

2017/18

Connected • Innovative • Communities



A scenic view of a riverbank with trees and a green kayak on the water. The image is used as a background for the report cover. The text is overlaid on the left side of the image.

ABOUT THIS REPORT

Our Annual Report summarises Council's 2017/18 activities, our achievements, our challenges and a snapshot for the year to come.

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 its goals and objectives. This is the last year we will report on the Corporate Plan 2013-2018 as we introduce Our Plan, Our Future - Council's Corporate Plan 2018-2023.

The *Local Government Act 2009* and Regulations advises Councils on what is required in the Annual Report each financial year. We welcome feedback from our community and key stakeholders on this report and on our performance throughout the year.

To provide feedback please contact Council on (07) 4620 8888 or email council@balonne.qld.gov.au

Acknowledgement

We acknowledge the traditional custodians of this land on which we work, live and play, and pay our respect to their cultures, their ancestors and to the elders, past, present and future.



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MESSAGE FROM OUR MAYOR

The 2017-18 year has been a busy and productive one for our Council team and Councillors.

This year saw the introduction of Community Catch-Up Days which give Councillors and Council employees the opportunity to engage with our communities and also communities to have input on what is being done in their community.

A series of Community Catch-Up Days were held in Bollon, Hebel and Dirranbandi, Mungindi and Thallon, and St George which enabled our team to inform these communities of Council's works and projects as well as provide them the opportunity to have input into strategic projects for the betterment of their communities.

Many of the projects we are now undertaking have been prioritised at these meetings and we look forward to continuing these Community Catch-Up Days to ensure projects are completed to meet community expectations.

As a team we are also working towards financial sustainability following years of posting an operating deficit which is forecast to continue into the future. To reach financial sustainability we have looked at our revenue and the need to

balance an increase in rates with the ability to source our own revenue and have been workshopping ways to achieve a better outcome for all. We are working hard to investigate our depreciation, improve our asset management and set responsible service levels in an effort to contain costs – all ways which will help us reach financial sustainability.

However, the cold hard fact is that Council's revenue generated from rates, levies and charges represents 38% of our total revenue and is insufficient for long-term financial sustainability. This means we have to look further afield to supplement our income. To help in this regard Council this year engaged a Grants Officer – fully funded by the Regional Economic Diversification Program – to investigate and apply for all applicable grants to help fund projects in our shire. We have also employed an Economic Development Officer – also fully funded by the Regional Economic Diversification Program – to work with our communities and businesses to help grow the local economy over the longer term. Economic development will not happen overnight, but with consistent

planning and support our Shire will reap the benefits in the years to come.

Federal and State Government grant opportunities are continuing to diminish and many are for new infrastructure projects only. While new projects are great they also commit Council to increased depreciation and maintenance costs which in turn impact on our long-term financial sustainability. Very few grants that are available can help Council renew or maintain our current assets which would be more financially prudent.

To help alleviate the outgoings in our Budget, Balonne Shire has applied for funding to achieve accreditation to secure recoverable works with the Department of Transport and Main Roads. This will provide us with a source of income and increased opportunities for employment.

Council recognises the responsibilities it is charged with and has concentrated on creating a budget that can deliver essential services to our communities, whilst keeping rates and charges increases to a minimum. We believe that by taking a responsible approach and



being conservative with our spending that we are on the right track to reaching financial sustainability.

That being said the past 12 months has seen some welcome projects come to fruition. Some of them include:

- the major reconstruction of the Bollon-Dirranbandi Road – the link between these two towns is now sealed for the full distance
- providing support to the Thallon community for the silo art, William the Wombat and camping ground projects to help increase visitor numbers
- kerb and channelling in Murchison, Grey, Andrew and Arthur streets and Kenny Lane
- continuing upgrades in the St George CBD and River Foreshore
- increased CCTV presence to ensure our communities are safe
- implementing dual waste bin kerb-side service – there has been a great uptake in recycling since the two-bin system was introduced
- upgrading the Thallon, Bollon and Hebel libraries
- progressing the St George River Foreshore Footpath - this is now used for the weekly community Park Run and is popular with visitors and residents

- installing air-conditioning in the Thallon Hall, Bollon Civic Centre, Hebel Hall and Dirranbandi Civic Centre Supper Room
- upgrading the St George Culture Centre Kitchen Roof and installing solar panels
- installing river water meters – this will help gauge how much water is being used from the river
- continuing feral animal management activities including cluster fencing, aerial baiting and weed control
- comprehensively upgrading our Local Laws

Water is always of utmost importance in our region and with the continued drought gripping our region it was imperative for Council to lobby to ensure we had adequate water supply for our communities and producers.

Our region has had significant input into ensuring the Murray Darling Basin's Northern Basin Review revised water limit was supported by the Federal Parliament. I was involved in numerous meetings and sending of letters seeking support from parliamentarians in my role as Mayor of Balonne Shire and as chair of the Murray Darling Association (Region 12) representing the Queensland portion of the northern basin.

We were extremely grateful to receive Federal Government bipartisan support for capping the water recovery limit in the Northern Basin at 320GL. This limit was recommended by the Murray-Darling Basin Authority (MDBA) after extensive consultation with impacted communities such as Dirranbandi and St George and consideration for the environment.

Our region will now be able to concentrate on consolidating our position in relation to water availability and look to other opportunities to compensate for the loss of productivity we have already suffered. Keeping the water recovery limit at 320GL gives our residents, producers, businesses and service providers, opportunities to grow and have a positive future in the Balonne Shire.

I look forward to seeing our shire progress over the coming 12 months and assure you that the Council is doing its very best to give ratepayers the best value for their rate dollar.

**Cr Richard Marsh
Mayor**

OUR NEW VISION

Council has adopted a new Corporate Plan with a new vision for our vision, our mission, our values

In 2017/18 Council conducted a series of workshops across the Shire and produced a consultation survey as part of developing the new community and corporate plan. The result was identification of the following key community priority areas:

- 1 Youth Retention
- 2 Small Town Sustainability
- 3 Skilling and Training
- 4 Value-add Diversification
- 5 Shared Vision

Councillors then participated in an interactive workshop to establish the new key foundation areas of Our Plan, Our Future:

- 1 Community
- 2 Economy
- 3 Environment
- 4 Infrastructure
- 5 Governance

The new plan commenced on 1 July 2018.



Our Vision

Connected, innovative communities, where economies are strong and opportunities are abundant.

Our Mission

To invest in people, ignite ideas, meet our challenges and grow prosperity.

Our Values

Our values will enable us to achieve our vision and mission:

Our Customers	Our customers are the centre of everything we do; we get things done with speed, conviction and agility.
Our People	We value teamwork and interdependence; we value each other and seek benefit from diverse people and perspectives.
Our Reputation	Our reputation is our most valuable asset; we act honestly and consistently in our behaviours, actions and decisions.



OUR PURPOSE

Our purpose is to provide for the current and future residents of the Balonne Shire and visitors to our region.

We provide high-quality leadership and advocacy on behalf of our community and actively lobby for economic relief following the detrimental effects of the Murray Darling Basin Northern Basin Water Buy-Back Scheme and the continuing drought.

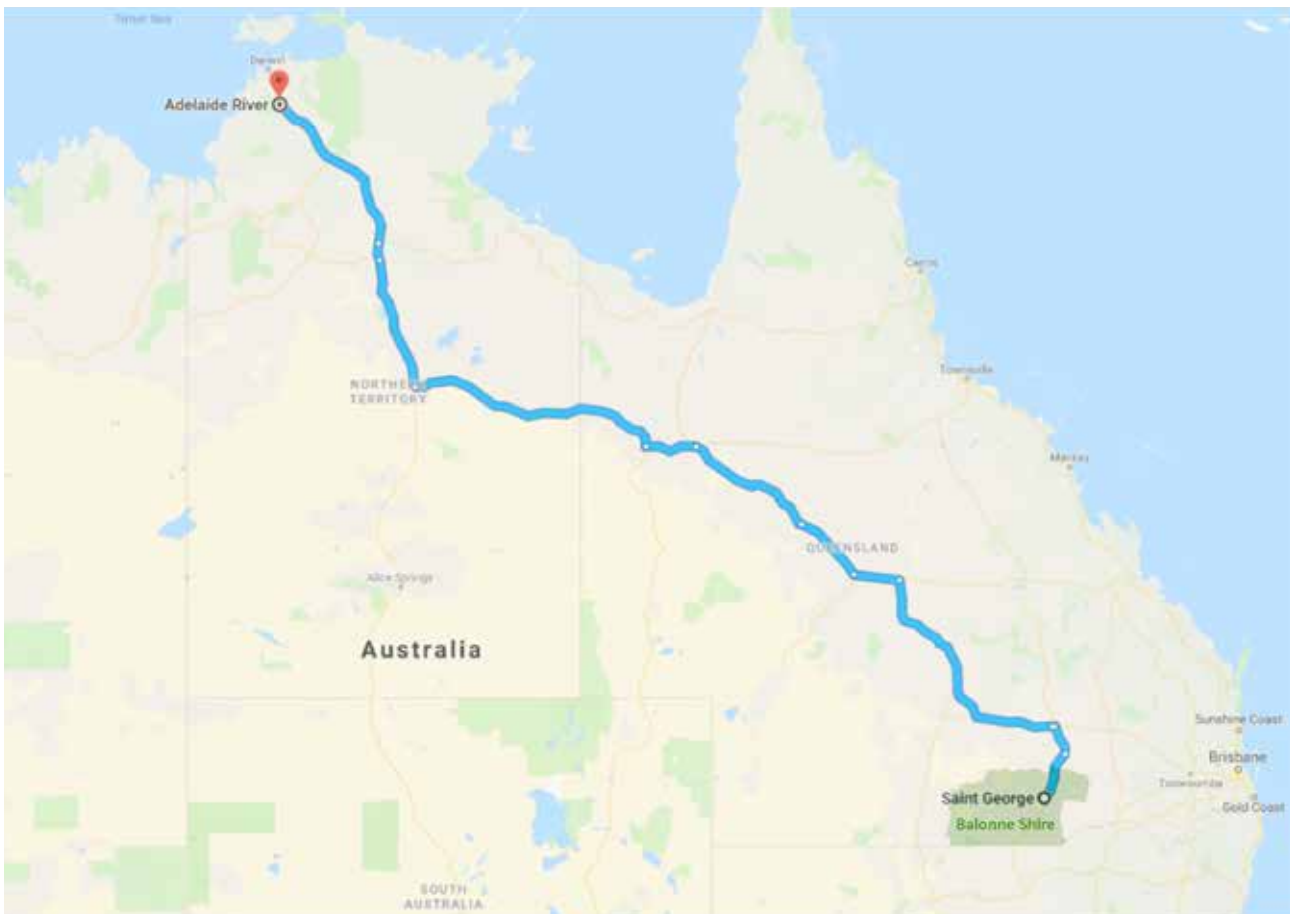
Our team provides services, facilities and activities that benefit our community - from parks and playgrounds for people of all ages, to the sporting grounds and

showgrounds that keep our residents and visitors active and entertained.

Council supplies water using both bore and river water supplies. Each town has a community hall which is maintained by Council. There is a main library in St George and library facilities in Thallon, Hebel, Bollon and Dirranbandi.

Our waste services are provided through a contract with JJ Richards and we have a number of landfill sites across the Shire.

Council works in close partnership with the Department of Transport and Main Roads to ensure our highways are well maintained. We have a comprehensive road maintenance program for our local roads. If we joined all of our roads together we would drive 3019km – about the same distance as St George to Adelaide River, just south of Darwin.





OUR REGION

The Balonne Shire is an oasis in the west - located about 500km inland from the Queensland capital, Brisbane, and is nestled in Queensland just above the New South Wales border. Our Shire serves as a bridge between the expanse of the great outback to its west, and the Great Dividing Range and capital city to its east.

Across 31,151.8km², 4480 residents call one of our seven communities home – St George, Thallon, Dirranbandi, Bollon, Nindigully, Mungindi and Hebel.

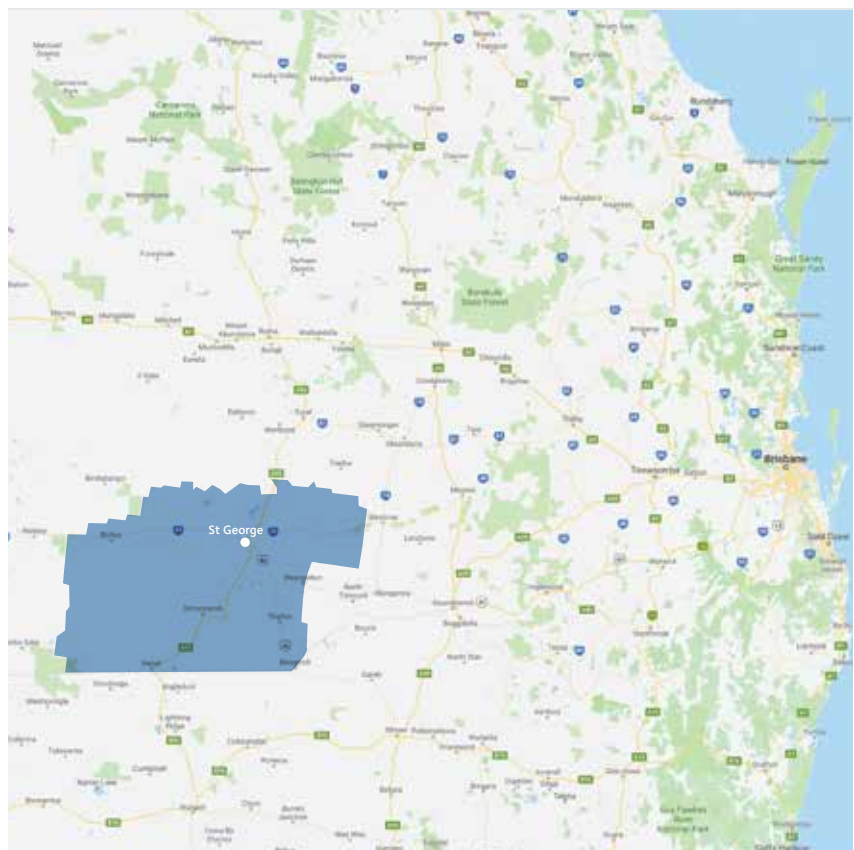
One of the unique things about our Shire is that every town is situated beside a river.

Our towns are known for their rich history, friendly locals, bird life, wide open spaces and relaxed country lifestyle.

Traditionally, the Shire's economy has been built around agriculture, in particular the production of cotton, grain, sheep and cattle.

Growth has been shown in new areas such as tourism, and horticultural crops such as grapes, onions, blueberries, broccoli, carrots and garlic.

The Shire hub, St George, sits at the intersection of six highways providing connectivity for the transportation of goods and a central meeting place for residents and the travelling public.





Population
4480
 RESIDENTS

Total Shire Output
\$672m[^]

Unemployment
5.2%

Food & Fibre Leaders
 AGRICULTURE, FISHING AND FORESTRY

51% SHIRE OUTPUT

Service Hub
 TOURISM,
 AGRICULTURE &
 KEY SERVICES

Growing our People for a Better Balonne

Business Count
852
 BUSINESSES

Committed to
 SKILLS,
 INNOVATION
 AND IGNITING
 IDEAS

Servicing
31,152km²

Statistics Source: 2016 Census and Queensland Government Statisticians Office. [^]Drought Year



OUR MAYOR



Cr Richard Marsh

Mayor

Elected to Council in July 2002 and elected Mayor in 2016.

Responsible for the portfolios of Disaster Management; Regional Road Group; Indigenous Affairs; Economic Development; Financial Management; Human Resource Management & Enterprise Bargaining; Regional Planning, Planning Scheme & Development Regulations. Chair Region 12 of the Murray Darling Basin Association Inc.

I would encourage all residents to report problems using Snap Send Solve or just send us a letter, email or make a phone call.

I thank our Senior Leadership Group and the staff for their efforts this year and for their continuous improvement as we seek to improve the efficiency and performance of our operations.

I thank Councillors for their efforts and support over the year and the time they commit to their duties and attendance at the various workshops and meetings necessary to ensure that results are achieved.

To the community, thank you also for your input and understanding as we all work to develop and improve our Shire.

Cr Richard Marsh
Mayor

OUR COUNCILLORS



Cr Fiona Gaske

Deputy Mayor

Elected to Council in 2012.

Responsible for the portfolios of Financial Management; Information Communication Technology; Human Resource Management & Enterprise Bargaining; Asset Management; Cleansing – Waste Management, Refuse Collection & Landfill; Community Safety; Cemeteries; Parks & Gardens; Economic Development; Public Health; Cultural Development inc Cultural Centre; and Libraries.



Cr Samantha O'Toole

Elected to Council in 2016.

Responsible for the portfolios of Regional Planning, Planning Scheme & Development Regulations; Water Resource Management & Urban Water & Waste Water; Asset Management; Urban Streets, Storm Water & Footpaths; Aerodromes; Environmental Health; Public Transport; Economic Development; and Recreation Facilities – Pools, Sporting Fields, Skate Park, Court Sports.



Cr Scott Scriven

Elected to Council in 2016.

Responsible for the portfolios of Regional Planning, Planning Scheme & Development Regulations; Information Communication Technology; Asset Management; Cleansing – Waste Management, Refuse Collection & Landfill; Stock Routes & Commons & Water Facilities; and Plant Pest Control and Animal Pest Control.



Cr Robyn Fuhrmeister

Elected to Council in 2016.

Responsible for the portfolios of Urban Animal Control; Tourism, Stock Routes & Commons & Water Facilities; Plant Pest Control; Animal Pest Control; Administration & Depot Buildings, Staff Housing, Buildings & Halls; Community Events; Museums; and RADF



Cr Robert Paul

Elected to Council in 2012.

Responsible for the portfolios of WORK; Shire Roads, Bridges & Drainage East; Fleet Management; and Showgrounds & Horse Sports Facilities – St George, Thallon and Nindigully



Cr Ian Todd

Elected to Council in 2016.

Responsible for the portfolios of Water Resource Management & Urban Water & Waste Water; Information Communication Technology; Workplace Health & Safety; Urban Streets, Storm Water & Footpaths; Community Safety; Great Artesian Basin; Economic Development; WORK; Shire Roads, Bridges & Drainage (West); Showgrounds & Horse Sports Facilities – Dirranbandi, Bollon & Hebel; and Fleet Management.

OUR CUSTOMERS

ADVOCATING FOR THE COMMUNITY

Our Councillors play a key role in providing the strategic direction for Council and are strong advocates on behalf of the community across a number of State and Federal issues which impact on the Shire.

Deputations with State and Federal members have included:

- Hon Mike Furner – former Minister for Local Government and Minister for Aboriginal and Torres Strait Islander Partnerships
- Hon David Littleproud, Minister for Agriculture and Water Resources
- Productivity Commission – Australia's water reform and the Murray Darling Basin
- Former Deputy Prime Minister, Hon Michael McCormack

Council also took advantage of attending the Australian Local Government Association Conference in June 2018 and met with a range of Federal members in Canberra on matters affecting the Shire.

Councillors represent the interests of Council and the community on a range of external organisations or government

working groups. Councillors also attend as many community organisation meetings as possible.

Murray Darling Basin

The Mayor is Chair of Region 12 of the Murray Darling Basin Association and Director of the Murray Darling Basin Association. The Association is an advocacy group providing the government and other bodies with input relevant to the Basin.

Council attended the public South Australian Murray Darling Basin Royal Commission on 16 May 2018, in St George. This was followed with a meeting between Councillors and Commissioner Bret Walker SC, Commissioner. As at 30 June 2018 the Commission of Inquiry was still under way.

Council advocacy – Water buy back scheme

Council expressed its disappointment of the disallowance motion on the Murray Darling Basin Plan Amendment. The Amendment would reduce the water

recovery target in the Northern Murray Darling Basin from 390GL to 320GL. Council kept up its media campaign and deputations to Federal and State Ministers to ensure that the residents, producers, businesses and service providers could have certainty in their future.

The result of Council's campaign was that 2 July 2018 Federal Parliament passed the Basin Plan Amendment keeping the water recovery target at 320GL. This has brought certainty back to our region and Council will continue its push to grow our shire's economy based on the amount of water that will be available to our region.

Council advocated for funding for long-term growth projects for diversifying industry and broadening the economic base of the Shire. The Regional Economic Development fund enabled us to employ a full-time Economic Development Officer and Grants Officer. These two positions will support Council in advocating for economic growth and maximising the attraction of grant funding.



Professional Development for our Councillors

Councillors have participated in a number of professional development sessions and regional meetings to stay across the diverse range of responsibilities Council has:

- Local Government Association Queensland (LGAQ) annual conference
- South West Regional Economic Development (SWRED) meetings
- Australian Local Government Association Regional
- Regional Assembly of Councils
- Elected Member Update

Councillors have worked with our Senior Leadership Group in workshops and committee meetings to set policy and strategic direction across a wide range of issues:

- Rates and levies reviews
- Queensland Treasury Corporation High Level Diagnostic Workshop
- Wild Dog Forum

- Local Laws
- Planning Scheme
- Budget workshops
- Corporate and Community Planning
- Councillor Portfolio workshop with the Department of Local Government
- Project planning for grant funding opportunities
- Asset management

South West Queensland Local Government Association

The Balonne Shire Council is the secretariat for the SWQLGA and hosted a conference for all members in Thargomindah on 26 September 2017.





ENGAGING WITH OUR COMMUNITY

We have engaged with our community on a range of topics over the past 12 months, changing the way we engage and listen to our community's needs. In addition to the website and use of social media we have been getting out into our townships for face-to-face meetings.

Community Catch-up Days were first introduced in September 2017 where all Councillors and Senior Leadership Group visit one of the townships in the Shire for a public meeting. Four meetings were held in 2017/18. This interactive catch up has proven very successful with strong attendance from each town. The relaxed format provides individuals, community groups and residents an opportunity to meet their elected representatives and the executive team. An agenda is prepared in advance inviting people to have their say, ask questions of Council or discuss the needs and future opportunities for our outlying communities.

Extensive community consultation has also occurred with respect to:

- Revising our Local Laws;
- Introduction of a new Waste Service (including recycling bins)
- Revised Planning Scheme; and
- Wild Dog Cluster Fencing



Community catch-up day in Bollon



Community catch-up day in Dirranbandi



Improved customer service

We have improved our customer service through a variety of methods such as improving information on our website and the introduction of service requests and Snap Send and Solve app.

Council promotes the use of the free mobile phone application Snap Send Solve by residents. This lets people report issues and provide feedback to us via their mobile phones. All reports from Snap Send Solve are sent from the app using your email address. You can take a picture and it will record the GPS co-ordinates and send us an email.

Once received the email is registered into our service request system. Customers receive an acknowledgement and reference number and our team action the request and respond to you upon completion.

Service Requests implemented

Council now has a full year of reporting on the number of service requests.

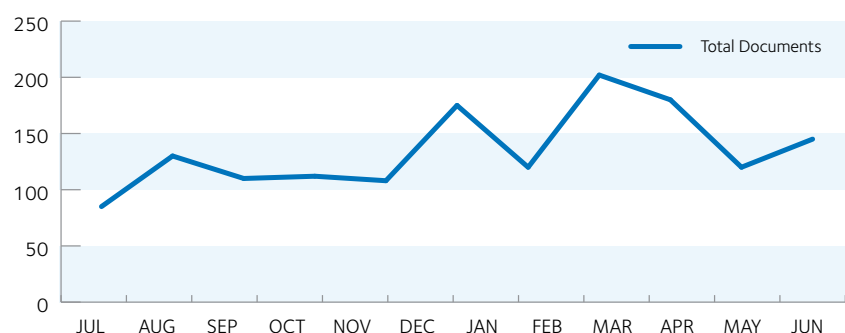
Our response rate is improving and remains a focus of management to ensure a high standard of customer service. We are also collecting information on the number of compliments received.

A majority of our requests relate to animal management and roads.

Website	2015/16	2016/17	2017/18
Sessions	38,938	39,675	36,755
Unique Users	19,958	21,616	20,927
Page Views	97,915	105,726	90,749

Social Media Platform	No of Followers		
	2015/16	2016/17	2017/18
Facebook	1337	1574	2418
Twitter	30	74	191

Number of Service Requests 2017/2018



Compliments



OUR PEOPLE

CEO ANNUAL REPORT MESSAGE

Over the past 12 months Balonne Shire Council (BSC) has been clearly articulating to the community and its staff about Council's financial position and in particular as it relates to financial sustainability.

BSC is audited every year by independent auditors who assess Council's performance against pre-determined criteria as set by the Queensland Audit Office (QAO) and the State Government. The three primary criteria are:

- Operating surplus ratio
- Asset sustainability ratio
- Net financial liabilities ratio

BSC's overall cash position is quite healthy and Councillors and officers have done an excellent job in ensuring Council lives within its means e.g. in financial year 2015/16 cash at bank was \$17,168,000, 2016/17 \$21,616,000 and 2017/18 \$25,595,000.

It is however a very different picture when it comes to our ability to fund our depreciation. QAO submitted a report to State Parliament earlier this year which listed BSC as financially unsustainable for at least the past five years along with four other shires.

The Australian Accounting Standards dictates that even an organisation such as Council can no longer report

unfunded depreciation, but rather to be considered "sustainable" in accounting terms we must be able to fully fund all our depreciation from our own resources each and every year.

If we cast our minds back to the last series of natural disasters we had more than \$100 million dollars spent on repairing and improving our roads. This was a real windfall at the time and meant we had well-made roads on which to drive around the Shire. Unfortunately though we now have to fully fund the depreciation of all those road works which we simply cannot ever hope to do.

Depreciation applies to each and every asset that Council owns. Whether it is a park, road, sewage treatment plant, drainage, motor vehicles, buildings and the list goes on. In total last year Council reported a total of \$286 million of assets which meant our depreciation bill was in excess of \$8 million. There is simply no way we can raise that level of funding from this community without significant increases in rates.

If you own and operate a business then depreciation is in many respects a good

thing as it is an eligible expense when it comes to tax time. For Council though it is the complete opposite - a real burden.

BSC has over the past year undertaken a wide range of activities all designed to improve our financial sustainability including, but not limited to, the following:

- Full depreciation review
- Review of useful lives for buildings and roads infrastructure
- High Level Diagnostic with Queensland Treasury Corporation
- Commencement of Asset management framework
- Appointment of a grants officer to attract more funding
- Appointment of an Economic Development Officer to grow our local economy

From Council's perspective we are definitely not "talking the Shire down", but need the community to understand the true picture of Council's financial situation and to appreciate that sometimes we just can't deliver everything everyone wants.



OUR SENIOR LEADERSHIP GROUP

The Senior Leadership Group (SLG) includes our Chief Executive Officer and three Directors. SLG meets weekly to keep track of major projects, emerging issues, strategic planning and to improve communication between departments.



Chief Executive Officer

Matthew Magin

Matthew joined us in November 2016. Prior to joining Balonne Shire Council he was CEO at the Burdekin Shire Council. Matthew has extensive background in stakeholder engagement, government relations, economic development and the retail industry.



Director Finance & Corporate Services

Michelle Clarke

Michelle was officially appointed to this role in February 2017. Michelle holds a Bachelor of Law & Administration, Diploma in Local Government Financial Management and is currently completing a Graduate Certificate in Professional Accounting and a Post Graduate Certificate in Corporate Governance and Risk Management.



Director Infrastructure Services

Ross Drabble

Ross permanently joined our team in April 2017. He has an extensive background in infrastructure with government and private sectors. Ross holds an Associate Diploma in Mechanical Engineering, Bachelor of Economics, Master of Industrial Relations, Master of Business Administration and Master of Project Management.

Director Community & Environmental Sustainability

Jamie Gorry

Jamie joined us in October 2016. He has an extensive background in natural resource management and agricultural extension. Jamie holds a Bachelor of Environmental Management (Natural Systems), and is studying a Graduate Certificate in Project Management. He is a long-term resident of southern inland Queensland.



In 2017/18 Council bid farewell to Jamie Gorry, Director of Community & Environmental Sustainability. Jamie was instrumental in achieving funding for cluster fencing initiatives and led his team to achieve a number of significant milestones throughout the year. We wish Jamie all the very best in his new role with Fraser Coast Regional Council.



Dr Digby Whyte

In 2018/19 Council will welcome Dr Digby Whyte as the new Director of Community & Environmental Sustainability.

Mr Mark Stanton Acted in the position for a short period ensuring continuity of service.



OUR TEAM

It is only through our staff that Balonne Shire Council is able to achieve its corporate objectives and enhance services to our community.

Our employees are our most valuable asset and they are a major factor in contributing to a positive public image.

Council's mission is to invest in people, ignite ideas, meet our challenges and grow prosperity. We are committed to developing our staff well-being, encouraging personal and professional growth and create a safe and healthy work environment built on mutual trust, respect and integrity.

This year we reduced our staff turnover rate by 4.31%*, although it remains relatively high at 17.07% (not including casuals and part-time employees). 21 external and internal positions were advertised during the reporting period.

*The turn-over rate in 2016/17 was 21.38%.

Council thanks those employees who were part of our team in 2017/18 for their work and contribution to our Shire. We wish them all the very best in their future endeavours.

Equal Employment Opportunity

We are committed to the implementation of, and adherence to equal employment opportunity principles in all facets of our operations. We treat our employees and employment applicants fairly when making decisions on selection and promotions. These decisions are made on factors such as skills, qualifications, abilities and aptitude.

Our expected behaviours

To ensure 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 and Tool Box Talks.

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

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency

All new employees are provided with a copy of the Code of Conduct within their Induction Manual, and copies are also available on our website.

Regular updates on employment policies are provided through Tool Box Talks and staff meetings.

Developing our people

We strive to enhance the skills and capabilities of our 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 we are 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

We actively encourage our 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.

In February 2018 all staff received Workplace Bullying, Sexual Harassment, Anti-Discrimination presented by the Anti-Discrimination Commission.

Relevant staff received training from the Queensland Ombudsman on good decision making, complaints handling and conflicts of interest in May 2018.

One staff member successfully completed a Diploma in Local Government Administration and two staff members successfully completed the Diploma in Project Management provided through the Local Government Association of Queensland.

Our Manager Supervisor Group participated in a series of leadership development sessions with the Queensland Local Government Managers Australia and regularly meet to support each other.



Trainee Bobbie-Lee Dixon

Our traineeships

We employed a further three trainees for a period of 12 months from our local school leavers. Two of our previous trainees have continued on with full-time employment.

All trainees complete a Certificate in their relevant field and funding is provided through Skilling Queenslanders for Work – First Start Program.

The three traineeships are:

- Business Administration – Community & Environment
- Information Technology
- Road Construction



Trainee Jordan Parkes

Our volunteers

Our Visitor Information Centre (VIC) has 22 registered volunteers. The Visitor Information Centre relies on volunteers to cover weekends and fill in with staff leave. Our Volunteers are very valuable to the operation of the VIC. Their duties range from pricing, customer service and daily running of the information centre on weekends.

Our volunteers can sometimes volunteer from 150 hours to 210 hours a year. This may vary depending on the year and the visitor statistics.

Our staff breakfasts

This year we held three staff breakfasts. Our staff breakfasts are designed to get the entire workforce together with elected members to improve communication, share information and promote staff initiatives. Our Senior Leadership Group and elected members cook the breakfast and where appropriate we bring in guest speakers.

The staff breakfast on 15 February 2018 focussed on our employees' health & safety. This included a presentation

from the DrugARM – a service provided through the South West Hospital and Health Service to provide counselling and support in our community. Kamal Musitapa, Drug and Alcohol Counsellor spoke about addiction. Other speakers covered employee financial health, with LG Super and the Allied Health Service Dietician shared information on healthy eating habits. Work Safe Queensland delivered an important message on electrical safety.

Keeping our people safe at work

Council has continued to implement its **Drug and Alcohol Policy** conducting six days of random Drug and Alcohol tests involving 22 employees in 2017/18. Contractors have also been tested on the worksite.

We are committed to providing a workplace that is safe and without risk to the health and safety of all employees, contractors, volunteers, work-experience students, visitors and members of the public. We recognise the importance of developing and maintaining healthy and safe working conditions in all workplaces and the importance of keeping the work health and safety practices in these workplaces under constant review.

Council continues to stay focussed on Workplace Health & Safety (WH&S) and meeting the requirements of our safety management system known as "Safeplan". The WH&S Management System Plan aims to provide overall actions for reducing workplace injury, hazards and risks. Council continues to emphasise the importance of health and safety in the workplace by following the WH&S Monthly Action Plans (MAPs). The MAPs are fundamental actions that have been recognised in the WH&S Plan to be conducted each month over a biannual cycle.

OUR TEAM*	
Executive:	4
Corporate & Financial Services:	14
Community & Environmental Sustainability:	21
Infrastructure Services:	49
Composition Men:	54
Composition Women:	34
TOTAL:	88

*as at 30 June 2018



We have shared more than 45 different safety topics using Take 5 and Toolbox Talks across the entire workforce. The Take 5 concept involves staff taking five minutes to think about the job and the potential workplace hazards. These weekly messages allow supervisors and staff to consider a range of safety matters relevant to the workplace from electrical safety to manual handling.

A Health and Safety Committee meets every three months. This committee is comprised of management representatives and Health and Safety representatives, other Council officers and specialists can be called in if required.

Training was conducted for First Aid, Confined Space Entry, Traffic Management, Working at Heights, Fire Safety and a range of other requirements. Training is undertaken using internal and external professionally qualified trainers. 100% of all new staff received an induction to Council's WHS management system.

Workplace Incidents and Injuries Statistics relating to incidents and injuries during the last five financial years are shown in the table above right. There has been a significant reduction in the number of safety incidents this financial year with only five recorded compared with 16 in 2016/17.

Looking after our people

All staff and their immediate family have access to an [Employee Assistance Program](#) that provides counselling and confidential support in partnership with Assure Programs.

In memory of

After 30 years as a grader operator with Council, Mr Darrell Staines retired in May 2018 due to ill health and passed away a short time later. Darrell is sadly missed by Council and his colleagues. His family received a posthumous award for his 45 years' service to the Balonne Shire Council.

INJURY	2013/14	2014/15	2015/16	2016/17	2017/18
Strain/sprain	9	7	1	3	2
Foreign body	1	0	0	6	0
Bruise	2	1	0	3	1
Cuts / Laceration	1	1	1	2	2
Burns/scalds	0	2	0	1	0
Skin irritation	0	0	0	1	0
Weld flash	0	0	1	0	0
Puncture	2	1	0	0	0
Poisoning	1	0	0	0	0
Fracture	1	0	0	0	0



Staff training - Dealing with snakes

OUR REPUTATION

We have a range of governance functions that demonstrate openness, transparency and accountability to ensure we continuously improve our reputation in the community.

Performance Monitoring and Reporting Performance

The Operational Plan 2017/18 forms the basis of our quarterly performance reporting. These reports include progress on the implementation of our Corporate and Operational plans and financial reporting of budget performance. This will be the last year of Council reporting on the Corporate Plan 2013-18. Our new Corporate Plan 2018-2023 and Operational Plan 2018/19 is available on our website.

The primary tool for external accountability is the annual report. This document is prepared annually to show the community and interested stakeholders how successful Council has been in achieving the strategic goals and objectives outlined in the corporate plan.

The report contains detailed financial and non-financial information about Council's activities and performance. See from page 45.

Administrative Action Complaints

Council has no outstanding external review complaints with the Queensland Ombudsman in 2017/18.

Council is still receiving complaints regarding its procurement arrangements and has now engaged the services of a procurement specialist who will completely review our processes, policies and arrangements in early 2018/19.

No. of administrative complaints received	No. of complaints resolved	No. of complaints outstanding
3	2	1

Further information on our service request system and minor complaints is shown at page #

Right to Information (RTI)

Under *Queensland's Right to Information Act 2009* and *Information Privacy Act 2009*, members of the community are able to apply for access to documents held by Council (subject to statutory exemptions).

The *Information Privacy Act 2009* also allow members of the community to apply for and request amendments to documents concerning their personal affairs, where it is believed the information is incomplete, out-of-date, inaccurate or misleading.

Our Finance & Corporate Services Department receives and processes all Council's Right to Information and Information Privacy requests. In 2017/18 Council received one Information Privacy application for CCTV footage and three Right to Information applications, properly made and four Right to Information application that was not properly made.

Council received one information privacy breach complaint that had insufficient evidence provided by the complainant to investigate or substantiate.

Audit Committee

Our Audit Committee operates in accordance with the *Local Government Act 2009* (the Act), the *Local Government Regulation 2012* (the Regulation) and the Audit Committee Terms of Reference. The committee met five times during the 2017/18 financial year.

The Audit Committee reports directly to Council and is composed of four voting members. At 30 June, 2018 the Audit Committee membership comprised: Independent Chair, Mr James Hetherington, Mayor Richard Marsh, Cr Fiona Gaske and Mr Jason Quinnell (Independent Member).

The Chief Executive Officer, Director Finance & Corporate Services, Manager Finance Services and Council's Internal Auditor together with representatives of Queensland Auditor's Office attend committee meetings as standing invitees. Council's External Auditor has also attended to provide an overview of the External Audit Plan.

Audit Activities 2017/18	
Number of meetings held	5
Internal Audit Reports reviewed	1
External Audit Reports reviewed	1



Internal Audit

Council's Internal Auditors O'Reagan & Partners finished with Council in December 2017. Tenders were called in April 2018 and Arabon Audit & Assurance Pty Ltd were appointed on 28 June 2018 to perform Council's Internal Audit Function.

During 2017/18 one site visit was undertaken by O'Reagan & Partners. They completed a review of all previous audit report recommendations in December 2017.

All recommendations from our Internal and External Auditors are monitored by management and reported to the Audit Committee on a quarterly basis.

An audit module will be added to our CAMMS Integrated planning software to improve the reporting on progress of internal and external audit recommendations in 2018/19.

Risk Management

Council revised its Enterprise Risk Management Framework in July 2017 and commenced work with an external provider to undertake risk assessments across our operational areas.

Across the three Departments five risk assessments were commenced and are yet to be finalised. There was a delay in implementing a risk module to be provided by an external provider, at no cost. This project has now been terminated.

A product that aligns with our quarterly performance reporting – CAMMS integrated planning software - will be implemented in 2018/19 so that our risk assessments can be completed and reporting on the progress of risk mitigation strategies can take place on a quarterly basis.

St George Levee Bank

Progress continues to be made on the St George Levee Bank including finalisation of easements and maintenance work on the earth levee.

In 2017/18 the St George Levee Bank Advisory Committee voluntarily disbanded and Council thanked the Committee for their contribution and advice. The Advisory Committee can be congratulated on a number of key achievements:

- Improved communication with affected landholders informing Council of the key issues and concerns.
- An Independent Technical Review of the Levee Bank as constructed – the Technical Review report provided by GHD in December 2016 included valuable input from the Advisory Committee members and resulted in a number of recommendations and a full risk assessment for Council to complete as part of the ongoing maintenance activities for the levee. The Technical Review concluded that the levee generally met the current Queensland Levee Guidelines.

- An Independent Flood Model Review provided by GHD to review the flood model data and provide detailed information on individual properties. The Flood Model review concluded that the modelling was suitable and appropriate for its intended use.
- Ensuring that Council performed appropriate maintenance and that landholders were informed and given suitable notice of proposed works/entry.

Council is continuing to negotiate with affected landholders and was able to reach agreement with five landholders. In 2017/18 Council commenced compulsory acquisition for one property. Eleven easement matters remain outstanding and are at various stages of negotiation – to be progressed in 2018/19.

During 2017/18 financial year Council expended approximately \$105,000 on levee bank contingency matters to obtain valuation reports, legal advice and necessary survey plans. \$31,000 was expended on Levee Bank Maintenance. Some additional remediation works were carried out on a number of earthen levee allotments.





OUR PERFORMANCE

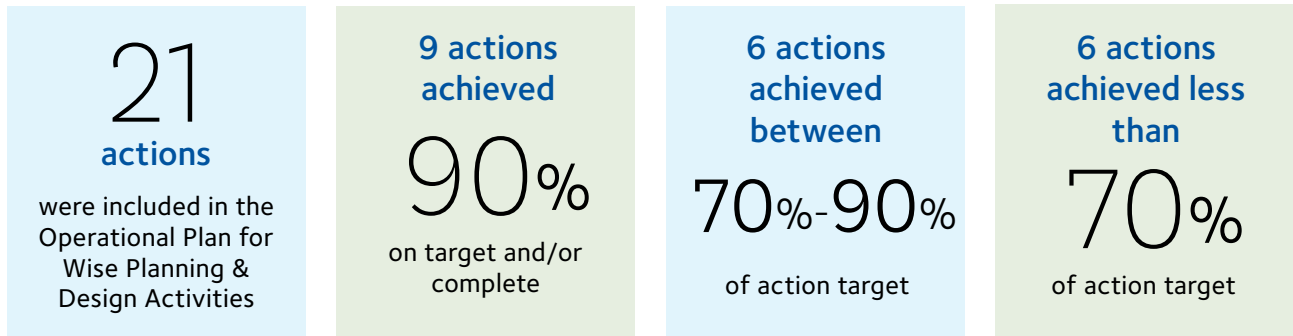
Our performance is measured against what we said we would do in our four-year Corporate Plan 2013 to 2018 and one-year Operational Plan 2016-17.

This includes the delivery of projects, programs, tasks and performance measures as well as progress towards four year term achievements.

The report is presented in the five key program areas:

- **Wise Planning and Design**
- **Strong & Resilient Communities**
- **Prosperity for All**
- **River Country Stewardship**
- **Inclusive and Ethical Governance**

WISE PLANNING AND DESIGN



Action Status



- Funding was successfully achieved to assist in gaining Department of Transport & Main Roads accreditation for contract works on State controlled roads
- Field condition data is being gathered and embodied in the annual capital program
- Bollon-Dirranbandi Road is now fully bitumen sealed following reconstruction and sealing works of the final unsealed sections
- Gravel re-sheeting works were carried out on Narine, Chelmer, Ballandool, Gunnindaddy, Cubbie, Middle and Hoolavale Roads
- Ballangarry Bridge approaches underwent major repairs
- Kerb and channelling was constructed in Murchison, Andrew and Arthur Streets and Kenny Lane.
- Public notice has been advertised to keep our critical customer register up to date. This helps us to inform customers when water services will be unavailable during routine and emergent works
- The installation of river water meters in St George was completed
- River water mains were replaced in Church and Arthur Streets.

Community Planning

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

- A strategic plan for Rowden Park was developed and will be progressed in 2018/19
- A draft Community Engagement Strategy was developed and will be finalised in 2018/19
- Workshop was held with Community Artist and Design Concepts in progress for Placemaking in our communities
- New Corporate Plan adopted 28 June 2018

Highlights and achievements

Roads and Transport

To provide efficient and effective transport and drainage infrastructure.

- Asset Management Policy and Plans are being prepared for all road and transport assets and will be finalised in 2018/19 financial year

Water and Waste Water

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

- Asset condition assessments continue for Council's water & sewerage replacement and maintenance program, within budget constraints



Building & Plumbing Services

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

- 37 Building applications were received with a value of \$6,845,185 this is significantly higher than 2016/17 that saw 26 building applications at a value of \$2,125,061
- A total of nine plumbing applications were received

Development Assessment

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

- 13 development applications were received compared with 10 received in 2016/17
- Council is working with the Department of Local Government Multiculturalism and Racing to develop a new Planning Scheme for the Shire. The Draft Planning Scheme is well under way and community consultation will take place in 2018/19.

Into the Future

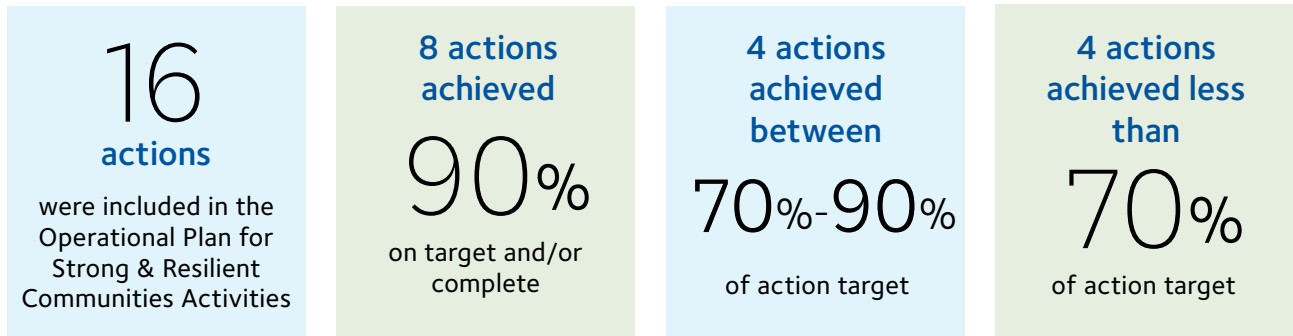
- The St George Effluent Re-use Project will be commissioned. This system will re-use treated sewage effluent water for irrigating fodder crops on land that was previously vacant. At the same time the system reduced environmental and health risk from potential overflows and seepages
- River water main upgrades in Victoria Street, St George will improve water flow and reliability

- Water rising mains in Kirby and Moore Streets, Dirranbandi will be replaced. The Dirranbandi Water Treatment Plant will also be upgraded
- An automated weather information system (AWIS) will be installed at the St George Airport. This will provide live weather information for pilots flying into St George
- Gravel re-sheeting works will take place on Honeymah Lane, Whyenbah, Cubbie, Kooroon, Secret Plains and Mitchell-Bollon Roads.

2017 / 18 Targets

Performance Measures	Annual Target	Actual
Forward looking initiatives / programs instigated	>>4	6
Road user Request for Action completed in acceptable timeframes within budget constraints	>>90%	70%
Compliance with Council's Customer Service Standards for urban water supplies	>>90%	75%
Percentage of Operational Projects completed within budget and on time	>>90%	70%
Percentage of Capital Projects completed within budget and on time	>>90%	75%

STRONG AND RESILIENT COMMUNITIES



Action Status



Highlights and achievements

Community Lifestyle

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

- Libraries in Thallon, Bollon and Hebel were renovated. Works included the construction of a kitchenette and demountable toilet at Hebel; extension, new shelving and floor coverings in the Thallon Library and new shelving and flooring at Bollon
- Apex Bar at the St George Showgrounds underwent major refurbishment
- The septic system was replaced at Thallon Sportsground, catering

to growing tourist numbers in the town. A silo viewing platform was also constructed to provide an ideal vantage point to this new attraction

- RADF – 6 approved community activities totally \$12,308
- Bollon Civic Centre was repainted and a new shade structure installed
- Air-conditioning was installed at community halls in Thallon and Bollon
- Youth Basketball workshop was held in June 2018 with 25 attendees.

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.





- The final report was completed and submitted to the Department of Natural Resources and Mines upon the completion of the Indigenous Enterprise Incubator Project
- A number of community events were held and supported by Council including Australia Day, NAIDOC week and ANZAC day
- New digital equipment was purchased for the libraries and staff attended training to use equipment. New program introduced in library, focusing on 0-5 storytelling using digital tech (a combination of traditional story time & digital literacy)
- A new outreach program was introduced to the library service.

Community Safety

To facilitate community safety and crime prevention strategies.

- Council completed Phase 1 of the CCTV Strategy at a cost of \$50,000 through the Telstra Innovation Fund and is progressing on Phase 2 using \$70,000 of Works for Queensland funding
- Get Ready funding was expended on flood-gate community sessions in St George and Bollon and two generators to give away at a Get Ready Day in St George in 2018/19
- 8 Community safety meetings were held in 2017/18.

Waste Water Analysis

The Balonne Shire Council has been involved in the National Wastewater Drug Monitoring Program since 2016.

It is through this wastewater analysis which provides a measure of the important aspects of national health – the demand for a range of licit and illicit drugs. Understand this behaviour allows governments to effectively direct resources to priority areas and also to monitor the progress of demand and supply of reduction strategies.

The Balonne Shire Council works with external agencies in these circumstances to ensure this community receives reliable data against which to judge the success of particular initiatives.

Public Health

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

- Council held community consultation sessions with all townships in the Shire on the review of our local laws. The new local laws are set to be adopted in early 2019
- Council carried out its annual clean-up day 13-15 March 2018. 10 vehicles were collected from residences in St George and Dirranbandi

- Green waste survey was carried out along with our roadside litter audits
- Authorised inspection program was undertaken that resulted in 600 more dogs being registered in the Shire
- Mosquito management program was completed.



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

- Flood mitigation continues to improve in Bollon with the levee extension project completed
- This year saw the Balonne Shire Local Disaster Management Group meet for an information session on the anthrax outbreak which occurred in our shire in April 2017. Anthrax is a naturally occurring soil-based bacteria in our shire and our producers have been proactive in vaccinating their stock to prevent any further outbreaks.
- The LDMG and Council also approved changes to the flood height alerts for St George.

Previously the Bureau of Meteorology would issue flood alerts at 4m (minor), 5m (moderate) and 6m (major) for the Balonne River at St George. These heights poorly reflected what was happening in the river and a community survey was completed to see if residents agreed



and wanted the heights increased. It was decided to increase the flood height warnings to 6m (minor), 8m (moderate) and 10m (major). These levels have now been accepted by the Bureau and will be used in future flood events. Council is currently in the process of updating the runs up the gauge to show the new

heights and will produce an informative leaflet to provide essential information to the St George community about what happens at what heights in the river. This will increase the resilience of our community in times of flood and ensure our community is prepared.



Parks and Recreation

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

- St George River Foreshore underwent major works with a 200m section of footpath replaced and widened to 3m and disability ramp constructed
- \$750,000 Works for Queensland grant received to develop a therapeutic spa at the St George swimming pool. Consultants have been engaged to develop concept plans for community consultation. Works are to be completed by June 2019
- Dirranbandi Showgrounds received a power upgrade



Into the Future

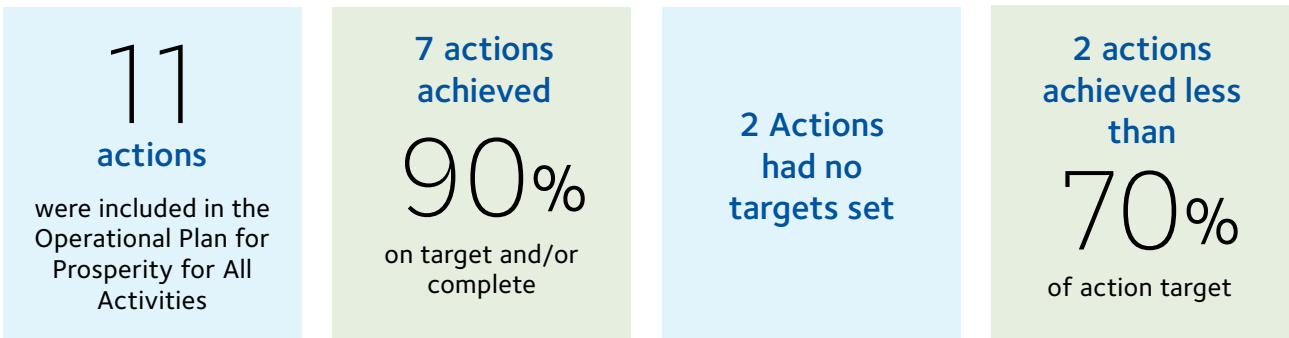
- A new kitchen building will be constructed at Bollon Showground
- Grey Street stage 3 streetscape project will be completed
- Dirranbandi Rail and River precinct stage one will enhance the beauty of the CBD area and provide additional visitor attractions
- The completion of the Dirranbandi Sports Amenities Building will provide a hub for many community sporting carnivals
- The St George River Foreshore will continue to undergo redevelopment
- St George Thermal Springs Hot Bath construction at the St George Swimming Pool Complex
- Rowden Park Grandstand upgrade
- Replacement of the final wooden horse stable at St George Showground



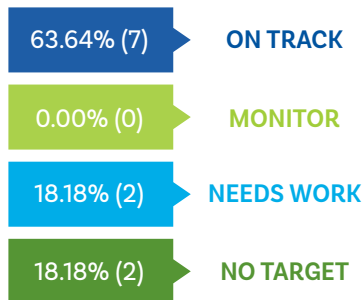
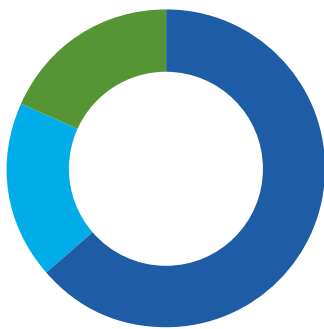
2017 / 18 Targets

Performance Measures	Annual Target	Actual
Enhancements to community facilities to increase participation and inclusion	>>12	10
Cultural activities / initiatives implemented and/or supported	>>12	12
Proactive public health initiatives implemented	>>10	12
Percentage of Operational Projects completed within budget and on time	>>90%	80%
Percentage of Capital Projects completed within budget and on time	>>90%	80%

PROSPERITY FOR ALL



Action Status



Highlights and achievements

Tourism

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

- New updated St George & Surrounds Travellers' Guide released
- Official launch of the St George & Surrounds Facebook page
- Installation of Town Entry Signage in each town in the Shire
- New town maps for Bollon, Dirranbandi and Thallon
- 2017/18 visitor statistics total 11,530, down from 2016/17 that saw 14,440 visitors
- Support South West Regional Economic Development (SWRED) in Orienting Tourism in Business
- Development of New Shire Entry Signage
- Development and Implementation of a Shire Recreational Vehicle (RV) and Freedom Camping Strategy
- Increase Volunteers programs and support at the Visitor Information Centre
- Yellowbelly Festival held at the St George Showgrounds in June 2018

- There has been an increase in the number of local town tourism tours with coach companies.

Economic Development

To foster a vibrant economic environment which facilitates the development of sustainable opportunities and business development.

- Grant funding achieved through Regional Economic Development Program for Council to engage the services of a full-time Economic Development Officer and Grants Officer for a period of two years. These two fully funded positions will provide significant opportunities for Council to leverage off State and Federal grant funding. The Economic Development Officer position will assist Council to implement the Economic Development Plan.
- St George District & Chamber of Commerce meetings attended
- Seven Better Balonne workshops held with approximately 10 participants per workshop
- Economic Development Forum held in St George in April 2018
- South West Regional Economic Development meetings attended

- Digital Connectivity project commenced. Council has formed a partnership with neighbouring Councils and awaits news on a Building Our Regions grant application for enhanced internet and mobile phone coverage in the Shire.

Commercial Services

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

- Continuation of the Road Management Performance Contract for the Department of Transport and Main Roads.

Into the Future

- Continue Road Management Performance Contract for the Department of Transport and Main Roads
- Digital Connectivity Project and Innovation Hub will be a focus for 2018/19, depending on grant funding and community consultation.

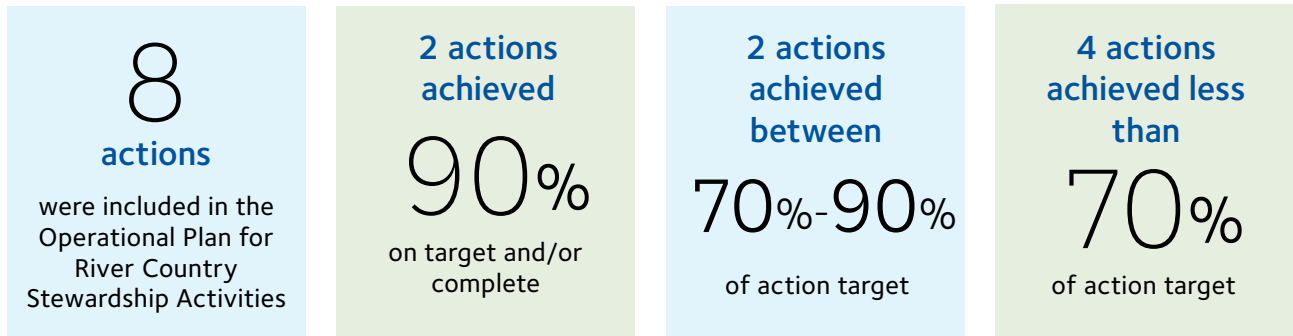
2017 / 18 Targets



Performance Measures	Annual Target	Actual
New businesses established within Balonne Shire	>>10	1
Business / workforce development initiatives undertaken	>>10	70%
Increased visitations (tourist/business/commercial) year on year	>>10%	-3%
Percentage of Operational Projects completed within budget and on time	>>90%	80%
Percentage of Capital Projects completed within budget and on time	>>90%	80%



RIVER COUNTRY STEWARDSHIP



Action Status



Highlights and achievements

Waste Management

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

- Waste Advisory Group meetings held throughout the year
- New landfill contract is due to be completed in 2018/19 with consultation and tender process under way
- Waste Recycling Plan adopted by Council

New Waste Service

From Monday 3 July 2017, the Balonne Shire Council began a new Waste and Recycle collection service to all households in the region. JJ Richards were the successful tender for this contract.

Residents with an existing 240L wheelie bin would receive a new waste bin (red lid, green body), as well as a new recycling bin (yellow lid, green body).

Council ensured residents who received a wheelie bin service had the collection date on the side of each bin as well as a collection calendar.

This service has proved very successful and the community of the Balonne Shire have embraced this waste initiative.





The new JJ Richards waste collection vehicle servicing the shire of Balonne

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.

MOSQUITO MANAGEMENT QUEENSLAND ARBOVIRUS SENTINEL SURVEILLANCE PROGRAM REPORT

The sugar-based surveillance program using CO² baited passive box traps allows effective surveillance in remote locations for Murray Valley encephalitis virus, West Nile virus kunjin subtype, Japanese encephalitis virus, Ross River virus and Barmah forest virus.

During 2018 there were eight sentinel surveillance sites supported by Queensland Health. St George is one of the selected sites across Queensland.

The overall budget for 2018 including replacing trapping equipment, consumables cost Council \$5,000. This Queensland Arbovirus Sentinel Surveillance Program has been operational for three years with demonstrated effectiveness by the detection and rapid reporting of arboviruses of human health significance. All historic data has



been collated which will assist with gaining a greater understanding of the epidemiology and ecology of these arboviruses into the future.

MOSQUITO MANAGEMENT – DENGUE FEVER

GAT program

Aedes aegypti and *Aedes albopictus* are carriers of dengue and the emerging diseases Chikungunya and Zika viruses. *Ae. aegypti* is widespread throughout urban tropical north Queensland and has been detected during infrequent surveys in many towns in sub-tropical

Queensland as far south as Goomeri and Charleville in the west. *Ae. aegypti* is predominantly a domestic, day-biting mosquito that feeds mainly on humans. *Ae. albopictus* is an exotic carrier of dengue fever that has become established on the majority of islands in the Torres Strait since its arrival in 2005, and threatens to invade the mainland.

The risk of dengue fever transmission in Queensland and other jurisdictions would be substantially increased if this mosquito became established on the mainland. Recent changes in domestic water storage behaviour along with a

significant increase in the number of imported cases of dengue fever among international travellers in Queensland contribute to the increased risk of dengue fever outbreaks.

The Darling Downs Public Health Unit provided GATs to Balonne Shire Council for use in mosquito surveillance. Council staff were provided with background on the surveillance program and training on the use of GATs by Darling Downs Public Health Unit staff, in November 2014. Queensland Health developed guidelines to outline the methodology for GAT surveillance and to assist local government with the deployment of GATs.

Rural Services

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

STOCK ROUTES

- Capital works for 2017/2018 included night yards constructed at 'Golonga', Wiagally, Thurragi Dam, Boombah 2 & Boombah 4 dams



- Replacement of old windmill at 'Mulga View' with solar pump and panels. Overall expenditure around \$70,000 for the stock route network
- Capital works expressions of interest for 2018/2019 included new night yard at Nindigully Reserve, replacement of 2 x 5000 gallon tanks at 'Bandy Andy' Reserve and the replacement of 3 x tanks and 1 x trough at "Mulga View " water facility.

DROVER ACTIVITY

- 23 Queensland travel permits issued by Balonne Shire Council over the reporting period – estimated amount of cattle through the stock route network are approximately 22,000. This amount of cattle during drought has led to a decrease in pasture on the major and secondary stock routes, however all drovers got through with little fuss. The major reason for such a large amount of cattle being moved by hoof is because New South Wales is facing one of its worst droughts since settlement.



Drover leading cattle near Whyenbah Road and below old half-moon cattle trough will be replaced under capital works.



Bill Skinner drover from Warialda with 1000 head of mixed breed cattle at Clonard.

PEST MANAGEMENT & 1080 BAITING CAMPAIGNS

- 2 x 1080 co-ordinated baiting campaigns conducted in the reporting period with about 50-60% of landholders within the Balonne Shire boundary participating for wild dog and fox control. The first campaign was late October 2017 followed by the second campaign in late April 2018. Approximately 8400kg of bait product (Sheep hearts) were delivered on ground for both campaigns
- Pulse baiting for wild dogs, foxes and feral pigs (individual landholder bait) declined significantly over the reporting period most probably from the ongoing drought
- Balonne Shire Council and Maranoa Regional Council was successful in late 2017 in receiving funding from QFPI (Queensland Feral Pest Initiative) to conduct aerial baiting campaigns and Peri urban animal control projects. In April 2018 the Manager of Rural Services commenced on ground visits to land holders in both Shires targeting the boundary of the Balonne Shire and Maranoa Regional Council around the AGL Silver Springs camp where wild dog activity has been noticed on a large scale. About 12 properties in both Shires have collaborated with Shire officers with the placement off 32 field cameras to collect valuable data on all feral predator species especially wild dogs and their populations within the target zone. Once data is collected a helicopter will drop factory baits on specific areas in late September 2018
- During the reporting period there has been a massive increase in the construction of wild dog exclusion fencing within the Balonne Shire Council and strategically on the border with Maranoa Regional Council. Since SWNRM funded the construction of wild dog fences



Kahli Boyce (Rural Services trainee) and James Scriven baiting at Bollon airfield for wild dog campaign.



Wild dog baiting is one of the ways Council and State Government agencies are tackling this pest.

to the North West some three years ago recent funded projects like 'Barrier to the Border Project' (QFPI – Balonne/Maranoa joint EOI project) has seen the North –Bollon Cluster (1) the Calgoa Cluster (2) and the Woollerina – Yendon Cluster (3) being the successful candidates. Late last financial year EOIs that were unsuccessful, but were considered strategic, received funding from REDP (Regional Economic Diversification Program) approximately \$635,000 of funding for the three successful cluster syndicates – 'Woollerian/Yendon cluster, East Thomby Cluster & Homestead/Wingi Jimmi Cluster. Also Balonne Shire Council has sent out EOIs to possibly use the current rates loan scheme that Longreach Shire Council has develop with QTC. At this stage 122 official EOIs have been returned and Balonne Shire Council is negotiating a business plan with QTC to see if it is feasible to move forward

- As a result of construction of several wild dog exclusion fences and clusters the Balonne Shire Council introduced a new 'GRID AND WILD DOG WING" policy to ensure duty of care to the travelling public. The policy enables the landholder to construct new grids and dog wings that follow Queensland Main Roads specs (Road Corridor permit applications) both on main roads within the Balonne Shire but also Balonne Shire Council controlled roads and road reserves were fences will intersect. The policy was passed by Council in May 2018.



Rural Services Manager inspects wild dog wings on the Balonne Highway were wild dog exclusion fence intersects main road (Mourilyan).



Landholders to the far west of the Balonne Shire converse with Shire officers for the placement of new grids and dog fence wings.

WEED MANAGEMENT

- The Balonne Shire Council Rural Services were successful in gaining approximately \$75,000 from Queensland Main Roads during the reporting period to spray road reserves targeting tree pair, African box thorn and mother of millions and diverse range of cacti. Main Roads also funded the Balonne Shire Council a further \$25,000 for the renewal of fire breaks, all funds were used at the end of the 2017/2018 reporting period. QMDC Aboriginal Rangers were sub contracted by Balonne Shire Council to deliver their spraying services during the project
- QMDC in collaboration with Balonne Shire Council also funded approximately \$17,000 to modify the existing wash-down facility with an Av data card unit to atomise the unit by the end of September 2018. A further \$35,000 has been allocated to monitor, map and spray problem area parthenium infestations 'Bindle Reserve' in September 2018.



Balonne Shire Council wash down-bay in action – soon to be automated with Av –data card.

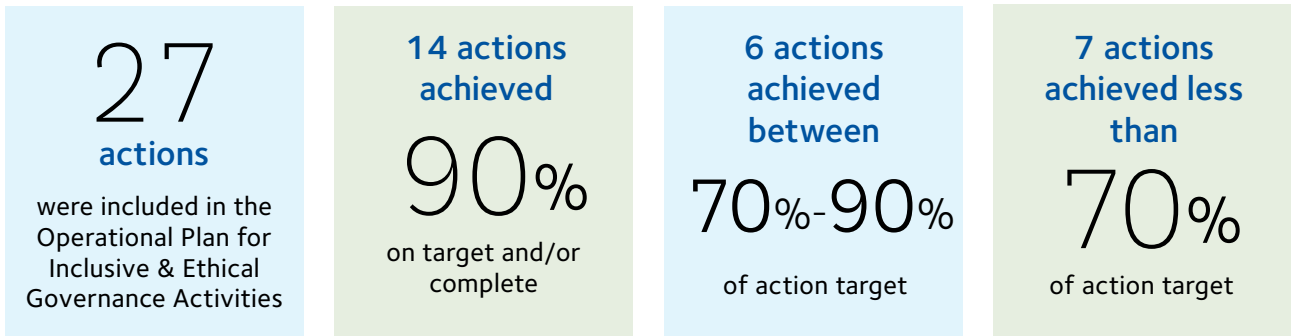
COMPLIANCE – LOCAL LAWS

- During the reporting period there has been a review of the Balonne Shire Councils local laws with changes to be implemented around September 2018
- In February 2018 Balonne Shire Council Conducted an Authorised Inspection Program for compliance for unregistered dogs, more than two dogs and the monitoring of dangerous dogs. As a result more than 800 more dog registrations were taken and over 20 infringements handed out
- Improvements to the dog pound have been made during the reporting period with sewerage finally being installed with estimated cost of approximately \$5000.

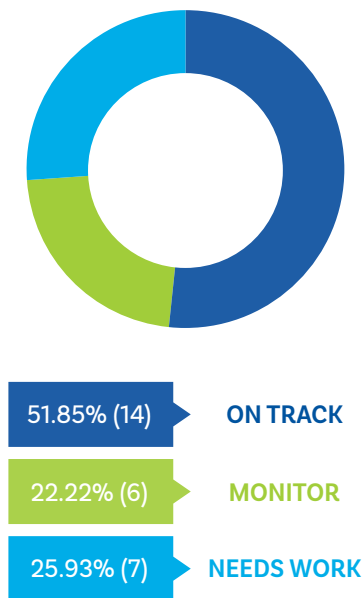


Wandering dog in St George.

INCLUSIVE & ETHICAL GOVERNANCE



Action Status



Highlights and achievements

- AASB1124 Related Party Disclosures requires the disclosure of relevant additional information in the Council's Annual Financial Statements for 2017/18 financial year. Council used the Governance Institute of Australia's best practice guide for consideration of related party transactions to determine if reporting was required. Council adopted its Related Parties Policy on 23 February, 2017, and has nominated all of its Councillors and Executive staff as Key Management Personnel
 - Council has put in place a number of Preferred Supplier Arrangements utilising Vendor Panel. We now have arrangements for:

 - Gravel, sand and other road building materials
 - Trade services
 - Wet and dry plant hire
 - A public meeting was held in October 2017 for the gravel supply and trade services preferred supplier arrangements
 - A lease register was developed for all leases between community groups and Council
 - Enterprise Risk Management Framework was reviewed and initial risk assessments across operational areas were commenced
 - The implementation of Council's Information Communication and Technology (ICT) Strategy continues to be monitored by the ICT Steering Committee. In Council's new Corporate Plan there is emphasis on improving digital connectivity across the Shire. As such Council has commenced developing a number of initiatives to attract funding and address community and industry needs as technology continues to be a dominate part of day-to-day business
 - The Purchasing Policy was revised in December 2017 and will be revised again in 2018/19 together with our processes and upgrades to the Vendor Panel system.
- We take this opportunity to thank Local Buy Pty Ltd, and Council Business Solutions for assisting us to put our preferred supplier arrangements in place. We also thank Sarah Holt from the Department of State Development who assisted our local suppliers to register with Vendor Panel.**



Into the Future

- Council is committed to continuous improvement and working with our key stakeholders to represent the interests of our community at all levels of government
- Our Plan Our Future 2018-2023 commenced on 1 July 2018 and represents our community and corporate plan for the next five years
- In 2018/19 the Finance & Corporate Services team will focus on strengthening our governance, risk management and financial management
- The Enterprise Bargaining Agreement will go to the vote in November 2018.

2017 / 18 Targets

Performance Measures	Annual Target	Actual
Compliance with statutory and corporate requirements	>>100%	80%
Audit recommendations implemented	>>90%	80%
Percentage of Requests for Action completed within defined timeframes	>>90%	80%
Percentage of Operational Projects completed within budget and on time	>>90%	80%
Percentage of Capital Projects completed within budget and on time	>>90%	90%





STATUTORY INFORMATION

SUMMARY OF EXPENDITURE FOR PARTICULAR ITEMS

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

Grants to Community Organisations

Free or concessional use of Council facilities - \$5,007.29

Community Grants and Assistance to 26 community groups totalled \$13,904.94

Registers

In accordance with Section 190 (1) (f) of the *Local Government Regulation 2012*, the following 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. In some cases, charges may apply for copies or extracts if these are allowable.

- Land Record
- Fees and Charges
- Road Register
- Local Law Policies
- Shire Planning Scheme
- Council Meeting Minutes
- Council Delegations

- Delegations by Chief Executive Officer
- Policy Register
- Corporate Plan
- Annual Operational Plan
- Budget
- Annual Report
- Personal Interest of Councillors
- Personal Interests of Councillors' Related Persons
- Personal Interest of the Chief Executive Officer and other specified employees

Land and Reserves

We are responsible for the following:
Land under infrastructure:

- 2350km of roads (a further 639.58km 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 our financial statements.

Policies

A full list of Council's policies is available on our website.

Internally we have a number of Human Resources Policies and management directives

- Drug & Alcohol Policy and Procedure
- Workplace Bullying, Sexual Harassment & Discrimination Policy
- Support for Employees affected by Domestic Family Violence Policy
- Smoke-Free Work Environment - Management Directive
- Discipline - Management Directive
- Attendance & Absenteeism - Management Directive
- Induction - Management Directive
- Interview Panel Guidelines - Management Directive
- Reimbursement of Relocation Expenses - Management Directive
- Probation Period - Management Directive
- Managing Performance Issues - Management Directive



Special Rates & Charges

Thallon Town Rural Fire Brigade

For the 2017/18 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. During the year \$7,467 was levied.

Domestic Animal Levy

For the 2017/18 year a special charge was levied on those rateable properties in Categories 1-3, within the Balonne Shire boundary. This levy is for the purpose of raising revenue to fund the continued operation of Domestic Animal Management services or activities in the Shire. During the year \$29,776 was levied.

Feral Animal Levy

For the 2017/18 year a special charge was levied on those rateable properties in Rating Categories 63, 73, 74, 75, 79, 80 and 81 within the Balonne Shire Council boundary. This levy is for the purpose of raising revenue to fund the continued operation of Feral Animal Management services or activities in the Shire. During the year \$164,704 was levied.

Environment Levy

For the 2017/18 year a special charge was levied on those rateable properties contained in the benefited area surrounding the towns of St George, Dirranbandi, Bollon, Hebel, Thallon and Nindigully. This was for the purpose of

raising revenue to fund the continued operation of the landfills in St George, Dirranbandi, Bollon, Hebel, Thallon and Nindigully. During the year \$10,175 was levied.

Rebates and Concessions

Pensioner Rate Remissions

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 \$170 per annum, to owners of qualifying premises. This subsidy was in addition to the subsidy offered by the State Government. This includes a concession for pensioners for their waste service.

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 Remission 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 2017/18 was \$17,406.

Discount for Prompt Payment of Rates and Charges 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 and Consumption Charges
- Rural Residential Water Charges incl. Excess Water Charges
- Sewerage Charges
- Cleansing Charges
- Thallon Town Rural Fire Brigade Special Charges.

Community Grants 2017/18		TOTAL \$14,527.06
Thallon Progress Association	Thallon Silos	\$1,075
Bollon Charity Rodeo	Donation	\$250
Hebel Rodeo Association	Donation	\$300
Weengallon Pink Ladies Day	Donation-Pink Ladies Day	\$2,000
Dirranbandi Hospital Auxiliary	Donation	\$500
St George Cotton Growers	Bronze Sponsorship	\$300
Balonne Seniors	Gift Basket	\$207.20
Queensland Cotton	Donation	\$200
Balonne Ballet	Donation	\$2,000
St George Art Group	Sponsorship	\$250
St George & District Fishing	Sponsorship	\$250
St Patrick's Fete Committee	Sponsorship	\$300
Tri St George	Battle on Balonne	\$500
Dirranbandi Blue Light	Bike Awareness Signage	\$350
Dirranbandi Pastoral & Agricultural Society	Sponsorship	\$1,000
C&K Kindergarten Dirranbandi	Donation	\$200
Dirranbandi Progress Association	Australia Day Sponsorship	\$200
St George Golf Club Inc	Sponsorship 70th Anniversery	1,400
Mungindi Community Preschool	Sponsorship - Silver	\$330
St Joseph's P&F Association	Sponsorship - Silver	\$300
St Patrick's School	Sponsorship Literacy Festival	\$1,000
St George P&A Association Inc	Sponsorship	\$1,000
Mobile Dental Clinic	Labour and towing costs to transport	\$1,114.86



Regional Arts Development Fund		TOTAL \$16,708
Aussie Quick Quilt	Quick Quilt Workshop Dirranbandi	\$2,750
St George Arts Council	Tiffany & Maddison's Botox Party	\$990
Dirranbandi Rural Transaction	Coil Basketry Workshop	\$1,230
D Cross	Public Art in Balonne	\$1,180
Dunkerry South Pty Ltd	Assistant Liaison Officer	\$2,500
Dirranbandi QCWA	Quilt Exhibition & Workshop	\$900
St George Art Group	"Breaking the ice, rural landscapes in watercolour"	\$1,400
Dirranbandi Arts Council	Dirranbandi Restores	\$460
Nindigully Sports Committee	Garden to Vase Workshop	\$1,450
Balonne Creative Arts	Fabric Medium – Bag Making Workshop	\$1,348
Dunkerry South Pty Ltd	Assistant Liaison Officer	\$2,500

Remuneration Package Range	Senior Management Employees	Amount
\$0.00 - \$100,000	0	
\$100,001 - \$200,000	3	
\$200,001 - \$300,000	1	





COMMUNITY FINANCIAL REPORT

The Community Financial Report is a simplified version of Council's financial performance and position for the 2017/18 financial year. The aim of the report is to assist readers in evaluation Council's financial performance and position without the need to interpret the financial information contained in the Annual Financial Statements.

Council's financial statements are audited by the Queensland Audit Office in partnership with Prosperity Audit Services.

The key statements that are summarised in the Community Financial Report are:

- Statement of Comprehensive Income
- Statement of Cash Flows
- Statement of Financial Position
- Statement of Changes in Equity
- Financial Sustainability Ratios

Executive summary of key financial highlights

- Cash holdings of \$25,595,457 generating \$560,569 in interest revenue
- Council debt continues to decrease

5-YEAR FINANCIAL SUMMARY

Financial Fast Facts	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Capital Expenditure	\$19,198	\$10,706	\$8,369	\$6,537	\$7,013
Net Result – Surplus (Deficit)	\$14,233	\$3,692	\$1,053	\$4,183	\$1,645
Increase/(Decrease) in Net Assets	\$17,172	\$52,629	\$10,148	\$6,367	\$3,551
Revenue	\$54,119	\$29,558	\$24,100	\$27,966	\$25,648
Percentage of Revenue from Rates & Charges	30%	16%	34%	38%	38%
Expenses	\$39,886	\$25,866	\$23,088	\$23,783	\$24,003
Cash Holdings	\$16,597	\$14,975	\$17,168	\$21,616	\$25,595
Restricted Cash	\$3,893	\$4,484	\$4,852	\$6,976	\$8,163
Borrowings	\$3,921	\$3,651	\$3.42	\$3.18	\$2,932
WIP	\$2,384	\$2,267	\$5,605	\$689	\$2,415



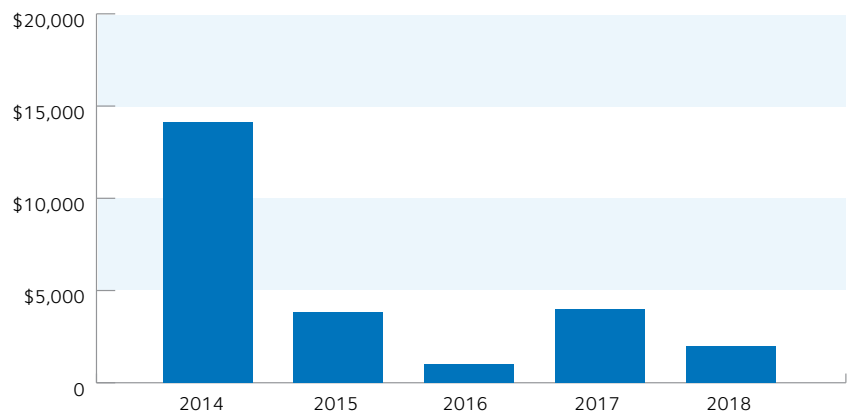
STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income measures how Council performed in relation to revenue and expenses for the year. Council's operating result for 2017/18 was a surplus of \$1.645 million which is the difference between revenue and expenses.

In comparison Council's operating surplus has decreased from \$4 million in 2016/17 due largely to a combination of decreased operational grants and decreased sales revenue.

The Statement of Comprehensive Income shows both cash transactions and non-cash transactions. For example, all rates issued are recorded as revenue when levied irrespective of them actually being paid. The amount not paid would show in the Statement of Financial Position as an amount owed to Council. In accounting terms this is referred to as accrual accounting principles.

Operating Surplus / (Deficit)



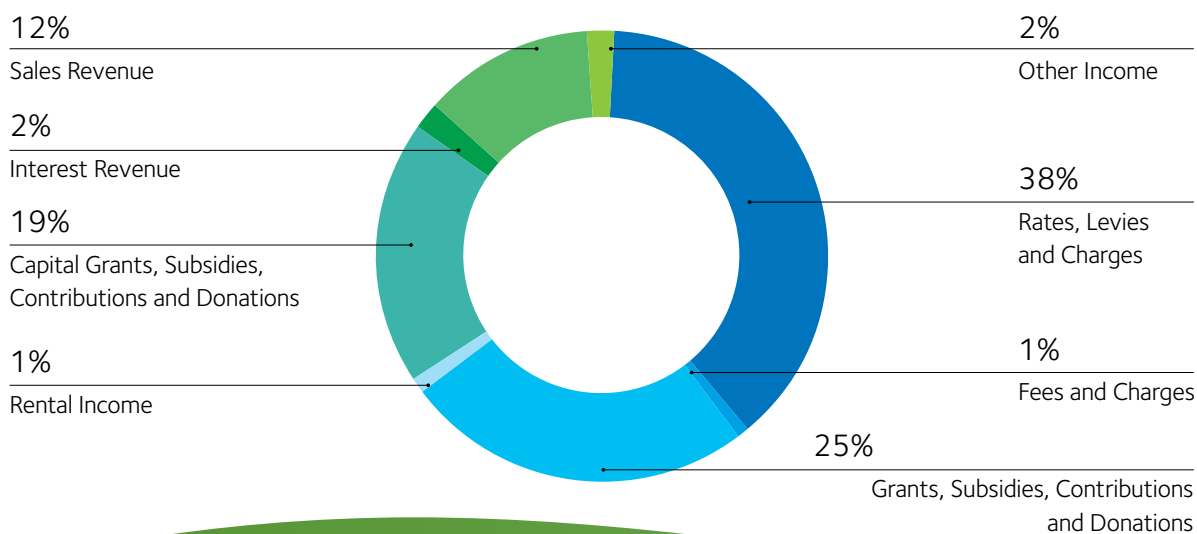
5-YEAR FINANCIAL SUMMARY OF REVENUE & EXPENSES

Revenue	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Rates, Levies and Charges (Net of Discounts)	\$8,775	\$8,907	\$9,311	\$9,472	\$9,789
Federal Assistance Grant	\$2,358	\$7,040	\$4,729	\$7,576	\$5,438
Other Grants, Subsidies & Contributions	\$15,568	\$7,913	\$4,578	\$5,348	\$5,802
Sales Revenue	\$4,555	\$4,242	\$4,220	\$4,145	\$3,144
Interest and Investment Revenue	\$552	\$592	\$529	\$425	\$584
Other Income	\$115	\$386	\$201	\$357	\$389
Fees and Charges	\$368	\$261	\$273	\$269	\$276
Rental Income	\$217	\$288	\$259	\$238	\$226
Capital Income	\$0	\$0	\$41	\$136	\$0
Total Revenue	\$54,119	\$29,558	\$24,141	\$27,966	\$25,648

Expenses	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Employee Costs	\$7,100	\$6,039	\$5,906	\$6,113	\$6,126
Material, Services and Other Expenses	\$15,687	\$11,072	\$9,371	\$9,438	\$9,181
Depreciation	\$5,059	\$5,518	\$7,594	\$8,012	\$8,190
Borrowing Costs	\$250	\$263	\$217	\$220	\$212
Capital Expenses	\$11,790	\$2,974	\$0	\$0	\$294
Total Expenses	\$39,886	\$25,866	\$23,088	\$23,783	\$24,003

Operating Revenue

Council's total revenue for the financial year was \$25.648 million.



Net Rates, Levies & Charges – \$9.789 million

- General rates / Community Levy totalled \$6.453 million
- Special Rates from Domestic Animal, Feral Animal and Thallon Fire Levies \$202,000
- Water charges of \$1.833 million for access and \$79,000 for water consumption and sundry water charges
- Urban waste water charges of \$1.111 million
- Waste service charges of \$1.075 million.
- Total rates discounts of \$930,000 and Pensioner remissions of \$34,000.

Fees & Charges – \$276,000

This includes (but is not limited to):

- Planning and building \$47,000
- Cemetery Charges \$35,000
- Hire Charges \$62,000
- Animal registrations and other animal fees \$93,000

Operating Grants, Subsidies, Contributions & Donations – \$6.315 million

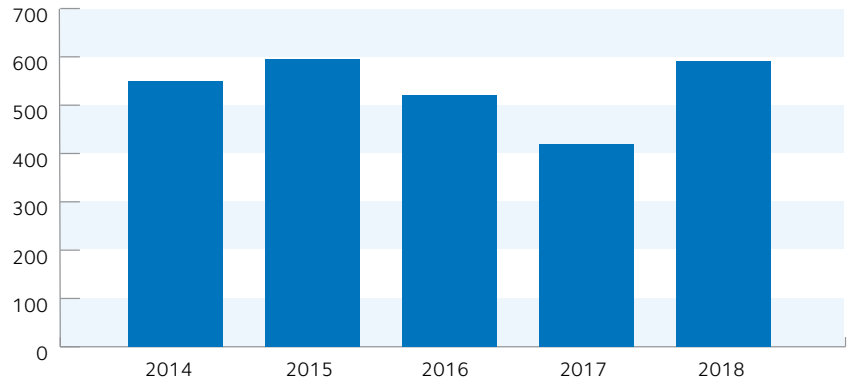
The majority of Council's operating grants came from the Federal Government in the form of an annual Financial Assistance Grant which totalled \$5.438 million. This included a 'bring forward' payment of the 2018/19 allocation of \$2.741 million.

Capital Grants, Subsidies, Contributions & Donations – \$4.925 million

Capital revenue varies from year to year depending on the level of grant funding sourced. In 2017/18 \$1.093 million was received for Works for Queensland projects, \$1.410 million for Roads to Recovery projects, \$476,443 for Building our Region projects, and other various State and Commonwealth government subsidies and grants.

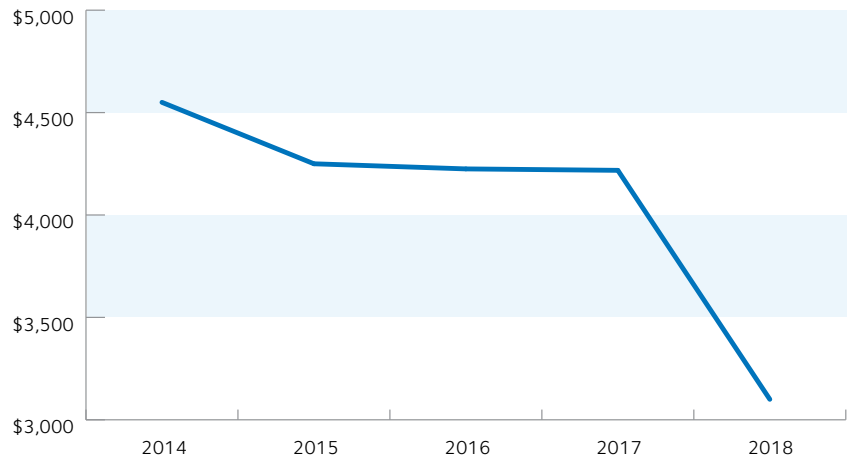
Interest & Investment Revenue – \$584,000

Council's cash investments were held by Westpac Banking Corporation and Queensland Treasury Corporation (QTC) and returned interest revenue of \$561,000. Council charges interest of 11% on outstanding rates, levies and charges balances which generated \$23,000 in 2017/18.



Sales Revenue – \$3.144 million

Whilst sales revenue contributed to 12% of Council's income the downward trend in value has continued with 2017/18 being 26% less than that received in 2016/17 and is 31% less than that received in 2013/14.

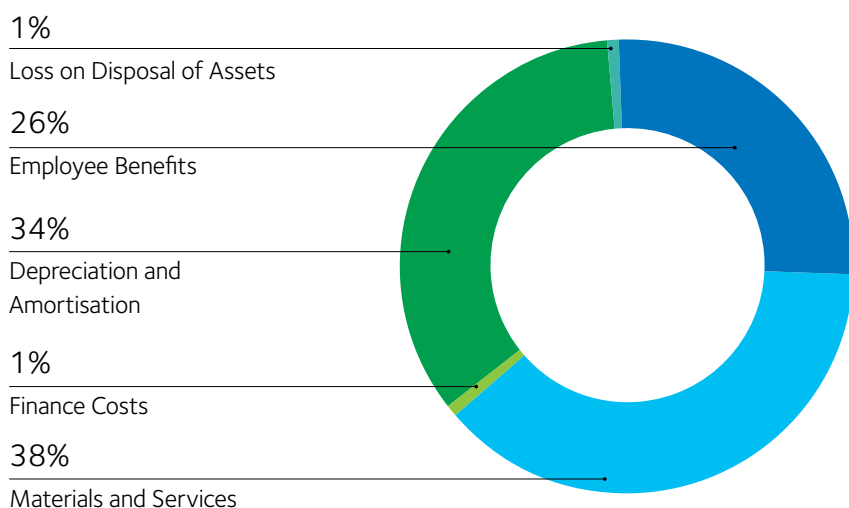


The significant reduction in sales revenue is due to a decrease in Federal Roads to Recovery funding and State Transport and Main Roads funding across the South West Region.

Operating Expenses

Council's total expenses for 2017/18 were \$23.709 million.

Operating expenses consist of materials and services, employee benefits, depreciation, finance costs and loss on disposal of assets. A breakdown of Council's 2017/18 operating expenses is shown below:



Council provides a wide range of services to the community. This work is performed by Council staff and in some instances contractors. Wherever possible, local suppliers and local contractors are used, so the money flows back into the local economy. The three major cost categories are employee costs, materials and services and depreciation.

Materials and services of \$9.181 million accounted for 38% of all operating expenses. The costs for materials and services incorporates our payments to suppliers for the delivery of services and projects to the community such as roads, parks, water, sewerage, waste, footpaths, libraries, pools, community halls, planning and building services and compliance and includes payments for purchases like bitumen materials, gravel, electricity, fuel and other operational costs.

Employee costs of \$6.126 million included employee salaries and wages, superannuation, leave entitlements and Councillor remuneration. This was consistent with 2016/17.

5 YEAR FINANCIAL DEPRECIATION BY ASSET CLASS

Revenue	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Land	\$339	\$409	\$427	\$869	\$897
Buildings	\$931	\$1,024	\$994	\$949	\$765
Plant and Equipment	\$24	\$19	\$26	\$35	\$36
Furniture and Fittings	\$469	\$608	\$455	\$382	\$571
Water Supply Network	\$250	\$283	\$365	\$525	\$527
Other Infrastructure Assets	\$2,764	\$2,854	\$4,932	\$4,864	\$5,022
Transport Infrastructure	\$238	\$271	\$362	\$369	\$362
Urban Waste Water Network	\$44	\$50	\$33	\$19	\$10
Intangible Assets	\$5,059	\$5,518	\$8,012	\$7,594	\$8,190
Total Depreciation	\$54,119	\$29,558	\$24,141	\$27,966	\$25,648

STATEMENT OF CASH FLOWS

Cash and cash equivalents was \$25.595 million as at 30 June 2018. This cash balance is sufficient to cover Council's restricted assets and commitments of \$9.412 million including \$7.515 million in reserves for future asset replacement.

The Statement of Cash Flows is similar to your personal bank statement. If you summarised your bank statements for the year it would be your cash flow statement.

Council's cash flow statement on reports on cash movements and shows:

1. How much money we started the year with;
2. Where the incoming money came from;
3. Where the money was spent; and
4. How much money we had left at the end of the year.

The Statement of Cash Flows quantifies the inflows and outflows of cash throughout the organisation during the financial year.

Cash flows for the period are separated into operating, investing and financing activities.

- Operating activities – includes all areas such as rates, user charges, grants, employee costs, material and services, interest and administration – \$6.227 million
- Investing activities – includes money Council receives and spends when we buy or sell property, plant and equipment – (\$2 million)
- Financing activities – incorporates cash received if Council takes out new loans or cash paid to repay loans – (\$248,000).

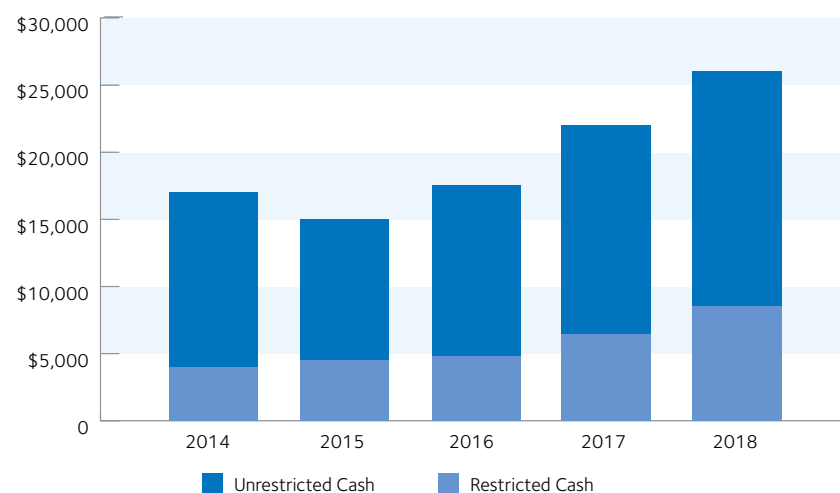
CASH FLOW	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Opening cash balance	\$15,667	\$16,597	\$14,975	\$17,168	\$21,616
Net cashflow from operating activities	\$6,128	\$4,342	\$6,730	\$6,308	\$6,227
Net cashflow from investing activities	(\$4,898)	(\$5,694)	(\$4,307)	(\$1,619)	(\$2,000)
Net cashflow from financing activities	(\$300)	(\$270)	(\$230)	(\$241)	(\$248)
Closing cash balance	\$16,597	\$14,975	\$17,168	\$21,616	\$25,595

STATEMENT OF FINANCIAL POSITION

Current Assets – \$28.3 Million

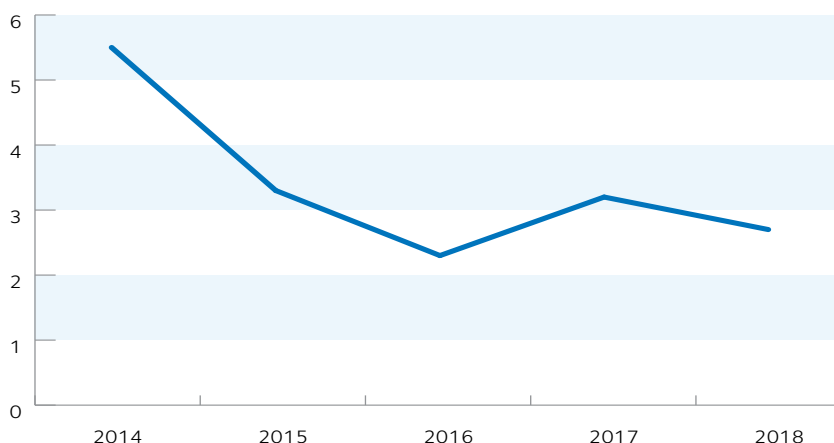
The major component of current assets was cash and investments totalling \$25.6 million at 30 June 2018. Of these funds, \$8.2 million is restricted (grants, subsidies, developer contributions and specific Council reserves).

Cash balance at year end



The rates arrears ratio shows the percentage of rates outstanding and consequently the effectiveness of Council's collection of rates and charges.

Rates in Arrears Ratio



Non-Current Assets - \$261.2 Million

This figure is the value of Council's infrastructure assets, buildings and facilities, plant and equipment and capital works in progress at 30 June 2018.

ASSET GROUP	\$'000
Land	\$2,919
Buildings	\$16,725
Plant and Equipment	\$6,077
Furniture and Fittings	\$203
Water Supply Network	\$18,061
Other Infrastructure Assets	\$19,834
Transport Infrastructure	\$183,962
Urban Waste Water Network	\$10,996
Capital Work in Progress	\$2,415
Total	\$261,192

Liabilities

Council owes \$2.932 million in loans.

Local Governments, in general, have a very high level of assets under their control but are limited in revenue raising opportunities. This means that the majority of Councils in Queensland have to rely on borrowing or substantial grants to fund major capital works, while using their general revenue (rates, fees and charges) to provide services and maintain community assets.

Details of all loans outstanding as at 30 June 2018 are as follows:

LOANS OUTSTANDING AS AT 30 JUNE 2018	
Description of Purpose	Amount
Bridgeworks A/c	\$181,224
Administration Building	\$1,672,142
Work Depot Account	\$361,920
Water	\$716,633
Total	\$2,931,919

STATEMENT OF CHANGES IN EQUITY

Asset Revaluation Surplus - \$199.3 Million

This amount represents an accumulation of the net increase in value of Council's non-current assets having regard to asset condition, useful life and time value of money.

Retained Surplus - \$84.9 Million

This amount represents Council's estimated net wealth at the end of the year.

KEY LOCAL GOVERNMENT FINANCIAL INDICATORS		2018 Actual Result	Benchmark	Within Limits
Ration	Description			
Operating Surplus Ratio	This is the indicator of the extent to which revenue raised cover operational expenses only or is available for capital funding.	-14.41%	Between 0-10%	No
Asset Sustainability Ratio	This ratio helps to show whether Council is replacing assets as their service potential is used up.	28.32%	Greater than 90%	No
Net Financial Liability	This ratio explains the level of debt Council has compared to its operating revenues.	-63.30%	Less than 60%	Yes

FINANCIAL SUSTAINABILITY RATIOS

Operating Surplus Ratio

The Operating Surplus Ratio indicates the extent to which operational revenues raised cover operating expenses.

Calculated as: Net operating result / Total operating revenue (excluding capital items).

The *Financial Management Sustainability Guideline 2013* has set the target between 0% and 10%. Council's performance continues to be negatively impacted in part due to loss of sales revenue and maintaining service levels to customers at previous levels. The ratio for 2017/18 is -14.41%.

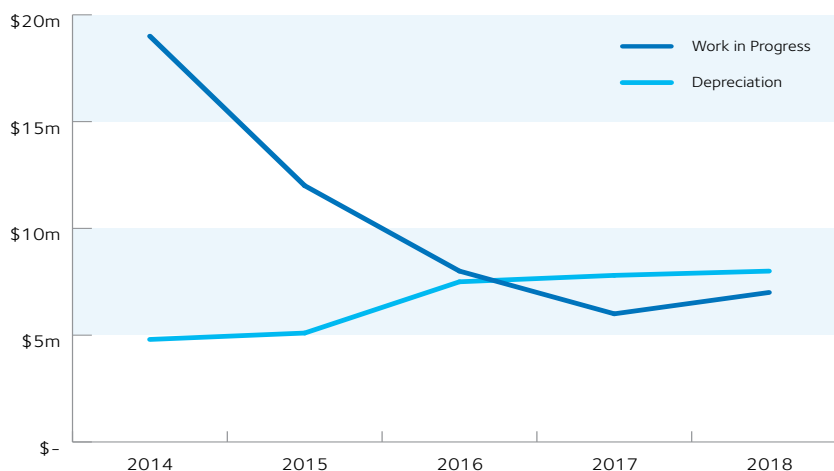
Asset Sustainability Ratio

The Asset Sustainability Ratio indicates the extent to which assets are being replaced as they reach the end of their useful lives.

Calculated as: Capital Expenditure on replacement of assets (renewals) / Depreciation Expense.

The Financial Management Sustainability Guidelines 2013 has set the target at greater than 90%. Achieving this target would indicate that Council is renewing and replacing its assets at a greater rate than they are wearing out.

The ratio was 28.32 % in 2017/18, which has continued to decline and is significantly below the set target. The 2011 flood event is still impacting this ratio as depreciation has increased considerably as a direct result of the money spent on repairs following the flood.





Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio indicates the extent to which operating revenue (including grants and subsidies) can cover net financial liabilities (usually loans and leases).

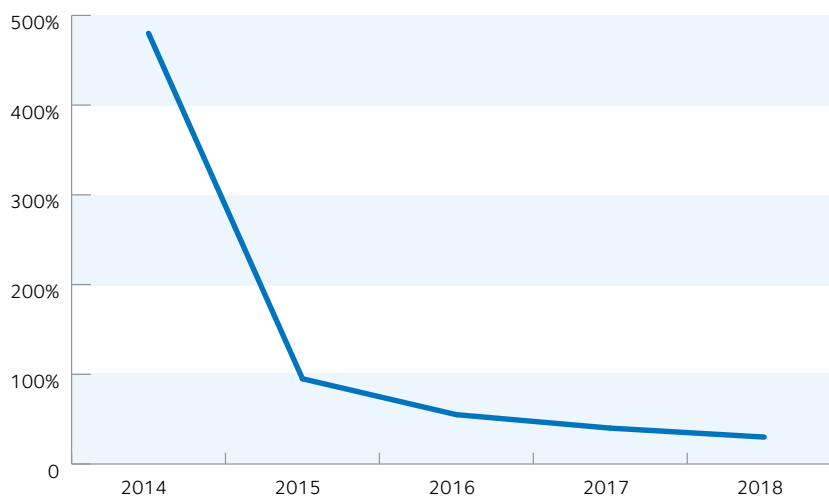
Calculated as: $(\text{Total liabilities} - \text{current assets}) / \text{Total operating revenue}$.

The *Financial Management Sustainability Guideline 2013* has set the target as not greater than 60%.

Councils that have net financial liabilities that are greater than 60 per cent of operating revenue have a limited capacity to increase loan borrowings and may experience stress in servicing current debt.

Council has a - 63.3% performance ratio, which means that Council has ability to increase its loan borrowing.

Rates trend





BALONNE SHIRE COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended June 2018

For the People



General Purpose Financial Statements

for the year ended 30 June 2018

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Balonne Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	9,789	9,472
Fees and Charges		276	269
Rental Income		226	238
Interest and Investment Revenue	3b	584	425
Sales Revenue	3c	3,144	4,145
Other Income		389	357
Grants, Subsidies, Contributions and Donations	4a	6,315	8,620
Total Recurrent Revenue		20,723	23,526
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4b	4,925	4,304
Total Revenue		25,648	27,830
Capital Income		-	136
Total Income		25,648	27,966
Expenses			
Employee Benefits	5	6,126	6,113
Materials and Services	6	9,181	9,438
Finance Costs		212	220
Depreciation and Amortisation		8,190	8,012
Total Recurrent Expenses		23,709	23,783
Capital Expenses		294	-
Total Expenses		24,003	23,783
Operating Result		1,645	4,183
Net Result		1,645	4,183
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to the Net Result			
Gain on Revaluation of Property, Plant and Equipment	13	1,906	2,184
Total Other Comprehensive Income		1,906	2,184
Total Comprehensive Income		3,551	6,367

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

Balonne Shire Council

Statement of Financial Position

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	25,595	21,616
Trade and Other Receivables	8	2,470	3,636
Inventories		197	216
Total Current Assets		28,262	25,468
Non-Current Assets			
Property, Plant and Equipment	9	261,192	260,866
Intangible Assets		19	17
Total Non-Current Assets		261,211	260,883
TOTAL ASSETS		289,473	286,351
LIABILITIES			
Current Liabilities			
Trade and Other Payables	10	1,264	1,310
Borrowings	11	279	255
Provisions	12	923	1,029
Other Liabilities		6	7
Total Current Liabilities		2,472	2,601
Non-Current Liabilities			
Borrowings	11	2,653	2,925
Provisions	12	123	151
Total Non-Current Liabilities		2,776	3,076
TOTAL LIABILITIES		5,248	5,677
Net Community Assets		284,225	280,674
COMMUNITY EQUITY			
Asset Revaluation Surplus	13	199,306	197,400
Retained Surplus		84,919	83,274
Total Community Equity		284,225	280,674

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

Statement of Changes in Equity
for the year ended 30 June 2018

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2018				
Opening Balance		197,400	83,274	280,674
a. Net Operating Surplus for the Year		-	1,645	1,645
b. Other Comprehensive Income				
- Revaluations : Property, Plant and Equipment	13	1,906	-	1,906
Other Comprehensive Income		1,906	-	1,906
Total Comprehensive Income		1,906	1,645	3,551
Equity Balance as at 30 June 2018		199,306	84,919	284,225

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2017				
Opening Balance		195,216	79,091	274,307
a. Net Operating Surplus for the Year		-	4,183	4,183
b. Other Comprehensive Income				
- Revaluations : Property, Plant and Equipment	13	2,184	-	2,184
Other Comprehensive Income		2,184	-	2,184
Total Comprehensive Income		2,184	4,183	6,367
Equity Balance as at 30 June 2017		197,400	83,274	280,674

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

Balonne Shire Council

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		13,292	13,782
Payments to Suppliers and Employees		(15,449)	(15,231)
		(2,157)	(1,449)
Receipts:			
Investment and Interest Revenue Received		584	425
Rental Income		226	238
Non Capital Grants and Contributions		7,000	7,935
Other		850	(639)
Payments:			
Borrowing Costs		(212)	(220)
Other		(64)	18
Net Cash Inflow from Operating Activities	17	6,227	6,308
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		(294)	136
Grants, Subsidies, Contributions and Donations		4,925	4,304
Payments:			
Purchase of Property, Plant and Equipment		(6,629)	(6,078)
Payments for Intangible Assets		(2)	19
Net Cash Outflow from Investing Activities		(2,000)	(1,619)
Cash Flows from Financing Activities			
Payments:			
Repayment of Borrowings		(248)	(241)
Net Cash Outflow from Financing Activities		(248)	(241)
Net Increase/(Decrease) for the year		3,979	4,448
Cash and Cash Equivalents at beginning of the financial year		21,616	17,168
Cash and Cash Equivalents at end of financial year	7	25,595	21,616

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

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

- Financial assets and liabilities, certain classes of property, plant and equipment which are measured at fair value;

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.b) Constitution

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

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.

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

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.c) Adoption of New and Revised Accounting Standards

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 18.

Balonne Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

At the date of authorisation of the financial report, the following new accounting standards with a future application date have been identified as those which may potentially have a material impact on Council's finance report in the period of initial application:

- *AASB 9 Financial Instruments*
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.

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

- The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.
- AASB 15 *Revenue from Contracts with Customers*
- AASB 15 is effective for financial years beginning on or after 1 January 2019 and will replace both 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 income including revenue from contracts with customers.
- Based on Council's initial assessment in which most of the funding is received respectively it is not anticipated that the new standard will have a material impact.
- AASB 16 *Leases*
AASB 16, effective for reporting periods beginning on or after 1 January 2019, will replace both AASB 117 *Leases* and introduces a single lessee accounting model that will require a lessee to recognise right-to-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. If this requirement had been adopted at 30 June 2018 management estimate that net assets would have decreased by \$145,688. This estimate is based on council's current obligations and various market and other assumptions.

- AASB 1058 *Income of Not-for-Profit Entities*

- AASB 1058, which is effective for reporting periods beginning on or after 1 January 2019, replaces the income recognition requirements in AASB 1004: *Contributions* applicable to not-for-profit entities with a model based on the principles of AASB 15: *Revenue from Contracts with Customers*. Consequently, AASB 1058 requires ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity.

(1.d) 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 9
- Provisions - Note 12 Contingencies - Note 15
- Receivables Impairment – Note 8

(1.e) Revenue

Rental income

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

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.

Note 1. Summary of Significant Accounting Policies (continued)

(1.f) 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.g) National Competition Policy

Council has resolved not to apply the code of competitive conduct to any of its prescribed activities.

(1.h) 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.i) 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.

(1.j) 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.

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

The objective of corporate governance is to provide effective organisational leadership through strategic planning, accountability and ethical standards of practice. This function includes activities and services relating to risk management, strategic and operational planning and also includes the Mayor, Councillors and Chief Executive Officer.

CORPORATE SERVICES

The goal of corporate services is to enhance the capability and performance of Balonne Shire Council and ensure resources are directed to achieve organisational objectives. This function includes activities and services related to social and corporate performance, human resources and information services.

PLANNING, DEVELOPMENT AND ENVIRONMENTAL HEALTH SERVICES

The objectives of this function is 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. As well as to implement policies and operational grams that will contribute to the environmental health and wellbeing of the community. This function includes activities and services related to planning, development and environmental health services.

RURAL SERVICES

The goal of this function is to provide effective and efficient management of stock routes, animal and weed pests. The major activities and services included in this function is pest management.

INFRASTRUCTURE SERVICES

This functions objective is the provision of quality services and infrastructure for the current and future community that is planned, provided and managed on sound environmental and asset management principles. Activities and services included in this function relate to infrastructure that meets our communities needs including roads, water and sewerage.

COMMUNITY LIFESTYLE

The goal of the community lifestyle function is to encourage and promote a sense of community and belonging, community pride, engagement, wellbeing and grow social capital. Parks and gardens related activities and services is the major contributor to this function.

ECONOMIC DEVELOPMENT

The objective of economic development is to foster a vibrant economic environment which promotes a strong and sustainable regional economy. This function includes activities and services related to tourism and economic development.

COMMERCIAL SERVICES

The goal of commercial services is to undertake commercial works within the scope of Council's expertise in an efficient and cost effective manner. This function includes activities and services relating to private works (RMPC, DMR, etc).

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	\$'000	Grants	Other	\$'000							
2018													
Corporate Governance	-	-	-	-	-	-	-	(460)	-	(460)	(460)	-	-
Corporate Services	3,907	6,631	-	-	-	10,538	-	(2,809)	-	(2,809)	7,729	29,474	29,474
Planning & Development and Environmental Health Services	13	210	-	-	-	223	-	(760)	-	(760)	(537)	3,482	3,482
Rural Services	305	220	-	-	-	525	-	(862)	-	(862)	(337)	197	197
Infrastructure Services	1,636	4,044	4,132	-	-	9,812	(294)	(13,312)	-	(13,606)	(7,632)	240,274	240,274
Community Lifestyle	111	62	176	-	-	349	-	(3,107)	-	(3,107)	(2,934)	16,015	16,015
Economic Development	342	41	617	-	-	1,000	-	(431)	-	(431)	(48)	31	31
Commercial Services	-	3,201	-	-	-	3,201	-	(1,968)	-	(1,968)	1,233	-	-
Total	6,314	14,409	4,925	-	-	25,648	(294)	(23,709)	(24,003)	(2,986)	1,645	289,473	289,473
Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	\$'000	Grants	Other	\$'000							
2017													
Corporate Governance	-	-	-	-	-	-	-	(442)	-	(442)	(442)	-	-
Corporate Services	5,391	6,518	-	-	78	11,987	-	(2,365)	-	(2,365)	9,544	29,156	29,156
Planning & Development and Environmental Health Services	-	188	-	-	-	188	-	(742)	-	(742)	(554)	3,444	3,444
Rural Services	37	196	-	-	-	233	-	(746)	-	(746)	(513)	195	195
Infrastructure Services	2,490	3,754	4,104	58	-	10,406	-	(13,477)	-	(13,477)	(7,233)	237,683	237,683
Community Lifestyle	347	105	100	-	-	552	-	(2,743)	-	(2,743)	(2,291)	15,842	15,842
Economic Development	355	46	100	-	-	501	-	(884)	-	(884)	(483)	31	31
Commercial Services	-	4,099	-	-	-	4,099	-	(2,384)	-	(2,384)	1,715	-	-
Total	8,620	14,906	4,304	136	-	27,966	-	(23,783)	(23,783)	(257)	4,183	286,351	286,351

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Revenue Analysis

Notes	2018 \$'000	2017 \$'000
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Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.

(a). Rates, Levies and Charges

Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

General Rates / Community Levy	6,453	6,365
Special Rates	202	207
Water	1,833	1,796
Water Consumption, Rental and Sundries	79	79
Urban Waste Water	1,111	1,088
Waste Charges	1,075	854
Total rates and utility charge revenue	10,753	10,389
Less: Discounts	(930)	(886)
Less: Pensioner remissions	(34)	(31)
<u>TOTAL RATES, LEVIES AND CHARGES</u>	<u>9,789</u>	<u>9,472</u>

(b). Interest and Investment Revenue

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

Interest Received from Term Deposits	561	380
Interest from Overdue Rates and Utility Charges	23	45
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>584</u>	<u>425</u>

(c). 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 revenue from a number of services including 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. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Sale of services

Contract and Recoverable Works	3,104	3,872
Other - Private Works	-	227
Visitor Info Centre	40	46
<u>TOTAL SALES REVENUE</u>	<u>3,144</u>	<u>4,145</u>

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Grants, Subsidies, Contributions and Donations

Notes	2018 \$'000	2017 \$'000
<p>Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.</p> <p>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. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets.</p> <p>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.</p>		
(a) Recurrent		
General Purpose Grants	5,438	7,576
State Government Subsidies and Grants	648	822
Commonwealth Government Subsidies and Grants	165	179
Contributions	64	43
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>6,315</u>	<u>8,620</u>

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

(b) Capital

State Government Subsidies and Grants	1,692	1,120
Commonwealth Government Subsidies and Grants	3,233	3,184
<u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>4,925</u>	<u>4,304</u>

Note 5. Employee Benefits

Wages and Salaries	3,754	3,860
Annual, Sick and Long Service Leave Entitlements	850	846
Superannuation	617	609
Training Costs	336	210
Workers Compensation Insurance	71	71
Fringe Benefits Tax (FBT)	-	16
Councillors Remuneration	421	414
	<u>6,049</u>	<u>6,026</u>
Other Employee Related Expenses	77	87
<u>TOTAL EMPLOYEE BENEFITS</u>	<u>6,126</u>	<u>6,113</u>

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

Balonne Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Employee Benefits (continued)

Notes	2018 \$'000	2017 \$'000
Total Employees at year end:		
Administration Staff	33	34
Depot and Outdoors Staff	47	49
Total full time equivalent employees	80	83
Total Elected members	7	7

Note 6. Materials and Services

Advertising and Marketing	38	97
Administration Supplies and Consumables	51	38
Aerodrome Maintenance	153	177
Audit of Annual Financial Statements by the Auditor-General of Queensland	42	43
Audit Services	20	13
Cleansing Services	975	816
Communications and IT	190	171
Community Donations / Assistance	54	37
Contractors	11	5
Councillors' Expenses (incl. Mayor) - Other	20	16
Insurance	322	289
Land Protection Fund Precept	251	245
Legal Fees	51	64
Power	39	53
Repairs and Maintenance	4,529	4,890
Subscriptions and Registrations	80	99
Swimming Pools - Council Owned	360	324
Urban Waste Water	281	293
Urban Water Services	922	959
Other	792	809
<u>TOTAL MATERIALS AND SERVICES</u>	<u>9,181</u>	<u>9,438</u>

Note 7. Cash and Cash Equivalents

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

Cash at Bank and on Hand	11,704	7,299
QTC Cash Fund	13,891	14,317
<u>TOTAL CASH AND CASH EQUIVALENTS</u>	<u>25,595</u>	<u>21,616</u>

Balonne Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Cash and Cash Equivalents (continued)

	2018	2017
Notes	\$'000	\$'000
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 or future use. These include:		
Internally imposed Expenditure Restrictions at the reporting date:		
Future Capital Works	618	618
Future Asset Replacement	7,515	6,345
Future Recurrent Expenditure	30	13
Total Unspent Restricted Cash, Cash Equivalents and Investments	8,163	6,976

Cash, cash deposits and term deposits are held with the Commonwealth Bank of Australia (AA-), Westpac Banking Corporation (AA-) and Queensland Treasury Corporation (AAA) in normal term deposits, deposits at call and business cheque accounts.

Note 8. Trade and Other Receivables

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

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

Current

Rateable Revenue and Utility Charges	294	361
Other Debtors	2,062	2,241
Debtor Accruals	-	282
Government Grants and Subsidies	-	685
Prepayments	120	73
Total	2,476	3,642
less: Provision for Impairment		
Rateable Revenue and Utility Charges	(5)	(5)
Other Debtors	(1)	(1)
Total Provision for Impairment - Receivables	(6)	(6)
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	2,470	3,636

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.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 9. Property, Plant and Equipment

30 June 2018	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	
	Measurement Basis	Note	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value
Opening Gross Balance - at Cost		689	20	-	-	12,938	508	-	3,745	282	5,950	81	-	-	-	-	-	-	24,213	-
Opening Gross Balance - at Fair Value		-	2,972	33,542	-	-	-	-	26,660	-	230,710	17,405	-	-	-	-	-	-	333,830	-
Opening Gross Balance		689	2,992	33,542	12,938	508	-	-	30,405	22,823	236,660	17,486	-	-	-	-	-	358,043	-	-
Additions*		7,013	-	-	-	(645)	-	-	-	-	-	-	-	-	-	-	-	7,013	-	-
Disposals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(662)	-	-
Revaluation Decrements to Equity (ARR)	13	-	(73)	(1,052)	-	-	-	-	(405)	-	-	-	-	-	-	-	-	(1,530)	-	-
Revaluation Increments to Equity (ARR)	13	-	-	-	-	-	-	-	-	-	-	-	2,017	-	4,215	-	808	-	-	-
Adjustments and Other Transfers		(5,287)	-	562	(51)	(104)	-	-	632	540	3,692	-	-	-	-	-	-	7,040	-	-
Total Gross Value of Property, Plant and Equipment - at Cost		2,415	-	-	12,242	404	-	-	-	-	-	-	-	-	-	-	-	-	15,061	-
Total Gross Value of Property, Plant and Equipment - at Fair Value		-	2,919	33,052	-	-	-	-	30,632	25,380	244,567	18,277	-	-	-	-	-	-	354,827	-
Total Gross Value of Property, Plant and Equipment		2,415	2,919	33,052	12,242	404	-	-	30,632	25,380	244,567	18,277	-	-	-	-	-	-	369,888	-
Opening Accumulated Depreciation		-	-	15,133	5,699	223	-	-	11,762	4,032	53,714	6,614	-	-	-	-	-	-	97,177	-
Depreciation Expense		-	-	897	765	36	-	-	571	527	5,022	362	-	-	-	-	-	-	8,180	-
Disposals		-	-	-	(258)	-	-	-	-	-	-	(7)	-	-	-	-	-	-	(265)	-
Revaluation Increments to Equity (ARR)	13	-	-	198	-	-	-	-	238	987	1,869	312	-	-	-	-	-	-	3,604	-
Work in Progress Transfers		-	-	99	(41)	(58)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Accumulated Depreciation of Property, Plant and Equipment		-	-	16,327	6,165	201	-	-	12,571	5,546	60,605	7,281	-	-	-	-	-	-	108,696	-
Total Net Book Value of Property, Plant and Equipment		2,415	2,919	16,725	6,077	203	-	-	18,061	19,834	183,962	10,996	-	-	-	-	-	-	261,192	-
Other Information																				
Range of Estimated Useful Life (years)																				
			Not depreciated		15 - 75		3 - 50		5 - 60		10 - 100		5 - 100		10 - 300		10 - 100			
* Asset Additions Comprise																				
Asset Renewals																				
Other Additions																				
Total Asset Additions																				
A transfer between classes has been processed following a review of the fixed asset register in order to most appropriately reflect the underlying use of the asset. This includes the reclassification of assets between all asset classes excluding Land. The net effect of these transfers on the financial statements is nil.																				

Notes to the Financial Statements
for the year ended 30 June 2018

Note 9. Property, Plant and Equipment

30 June 2017	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
	Measurement Basis	Note		\$'000	Fair Value		\$'000	Fair Value		\$'000	Fair Value			
Opening Gross Balance - at Cost		5,605	-	-	13,239	462	-	28,432	-	20,459	-	-	-	19,306
Opening Gross Balance - at Fair Value		-	3,041	36,991	-	-	-	28,432	-	20,459	-	-	19,788	334,247
Opening Gross Balance Additions*		5,605	3,041	36,991	13,239	462	-	28,432	-	20,459	-	-	19,788	353,553
Disposals		-	20	369	944	62	-	3,745	-	282	-	-	81	11,453
Revaluation Decrements to Equity (ARR)	13	-	(69)	(1,657)	(955)	-	-	-	-	(647)	-	-	(166)	(1,024)
Revaluation Increments to Equity (ARR)	13	-	-	(2,161)	(290)	(16)	-	243	-	2,729	-	2,230	(2,470)	2,473
Adjustments and Other Transfers		-	-	-	-	-	-	(2,015)	-	2,729	-	2,944	(2,217)	(1,026)
Work in Progress Additions		6,537	-	-	-	-	-	-	-	-	-	-	-	6,537
Work in Progress Capitalised		(11,453)	-	-	-	-	-	-	-	-	-	-	-	(11,453)
Total Gross Value of Property, Plant and Equipment - at Cost		689	20	-	12,938	508	-	3,745	-	282	-	5,950	81	24,213
Total Gross Value of Property, Plant and Equipment - at Fair Value		-	2,972	33,542	-	-	-	26,660	-	22,541	-	230,710	17,405	333,830
Total Gross Value of Property, Plant and Equipment		689	2,992	33,542	12,938	508	-	30,405	-	22,823	-	236,660	17,486	358,043
Opening Accumulated Depreciation		-	-	16,254	5,357	204	-	13,511	-	4,016	-	45,575	8,002	92,919
Depreciation Expense		-	-	869	949	35	-	382	-	525	-	4,864	369	7,993
Disposals		-	-	-	(528)	-	-	-	-	-	-	-	-	(528)
Revaluation Decrements to Equity (ARR)	13	-	-	(1,602)	-	-	-	-	-	(932)	-	-	-	(2,534)
Revaluation Increments to Equity (ARR)	13	-	-	-	-	-	-	131	-	-	-	183	39	353
Adjustments and Other Transfers		-	-	(388)	(79)	(16)	-	(2,262)	-	423	-	3,092	(1,796)	(1,026)
Total Accumulated Depreciation of Property, Plant and Equipment		-	-	15,133	5,699	223	-	11,762	-	4,032	-	53,714	6,614	97,177
Total Net Book Value of Property, Plant and Equipment		689	2,992	18,409	7,239	285	-	18,643	-	18,791	-	182,946	10,872	260,866
Other Information														
Range of Estimated Useful Life (years)														
	-	-	Not depreciated	15 - 75	3 - 50	5 - 60	10 - 120	5 - 100	10 - 200	10 - 120				
* Asset Additions Comprise														
Asset Renewals		-	-	-	944	32	-	452	-	78	-	945	81	2,532
Other Additions		-	20	369	-	30	-	3,293	-	204	-	5,005	-	8,921
Total Asset Additions		-	20	369	944	62	-	3,745	-	282	-	5,950	81	11,453

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Property, plant and equipment (continued)

9 (a) Recognition

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 and expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, 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.

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.

Land under the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government pursuant to the relevant legislation. This land is not recognised in these financial statements.

9 (b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table above) less, where applicable, any accumulated depreciation and accumulated impairment loss.

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.

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

9 (c) Depreciation

Assets are depreciation from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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

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

Note 9. Property, plant and equipment (continued)

9 (d) Impairment

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

9 (e) Major Plant

Plant with a cost in excess of \$150,000, which is prone to a high degree of price fluctuations or in danger of becoming obsolete, is classified as major plant. This asset class primarily includes specialised earthmoving equipment.

9 (f) Valuation

(i) Valuation processes

Councils' valuation policies and procedures are set by the finance committee of the executive management team which comprises the Chief Executive Officer, Director of Finance and Corporate Service, Director of Infrastructure and Manager Finance Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

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 of each class of property, plant and equipment assets at least once every 3 years where possible. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers and asset manager to assess the condition and cost assumptions associated with all infrastructure assets, the result of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a desktop valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the 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.

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, such as prices for similar assets (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

There were no transfers between levels 1 and 2 during the year, nor between level 2 and 3.

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

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Property, plant and equipment (continued)

(ii) Valuation techniques used to derive fair values**Land (level 2)**

Land fair values were determined by independent valuer, AssetVal effective 30 June 2018. Level 2 valuation inputs were used to value land in freehold title as well as land for special purpose, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are prices per square metre.

Buildings (level 2 and 3)

The fair value of buildings were determined by independent valuer, Lemmah Pty Ltd effective 30 June 2018. Where there is a market for Council building assets, they are categorised as non-specialised buildings and fair value is derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size (level 2). The most significant inputs into this valuation approach were price per square metre.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset 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 a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

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, residual value at the time the asset is considered to be no longer available for use 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.

	2018	2017
	\$'000	\$'000
Buildings		
- Non-Specialised Buildings (level 2)	1,703	1,693
- Specialised Buildings (level 3)	15,021	16,716
Total	<u>16,724</u>	<u>18,409</u>

Infrastructure assets (level 3)

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Property, plant and equipment (continued)

Roads

Current replacement cost

Council categorises its road infrastructure into urban and rural roads and the further sub categorises these into sealed and unsealed roads. Urban roads are managed in segments of 200m, while rural roads are managed in 2km segments. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear and other specifications, estimated labour and material inputs, service costs, and overhead allocations. Council assumes that pavements are constructed to depths of 22.5cms for high traffic areas and 15cms for lower traffic locations. Council also assumes that all raw materials can be sourced locally. For internal construction estimates, material and services prices were based on existing contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.

The last comprehensive assessment for Roads was performed under the AASB 116 standards as at 30 June 2015. The revaluation of the road assets was assessed using the Coast Approach methodology which is a level 3 assessment under AASB 13. An indexation increase of 3.2% was applied. A full valuation of Council's Transport Infrastructure network is planned for 2019.

Accumulated depreciation

A sample of the roads (approximately 10%) 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.

Bridges

Current replacement cost

Bridges were componentised with unit rates applied to the individual components varying for different material types used in construction in order to determine the replacement cost. Construction estimates were determined on a similar basis to roads.

The last comprehensive assessment for Bridges was performed under the AASB 116 standards as at 30 June 2015. The revaluation of the bridge assets was assessed using the Cost Approach methodology which is a level 3 assessment under AASB 13. An indexation increase of 3.2% was applied. A full valuation of Council's Transport Infrastructure network is planned for 2019.

Accumulated depreciation

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

Water and Sewerage

Current replacement cost

The water and sewerage infrastructure fair values were determined by independent valuers, AssetVal Pty Ltd effective 30 June 2018. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

The last comprehensive assessment of water and sewer assets was performed under the AASB 116 standards as at 30 June 2015. The revaluation of the water and sewer assets was assessed using the Cost Approach methodology which is a level 3 assessment under AASB 13. Indexation increases of 4% in civil construction costs, 4.3% for mechanical costs and 4.2% in electrical costs were applied.

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine useful life. Where site inspections were not conducted (i.e. for passive assets), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

For wastewater gravity mains the assumption that the pipes will be relined was adopted.

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Trade and Other Payables

Notes	2018 \$'000	2017 \$'000
<p>Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.</p> <p>Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.</p> <p>As council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.</p>		
Current		
Creditors and Accruals	609	652
Annual Leave	639	658
ATO - Net GST Payable	16	-
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>1,264</u>	<u>1,310</u>

Note 11. Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Therefore, they are measured at amortised cost. Principle and interest repayments are made quarterly in arrears.

All borrowings are in Australian dollar denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2021 to 15 June 2032.

Current

Loans - Queensland Treasury Corporation	279	255
<u>TOTAL CURRENT BORROWINGS</u>	<u>279</u>	<u>255</u>

Non-current

Loans - Queensland Treasury Corporation	2,653	2,925
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>2,653</u>	<u>2,925</u>

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation		
Opening Balance at Beginning of Financial Year	3,180	3,421
Principal Repayments	(248)	(241)
Book value at end of financial year	<u>2,932</u>	<u>3,180</u>

The QTC loan market value at the reporting date was \$3,261,102. 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.

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Borrowings (continued)

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 Australian dollars 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 15 June 2021 to 15 June 2032.

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

Principal and interest repayments are made quarterly in arrears.

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.

Note 12. Provisions

Long Service Leave

The provision for long service leave represents 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 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 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.

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.

Notes	2018 \$'000	2017 \$'000
Current		
Long Service Leave	878	984
Other Entitlements	45	45
<u>TOTAL CURRENT PROVISIONS</u>	<u>923</u>	<u>1,029</u>
Non-current		
Long Service Leave	123	151
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>123</u>	<u>151</u>

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

Notes	2018 \$'000	2017 \$'000
Details of movements in Provisions:		
Long Service Leave		
Balance at Beginning of Financial Year	1,135	1,106
Additional Provision	(134)	29
Balance at End of Financial Year	<u>1,001</u>	<u>1,135</u>

Note 13. Asset Revaluation Reserve

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

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

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

Movements in the asset revaluation reserve:

Balance at beginning of financial year	197,400	195,216
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	(73)	-
Buildings	(1,250)	(55)
Water Supply Network	(643)	112
Other Infrastructure Assets	1,030	285
Transport Infrastructure	2,346	2,047
Urban Waste Water Network	496	(205)
	9	
	<u>1,906</u>	<u>2,184</u>
Balance at end of financial year	<u>199,306</u>	<u>197,400</u>

Asset revaluation reserve analysis

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

Land	3,565	3,638
Buildings	9,268	10,518
Land Held for Resale	29	29
Plant and Equipment	1,498	1,498
Furniture and Fittings	307	307
Water Supply Network	17,888	18,531
Other Infrastructure Assets	4,193	3,163
Transport Infrastructure	149,881	147,535
Urban Waste Water Network	12,677	12,181
Balance at end of financial year	<u>199,306</u>	<u>197,400</u>

Notes to the Financial Statements
for the year ended 30 June 2018

Note 14. Commitments for Expenditure

Notes	2018 \$'000	2017 \$'000
(a) Capital Commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, Plant and Equipment		
Buildings	-	146
Plant and Equipment	-	157
Other Infrastructure Assets	-	197
Transport Infrastructure	517	104
Water Supply Network	1	-
Furniture & Fittings	16	-
Urban Waste Water Network	51	-
These expenditures are payable as follows:		
Within the next year	585	604
Total Payable	585	604
Sources for Funding of Capital Commitments:		
Future Grants and Contributions	585	604
(b) Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Waste Collection Contract (per year) - Expires 30/06/2025	526	526
Landfill Maintenance Contract - Expires 30/11/2019	138	98
	664	624

Note 15. Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2018 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme 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 \$96,366.

Landfill Rehabilitation Provision

Balonne Shire Council currently operates six (6) active landfill sites. Council is yet to raise a provision for the future rehabilitation costs of these landfills once full capacity is reached. Council proposes to engage a consultant in the 2018/19 financial year to complete a landfill remediation assessment which will be used to calculate the initial raising of the provision in compliance with the Qld Department of Environment and Heritage guidelines "Landfill siting, design, operation and rehabilitation" ESR/2015/1627 Version 3.01.

Note 16. Superannuation

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

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

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Balonne Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed, changes to council's obligations will only be made on the advice of an actuary.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 16. Superannuation (continued)

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee gross wages and there are no known requirements to change the rate of contributions.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities. Balonne Shire Council made less than 4% of the total contributions to the plan in the 2017-18 financial year.

	Notes	2018 \$'000	2017 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		617	609
Total superannuation contributions paid by Council for employees	5	617	609
			2019 \$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2018-19			622

Notes to the Financial Statements
for the year ended 30 June 2018

Note 17. Reconciliation of Net Result for the year to Net
Cash Inflow/(Outflow) from Operating Activities

Notes	2018 \$'000	2017 \$'000
Net operating result from Income Statement	1,645	4,183
Non-cash items		
Depreciation and Amortisation	8,190	8,012
	<u>8,190</u>	<u>8,012</u>
Investing and development activities		
Net Losses/(Gains) on Disposal of Assets	294	(136)
Non Cash Capital Grants and Contributions	(4,925)	(4,304)
	<u>(4,631)</u>	<u>(4,440)</u>
Changes in operating assets and liabilities:		
(Increase)/Decrease in Receivables	1,166	(1,766)
(Increase)/Decrease in Inventories	19	(18)
Increase/(Decrease) in Payables and Accruals	(43)	307
Increase/(Decrease) in Other Liabilities	15	(1)
Increase/(Decrease) in Employee Leave Entitlements	(134)	31
	<u>1,023</u>	<u>(1,447)</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	<u>6,227</u>	<u>6,308</u>

Note 18. Reconciliation of Liabilities arising from Finance Activities

	As at 30-Jun-17 \$'000	Cashflows \$'000	Non-Cash Changes (New Leases) \$'000	As at 30-Jun-18 \$'000
Loans	3,180	(248)	-	2,932
	<u>3,180</u>	<u>(248)</u>	<u>-</u>	<u>2,932</u>

Note 19. Events Occurring After Balance Sheet Date

There are no material adjusting events after the balance date.

Note 20. Financial Instruments

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

Financial Risk Management

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

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

Credit Risk 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.

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Financial Instruments (continued)

	Notes	2018 \$'000	2017 \$'000
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	7	25,595	21,616
Receivables - Rates	8	289	356
Receivables - Other	8	2,061	3,207
Total		27,945	25,179

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	2018 \$'000	2017 \$'000
Receivables			
Fully Performing		346	262
Past due:			
- Less than 30 days overdue		1,664	2,887
- 31 to 60 days overdue		4	3
- 61 to 90 days overdue		6	-
- Greater than 90 days overdue		456	490
- Impaired		(6)	(6)
Total	8	2,470	3,636

Notes to the Financial Statements
for the year ended 30 June 2018

Note 20. 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 11.

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
2018					
Trade and Other Payables	1,264	-	-	1,264	1,264
Loans - QTC	426	1,382	2,140	3,948	2,932
	<u>1,690</u>	<u>1,382</u>	<u>2,140</u>	<u>5,212</u>	<u>4,196</u>
2017					
Trade and Other Payables	655	-	-	655	1,310
Loans - QTC	426	1,570	2,378	4,374	3,180
	<u>1,081</u>	<u>1,570</u>	<u>2,378</u>	<u>5,029</u>	<u>4,490</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.

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. 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.

The Council has access to a mix of variable and fixed rate funding options through Queensland Treasury Corporation 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	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2018					
QTC Cash Fund	13,891	139	(139)	139	(139)
Other	11,705	117	(117)	117	(117)
Loans - QTC	(2,932)	(29)	29	(29)	29
Net	22,664	227	(227)	227	(227)
2017					
QTC Cash Fund	14,317	143	(143)	143	(143)
Other	7,299	74	(74)	74	(74)
Loans - QTC	(3,180)	(32)	32	(32)	32
Net	18,436	185	(185)	185	(185)

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 11.

Note 21. Transactions with Related Parties

Key Management Personnel

(a) Transactions with Key Management Personnel

KMP include the Mayor, Councillors, council's Chief Executive Officer and Directors.

The compensation paid to Key Management Personnel comprises:

	2018 \$000	2017 \$000
Short-Term Employee Benefits	1,190	1,017
Post-Employment Benefits	81	53
Long-Term Benefits	5	1
Total	1,276	1,071

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

No transactions between council and other related parties are applicable based on the criteria.

(c) Loans and guarantees to/from related parties

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

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

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

- Payment of rates
- Normal use of council's sport and recreational facilities
- Dog registration
- Normal fees and charges
- Normal creditor and debtor transactions

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

Balonne Shire Council

General Purpose Financial Statements for the year ended 30 June 2018

Management Certificate for the year ended 30 June 2018


These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the 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 32, 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.

 16/10/18

Cr R W Marsh
MAYOR

 16/10/18

Mr J M Magin
CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Balonne Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the *Local Government Regulation 2012* and *Australian Accounting Standards*.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

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

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

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

Responsibilities of the Council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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



Carolyn Dougherty
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement

for the year ended 30 June 2018

	Actual 2018	Target 2018
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Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	-14.41%	between 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

Capital Expenditure on the Replacement of Assets (renewals)	28.32%	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

Total Liabilities less Current Assets	-111.06%	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 2018.

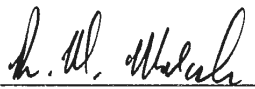
Balonne Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2018

Certificate of Accuracy for the year ended 30 June 2018

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

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

 16/10/18
Cr R W Marsh
MAYOR

 16/10/18
Mr J M Magin
CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Balonne Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Balonne Shire Council for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Balonne Shire Council for the year ended 30 June 2018 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



Carolyn Dougherty
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office
Brisbane

Long-Term Financial Sustainability Statement
 prepared as at 30 June 2018

Measures of Financial Sustainability
 2017-2018 Budget and Long Term Sustainability Statement against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	0 - 10%	-14.41%	-16.61%	-14.59%	-9.83%	-6.39%	-5.91%	-3.36%	0.12%	0.33%	4.44%	7.14%
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

Capital Expenditure on the Replacement of Assets (renewals)	> 90%	28.32%	47.87%	40.88%	91.98%	39.35%	57.95%	74.83%	41.85%	90.88%	118.59%	176.95%
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

Total Liabilities less Current Assets	< 60%	-111.06%	-104.38%	-112.32%	-110.12%	-69.14%	-73.74%	-79.29%	-87.30%	-104.58%	-112.41%	-120.97%
Total Operating Revenue (excluding capital items)												

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.

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted seven key financial performance indicators to guide our financial health. In addition to the financial indicators, we have the above three sustainability indicators that have been set by the Department of Local Government, Racing and Multicultural Affairs to help monitor the long-term sustainability of all Councils across Queensland. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

The table above summarises how we performed against set targets for the three key financial performance indicators established in our financial strategy. In summary, we achieved or bettered six of the financial targets, performing strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure.

Balonne Shire Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

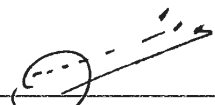
for the long-term financial sustainability statement prepared as at 30 June 2018

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

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

 16/10/18

Cr R W Marsh
MAYOR

 16/10/18

Mr J M Magin
CHIEF EXECUTIVE OFFICER

COUNCILLOR EXPENSES REIMBURSEMENT

POLICY

1. POLICY STATEMENT

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

2. 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.

3. 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.

4. 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 event 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 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.

5. 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.

5.1 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.



5.2 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).

5.3 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.

5.4 Private vehicle usage

Councillors may use their own vehicle with a mileage paid at the appropriate rate determined by the ATO1 or alternatively Councillors may request the use of an available Council vehicle, or hire car if a Council vehicle is not available. Councillors are to provide written notice when travelling for official Council purposes and provide 12 hours written notice to book a Council vehicle.

Council may reimburse expenses for private use of a Councillor's own vehicle 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.

If Councillors are utilising their own vehicle they must have appropriate insurance as outlined at 6.4.

However if a Council staff member is taking a Council vehicle and the Councillor still chooses to use their own vehicle, without prior approval, then the kilometre allowance will not be paid and the Councillor is not covered under Council's insurance arrangements."

Amount (cents per km)

66.0c (refer to footnote 1 on previous page)

5.5 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.

5.6 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).

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.

5.7 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.

6. 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.

6.1 Administrative tools

Administrative tools may 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, internet access if necessary.

6.2 Maintenance costs of Council owned equipment

Council will be responsible for the ongoing maintenance and reasonable wear and tear costs of Council-owned equipment supplied to Councillors for official business use. This includes the replacement of any facilities which fall under Council's asset replacement program.

6.3 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.

6.4 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.

For all purposes of this policy, the use of a private motor vehicle for official purposes must be authorised by the Council.

Before authorisations are given under this directive, the following conditions are to be met:

- the vehicle is to be covered by either a comprehensive motor vehicle insurance policy or a third party property damage insurance policy; and
- the Councillor is to produce evidence that the insurance policy has been endorsed to indemnify the Balonne Shire Council against certain liabilities at law. This is a standard endorsement available on request from all insurance companies. The policy does not require the actual words 'Balonne Shire Council'; the word 'employer' will suffice.

Balonne Shire Council will refund any endorsement fees.

6.5 Fuel Costs

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

6.6 Car Parking Amenities

Council will reimburse Councillors parking costs while attending official Council business, upon production of tax invoice.

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.

7. LEGAL PARAMETERS

Local Government Act 2009

Local Government Regulation 2012

Australian Taxation Law

<https://www.ato.gov.au/individuals/income-and-deductions/deductions-you-can-claim/vehicle-and-travel-expenses/car-expenses/>

8. ASSOCIATED DOCUMENTS

Code of Conduct for Employees

Entertainment and Hospitality Policy

Public Sector Directive -

<https://www.qld.gov.au/gov/system/files/documents/2011-09-domestic-travelling-and-relieving-expenses.pdf?v=1447991623>

Reimbursement of Expenses Claim form



How to contact Council

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Email: council@balonne.qld.gov.au

Office hours are:
8.45am to 5pm
Monday to Friday
(Excluding public holidays)

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All written correspondence
should be addressed to:
The Chief Executive Officer

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