5%	0% to 10%
Asset Sustainability Ratio	Capital expenditure on replacement of assets (renewals) divided by depreciation expense.	91%	> 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-65%	< 60%

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 2018.

Certificate of Accuracy
For the year ended 30 June 2018

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation). In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.


 Mayor
 Ernie Camp


 Acting Chief Executive Officer
 Ross Higgins

Date: 12, 10, 2018

Date: 12, 10, 2018

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 2018, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Acting 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 2018 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 2018, 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.



Sri Narasimhan
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office
Brisbane

**Burke Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2018**

Measures of Financial Sustainability	Measure	Target	Projected for the years ended									
			Actuals 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	30 June 2027
Operating Surplus Ratio	Net result divided by total operating revenue	0% to 10%	-84.5%	-54.00%	-24.00%	-45.00%	-43.00%	-41.00%	-37.00%	-36.00%	-35.00%	-35.00%
Asset Sustainability Ratio	Capital expenditure on renewals divided by depreciation expense.	> 90%	91%	130.00%	47.00%	62.00%	50.00%	67.00%	73.00%	74.00%	75.00%	75.00%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	< 60%	-65%	-58.00%	-47.00%	-85.00%	-82.00%	-76.00%	-69.00%	-62.00%	-56.00%	-50.00%

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 2018**

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.

Ernie Camp
Mayor
Ernie Camp

Ross Higgins
Acting Chief Executive Officer
Ross Higgins

Date: 12/10/2018

Date: 12/10/2018

