

Balonne Shire Council



Annual Report

For the People
Balonne
Shire Council

2014-2015

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Welcome

Welcome to the 2014-2015 Annual Report produced by the Balonne Shire Council.

This report provides a glimpse of Council's performance and achievements over the past 12 months in undertaking its legislative and community responsibilities.

The annual report is a major accountability tool in Council's governance framework, which provides non-financial and financial information to enable the community to assess the performance of Council in achieving the goals and objectives outlined in the Corporate Plan 2013-2018.

Under the *Local Government Act 2009*, Council is required to prepare and adopt an annual report for each financial year.



We welcome feedback from stakeholders on this report and on our performance throughout the year.

To provide feedback please contact Council on 4620 8888 or email council@balonne.qld.gov.au



Shire Profile

Balonne Shire is located in Queensland on the New South Wales border some 500 kilometres from the east coast of Australia and has an area of 31,119km². A region of surprising diversity and unique attractions, the Balonne Shire is rich in native bird and animal life, wide open spaces and beautiful waterways.

Agriculture is the mainstay of the regional economy and today cotton, wheat, sheep, cattle and horticultural crops provide the base for the region's diverse rural industries. Central to the growth of these industries has been the development of the St George irrigation system and of course, the natural river system. The St George Irrigation Project provides allocation water to cotton and horticulture farms and water harvesting permits have allowed for the development of an increased crop area in the Shire.

The town of St George provides the main business and service centre for the Shire and has the potential to further develop as a regional centre. Rural industries have also created and been supported by the towns of Dirranbandi, Bollon, Thallon, Mungindi and Hebel. Small localities such as Nindigully, Boolba, Dareel, Bindle and Alton are places of historic significance and important meeting places for the rural communities and travelling public they serve. Every town in Balonne is situated beside a river, providing access to fishing, water sports and the natural riparian environment.

With its population of just under 5,000 residents, Balonne Shire is also an important service junction- between New South Wales and Queensland, between city and country and inland and coast. It is also located between the Surat, Cooper and Bowen Basins. The Shire is attractive to young families, with higher than average percentages of people in these age groups, and large numbers of temporary workers come to the Shire every year to work for the irrigation industries.



Mission Statement and Values

OUR VISION

"For the People"

To promote and enrich our network of river country communities enhancing their individual distinctive character, heritage and lifestyle to create a vibrant prosperous community for all

OUR MISSION

To respond to community needs and expectations and to provide a range of services through quality leadership, policies and community representation

OUR VALUES

The Council is committed to the following core values, which it believes will enable it to achieve its vision and mission:-

Respect

- ◆ We respect the system of government, laws, people and environment.

Teamwork

- ◆ We value teamwork, trust and loyalty in a collaborative effort to deliver the best possible service to our customers.

Accountability

- ◆ We accept responsibility to our community for our decisions, our successes and our failures.

Innovation

- ◆ We embrace continuous improvement and encourage new ideas and innovation.

Empowerment

- ◆ We seek to develop the capacity of our communities to achieve self determination.
- ◆ We value our staff and are committed to their ongoing training and development.



Message from our Mayor



It is with great pleasure that I present the Annual Report to the people of the Balonne Shire.

This financial year 2014-2015 has been a time of enormous adjustment and downsizing for us, as we now have to operate in a climate of greatly reduced road works, (which we rely on to keep our workforce gainfully employed), due to the completion of the flood restoration works and a much tighter fiscal climate. Federal

Assistance Grants, which Council receives annually with an increase of at least CPI have been frozen for a period of three years and we now have a greater reliance on own source revenue.

The \$129,951,760 spent on restoring our roads over the previous three years has left us with a legacy of funding depreciation at an increased value and this in itself provides us with an ongoing challenge into the future. There is a community expectation to maintain the current high standard of the road network, which will require ongoing maintenance. This presents another challenge as our road maintenance budget increased by \$1,786,000 from 2013-2014 financial year to actual expenditure of \$3,285,951 in the current year. Council is closely monitoring the situation and has developed a program of prioritization of the road network and plant utilisation to address the issue. Further adjustment leading to an increased reduction in the use of private contractors and Council plant may be necessary.

On a more positive note, the Federal Government has increased Roads to Recovery funding to Council and have advised they are doubling the grant for next year.

Council has completed flood mitigation for all communities requiring protection this year. The levee bank constructed to finalise this aspiration was for the township of Bollon. At this juncture, I would like to take this opportunity to most sincerely express our thanks and appreciation to the former Minister for Local Government, Community Recovery and Resilience, the Honourable Mr David Crisafulli, who provided approval for the grant of \$2,160,000 from the Queensland Government, supplemented by \$540,000 from the Balonne Shire to build this infrastructure.

Council is extremely proud to provide this protection to the towns of Bollon, Dirranbandi, Mungindi, Thallon and St George, all of which received either major realignment or new infrastructure in the last four years, with the exception of Mungindi, which had an effective levee in place for some years.



There has been a lot of concern, both within Council and the community in regard to the extended time taken to complete the new Hutt Street Water Pumping Station. Council has pursued all avenues to bring this completion date forward to no avail. This has been an unfortunate issue for all concerned and I can assure you we are constantly communicating with the contractor Oceanic Constructions and taking all avenues available to address the difficulties experienced with this project. It is currently scheduled for completion in the near future.

Other major Projects completed in this financial year, are the completion of the Talwood-Mungindi Road reconstruction at a value of \$2,554,654 and the move to better manage our Waste Facility in St George has been very effective and the \$182,920 on landfill improvements has been money well spent. Minor projects are the Dirranbandi Showgrounds kitchen upgrade of \$75,096; Bollon Supper Room kitchen replacement of \$34,000 and Bollon Showgrounds ablution block of \$77,943.

Almost \$200,000 has been spent on concrete footpaths in Dirranbandi, Thallon and Bollon and the Klinge Lane public car park has been sealed at a cost of \$55,000.

Sewer mains and relining and the replacement of water mains was a big winner in this year's budget with a round figure of \$800,000 being spent on these items.

All this work does not happen without the dedication and commitment of the many staff involved, from a Labourer to the Engineers to the Chief Executive Officer. I take this opportunity on behalf of Council to thank all of the members of "The Team", in bringing another successful year to completion.



Donna Stewart
MAYOR



From our Chief Executive Officer



As highlighted by Mayor Stewart the completion of the final flood restoration works marks the end of a remarkable couple of years for Balonne Shire Council. Responding to the various flood events of previous years and the required restoration works has been an extraordinary achievement by the Council workforce ably supported by many local contractors and organisations. With the restoration completed in 2014-2015 considerably less than previous years the scale back in works had a noticeable impact on the organisation and the community. Council had to adjust to the reduced work (and available funding) which meant shedding the final temporary contract employees engaged to assist with the flood restoration works. This also meant a reduction in contractor support required and compounded with a worsening drought, the economy of the area pulled back noticeably from the busy times of previous years.

Council made the decision not to increase rates in 2014-2015 cognisant of the fact that the community and our local businesses are under pressure. Recognising current funding constraints our focus has been on efficient service delivery.

In 2014-2015 a conscious effort was made to focus on human resource management in our workforce. Providing our managers, supervisors and staff with training aimed at ensuring we are effective, efficient employees is seen as a good investment for the future of the organisation. A number of different training workshops were rolled out including Resilience in Local Government training that all staff received, Leadership & Management Essentials, Good Decision Making and Breaking Down Communication Silos. This training provided some very valuable information and tips and coupled with a staff satisfaction survey generated some important, thought provoking discussions across the organisation. I was encouraged by the participation and attitude of employees to look at improvements in individual and organisational performance.

Recognition is never as prevalent as criticism and I am pleased to acknowledge the efforts of our team. With challenges around every corner Balonne Shire Council continues to meet these challenges head-on and I would like to congratulate and thank Councillors and our entire workforce for their commitment and efforts over the year.

This Annual Report provides a summary of our operations for the year and I encourage all to read the report.

A handwritten signature in black ink, appearing to read 'Peter O'May'. The signature is fluid and cursive, written over a white background.

Peter O'May
CHIEF EXECUTIVE OFFICER



Elected Representatives

Cr Donna Stewart (Mayor)



Cr Donna Stewart was elected as Mayor of Balonne Shire Council on 15 March, 2008 and is currently serving her second term. Cr. Stewart is responsible for the portfolios

of Regional Planning, Disaster Management, Planning Scheme, Development Regulation, Water Resource Management, Aboriginal Employment Strategies and Indigenous Affairs, Main Roads Contracts – RRG, Urban Water and Waste Water. Cr Stewart is also an ex-officio member of all other portfolios.

Cr Richard Marsh (Deputy Mayor)



Cr Richard Marsh was elected to Council in July 2002 and is currently serving his fourth term. Cr Marsh is responsible for the portfolios of Financial Management, Human

Resource Management, Disaster Management, Risk Management, Planning Scheme Development Regulation, Urban Streets, Storm Water, Footpaths, Asset Management, Urban Water, Waste Water and Staff Housing.

Cr Rod Avery



Cr Rod Avery was elected to Council in April 2012. Cr Avery is responsible for the portfolios of Workplace Health and Safety, Cleansing, Waste Management, Refuse

Collection, Land Fill, Environmental Health, Urban Animal Control, Animal Pests Control Community Safety, Tourism, Recreation facilities—Pools, Sporting Fields, Skate Parks and Court Sports.

Cr Ian Winks



Cr Ian Winks was elected to Council in March 2008, and is currently serving his second term. Cr. Winks is responsible for the portfolios of Stock Routes & Commons, Great Artesian Basin, Shire Roads, Bridges and Drainage (West of Castlereagh Highway), Aerodromes, Showgrounds, Horse Sport Facilities (Bollon/Dirranbandi/Hebel) and Cemeteries.

Cr Joanne Kellock



Cr Joanne Kellock was elected to Council in April 2012. Cr Kellock is responsible for the portfolios of the Skill Centre, Negotiation Table, Care Balonne, Economic Development, Council Buildings, Community Halls, Administration and Depot Buildings.

Cr Fiona Gaske



Cr Fiona Gaske was elected to Council in April 2012. Cr Gaske is responsible for the portfolios of Community Events, Public Health, Public Transport, Cultural Development, Museums, Libraries, Regional Arts Development Fund, Parks and Gardens.

Cr Robert Paul



Cr Robert Paul was elected to Council in April 2012. Cr Paul is responsible for the portfolios of Plant Pest Control, W.O.R.K, Shire Roads, Bridges and Drainage (East of Castlereagh Highway), Works Depots, Fleet Management, Showgrounds and Horse Sport Facilities, (St George /Nindigully /Thallon / Mungindi).



Councillor Remuneration

The following pages detail the payments received and the basis on which Councillors are paid for performing their role as a Councillor. Copies of the relevant policies including reimbursement of expenses are also included.

Councillor	Monthly Council Meetings	Total Fees Paid [#]
Cr D S Stewart (Mayor)	12	\$95,487.96
Cr R Marsh (Deputy Mayor)	12	\$55,089.00
Cr F Gaske	12	\$47,743.92
Cr I Winks	12	\$47,743.92
Cr R Avery	11	\$45,754.59
Cr R Paul	12	\$47,743.92
Cr J Kellock	12	\$47,743.92

Fees include base remuneration and meeting fees for other meetings attended as a representative of Council. Remuneration covers 2014-2015 financial year as opposed to calendar year limits determined by the tribunal.

Local Government Remuneration and Discipline Tribunal

The Tribunal is an independent body responsible for deciding categories of local government and the remuneration to be paid to mayors, deputy mayors and councillors - according to the categories.

The Local Government Remuneration and Discipline Tribunal also establishes processes for dealing with allegations and makes determinations regarding councillors' conduct that is not in accordance with the principles and obligations set out in the Act.

A report on the tribunal's remuneration determinations is made to the Minister responsible for local government by 1 December annually. The most recent report regarding remuneration for local government councillors was published by the Local Government Remuneration Tribunal in December 2014.

Councils do not need to pass a resolution to adopt the levels prescribed by the Tribunal as they will apply automatically in the absence of a resolution adopting a lesser amount.



Councillor Expenses Remuneration

The reimbursement of expenses incurred by a Councillor in performing their role is governed by Council's Expenses Reimbursement Policy.

POLICY STATEMENT

To provide guidance for reimbursement of reasonable expenses incurred by Councillors in discharging their duties and responsibilities.

PRINCIPLES

This policy ensures that the Council's reimbursement of expenses incurred by Councillors is consistent with the local government principles and financial sustainability criteria as defined in the *Local Government Act 2009*.

Councillors should not be financially disadvantaged when carrying out their roles, and should be fairly and reasonably compensated in accordance with statutory requirements and community expectations.

Councillors should not receive a private benefit through their role as a Councillor and as such this policy provides for actual reimbursement of legitimate expenses and full disclosure through appropriate accountability requirements.

SCOPE

This policy applies to all Councillors for the reimbursement of expenses incurred, or to be incurred, by them in undertaking their responsibilities.

This policy does not provide for salaries or other forms of Councillor Remuneration. Councillor Remuneration is determined annually by the Local Government Remuneration and Discipline Tribunal.

DEFINITIONS

Council business - means the official business of a Councillor as generally described in Chapter 2, Part 1 of the *Local Government Act 2009*. Council business should result in a benefit being achieved either for the local government and/or the local government area.

*** Participating in a community group events or being a representative on a board not associated with Council is not regarded as Council business.*



Entertainment and Hospitality

Means the cost to Council of providing entertainment or hospitality as outlined in Council's Entertainment and Hospitality Expenditure Policy.

Professional Development

Includes study tours, attendance at industry workshops, courses, seminars and conferences that improves Councillors' skills and knowledge relevant to their responsibilities as a Councillor.

Training

Any facilitated learning activity which is considered by Council to be a requirement for Councillors to discharge their duties and responsibilities as Councillors.

POLICY

The Council will reimburse Councillors for expenses as set out in this policy. Any expenses not provided for by this policy may be reimbursed only with approval from the Chief Executive Officer.

When considering an application for approval of any matter related to this policy, the Council or the Chief Executive Officer must have regard to any relevant principles as contained in the *Local Government Act 2009* and any applicable budget allocation.

Council Business

The Council will reimburse expenses incurred in undertaking Council business which includes:

- ◆ Preparing, attending and participating in Council meetings, committee meetings, workshops, strategic briefings, deputations and inspections;
- ◆ Attending civic functions or civic events to perform official duties or as an official Council representative;
- ◆ Attending public/community meetings, presentation dinners and annual general meetings as an official Council representative;

Professional Development

The Council will reimburse expenses incurred for Council-approved professional development incurred for:

- ◆ Mandatory professional development; and
- ◆ Discretionary professional development deemed beneficial for the Councillor's role.



Travel Expenses

The Council will reimburse local, interstate and overseas travel expenses (e.g. flights, car, accommodation, meals) deemed necessary for undertaking Council business and approved professional development.

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport. The amount of the reimbursement will be the actual amount expended by the Councillor.

NOTE: Any fines incurred while travelling in Council-owned vehicles, privately owned vehicles or rental vehicles when attending to Council business will be the responsibility of the Councillor incurring the fine.

Flight Bookings

All Councillor travel approved by Council will be booked and paid for by Council. Economy class is to be used where possible although Council may approve business class in certain circumstances.

Airline tickets are not transferable and can only be procured for the Councillor's travel on Council business. They cannot be used to offset other unapproved expenses (e.g. cost of partner accompanying the Councillor).

Travel Transfer Costs

Any travel transfer expenses associated with Councillors travelling for approved business will be reimbursed on production of original receipts.

Example: trains, taxis, buses and ferry fares

Cab charge vouchers may also be used if approved by Council where Councillors are required to undertake duties relating to the business of Council.

Private Vehicle Usage

Councillor's private vehicle usage may be reimbursed by Council if the:

- ◆ Travel is in accordance with this policy;
- ◆ Claim for mileage is substantiated with log book details;
- ◆ Total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

Payment for use of the Councillor's private vehicle on Council business will be reimbursed to the Councillor on a kilometre rate as set out in *Public Service Act 2008* for motor vehicle allowances payable to public service employees (Currently Directive 14/10 September 2010 - Motor Vehicle Allowance)



AUTOMOBILES	Amount (cents per km)
1600cc and less	63.0c
1601cc to 2600cc	74.0c
2601cc and over	75.0c

Accommodation

All Councillor accommodation for Council business will be booked and paid for by Council.

Where particular accommodation is recommended by conference organisers, Council will take advantage of the package deal that is the most economical and convenient to the event.

Meals

Councillors will be reimbursed for the actual cost of meals when:

- ◆ The Councillor incurs the cost personally;
- ◆ The meal was not provided within the registration costs of the approved activity/event/travel; and
- ◆ The Councillor can produce original documents sufficient to verify the actual meal cost.

The actual and reasonable costs allowed for meals are not to exceed the Public Service Domestic Travelling and Relieving Expenses Directive No 9-11 September 2011 equal to the allowance for overnight stay in Brisbane (or as updated)

<http://www.psc.qld.gov.au/publications/directives/assets/2011-9-domestic-travelling-and-relieving-expenses.pdf>

Meal allowances shall be to the value below, however, the CEO may approve payment beyond these amounts in circumstances considered appropriate.

(Current 1st September 2011)

- ◆ Breakfast \$23.65
- ◆ Lunch \$26.55
- ◆ Dinner \$45.60

If a Councillor cannot produce a receipt for a meal they have purchased then a statutory declaration must be completed to claim the reimbursement.

No alcohol will be paid for by Council.



Incidental Expenses

Up to \$20 per day may be paid to cover any incidental costs incurred by Councillors required to travel, and who are away from home overnight, for official Council business.

PROVISION OF FACILITIES

All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

Administrative Tools

Administrative tools shall be provided to Councillors as required to assist Councillors in their role.

Administrative tools include:

- ◆ Office space and meeting rooms;
- ◆ Computers;
- ◆ Mobile phones / reimbursement of call costs;
- ◆ Stationery;
- ◆ Access to photocopiers;
- ◆ Printers;
- ◆ Facsimile machines;
- ◆ Publications;
- ◆ Use of Council landline telephones and internet access in Council offices.

Secretarial support may also be provided for the Mayor and Councillors.

Council may provide a Councillor with home office equipment including computer and internet access if necessary.

Maintenance Costs of Council-Owned Equipment

Council will be responsible for the ongoing maintenance and reasonable wear and tear costs of Council-owned equipment that is supplied to Councillors for official business use.

This includes the replacement of any facilities which fall under Council's asset replacement program.

Name Badge/Safety Equipment for Councillors

A local government may provide Councillors with:

- ◆ A name badge;
- ◆ The necessary safety equipment for use on official business. e.g.: safety helmet/boots.



Use of Council Vehicles on Council Business

Councillors may have access to a Council vehicle for official business.

Insurance Cover

Council will indemnify or insure Councillors in event of injury sustained while discharging their civic duties.

Council will pay the excess for injury claims made by a Councillor resulting from conducting official Council business.

Fuel Costs

Fuel for a Council-owned vehicle used for official Council business, will be provided or paid for by Council.

Car Parking Amenities

Councils are to provide Councillors with reimbursement of parking costs paid by Councillors while attending to official Council business.



Executive Staff

Chief Executive Officer



Peter O'May commenced employment with Council as Director of Corporate and Financial Sustainability in February 2011. Peter was appointed Chief Executive Officer in September 2013. Peter brings considerable local government experience to this position having held various positions with Maryborough City Council, Wondai Shire Council and Boulia Shire Council.

Director of Corporate & Financial Services



Andrew McKenzie commenced employment with Council in March 2014 as Director of Corporate and Financial Services. Andrew has 24 years' experience in local government, with the majority of this time spent in outback Queensland. Andrew holds a Bachelor Degree in Accounting and Local Government and a Master of Business Administration and is currently studying law. Andrew is responsible for governance, administration, finance and information technology.

Director of Infrastructure Services



Kevin Searle (Bachelor of Engineering, Master of Business Administration) commenced with Council as the Director of Infrastructure Services in July, 2012. Kevin is responsible for transport, urban water supply and waste water, drainage infrastructure, parks, gardens and recreational facilities, building infrastructure, commercial services and public amenities.

Director of Community and Environmental Sustainability



Angela Jones (Bachelor of Science, Master of Social Welfare Administration and Planning) commenced employment with Council in August, 2012 as Director of Community and Environmental Sustainability. Angela came to the Balonne Shire after working for Brisbane City Council for 15 years. Angela is responsible for planning and building, environmental health, animal control, waste management, library services, economic development and community development.



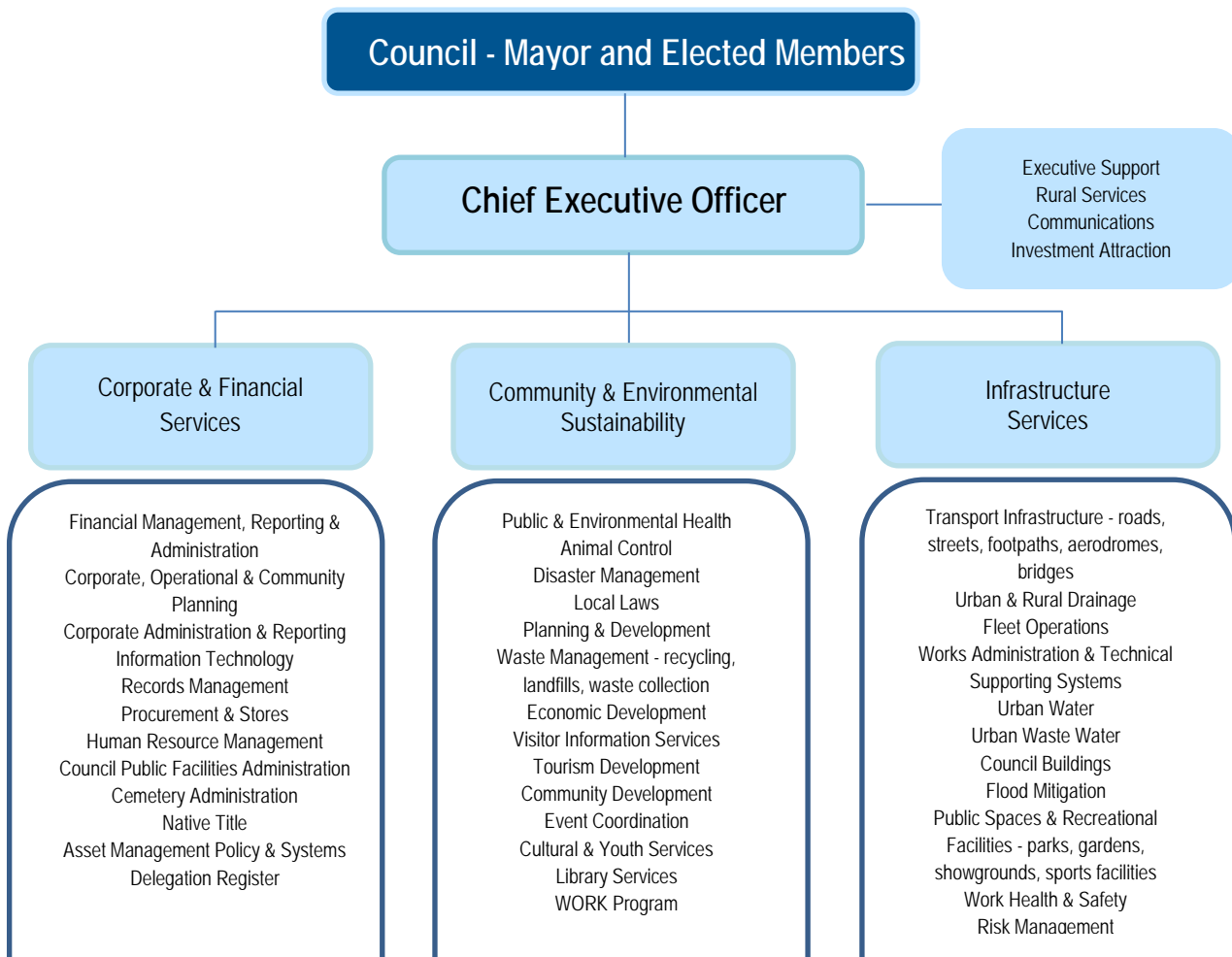
Senior Management Remuneration

In accordance with Section 201 of the *Local Government Act 2009* details of remuneration packages that are payable to the senior management of the local government is to be stated in Annual Report.

The senior management of a local government consists of the Chief Executive Officer and all senior executive employees of the local government.

Senior Management Remuneration

Remuneration Package Range	Employees
\$0.00 – \$200,000	4



Our Team

It is only through our staff that Balonne Shire Council is able to achieve our corporate objectives and enhance services to the community. Our employees are our most valuable asset and they are a major factor in contributing to a positive public image. Council's vision "For the People" is a commitment to staff wellbeing, encouraging personal and professional growth and development, and the creation of a safe and healthy work environment built on mutual trust, respect and integrity.

Recruitment

The recruitment and selection of quality staff is conducted within established policies and procedures, which continue to provide equal opportunity for all persons to obtain employment, career development or promotion, in a clear and transparent manner. Where possible Council seeks to upskill current employees and foster local talent to reduce the impact of staff turnover.

Equal Employment Opportunity

Balonne Shire Council is committed to the implementation of, and adherence to equal employment opportunity principles in all facets of its operations. All employees and applications for employment will be treated fairly in the selection and promotion decisions and shall be made on the basis of only factors relevant to the job such as skills, qualifications, abilities and aptitude.

Staff Age Profile

The age demographic of the Council workforce ranges from 15 to 65 plus years and in accordance with equal employment opportunity principles Council does not discriminate on the basis of age.

Gender Profile

Council's gender profile at 30 June 2015 was 75% male as compared to 25% female. Of the males employed 100% were employed on a full time basis, whilst approximately 43% of females were employed on a part-time/casual basis and approximately 57% were employed on a full-time basis.

Code of Conduct

To ensure that employees are aware of, and adhere to the expected standards of workplace behaviour and performance, a Code of Conduct has been prepared, and is promoted through Council's General Induction Program.

The expectations contained within the Code of Conduct are based upon the ethical principles outlined in the *Public Sector Ethics Act 1994*, specifically:



- ◆ Respect for the Law and the system of Government;
- ◆ Respect for persons;
- ◆ Integrity;
- ◆ Diligence;
- ◆ Economy and efficiency.

All staff members are provided with a copy of the Code of Conduct within their Induction Manual, and copies are also available upon request.

Training and Professional Development

Council strives to enhance the skills and capabilities of its employees, in order to develop effective, efficient and multi-skilled teams.

For an organisation to perform effectively, emphasis must be placed on the training and development of our staff. In line with training guidelines Council is committed to:

- ◆ Providing fair and equal access for all employees in relation to training and professional development opportunities;
- ◆ Enhancing the productivity and performance of its employees;
- ◆ Ensuring employees are kept abreast with advancements, technological, professional and/or ideological, in their respective fields of expertise;
- ◆ Linking staff development and appraisals with the identification of training needs to ensure that Council's strategic and operational direction and initiatives are achieved;
- ◆ Ensuring that training dollars are distributed fairly and equitably throughout the organisation;
- ◆ Providing opportunities for employees to develop career paths.

Balonne Shire Council actively encourages its employees to undertake study to enhance their knowledge and skills. As part of the training guidelines, Council contributes to the financial cost of approved courses.



Statutory Reporting

The *Local Government Act 2009* and the *Local Government Regulation 2012* require a Local Government to publish information on a number of areas within its Annual Report.

The following information is provided in accordance with these requirements.

Special Rates and Charges

Thallon Town Rural Fire Brigade Special Charge

For the 2014-2015 year a special charge was levied on those rateable properties contained in the benefited area in the town of Thallon. This was for the purpose of raising revenue to fund the operation of the Thallon Town Rural Fire Brigade. Funds collected are for the purpose of the ongoing operation and maintenance of the Thallon Rural Fire Brigade. During the year \$7,100 was levied.

Rebates and Concessions

Remission for Occupancy/Ownership by Pensioners

Council provides a Remission of Rates for properties owned or occupied by Pensioners, equal to 100% of the General Rate up to a maximum of \$150 per annum, to owners of qualifying premises. This subsidy was in addition to the subsidy offered by the State Government.

Payment of Rates by Instalments

The Council will accept applications for payment of rates by instalments from property owners who can demonstrate a genuine financial hardship. The Council has determined that each such application is to be assessed on its merits. All instalment plans must have the effect of liquidating the debt within six months, unless Council, by resolution, determines otherwise.

No premium is charged for the payment of rates by instalments under such arrangements; however Interest continues to be charged on overdue rates which are subject to an instalment payment plan.

The applicant must comply strictly with the terms of the instalment plan agreed to. Default will result in Council requiring immediate full payment of future instalments.



Concessions for Rates and Charges and Other Rebates Requests

Concessions for Rates and Charges and other remission requests, or rate deferral requests, are assessed on a case-by-case basis, in accordance with Section 190 (1)(g) of the *Local Government Regulation 2012*. Balonne Shire Council grants concessions of 50% of utility charges to religious, charitable and other organisations. Total concessions granted for 2014-2015 was \$12,900.

Discount for Prompt Payment

Council allows a discount for prompt payment of rates/charges as a means to ensuring a timely flow of cash to fund its operations. Council set by resolution at its Budget Meeting a discount of 10%, with the date by which, the rate must be paid at least 30 days after the issue of the rate notice. Council provides the discount for each rate moiety. The discount applies to the prompt payment of:-

- ◆ General Rates;
- ◆ Urban Water Charges incl. Excess Water Charges;
- ◆ Rural Residential Water Charges incl. Excess Water Charges;
- ◆ Sewerage Charges;
- ◆ Cleansing Charges; and
- ◆ Thallon Town Rural Fire Brigade Special Charge.

Tenders

Expression of Interest Prior to Tenders Being Called

No expressions of interest were called prior to inviting tenders in accordance with Section 228(3) & Section 228(5) of the *Local Government Regulation 2012*.

Changes to Tenders

No tenderers were invited to change their tender to take account of any changes to tender specification in accordance with Section 228(7) of the *Local Government Regulation 2012*.

Shareholder Delegates

In accordance with reporting requirements under the *Local Government Regulation 2012*, Council did not operate any corporate entities during the 2014-2015 period.



Administrative Complaints

Council is committed to dealing fairly with administrative actions complaints and has an Administrative Actions Complaints process to deal with any such complaints. There was one Administrative Action Complaint requiring reporting in accordance with Section 187 of the *Local Government Regulation 2012* for the 2014-2015 financial year.

The number of administrative action complaints made to Council	1
The number of administrative action complaints resolved by Council under the complaints management process	0
The number of administrative action complaints not resolved by the local government under the complaints management process	1
The number of administrative action complains not resolved that were made in a previous financial year	0

Summary of Expenditure for Particular Items

The following summary of expenditure is provided in accordance with Section 189 of the *Local Government 2012*.

Total Grants to Community Organisations		\$
<i>Regional Arts Development Fund</i>		\$13,630
A McHugh	Hand Printing Textile Workshop	2,140
St George Art Group	Landscape Pastel Workshop	1,430
St George Jockey Club	Millinery Workshop	1,350
Dirranbandi Arts Council	Woodwork Appreciation Workshop	4,043
St George Art Group	Acrylic Painting Workshop	1,390
Bollon QCWA	Mental Health Drought Breaker	3,500



<i>Community Grants</i>		<i>\$25,286</i>
St Patrick's Fete Committee	Colouring Competition	165
St George & District Fishing Club	Fingerlings	200
Qld Cotton	Golf Day Gift Basket	186
SW Healthy Aging	Seniors Week Gift Basket	186
St George State School P & C	Fete Gift Basket	200
Bollon Tennis Club	Tennis Tournament	500
Dirranbandi State School	P-2 Dubbo Camp	500
Royal Flying Doctor Service	Donation	500
St George & District Chamber	Christmas Party	500
Dirranbandi Hospital	Gift Basket	99
St Patrick's Fete	Gift Basket	99
Bollon State School	Tennis Equipment	985
St George Golf Club	Captain's Room	500
St George State High School	Archibull Trip	500
St George Toastmasters	Projector Screen	500
Dirranbandi Court Sports Assoc	Court upgrade	7,500
St George Police Blue Light	PA System	500
QCWA	Gift Basket	100
Dirranbandi Polocrosse Club	Building Fees	1,270
Thallon State School	School Trip	500
Dirranbandi Arts Council	"Gallipoli A Manual of Trench Warfare"	1,500
St George Golf Club	50% Building Fees	310
Thallon-Daymar Cricket Club	Pink Stumps Day	500
St George Polocrosse Club	Bronze Sponsorship 2015	200
International Women's Day	Gift Basket	50
Anzac Centenary Exhibition	ANZAC Centenary	500
St Patrick's School	Year 6 Camp	500
Thallon Progress Association	Photo Expo	200
Mungindi Community Preschool	2015 Silver Sponsorship	330
Mungindi Jockey Club	2015 Races	110
St George State School P & C	Year 6 Camp	500
Dirranbandi QCWA	Poppy Project	109
Bollon Charity Rodeo	Champagne Draft	500
St George Campdraft Assoc	ACA National Finals	500
Dirranbandi Rodeo Assoc	Dirranbandi Rodeo	500
Dirranbandi Pony Club	Annual Pony Club Donation	500
<i>Free or Concessional Use of Council Facilities</i>		<i>\$ 4,365</i>

Overseas Travel

No Councillors or employees of Council undertook any overseas travel for the financial year 2014-2015 in accordance with Section 188 of the *Local Government Regulation 2012*.



Councillor Conduct

In accordance with the *Local Government Act 2009* Councillors are required to maintain appropriate standards of conduct and performance. Details of complaints and orders made under the *Local Government Act 2009* must be reported in Council's Annual Report.

In accordance with sections 180 and 181 of the *Local Government Act 2009*, there was no orders issued to advise of inappropriate conduct.

In accordance with section 176C(3)(a)(ii) or (b)(i) of the *Local Government Act 2009*, there no complaints referred to the Mayor.

Registers

In accordance with Section 190 (1) (f) of the *Local Government Regulation 2012*, the following table lists the registers and other publications that are kept under the control of the Chief Executive Officer. These are open to inspection, with or without restriction where indicated in the table. In some cases, charges may apply for copies or extracts if these are allowable.

Register / Document	Purpose	Access
Land Record	To record details of every parcel of rateable land in the Shire.	Available to any person – fees and restrictions may apply.
Fees and Charges	To record the charges set by Council.	Available to any person.
Road Register	To show details of roads in the Shire.	Available to any person.
Local Law Policies	To record all Local Law Policies adopted by Council.	Available to any person.
Shire Planning Scheme	To appropriately manage development within the Balonne Shire Council area.	Available to any person.
Minutes of Council Meetings	To record all the resolutions made by the Council at Ordinary or Special Meetings.	Available to any person after the meeting and on Council's website.
Delegations by Council	To record the delegation of power from Council (e.g. To Chief Executive Officer).	Available to any person.
Delegations by Chief Executive Officer	To record the delegation of power from the Chief Executive Officer to another Officer.	As permitted by law.



Policy Register	To document the polices of Council.	Available to any person.
Corporate Plan	To document the goals, strategies and performance indicators set by the Council for the period 2013-2018.	Available to any person.
Annual Operational Plan	To document the strategies and activities set by the Council for the year.	Available to any person.
Budget	To record the proposed expenditures and revenues required to implement the Council's strategies and goals this year.	Available to any person.
Annual Report	To document the financial position and the performance of the Corporate and Operational Plans for the year, as well as other accountabilities both mandatory and discretionary.	Available to any person and on Council's website.
Personal Interest of Councillors	To record certain financial and other personal interests of Councillors.	Available to any person and on Council's website.
Personal Interests of Councillors' Related Persons	To record certain financial and other personal interests of specified persons related to Councillors.	Restricted to Councillors of Balonne Shire Council and persons permitted by law or their agents.
Personal Interest of the Chief Executive Officer and other specified employees	To record certain financial and other personal interests of the Chief Executive Officer and certain other employees.	Available only to Councillors, the Chief Executive Officer or a person permitted by law or their agent.

Land and Reserves

Balonne Shire Council is responsible for the following land under infrastructure:-
2,350 km of roads (*a further 639.58 km of Main Roads are within the Shire*) and
14,040.66 hectares of reserve land that are reserves under the *Land Act 1994*,

This land does not have a value within Council's financial statements.



Reserve Description	Hectares
Camping and Water Reserve	10,259.72
Cemetery Reserve	9.54
Crossing Reserve	121.40
Gravel Reserve	8.09
Pasturage Reserve	660.05
Pound Reserve	102.21
Public Purposes Reserve	291.80
Recreation Reserve	0.23
Reserve for Local Government (Refuse Disposal) Purposes	22.30
Reserve for Local Government (Noxious Waste Disposal)	2.33
Reserve for Local Government (Sewerage) Purposes	0.12
Reserve for Museum	.20
Reserve for Parks	6.43
Reserve for Recreation	1.13
Pasturage Reserve	239.00
Pound Reserve	8.11
Reserve for Recreation	32.02
Reserve for Scenic Purpose	12.10
Reserve for Scientific Purposes	0.02
Reserve for Water	13.00
Sanitary Depot Reserve	2.02
Sanitary Reserve	18.31
Town Reserve	593.81
Town Reserve (Extension) Reserve for Township	1601.00
Water Reserve	35.62
Water Supply Reserve	0.12
Total	14,040.66



Internal Audit

During the year two onsite visits to Council were undertaken with the following internal audit work undertaken:

- ◆ In August 2014 Local Laws were reviewed and a further review of changes made to Purchasing and Procurement as a result of a previous detailed review of controls and procedures was undertaken.
- ◆ The 2014-2015 Budget and Operational Plan were also reviewed in August 2014.
- ◆ At the February 2015 visit Water, Cleansing and Garbage Services controls and procedures were reviewed and recommendations were made for improvement in this area.
- ◆ In addition Rural Services including Stock Routes administration and use of outside contractors in the provision of these services were examined together with recommendations for improvement in controls and procedures.
- ◆ Attendance at an onsite audit committee meeting took place on 10 February 2015 and another meeting by teleconference at a later date.
- ◆ Meetings were held with Council officers to provide input into the roads revaluation process undertaken in the 2014-2015 year and relevant advice provided.
- ◆ Assistance was provided in other areas to Council including with the preparation of a position paper for the Queensland Audit Office with respect to Accounting Standards interpretation changes as well as on other matters.

Implementation of Long Term Plans

Council has continued to report on a periodic basis on the implementation of its Corporate Plan and Operational Plan. Council's Corporate Plan 2013-2018 and the Annual Operational Plan ensure that Council's strategies are actioned at an operational level.

Long Term Financial Sustainability

Council has maintained operating surpluses since 2009 with the exception of the 2013 financial year, due to the timing difference of advance funding under the *Natural Disaster Relief and Recovery Arrangements (NDRAA)* Funding provided by the Queensland Reconstruction Authority and the Financial Assistance Grant (FAGS).

Council will continue to improve and identify cost efficiencies through service level reviews and business process improvements to ensure that the 2014-2015 financial year and beyond are sustainable and within the proposed goals of Council.



Performance Report

KEY PROGRAM AREAS

Wise Planning and Design

Community Planning

To provide a framework to manage growth whilst encouraging a sense of community pride, belonging and well-being.

Building and Plumbing Services

To provide appropriate certification services for building work within the Shire.

Development Assessment

To provide appropriate controls to ensure and encourage balanced quality development of the Shire and protection of the environment.

Roads and Transport

To provide efficient and effective transport and drainage infrastructure.

Water and Sewerage

To provide efficient safe water supplies and environmentally sound waste water systems.

Strong and Resilient Communities

Community Lifestyle

To foster community pride and social interaction for all groups within our community with access to well serviced community hubs and facilities.

Cultural Activities

To promote and cater for activities that support cultural, indigenous and multi-cultural history preservation, arts and other pursuits that foster the growth of local arts and culture.

Community Safety

To facilitate community safety and crime prevention strategies.

Public Health

To implement policies and programs to maintain an appropriate level of public health standards within the Shire.

Parks and Recreation

To maintain parks, open spaces, recreational and sporting facilities for the enjoyment and well-being of the community.



Disaster Management

To facilitate the development of disaster mitigation strategies and provide effective disaster and emergency planning and response services in conjunction with the community and emergency service organisations.

Prosperity for All

Tourism

To showcase the Shire's attributes and promote the district as an ideal tourism destination enhancing opportunities for tourism development.

Economic Development

To foster a vibrant economic environment to facilitate the development of sustainable opportunities and business development.

Commercial Services

To undertake commercial works within the scope of Council's expertise in an efficient and cost effective manner.

River Country Stewardship

Environmental Management

To provide a level of environmental stewardship to protect our natural environment and contribute to the environmental health and well-being of the community.

Waste Management

To provide efficient, effective and environmentally sensitive waste collection and/or disposal services.

Rural Services

To provide effective and efficient management of stock routes, animal pests and declared weed pests to support our Shires' agricultural base.

Inclusive and Ethical Governance

Corporate Governance

To provide effective organisational leadership through strategic planning, accountability and ethical standards of practice.

Financial Management

To ensure the long term viability of the Shire and provide accountability in financial management.

Customer Services

To provide an efficient and effective customer service to all internal and external customers within the resource limitations and community expectations.



Wise Planning and Design

We will plan and develop a well-connected network of vital community hubs which preserve the distinctive character, heritage and atmosphere of local communities. We will maintain and develop the necessary infrastructure to support and protect both townships and productive river country. We will plan for safe, liveable communities, which cater for residents and the travelling public.

Year Highlights and Achievements

- ◆ \$4,234,500 of building work approved;
- ◆ 41 building applications and 11 plumbing approvals;
- ◆ Seven applications for planning were approved;
- ◆ Held a successful Fire Safety and Temporary Accommodation Forum;
- ◆ 100% compliance during annual Budget Accommodation inspections;
- ◆ Completed flood mapping for all towns;
- ◆ Levee overtopping modelling for St George was finalised;
- ◆ Completion of 2010-2013 Flood Restoration Works to roads and other structures;
- ◆ New and Upgraded Footpaths – Henry Street, Pine Street, Jane Street and Main Street;
- ◆ Kerb and channel and stormwater upgrades in Barlee, Anne and Elizabeth Streets;
- ◆ Bitumen sealing of sections of Wagoo, Bollon-Dirranbandi, Cashel Vale and JE Kelly Roads;
- ◆ Gravel resheeting of Fernlee and Cashel Vale Roads and loam build up on Jakelwar-Goodooga Road.
- ◆ Sewer relining in St George and Dirranbandi
- ◆ Water main replacement in St George and Dirranbandi.



2015-2016 Targets:

- ◆ New Balonne Shire Planning Scheme;
- ◆ Upgrade to bitumen seal standard of Paltridge Road, Wanganui Lane and Whyenbah Road;
- ◆ Gravel resheeting of Woolerina Road, Cashel Vale Road, Cemetery Road, Noondoo-Mungindi Road, Thomby Road and Wagoo Road;
- ◆ Dirranbandi Truck Stop Upgrade;
- ◆ Kerb and channelling in Alfred Street, Marie Street, Kirby Street and Booligar Street;
- ◆ Grey Street and Pine Street footpath replacement;
- ◆ Drainage pipe installation in Mungindi;
- ◆ Water main replacement in Bollon and St George, Dirranbandi Water Treatment Plant and Water Tower upgrade.



Performance Measure	Annual Target	Actual
Forward looking initiatives / programs instigated	▲ 4	6
Road user <i>Request for Action</i> completed in acceptable timeframes within budget constraints	▲ 90%	82%
Compliance with Council's Customer Service Standards for urban water supplies	▲ 90%	87%
Percentage of Operational Projects completed within budget and on time	▲ 90%	75%
Percentage of Capital Projects completed within budget and on time	▲ 90%	80%



Strong and Resilient Communities

Our health, wellbeing, creativity and strong community spirit will be supported, our cultural heritage preserved and celebrated and our values of caring and respect will extend to people of all ages, cultures, abilities and needs.

Year Highlights and Achievements

- ◆ The WORK Camp Program continues to provide valuable support to community groups and Council across the Shire;
- ◆ Ten local projects were supported through the Regional Arts Development Fund (RADF);
- ◆ The St George Library ran the successful 'River Country Recollections' Oral History Project;
- ◆ The Pop Up Gallery at the St George Library was launched;
- ◆ Construction of the Bollon Flood Mitigation Levee;
- ◆ New toilet and shower block at the Bollon Showgrounds;
- ◆ Upgrade of the Supper Room kitchen at the St George Showgrounds;
- ◆ Refurbishment of the St George Swimming Pool amenities;
- ◆ Installation of a barbeque shelter at Thallon Park;
- ◆ Upgrade of the Dirranbandi Civic Centre Park.



2015-2016 Targets:

- ◆ Continuation of the Work Camp Program
- ◆ Continue to support cultural activities through the Regional Arts Development Fun (RADF));
- ◆ New kiosk and roof at St George Swimming Pool;
- ◆ Shade sail installation at Hebel Park;
- ◆ Installation of Ezy Dump point at the Thallon Showgrounds;
- ◆ Concrete of canteen area and power connection at Bollon Showgrounds;
- ◆ Stage one of the Dirranbandi School Oval Canteen;
- ◆ Continuation of 'Story Time' at the St George Library.



Performance Measure	Annual Target	Actual
Programs and/or enhancements to community facilities to increase community participation and inclusion	▲ 12	22
Cultural activities/initiatives implemented and/or supported	▲ 12	14
Proactive public health initiatives implemented	▲ 10	7
Percentage of Operational Projects completed within budget and on time	▲ 90%	91%
Percentage of Capital Projects completed within budget and on time	▲ 90%	85%



Prosperity for All

Together we will work to build a strong and more diverse economic base for the Shire, capitalising on opportunities around tourism, transport, resources and value adding. We will work to attract the labour and skilled people we need and provide opportunities to encourage people to settle here. We will support excellent education and training, to encourage young people to stay and build their future in Balonne.

Year Highlights and Achievements

- ◆ The Yellowbelly Country Music Festival was again very successful;
- ◆ A new St George and Surrounds tourism brochure was produced;
- ◆ The Cotton Self Drive Trail was completed;
- ◆ A Business Development Officer and Investment Attraction Officer was employed through the Murray Darling Basin Economic Diversification Program;
- ◆ The Bettering Balonne Campaign was established;
- ◆ Completion of the Road Management Performance Contract for the Department of Transport and Main Roads;
- ◆ Completion of the Noondoo-Thallon Road upgrade and Stage 2 of the S-Bend realignment.



2015-2016 Targets:

- ◆ Continuation of new tourism initiatives;
- ◆ Continuation of business support programs;
- ◆ Continue Road Management Performance Contract for the Department of Transport and Main Roads;
- ◆ Progress Noondoo-Thallon Road for the Department of Transport and Main Roads;
- ◆ Continue to support the Yellowbelly Festival;
- ◆ Production of a new Shire Tourism Brochure;
- ◆ Construction of a Tourist Information Shelter at Thallon and Bollon



Performance Measure	Annual Target	Actual
New businesses established within Balonne Shire	▲ 10	3
Business / workforce development initiatives undertaken	▲ 10	18
Increased visitations (tourist/business/commercial) year on year	▲ 10	13
Percentage of Operational Projects completed within budget and on time	▲ 90%	93%
Percentage of Capital Projects completed within budget and on time	▲ 90%	100%



River Country Stewardship

The health of our river system and groundwater will be protected, our diverse natural environment, with an abundance of native flora and fauna and our rich agricultural lands will thrive through our commitment to sustainable farming practices and caring for the environment.

Year Highlights and Achievements

- ◆ Successful management of the St George Landfill by Proterra Group;
- ◆ Participation in the South West Litter Reduction Campaign;
- ◆ Mosquito Identification Program carried out in conjunction with Queensland Health;
- ◆ Weekly and monthly testing of urban water supplies;
- ◆ Secured funding from the Department of Agriculture, Fisheries and Forestry for additional feral animal baiting and feral animal mentoring program;
- ◆ Completed the Mungindi Town Common Fence Replacement;
- ◆ Commenced Velvety Tree Pear eradication on Main Roads within the Shire;
- ◆ Excavated seven Stock Routes Dams;
- ◆ Commenced replacement of gates on Tarilla and Dareel Stock Routes;
- ◆ Approximately 12,000 head of cattle have travelled the Stock Routes within the Shire.



2015-2016 Targets:

- ◆ Continuation of programs to safeguard public health and safety;
- ◆ Continue with payment of Wild Dog Bounty and Retainer;
- ◆ Co-ordinate Feral Animal Baiting in the Shire;
- ◆ Continue to eradicate Parthenium Weed;
- ◆ 1080 signage to be erected on all entries into the Shire;
- ◆ Continue desilting dams and replacement of gates on Stock Routes;
- ◆ Continuation of wild dog mentoring and trapping program
- ◆ Completion of drumMUSTER depot fence



Performance Measure	Annual Target	Actual
Customer requests responded to within defined timeframes	▲ 90%	85%
Kerbside waste and recycling bins collected as scheduled	▲ 100%	100%
Percentage of Operational Projects completed within budget and on time	▲ 90%	87%
Percentage of Capital Projects completed within budget and on time	▲ 90%	100%

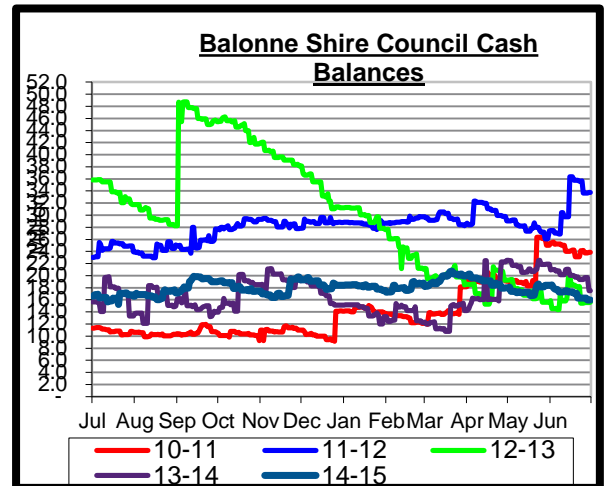


Inclusive and Ethical Governance

Meaningful involvement by community, quality leadership at all levels and a spirit of partnership between the community and Council will enrich residents' participation in local decision making to achieve the community's Balonne 2025 vision and goals.

Year Highlights and Achievements

- ◆ Installed Interplan – a corporate governance and operational planning software program;
- ◆ Implemented InfoCouncil – a software package for managing Council's meeting agendas and minutes ;
- ◆ Commenced a Cultural Change Program for staff;
- ◆ Commenced Organisational Development Training;
- ◆ Completed a comprehensive revaluation of Council's Transport, Water and Waste Water Infrastructure Assets;
- ◆ Fully complied with all regulatory requirements;
- ◆ Completed the NDRRA 2013 flood damage restoration projects prior to 30 June 2015 and within budget;



- ◆ Received an Unqualified Audit Opinion from Queensland Audit Office prior to 31 October;
- ◆ Maintained sound cash balances.



2015-2016 Targets:



- ◆ Continue reviewing Local Laws, Planning Scheme and other key strategic documents and plans;
- ◆ Replace Council's current Electronic Document Management System with InfoXpert;
- ◆ Update Council's Risk Register;



- ◆ Comprehensive revaluation of all Council's Land, Building and Other Infrastructure Assets;
- ◆ Organisation Development Training to keep going;
- ◆ Continue to align Council's financial modelling an budget processes to Strategic Asset Management Plans;
- ◆ Continue to improve and update Council's Asset Management Plans;



- ◆ Provide a continued customer service presence in St George and Dirranbandi.

Performance Measure	Annual Target	Actual
Compliance with statutory and corporate requirements	▲ 100%	100%
Audit recommendations implemented	▲ 90%	95%
Percentage of Requests for Action completed within defined timeframes	▲ 90%	90%
Percentage of Operational Projects completed within budget and on time	▲ 90%	93%
Percentage of Capital Projects completed within budget and on time	▲ 90%	100%



Community Financial Report

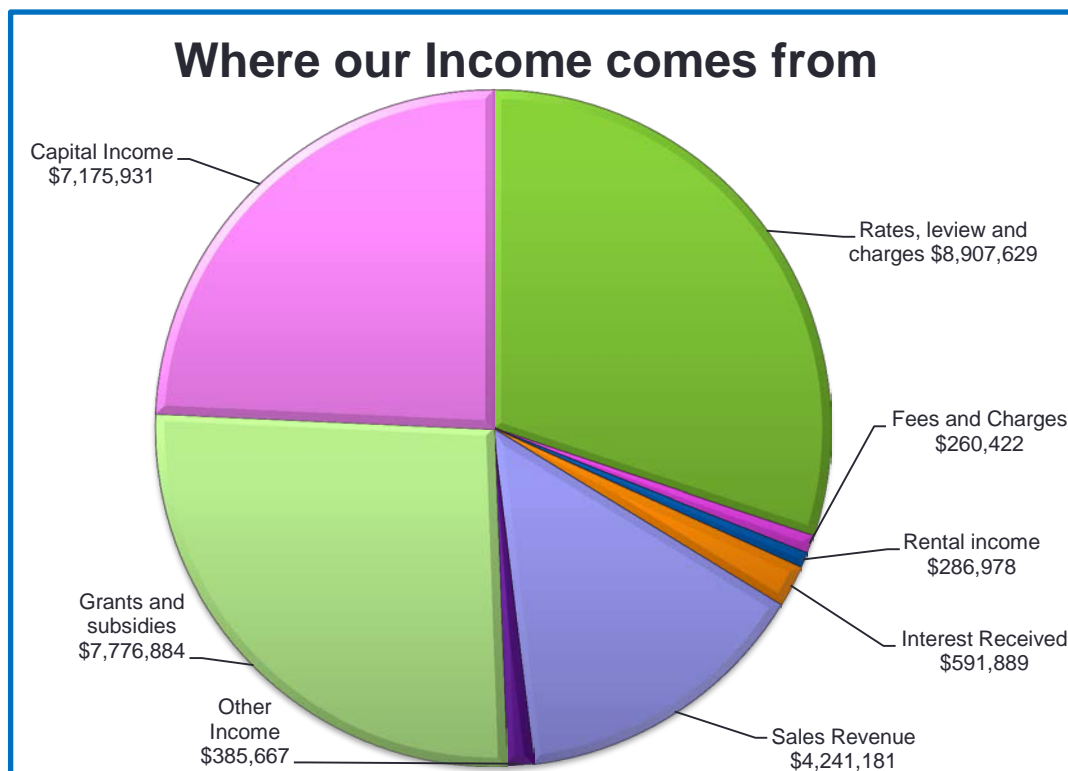
Annual Financial Statements are prepared in accordance with professional and legislative requirements and hence are technical documents. The purpose of the Community Financial Report is to present Financial Statements in a form more easily understood by the community.

The Community Financial Report is based on the detailed financial information contained in the enclosed financial statements for 1 July 2013 to 30 June 2014. A summary has been provided on the following financial matters;

- ◆ Sources of income;
- ◆ Where Council spent its funds;
- ◆ Increase in Net Worth (Community Equity);
- ◆ What Council Owns and Owes (Assets and Liabilities).

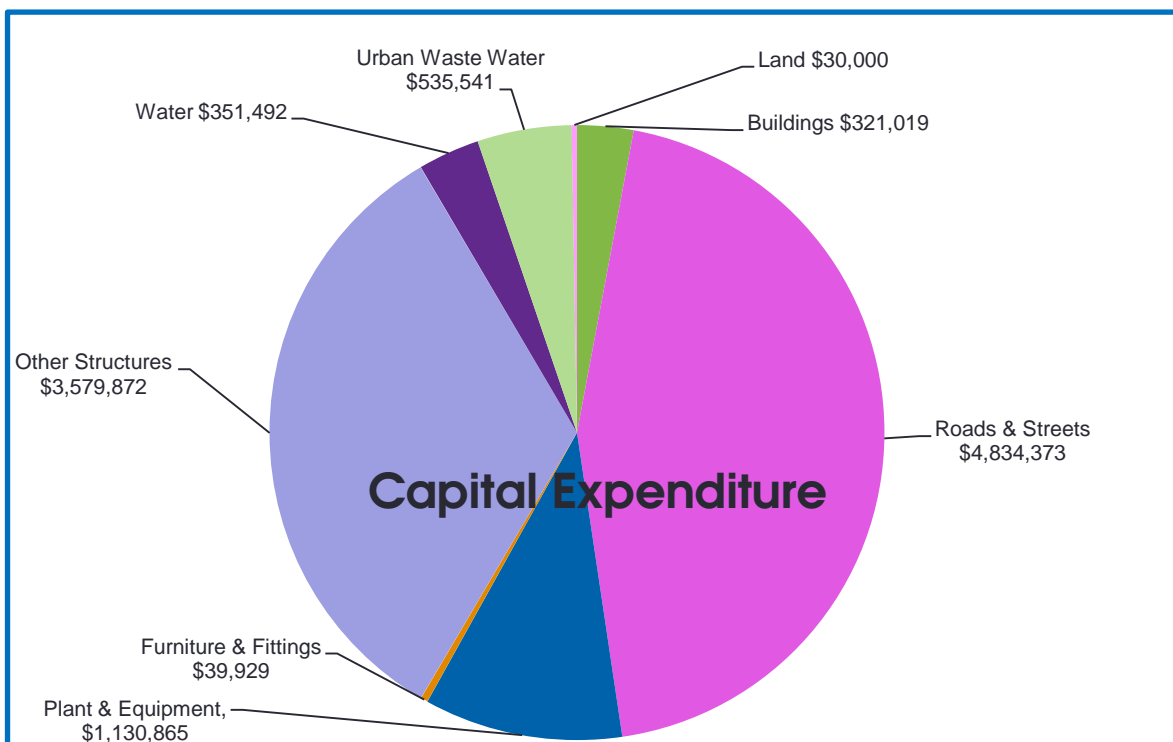
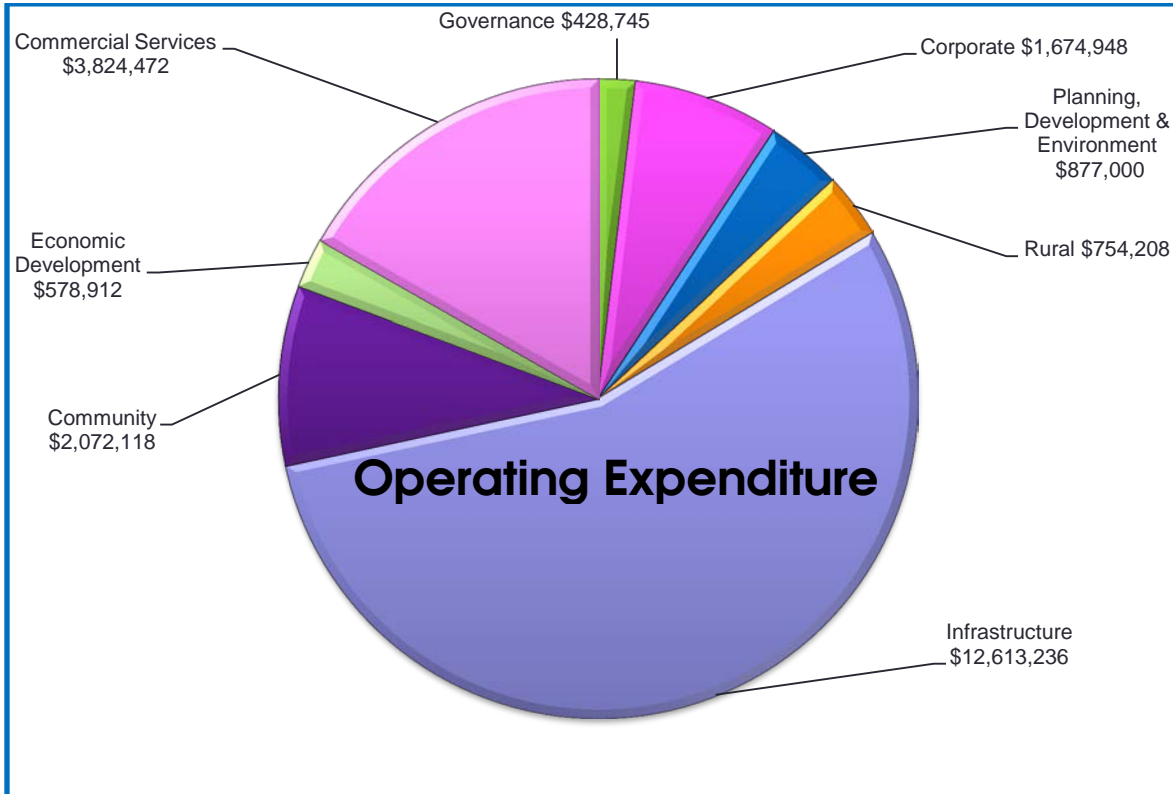
Sources of Income:

The total income for the 12 months to 30 June 2015 was \$29,555,841. This includes rates and charges, grants and fees during the 12 months. The capital income of \$7,175,931 is mainly made up from capital grants and subsidies.



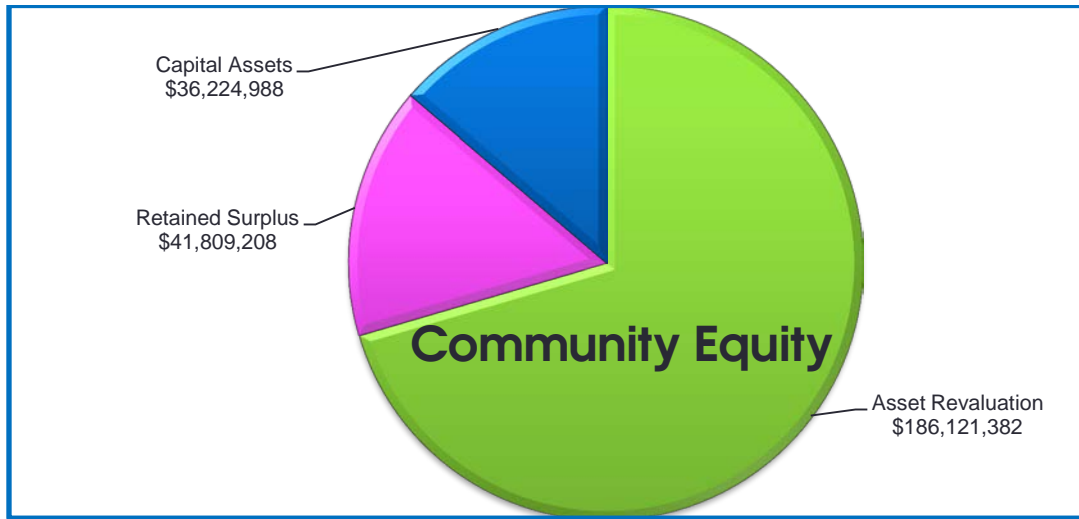
Where Council Spent its funds:

Total operational expenditure for the 12 months to 30 June, 2015 totalled \$22,894,358. This expenditure consisted of costs such as electricity, insurance, salaries & wages, repairs and maintenance and depreciation of community assets. Council spent \$30,326,000 on capital purchases and capital improvements.



Increase in Net Worth (Community Equity):

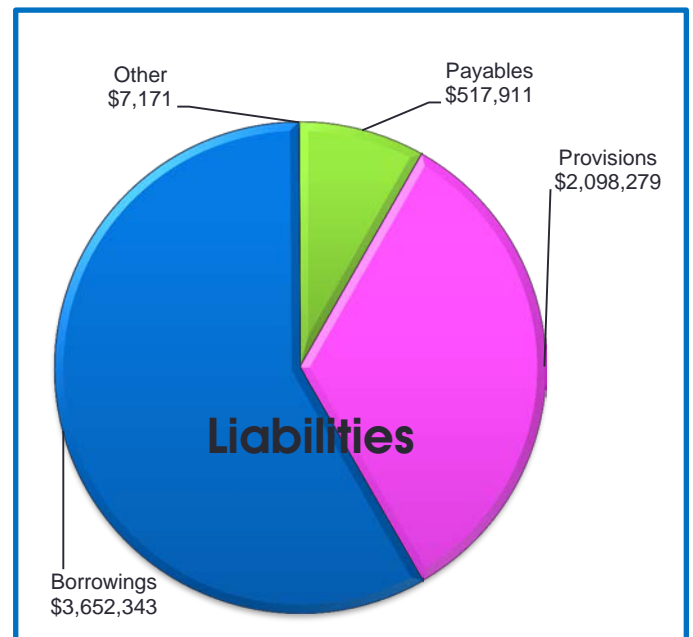
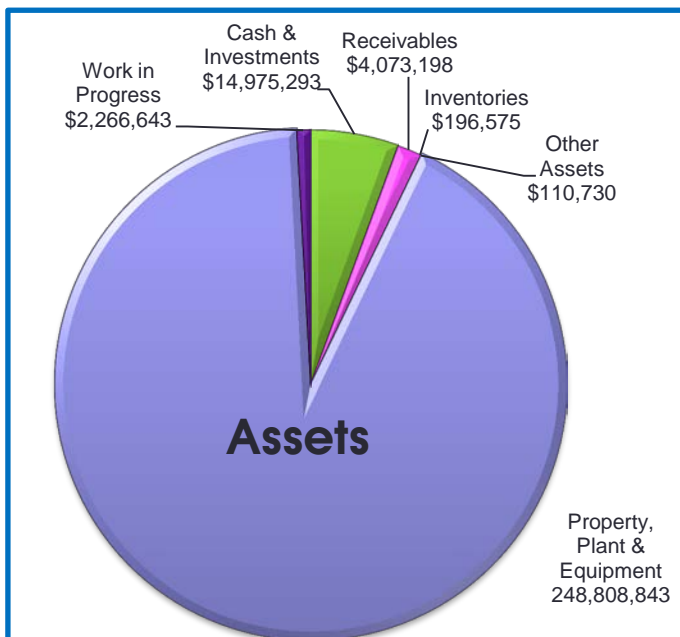
Balonne Shire Council's net worth (Community Equity), is made up of Investment in Capital Assets, Reserves, Asset Revaluation Reserve and Retained Surplus.



What Council Owes and Owns:

Council's assets of \$270,431,282 are made up of investment in community assets such as roads, buildings, water and sewer infrastructure as well as cash, investments, receivables and inventories.

Council's liabilities of \$6,275,703 comprise of employee provisions, sundry creditors and Queensland Treasury Corporation (QTC) loans.



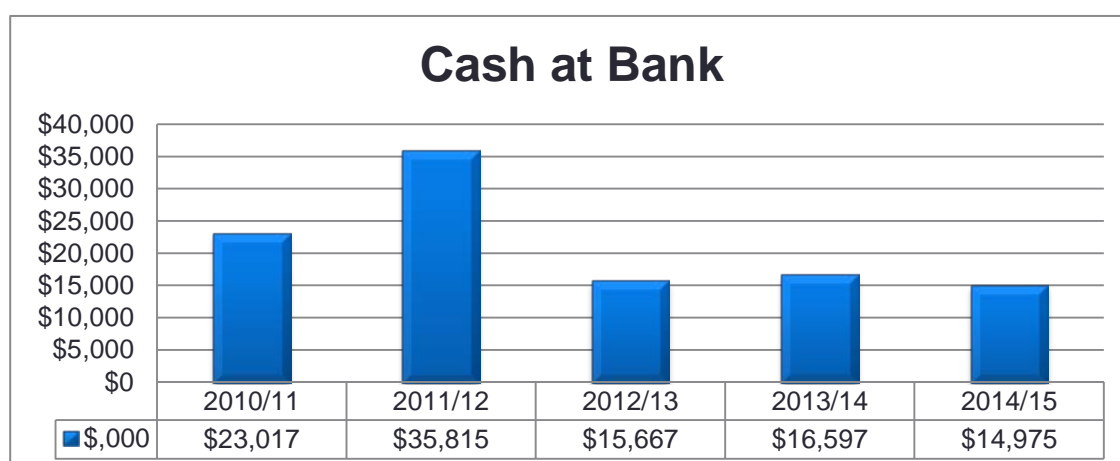
Statement of Cash Flows:

The cash flow statement is just like your bank statement. If you did a summary of your personal bank statements for 12 months it would be called a cash flow statement.

- ◆ This statement only reports on cash and shows:
- ◆ How much money we started the year with;
- ◆ Where any incoming money came from;
- ◆ Where any money was spent; and
- ◆ How much money we have left at the end of the year.

	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
	\$,000	\$,000	\$,000	\$,000	\$,000
Opening Cash Balance	16,597	15,667	35,815	23,017	11,319
Net Cash Flow from Operating Activities	4,342	6,128	-10,752	14,916	18,841
Net Cash Flow from Investing Activities (Capital Purchases)	-5,694	-4,898	-9,098	-5,113	-6,869
Net Cash Flow from Financing Activities (Loans)	-270	-300	-298	2,999	-274
Closing Cash Balance	14,975	16,597	15,667	35,815	23,017

As can be seen by the summary above, we started the year with \$16,596,984 and ended the year with \$14,975,293. This small decrease in cash held is predominately related to the natural disaster relief funding for flood damage repairs received in the 2013-2014 financial year. To reach a strong financial position, Council must not only have enough cash for its day-to-day operations and to fund purchases of property, plant and equipment; repay interest and principal payments on loans, it must manage its cash to have the capacity to meet its financial commitments in the long term.



Other Financial Information

Operating Surplus Ratio

This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.

The current ratio for Council is **-2.28%**

A generally accepted benchmark across local government is between 0% and 10%. A review of average performance over the past four years demonstrates that Council has been within the required targets demonstrating cash management practices and a sound liquidity position. The current ratio is slightly below the benchmark.

Asset Sustainability Ratio

This ratio is an approximation of the extent to which assets managed by a local government are being replaced as these reach the end of their useful lives. It is calculated by measuring capital expenditure on renewal or replacement of assets, divided by depreciation expense. The accepted benchmark for local government is greater than 90%. Council's ratio for 2014-2015 is 97.71%.

Net Financial Liabilities Ratio

This ratio measures the percentage of Council's total liabilities less current assets divided by total operating revenue (excluding capital items). The accepted benchmark for local government is less than 60%. Council's ratio for 2014-2015 is **-58.45%**.

Overall Financial Summary

- ◆ Cash balance as of 30 June 2015 - \$14,975,293;
- ◆ Operating surplus before capital expenditure - \$3,687,844;
- ◆ Total Assets as of 30 June 2015 - \$270,431,282;
- ◆ Total Liabilities as of 30 June 2015 - \$6,276,703;
- ◆ Total community equity as of 30 June 2015 - \$264,155,579.



The Future.....

Over the coming years Council's cash balances will remain steady, due to the major flood restoration works being completed.

The future overall financial position is healthy with cash equivalents (previously reserves) being maintained to complete capital infrastructure replacement as required.

Council's financial position will continue to strengthen as strategies for sound management infrastructure assets are maintained.



Key Contacts

Postal Address

Balonne Shire Council
PO Box 201
ST GEORGE QLD 4487

Administration Centres

Administration Office
118 Victoria Street, St George

Telephone 07 4620 8888
Fax 07 4620 8889

Balonne Shire Council Store/Depot
193 Grey Street, St George

Telephone 07 4620 8855
Fax 07 4620 8856

After Hours Emergencies

Telephone 0407 253 858

Website

www.balonne.qld.gov.au

Email Address

council@balonne.qld.gov.au



Balonne Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

For the People



Balonne Shire Council

General Purpose Financial Statements for the year ended 30 June 2015

Contents	Page
1. Primary Financial Statements:	
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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Balonne Shire Council.
- (ii) All figures presented in these financial statements are presented in Australian Currency. (iii)

These financial statements were authorised for issue by the Council on 08/10/15.
Council has the power to amend and reissue the financial statements.

Balonne Shire Council

Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Income from Continuing Operations			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	8,907	8,775
Fees and Charges	3b	261	368
Rental Income	3c	217	288
Interest and Investment Revenue	3d	592	552
Sales Revenue	3e	4,242	4,555
Other Income		386	115
Grants, Subsidies, Contributions and Donations	4a	7,777	13,210
Total Recurrent Revenue		22,382	27,863
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4b	7,176	26,256
Total Revenue		29,558	54,119
Total Income (Continuing Operations)		29,558	54,119
Expenses from Continuing Operations			
Recurrent Expenses			
Employee Benefits	5	6,039	7,100
Materials and Services	6	11,072	15,687
Finance Costs	7	263	250
Depreciation and Amortisation	8	5,518	5,059
Total Recurrent Expenses		22,892	28,096
Capital Expenses	9	2,974	11,790
Total Expenses (Continuing Operations)		25,866	39,886
Operating Result (Continuing Operations)		3,692	14,233
Net Result		3,692	14,233
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to the Net Result			
Gain on Revaluation and Impairment of Property, Plant and Equipment	17	48,937	2,939
Total Other Comprehensive Income		48,937	2,939
Total Comprehensive Income		52,629	17,172

Balonne Shire Council

Statement of Financial Position
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	14,975	16,597
Trade and Other Receivables	11	4,184	4,408
Inventories		197	190
Other Assets		-	103
Total Current Assets		19,356	21,298
Non-Current Assets			
Property, Plant and Equipment	12	251,008	197,676
Intangible Assets		69	86
Total Non-Current Assets		251,077	197,762
TOTAL ASSETS		270,433	219,060
LIABILITIES			
Current Liabilities			
Trade and Other Payables	14	518	1,617
Borrowings	15	225	269
Provisions	16	1,954	1,824
Other Liabilities		7	6
Total Current Liabilities		2,704	3,716
Non-Current Liabilities			
Borrowings	15	3,426	3,652
Provisions	16	144	162
Total Non-Current Liabilities		3,570	3,814
TOTAL LIABILITIES		6,274	7,530
Net Community Assets		264,159	211,530
COMMUNITY EQUITY			
Asset Revaluation Reserve	17	186,121	137,184
Retained Surplus	18	78,038	70,453
Reserves	19	-	3,893
Total Community Equity		264,159	211,530

Balonne Shire Council

Statement of Changes in Equity
for the year ended 30 June 2015

	Notes	Asset Revaluation Reserve \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
2015					
Opening Balance (as per Last Year's Audited Accounts)		137,184	70,453	3,893	211,530
a. Net Operating Surplus for the Year		-	3,692	-	3,692
b. Other Comprehensive Income					
- Revaluations : Property, Plant and Equip. Asset Revaluation Rsve	17	48,937	-	-	48,937
Other Comprehensive Income		48,937	-	-	48,937
Total Comprehensive Income (a&b)		48,937	3,692	-	52,629
c. Transfer of other reserves to Retained Surplus		-	3,893	(3,893)	-
Equity Balance as at 30 June, 2015		186,121	78,038	-	264,159

	Notes	Asset Revaluation Reserve \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
2014					
Opening Balance (as per Last Year's Audited Accounts)		134,245	56,485	3,628	194,358
a. Net Operating Surplus for the Year		-	14,233	-	14,233
b. Other Comprehensive Income					
- Revaluations : Property, Plant and Equip. Asset Revaluation Rsve	17	2,939	-	-	2,939
Other Comprehensive Income		2,939	-	-	2,939
Total Comprehensive Income (a&b)		2,939	14,233	-	17,172
c. Transfers to Reserves		-	(1,165)	1,165	-
d. Transfers from Reserves ⁽¹⁾		-	900	(900)	-
Equity Balance as at 30 June, 2014		137,184	70,453	3,893	211,530

Balonne Shire Council

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		13,617	9,027
Payments to Suppliers and Employees		(18,105)	(26,380)
		(4,488)	(17,353)
Receipts:			
Investment and Interest Revenue Received		592	552
Rental Income		217	288
Non Capital Grants and Contributions		7,777	13,210
Other		513	9,681
Payments:			
Borrowing Costs		(263)	(250)
Other		(6)	-
Net Cash - Operating Activities	25	4,342	6,128
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		438	359
Grants, Subsidies, Contributions and Donations		7,176	26,256
Payments:			
Purchase of Property, Plant and Equipment		(13,325)	(31,507)
Payments for Intangible Assets		17	(6)
Net Cash - Investing Activities		(5,694)	(4,898)
Cash Flows from Financing Activities			
Receipts:			
Nil			
Payments:			
Repayment of Borrowings and Advances		(270)	(300)
Net Cash Flow - Financing Activities		(270)	(300)
Net Increase/(Decrease) for the year		(1,622)	930
plus: Cash and Cash Equivalents - beginning		16,597	15,667
Total Cash, Cash Equivalents and Investments		14,975	16,597

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

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	n/a - not applicable	

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the following:

- Financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value;
- Assets held for sale which are measured at fair value less cost of disposal.

Recurrent/Capital Classification

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

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

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
- Revaluations of investment property and property, plant and equipment.

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

(1.b) Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting

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

(1.c) Constitution

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

(1.d) Date of Authorisation

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

(1.e) Currency

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

(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 & Equipment - Note 1.i and Note 12
- Provisions - Note 1.p and Note 16
- Contingencies - Note 21.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

(1.g) Revenue

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

Rates and levies

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

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2015, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve. On 20 March 2015, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 10.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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

assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Rental income

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

Interest

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

Sales revenue

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

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

Fees and Charges

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

(1.h) Financial assets and financial liabilities

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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Financial assets

- Cash and cash equivalents (Note 1.i)
- Receivables - measured at amortised cost (Note 1.j)

Financial liabilities

- Payables - measured at amortised cost (Note 1.o)
- Borrowings - measured at amortised cost (Note 1.r)

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 18 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

The fair value of payables approximates the amortised cost.

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 27.

(1.i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end and deposits held at call with financial institutions.

(1.j) Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

(1.k) Inventories

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

Inventories held for distribution are:

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

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

(1.l) Property, Plant & Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Category	Years
Land and Improvements	Not depreciated
Buildings	15-100
Plant and Equipment	3-50
Furniture and Fittings	5-60
Infrastructure	
- Transport Infrastructure	10-200
- Water Supply Network	10-120
- Urban Waste Water	10-120
- Other infrastructure assets	5-100
Work in progress	Not Depreciated

Acquisition of assets

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

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

Capital and operating expenditure

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

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity

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

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

Valuation

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

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

In the intervening years, Council will use internal reviews, or a desktop valuation by external valuers. The internal review involves engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the Asset revaluation index: Engineering construction, Queensland Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. 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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 15.

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

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

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

Major plant

The Council has determined that plant which has an individual cost in excess of \$1,000,000 is of high value to the Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class primarily includes specialised earthmoving equipment.

Capital work in progress

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

Depreciation

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

residual value (where applicable), progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

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

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

Depreciation methods, estimated useful lives of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

Land under roads

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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

(1.m) Impairment of Non-Current Assets

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

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

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

(1.n) Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Operating leases

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

(1.o) Payables

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

(1.p) Liabilities - Employee Benefits

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

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 19 as a payable. As council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 26.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 19 as a provision.

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

(1.q) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost

In accordance with the *Local Government Regulation 2012* council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

(1.r) Asset Revaluation Surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property,

plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation reserve.

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 reserve in respect of that class. Any excess is treated as an expense.

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

(1.s) Retained Surplus

In reference to the comparative figures for the year ended 30 June 2015, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

(1.t) Reserves

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

On 20 March 2015, council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 10.

The former reserves operated as follows:

Future capital works reserve

This reserve represented amounts set aside for future capital projects. The amounts formally reported in this reserve at balance date are now disclosed as an internal restriction on cash in Note 10.

Asset replacement reserve

Funding that Council receives from Urban Water, Urban Waste Water and Cleansing Programs are to

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

be spent on those programs, any surplus funds are to be put to the relevant reserve. The amounts formally reported in this reserve at balance date are now disclosed as an internal restriction on cash in Note 10.

Constrained works reserve

This reserve represents contributions received for capital works where the required works have not yet been carried out. The amounts formally reported in this reserve at balance date are now disclosed as an internal restriction on cash in Note 10.

Future recurrent expenditure reserve

This reserve represents amounts that are accumulated within the Council to meet anticipated future current or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability. The amounts formally reported in this reserve at balance date are now disclosed as an internal restriction on cash in Note 10.

(1.u) National Competition Policy

Council has resolved not to apply the Code of Competitive Conduct to the following business activities:- Water Program, Waste Water Program and Other Roads.

(1.v) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 unless otherwise indicated.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(1.w) Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered

revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 28.

(1.x) Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

(1.y) Adoption of New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, AASB 9 Financial Instruments is the only new accounting standard with a future application date that is expected to have a material impact on council's financial statements.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets at fair value.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Effective for periods commencing 1 January 2015:

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014). Application of AASB 9 (December 2009) and AASB 9 (December 2010).

Effective for periods commencing 1 July 2015:

- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

Effective for periods commencing 1 January 2016:

- AASB 2014-1 *Amendments to Australian Accounting Standards*
- AASB 2014-4 *Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]

Effective for periods commencing 1 July 2016:

- AASB 124 *Related Parties*

Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*

Effective for periods commencing 1 January 2018:

- AASB 9 *Financial Instruments* (December 2009)
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014).

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 2(a). Council Functions - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:

CORPORATE GOVERNANCE

To provide effective organisational leadership through strategic planning, accountability and ethical standards of practice

CORPORATE SERVICES

To enhance the capability and performance of Balonne Shire Council and ensure resources are directed to achieve organisational objectives.

PLANNING, DEVELOPMENT AND ENVIRONMENTAL HEALTH SERVICES

To implement appropriate planning and building construction controls to ensure and encourage the balance between quality development of the shire and the protection of the environment.

To implement policies and operational programs that will contribute to the environmental health and wellbeing of the community.

RURAL SERVICES

To provide effective and efficient management of stock routes, animal and weed pests.

INFRASTRUCTURE SERVICES

To provide efficient and effective transport and drainage infrastructure.
To provide community infrastructure to meet the needs of current and future generations.
To provide efficient, effective and environmentally sound waste water disposal services and water supplies.

COMMUNITY LIFESTYLE

To encourage and promote a sense of community and belonging, community pride, engagement, wellbeing and grow social capital.

ECONOMIC DEVELOPMENT

To foster a vibrant economic environment.

COMMERCIAL SERVICES

To undertake commercial works within the scope of Council's expertise in an efficient and cost effective manner.

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income						Elimination of Inter-Function Activities	Total Income	Gross Program Expenses		Elimination of Inter-Function Activities	Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Other		Capital				Recurring	Capital					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000									
2015															
Corporate Governance	90	-	-	-	-	-	90	(428)	-	-	(428)	(338)	(338)	-	
Corporate Services	3,390	6,358	-	-	-	-	9,748	(1,675)	(125)	-	(1,800)	8,073	7,948	23,981	
Planning & Development and Environmental	-	147	-	-	-	-	147	(877)	-	-	(877)	(730)	(730)	4,104	
Rural Services	71	1	50	-	-	-	122	(754)	-	-	(754)	(682)	(632)	422	
Infrastructure Services	(504)	7,749	6,953	-	-	-	14,198	(15,213)	(229)	-	(15,442)	(7,968)	(1,244)	221,418	
Community Lifestyle	78	111	-	-	-	-	189	(2,072)	(2)	-	(2,074)	(1,883)	(1,885)	20,488	
Economic Development	554	43	180	-	-	-	777	(579)	-	-	(579)	18	198	18	
Commercial Services	-	4,199	-	-	-	-	4,199	(3,824)	-	-	(3,824)	375	375	-	
Total	3,679	18,608	7,183	-	-	-	29,470	(25,422)	(356)	-	(25,778)	(3,135)	3,692	270,431	

Functions	Gross Program Income						Elimination of Inter-Function Activities	Total Income	Gross Program Expenses		Elimination of Inter-Function Activities	Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Other		Capital				Recurring	Capital					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000									
2014															
Corporate Governance	-	-	-	-	-	-	-	(327)	-	-	(327)	(327)	(327)	-	
Corporate Services	1,758	6,401	(2)	-	-	-	8,157	(1,380)	-	-	(1,380)	6,779	6,777	26,039	
Planning & Development and Environmental	-	231	-	-	-	-	231	(932)	-	-	(932)	(701)	(701)	4,162	
Rural Services	-	5	85	-	-	-	90	(634)	-	-	(634)	(629)	(544)	282	
Infrastructure Services	11,333	6,171	25,363	(185)	-	-	42,682	(32,436)	-	-	(32,436)	(14,932)	10,246	168,367	
Community Lifestyle	68	134	123	-	-	-	325	(1,963)	-	-	(1,963)	(1,761)	(1,638)	20,193	
Economic Development	51	43	688	-	-	-	782	(449)	-	-	(449)	(355)	333	17	
Commercial Services	-	1,623	-	-	-	-	1,623	(1,537)	-	-	(1,537)	86	86	-	
Total	13,210	14,608	26,257	(185)	-	-	53,890	(39,658)	-	-	(39,658)	(11,840)	14,232	219,060	

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 3. Revenue Analysis

Notes	2015 \$'000	2014 \$'000
(a). Rates, Levies and Charges		
General Rates / Community Levy	6,181	6,180
Special Rates	7	7
Water	1,723	1,622
Water Consumption, Rental and Sundries	67	33
Urban Waste Water	1,045	1,037
Waste Charges	784	770
Total rates and utility charge revenue	9,807	9,649
Less: Discounts	(871)	(845)
Less: Pensioner remissions	(29)	(29)
TOTAL RATES, LEVIES AND CHARGES	8,907	8,775
(b). Fees and Charges		
Building and Development Fees	59	123
Infringements	7	15
Licences and Registrations	44	61
Swimming Pool Fees	39	37
Internet Charges	1	4
Cemetery Fees	41	44
Council Facilities Hire	49	44
Water Connection Fees	5	9
Searches and Other Council Document Fees	11	13
Other	5	18
TOTAL FEES AND CHARGES	261	368
(c). Rental Income		
Property Rental - Other Council Properties	22	-
Staff Housing	171	243
Airport Lease Charges	7	28
St George Water Tower Rental	17	16
Other	-	1
TOTAL RENTAL INCOME	217	288

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 3. Revenue Analysis

Notes	2015 \$'000	2014 \$'000
(d). Interest and Investment Revenue		
Interest Received from Term Deposits	527	506
Interest from Overdue Rates and Utility Charges	65	46
	<u>592</u>	<u>552</u>
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		
(e). Sales Revenue		
Sale of services		
Contract and Recoverable Works	4,199	4,513
Total Sale of Services	<u>4,199</u>	<u>4,513</u>
Sale of goods		
Visitor Info Centre	43	42
Total Sale of Goods	<u>43</u>	<u>42</u>
	<u>4,242</u>	<u>4,555</u>
<u>TOTAL SALES REVENUE</u>		

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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 4. Grants, Subsidies, Contributions and Donations

Notes	2015 \$'000	2014 \$'000
(a) Recurrent		
General Purpose Grants	4,703	2,358
State Government Subsidies and Grants	651	1,317
Commonwealth Government Subsidies and Grants	96	101
Contributions	6	28
March 2010 Flood Event	-	579
January 2011 Flood Event	(26)	1,434
February 2012 Flood Event	1,999	7,393
Flood Event 2013	348	-
	<u>7,777</u>	<u>13,210</u>

(b) Capital

State Government Subsidies and Grants	6,282	23,553
Commonwealth Government Subsidies and Grants	855	2,315
Contributions	39	388
	<u>7,176</u>	<u>26,256</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 for Expenditure on Services	-	1,007
	<u>-</u>	<u>1,007</u>

Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:

Non-Reciprocal Grants for Expenditure on Services	5,029	7,718
	<u>5,029</u>	<u>7,718</u>

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 5. Employee Benefits

	Notes	2015 \$'000	2014 \$'000
Wages and Salaries		3,624	5,017
Annual, Sick and Long Service Leave Entitlements		940	946
Superannuation	22	600	602
Training Costs		323	250
Workers Compensation Insurance		79	107
Fringe Benefits Tax (FBT)		13	16
Councillors Remuneration		399	286
		<u>5,978</u>	<u>7,224</u>
Other Employee Related Expenses		61	66
		<u>6,039</u>	<u>7,290</u>
Less: Capitalised Employee Expenses		-	(190)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u><u>6,039</u></u>	<u><u>7,100</u></u>

Additional information:

Total Employees at year end:

Administration Staff	30	29
Depot and Outdoors Staff	56	56
Total full time equivalent employees	<u>86</u>	<u>85</u>
Total Elected members	<u>7</u>	<u>7</u>

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 6. Materials and Services

	Notes	2015 \$'000	2014 \$'000
Advertising and Marketing		64	56
Administration Supplies and Consumables		32	45
Aerodrome Maintenance		177	154
Audit of Annual Financial Statements by the Auditor-General of Queensland		36	54
Audit Services		17	9
Cleansing Services		697	658
Communications and IT		142	86
Community Donations / Assistance		44	22
Councillors' Expenses (incl. Mayor) - Other		20	27
Insurance		372	335
Land Protection Fund Precept		238	231
Legal Fees		63	148
Power		31	56
Repairs and Maintenance		183	165
Rentals - Operating Leases		-	1
Subscriptions and Registrations		85	72
January 2011 Flood Event		-	5,208
February 2012 Flood Event		-	3,541
Swimming Pools - Council Owned		315	254
Urban Water Services		1,142	1,069
Urban Waste Water		406	313
2013 Flood Event		879	-
Other		6,129	3,183
<u>TOTAL MATERIALS AND SERVICES</u>		<u>11,072</u>	<u>15,687</u>

Note 7. Finance Costs

Finance costs - Queensland Treasury Corporation		220	231
Bank Charges		16	14
Impairment of Debts		27	5
<u>TOTAL FINANCE COSTS</u>		<u>263</u>	<u>250</u>

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 8. Depreciation and Amortisation

	Notes	2015 \$'000	2014 \$'000
Depreciation/Amortisation of Non Current Assets			
Buildings		409	339
Plant and Equipment		1,024	931
Furniture and Fittings		19	24
Water Supply Network		608	469
Other Infrastructure Assets		283	250
Transport Infrastructure		2,854	2,764
Urban Waste Water Network		271	238
Total Depreciation of Non Current Assets	12	5,468	5,015
Amortisation of Intangible Assets			
Software		50	44
Total Amortisation of Intangible Assets		50	44
TOTAL DEPRECIATION AND AMORTISATION		5,518	5,059

Note 9. Capital Expenses

Loss on disposal of non-current assets

Proceeds from the Disposal of Property, Plant and Equipment		438	359
Less: Book Value of Property, Plant and Equipment Disposed	12	(3,412)	(12,149)
TOTAL CAPITAL EXPENSES		2,974	11,790

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 10. Cash, Cash Equivalents and Investments

	Notes	2015 \$'000	2014 \$'000
Cash and Cash Equivalents			
Cash at Bank and on Hand		280	7,436
QTC Cash Fund		14,695	9,161
Total Cash and Cash Equivalents		<u>14,975</u>	<u>16,597</u>
Restricted Cash, Cash Equivalents and Investments			
Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include: Internally imposed Expenditure Restrictions at the reporting date:			
Future Capital Works		618	-
Future Asset Replacement		3,836	-
Future Recurrent Expenditure		30	-
Total Internal Restrictions		<u>4,484</u>	<u>-</u>
Total Unspent Restricted Cash, Cash Equivalents and Investments		<u>4,484</u>	<u>-</u>

Note: These Restrictions were previously allocated to Reserves

Cash is held at Westpac Banking Corporation in a Business Cheque Account and a Business Cash Reserve Account. The bank currently has a rating of AA2. A small amount of cash is held with the Heritage Bank which has a rating of A3.

Surplus cash requirements are deposited at Queensland Treasury Corporation in a Cash Fund Account which has a AAA rating.

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 11. Trade and Other Receivables

	2015	2014
Notes	\$'000	\$'000
Current		
Rateable Revenue and Utility Charges	362	573
Other Debtors	3,718	3,845
Prepayments	110	-
Total	<u>4,190</u>	<u>4,418</u>
less: Provision for Impairment		
Rateable Revenue and Utility Charges	(5)	(9)
Other Debtors	(1)	(1)
Total Provision for Impairment - Receivables	<u>(6)</u>	<u>(10)</u>
<u>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</u>	<u><u>4,184</u></u>	<u><u>4,408</u></u>

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

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 12. Property, Plant and Equipment

30 June 2015	Measurement Basis	Note	Capital Work in Progress		Land		Buildings		Plant and Equipment		Furniture and Fittings		Water Supply Network		Other Infrastructure Assets		Transport Infrastructure		Urban Waste Water Network		Total	
			\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost/FV	\$'000	Cost/FV	\$'000	Cost/FV
	Opening Gross Balance - at Cost		2,384	-	-	14,182	775	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,341
	Opening Gross Balance - at Fair Value		-	5,341	31,030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330,157
	Opening Gross Balance		2,384	5,341	31,030	14,182	775	775	14,182	16,650	16,650	16,650	31,123	223,286	223,286	223,286	223,286	223,286	223,286	22,727	22,727	347,498
	Additions*		-	30	341	1,086	96	352	352	3,517	3,517	3,517	4,834	4,834	4,834	4,834	4,834	4,834	536	536	10,792	
	Disposals	9	-	(5)	-	(2,147)	(455)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,607)
	Revaluation Decrements to Equity (ARR)	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,383)
	Work in Progress Additions		10,706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,706
	Work in Progress Capitalised		(10,823)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,823)
	Total Gross Value of Property, Plant and Equipment		2,267	5,366	31,371	13,121	416	27,463	20,167	202,724	19,288	19,288	202,724	202,724	202,724	202,724	202,724	202,724	202,724	19,288	19,288	322,183
	Opening Accumulated Depreciation		-	-	6,930	5,475	519	14,714	2,542	108,061	11,581	11,581	108,061	108,061	108,061	108,061	108,061	108,061	11,581	11,581	149,822	
	Depreciation Expense	8	-	-	409	1,024	19	608	283	2,854	271	271	2,854	2,854	2,854	2,854	2,854	2,854	271	271	5,468	
	Disposals	9	-	-	-	(1,435)	(360)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,795)
	Revaluation Decrements to Equity (ARR)	17	-	-	-	-	-	-	(2,269)	-	-	-	-	-	-	-	-	-	-	-	-	(82,320)
	Total Accumulated Depreciation and Impairment Property, Plant and Equipment		-	-	7,339	5,064	178	13,053	2,825	33,904	8,812	8,812	33,904	33,904	33,904	33,904	33,904	33,904	8,812	8,812	71,175	
	Total Net Book Value of Property, Plant and Equipment		2,267	5,366	24,032	8,057	238	14,410	17,342	168,820	10,476	10,476	168,820	168,820	168,820	168,820	168,820	168,820	10,476	10,476	251,008	
	*Asset Additions Comprise																					
	Asset Renewals		-	-	122	-	84	1	3,517	1,113	506	506	1,113	1,113	1,113	1,113	1,113	1,113	506	506	5,343	
	Other Additions		-	30	219	1,086	12	351	-	3,721	30	30	3,721	3,721	3,721	3,721	3,721	30	30	5,449		
	Total Asset Additions		-	30	341	1,086	96	352	3,517	4,834	536	536	4,834	4,834	4,834	4,834	4,834	536	536	10,792		

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 12. Property, Plant and Equipment

30 June 2014	Measurement Basis	Note	Capital Work in Progress		Land		Buildings		Plant and Equipment		Furniture and Fittings		Water Supply Network		Other Infrastructure Assets		Transport Infrastructure		Urban Waste Water Network		Total		
			\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost/FV	\$'000	Cost/FV	\$'000	Cost/FV	\$'000
	Opening Gross Balance - at Cost		1,247	-	-	14,418	-	772	-	-	-	-	-	-	-	-	-	-	-	-	-	16,437	
	Opening Gross Balance - at Fair Value		-	5,240	29,831	14,418	29,831	1,262	1,418	30,553	772	30,553	11,475	231,923	21,934	231,923	21,934	21,934	21,934	21,934	21,934	330,956	
	Opening Gross Balance Additions*		1,247	5,240	29,831	14,418	29,831	1,262	1,418	30,553	772	30,553	11,475	231,923	21,934	231,923	21,934	21,934	21,934	21,934	21,934	347,393	
	Disposals	9	-	101	1,054	(1,498)	(80)	(1,498)	213	3	3	5,045	-	22,092	556	(26,488)	-	(26,488)	-	-	-	30,326	
	Revaluation Increments to Equity (ARR)	17	-	-	225	-	-	225	-	-	-	357	130	(4,241)	237	(4,241)	-	(4,241)	-	-	-	(28,066)	
	Work in Progress Additions		19,198	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,292)	
	Work in Progress Capitalised		(18,061)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,198	
	Total Gross Value of Property, Plant and Equipment		2,384	5,341	31,030	14,182	31,030	14,182	775	31,123	775	31,123	16,650	223,286	22,727	223,286	22,727	22,727	22,727	22,727	22,727	347,498	
	Opening Accumulated Depreciation	8	-	-	6,894	5,560	6,894	5,560	495	18,644	495	18,644	2,330	121,115	12,117	121,115	12,117	12,117	12,117	12,117	12,117	166,955	
	Depreciation Expense	9	-	-	339	931	339	931	24	469	24	469	250	2,764	238	(14,883)	-	(14,883)	-	-	-	5,015	
	Disposals	17	-	-	(18)	(1,016)	(85)	(1,016)	-	(4,399)	-	(4,399)	(38)	(935)	(774)	(935)	-	(935)	-	-	-	(15,917)	
	Revaluation Increments to Equity (ARR)		-	-	(85)	-	(85)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,231)	
	Total Accumulated Depreciation and Impairment Property, Plant and Equipment		-	-	6,930	5,475	6,930	5,475	519	14,714	519	14,714	2,542	108,061	11,581	108,061	11,581	108,061	11,581	11,581	11,581	149,822	
	Total Net Book Value of Property, Plant and Equipment		2,384	5,341	24,100	8,707	24,100	8,707	256	16,409	256	16,409	14,108	115,225	11,146	115,225	11,146	115,225	11,146	11,146	11,146	197,676	
	*Asset Additions Comprise		-	-	934	-	934	-	-	213	-	213	141	22,092	556	-	-	-	-	-	-	-	23,936
	Asset Renewals		-	101	120	1,262	120	1,262	3	-	3	-	4,904	-	-	-	-	-	-	-	-	-	6,390
	Other Additions		-	101	1,054	1,262	1,054	1,262	3	213	3	213	5,045	22,092	556	-	-	-	-	-	-	-	30,326
	Total Asset Additions		-	101	1,054	1,262	1,054	1,262	3	213	3	213	5,045	22,092	556	-	-	-	-	-	-	-	30,326

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 13. Fair Value Measurements

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

- Property, plant and equipment
 - Land and land improvements
 - Buildings
 - Other Infrastructure Assets
 - Transport Infrastructure
 - Water Supply Assets
 - Urban Waste Water

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 18 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 13. Fair Value Measurements (continued)

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts \$'000	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2015					\$'000
Property, Plant and Equipment					
- Land	30/06/14	-	2,969	2,397	5,366
- Buildings	30/06/14	-	-	10,664	10,664
- Buildings	30/06/14	-	13,464	-	13,464
- Other Infrastructure Assets	30/06/14	-	-	17,342	17,342
- Transport Infrastructure	30/06/15	-	-	168,820	168,820
- Water Supply	30/06/15	-	-	14,410	14,410
- Urban Waste Water	30/06/15	-	-	10,476	10,476
Total Property, Plant and Equipment		-	16,433	224,109	240,542
2014					
Property, Plant and Equipment					
- Land	30/06/14	-	2,944	2,397	5,341
- Buildings	30/06/14	-	-	10,637	10,637
- Other Buildings	30/06/14	-	13,464	-	13,464
- Other Infrastructure Assets	30/06/14	-	-	14,108	14,108
- Transport Infrastructure	30/06/14	-	-	115,225	115,225
- Water Supply	30/06/14	-	-	16,409	16,409
- Urban Waste Water	30/06/14	-	-	11,146	11,146
Total Property, Plant and Equipment		-	16,408	169,922	186,330

(2) Transfers between Level 1 and Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Council's policy for determining transfers between Fair Value hierarchies is:

- at the end of the reporting period.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 13. Fair Value Measurements

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Land (Level 2)

Land fair values were determined by Balonne Shire Council, effective 30 June 2015. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use. The 2015 financial year was an indexed based valuation with a formal one to be undertaken by 30 June 2016. Land and land improvement assets were independently valued as at 30 June 2013 at their fair value by Australia Pacific Valuers Pty Ltd.

Land under infrastructure and reserve land does not have a value for the purpose of the Balonne Shire Council's Financial Statements.

Land (Level 3 only), Buildings (Level 2 and 3) and Other Infrastructure Assets (Level 3 only)

The fair value of land and land improvements, buildings and other infrastructure assets was determined by Balonne Shire Council, effective 30 June 2015. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre. The 2015 financial year was an indexed based valuation with a formal one to be undertaken by 30 June 2016. Management considers that land valuations did not change materially between 30 June 2013, 2014 and 2015.

Where Council land, buildings and other structures are of a specialist nature and there is no active market for these assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of these types of assets is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of these assets is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. The average cost of construction used to calculate the gross current value of Council's buildings was \$1,300/sqm for timber residential buildings, \$1,500/sqm for brick residential buildings, \$1,600/sqm for single brick commercial buildings and \$1,800/sqm for double brick commercial buildings.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 13. Fair Value Measurements (continued)

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Condition Rating	New - 5 (0%-100%)	The lower the condition rating, the lower the Fair Value

As per AASB 13, Balonne Shire Council has presented land and buildings on the basis that reflects highest and best use. There were no transfers into or out of level 3 of the fair value hierarchy.

Roads, Water and Sewer Assets

Roads, Water and Sewer Assets were independently valued as at 30 June 2015 by AssetVal Pty Ltd.

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 AASB13 Fair Value Measurement. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Due to the predominantly specialised nature of Local Government Assets, the roads, water and sewer asset valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13 Fair Value Measurement. 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.
- 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 useful life, and asset condition) were also required (level 3).

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 13. Fair Value Measurements (continued)

The Condition rating inputs that have been requested by the Balonne Shire Council can be defined in the following table:

Description	Percentage of life remaining
5 Very high level of remaining service potential	80-100%
4 High level of remaining service potential	60-80%
3 Adequate level of remaining service potential	40-60%
2 Barely adequate level of remaining service potential	20-40%
1 Total end of life	0-20%

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.

Roads

Calculation of Current Replacement Cost

The roads were componentised into formation, gravel/pavement and seal with unit rates applied to the individual components in order to determine the replacement cost.

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

Accumulated Depreciation

A sample of the roads were visually inspected by the Valuer. No testing or measurement of defects or condition was undertaken. An assessment of remaining useful life was made by the Valuer taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Percentage of Assets Inspected

A sample (approximately 10%) of the roads were inspected as part of the valuation.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 13. Fair Value Measurements (continued)

Impact of Unobservable Inputs

The Valuer has undertaken a sensitivity analysis to observe the impact of unobservable inputs to Fair Value. Our analysis is summarised in the following tables:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Number of Labour Hours	5-100 hr/m ²	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependant of type and application	The higher the usage quantities, the higher the Fair Value
Condition Rating	1-5 As specified	The lower the condition rating, the lower the Fair Value
Remaining useful Life	1-108 years	The longer the remaining life, the higher the Fair Value

Bridges

Calculation of Current Replacement Cost

Bridges were componentised with unit rates applied to the individual components in order to determine the replacement cost.

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

Accumulated Depreciation

The bridges were visually inspected as part of the valuation process. No testing or measurement of defects or condition was undertaken. An assessment of remaining useful life was made by the Valuer taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Percentage of Assets Inspected

All of the bridge assets were inspected as part of the valuation.

Impact of Unobservable Inputs

The Valuer has undertaken a sensitivity analysis to observe the impact of unobservable inputs to Fair Value. Our analysis is summarised in the following tables:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Number of Labour Hours	5-100 hr/m ²	The higher the labour hours, higher the Fair Value

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 13. Fair Value Measurements (continued)

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Raw material usage quantities	Varies dependant of type and application	The higher the usage quantities, the higher the Fair Value
Condition Rating	1-5 As specified	The lower the condition rating, the lower the Fair Value
Remaining useful Life	0-287 years	The longer the remaining life, the higher the Fair Value

Water & Sewer

Calculation of Current Replacement Cost

The water and sewer assets were componentized and valued independently, with allowances for complexity, size, function and site factors. As a check these components are generally combined into a lump sum item and compared against recent similar projects and in-house databases.

Accumulated Depreciation

An assessment of remaining useful life was made by the Valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors. Where necessary, further guidance on remaining life was sought from council engineering staff.

Percentage of Assets Inspected

95% of the above ground active water & sewer assets were inspected as part of the valuation. A large sample of the above-surface passive assets were inspected.

Impact of Unobservable Inputs

The Valuer has undertaken a sensitivity analysis to observe the impact of unobservable inputs to Fair Value. Our analysis is summarised in the following tables:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Number of Labour Hours	5-100 hr/unit	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependant of type and application	The higher the usage quantities, the higher the Fair Value
Condition Rating	1-5 As specified	The lower the condition rating, the lower the Fair Value
Remaining useful Life	1-270 years	The longer the remaining life, the higher the Fair Value

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 13. Fair Value Measurements (continued)

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Land \$'000	Buildings \$'000	Total \$'000
Opening Balance - 1/7/13	5,240	23,138	28,378
Revaluation Increment	-	310	310
Disposals	-	(62)	(62)
Transfers from WIP	101	1,054	1,155
Depreciation	-	(339)	(339)
Closing Balance - 1/7/14	5,341	24,101	29,442
Adoption of AASB 13	5,341	24,101	29,442
Purchases (GBV)	30	340	370
Disposals (WDV)	(5)	-	(5)
Depreciation and Impairment	-	(409)	(409)
Closing Balance - 1/7/15	5,366	24,032	29,373

(5). Valuation Processes

Council's valuation policies and procedures are outlined in the Non-Current Assets Statement of Accounting Policy. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 11.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 14. Trade and Other Payables

	Notes	\$'000	\$'000
Current			
Creditors and Accruals		518	1,617
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>		<u>518</u>	<u>1,617</u>

Note 15. Borrowings

Current			
Loans - Queensland Treasury Corporation		225	269
<u>TOTAL CURRENT BORROWINGS</u>		<u>225</u>	<u>269</u>
Non-current			
Loans - Queensland Treasury Corporation		3,426	3,652
<u>TOTAL NON-CURRENT BORROWINGS</u>		<u>3,426</u>	<u>3,652</u>

Reconciliation of Loan Movements for the year Loans - Queensland Treasury Corporation

Opening Balance at Beginning of Financial Year	3,921	4,221
Principal Repayments	(270)	(300)
Book value at end of financial year	<u>3,651</u>	<u>3,921</u>

The QTC loan market value at the reporting date was \$4,003,801.12. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Loan Disclosures

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$AU denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 30 September 2021 to 18 September 2032.

There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2015

Note 16. Provisions

	Notes	2015 \$'000	2014 \$'000
Current			
Annual Leave		878	840
Long Service Leave		1,039	946
Other Entitlements		38	38
<u>TOTAL CURRENT PROVISIONS</u>		<u>1,954</u>	<u>1,824</u>
Non-current			
Long Service Leave		144	162
<u>TOTAL NON-CURRENT PROVISIONS</u>		<u>144</u>	<u>162</u>

Details of movements in Provisions:

Class of Provision	Opening Balance as at 01/07/2014	Additional Provision	Decrease due to Payments	Closing Balance as at 30/06/2015 \$'000
Annual Leave	840	571	(533)	878
Long Service Leave	1,108	167	(92)	1,183
Other Leave	38	38	(38)	38
<u>TOTAL</u>	<u>1,986</u>	<u>775</u>	<u>(663)</u>	<u>2,098</u>

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 17. Asset Revaluation Reserve

	Notes	2015 \$'000	2014 \$'000
Movements in the asset revaluation reserve:			
Balance at beginning of financial year		137,184	134,245
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings		-	310
Water Supply Network		(1,743)	4,756
Other Infrastructure Assets		-	168
Transport Infrastructure		51,615	(3,306)
Urban Waste Water Network		(935)	1,011
	12	<u>48,937</u>	<u>2,939</u>
Balance at end of financial year		<u>186,121</u>	<u>137,184</u>

Asset revaluation reserve analysis

The closing balance of the Asset Revaluation Reserve comprises the following asset categories:

Land		5,960	5,960
Buildings		13,896	13,896
Land Held for Resale		29	29
Plant and Equipment		1,498	1,498
Furniture and Fittings		307	307
Water Supply Network		17,901	19,644
Other Infrastructure Assets		3,551	3,551
Transport Infrastructure		131,828	80,212
Urban Waste Water Network		11,151	12,087
Balance at end of financial year		<u>186,121</u>	<u>137,184</u>

Note 18. Retained Surplus

Movements in the retained surplus:

Retained Surplus at Beginning of Financial Year		70,453	56,485
Net Result Attributable to Council		3,692	14,233
Transfers (to)/from Capital Reserves for Future Capital Project Funding, or from Reserves Funds that have been Expended or Closed:			
	19	-	(267)
Asset Replacement Reserve		-	2
Constrained Works Reserve		-	-
Other Movements:			
Transfer from Reserves to Retained Surplus		3,893	-
Retained surplus at end of financial year		<u>78,038</u>	<u>70,453</u>

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 19. Reserves

Notes	2015 \$'000	2014 \$'000
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Council's Cash, Cash Equivalents and Investments are subject to a number of External and Internal Restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these Restrictions using a system of Reserves.

On 20 March 2015, Council passed a resolution to close all existing Reserves and account for these Restrictions using an Internal Management Accounting System.

The Reserves that have been transferred to Council's Cash, Cash Equivalents and Investment Restrictions are disclosed in Note 10.

Reserves held for funding future capital exp:

Future Capital Works Reserve	-	618
Asset Replacement Reserve	-	3,220
Constrained Works Reserve	-	55
	<u>-</u>	<u>3,893</u>
<u>TOTAL RESERVES</u>	<u>-</u>	<u>3,893</u>

Movements in reserves:

	Opening Balance as at 01/07/2014 \$'000	Tfr from Retained Surplus \$'000	Closing Balance as at 30/06/2015 \$'000
Capital Reserves			
Future Capital Works Reserve	618	(618)	-
Asset Replacement Reserve	3,220	(3,220)	-
Constrained Works Reserve	55	(55)	-
Total Capital Reserves	<u>3,893</u>	<u>(3,893)</u>	<u>-</u>
<u>TOTAL RESERVES</u>	<u>3,893</u>	<u>(3,893)</u>	<u>-</u>

(1) Transferred to Retained Surplus after Reserve was closed. This Reserve is now disclosed as Restricted Cash, Cash Equivalents and Investments in Note 10.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 20. Commitments for Expenditure

Notes	2015 \$'000	2014 \$'000
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(a) Operating leases (Non Cancellable)

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

Within one year	-	1
One to five years	-	6
	<u>-</u>	<u>7</u>

(b) Contractual commitments

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

Garbage Collection Contract	365	350
Hutt Street Pump Station	900	1,600
	<u>1,265</u>	<u>1,950</u>

Note 21. Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland Local Government Worker's Compensation Self-Insurance Scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$122,476.34.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 22. Superannuation

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

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

The Scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

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

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

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

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

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

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 22. Superannuation (continued)

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

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

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

	Notes	2015 \$'000	2014 \$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	5	600	602

Note 23. Operating Lease Income

The minimum lease receipts are as follows:

Not later than one year	24	44
One to five years	108	202
	<u>132</u>	<u>246</u>

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 24. Trust Funds

	2015	2014
Notes	\$'000	\$'000
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	1	1
Security Deposits	231	235
	<u>232</u>	<u>236</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.

Note 25. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

Net operating result from Income Statement	3,692	14,233
Adjust for Non-cash Items:		
Depreciation and Amortisation	5,518	5,059
Net Losses/(Gains) on Disposal of Assets	2,974	11,790
Non Cash Capital Grants and Contributions	<u>(7,176)</u>	<u>(26,256)</u>
	<u>5,008</u>	<u>4,826</u>
Changes in operating assets and liabilities:		
(Increase)/Decrease in Receivables	228	5,018
Increase/(Decrease) in Provision for Doubtful Debts	(4)	5
(Increase)/Decrease in Inventories	(7)	(22)
(Increase)/Decrease in Other Assets	103	(77)
Increase/(Decrease) in Payables and Accruals	(1,099)	(3,682)
Increase/(Decrease) in Other Liabilities	1	(51)
Increase/(Decrease) in Employee Leave Entitlements	112	111
	<u>(666)</u>	<u>1,302</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	<u>4,342</u>	<u>6,128</u>

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 26. Events Occurring After Balance Sheet Date

Events that occur after the reporting date of 30 June 2015, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 12/10/15.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 27. Financial Instruments

Council has exposure to the following risks arising from financial instruments; (i) interest rate risk, (ii) credit risk, and (iii) liquidity risk.

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

Financial Risk Management

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

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

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

Council does not enter into derivatives.

Credit Risk Exposure

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State/Commonwealth bodies or financial institutions in Australia, in line with the requirements of the Statutory Bodies Financial Arrangements Act 1982.

No collateral is held as security relating to the financial assets held by the Council.

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 27. Financial Instruments (continued)

	Notes	2015 \$'000	2014 \$'000
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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

Cash and Cash Equivalents	10	14,975	16,597
Receivables - Rates	11	357	573
Receivables - Other	11	3,717	3,835
Total		19,049	21,005

Cash and Cash Equivalents

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

Trade and Other Receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural, there is also a concentration in the agricultural sector.

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

	Notes	2015 \$'000	2014 \$'000
--	-------	----------------	----------------

Receivables

Fully Performing		3,537	-
Past due:			
- Less than 30 days overdue		-	1,722
- 31 to 60 days overdue		288	2,007
- 61 to 90 days overdue		2	644
- Greater than 90 days overdue		369	-
- Impaired		(6)	(10)
Total	11	4,190	4,363

Movement in Provision for Impairment of Receivables

Balance at the beginning of the year		(10)	(5)
Write off/(New provisions) recognised during the year		4	(5)
Balance at the end of the year	11	(6)	(10)

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 27. Financial Instruments (continued)

Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 15.

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 \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2015					
Trade and Other Payables	518	-	-	518	518
Loans - QTC	417	1,667	3,087	5,171	3,651
	<u>935</u>	<u>1,667</u>	<u>3,087</u>	<u>5,689</u>	<u>4,169</u>
2014					
Trade and Other Payables	1,617	-	-	1,617	1,617
Loans - QTC	476	1,667	3,496	5,639	3,921
	<u>2,093</u>	<u>1,667</u>	<u>3,496</u>	<u>7,256</u>	<u>5,538</u>

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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 27. Financial Instruments (continued)

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

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury Corporation and other financial institutions.

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

Sensitivity 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 \$'000	Net Result		Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2015					
QTC Cash Fund	14,695	146	(146)	146	(146)
Other	280	2	(2)	2	(2)
Loans - QTC	(3,652)	(37)	37	(37)	37
Net	11,323	111	(111)	111	(111)
2014					
QTC Cash Fund	9,160	91	(91)	91	(91)
Other	7,435	74	(74)	74	(74)
Loans - QTC	(3,921)	(39)	39	(39)	39
Net	12,674	126	(126)	126	(126)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 15.

Balonne Shire Council

General Purpose Financial Statements for the year ended 30 June 2015

Management Certificate for the year ended 30 June 2015

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulations) 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 Regulations 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 2 to 48, 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.



Donna Stewart

MAYOR

8 October 2015



Peter O'May

CHIEF EXECUTIVE OFFICER

8 October 2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Balonne Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Balonne Shire Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Balonne Shire Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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

Queensland Audit Office
Brisbane

Balonne Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2015

	Actual 2015	Target 2015
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Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

<u>Net Result (excluding capital items)</u>	-2.28%	0 - 10%
Total Operating Revenue (excluding capital items)		

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

<u>Capital Expenditure on the Replacement of Assets (renewals)</u>	97.71%	more than 90%
Depreciation Expense		

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

<u>Total Liabilities less Current Assets</u>	-58.45%	less than 60%
Total Operating Revenue (excluding capital items)		

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Note 1 - Basis of Preparation

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

Balonne Shire Council

Current Year Financial Sustainability Statement
for the year ended 30 June 2015

Certificate of Accuracy
for the year ended 30 June 2015

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

In accordance with Section 212(5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.



Donna Stewart

MAYOR

8 October 2015



Peter O'May

CHIEF EXECUTIVE OFFICER

8 October 2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Balonne Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Balonne Shire Council for the year ended 30 June 2015 comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Balonne Shire Council, for the year ended 30 June 2015 has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

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


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



Queensland Audit Office
Brisbane

Balonne Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2015

	Target	Actual	Forecast											
	2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		

Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)

Total Operating Revenue (excluding capital items)

0 - 10%	-2.28%	-1.95%	-16.69%	-15.11%	-10.34%	-10.29%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

> 90%	97.71%	81.50%	86.23%	93.40%	101.15%	101.99%	99.74%	99.74%	99.74%	99.74%	99.74%	99.74%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

< 60%	-58.45%	-40.25%	-34.99%	-24.66%	-34.56%	-41.73%	-70.71%	-51.31%	-51.05%	-50.80%	-50.75%	-50.75%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Balonne Shire Council 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.

Balonne Shire Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2015

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

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



Donna Stewart

MAYOR

8 October 2015



Peter O'May

CHIEF EXECUTIVE OFFICER

8 October 2015