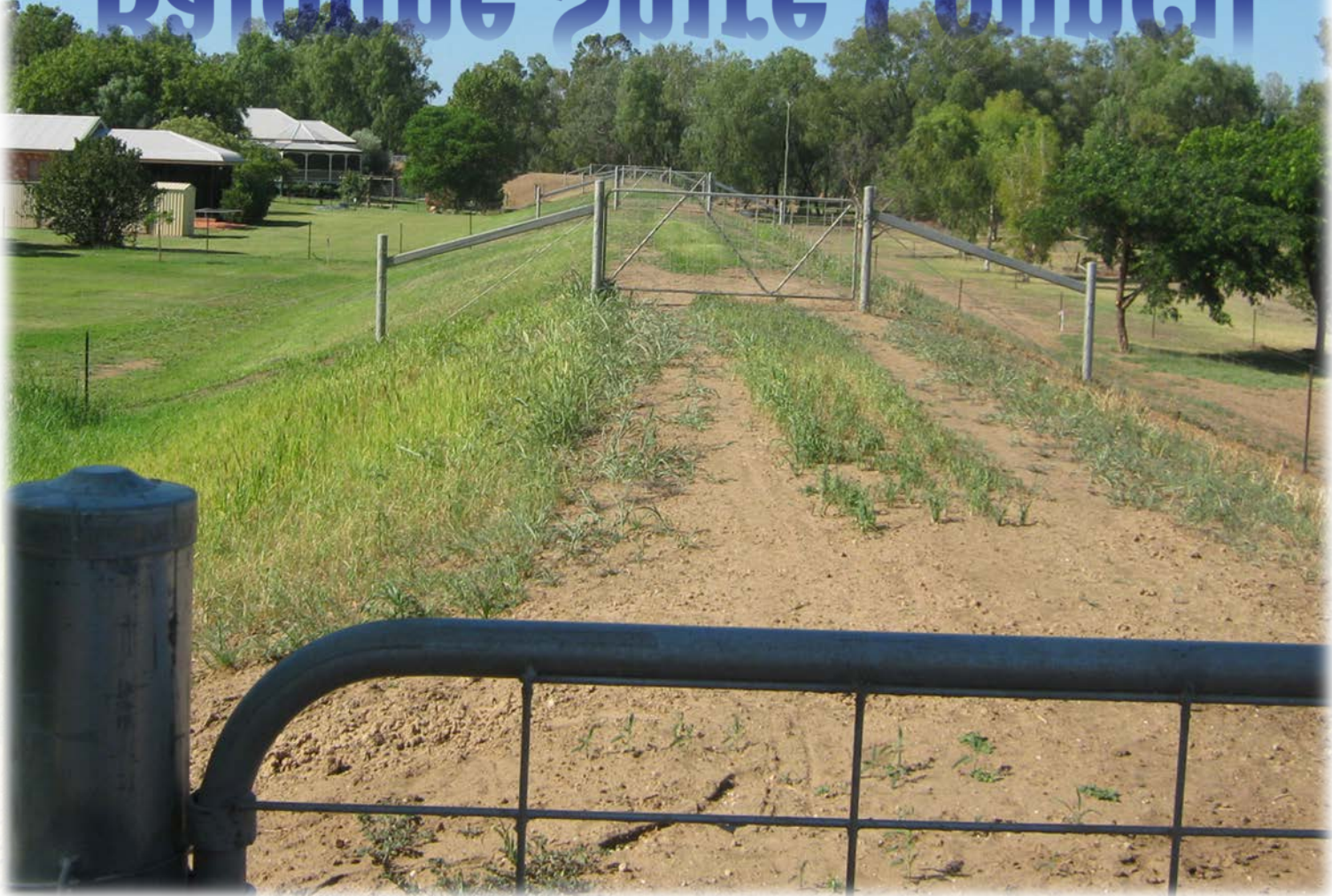


# Balonne Shire Council



## Annual Report

2013/2014

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# Welcome

Welcome to the 2013-2014 Annual Report produced by the Balonne Shire Council.

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

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

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



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

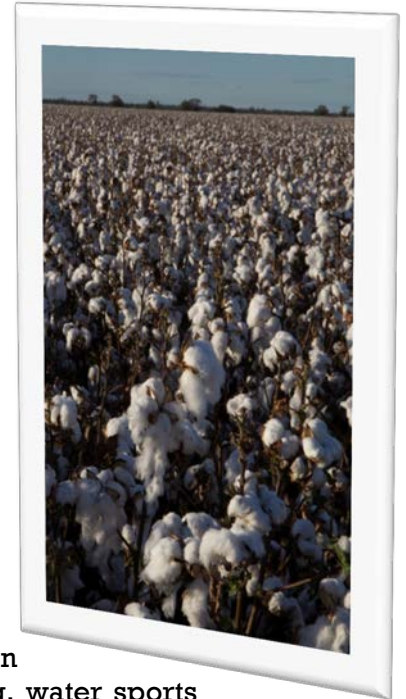
To provide feedback please contact Council on 4620 8888 or email [council@balonne.qld.gov.au](mailto:council@balonne.qld.gov.au)

# Shire Profile

The Balonne Shire is located in Queensland on the New South Wales border some 500 kilometres from the east coast of Australia and has an area of 31,119km<sup>2</sup>. A region of surprising diversity and unique attractions, the Balonne Shire is rich in native bird and animal life, wide open spaces, beautiful waterways and many historic buildings.

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

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



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

# Mission Statement and Values

## OUR VISION

*"For the People"*

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

## OUR MISSION

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

## OUR VALUES

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

### Respect

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

### Teamwork

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

### Accountability

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

### Innovation

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

### Empowerment

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



## Message from our Mayor

In presenting my Annual Report to the People of the Balonne Shire, it is my pleasant task to report yet another very successful performance for the 2013/2014 period.

The mammoth task to restore the thousands of kilometres (including Main Roads) of damaged roads and infrastructure throughout the shire, has successfully wound up with all targets being reached with a couple of weeks to spare. Not bad planning and delivery when you take into consideration the comparatively small workforce and the size of the task that began back in 2010. The mantra 'carry on regardless' sits very well on our shoulders!! The Council is very proud of our achievement and I take this opportunity to thank the local and external contractors who were involved in delivering the project, in particular RMPS (Proterra) and Anni Colbran. I would also like to pay a compliment to our Director of Infrastructure Services, Mr Kevin Searle and Shire Overseer Mr Lyle Crawford and I take this opportunity to place on record our huge appreciation to the "Team Balonne" who worked tirelessly to complete the task. This major undertaking would not have been achieved without your dedication! I also wish to thank the team at the Queensland Reconstruction Authority led by Mr Graeme Newton for their cooperation and guidance in managing our claims. I know there is always danger in singling out people for recognition, however there are two people who played an integral role throughout the whole period and these are former Balonne Shire Chief Executive Officer Mr Scott Norman who guided the process with a steady hand and Mrs Debbie Green who applied herself over and above the call of duty. Thank you Scott and Debbie! The final expenditure for 2013/2014 has been assessed at \$29,951,760, completing a total expenditure for the project over the four years of restoration to \$120,427,960.

The Balonne Shire has become accustomed to delivering large projects and over the last two years we have had many running side by side. The flood mitigation program involving the construction of a levee bank to protect the residents of the town of St George was also completed this year. The levee involved the construction of an earth/concrete block wall running from the southern end of the town starting at Warrawee, weaving it's way through backyards and finishing on the northern extremity behind the showground and was completed in record time. Many thanks to the contractors CDM Smith and the engineers on the ground, Mr David Murray and Mr Evan O'Brien, and MJ Smith who did the actual construction and project management. Both these companies completed their work with distinction. Local contractors were also engaged during the construction phase.

Unfortunately, a number of houses were not able to be protected by the levee because of alignment issues and are impacted by an increase in inundation. These impacts were identified as a result of exhaustive flood studies which were undertaken by the Balonne Shire Council. Because of the impacts, Council offered a subsidy towards mitigating these residences on a 2/3 to 1/3 contribution up to value of \$30,000. A total of \$900,000 has been earmarked for the completion of this project which has a closing date of 30 September 2014. Many have been completed as I write. We now have a suburb of Queenslander style homes! All spheres of government, Federal, State and Local are contributing funding



to the mitigation projects for a total expenditure of \$6.7 million.

An extension to the flood mitigation program was the construction of a crossing in Mitchell Street at a cost of \$656,000, substantially completed during this financial year, this has increased the flood height to 12.3 metres before evacuation of the residents living in Albert Street in the unprotected area of the town was required.

Shire road works that have been completed this year include the following major projects; a 14 km section of the Noondoo/Mungindi Road to bitumen seal. This project was undertaken as a betterment project in partnership with private landholders whose contribution towards the total project cost of \$2.2 million was \$250,000. I congratulate the landholders on their initiative and hope this is the precursor to many more Public Private Partnerships to deliver much needed infrastructure in our shire. Under the Federal Governments Roads to Recovery Program, a further 8 km of bitumen seal has been completed on the Whyenbah Road. Total funds expended over the last two years on this road amounted to \$1.2 million. Council has taken a conservative approach to road capital works over the last few years as our major focus has been on completing road restoration and maintenance. This position puts us in a good place to ramp up over the coming year and take advantage of a bank up in funds under our share of Regional Roads Group funds and an increase in Roads to Recovery in 2015/2016.

One last project which is dear to my heart, was the restoration and refurbishment of the "Grand Old Lady", as named by our Local Government Minister David Crisafulli, the historic RA Black Grandstand at the showgrounds. To see this building restored to its former glory is indeed very pleasing, thanks to "her" winning the heart of our Minister. The total cost of this project was \$367,455 with \$122,595 funding provided by the Department of Local Government, Community Recovery and Resilience.

Council continues to undertake work on a 10 year kerbing and channelling program and maintain a modern and efficient fleet of plant and equipment.

The one blight on this year has been the failure to complete the Hutt Street Raw Water Pump station. Due to circumstances beyond the control of Council this has been carried over for completion to the 2014/2015 financial year. Council is monitoring the project closely.

In conclusion, I most sincerely thank our former Chief Executive Officer, Mr Scott Norman who resigned his position during this year. On behalf of the Council and Community, I wish to place on record our appreciation of the sterling contribution that Scott and his wife Michele made to the Balonne Shire over a period of eight years and the last six years as Chief Executive Officer. We wish him well at Nambucca Heads Shire Council .

I take this opportunity to thank our newly appointed Chief Executive Officer, Mr Peter O'May for picking up the reins when Scott relinquished the position, also to express my appreciation to all members of "Team Balonne" including Councillors for their support over the last twelve months. It is not always easy to make difficult decisions and stick by them.

**Donna Stewart**

**MAYOR**



## From our Chief Executive Officer

First of all I must acknowledge Council's previous Chief Executive Officer, Scott Norman who finished with Council on 30<sup>th</sup> August 2013 to take up the position of Assistant General Manager Corporate Services with Nambucca Heads Shire Council in Northern New South Wales. Scott piloted Council and the community through some of our most challenging times with successive flood events in 2010, 2011 and 2012.

Scott provided strong leadership throughout the response to these events and successfully managed the risks associated with and the resultant impact on operations of delivering an unheralded restoration program across Council's impacted assets.

I extend my personal thanks and best wishes to Scott, Michele and family for the future.

With Scott's departure Council welcomed Andrew McKenzie to the Executive Management Team. Andrew joins us with a wealth of Local Government experience and is a valuable addition to the Balonne Shire Council team. With my transition to Chief Executive Officer, Andrew has taken over my previous role overseeing Council's Corporate and Financial Services functions.

My transition from Deputy Chief Executive Officer to Chief Executive Officer was made very easy and I extend my personal thanks to Mayor Donna Stewart, Councillors and the entire workforce for all the support I have been given over the year.

Whilst no report can fully document 12 months' worth of achievements it is clear that 2013/14 has again been a year to remember for Balonne Shire Council. Details of Council's activities, achievements and financial performance over the year are outlined within this Annual Report and I encourage all to read the report and engage with Councillors or myself on matters of interest.

2013/2014 will go down as one of the most significant years in Council's history with the construction of the St George levee bank and completion of the extraordinary level of flood restoration works resulting from the 2011 and 2012 flood events.

Balonne Shire did receive another flood in 2013/14 however; the impact was predominately in the southeast of the Shire in the Macintyre/Weir and Moonie River catchments. Whilst still impacting on a number of roads, the consequences of this event were minor in relation to the previous flood events across the shire.

As an organisation Balonne Shire Council has operated well above normal capacity for the last few years, scaling up our operations to complete the required flood restoration works. Now that the vast majority of works have been completed with only the 2013 damage to repair, Council is transitioning back to normal operations.



I must pay credit to all staff that have been part of the team over the last few years. Many of our crews have worked through weekends and Rostered Days Off to complete works as required. Can I also acknowledge a particular group of employees who have been with us over the last few years on temporary contracts to complete these works. Unfortunately with the completion of these works we have had to let these staff go and return to normal operational levels. Whilst predominately an Infrastructure Department response, I recognise all staff have been impacted by the organisational focus on these works and commend all for their efforts in maintaining normal operations over this time.

The St George Levee a once in a lifetime project, was a challenging undertaking but as we move into the next storm season, it will provide a high level of comfort to the community going forward; as well as providing many tangible benefits in relation to insurance costs for years to come.

Going forward Council will face the major challenge of maintaining the communities' assets and in particular our extensive road network. Ironically in many cases Council faced the typical Western Queensland challenge of repairing flood damaged roads with limited access to water as the current drought tightens its grip on the shire.

Whilst an extremely demanding year I believe our Organisation has performed admirably and positioned ourselves well to continue to provide strong, responsive service to the Balonne Shire Community.

**Peter O'May**

**CHIEF EXECUTIVE OFFICER**

# Elected Representatives

## Cr Donna Stewart (Mayor)



Cr Donna Stewart was elected as Mayor of Balonne Shire Council on 15 March, 2008 and is currently serving her second term. Cr. Stewart is responsible for the portfolios of Regional Planning, Disaster Management, Planning Scheme, Development Regulation, Water Resource Management, Aboriginal Employment Strategies & Indigenous Affairs, Main Roads Contracts – RRG, Urban Water and Waste Water. Cr Stewart is also an ex-officio member of all other portfolios.

## Cr Richard Marsh (Deputy Mayor)



Cr Richard Marsh was elected to Council in July 2002 and is currently serving his fourth term. Cr Marsh is responsible for the portfolios of Financial Management, Human Resource Management, Disaster Management, Risk Management, Planning Scheme Development Regulation, Urban Streets, Storm Water and Footpaths, Asset Management, Urban Water and Waste Water and Staff Housing.

## Cr Rod Avery



Cr Rod Avery was elected to Council in April 2012. Cr Avery is responsible for the portfolios of Workplace Health and Safety, Cleansing, Waste Management, Refuse Collection, Land Fill, Environmental Health, Urban Animal Control, Animal Pests Control Community Safety, Tourism, Recreation facilities—Pools, Sporting Fields, Skate Parks, Court Sports.

## Cr Ian Winks



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

## Cr Joanne Kellock



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

## Cr Fiona Gaske



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

## Cr Robert Paul



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

# Councillor Remuneration

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

<b>Councillor</b>	<b>Monthly Council Meetings</b>	<b>Total Fees Paid#</b>
Cr D S Stewart (Mayor)	12	\$73,803.00
Cr R Marsh (Deputy Mayor)	12	\$38,658.96
Cr F Gaske	11	\$31,629.96
Cr I Winks	11	\$31,629.96
Cr R Avery	10	\$31,629.96
Cr R Paul	12	\$31,629.96
Cr J Kellock	12	\$31,629.96

# Fees include base remuneration and meeting fees for other meetings attended as a representative of Council. Remuneration covers 2013/2014 financial year as opposed to calendar year limits determined by the tribunal.

## Local Government Remuneration and Discipline Tribunal

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

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

A report on the tribunal's remuneration determinations is made to the Minister responsible for local government by 1 December annually. The most recent report regarding remuneration for local government councillors was published by the Local Government Remuneration Tribunal in December 2013.

Each Local Government then must adopt a remuneration schedule for Councillors in accordance with the tribunal's determination.

Balonne Shire Council adopted the Councillor's Remuneration Schedule as determined by the Local Government Remuneration and Discipline Tribunal including any subsequent variations in accordance with *S245 of the Local Government Regulation 2012* on 15 February 2013.



# **Balonne Shire Council Remuneration Package for Councillors 2013**

**Adopted 15 February 2013**

## **1. PURPOSE OF THE REMUNERATION PACKAGE**

This remuneration package is to fix the basis for payment to the Mayor, Deputy Mayor and Councillors for services rendered in carrying out their statutory duties.

The remuneration does not include the reimbursement of expenses or the provision of facilities as these are dealt with under the expenses reimbursement policy to be adopted by local governments.

## **2. PRINCIPLES ON WHICH REMUNERATION PACKAGE IS TO BE BASED**

Remuneration must equal the amount determined by the Local Government Remuneration and Discipline Tribunal (The Tribunal). If there is inconsistency between the determination of The Tribunal and this document, the determination of the Tribunal will prevail.

Remuneration includes any fees or allowances paid to the mayor or councillor and is intended to provide compensation for the time and effort councillors spend on council business.

Should an elected representative hold a position for only part of a calendar year, he or she is only entitled to remuneration to reflect the proportion of year served.

## **3. LEVEL OF REMUNERATION**

### **Mayoral Remuneration**

The annual remuneration payable to the Mayor shall be \$73,803.00.

### **Deputy Mayoral Remuneration**

The annual remuneration payable to the Deputy Mayor shall be \$38,659.00. This allowance provides for Acting Mayoral duties, as required in the absence of the Mayor.

### **Councillor Remuneration**

The annual remuneration payable to each Councillor shall be \$31,630.00.

### **Superannuation**

No superannuation payments will be made to Councillors that are additional to remuneration detailed in this Policy. Councillors may enter into an agreement with Council to salary sacrifice remuneration due under this Policy. Such agreements must comply with the Local Government Act 2009 and subordinate regulations.

### **Method of Payment**

Payment of the Mayoral, Deputy Mayoral, and Councillor allowances and any meeting fees shall be made monthly in arrears by direct deposit to a bank account of the Councillor's nomination.

### Date and Period of Effect

The remuneration package as listed above will be for the period 1 January, 2013 until 31 December, 2013. Due to changes made by the Local Government Remuneration and Discipline Tribunal (The Tribunal) whereby remuneration levels are to apply from 1 July as opposed to previous determinations which applied from 1 January, the remuneration package as listed above will be extended to 30 June 2014.



# Councillor Expenses Reimbursement

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

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

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

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

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

### 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)

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

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

*(Current 1<sup>st</sup> 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 shall be provided to Councillors as required to assist Councillors in their role.

Administrative tools include:

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

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

Council may provide a Councillor with home office equipment including computer, 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 that is 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 Use of Council Vehicles on Council Business**

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

## **6.5 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.

## **6.6 Fuel Costs**

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

## **6.7 Car Parking Amenities**

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

*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.*

# Executive Staff

## Chief Executive Officer



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

## Director of Corporate & Financial Services



Andrew McKenzie commenced employment with Council in March 2014 as Director of Corporate & Financial Services. Andrew has 23 years' experience in local government, with the majority of this time spent in outback Queensland. Andrew holds a Bachelor Degree in Accounting and Local Government and a Master of Business Administration and is currently studying law. Andrew is responsible for governance, administration, finance and information technology.

## Director of Infrastructure Services



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

## Director of Health, Planning and Community Development



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

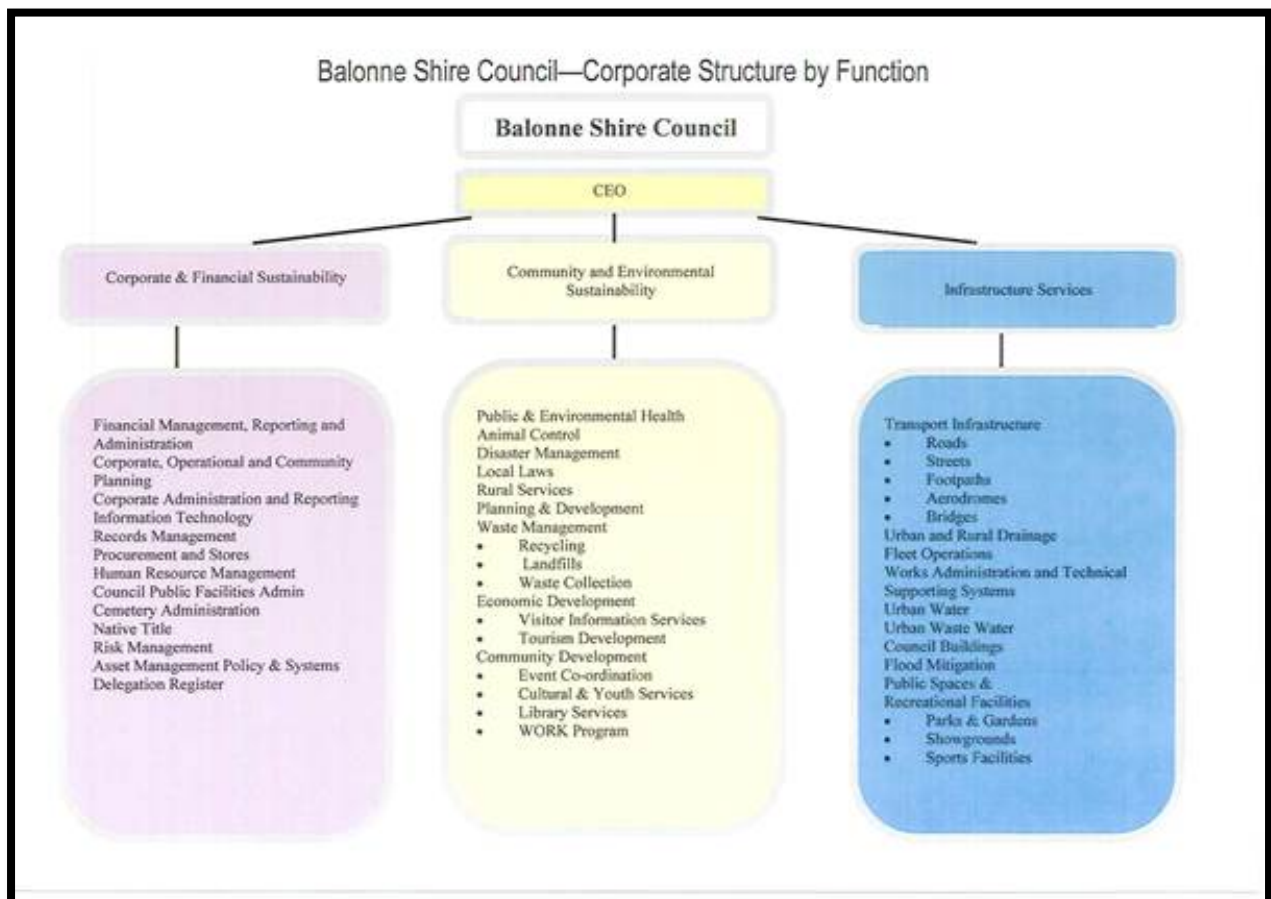
# Senior Management Remuneration

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

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

## Senior Management Remuneration

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





# Our People

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

## Recruitment

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

## Equal Employment Opportunity

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

## Staff Age Profile

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

## Gender Profile

Council's gender profile at 30 June 2014 was 69% male as compared to 31% female. Of the males employed 100% were employed on a full time basis, whilst approximately 40% of females were employed on a part-time/casual basis and approximately 60% were employed on a full-time basis.

## Code of Conduct

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

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

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

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

### **Training and Professional Development**

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

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

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

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



# Statutory Reporting

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

The following information is provided in accordance with these requirements.

## SPECIAL RATES AND CHARGES

### Thallon Town Rural Fire Brigade Special Charge

For the 2013/2014 year a special charge was levied on those rateable properties contained in the benefited area in the town of Thallon. This was for the purpose of raising revenue to fund the operation of the Thallon Town Rural Fire Brigade. Funds collected are for the purpose of the ongoing operation and maintenance of the Thallon Rural Fire Brigade. During the year \$7,160 was levied.

## REBATES AND CONCESSIONS

### Remission for Occupancy/Ownership by Pensioners

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

### Payment of Rates by Instalments

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

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

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

### Concessions for Rates and Charges and Other Rebates Requests

Concessions for Rates and Charges and other remission requests, or rate deferral requests, are assessed on a case-by-case basis, in accordance with Section 190 (1)(g) of the *Local Government Regulation 2012*. Balonne Shire Council grants concessions of 50% of utility charges to religious, charitable and other organisations. Total concessions granted for 2013/2014 was \$12,900.

## Discount for Prompt Payment

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

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

## TENDERS

### Expression of Interest Prior to Tenders Being Called

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

### Changes to Tenders

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

## SHAREHOLDER DELEGATES

In accordance with reporting requirements under the *Local Government Regulation 2012*, Council did not operate any corporate entities during the 2013/2014 period.

## ADMINISTRATIVE ACTION COMPLAINTS

Council is committed to dealing fairly with administrative actions complaints and has an Administrative Actions Complaints process to deal with any such complaints. There was one Administrative Action Complaint requiring reporting in accordance with Section 187 of the *Local Government Regulation 2012* for the 2013/2014 period.

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



## SUMMARY OF EXPENDITURE FOR PARTICULAR ITEMS

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

<b>Total Grants to Community Organisations</b>		<b>\$45,445</b>
<i>Regional Arts Development Fund</i>		<i>\$23,636</i>
Balonne Creative Arts	Photo Applique Workshop	645
St George Arts Council	Play Project	3,585
Old Folk Federation Inc	Festival of Small Halls	3,382
St George RSL Sub-Branch	ANZAC Books	1,618
Partners in Grain	Photography Workshop	3,136
P & P Albeck	Upholstery Workshop	1,000
St George Art Group	Water Colour Workshop	1,805
Bollon Sewing Group	Colour in Textiles & Art Workshop	1,124
Dirranbandi Arts Council	Furniture Restoration & Upholstery Workshop	1,391
Make it Sew	Quilt in a Day Workshop	1,550
St George Arts Council	Festival of Small Halls	1,500
Dirranbandi Arts Council	Basket Weaving Workshop	2,900
<i>Community Grants</i>		<i>\$7,276</i>
Queensland Cotton	Annual Golf Day	200
St George State School	Spring Fling	200
St George State High School	Year 12 Dux Awards	100
St Patrick's Fete Committee	Colouring Competition	150
C & K Kindergarten Dirranbandi	Educational Items	498
Dirranbandi QCWA	Laptop	699
St Patrick's Fete Committee	Annual Fete	200
Dirranbandi Hospital Auxiliary	Melbourne Cup Function	198
Australian Bradford Society	Donation	300
Care Balonne	White Ribbon Day	200
Dirranbandi Arts Council	Rail & River Paver Project	50
Care Balonne	International Womens Day	181
Mungindi Community Preschool	Silver Sponsorship	300
St George Multipurpose Centre	Donation	1,000
St Josephs P & F Association	Silver Sponsorship	300
St George Junior Rugby League	Junior Rugby League Carnival	500
142 Army Cadet Unit	Donation – Trailer Tyres	500
St George Polocrosse Club	2014 Carnival	200
Bollon State School	Camp Sponsorship	500
St George Amateur Swimming Club	Club Funding	1,000
<i>Sports Incentive Scheme</i>		<i>\$7,692</i>
Thallon Progress Association	Building Upgrade	2,000
Thallon-Daymar Cricket Club	Catering and Sporting Equipment	992
St George Rugby League	Club Equipment	1,980
St George District Rugby Union	Club Equipment	990
St George Amateur Swim Club	Electricity Connection to Clubhouse	2,000
<i>Free or Concessional Use of Council Facilities</i>		<i>\$ 6,841</i>

## OVERSEAS TRAVEL

No Councillors or employees of Council undertook any overseas travel for the financial year 2013/2014 in accordance with Section 188 of the *Local Government Regulation 2012*.

## COUNCILLOR CONDUCT

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

In accordance with sections 180 and 181 of the *Local Government Act 2009*, there was one (1) order issued to advise of inappropriate conduct and remind the Councillor of his obligations and responsibilities. The order was made to Cr Winks for directing contractors to carry out works on behalf of Council without the appropriate approvals in place.

In accordance with section 176C(3)(a)(ii) or (b)(i) of the *Local Government Act 2009*, there was one complaint referred to the Mayor.

## REGISTERS

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

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

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

## LAND AND RESERVES

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

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

## Council Managed Reserves

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



## **INTERNAL AUDIT**

With the Requirements for Council to be established on Audit Committee in the 2013/2014 year a new three year Internal Audit plan was prepared and presented to the Audit Committee on the 28<sup>th</sup> March 2014 and subsequently adopted.

In March 2014 a detailed analysis of Oncost rates used by Council was undertaken together with comparative calculations of the underlying actual costs incurred by council. Recommendations for changes to Oncost rates were made as a result of this review In August 2014.

The 2014/2015 Budget and Operational Plan were reviewed for compliance with legislation and suitability to Council needs.

A detailed review of credit card use and controls was undertaken as well as associated travel claims. Statutory Registers were also reviewed for compliance with legislative requirements.

With a complete revaluation of Councils infrastructure Assets to be undertaken in the 2014/2015 year, meetings with senior Council officers were held to ensure that the instructions to prospective valuers encompassed all statutory requirements including compliance with mandated accounting standards and provided Council with the most cost effective outcome with respect to the revaluation.

## **IMPLEMENTATION OF LONG TERM PLANS**

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

## **LONG TERM FINANCIAL SUSTAINABILITY**

Council has maintained operating surpluses since 2009 with the exception of the 2013 financial year, due to the timing difference of advance funding under the *Natural Disaster Relief and Recovery Arrangements (NDRAA)* Funding provided by the Queensland Reconstruction Authority and the Financial Assistance Grant (FAGS). Council's long term financial sustainability is expected to report reasonable surpluses for the next ten years.

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

# Performance Report

## KEY PROGRAM AREAS

### Wise Planning and Design

#### Community Planning

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

#### Building and Plumbing Services

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

#### Development Assessment

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

#### Roads and Transport

To provide efficient and effective transport and drainage infrastructure.

#### Water and Sewerage

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

### Strong and Resilient Communities

#### Community Lifestyle

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

#### Cultural Activities

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

#### Community Safety

To facilitate community safety and crime prevention strategies.

#### Public Health

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

#### Parks and Recreation

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

### Disaster Management

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

## Prosperity for All

### Tourism

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

### Economic Development

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

### Commercial Services

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

## River Country Stewardship

### Environmental Management

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

### Waste Management

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

### Rural Services

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

## Inclusive and Ethical Governance

### Corporate Governance

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

### Financial Management

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

### Customer Services

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

## Wise Planning and Design

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

### Year Highlights and Achievements

- ✓ Planning amendment to address the flood hazard in St George and Bollon;
- ✓ 22 projects through the House Raising and Private Flood Mitigation Program;
- ✓ Council's work on flood resilience received a Highly Commended Award in the Flood Plain Management Association's Flood Risk Management Project of the Year Awards;
- ✓ 400 people attended the Get Ready Balonne Day at the St George Swimming pool and 150 emergency kits were distributed;
- ✓ \$6,795,696 of building work approved;
- ✓ 77 building applications were approved and 18 plumbing approvals;
- ✓ 21 applications for material change of use, reconfiguring a lot, and operational works were approved;
- ✓ Completion of 2010, 2011, and 2012 Flood Restoration Works to roads and other infrastructure;
- ✓ Replacement of aged water and sewer assets;
- ✓ Upgraded the Bollon Sewage Treatment Plant Lagoons;
- ✓ Commenced construction of the Hutt Street Raw Water Pump Station;
- ✓ New & Upgraded Footpaths – Kenny Lane, Barlee Street, Railway Street, Jane Street and Barwon Street;
- ✓ Extended Kerb & Channel in Barlee Street;
- ✓ Bitumen Seals/Reseals – Wagoo Road, Rhea Road, Willowthal Road,



Kemp Road, Beeson Road, Hebel-Goodooga Road, Cashel Vale Road, St George Streets, Dirranbandi Streets and Thallon Streets.

## 2014-2015 Targets:

- 2014 Get Ready Queensland project;
- New Balonne Shire Planning Scheme in 2015;
- Realignment of the state digital cadastral database for the Balonne Shire;
- Continue with kerb and channel and footpath upgrades throughout the Balonne Shire;
- Continue to work toward the master plan and CBD upgrades in St George on town streets and river foreshore;
- Completion of bitumen sealing the Noondoo-Thallon Road;
- Installation of new stormwater drainage systems in Charles, Elizabeth and Andrew Streets, St George;
- Replacement of selected water mains in Bollon, Thallon, and Mungindi.
- Relining of various sewer mains;
- Upgrade of Dirranbandi waste water lagoons;
- Upgrading sections of the Wagoo Road, Cashelvale Road, Jakelwar-Goodooga Road, and Thungaby Road;
- Completion of Hutt Street Pump Station;
- Completion of 2013 Flood Restoration programme.



Performance Measure	Annual Target	Actual
Forward looking initiatives / programs instigated	▲ 4	8
Road user <i>Request for Action</i> completed in acceptable timeframes within budget constraints	▲ 90%	80%
Compliance with Council's Customer Service Standards for urban water supplies	▲ 90%	75%
Percentage of Operational Projects completed within budget and on time	▲ 90%	78%
Percentage of Capital Projects completed within budget and on time	▲ 90%	81%



## Strong and Resilient Communities

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

### Year Highlights and Achievements

- ✓ Completion of the St George Showgrounds Grandstand Restoration;
- ✓ Dirranbandi Skate Park Shade Structure;
- ✓ GraffitiSTOP toilets opposite the St George Police Station;
- ✓ St George Cultural Centre replacement of tables, chairs and partitions;
- ✓ Installation of new kitchen along the back wall at Thallon Hall;
- ✓ St George Cultural Centre paint and refurbish kitchen;
- ✓ St George river foreshore projects;
- ✓ Nindigully Camping area installation of the dump-ezy;
- ✓ Dirranbandi Swimming Pool replacement of damaged tiles;
- ✓ Completion of the St George Flood Mitigation Levee Stage 1 & Stage 2;
- ✓ Installation of the St George Backflow Prevention Gates;
- ✓ Held the Spring Into Spring event which has been a catalyst for the now Dragon Country Markets;
- ✓ The inaugural Young Women's Leadership Bursary was held;
- ✓ Hosted Australia Day in St George which was a great success;
- ✓ The Work Camp program continues to provide valuable support to community groups and Council across the shire;
- ✓ Funding assistance was provided to various community groups ;
- ✓ Through the Regional Arts Development Fund (RADF), 13 local projects were supported;
- ✓ Hosted the Woodford Folk Festival's Festival of Small Halls;
- ✓ There has been an increase in borrowers at the St George Library;
- ✓ A new MOU was established with the Dirranbandi RTC for the library service;
- ✓ 49 food licences were issued;
- ✓ Mosquito Identification Program carried out in conjunction with Queensland Health;
- ✓ Weekly and monthly testing of urban water supplies;
- ✓ Seasonal workers' accommodation inspections.



## 2014-2015 Targets:

- Refurbishment of the St George Cultural Centre Façade and roof replacement;
- Continue to work toward the master plan and CBD upgrades within our town streets and river foreshore;
- Replacement of loose tiling work and new chemical dosing control panel at the Dirranbandi Swimming Pool;
- GraffitiSTOP for St George Skate Park;
- Construction of a Flood Protection Levee in Bollon;
- The completion of the River Country Recollections – a digital oral history project;
- Continuation of the RADF program;
- Continuation of public health inspections.



Performance Measure	Annual Target	Actual
Programs and/or enhancements to community facilities to increase community participation and inclusion	▲ 12	12
Cultural activities/initiatives implemented and/or supported	▲ 12	40
Proactive public health initiatives implemented	▲ 10	9
Percentage of Operational Projects completed within budget and on time	▲ 90%	74%
Percentage of Capital Projects completed within budget and on time	▲ 90%	63%

## Prosperity for All

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

### Year Highlights and Achievements

- ✓ Commenced construction of the Nindigully Tourist and Visitors Area, a joint initiative of the Balonne Shire Council and the Queensland State Government;
- ✓ Yellowbelly Country Music Festival had its inaugural year in 2013 ;
- ✓ A tourism familiarisation program for surrounding shires was held;
- ✓ In conjunction with the University of Queensland, we participated in the Tourism Regional Immersion Project (TRIP);
- ✓ Volunteer attraction and retention continued to be a focus throughout the year, recognising the vital role volunteers play in being able to keep the service going;
- ✓ Council had a trade site at the Surat Basin Resource and Mining Expo;
- ✓ Council hosted the Agricultural Rail Freight Inquiry Hearing in St George
- ✓ The Beautiful Balonne campaign including YouTube promotion clips was developed;
- ✓ Council subsidised 14 businesses to participate in the Get Up To Speed program;
- ✓ Multiple business workshops were hosted during the year;
- ✓ Completion of the Road Management Performance Contract for the Department of Transport and Main Roads;
- ✓ Completion of the Noondoo-Thallon Road upgrade (Job Number SWTD-992).





### 2014-2015 Targets:

- New economic development positions funded through the Murray Darling Basin Regional Economic Diversification Program;
- Completion of the Nindigully Tourist and Visitors Area;
- New St George & Surrounds tourism brochure;
- The completion of the Cotton Self Drive Trail;
- Strategic tourism marketing plan has been developed to ensure maximum return on investment with marketing dollars;
- Further business workshop are being developed along with Agribusiness workshops to support farmers;
- The Council, in conjunction with State Development, the Balonne Beacon and the St George and District Chamber of Commerce have developed Bettering Balonne;
- Continue Road Management Performance Contract for the Department of Transport and Main Roads;
- Progress Noondoo-Thallon Road upgrade (SHTD-1537) for the Department of Transport and Main Roads.



Performance Measure	Annual Target	Actual
Programs and/or enhancements to community facilities to increase community participation and inclusion	▲ 12	12
Cultural activities/initiatives implemented and/or supported	▲ 12	40
Proactive public health initiatives implemented	▲ 10	9
Percentage of Operational Projects completed within budget and on time	▲ 90%	74%
Percentage of Capital Projects completed within budget and on time	▲ 90%	63%

## River Country Stewardship

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

### Year Highlights and Achievements

- ✓ 1253 dogs were registered, 52 dogs were euthanized, and 6 dogs were declared dangerous;
- ✓ Commenced construction of a Parthenium Washdown in St George, a joint initiative of the Balonne Shire Council and the Queensland State Government;
- ✓ Visit by the RSPCA Mobile Education Unit to both primary schools to encourage responsible pet ownership;
- ✓ Desexing clinic conducted – 100 dogs were desexed within the Balonne Shire;
- ✓ New fenced landfill constructed at Nindigully;
- ✓ New pit dug at the St George landfill;
- ✓ Held a mobile muster to collect mobile phones for recycling;
- ✓ A large volume of green waste was collected during the Annual Shire Clean Up;
- ✓ Constructed new water facility at “Cashmere”;
- ✓ Conducted two Wild Dog Baiting Campaigns;
- ✓ Commenced Weed Management Program for Velvet Tree Pear;
- ✓ Continued with fire break mitigation.





### 2014-2015 Targets:

- Completion of Parthenium Washdown;
- Modernisation of the St George Landfill;
- Waste Management Education Program;
- Queensland Murray Darling Committee illegal dumping program;
- Increase in dog registration;
- Increased community awareness and education for responsible pet ownership;
- Replace Mungindi Town Common fence;
- Continuation of Wild Dog Baiting Program;
- Participation in the 'Drought Assistance – Feral Animal Funding' initiative;
- Continuation of Feral Pig Eradication Program.



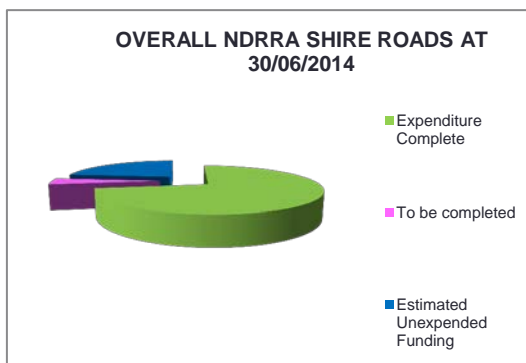
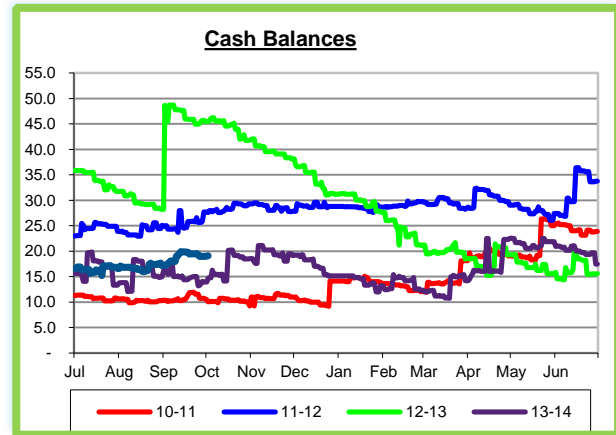
Performance Measure	Annual Target	Actual
Customer requests responded to within defined timeframes	▲ 90%	87%
Kerbside waste and recycling bins collected as scheduled	▲ 100%	100%
Percentage of Operational Projects completed within budget and on time	▲ 90%	100%
Percentage of Capital Projects completed within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

## Inclusive and Ethical Governance

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

### Year Highlights and Achievements

- ✓ 2013-18 Corporate Plan implemented;
- ✓ Council has maintained its strong commitment to functional and effective Corporate Government processes;
- ✓ Complied with all regulatory requirements;
- ✓ Work continues on reviewing Local Laws, Planning Scheme and other key strategic documents / plans;
- ✓ Completion of NDRRA 'flood damage restoration projects' within time and budget constraints;
- ✓ Maintained strong cash balances and capital reserves;



- ✓ Implemented new financial reporting software, jointly developed as an initiative between Goondiwindi Regional, Balonne and Paroo Shire Councils and LG Solutions;
- ✓ Received an Unqualified Audit Opinion from the Queensland Audit Office;
- ✓ Maintained a service presence in St George and Dirranbandi.



### 2014-2015 Targets:

- Completion of the Local Law Review;
- Implementation of new software to better report upon organisational reporting;
- Alignment of Council's financial modelling and budget processes to Strategic Asset Management Plans;
- Comprehensive revaluation of Council's property, plant and equipment assets;
- Review of Council's General Ledger and Job Costing Chart of Accounts to allow better tracking of costs, leading to more informed decision making;
- Continue to offer a service presence in St George and Dirranbandi;
- Provide customer service training to front line staff.



Performance Measure	Annual Target	Actual
Compliance with statutory and corporate requirements	▲ 100%	98%
Audit recommendations implemented	▲ 90%	90%
Percentage of Requests for Action completed within defined timeframes	▲ 90%	90%
Percentage of Operational Projects completed within budget and on time	▲ 90%	98%
Percentage of Capital Projects completed within budget and on time	▲ 90%	98%

# Community Financial Report

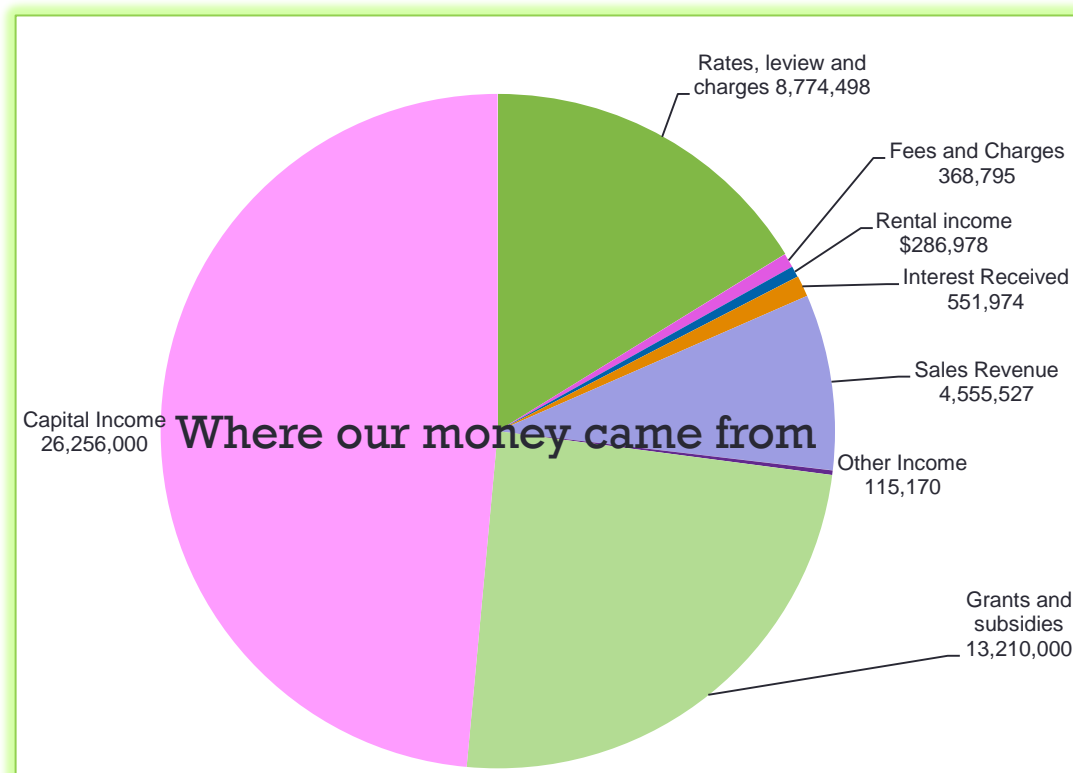
Annual Financial Statements are prepared in accordance with professional and legislative requirements and hence are technical documents. The purpose of the Community Financial Report is to present Financial Statements in a form more easily understood by the community.

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

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

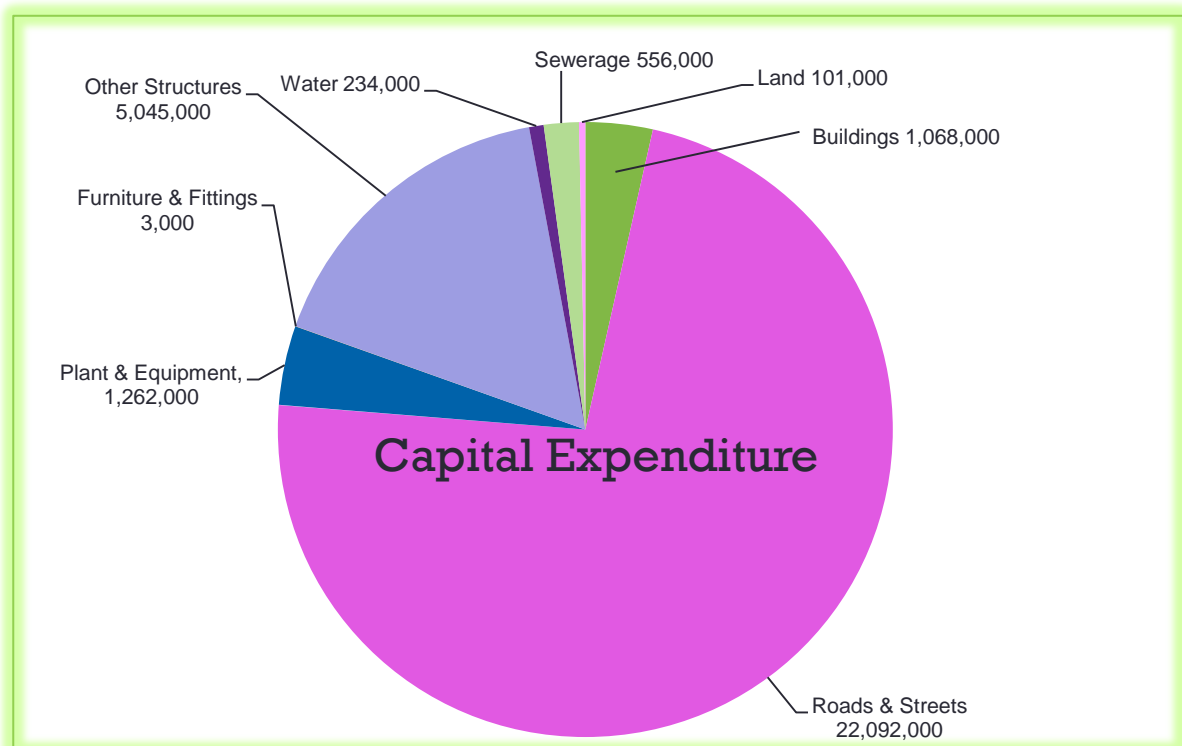
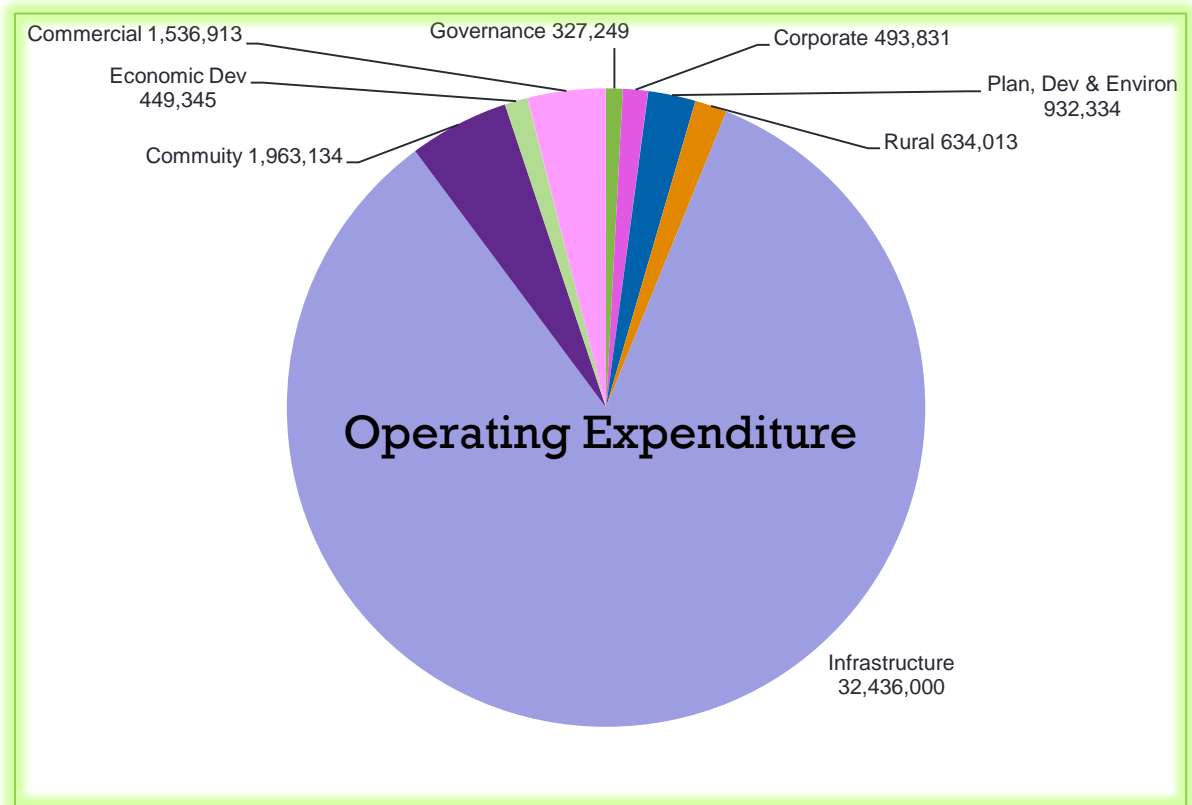
## Sources of Income:

The total income for the 12 months to 30 June 2014 was \$54,119,000. This includes rates and charges, grants and fees during the 12 months. The capital income of \$26,256,000 is mainly made up from capital grants and subsidies.



**Where Council Spent its funds:**

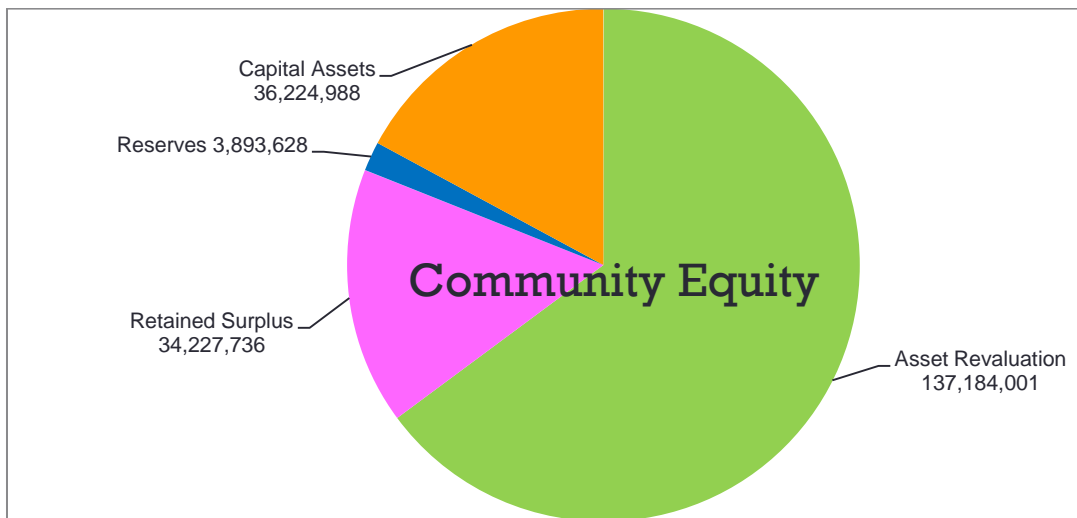
Total expenditure for the 12 months to 30 June, 2014 totalled \$39,886,000. This expenditure consisted of costs such as electricity, insurance, salaries & wages, repairs & maintenance and depreciation of community assets. Council spent \$30,326,000 on capital purchases and capital improvements.





**Increase in Net Worth (Community Equity):**

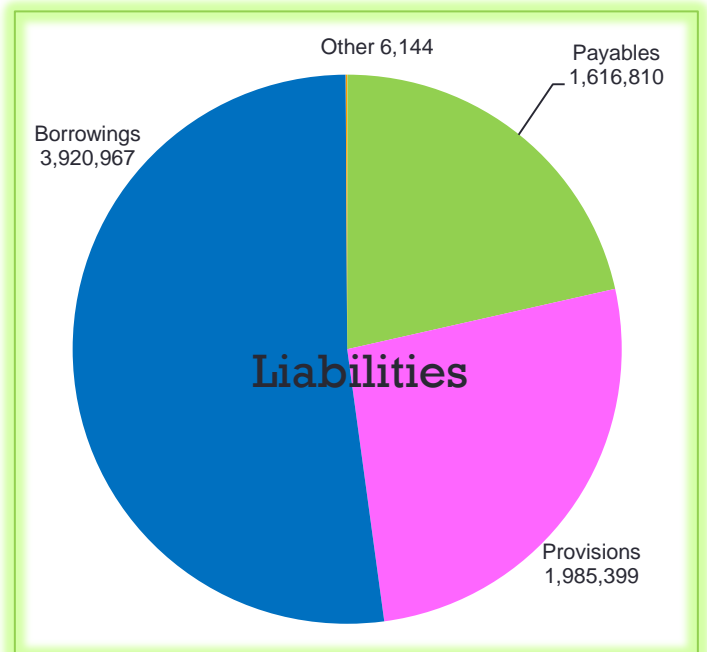
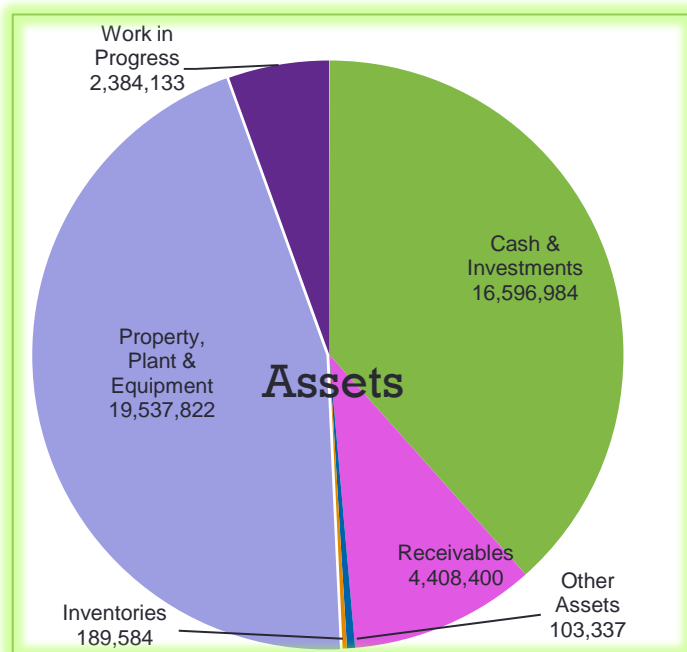
Balonne Shire Council's net worth (Community Equity), is made up of Investment in Capital Assets, Reserves, Asset Revaluation Reserve and Retained Surplus.



**What Council Owes and Owns:**

Council's assets of \$219,060,000 are made up of investment in community assets such as roads, buildings, water and sewer infrastructure as well as cash, investments, receivables and inventories.

Council's liabilities of \$7,530,000 comprise of employee provisions, sundry creditors and Queensland Treasury Corporation (QTC) loans.



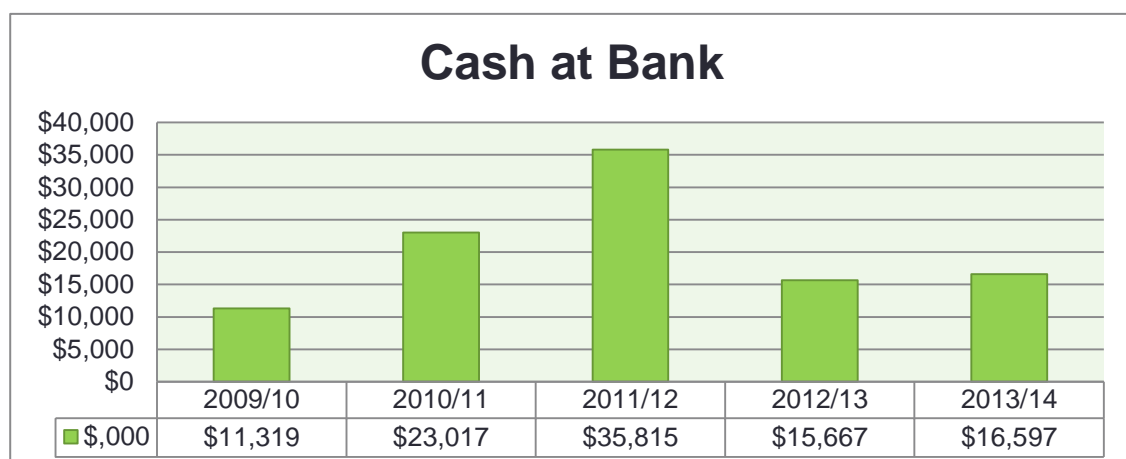
## Statement of Cash Flows

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

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

	2013/14 \$,000	2012/13 \$,000	2011/12 \$,000	2010 / 11 \$,000	2009 / 10 \$,000
Opening Cash Balance	15,667	35,815	23,017	11,319	11,925
Net Cash Flow from Operating Activities	6,128	-10,752	14,916	18,841	5,330
Net Cash Flow from Investing Activities (Capital Purchases)	-4,898	-9,098	-5,113	-6,869	-5,512
Net Cash Flow from Financing Activities (Loans)	-300	-298	2,999	-274	-423
Closing Cash Balance	16,597	15,667	35,815	23,017	11,319

As can be seen by the summary above, we started the year with \$15,667,570 and ended the year with \$16,596,984. This small increase in cash held is predominately related to advance natural disaster relief funding for flood damage repairs received during financial year. To reach a strong financial position, Council must not only have enough cash for its day-to-day operations and to fund purchases of property, plant and equipment; repay interest and principal payments on loans, it must manage its cash to have the capacity to meet its financial commitments in the long term.



## Other Financial Information

### Operating Surplus Ratio

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

The current ratio for Council is **-84%**

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

### Asset Sustainability Ratio

This ratio is an approximation of the extent to which assets managed by a local government are being replaced as these reach the end of their useful lives. It is calculated by measuring capital expenditure on renewal or replacement of assets, divided by depreciation expense. The accepted benchmark for local government is greater than 90%. Council's ratio for 2013/2014 is 477.29%.

### Net Financial Liabilities Ratio

This ratio measures the percentage of Council's total liabilities less current assets divided by total operating revenue (excluding capital items). The accepted benchmark for local government is less than 60%. Council's ratio for 2013/2014 is **-29%**.

## Overall Financial Summary

- Cash balance as of 30 June 2014 - \$16,296,984
- Council has Reserves set aside for future expenditure of \$3,893,628
- Total community equity as of 30 June 2014 - \$211,530,354

# The Future

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

The future overall financial position is healthy with reserves being maintained to complete capital infrastructure replacement as required.

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



# Key Contacts

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## **Postal Address**

Balonne Shire Council  
PO Box 201  
ST GEORGE QLD 4487

## **Administration Centres**

Administration Office  
118 Victoria Street, St George

Telephone 07 4620 8888  
Fax 07 4620 8889

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

Telephone 07 4620 8855  
Fax 07 4620 8856

## **After Hours Emergencies**

Telephone 0407 253 858

## **Website**

[www.balonne.qld.gov.au](http://www.balonne.qld.gov.au)

## **Email Address**

[council@balonne.qld.gov.au](mailto:council@balonne.qld.gov.au)



# Balonne Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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For the People



# Balonne Shire Council

## General Purpose Financial Statements for the year ended 30 June 2014

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Balonne Shire Council.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were authorised for issue by the Council on 30/10/14.  
Council has the power to amend and reissue the financial statements.
-

# Balonne Shire Council

## Statement of Comprehensive Income for the year ended 30 June 2014

\$ '000	Notes	2014	2013
<b>Income from Continuing Operations</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates, Levies and Charges	3a	8,775	8,445
Fees and Charges	3b	368	247
Rental Income	3c	288	179
Interest & Investment Revenue	3d	552	1,313
Sales Revenue	3e	4,555	3,248
Other Income	3f	115	70
Grants, Subsidies, Contributions & Donations	4a	13,210	42,447
<b>Total Recurrent Revenue</b>		<b>27,863</b>	<b>55,949</b>
<b>Capital Revenue</b>			
Grants, Subsidies, Contributions & Donations	4b	26,256	359
<b>Total Revenue</b>		<b>54,119</b>	<b>56,308</b>
<hr/>			
<b>Total Income (Continuing Operations)</b>		<b>54,119</b>	<b>56,308</b>
<hr/>			
<b>Expenses from Continuing Operations</b>			
<b>Recurrent Expenses</b>			
Employee Benefits	5	7,100	9,448
Materials and Services	6	15,687	57,354
Finance Costs	7	250	262
Depreciation and Amortisation	8	5,059	5,221
<b>Total Recurrent Expenses</b>		<b>28,096</b>	<b>72,285</b>
Capital Expenses	9	11,790	69
<b>Total Expenses (Continuing Operations)</b>		<b>39,886</b>	<b>72,354</b>
<hr/>			
<b>Operating Result (Continuing Operations)</b>		<b>14,233</b>	<b>(16,046)</b>
<hr/>			
<b>Net Result</b>		<b>14,233</b>	<b>(16,046)</b>
<hr/>			
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to the Net Result</b>			
Gain/(Loss) on Revaluation & Impairment of PP&E	19	2,939	(30,699)
<b>Total Other Comprehensive Income/Loss</b>		<b>2,939</b>	<b>(30,699)</b>
<hr/>			
<b>Total Comprehensive Income/Loss</b>		<b>17,172</b>	<b>(46,745)</b>

# Balonne Shire Council

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	10	16,597	15,667
Trade & Other Receivables	11	4,408	9,431
Inventories	12	190	168
Other Assets		103	26
<b>Total Current Assets</b>		<b>21,298</b>	<b>25,292</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	13	197,676	180,438
Intangible Assets	15	86	80
<b>Total Non-Current Assets</b>		<b>197,762</b>	<b>180,518</b>
<b>TOTAL ASSETS</b>		<b>219,060</b>	<b>205,810</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	16	1,617	5,351
Borrowings	17	269	300
Provisions	18	1,824	724
Other Liabilities		6	5
<b>Total Current Liabilities</b>		<b>3,716</b>	<b>6,380</b>
<b>Non-Current Liabilities</b>			
Borrowings	17	3,652	3,921
Provisions	18	162	1,151
<b>Total Non-Current Liabilities</b>		<b>3,814</b>	<b>5,072</b>
<b>TOTAL LIABILITIES</b>		<b>7,530</b>	<b>11,452</b>
<b>Net Community Assets</b>		<b>211,530</b>	<b>194,358</b>
<b>COMMUNITY EQUITY</b>			
Asset Revaluation Surplus	19	137,184	134,245
Retained Surplus	20	70,453	56,485
Reserves	21	3,893	3,628
<b>Total Community Equity</b>		<b>211,530</b>	<b>194,358</b>

# Balonne Shire Council

## Statement of Changes in Equity for the year ended 30 June 2014

\$ '000	Notes	Asset			Total Equity
		Revaluation Reserve	Retained Surplus	Other Reserves	
<b>2014</b>					
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		134,245	56,485	3,628	<b>194,358</b>
<b>a. Net Operating Surplus for the Year</b>		-	14,233	-	<b>14,233</b>
<b>b. Other Comprehensive Income</b>					
- Revaluations : PP&E Asset Revaluation Rsv	19	2,939	-	-	<b>2,939</b>
<b>Other Comprehensive Income</b>		<b>2,939</b>	-	-	<b>2,939</b>
<b>Total Comprehensive Income (a&amp;b)</b>		<b>2,939</b>	<b>14,233</b>	-	<b>17,172</b>
<b>c. Transfers from Reserves</b> <sup>(1)</sup>		-	(1,165)	1,165	-
<b>d. Other transfers between Equity</b>		-	900	(900)	-
<b>Equity Balance as at 30 June 2014</b>		<b>137,184</b>	<b>70,453</b>	<b>3,893</b>	<b>211,530</b>

\$ '000	Notes	Asset			Total Equity
		Revaluation Reserve	Retained Surplus	Other Reserves	
<b>2013</b>					
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		164,944	47,899	28,260	<b>241,103</b>
<b>a. Net Operating Loss for the Year</b>		-	(16,046)	-	<b>(16,046)</b>
<b>b. Other Comprehensive Income</b>					
- Revaluations : PP&E Asset Revaluation Rsv	19	(30,699)	-	-	<b>(30,699)</b>
<b>Other Comprehensive Income</b>		<b>(30,699)</b>	-	-	<b>(30,699)</b>
<b>Total Comprehensive Loss (a&amp;b)</b>		<b>(30,699)</b>	<b>(16,046)</b>	-	<b>(46,745)</b>
<b>c. Transfers to Reserves</b>		-	(392)	392	-
<b>d. Transfers from Reserves</b> <sup>(1)</sup>		-	25,024	(25,024)	-
<b>Equity Balance as at 30 June 2013</b>		<b>134,245</b>	<b>56,485</b>	<b>3,628</b>	<b>194,358</b>



# Balonne Shire Council

## Statement of Cash Flows

for the year ended 30 June 2014

\$ '000	Notes	2014	2013
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		9,027	8,960
Payments to Suppliers and Employees		(26,380)	(63,404)
		<u>(17,353)</u>	<u>(54,444)</u>
<b>Receipts:</b>			
Investment & Interest Revenue Received		552	1,313
Rental Income		288	179
Non Capital Grants & Contributions		13,210	42,447
Other		9,681	-
<b>Payments:</b>			
Borrowing Costs		(250)	(247)
<b>Net Cash - Operating Activities</b>	27	<u>6,128</u>	<u>(10,752)</u>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts:</b>			
Sale of Property, Plant & Equipment		359	226
Grants, Subsidies, Contributions & Donations		26,256	359
<b>Payments:</b>			
Purchase of Property, Plant & Equipment		(31,507)	(9,652)
Payments for Intangible Assets		(6)	(31)
<b>Net Cash - Investing Activities</b>		<u>(4,898)</u>	<u>(9,098)</u>
<b>Cash Flows from Financing Activities</b>			
<b>Receipts:</b>			
Nil			
<b>Payments:</b>			
Repayment of Borrowings & Advances		(300)	(298)
<b>Net Cash Flow - Financing Activities</b>		<u>(300)</u>	<u>(298)</u>
<b>Net Increase/(Decrease) for the year</b>		<u>930</u>	<u>(20,148)</u>
plus: <b>Cash &amp; Cash Equivalents - beginning</b>		15,667	35,815
<b>Cash &amp; Cash Equivalents - closing</b>	10	<u>16,597</u>	<u>15,667</u>

# Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

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## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies

##### (1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012 (City of Brisbane Act 2010 and City of Brisbane Regulation 2012)*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

##### (1.b) Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

##### (1.c) Constitution

The Balonne Shire Council is constituted under the Queensland *Local Government Act 2009 (City of Brisbane Act 2010)* and is domiciled in Australia.

##### (1.d) Date of Authorisation

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

##### (1.e) Currency

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

##### (1.f) Critical accounting judgements and key sources of estimation uncertainty

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

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

- Valuation and depreciation of Property, Plant & Equipment - Note 1.l and Note 13
- Impairment of Property, Plant and Equipment - Note 1.n
- Provisions - Note 1.q and Note 18
- Contingencies - Note 23

##### (1.g) Revenue

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

##### Rates and levies

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

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

##### Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2014, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve.

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

##### Non-cash contributions

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

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

##### Cash contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

##### Rental income

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

##### Interest and dividends

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the controlled entity.

##### Sales revenue

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

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

##### Fees and Charges

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

#### **(1.h) Financial assets and financial liabilities**

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

## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

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

##### Financial assets

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

##### Financial liabilities

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

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 17 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

The fair value of payables approximates the amortised cost.

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 30.

#### **(1.i) Cash and Cash Equivalents**

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

#### **(1.j) Receivables**

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

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

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

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

#### **(1.k) Inventories**

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

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and



## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

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

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

#### (1.1) Property, Plant & Equipment

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

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

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

#### Acquisition of assets

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

#### Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with *AASB13 Fair Value Measurement* and *AASB 116 Property, Plant & Equipment*. Other plant and equipment and work in progress are measured at cost.

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

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the Construction Index. 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

## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Notes 13 and 15.

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

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

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

Details of valuers and methods of valuations are disclosed in Notes 13 and 14.

##### Major plant

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

##### Capital work in progress

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

##### Depreciation

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

the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

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

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

Depreciation methods, estimated useful lives 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 depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 1.1.

##### Land under roads

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

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State

## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

##### (1.m) Intangible Assets

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 15.

##### (1.n) Impairment of Non-Current Assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been

determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

##### (1.o) 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.p) Payables

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

##### (1.q) Provisions

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

##### Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date

## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 18 as a payable.

##### Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 18 as a provision.

##### Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 24.

##### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 18 as a provision.

#### **(1.r) Borrowings and Borrowing Costs**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition these liabilities are measured at amortised cost.

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

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

#### **(1.s) Asset Revaluation Surplus**

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

Increases and decreases on revaluation are offset within a class of assets.

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

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

#### **(1.t) Retained Surplus**

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

##### (1.u) Reserves

###### Future capital works reserve

This reserve represents amounts set aside for future capital projects.

###### Asset replacement reserve

Funding that Council receives from Transport Infrastructure, Urban Water, Urban Waste Water and Cleansing Programs are to be spent on those programs, any surplus funds are to be put to the relevant reserve.

###### Constrained works reserve

This reserve represents contributions received for capital works where the required works have not yet been carried out.

###### Future recurrent expenditure reserve

This is a cash backed reserve and represents amounts that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

##### (1.v) National Competition Policy

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

##### (1.w) 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.x) Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 26.

##### (1.y) Taxation

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

##### (1.z) Carbon Pricing

Council's modelling indicates that the impact of electricity and fuel increases, due to carbon pricing, is not material to overall expenses.

##### (1.aa) Adoption of New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 *Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.



## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 1. Significant Accounting Policies (continued)

##### Effective 1 January 2014:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 and AASB 139]
- AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

requirements for the classification, measurement and disclosures associated with the 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.

The Council will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by Council.

##### Effective 1 July 2014:

- AASB 1055 Budgetary Reporting
- AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements

##### Effective 1 January 2015:

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

##### Effective 1 January 2017:

- AASB 9 Financial Instruments (December 2009)

##### **AASB 9 Financial Instruments (effective from 1 January 2017)**

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2017 and must be applied retrospectively. The main impact of AASB 9 is to change the

## Balonne Shire Council

### Notes to the Financial Statements for the year ended 30 June 2014

#### Note 2(a). Council Functions - Component Descriptions

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

##### **CORPORATE GOVERNANCE**

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

##### **CORPORATE SERVICES**

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

##### **PLANNING, DEVELOPMENT AND ENVIRONMENTAL HEALTH SERVICES**

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

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

##### **RURAL SERVICES**

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

##### **INFRASTRUCTURE SERVICES**

To provide efficient and effective transport and drainage infrastructure.

To provide community infrastructure to meet the needs of current and future generations.

To provide efficient, effective and environmentally sound waste water disposal services and water supplies.

##### **COMMUNITY LIFESTYLE**

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

##### **ECONOMIC DEVELOPMENT**

To foster a vibrant economic environment.

##### **COMMERCIAL SERVICES**

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

# Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

### Note 2(b). Analysis of Results by Function

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

Functions	Gross Program Income				Eliminatio of Inter- Function Activities	Total Income	Gross Program Expenses		Eliminatio of Inter- Function Activities	Total Expenses	Net Result from Recurring Operation	Net Result	Total Assets
	Recurring		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
\$'000	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	
Corporate Governance	-	-	-	-	-	-	-	(342)	-	(342)	-	(342)	-
Corporate Services	3,106	6,870	-	25	-	10,001	(844)	-	-	(844)	9,132	9,157	30,086
Planning & Development and Environmental	-	152	-	-	-	152	(863)	-	-	(863)	(711)	(711)	5,619
Rural Services	22	19	11	-	-	52	(595)	-	-	(595)	(554)	(543)	148
Infrastructure Services	39,154	3,114	273	(69)	-	42,472	(64,078)	-	-	(64,078)	(21,810)	(21,606)	144,166
Community Lifestyle	155	64	64	-	-	283	(2,098)	-	-	(2,098)	(1,879)	(1,815)	25,532
Economic Development	11	46	11	-	-	68	(72)	(332)	-	(404)	(15)	(336)	258
Commercial Services	-	3,211	-	-	-	3,211	(3,061)	-	-	(3,061)	150	150	-
<b>Total</b>	<b>42,448</b>	<b>13,476</b>	<b>359</b>	<b>(44)</b>	-	<b>56,239</b>	<b>(71,611)</b>	<b>(674)</b>	-	<b>(72,285)</b>	<b>(15,687)</b>	<b>(16,046)</b>	<b>205,809</b>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 3. Revenue Analysis

\$ '000	2014	2013
<b>(a). Rates, Levies and Charges</b>		
General Rates / Community Levy	6,180	5,986
Separate Rates	7	7
Water	1,622	1,562
Water Consumption, Rental and Sundries	33	32
Sewerage	1,037	1,021
Garbage Charges	770	671
<b>Total rates and utility charge revenue</b>	<b>9,649</b>	<b>9,279</b>
Less: Discounts	(845)	(805)
Less: Pensioner remissions	(29)	(29)
<b><u>TOTAL RATES, LEVIES &amp; CHARGES</u></b>	<b><u>8,775</u></b>	<b><u>8,445</u></b>
<b>(b). Fees &amp; Charges</b>		
Building and Development Fees	123	79
Infringements	15	7
Licences and Registrations	61	35
Swimming Pool Fees	37	35
Internet Charges	4	4
Cemetery Fees	44	33
Council Facilities Hire	44	27
Water Connection Fees	9	7
Searches and Other Council Document Fees	13	11
Other	18	9
<b><u>TOTAL FEES &amp; CHARGES</u></b>	<b><u>368</u></b>	<b><u>247</u></b>
<b>(c). Rental Income</b>		
Staff Housing	243	143
Airport Lease Charges	28	20
St George Water Tower Rental	16	16
Other	1	-
<b><u>TOTAL RENTAL INCOME</u></b>	<b><u>288</u></b>	<b><u>179</u></b>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 3. Revenue Analysis (continued)

\$ '000	2014	2013
<b>(d). Interest &amp; Investment Revenue</b>		
Interest Received from Term Deposits	506	1,261
Interest from Overdue Rates and Utility Charges	46	52
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>	<b><u>552</u></b>	<b><u>1,313</u></b>
<b>(e). Sales Revenue</b>		
<b>Sale of services</b>		
Contract and Recoverable Works	4,513	3,211
<b>Total Sale of Services</b>	<b>4,513</b>	<b>3,211</b>
<b>Sale of goods</b>		
Visitor Info Centre	42	37
<b>Total Sale of Goods</b>	<b>42</b>	<b>37</b>
<b><u>TOTAL SALES REVENUE</u></b>	<b><u>4,555</u></b>	<b><u>3,248</u></b>
<p>The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.</p>		
<b>(f). Other Income</b>		
Other Income	115	70
<b><u>TOTAL OTHER INCOME</u></b>	<b><u>115</u></b>	<b><u>70</u></b>



## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 4. Grants, Subsidies, Contributions and Donations

\$ '000	2014	2013
<b>(a) Recurrent</b>		
General Purpose Grants	2,358	4,333
State Government Subsidies and Grants	1,317	330
Commonwealth Government Subsidies & Grants	101	119
Contributions	28	42
March 2010 Flood Event	579	137
January 2011 Flood Event	1,434	6,412
February 2012 Flood Event	7,393	31,074
<b><u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS &amp; DONATIONS</u></b>	<b><u>13,210</u></b>	<b><u>42,447</u></b>
<b>(b) Capital</b>		
State Government Subsidies and Grants	23,553	359
Commonwealth Government Subsidies & Grants	2,315	-
Contributions	388	-
<b><u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS &amp; DONATIONS</u></b>	<b><u>26,256</u></b>	<b><u>359</u></b>
<b>Conditions over Contributions</b>		
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
Non-Reciprocal Grants for Expenditure on Services	1,007	4,824
	<u>1,007</u>	<u>4,824</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:		
Non-Reciprocal Grants for Expenditure on Services	7,718	11,375
	<u>7,718</u>	<u>11,375</u>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 5. Employee Benefits

\$ '000	Notes	2014	2013
Wages and Salaries		5,017	7,050
Councillors' Remuneration		286	288
Annual, Sick and Long Service Leave Entitlements		946	696
Superannuation	24	602	597
Training Costs		250	-
Workers Compensation Insurance		107	-
Fringe Benefits Tax (FBT)		16	-
		<u>7,224</u>	<u>8,631</u>
Other Employee Related Expenses		66	1,450
		<u>7,290</u>	<u>10,081</u>
Less: Capitalised Employee Expenses		(190)	(633)
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>		<u><u>7,100</u></u>	<u><u>9,448</u></u>
Councillor's remuneration represents salary and other allowances paid in respect of carrying out their duties			
<b>Additional information:</b>			
Total Employees at year end:			
Administration Staff		29	30
Depot and Outdoors Staff		56	66
<b>Total full time equivalent employees</b>		<u>85</u>	<u>96</u>
<b>Total Elected members</b>		<u>7</u>	<u>7</u>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 6. Materials and Services

\$ '000	2014	2013
Advertising and Marketing	56	41
Administration Supplies and Consumables	45	-
Aerodrome Maintenance	154	131
Audit of Annual Financial Statements by the Auditor-General of Queensland	54	-
Audit Services	9	44
Cleansing Services	658	630
Communications and IT	86	-
Community Donations / Assistance	22	15
Councillors' Expenses (incl. Mayor) - Other	27	-
Insurance	335	-
Land Protection Fund Precept	231	214
Legal Fees	148	73
Power	56	-
Rentals - Operating Leases	1	1
Repairs and Maintenance	165	-
Subscriptions and Registrations	72	-
March 2010 Flood Event	-	7,185
January 2011 Flood Event	5,208	40,764
February 2012 Flood Event	3,541	4,471
Swimming Pools - Council Owned	254	146
Urban Water Services	1,069	937
Urban Waste Water	313	173
Other	3,183	2,529
<b><u>TOTAL MATERIALS &amp; SERVICES</u></b>	<b><u>15,687</u></b>	<b><u>57,354</u></b>

## Note 7. Finance Costs

Finance costs - Queensland Treasury Corporation	231	248
Bank Charges	14	14
Impairment of Debts	5	-
<b><u>TOTAL FINANCE COSTS</u></b>	<b><u>250</u></b>	<b><u>262</u></b>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 8. Depreciation &amp; Amortisation

\$ '000	Notes	2014	2013
<b>Depreciation/Amortisation of Non Current Assets</b>			
Buildings		339	350
Plant and Equipment		931	977
Furniture and Fittings		24	27
Water Supply Network		469	612
Other Infrastructure Assets		250	183
Transport Infrastructure		2,764	2,756
Urban Waste Water Network		238	299
<u>Total Depreciation of Non Current Assets</u>	13	<u>5,015</u>	<u>5,204</u>
<b>Amortisation of Intangible Assets</b>			
<u>Software</u>		<u>44</u>	<u>17</u>
<u>Total Amortisation of Intangible Assets</u>	15	<u>44</u>	<u>17</u>
<b><u>TOTAL DEPRECIATION &amp; AMORTISATION</u></b>		<b><u>5,059</u></b>	<b><u>5,221</u></b>

## Note 9. Capital Expenses

<b>Loss on disposal of non-current assets</b>			
Proceeds from the Disposal of PP&E		359	226
Less: Net Book Value of PP&E Disposed	13	(12,149)	(295)
<b><u>TOTAL CAPITAL EXPENSES</u></b>		<b><u>(11,790)</u></b>	<b><u>69</u></b>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 10. Cash, Cash Equivalents &amp; Investments

\$ '000	2014	2013
<b>Cash &amp; Cash Equivalents</b>		
Cash at Bank and on Hand	7,436	2,978
QTC Cash Fund	9,161	12,689
<b><u>TOTAL CASH AND CASH EQUIVALENTS</u></b>	<b><u>16,597</u></b>	<b><u>15,667</u></b>

**Restricted Cash and Cash Equivalents**

Council's Restricted 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:

Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:

<u>Unspent Community Contributions</u>	<u>-</u>	<u>(35)</u>
<b>Total External Restrictions</b>	<b>-</b>	<b>(35)</b>

Cash is held in the Westpac Banking Corporation in a Business Cheque Account and a Westpac Business Cash Reserve Account. The bank currently has a rating of AA. A small amount of Cash is held with the Hertiage Bank which has a rating of A-3.

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



## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 11. Trade and Other Receivables

\$ '000	2014	2013
<b>Current</b>		
Rateable Revenue and Utility Charges	573	457
Other Debtors	3,845	8,206
Prepayments	-	773
<b>Total</b>	<u>4,418</u>	<u>9,436</u>
<b>less: Provision for Impairment</b>		
Rateable Revenue and Utility Charges	(9)	-
Other Debtors	(1)	(5)
<b>Total Provision for Impairment - Receivables</b>	<u>(10)</u>	<u>(5)</u>
<b><u>TOTAL CURRENT TRADE &amp; OTHER RECEIVABLES</u></b>	<u><u>4,408</u></u>	<u><u>9,431</u></u>
Movement in accumulated impairment losses (Other Debtors) is as follows:		
Opening balance 1 July 2013	(5)	(6)
Impairment	-	1
Additional impairments recognised	(5)	-
	<u>(10)</u>	<u>(5)</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors.

There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Council has no community loans as at 30 June 2014.

## Note 12. Inventories

## Current Inventories

## (a) Inventories held for sale

Visitor Information Centre Saleable Items	17	18
	<u>17</u>	<u>18</u>

## (b) Inventories held for distribution

Plant and Equipment Stores	173	150
	<u>173</u>	<u>150</u>

<b><u>TOTAL CURRENT INVENTORIES</u></b>	<u>190</u>	<u>168</u>
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Balonne Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2014

Note 13. Property, Plant & Equipment

30 June 2014	Capital Work in Progress	Land and Improvements	Buildings	Plant and Equipment	Furniture and Fittings	Water Supply Network	Other Infrastructure Assets	Transport Infrastructure	Urban Waste Water Network	Total
\$'000	Cost	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	
Measurement Basis										
<b>Opening Gross Balance</b>	1,247	5,240	29,831	14,418	772	30,553	11,475	231,923	21,934	<b>347,393</b>
Additions*	-	101	1,054	1,262	3	213	5,045	22,092	556	<b>30,326</b>
Disposals	-	-	(80)	(1,498)	-	-	-	(26,488)	-	<b>(28,066)</b>
Revaluation Increments to Equity (ARR)	-	-	225	-	-	357	130	(4,241)	237	<b>(3,292)</b>
Work in Progress Additions	19,198	-	-	-	-	-	-	-	-	<b>19,198</b>
Work in Progress Capitalised	(18,061)	-	-	-	-	-	-	-	-	<b>(18,061)</b>
<b>Total Gross Value of Property, Plant &amp; Equipment</b>	<b>2,384</b>	<b>5,341</b>	<b>31,030</b>	<b>14,182</b>	<b>775</b>	<b>31,123</b>	<b>16,650</b>	<b>223,286</b>	<b>22,727</b>	<b>347,498</b>
<b>Opening Accumulated Depreciation</b>	-	-	6,693	5,560	495	18,644	2,330	121,115	12,117	<b>166,955</b>
Depreciation Expense	-	-	339	931	24	469	250	2,764	238	<b>5,015</b>
Revaluation Increments to Equity (ARR)	-	-	(85)	-	-	(4,399)	(38)	(935)	(774)	<b>(6,231)</b>
Depreciation on Disposals	-	-	(18)	(1,016)	-	-	-	(14,883)	-	<b>(15,917)</b>
<b>Total Accumulated Depreciation and Impairment Property, Plant &amp; Equipment</b>	-	-	<b>6,929</b>	<b>5,475</b>	<b>519</b>	<b>14,714</b>	<b>2,542</b>	<b>108,061</b>	<b>11,581</b>	<b>149,822</b>
<b>Total Net Book Value of Property, Plant &amp; Equipment</b>	<b>2,384</b>	<b>5,341</b>	<b>24,101</b>	<b>8,707</b>	<b>256</b>	<b>16,409</b>	<b>14,108</b>	<b>115,225</b>	<b>11,146</b>	<b>197,676</b>
<b>*Asset Additions Comprise</b>										
Asset Renewals	-	-	934	-	-	213	141	22,092	556	<b>23,936</b>
Other Additions	-	101	120	1,262	3	-	4,904	-	-	<b>6,390</b>
<b>Total Asset Additions</b>	-	<b>101</b>	<b>1,054</b>	<b>1,262</b>	<b>3</b>	<b>213</b>	<b>5,045</b>	<b>22,092</b>	<b>556</b>	<b>30,326</b>

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 13. Property, Plant & Equipment

30 June 2013 \$'000 Measurement Basis	Capital Work in Progress	Land and Improvements	Buildings	Plant and Equipment	Furniture and Fittings	Water Supply Network	Other Infrastructure Assets	Transport Infrastructure	Urban Waste Water Network	Total
	Cost	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	
Opening Gross Balance	2,075	5,240	26,350	13,070	762	28,285	10,859	221,860	20,394	<b>328,895</b>
Additions*	-	-	4,290	2,219	10	691	481	1,679	475	<b>9,845</b>
Disposals	-	-	-	(871)	-	-	-	-	-	<b>(871)</b>
Revaluation Decrements to Equity (ARR)	-	-	(809)	-	-	-	-	-	-	<b>(809)</b>
Revaluation Increments to Equity (ARR)	-	-	-	-	-	1,577	135	8,384	1,065	<b>11,161</b>
Work in Progress Additions	9,729	-	-	-	-	-	-	-	-	<b>9,729</b>
Work in Progress Capitalised	(10,557)	-	-	-	-	-	-	-	-	<b>(10,557)</b>
<b>Total Gross Value of Property, Plant &amp; Equipment</b>	<b>1,247</b>	<b>5,240</b>	<b>29,831</b>	<b>14,418</b>	<b>772</b>	<b>30,553</b>	<b>11,475</b>	<b>231,923</b>	<b>21,934</b>	<b>347,393</b>
Opening Accumulated Depreciation	-	-	4,099	5,081	468	11,106	1,034	91,442	7,967	<b>121,198</b>
Depreciation Expense	-	-	350	977	27	612	183	2,756	299	<b>5,204</b>
Disposals	-	-	-	(498)	-	-	-	-	-	<b>(498)</b>
Revaluation Increments to Equity (ARR)	-	-	2,244	-	-	6,926	1,113	26,917	3,851	<b>41,051</b>
<b>Total Accumulated Depreciation and Impairment Property, Plant &amp; Equipment</b>	<b>-</b>	<b>-</b>	<b>6,693</b>	<b>5,560</b>	<b>495</b>	<b>18,644</b>	<b>2,330</b>	<b>121,115</b>	<b>12,117</b>	<b>166,955</b>
<b>Total Net Book Value of Property, Plant &amp; Equipment</b>	<b>1,247</b>	<b>5,240</b>	<b>23,138</b>	<b>8,858</b>	<b>277</b>	<b>11,909</b>	<b>9,145</b>	<b>110,808</b>	<b>9,817</b>	<b>180,438</b>
*Asset Additions Comprise										
Asset Renewals	-	-	4,290	-	-	691	481	1,679	475	<b>7,616</b>
Other Additions	-	-	-	2,219	10	-	-	-	-	<b>2,229</b>
<b>Total Asset Additions</b>	<b>-</b>	<b>-</b>	<b>4,290</b>	<b>2,219</b>	<b>10</b>	<b>691</b>	<b>481</b>	<b>1,679</b>	<b>475</b>	<b>9,845</b>

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 14. Fair Value Measurements

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##### (i) Recognised fair value measurements

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

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

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

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

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

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

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

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

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

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

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 14. Fair Value Measurements (continued)

**(i) Recognised fair value measurements (continued)**

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*.

At 30 June 2014	Notes	\$'000 Level 2 (Significant other observable inputs)	\$'000 Level 3 (Significant unobservable inputs)	\$'000 Total
<b>Recurring fair value measurements</b>				
Land and land improvements	18	2,944	2,397	5,341
Buildings	18	13,464	10,637	24,101
Other Infrastructure Assets	18	-	14,108	14,108
Transport Infrastructure	18	-	115,225	115,225
Water Supply	18	-	16,409	16,409
Urban Waste Water	18	-	11,146	11,146
		16,408	169,922	186,330

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

Council adopted AASB13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.



## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 14. Fair Value Measurements (continued)

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

##### Specific valuation techniques used to value Council assets comprise:

##### Land and land improvements (level 2)

Land fair values were determined by Balonne Shire Council, effective 30 June 2014. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use. The 2014 financial year was an indexed based valuation with a formal one to be undertaken by 30 June 2017. Land and land improvement assets were independently valued as at 30 June 2013 at their fair value by Australia Pacific Valuers

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

##### Land and land improvements (level 3 only), buildings (level 2 & 3) and other infrastructure assets (level 3 onl

The fair value of land and land improvements, buildings and other infrastructure assets was determined by Balonne Shire Council, effective 30 June 2014. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre. The 2014 financial year was an indexed based valuation with a formal one to be undertaken by 30 June 2017.

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

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, 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. The valuation's sensitivity to these inputs is summarised below.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Condition rating (useful life)	New - 5 (100% - 0%)	The lower the condition rating, the higher the fair value

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

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 14. Fair Value Measurements (continued)

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

###### Infrastructure assets (level 3)

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on 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.

##### 1(a) Transport Infrastructure - calculation of current replacement cost

###### Roads

###### *Current replacement cost*

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Rural roads are segmented to about 5 kilometre lengths and sometimes longer where there is no logical cut off point. In some cases where they are shorter, there will be changes in age or dimensions and other attributes. Urban roads are segmented generally from intersection to intersection. Urban roads are sometimes shorter if there is a significant change in construction ages or dimensions and sometimes longer where intersections are close together. 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 area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council is spread over a wide area but there are a number of local deposits of gravels available for its use with varying haulage distances to the jobsites. A uniform rate has been adopted for construction of similar road types. The results of the Road indexed valuation proved to be material and were booked into Council's Asset Management system.

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 14. Fair Value Measurements (continued)

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

An indexed valuation of Roads was undertaken by Balonne Shire Council, effective 30 June 2014. A full valuation of transport infrastructure is planned for 30 June 2015. Roads were independently valued as at 30 June 2013 at their written down current replacement cost by Australia Pacific Valuers Pty Ltd.

##### *Accumulated depreciation*

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

##### Sealed Roads

Internal staff have evaluated Council's sealed roads for roughness, crocodile cracking, environmental cracking, bleeding/flushing, stripping, pavement patching, rutting and ravelling. The key outputs were amend the remaining useful life of the seal; and a pavement condition rating for each segment of sealed roads. A sample of each road type had been selected to further determine the overall economic lives of these asset types.

##### Unsealed Roads

Internal staff assessed the unsealed pavement with the remaining gravel thickness utilised as the key indicator for condition assessment. A number of samples for each road type was utilised to determine the overall useful life for each road type.

Condition rating	Assessment
1	Very good condition: Only cyclic maintenance required
2	Good condition: Minor maintenance required plus cyclic
3	Moderate condition: Significant maintenance required
4	Poor condition: Significant renewal/upgrade required
5	Very poor condition: Unserviceable

Estimated useful lives and residual values are disclosed in Note 1.p

##### Bridges

##### *Current replacement cost*

An indexed valuation of Bridge assets was undertaken by Balonne Shire Council effective 30 June 2014.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Construction estimates were determined on a similar basis to roads.

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 14. Fair Value Measurements (continued)

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

An indexed valuation of Bridges was undertaken by Balonne Shire Council, effective 30 June 2014. A full valuation of transport infrastructure is planned for 30 June 2015. Bridges were independently valued as at 30 June 2013 at their written down current replacement cost by Australia Pacific Valuers Pty Ltd.

##### *Accumulated depreciation*

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Condition rating	Assessment
1	Very good condition: Only cyclic maintenance required
2	Good condition: Minor maintenance required plus cyclic
3	Moderate condition: Significant maintenance required
4	Poor condition: Significant renewal/upgrade required
5	Very poor condition: Unserviceable

Estimated useful lives and residual values are disclosed in Note 1.p

##### Drainage

##### *Current replacement cost*

An indexed valuation of Drainage was undertaken by Balonne Shire Council effective 30 June 2014.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

An indexed valuation of Drainage was undertaken by Balonne Shire Council, effective 30 June 2014. A full valuation of transport infrastructure is planned for 30 June 2015. Drainage assets were independently valued as at 30 June 2013 at their written down current replacement cost by Australia Pacific Valuers Pty Ltd.

##### *Accumulated depreciation*

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Condition rating	Assessment
1	Very good condition: Only cyclic maintenance required
2	Good condition: Minor maintenance required plus cyclic
3	Moderate condition: Significant maintenance required
4	Poor condition: Significant renewal/upgrade required
5	Very poor condition: Unserviceable

Estimated useful lives and residual values are disclosed in Note 1.p

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 14. Fair Value Measurements (continued)

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

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour hours	14-100hrs/linear metre or sqm	The higher the labour hours, the higher the fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	As specified above – 1 (highest) to 5 (lowest)	The lower the condition rating, the higher the fair value.
Remaining useful life	10-100 years	The longer the remaining useful life, the higher the fair value.
Residual value	\$0-\$105,548,991 - Sealed roads including bridges and footpaths	The higher the residual value the higher the fair value.
	\$0-\$82,702,939 - Unsealed roads	

#### 2(a) Water and sewerage – Calculation of written down current replacement cost

##### Water Supply and Urban Waste Water Network

###### *Current replacement cost*

Water Supply and Urban Waste Water Network fair values were indexed based and determined by Balonne Shire Council, effective 30 June 2014. The gross current values have been derived from reference to market data for recent projects and costing guides such as Rawlinson's (Australian Construction Handbook). 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 results of the Water indexed valuation proved to be material and were booked into Council's Asset Management system.

An indexed valuation of Water Supply and Urban Waste Water Network was undertaken by Balonne Shire Council, effective 30 June 2014. A full valuation of Water Supply and Urban Waste Water Network is planned for 30 June 2015. Water Supply and Urban Waste Water Network Assets were independently valued as at 30 June 2013 at their written down current replacement cost by Australia Pacific Valuers Pty Ltd.

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 14. Fair Value Measurements (continued)

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

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Condition rating	Description explanation
1	Very good condition: Only cyclic maintenance required
2	Good condition: Minor maintenance required plus cyclic
3	Moderate condition: Significant maintenance required
4	Poor condition: Significant renewal/upgrade required
5	Very poor condition: Unserviceable

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), 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. The fair value for sewer gravity mains was determined as follows:

- For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.
- Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.
- The relining of pipes was valued at reline rates and depreciated over the reline life (70 years). The reline fair value was based on age.

**2(b) Water Supply and Urban Waste Water Network – Sensitivity of valuation to unobservable inputs**

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour hours	4hrs/linear metre	The higher the labour hours, the higher the fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	As specified above – 1 (highest) to 5 (lowest)	The lower the condition rating, the higher the fair value.
Remaining useful life	3-100 years	The longer the remaining useful life, the higher the fair value.



## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 14. Fair Value Measurements (continued)

**(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)**

The changes in level 3 assets with recurring fair value measurements are detailed in Note 13 (property, plant and equipment) and Note 9 (Capital Expense). However, since the Land and Land Improvements and Buildings class of assets disclosed in those notes comprise both level 2 and level 3 assets, the movement in level 3 Land and Land Improvements and Buildings are detailed below. There have been no transfers between level 1,2 or 3 measurements during the year.

	<b>\$'000</b>	<b>\$'000</b>
<b>Changes in Land and land improvements and Buildings (Level 3)</b>	<b>Land and land improvements</b>	<b>Buildings</b>
<b>Gross Value</b>		
Opening gross value as at 1 July 2013	5,240	29,831
Revaluation Increment	-	225
Disposals	-	(80)
Transfers from work in progress	101	1,054
<b>Closing gross value as at 30 June 2014</b>	<b>5,341</b>	<b>31,030</b>
<b>Accumulated depreciation and impairment</b>		
Opening balance as at 1 July 2013	-	6,693
Depreciation provided in period	-	339
Revaluation Increments	-	(85)
Depreciation on disposals	-	(18)
<b>Accumulated depreciation as at 30 June 2014</b>		<b>6,929</b>
<b>Book value as at 30 June 2014</b>	<b>5,341</b>	<b>24,101</b>

**(iv) Valuation processes**

Council's valuation policies and procedures are outlined in the Non-Current Assets Statement of Accounting Policy. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 1.1.

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 15. Intangible Assets

\$ '000	Notes	2014	2013
Intangible Assets represent identifiable non-monetary assets without physical substance.			
Intangible Assets are as follows;			
<b>Opening Values:</b>			
Gross Book Value 1 July 2013		167	136
Accumulated Amortisation & Impairment		(87)	(70)
<b>Net Book Value - Opening Balance</b>		<u>80</u>	<u>66</u>
<b>Movements for the year</b>			
- Purchases		50	31
- Amortisation charges	8	(44)	(17)
<b>Closing Values:</b>			
Gross Book Value 30 June 2014		217	167
Accumulated Amortisation & Impairment		(131)	(87)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b>	<sup>1</sup>	<u>86</u>	<u>80</u>
<sup>1</sup> The Net Book Value of Intangible Assets represent:			
- Software		86	80
		<u>86</u>	<u>80</u>

Software assets have a finite life estimated at 10 years.  
Straight line amortisation has been used with no residual value.

## Note 16. Trade and Other Payables

## Current

Creditors and Accruals	1,617	5,299
Salaries and Wages	-	52
<b><u>TOTAL CURRENT TRADE &amp; OTHER PAYABLES</u></b>	<u>1,617</u>	<u>5,351</u>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 17. Borrowings

\$ '000	2014	2013
<b>Current</b>		
Loans - Queensland Treasury Corporation	269	300
<b><u>TOTAL CURRENT BORROWINGS</u></b>	<b><u>269</u></b>	<b><u>300</u></b>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	3,652	3,921
<b><u>TOTAL NON-CURRENT BORROWINGS</u></b>	<b><u>3,652</u></b>	<b><u>3,921</u></b>
<b>Reconciliation of Loan Movements for the year</b>		
<b>Loans - Queensland Treasury Corporation</b>		
Opening Balance at Beginning of Financial Year	4,221	4,518
Principal Repayments	<u>(300)</u>	<u>(297)</u>
<b>Book value at end of financial year</b>	<b><u>3,921</u></b>	<b><u>4,221</u></b>

**Loan Disclosures**

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

All borrowings are in \$AU denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 12 June 2015 to 18 September 2032 (Available from QTC Maturity Analysis).

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

Principal and interest repayments are made quarterly in arrears.

Council does not have an overdraft facility.

## Balonne Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2014

## Note 18. Provisions

\$ '000	2014	2013
<b>Current</b>		
Annual Leave	840	462
Long Service Leave	946	262
Other Entitlements	38	-
<b><u>TOTAL CURRENT PROVISIONS</u></b>	<b><u>1,824</u></b>	<b><u>724</u></b>
<b>Non-current</b>		
Annual Leave	-	367
Long Service Leave	162	784
<b><u>TOTAL NON-CURRENT PROVISIONS</u></b>	<b><u>162</u></b>	<b><u>1,151</u></b>

## Details of movements in Provisions:

Class of Provision	Opening Balance as at 01/07/2013	Additional Provision	Decrease due to Payments	Closing Balance as at 30/06/2014
Annual Leave	829	333	(322)	840
Long Service Leave	1,046	79	(17)	1,108
Other Entitlements	-	41	(3)	38
<b><u>TOTAL</u></b>	<b><u>1,875</u></b>	<b><u>453</u></b>	<b><u>(342)</u></b>	<b><u>1,986</u></b>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 19. Asset Revaluation Surplus

\$ '000	Notes	2014	2013
<b>Movements in the asset revaluation surplus</b>			
Balance at beginning of financial year		134,245	164,944
<b>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</b>			
Buildings		310	(3,053)
Water Supply Network		4,756	(5,349)
Other Infrastructure Assets		168	(488)
Transport Infrastructure		(3,306)	(19,023)
Urban Waste Water Network		1,011	(2,786)
	13	<u>2,939</u>	<u>(30,699)</u>
Balance at end of financial year		<u>137,184</u>	<u>134,245</u>

## Asset revaluation surplus analysis

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

Land and Improvements		5,960	5,960
Buildings		13,896	13,586
Land Held for Resale		29	29
Plant and Equipment		1,498	1,498
Furniture and Fittings		307	307
Water Supply Network		19,644	14,888
Other Infrastructure Assets		3,551	3,383
Transport Infrastructure		80,212	83,518
Urban Waste Water Network		12,087	11,076
Balance at end of financial year		<u>137,184</u>	<u>134,245</u>

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 20. Retained Surplus

\$ '000	Notes	2014	2013
<b>Movements in the retained surplus:</b>			
<b>Retained Surplus at Beginning of Financial Year</b>		56,485	72,531
Net Result Attributable to Council		14,233	(16,046)
<b>Transfers (to)/from Capital Reserves for Future Capital Project Funding, or from Reserves Funds that have been Expended or Closed:</b>	21		
Asset Replacement Reserve		(267)	-
Constrained Works Reserve		2	-
<b>Retained surplus at end of financial year</b>		<u>70,453</u>	<u>56,485</u>

## Note 21. Reserves

## Reserves held for funding future capital exp:

Future Capital Works Reserve	618	618
Asset Replacement Reserve	3,220	2,953
Constrained Works Reserve	55	57
<b><u>TOTAL RESERVES</u></b>	<u>3,893</u>	<u>3,628</u>

## Movements in reserves:

	Opening Balance as at 01/07/2013	Tfr from Retained Surplus	Tfr to Retained Surplus	Closing Balance as at 30/06/2014
<b>Capital Reserves</b>				
Future Capital Works Reserve <sup>(1)</sup>	618	-	-	618
Asset Replacement Reserve <sup>(1)</sup>	2,953	1,167	(900)	3,220
Constrained Works Reserve <sup>(1)</sup>	57	(2)	-	55
<b>Total Capital Reserves</b>	<u>3,628</u>	<u>1,165</u>	<u>(900)</u>	<u>3,893</u>
<b>TOTAL RESERVES</b>	<u>3,628</u>	<u>1,165</u>	<u>(900)</u>	<u>3,893</u>



## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 22. Commitments for Expenditure

\$ '000	Notes	2014	2013
<b>(a) Operating leases (Non Cancellable)</b>			
<b>Minimum lease payments in relation to non-cancellable operating leases are as follows:</b>			
Within one year		1	1
One to five years		6	4
		<u>7</u>	<u>5</u>

#### (b) Contractual commitments

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

Garbage Collection Contract	350	345
Hutt Street Pump Station	1,600	-
Major Vehicles on Order	-	65
Aerodrome Reseal	-	1,800
	<u>1,950</u>	<u>2,210</u>

#### Note 23. 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 2014 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 \$159,951.61.

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 24. Superannuation

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\$ '000

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

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

The Scheme has three elements referred to as:

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

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

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

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

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

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

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

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

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 24. Superannuation (continued)

\$ '000

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

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

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

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Balonne Shire Council made less than 4% of the total contributions to the plan in the 2013-2014 financial year.

\$ '000

Notes

2014

2013

The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:

5

602

597

#### Note 25. Operating Lease Income

The minimum lease receipts are as follows:

Not later than one year

44

36

One to five years

202

166

246

202

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 26. Trust Funds

\$ '000	2014	2013
<b>Trust funds held for outside parties</b>		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	1	1
Security Deposits	235	86
	<u>236</u>	<u>87</u>

### Note 27. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

Net operating result from Income Statement	14,233	(16,046)
<b>Adjust for Non-cash items:</b>		
Depreciation & Amortisation	5,059	5,221
Indirect Costs	-	688
Net Losses/(Gains) on Disposal of Assets	11,790	69
Non Cash Capital Grants and Contributions	(26,256)	(359)
	<u>(9,407)</u>	<u>5,619</u>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/Decrease in Receivables	5,018	(3,814)
Increase/(Decrease) in Provision for Doubtful Debts	5	-
(Increase)/Decrease in Inventories	(22)	(2)
(Increase)/Decrease in Other Assets	(77)	-
Increase/(Decrease) in Payables and Accruals	(3,682)	3,032
Increase/(Decrease) in Other Liabilities	(51)	342
Increase/(Decrease) in Employee Leave Entitlements	111	-
Increase/(Decrease) in Other Provisions	-	117
	<u>1,302</u>	<u>(325)</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	<u>6,128</u>	<u>(10,752)</u>

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 28. Financial Instruments

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\$ '000

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

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

#### Financial Risk Management

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

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

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

Council does not enter into derivatives.

#### Credit Risk Exposure

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

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

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

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

## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 28. Financial Instruments (continued)

\$ '000	Notes	2014	2013
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:			
<b>Financial Assets</b>			
Cash and Cash Equivalents	10	16,597	15,667
Receivables - Rates	11	573	457
Receivables - Other	11	3,835	8,974
<b>Total</b>		<b><u>21,005</u></b>	<b><u>25,098</u></b>

**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:

\$ '000	Notes	2014	2013
<b>Receivables</b>			
Fully Performing		-	1,010
Past due:			
- Less than 30 days overdue		1,722	35
- 30 to 60 days overdue		2,007	5
- 61 to 90 days overdue		644	3,474
- Impaired		(10)	(5)
<b>Total</b>	11	<b><u>4,363</u></b>	<b><u>4,519</u></b>



## Balonne Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2014

## Note 28. Financial Instruments (continued)

\$ '000

## 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

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 17.

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:

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
<b>2014</b>					
Trade and Other Payables	1,617	-	-	1,617	1,617
Loans - QTC	476	1,667	3,496	5,639	3,921
	<u>2,093</u>	<u>1,667</u>	<u>3,496</u>	<u>7,256</u>	<u>5,538</u>
<b>2013</b>					
Trade and Other Payables	4,568	-	-	4,568	5,351
Loans - QTC	521	1,726	3,962	6,209	4,221
	<u>5,089</u>	<u>1,726</u>	<u>3,962</u>	<u>10,777</u>	<u>9,572</u>

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

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 28. Financial Instruments (continued)

\$ '000

##### 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 and other financial institutions.

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

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

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

\$ '000	Net Carrying Amount	Net Result		Equity	
		1% increase	1% decrease	1% increase	1% decrease
<b>Council</b>					
<b>2014</b>					
QTC Cash Fund	9,160	91	(91)	91	(91)
Other	7,435	74	(74)	74	(74)
Loans - QTC	(3,921)	(39)	39	(39)	39
<b>Net</b>	<b>12,674</b>	<b>126</b>	<b>(126)</b>	<b>126</b>	<b>(126)</b>
<b>2013</b>					
QTC Cash Fund	12,689	127	(127)	127	(127)
Other	2,978	29	(29)	29	(29)
Loans - QTC	(4,221)	(42)	42	(42)	42
<b>Net</b>	<b>11,446</b>	<b>114</b>	<b>(114)</b>	<b>114</b>	<b>(114)</b>

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.

## Balonne Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2014

#### Note 28. Financial Instruments (continued)

\$ '000

##### 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 17.

#### Note 29. Events Occurring After Balance Sheet Date

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

#### Note 30. Prior Period Adjustment

During the 2013, Property, Plant & Equipment was overstated by \$713,000 due to capitalising indirect costs. As a result, Materials and Services expense and Loss on Revaluation & Impairment of PP&E under Other Comprehensive Income were understated and overstated, respectively, by the same amount after the revaluation performed in 2012/13.

The aggregate effect of the adjustment on the annual financial statements for the 2013 year end comparatives is as follows:

	Previously stated \$'000	Adjustment \$'000	Restated \$'000
<b>Expenses from Continuing Operations</b>			
Materials and Services			
<b>Other Comprehensive Income</b>	56,641	713	57,354
Gain/Loss on Revaluation & Impairment of PP&E	31,412	(713)	30,699
<b>Statement of Financial Position</b>			
Asset Revaluation Surplus			
Retained Surplus	133,532	713	134,245
	57,198	(713)	56,485

## Balonne Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2014

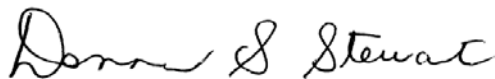
### Management Certificate

for the year ended 30 June 2014

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 50, 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.

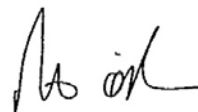


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Donna Stewart

**MAYOR**

30 October 2014



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Peter O'May

**CHIEF EXECUTIVE OFFICER**

30 October 2014

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Balonne Shire Council

### Report on the Financial Report

I have audited the accompanying financial report of Balonne Shire Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

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

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

### *Independence*

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

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

### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Balonne Shire Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

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

*D. Stolz*

D A STOLZ FCPA  
As the delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane



## Balonne Shire Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2014

	Actual 2014	Target 2014
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#### Measures of Financial Sustainability

Council's performance at 30 June 2014 against key financial ratios and targets.

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items)	-0.84%	0 - 10%
Total Operating Revenue (excluding capital items)		

An indicator of 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)	477.29%	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	-49.41%	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 2014.

## Balonne Shire Council

### Current Year Financial Sustainability Statement


for the year ended 30 June 2014

### Certificate of Accuracy

for the year ended 30 June 2014

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.

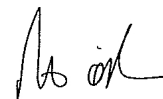


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Donna Stewart

**MAYOR**

30 October 2014



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Peter O'May

**CHIEF EXECUTIVE OFFICER**

30 October 2014

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Balonne Shire Council

### Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Balonne Shire Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

#### *Auditor's Responsibility*

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

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

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

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

## *Independence*

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

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

## *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Balonne Shire Council, for the year ended 30 June 2014, has been accurately calculated.

## *Emphasis of Matter – Basis of Accounting*

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

## **Other Matters - Electronic Presentation of the Audited Statement**

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

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



Queensland Audit Office  
Brisbane

# Balonne Shire Council

## Long-Term Financial Sustainability Statement

prepared as at 30 June 2014

	Target 2014	Actual 2014	2015	2016	2017	2018	Forecast					
							2019	2020	2021	2022	2023	2024

### Measures of Financial Sustainability

Council's performance at 30 June 2014 against key financial ratios and targets.

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items)	<b>0 - 10%</b>	-0.84%	-3.96%	0.46%	0.91%	0.97%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
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)	<b>&gt; 90%</b>	477.29%	173.52%	116.75%	101.82%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
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	<b>&lt; 60%</b>	-49.41%	-42.25%	-20.48%	-9.26%	-27.78%	-27.78%	-27.78%	-27.78%	-27.78%	-27.78%	-27.78%
Total Operating Revenue (excluding capital items)												

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

## Long-Term Financial Sustainability Statement

prepared as at 30 June 2014

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### **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, Community Recovery and Resilience 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 seven 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. Our operating result in this period was adversely affected by the impacts of water reform and this issue is outlined in more detail in the coming pages.

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# Balonne Shire Council

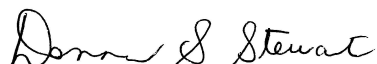
## Long-Term Financial Sustainability Statement

### Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2014

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

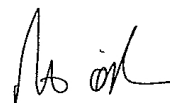
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



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Donna Stewart

**MAYOR**  
30 October 2014



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Peter O'May

**CHIEF EXECUTIVE OFFICER**  
30 October 2014