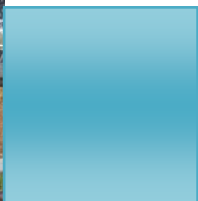


Balonne Shire Council



Annual Report 2015-2016



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About this Report

Our Annual Report summarises Council's 2015-2016 activities, our achievements, our challenges and a snapshot for the year to come.

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

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



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

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

Shire Profile

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

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

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

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



Our Vision, Our Mission, Our Values

Our Vision

"For the People"

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

Our Mission

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

Our Values

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

Respect

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

Teamwork

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

Accountability

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

Innovation

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

Empowerment

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

Message from our Mayor



It is my privilege to present this Annual Report to the people of the Balonne Shire.

At the Local Government elections held in March 2016, I chose to participate as a Mayoral Candidate and, after a very close race, I am honoured to have been elected your Mayor. I do not take this honour lightly and, with the team elected with me, will be working hard to resolve any issues we have and to progress our great Shire over this term. You have a diverse Council representing you in Councillor in Deputy Mayor Fiona Gaske, Councillor Robyn Fuhrmeister, Councillor Samantha O'Toole, Councillor Robbie Paul, Councillor Scott Scriven and Councillor Ian Todd.

Each come with their own knowledge and expertise and we look forward to robust and constructive debate on significant matters affecting our Shire as we endeavour to achieve the best result for all stakeholders.

I acknowledge the work of the previous Councillors and the commitment of Mayor Donna Stewart, who led Balonne for two terms of Council. Having been Deputy Mayor during that period, I am well aware of the highs where significant events (like floods) were handled with strong direction, empathy and successful outcomes for our communities followed by strong periods of repair performed efficiently both in quality and cost control. There were many achievements and, as is always the case, some matters which did not quite reach the heights we might expect and, in some cases, are still not fully resolved. These, the current Council will continue to address.

During the period this report covers, Council has progressed a number of matters. Most significantly, Council took control of the Hutt Street Raw Water Pump Station project when it was determined that the Contractor was not in a position to complete the contract. Council has been working to complete the structure and put it into operation which should occur in the very near future. Test running will be completed in 2016/17 and on achieving clearance following testing, operational status will be declared. On the question of cost overruns, they will be finally determined when operational and advised at that time.

Also in discussion prior to and during the election phase was the matter concerning the St George Flood Levee. Soon after the election, Council put in place a St George Levee Bank Advisory Committee. This Advisory Committee was constituted to provide advice and recommendations to Council in the operation, maintenance and improvement of the St George Flood Mitigation Levee System and to advise and assist in the development of a St George Township Action Plan. This six member committee includes four community members elected from landowners on whose land the levee bank has been constructed, the Mayor and Council's Chief Executive Officer. The Advisory Committee is currently chaired by Mrs Jane Parker, one of the landholder members.

Financially, our Council is presently in a strong position but we must be continually diligent to monitor this position as we assess the ongoing need for maintenance and new projects. As an example of the significant maintenance expenditure, \$2,455,714 was expended on road maintenance this year compared to \$3,285,951 last year (2014-15). We have some 2,500 kilometres of Shire Roads, many unsealed which consume significant amounts of maintenance funding.

Other significant expenditure for this period included kerbing and channelling in St George, Dirranbandi and Thallon of approximately \$780,000. This was supported by funding under the Drought Communities Program, provided to support employment in our area. Stage 2 of the Grey Street Streetscape program was completed early in the 2016/17 financial year at a cost of approximately \$280,000. Of a lesser value, but certainly still important, we installed solar panels on the Council Administration Building to offset some of our power costs, re-roofed the Cultural Centre in St George, completed the St George Levee with the blockwall across from the Visitor Information Centre, completed Stage 1 of the canteen project adjacent to the Dirranbandi School Oval, as well as various water main replacements, park and riverbank upgrades. Solar lighting at the Bollon Airstrip was also completed using grant funding which will ensure 24 hour access to that Airstrip and enhanced medical services to that community.

There has also been much discussion concerning the wild dog (dingo) problem. Feral animal fencing has been topical and proven to be successful and has resulted in grant funding being made available by the Federal and State Governments. At this stage, two clusters are proceeding in our Shire, with other landholders either waiting for further funding or proceeding with self funded projects. During this period, Council paid \$23,400 for scalps (234) lodged to claim the bounty. This is an ongoing challenge to our rural producers.

Future Directions:

At the time of publishing this report there has been an increase in media activity concerning the water buy backs being made under the Murray Darling Basin Plan. This is as a result of the recently released Murray Darling Basin Authority Northern Basin Review on the socio-economic effects buy backs are having on towns and surrounding areas in our Shire. Dirranbandi and St George are being significantly impacted. This Report did not reveal anything new to us as the impacts were already being seen in our communities. Council has prepared a Position Paper on this subject and is pursuing all avenues it can to get the message to Government that buy backs must stop at this current level – our communities can take no more.

On a more pleasant note, you may be aware that we have appointed a Chief Executive Officer, Matthew Magin, who commenced with Council on 7 November 2016. We have also appointed a Director of Community and Environmental Services, Jamie Gorry, who commenced on 31 October 2016. Our Director of Corporate and Financial Services, Andrew McKenzie finished with us on 28 October 2016, and this position will be advertised in the near future. Fortunately, our most recent Acting Chief Executive Officer, Michelle Clarke has agreed to temporarily fill this position while the recruitment process is carried out. These appointments will provide us with a strong executive base and the stability to provide administrative direction and structure to ensure an orderly progression as we pursue both the day to day operations and the future of our Shire. At this time, I would like to also recognise the support and input by our past Acting Chief Executive Officers – they kept us on a stable administrative base.

Obviously, an organisation is only as strong as its leadership group (be it a Board or Council), its executive and the supporting staff. I am confident in saying that we have a strong and diverse Council, a more than competent Executive Team and dedicated and committed staff whose real interest is the advancement of this Shire. I thank Councillors, Senior Executives and the Staff complement for their efforts this year and say that I believe we will continue to grow and improve our Shire into the future.

Richard Marsh

MAYOR

Elected Representatives



Cr Richard Marsh (Mayor)

Cr Richard Marsh was elected to Council in July 2002 and was elected as Mayor in 2016. Cr Marsh is responsible for the portfolios of: Disaster Management, Regional Road Group, Indigenous Affairs, Economic Development, Financial Management, Human Resource Management and Enterprise Bargaining, Regional Planning, Planning Scheme and Development Regulations.



Cr Fiona Gaske (Deputy Mayor)

Cr Fiona Gaske was elected to Council in April 2012 and is currently serving her second term. Cr Gaske is responsible for the portfolios of: Financial Management, Information Communication Technology, Human Resource Management – Enterprise Bargaining, Asset Management, Cleansing – Waste Management, Refuse Collection & Landfill, Community Safety, Cemeteries, Parks & Gardens, Economic Development, Public Health, Cultural Development (Incl Harmony Centre) and Libraries.



Cr Robert Paul

Cr Robert Paul was elected to Council in April 2012 and is currently serving his second term. Cr Paul is responsible for the portfolios of: WORK, Shire Roads, Bridges & Drainage (East), Fleet Management and Showgrounds and Horse Sports Facilities (St George, Thallon & Nindigully)



Cr Robyn Fuhrmeister

Cr Robyn Fuhrmeister was elected to Council in March 2016. Cr Fuhrmeister is responsible for the portfolios of: Urban Animal Control, Tourism, Stock Routes, Commons and Water Facilities, Plant Pest Control, Animal Pest Control, Administration & Depot Buildings, Staff Housing, Buildings and Halls, Community events, RADF and Museums.



Cr Ian Todd

Cr Ian Todd was elected to Council in March 2016. Cr Todd is responsible for the portfolios of: Water Resource Management & Urban Water & Waste Water, Information Communication Technology, Workplace Health & Safety, Urban Streets, Storm Water Footpaths, Community Safety, Great Artesian Basin, Economic Development, WORK, Shire Roads, Bridges & Drainage (West), Showgrounds & Horse Sports Facilities (Dirranbandi, Bollon & Hebel) and Fleet Management.



Cr Samantha O'Toole

Cr Samantha O'Toole was elected to Council in March 2016. Cr O'Toole is responsible for the portfolios of: Regional Planning, Planning Scheme, Development Resource Management & Urban Water & Waste Water, Risk Management, Asset Management, Urban Streets, Storm Water & Footpaths and Environmental Health.



Cr Scott Scriven

Cr Scott Scriven was elected to Council in March 2016. Cr Scriven is responsible for the portfolios of: Regional Planning, Planning Scheme, Development Regulation, Information Communication Technology, Asset Management, Cleansing – Waste Management, Refuse Collection & Landfill, Stock Routes & Commons & Water Facilities, Plant Pest Control and Animal Pest Control.

Councillor Remuneration

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

Councillor	Monthly Council Meetings	Total Fees Paid#
Cr R Marsh (Mayor)	12	\$66,687.96
Cr F Gaske (Deputy Mayor)	11	\$49,363.77
Cr R Paul	11	\$48,841.92
Cr I Todd	3	\$12,210.48
Cr S O'Toole	3	\$12,210.48
Cr S Scriven	3	\$12,210.48
Cr R Fuhrmeister	3	\$12,210.48
Cr D Stewart	9	\$73,262.97
Cr I Winks	9	\$36,631.44
Cr R Avery	9	\$36,631.44
Cr J Kellock	9	\$36,631.44

Fees include base remuneration and meeting fees for other meetings attended as a representative of Council. Remuneration covers 2015-2016 financial year as opposed to calendar year limits determined by the tribunal.

Local Government Remuneration and Discipline Tribunal

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

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

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

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

Councillor Expenses Remuneration

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

Policy Statement

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

Principles

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

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

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

Scope

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

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

Definitions

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

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

Entertainment and Hospitality

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

Professional Development

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

Training

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

Policy

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

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

Council Business

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

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

Professional Development

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

- ✿ Mandatory professional development; and

- ✿ Discretionary professional development deemed beneficial for the Councillor's role.

Travel Expenses

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

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

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

Flight Bookings

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

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

Travel Cost Transfers

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

Example: trains, taxis, buses and ferry fares

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

Private Vehicle Usage

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

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

Payment for use of the Councillor's private vehicle on Council business will be

reimbursed to the Councillor on a kilometre rate as set out in *Public Service Act 2008* for motor vehicle allowances payable to public service employees (Currently Directive 14/10 September 2010 - Motor Vehicle Allowance).

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

Accommodation

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

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

Meals

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

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

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

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

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

(Current 1st September 2011)

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

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

No alcohol will be paid for by Council.

Incidental Expenses

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

Provision of Facilities

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

Administrative Tools

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

Administrative tools include:

- ✿ Office space and meeting rooms;
- ✿ Computers;
- ✿ Mobile phones / reimbursement of call costs;
- ✿ Stationery;
- ✿ Access to photocopiers;
- ✿ Printers;
- ✿ Facsimile machines;
- ✿ Publications;
- ✿ Use of Council landline telephones and internet access in Council offices.
- ✿ Secretarial support may also be provided for the Mayor and Councillors.

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

Maintenance Costs of Council Owned Equipment

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

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

Name Badge and Safety Equipment for Councillors

A local government may provide Councillors with:

- ✿ A name badge;

- ✿ The necessary safety equipment for use on official business.
e.g.: safety helmet/boots.

Use of Council Vehicles for Council business

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

Insurance Cover

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

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

Fuel Costs

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

Car Parking Amenities

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



Executive Staff

Chief Executive Officer

Currently recruiting. Acting Chief Executive Officer employed in the interim.

Director of Corporate and Financial Services



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

Director of Infrastructure Services



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

Director of Community and Environmental Services

Currently recruiting.

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.

Remuneration Range	Package	Employees
\$0.00 - \$200,000		3



Our Team

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

Recruitment

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

Equal Employment Opportunity

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

Staff Age Profile

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

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

For the 2015-2016 year a special charge was levied on those rateable properties contained in the benefited area in the town of Thallon. This was for the purpose of raising revenue to fund the operation of the Thallon Town Rural Fire Brigade. During the year \$7,100 was levied.

Domestic Animal Levy

For the 2015-2016 year a special charge was levied on those rateable properties in Categories 1-3, within the Balonne Shire boundary. This levy is for the purpose of raising revenue to fund the continued operation of Domestic Animal Management services or activities in the Shire. During the year \$32,970 was levied.

Feral Animal Levy

For the 2015-2016 year a special charge was levied on those rateable properties in Rating Categories 63, 73, 74, 75, 79, 80 and 81 within the Balonne Shire Council boundary. This levy is for the purpose of raising revenue to fund the continued operation of Feral Animal Management services or activities in the Shire. During the year \$170,094 was levied.

Environment Levy

For the 2015-2016 year a special charge was levied on those rateable properties contained in the benefited area surrounding the towns of St George, Dirranbandi, Bollon, Hebel, Thallon and Nindigully. This was for the purpose of raising revenue to fund the continued operation of the landfills in St George, Dirranbandi, Bollon, Hebel, Thallon and Nindigully. During the year \$10,125 was levied.

Rebates and Concessions

Pensioner Rate Remissions

Council provides a Remission of Rates for properties owned or occupied by Pensioners, equal to 100% of the General Rate up to a maximum of \$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 Installments

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

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

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

Concessions for Rates and Charges and Other Remission Requests

Concessions for Rates and Charges and other remission requests, or rate deferral requests, are assessed on a case-by-case basis, in accordance with Section 190 (1)(g) of the *Local Government Regulation 2012*. Balonne Shire Council grants concessions of 50% of utility charges to religious, charitable and other organisations. Total concessions granted for 2015-2016 was \$15,030.

Discount for Prompt Payment of Rates and Charges

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

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

Tenders

Expressions of Interest prior to inviting Tenders

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 2015-2016 period.

Administrative Complaints

Council is committed to dealing fairly with administrative actions complaints and has an Administrative Actions Complaints process to deal with any such complaints. There was one Administrative Action Complaint requiring reporting in accordance with Section 187 of the *Local Government Regulation 2012* for the 2015-2016 financial year.

The number of administrative action complaints made to Council	11
The number of administrative action complaints resolved by Council under the complaints management process	11
The number of administrative action complaints not resolved by the local government under the complaints management process	0
The number of administrative action complaints 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*.

Grants to Community Organisations

Regional Arts Development Fund		\$24,453.00
Flying Arts Australia	Public Art Placemaking Consultation	8,100.00
St George Jockey Club	Millenary Workshop	840.00
Dirranbandi R T C	Photography Workshop	1,330.00
St George Art Group	Festival of Small Halls	2,500.00
Dirranbandi Arts Council	Basketry Workshop	1,700.00
Dirranbandi QCWA	Music Tuition	2,500.00
Thallon Progress Assn	Placemaking Project	2,500.00
St George Jockey Club	Millenary Workshop	2,210.00
Dirranbandi R T C	Upholstery Workshop	840.00
Isolated Children's Parents Assn	Pop up Graffiti Gallery	1,933.00

Community Grants		\$22,800.11
Bollon Charity Rodeo Assn	Champagne Campdraft	500.00
Bollon Tennis Club	Annual Tennis Open	500.00
Walking Wounded	Donation	200.00
Dirranbandi Progress Assn	Seniors Morning Tea	100.00
Churches of Christ	Gift Basket	47.90
Dirranbandi P & A	Gift Basket	80.70
Dirranbandi Kindy	Gift Basket	58.00
St George & District Fishing	Annual Fishing Competition	250.00
St George State High School	Year 12 Dux Award	100.00
St Joseph's P & F Assn	Silver Sponsorship	300.00
St Patrick's Fete Committee	Colouring Competition	165.00
Qld Cotton	Gift Basket	185.30
St George & District Fishing	Fingerlings	250.00
Dirranbandi P-10 Campus	OptiMINDS	500.00
Dirranbandi Polocrosse Club	Water & Power Contribution	9,090.91
St Patrick's Fete Committee	Gift Basket	96.30
Bollon & District Community	Australia Day	200.00
Cunnamulla Child Protection	Bravehearts Program	1,000.00
Thallon Progress Assn	Australia Day	200.00
St George Cotton Growers Assn	Bronze Sponsorship	300.00
St George Polocrosse Club	Bronze Sponsorship	200.00
International Women's Day	Gift Basket	48.00
Dirranbandi p-10 Campus	City Adventures	500.00

Koori Kids Pty Ltd	Naidoc Week	450.00
Mungindi Community Preschool	Silver Sponsorship	330.00
St George Pony Club	Riding Instructor	500.00
Heart of Australia	St George Heart Clinic	2,000.00
Bollon District Children's Res	Donation	500.00
St George Clay Target Club	Gold Sponsorship	500.00
Life Line	Assistance Funding	3,000.00
Queensland Police Service	Gift Basket	98.00
St Joseph's P & F Assn	Silver Sponsorship	300.00
Care Balonne	Domestic Violence Assistance	250.00

Free or Concessional Use of Council Facilities	\$6,663.75
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Overseas Travel

No Councillors or employees of Council undertook any overseas travel for the financial year 2015-2016 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 order to advise of inappropriate conduct.

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

Registers

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

- ✿ Land Record
- ✿ Fees and Charges
- ✿ Road Register
- ✿ Local Law Policies
- ✿ Shire Planning Scheme
- ✿ Council Meeting Minutes
- ✿ Council Delegations
- ✿ Delegations by Chief Executive Officer
- ✿ Policy Register
- ✿ Corporate Plan
- ✿ Annual Operational Plan
- ✿ Budget
- ✿ Annual Report
- ✿ Personal Interest of Councillors
- ✿ Personal Interests of Councillors' Related Persons
- ✿ Personal Interest of the Chief Executive Officer and other specified employees

Land and Reserves

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.

Internal Audit

During the 2015/2016 year Internal Audit work was undertaken in the following areas of Council operations:

- ✿ Detailed review of Council Plant Hire Rates with recommendations made to review plant hire rates and improvements to controls and

procedures regarding internal report;

- ✿ A review of the purchase and disposal of Plant Fleet items and the adequacy of Council's Plant Replacement Program, which was found to be of a high standard;
- ✿ Attendance at Audit Committee Meetings via teleconference;
- ✿ Fees and Charges levied by Council were reviewed and recommendations were made to improve documentation and to record the charging of all fees and charges through Council's Debtors System;
- ✿ Community Grants and Sponsorships were examined for compliance with Council's published guidelines, and recommendations included consideration to allocation criteria and strengthening of acquittal arrangements;
- ✿ Policies and procedures in relation to administer and manage council Housing were reviewed, with recommendations of improvements to maintenance controls;
- ✿ Council's Community Lifestyle area, including Libraries, Halls, Community Centres, Showgrounds and Swimming Pool operations were examined and it is suggested that Council review asset maintenance of facilities and improved reporting procedures from facility managers.

Implementation of Long Term Plan

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 continued to maintain an operating surplus in the 2015-2016 financial year.

Council will continue to improve and identify cost efficiencies through service level reviews and business process improvements to ensure that the 2016-2017 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.

Road Transport

To provide efficient and effective transport and drainage infrastructure.

Water and Waste Water

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 Service

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

- ✿ 30 building applications valued at \$2,665,000 approved;
- ✿ Eight applications for planning were approved;
- ✿ Bitumen sealing of Paltridge Road and Wanganui Lane;
- ✿ Gravel resheeting of Woolerina, Cashel Vale, Noon-Mungidni and Wagoo Roads and loam build up on sections of Powrunna and Jakelwar-Goodooga Roads;
- ✿ Completion of majority of works at Dirranbandi Truckshop and Hutt Street Pump Station;
- ✿ Footpath upgrades on Pine and Booligar Streets, Thallon and Grey Street, St George;
- ✿ Replacement of runway lights at St George Airport, GA apron replacement and installation of sub surface drainage;
- ✿ Emergency lighting installation at Bollon Aerodrome;
- ✿ Sewer main and treatment plant upgrades at Dirranbandi;
- ✿ Water main replacement throughout Bollon;
- ✿ Drainage upgrades in Mungindi.



2016-2017 Targets

- ✿ Bitumen road upgrades and resealing works on various sections of Bollon-Dirranbandi Road;
- ✿ Gravel resheeting on Honeyamah Lane, Kooroon, Unity , Powrunna, Eumerella South and Secret Plains Roads;
- ✿ Salmon Road Bypass widening;
- ✿ Kerb and channeling work in St George and Dirranbandi;
- ✿ Water main replacement in Mungindi and St George;
- ✿ Road and drainage improvements in Dirranbandi;
- ✿ Woolerina Road floodway replacement at Wallam Creek;
- ✿ Progress on new Planning Scheme



Performance Measure	Annual Target	Actual
Forward looking initiatives / programs instigated	➤ 4	6
Road user <i>Request for Action</i> completed in acceptable timeframes within budget constraints	➤ 90%	85%
Compliance with Council's Customer Service Standards for urban water supplies	➤ 90%	86%
Percentage of Operational Projects completed within budget and on time	➤ 90%	94%
Percentage of Capital Projects completed within budget and on time	➤ 90%	80%

Strong and Resilient Communities

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

Year Highlights and Achievements

- ✿ Upgrades to parks and playgrounds throughout the shire, including: Walter Austin Park – Bollon, Thallon Park, Hebel Bicentennial Park, Jack Hammond and Klinge Lane Playgrounds – St George;
- ✿ Community carparking at Dirranbandi State School for use of the sporting oval;
- ✿ Roof replacement at St George Cultural Centre and rainwater tank installation at Bollon Civic Centre;
- ✿ Upgrade works at showgrounds, including: concreting and electrical projects at Bollon Showground, horse stable replacement at St George and dump point installation at Thallon;
- ✿ Seven projects were supported by the Regional Arts Development Fund (RADF) community grants program and three projects were supported via the RADF place making public art in Balonne;
- ✿ Through the State Library of Queensland, Council was successful in obtaining two Coding and Robotics grants;



- ✿ The St George Library has run 5 Ozbot workshops in the community;

- ✿ WORK Camp Program continues to provide valuable support to community groups in the Shire.



2016-2017 Targets

- ✿ Bollon flood levee extension;
- ✿ Dirranbandi Swimming Pool resurfacing;
- ✿ Cavanough Park upgrade;
- ✿ Silo viewing platform at Thallon;
- ✿ Bollon Civic Centre floor sanding and recoating;
- ✿ Hebel Showgrounds rodeo arena fencing;
- ✿ Story time at the St George Library;
- ✿ First Five Forever early literacy program;
- ✿ Continued support of arts and culture through the RADF program.



Performance Measure	Annual Target	Actual
Programs and/or enhancements to community facilities to increase community participation and	➤ 12	16
Cultural activities/initiatives implemented and/or supported	➤ 12	16
Proactive public health initiatives implemented	➤ 10	9
Percentage of Operational Projects completed within budget and on time	➤ 90%	92%
Percentage of Capital Projects completed within budget and on time	➤ 90%	80%

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

- ✿ Continued Road Management Performance Contract works for the Department of Transport and Main Roads;
- ✿ Completed works for the Department of Transport and Main Roads for: Noondoo-Thallon Road upgrade, Carnarvon Highway shoulder widening and the Dirranbandi Truck Stop upgrade;
- ✿ Another successful Yellowbelly Festival was held at the St George Showgrounds at the beginning of July;
- ✿ A new tourism brochure was produced;
- ✿ New Tourist Information Shelters were completed for Thallon and Bollon;
- ✿ Continued employment of Investment Attraction Officer funded by the Murray Darling Basin Economic Diversification Program;
- ✿ Three small business workshops were held in conjunction with Bettering Balonne.



2016-2017 Targets

- ✿ Continuation of Road Maintenance Performance Contract works for the Department of Transport and Main Roads;
- ✿ Design and erect new Town Entry Signs in the Shire;
- ✿ Installation of Tourist Information Shelters for Hebel and St George;
- ✿ Continue to support business programs;
- ✿ Maintain support for the Yellowbelly Festival;
- ✿ Continue to employ Investment Attraction Officer;
- ✿ Encourage new business and development.



Performance Measure	Annual Target	Actual
New businesses established within Balonne Shire	➤ 10	3
Business / workforce development initiatives undertaken	➤ 10	13
Increased visitations (tourist/business/commercial) year on year	➤ 10	11
Percentage of Operational Projects completed within budget and on time	➤ 90%	97%
Percentage of Capital Projects completed within budget and on time	➤ 90%	98%

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

- ✿ Secured further funding from the Department of Agriculture, Fisheries and Forestry for feral animal baiting, mentoring, training and no borders no boundaries;
- ✿ Successful feral animal baiting programs in the Shire;
- ✿ Installation of 1080 signage on all entries into the Shire;
- ✿ Desilted and excavated dam at 7 mile facility and constructed holding yard at Bellvue facility with funding provided by Department of Natural Resources and Mines;
- ✿ Landfill maintenance in St George continues to be managed by Proterra Group;
- ✿ Successful Annual Shire Cleanup program held in March;
- ✿ Regular testing of urban water supplies;
- ✿ Participation in National Tree Day.



2016-2017 Targets

- ✿ Continuation with the payment of Wild Dog Bounty and Wild Dog Retainer;
- ✿ Co-ordination of Feral Animal Baiting within the Shire;
- ✿ Maintain firebreaks within the Shire;
- ✿ Continuation of public health and safety programs;
- ✿ Annual Shire Clean up to be held in March 2017;
- ✿ Assist with the control of mosquitoes within the Shire.



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%	95%
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

Continued to maintain healthy cash balances;

- ✿ Unqualified Audit Opinion received from the Queensland Audit Office;
- ✿ Continuation of Cultural Change and Organisational Culture Programs for staff;
- ✿ Completed comprehensive revaluation of Council's Land, Building and Other Infrastructure Assets;
- ✿ Completed desktop revaluation of Council's Transport, Water and Waste Water Assets;
- ✿ Installation of new Electronic Document Management System and completed end user training with Magiq;
- ✿ Co-ordinated distribution of Drought Community Funding;



2016-2017 Targets

- ✿ Develop a Fraud and Corruption Framework;
- ✿ Update Council’s Risk Register;
- ✿ Continue to develop and update Council’s Asset Management Plans;
- ✿ Continue with desktop revaluations of Council’s Strategic Infrastructure Assets;
- ✿ Engage external consultants to carry out rate modelling for all of Council’s rates and charges, in particular two part tariff for water;
- ✿ Continue review of Council’s key strategic documents and policies, including Local Laws, Planning Scheme and Purchasing;
- ✿ Develop Related Parties Policy and Procedures;
- ✿ Reduction in outstanding Rates and Charges and Other Debtors.



	Unlikely	Likely	Very Likely
Major	Medium	High	Extreme
Moderate	Low	Medium	High
Minor	Low	Low	Medium



Performance Measure	Annual Target	Actual
Compliance with statutory and corporate requirements	100%	100%
Audit recommendations implemented	90%	92%
Percentage of Requests for Action completed within defined timeframes	90%	91%
Percentage of Operational Projects completed within budget and on time	90%	95%
Percentage of Capital Projects completed within budget and on time	90%	100%

Community Financial Report

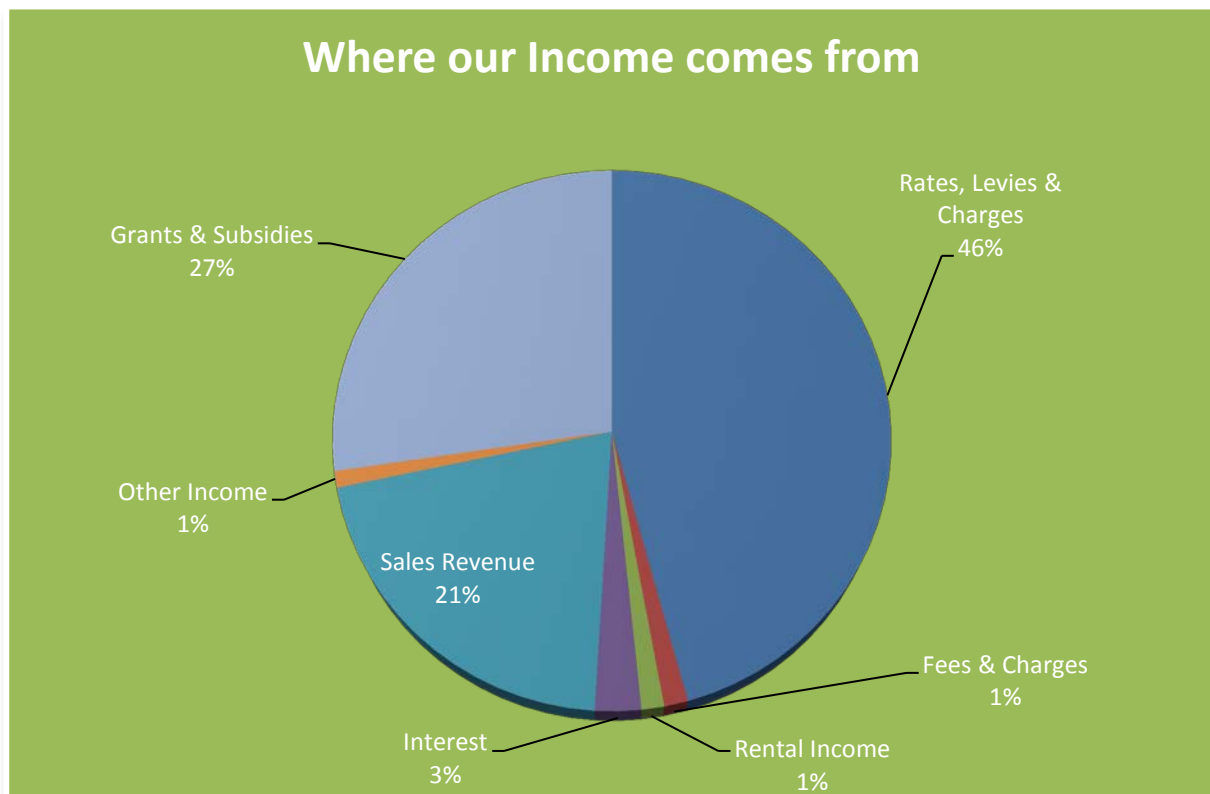
Annual Financial Statements are prepared in accordance with professional and legislative requirements and hence are technical documents. The purpose of the Community Financial Report is to present Financial Statements in a form more easily understood by the community.

The Community Financial Report is based on the detailed financial information contained in the enclosed financial statements for 1 July 2015 to 30 June 2016. A summary has been provided on the following financial matters;

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

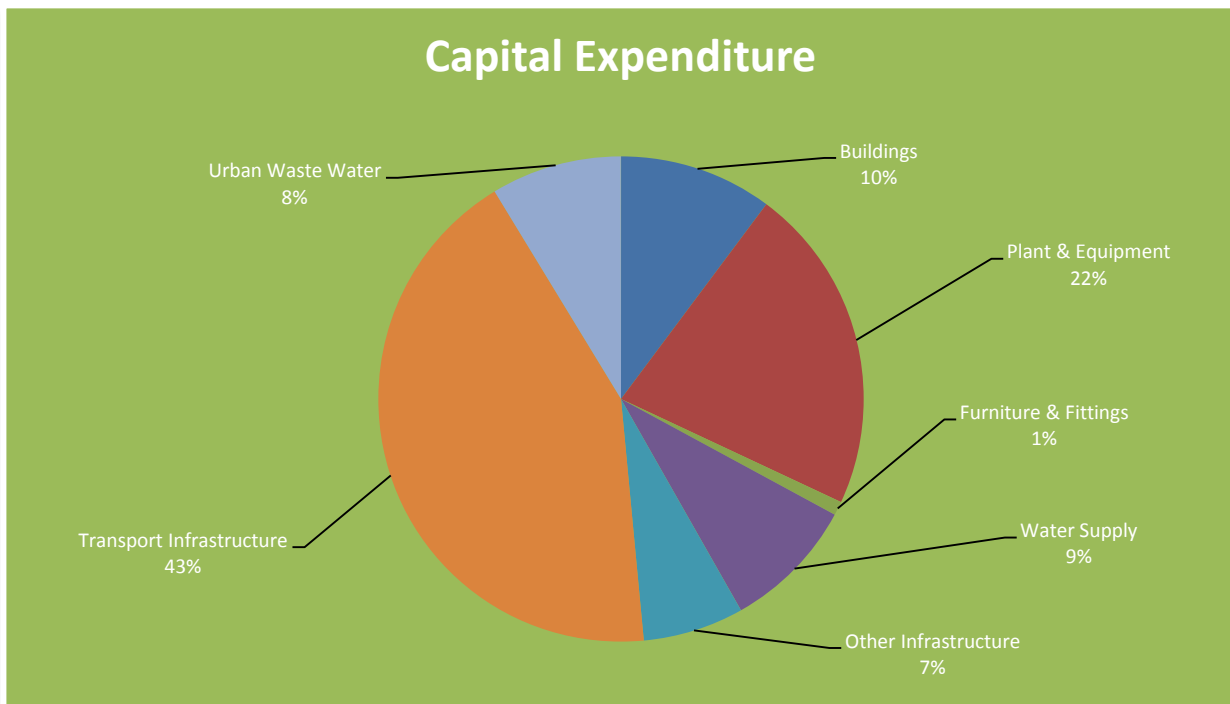
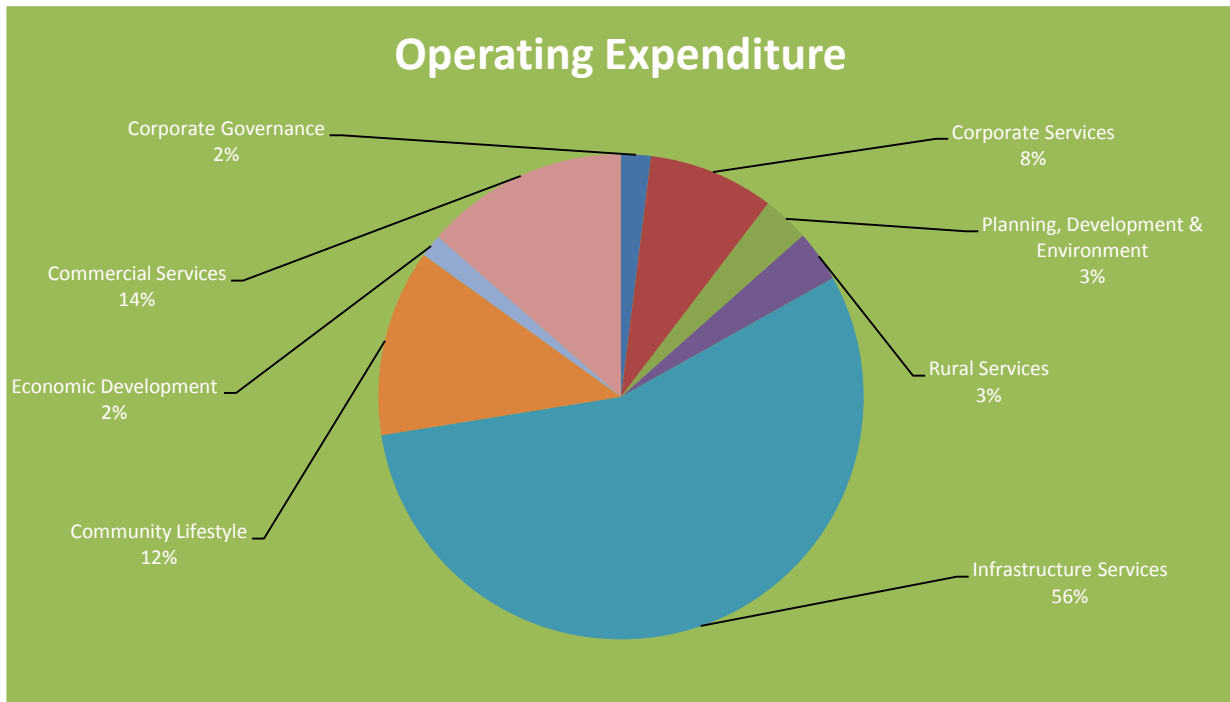
Sources of Income

The total income for the 12 months to 30 June 2015 was \$24,141,000. This includes rates and charges, grants and fees during the 12 months. The capital income of \$3,785,000 is mainly made up from capital grants and subsidies.



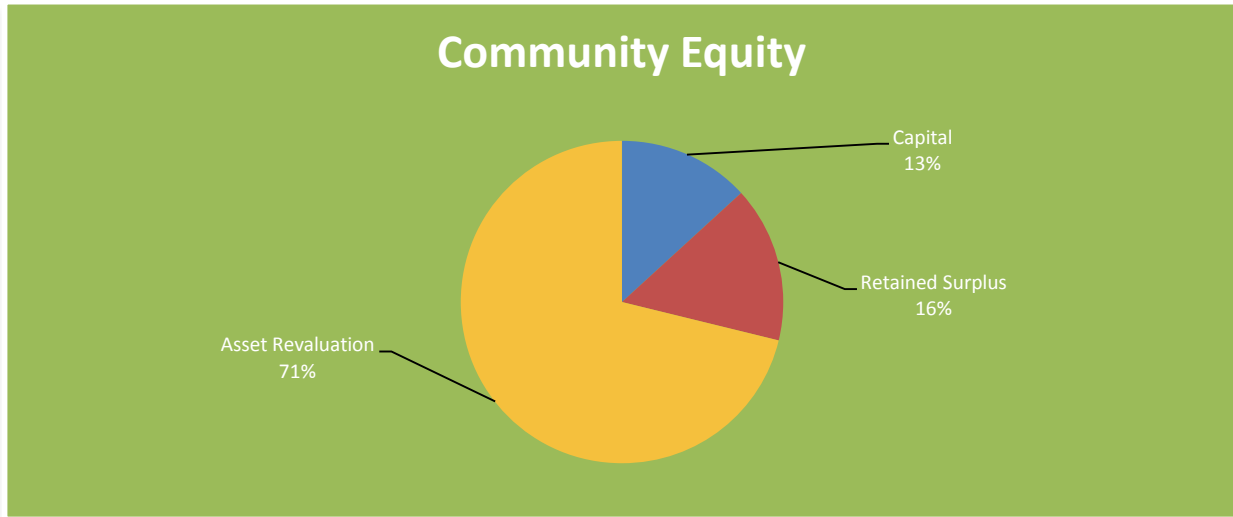
Where Council Spent its funds

Total operational expenditure for the 12 months to 30 June, 2016 totalled \$23,051,000. This expenditure consisted of costs such as electricity, insurance, salaries & wages, repairs and maintenance and depreciation of community assets. Council spent \$8,125,000 on capital purchases and capital improvements.



Net Worth (Community Equity)

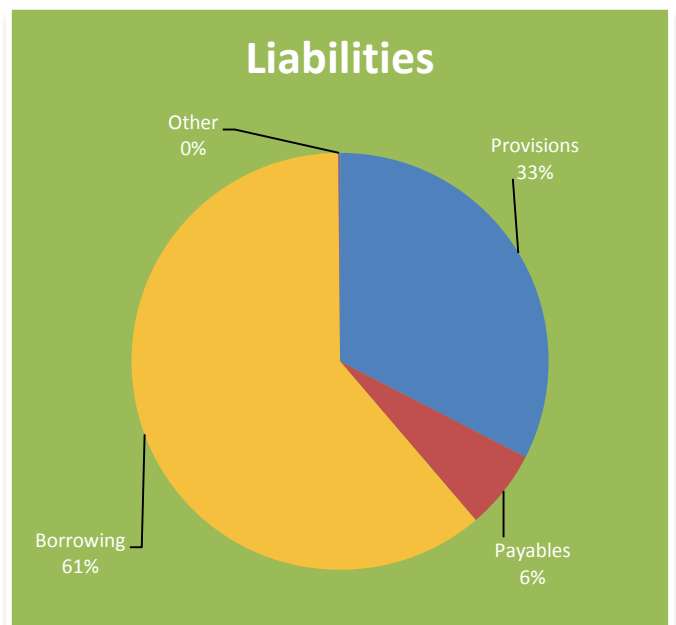
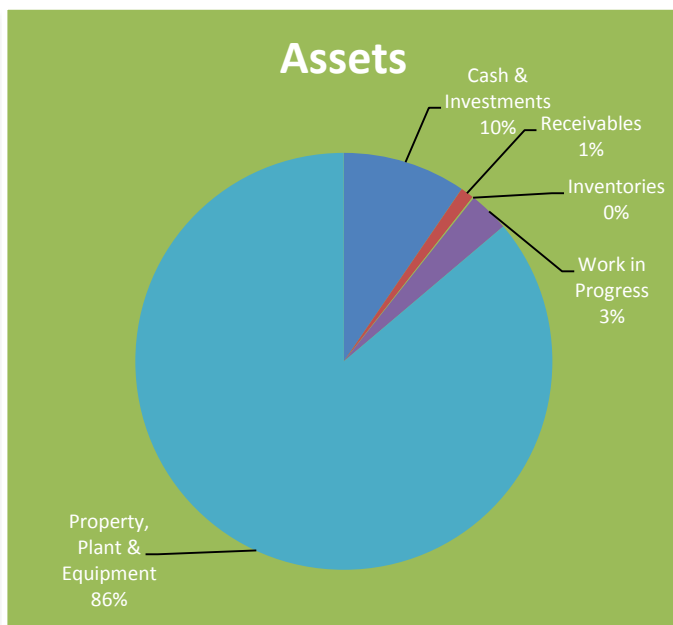
Balonne Shire Council's net worth (Community Equity), is made up of Investment in Capital Assets, Reserves, Asset Revaluation Reserve and Retained Surplus.



What Council Owes and Owns

Council's assets of \$279,906,000 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 \$5,599,000 comprise of employee provisions, sundry creditors and Queensland Treasury Corporation (QTC) loans.



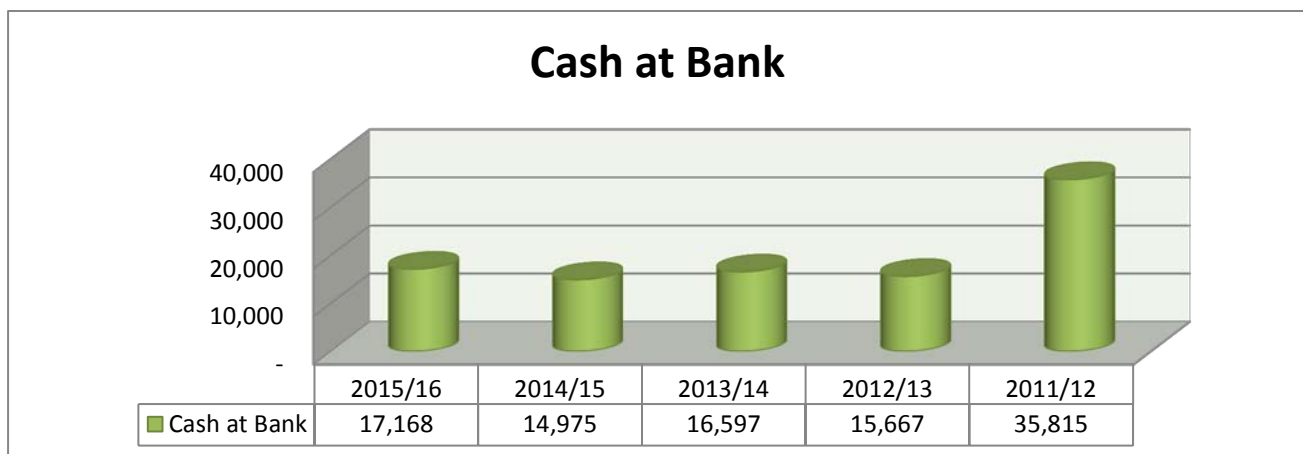
Statement of Cash Flows

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.

	2015-2016 \$,000	2014-2015 \$,000	2013-2014 \$,000	2012-2013 \$,000	2011-2012 \$,000
Opening Cash Balance	14,975	16,597	15,667	35,815	23,017
Net Cash Flow from Operating Activities	6,730	4,342	6,128	-10,752	14,916
Net Cash Flow from Investing Activities (Capital Purchases)	-4,307	-5,694	-4,898	-9,098	-5,113
Net Cash Flow from Financing Activities (Loans)	-230	-270	-300	-298	2,999
Closing Cash Balance	17,168	14,975	16,597	15,667	35,815

As can be seen by the summary above, we started the year with \$14,975,293 and ended the year with \$17,168,045. This small increase in cash held is partially related to Council's Rate and Debt Recovery Policy and Procedures. Outstanding rates at 30 June 2016 stood at 2.3% outstanding, compared to 3.37% the previous year. Other Debtors had also decreased significantly. 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 **-13.43%**

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 below the benchmark. This is due to increased depreciation costs as a result of works over recent years on roads damaged by floods. Council will be reviewing service levels to ensure that operational expenses are going to be sustainable in the longer term.

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 2015-2016 is 52.57%, which is below benchmark due to Council undertaking more upgrades and new works.

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 2015-2016 is **-66.99%**.

Overall Financial Summary

- ✿ Cash balance as of 30 June 2016 - \$17,168,045;
- ✿ Operating surplus before capital expenditure - \$1,051,799;
- ✿ Total Assets as of 30 June 2016 - \$279,901,704;
- ✿ Total Liabilities as of 30 June 2016 - \$5,599,129;
- ✿ Total community equity as of 30 June 2016 - \$274,302,574.

The Future

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

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



Contact Us at

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ST GEORGE QLD 4487

Administration Centres

Administration Office

118 Victoria Street, St George

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Fax 07 4620 8889

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

Telephone 07 4620 8855

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After Hours Emergencies Telephone 0407 253 858

Website

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Email Address

council@balonne.qld.gov.au

Balonne Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016

For the People



Balonne Shire Council

General Purpose Financial Statements

for the year ended 30 June 2016

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Balonne Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Income from Continuing Operations			
<i>Revenue</i>			
<i>Recurrent Revenue</i>			
Rates, Levies and Charges	3a	9,311	8,907
Fees and Charges	3b	273	261
Rental Income	3c	259	217
Interest and Investment Revenue	3d	529	592
Sales Revenue	3e	4,220	4,242
Other Income		201	386
Grants, Subsidies, Contributions and Donations	4a	5,563	7,777
Total Recurrent Revenue		<u>20,356</u>	<u>22,382</u>
<i>Capital Revenue</i>			
Grants, Subsidies, Contributions and Donations	4b	3,744	7,176
Total Revenue		<u>24,100</u>	<u>29,558</u>
Capital Income		41	-
Total Income (Continuing Operations)		<u>24,141</u>	<u>29,558</u>
Expenses from Continuing Operations			
<i>Recurrent Expenses</i>			
Employee Benefits	5	5,906	6,039
Materials and Services	6	9,371	11,072
Finance Costs	7	217	263
Depreciation and Amortisation	8	7,594	5,518
Total Recurrent Expenses		<u>23,088</u>	<u>22,892</u>
Capital Expenses	9	-	2,974
Total Expenses (Continuing Operations)		<u>23,088</u>	<u>25,866</u>
Operating Result (Continuing Operations)		<u>1,053</u>	<u>3,692</u>
Net Result		<u>1,053</u>	<u>3,692</u>
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to the Net Result</i>			
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	17	9,095	48,937
Total Other Comprehensive Income		<u>9,095</u>	<u>48,937</u>
Total Comprehensive Income		<u>10,148</u>	<u>52,629</u>

Balonne Shire Council

Statement of Financial Position
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	17,168	14,975
Trade and Other Receivables	11	1,870	4,184
Inventories		198	197
Total Current Assets		19,236	19,356
Non-Current Assets			
Property, Plant and Equipment	12	260,634	251,008
Intangible Assets		36	69
Total Non-Current Assets		260,670	251,077
TOTAL ASSETS		279,906	270,433
LIABILITIES			
Current Liabilities			
Trade and Other Payables	14	345	518
Borrowings	15	240	225
Provisions	16	1,657	1,954
Other Liabilities		8	7
Total Current Liabilities		2,250	2,704
Non-Current Liabilities			
Borrowings	15	3,181	3,426
Provisions	16	168	144
Total Non-Current Liabilities		3,349	3,570
TOTAL LIABILITIES		5,599	6,274
Net Community Assets		274,307	264,159
COMMUNITY EQUITY			
Asset Revaluation Surplus	17	195,216	186,121
Retained Surplus	18	79,091	78,038
Total Community Equity		274,307	264,159

Balonne Shire Council

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
2016					
Opening Balance		186,121	78,038	-	264,159
a. Net Operating Surplus for the Year		-	1,053	-	1,053
b. Other Comprehensive Income					
- Revaluations : Property, Plant and Equipment	17	9,095	-	-	9,095
Other Comprehensive Income		9,095	-	-	9,095
Total Comprehensive Income		9,095	1,053	-	10,148
Equity Balance as at 30 June 2016		195,216	79,091	-	274,307

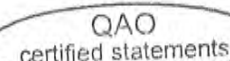
	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
2015					
Opening Balance		137,184	70,453	3,893	211,530
a. Net Operating Surplus for the Year		-	3,692	-	3,692
b. Other Comprehensive Income					
- Revaluations : Property, Plant and Equipment	17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

Balonne Shire Council

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		13,909	13,617
Payments to Suppliers and Employees		(15,724)	(18,105)
		(1,815)	(4,488)
Receipts:			
Investment and Interest Revenue Received		529	592
Rental Income		259	217
Non Capital Grants and Contributions		5,563	7,777
Other		2,392	513
Payments:			
Borrowing Costs		(217)	(263)
Other		19	(6)
Net Cash Inflow from Operating Activities	24	6,730	4,342
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		41	438
Grants, Subsidies, Contributions and Donations		3,744	7,176
Payments:			
Purchase of Property, Plant and Equipment		(8,125)	(13,325)
Payments for Intangible Assets		33	17
Net Cash Outflow from Investing Activities		(4,307)	(5,694)
Cash Flows from Financing Activities			
Payments:			
Repayment of Borrowings and Advances		(230)	(270)
Net Cash Outflow from Financing Activities		(230)	(270)
Net Increase/(Decrease) for the year		2,193	(1,622)
Cash and Cash Equivalents at beginning of the financial year		14,975	16,597
Cash and Cash Equivalents at end of financial year		17,168	14,975

Balonne Shire Council


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Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

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

Recurrent/Capital Classification

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

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

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- Disposal of non-current assets
- Revaluations of investment property and property, plant and equipment.

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

(1.b) Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are

inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

(1.c) Constitution

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

(1.d) Date of Authorisation

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

(1.e) Currency

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

(1.f) 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.

Balonne Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.

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

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

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

AASB 15 is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

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

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

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

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

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

- Valuation and depreciation of Property, Plant & Equipment - Note 1.I and Note 12
- Provisions - Note 1.p and Note 16
- Contingencies - Note 20.

(1.h) Revenue

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

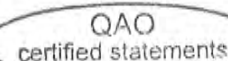
Rates and levies

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

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2016, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve. On 20 March 2015, council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have

Balonne Shire Council



Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

been placed on council's cash and cash equivalents are now disclosed in Note 10.

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.

Rental income

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

Interest

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

Sales revenue

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

The council generates revenues from a number of services including mainly contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date.

Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

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.i) 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 has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

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

Financial liabilities

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

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 15 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.

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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 26.

(1.j) Cash and Cash Equivalents

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

(1.k) Receivables

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

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

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

(1.l) Property, Plant & Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated 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 & Fittings	5-60
Infrastructure	
- Transport Infrastructure	10-200
- Water Supply Network	10-120
- Urban Waste Water	10-120
- Other infrastructure assets	5-100
Work in progress	Not depreciated

Acquisition of assets

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

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

Capital and operating expenditure

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

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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 reviews, or a desktop valuation by external valuers. The internal review involves engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the Asset revaluation index: Engineering construction, Queensland. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 13.

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

Capital work in progress

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

Depreciation

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

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

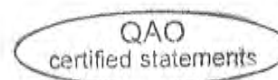
Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the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

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

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

Depreciation methods, estimated useful lives and of property, plant and equipment assets are reviewed at

Balonne Shire Council



Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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.

(1.m) Impairment of Non-Current Assets

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

(1.n) Leases

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

Operating leases

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

(1.o) Payables

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

(1.p) Liabilities - Employee Benefits

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

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 21.

Long service leave

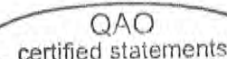
A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and 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 16 as a provision.

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

(1.q) Borrowings and Borrowing Costs

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

Balonne Shire Council


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 Notes to the Financial Statements
for the year ended 30 June 2016

 Note 1. Summary of Significant Accounting Policies (continued)

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

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

(1.r) Asset Revaluation Surplus

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

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

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

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

(1.s) Retained Surplus

In reference to the comparative figures for the year ended 30 June 2016, this represents the amount of Council's net funds not set aside in internally imposed expenditure restrictions to meet specific future needs.

(1.t) National Competition Policy

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

(1.u) 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.v) 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 23.

(1.w) 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.

Balonne Shire Council



Notes to the Financial Statements
for the year ended 30 June 2016

Note 2(a). Council Functions - Component Descriptions

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

CORPORATE GOVERNANCE

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

CORPORATE SERVICES

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

PLANNING, DEVELOPMENT AND ENVIRONMENTAL HEALTH SERVICES

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

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

RURAL SERVICES

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

INFRASTRUCTURE SERVICES

To provide efficient and effective transport and drainage infrastructure.

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

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

COMMUNITY LIFESTYLE

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

ECONOMIC DEVELOPMENT

To foster a vibrant economic environment.

COMMERCIAL SERVICES

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

Balonne Shire Council

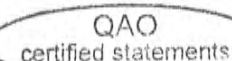
Notes to the Financial Statements
for the year ended 30 June 2016

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2016											
Corporate Governance	-	-	-	-	-	(457)	-	(457)	(457)	(457)	-
Corporate Services	3,513	6,394	-	17	9,924	(1,930)	-	(1,930)	7,977	7,994	23,016
Planning & Development and Environmental	-	191	-	-	191	(711)	-	(711)	(520)	(520)	3,468
Rural Services	108	172	13	-	293	(791)	-	(791)	(511)	(498)	454
Infrastructure Services	1,378	3,643	3,688	36	8,745	(12,816)	-	(12,816)	(7,795)	(4,071)	237,027
Community Lifestyle	346	108	43	-	497	(2,872)	-	(2,872)	(2,418)	(2,375)	15,920
Economic Development	234	50	-	-	284	(348)	-	(348)	(64)	(64)	21
Commercial Services	-	4,169	-	-	4,169	(3,126)	-	(3,126)	1,043	1,043	-
Total	5,579	14,727	3,744	53	24,103	(23,051)	-	(23,051)	(2,745)	1,052	279,906

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

Balonne Shire Council


 Notes to the Financial Statements
 for the year ended 30 June 2016

Note 3. Revenue Analysis

	2016	2015
	\$'000	\$'000
Notes		
(a). Rates, Levies and Charges		
General Rates / Community Levy	6,257	6,181
Special Rates	208	7
Water	1,770	1,723
Water Consumption, Rental and Sundries	66	67
Urban Waste Water	1,070	1,045
Waste Charges	836	784
Total rates and utility charge revenue	10,207	9,807
Less: Discounts	(866)	(871)
Less: Pensioner remissions	(30)	(29)
TOTAL RATES, LEVIES AND CHARGES	9,311	8,907
(b). Fees and Charges		
Building and Development Fees	49	59
Infringements	14	7
Licences and Registrations	49	44
Swimming Pool Fees	39	39
Internet Charges	1	1
Cemetery Fees	51	41
Council Facilities Hire	46	49
Water Connection Fees	4	5
Searches and Other Council Document Fees	13	11
Other	7	5
TOTAL FEES AND CHARGES	273	261
(c). Rental Income		
Property Rental - Other Council Properties	22	22
St George Water Tower Rental	17	17
Airport Lease Charges	30	7
Staff Housing	190	171
TOTAL RENTAL INCOME	259	217

Balonne Shire Council


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 Notes to the Financial Statements
for the year ended 30 June 2016

Note 3. Revenue Analysis (continued)

Notes	2016 \$'000	2015 \$'000
(d). Interest and Investment Revenue		
Interest Received from Term Deposits	483	527
Interest from Overdue Rates and Utility Charges	46	65
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>529</u>	<u>592</u>
(e). Sales Revenue		
Sale of services		
Contract and Recoverable Works	4,170	4,199
Total Sale of Services	4,170	4,199
Sale of goods		
Visitor Info Centre	50	43
Total Sale of Goods	50	43
<u>TOTAL SALES REVENUE</u>	<u>4,220</u>	<u>4,242</u>

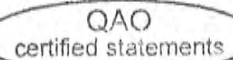
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Note 4. Grants, Subsidies, Contributions and Donations

(a) Recurrent

General Purpose Grants	4,729	4,703
State Government Subsidies and Grants	698	651
Commonwealth Government Subsidies and Grants	71	96
Contributions	65	6
Flood Event 2013	-	348
February 2012 Flood Event	-	1,999
January 2011 Flood Event	-	(26)
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>5,563</u>	<u>7,777</u>

Balonne Shire Council


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 Notes to the Financial Statements
for the year ended 30 June 2016

Note 4. Grants, Subsidies, Contributions and Donations (continued)

	2016	2015
Notes	\$'000	\$'000
(b) Capital		
State Government Subsidies and Grants	1,076	6,282
Commonwealth Government Subsidies and Grants	2,668	855
Contributions	-	39
<u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>3,744</u>	<u>7,176</u>

Conditions over Contributions

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	4,729	5,029
	<u>4,729</u>	<u>5,029</u>

Note 5. Employee Benefits

Wages and Salaries		3,604	3,624
Annual, Sick and Long Service Leave Entitlements		787	940
Superannuation	21	595	600
Training Costs		293	323
Workers Compensation Insurance		108	79
Fringe Benefits Tax (FBT)		12	13
Councillors Remuneration		409	399
		<u>5,808</u>	<u>5,978</u>
Other Employee Related Expenses		98	61
<u>TOTAL EMPLOYEE BENEFITS</u>		<u>5,906</u>	<u>6,039</u>

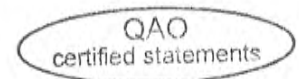
Additional information:

Total Employees at year end:

Administration Staff	32	30
Depot and Outdoors Staff	53	56
Total full time equivalent employees	<u>85</u>	<u>86</u>

Total Elected members	<u>7</u>	<u>7</u>
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Balonne Shire Council



Notes to the Financial Statements
for the year ended 30 June 2016

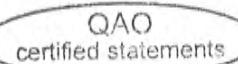
Note 6. Materials and Services

	Notes	2016 \$'000	2015 \$'000
Advertising and Marketing		65	64
Administration Supplies and Consumables		34	32
Aerodrome Maintenance		154	177
Audit of Annual Financial Statements by the Auditor-General of Queensland		59	36
Audit Services		21	17
Cleansing Services		816	697
Communications and IT		120	142
Community Donations / Assistance		45	44
Councillors' Expenses (incl. Mayor) - Other		31	20
Insurance		343	372
Land Protection Fund Precept		241	238
Legal Fees		203	63
Power		30	31
Repairs and Maintenance		4,560	5,133
Subscriptions and Registrations		103	85
2013 Flood Event		-	879
Swimming Pools - Council Owned		289	315
Urban Waste Water		424	406
Urban Water Services		1,058	1,142
Other		775	1,179
<u>TOTAL MATERIALS AND SERVICES</u>		<u>9,371</u>	<u>11,072</u>

Note 7. Finance Costs

Finance costs - Queensland Treasury Corporation	201	220
Bank Charges	16	16
Impairment of Debts	-	27
<u>TOTAL FINANCE COSTS</u>	<u>217</u>	<u>263</u>

Balonne Shire Council


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 Notes to the Financial Statements
for the year ended 30 June 2016

Note 8. Depreciation and Amortisation

	Notes	2016 \$'000	2015 \$'000
Depreciation/Amortisation of Non Current Assets			
Buildings		427	409
Plant and Equipment		994	1,024
Furniture and Fittings		26	19
Water Supply Network		455	608
Other Infrastructure Assets		365	283
Transport Infrastructure		4,932	2,854
Urban Waste Water Network		362	271
Total Depreciation of Non Current Assets	12	7,561	5,468
Amortisation of Intangible Assets			
Software		33	50
Total Amortisation of Intangible Assets		33	50
<u>TOTAL DEPRECIATION AND AMORTISATION</u>		<u>7,594</u>	<u>5,518</u>

Note 9. Capital Expenses

Loss on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		-	438
Less: Book Value of Property, Plant and Equipment Disposed	12	-	(3,412)
<u>TOTAL CAPITAL EXPENSES</u>		<u>-</u>	<u>2,974</u>

Note 10. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents			
Cash at Bank and on Hand		2,392	280
QTC Cash Fund		14,776	14,695
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>		<u>17,168</u>	<u>14,975</u>

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

Balonne Shire Council


 Notes to the Financial Statements
 for the year ended 30 June 2016

Note 10. Cash, Cash Equivalents and Investments (continued)

Notes	2016 \$'000	2015 \$'000
Restricted Cash, Cash Equivalents and Investments		
Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include:		
Internally imposed Expenditure Restrictions at the reporting date:		
Future Capital Works	618	618
Future Asset Replacement	4,184	3,836
Future Recurrent Expenditure	50	30
Total Unspent Restricted Cash, Cash Equivalents and Investments	4,852	4,484

Note: These Restrictions were previously allocated to Reserves

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

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

Note 11. Trade and Other Receivables
Current

Rateable Revenue and Utility Charges	257	362
Other Debtors	1,527	3,718
Prepayments	92	110
Total	1,876	4,190
less: Provision for Impairment		
Rateable Revenue and Utility Charges	(5)	(5)
Other Debtors	(1)	(1)
Total Provision for Impairment - Receivables	(6)	(6)
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	1,870	4,184

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

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 12. Property, Plant and Equipment

30 June 2016		Capital Work in Progress	Land	Buildings	Plant and Equipment	Furniture and Fittings	Water Supply Network	Other Infrastructure Assets	Transport Infrastructure	Urban Waste Water Network	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Cost	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	
Opening Gross Balance - at Cost		2,267	-	-	13,121	416	-	-	-	-	15,804
Opening Gross Balance - at Fair Value		-	5,366	31,370	-	-	27,463	20,167	202,724	19,288	306,378
Opening Gross Balance		2,267	5,366	31,370	13,121	416	27,463	20,167	202,724	19,288	322,182
Additions*		-	-	514	1,093	46	447	339	2,154	438	5,031
Disposals	9	-	(3)	-	(975)	-	-	-	-	-	(978)
Revaluation Decrements to Equity (ARR)	17	-	(2,322)	-	-	-	-	(47)	-	-	(2,369)
Revaluation Increments to Equity (ARR)	17	-	-	5,107	-	-	522	-	20,658	62	26,349
Work in Progress Additions		8,369	-	-	-	-	-	-	-	-	8,369
Work in Progress Capitalised		(5,031)	-	-	-	-	-	-	-	-	(5,031)
Total Gross Value of Property, Plant and Equipment - at Cost		5,605	3,041	-	-	-	-	-	-	-	8,646
Total Gross Value of Property, Plant and Equipment - at Fair Value		-	-	36,991	13,239	462	28,432	20,459	225,536	19,788	344,907
Total Gross Value of Property, Plant and Equipment		5,605	3,041	36,991	13,239	462	28,432	20,459	225,536	19,788	353,553
Opening Accumulated Depreciation		-	-	7,338	5,064	178	13,053	2,825	33,904	8,812	71,174
Depreciation Expense	8	-	-	427	994	26	455	365	4,932	362	7,561
Disposals	9	-	-	-	(701)	-	-	-	-	-	(701)
Revaluation Decrements to Equity (ARR)	17	-	-	-	-	-	-	-	-	(1,172)	(1,172)
Revaluation Increments to Equity (ARR)	17	-	-	8,489	-	-	3	826	6,739	-	16,057
Total Accumulated Depreciation and Impairment Property, Plant and Equipment		-	-	16,254	5,357	204	13,511	4,016	45,575	8,002	92,919
Total Net Book Value of Property, Plant and Equipment		5,605	3,041	20,737	7,882	258	14,921	16,443	179,961	11,786	260,634
*Asset Additions Comprise											
Asset Renewals		-	-	377	1,093	-	447	91	1,546	438	3,992
Other Additions		-	-	137	-	46	-	248	608	-	1,039
Total Asset Additions		-	-	514	1,093	46	447	339	2,154	438	5,031

Balonne Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 12. Property, Plant and Equipment

30 June 2015		Capital Work in Progress	Land	Buildings	Plant and Equipment	Furniture and Fittings	Water Supply Network	Other Infrastructure Assets	Transport Infrastructure	Urban Waste Water Network	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Cost	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	
Opening Gross Balance - at Cost		2,384	-	-	14,182	775	-	-	-	-	17,341
Opening Gross Balance - at Fair Value		-	5,341	31,029	-	-	31,123	16,650	223,286	22,727	330,156
Opening Gross Balance		2,384	5,341	31,029	14,182	775	31,123	16,650	223,286	22,727	347,497
Additions*		-	30	341	1,086	96	352	3,517	4,834	536	10,792
Disposals	9	-	(5)	-	(2,147)	(455)	-	-	-	-	(2,607)
Revaluation Decrements to Equity (ARR)	17	-	-	-	-	-	(4,012)	-	(25,396)	(3,975)	(33,383)
Work in Progress Additions		10,706	-	-	-	-	-	-	-	-	10,706
Work in Progress Capitalised		(10,823)	-	-	-	-	-	-	-	-	(10,823)
Total Gross Value of Property, Plant and Equipment		2,267	5,366	31,370	13,121	416	27,463	20,167	202,724	19,288	322,182
Opening Accumulated Depreciation		-	-	6,929	5,475	519	14,714	2,542	108,061	11,581	149,821
Depreciation Expense	8	-	-	409	1,024	19	608	283	2,854	271	5,468
Disposals	9	-	-	-	(1,435)	(360)	-	-	-	-	(1,795)
Revaluation Decrements to Equity (ARR)	17	-	-	-	-	-	(2,269)	-	(77,011)	(3,040)	(82,320)
Total Accumulated Depreciation and Impairment Property, Plant and Equipment		-	-	7,338	5,064	178	13,053	2,825	33,904	8,812	71,174
Total Net Book Value of Property, Plant and Equipment		2,267	5,366	24,032	8,057	238	14,410	17,342	168,820	10,476	251,008
*Asset Additions Comprise											
Asset Renewals		-	-	122	-	84	1	3,517	1,113	506	5,343
Other Additions		-	30	219	1,086	12	351	-	3,721	30	5,449
Total Asset Additions		-	30	341	1,086	96	352	3,517	4,834	536	10,792

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 13. Fair Value Measurements

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

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

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 15 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2016.

Balonne Shire Council

 Notes to the Financial Statements
for the year ended 30 June 2016

Note 13. Fair Value Measurements (continued)

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

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts \$'000	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2016					
Property, Plant and Equipment					
- Land	30/06/16	-	3,041	-	3,041
- Buildings	30/06/16	-	-	19,010	19,010
- Buildings	30/06/16	-	1,727	-	1,727
- Other Infrastructure Assets	30/06/16	-	-	16,443	16,443
- Transport Infrastructure	30/16/16	-	-	179,961	179,961
- Water Supply	30/06/16	-	-	14,921	14,921
- Urban Waste Water	30/06/16	-	-	11,786	11,786
Total Property, Plant and Equipment		-	4,768	242,121	246,889
2015					
Property, Plant and Equipment					
- Land	30/06/14	-	2,969	2,397	5,366
- Buildings	30/06/14	-	-	10,664	10,664
- Buildings	30/06/14	-	13,464	-	13,464
- Other Infrastructure Assets	30/06/14	-	-	17,342	17,342
- Transport Infrastructure	30/06/15	-	-	168,820	168,820
- Water Supply	30/06/15	-	-	14,410	14,410
- Urban Waste Water	30/06/15	-	-	10,476	10,476
Total Property, Plant and Equipment		-	16,433	224,109	240,542

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

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

Balonne Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 13. Fair Value Measurements (continued)

Valuation Processes – Land and Building Assets

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

Direct Comparison method which is considered a Level 2 input on the Fair Value Hierarchy, involves the analysis of sales evidence and comparisons with the subject land taking into account matters such as area, location and other general site characteristics. The Council note the Direct Comparison approach has been utilised in the assessment for all Council Land Assets, however the fair value measurement has been either a Level 2 or 3, depending on the assumptions as to:

- Whether the land is subject to restrictions as to use and/or sale
- Whether there is no active market.

If these assumptions apply to the land as per Queensland Treasury NCAP 3, the Council have measured the expected Fair Value as a Level 3. However if an active market can be established and there are no unreasonable restrictions as to use and/or sale, the Council have deemed the measurement to be a Level 2. Land that is utilised for footpath or access restriction purposes, land that is a volumetric title, or due to its general characteristics land that has no observable active market, have been assessed as a Level 3.

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

For assets valued under a Level 3, the Council concludes that the unobservable input to be the rate per square metre applied to the asset.

Valuation Process and Assumptions – Buildings Assets

Where there is an active and liquid market as evidenced by sales transactions of similar asset types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Due to the predominantly specialised nature of Local Government Assets, infrastructure, building and other asset valuations are undertaken on a Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

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

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13. Fair Value Measurements (continued)

- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value is also factored which is the value at the time the asset is considered to be no longer available. The condition assessment is applied on a component basis.
- While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of residual value, useful life, and asset condition) were also required (level 3).

The Condition rating inputs can be defined in the following table, noting that the condition assessments for Balonne Shire Council have been applied in 0.5 intervals:

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

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13. Fair Value Measurements (continued)

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

Residuals

Balonne Shire Council have adopted residuals of \$0.

Componentising Assets

Buildings above a threshold of \$500,000 have been componentised with exception of assets where it is not appropriate to componentise.

Percentage of Assets inspected

In excess of 95% of assets, both land and building, were inspected.

Roads, Water and Sewer Assets

Roads, Water and Sewer Assets were independently valued as at 30 June 2015 by AssetVal Pty Ltd. A desktop valuation was performed by AssetVal as at 30 June 2016.

Where there is an active and liquid market as evidenced by sales transactions of similar asset types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB13 Fair Value Measurement. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Due to the predominantly specialised nature of Local Government Assets, the roads, water and sewer asset valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13 Fair Value Measurement. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). The non-depreciable component is also factored which is the value at the time the asset is considered to be no longer available. The condition assessment is applied on a component basis.

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13. Fair Value Measurements (continued)

- While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of the non- depreciable component, useful life, and asset condition) were also required (level 3).

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

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

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

Roads

Calculation of Current Replacement Cost

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

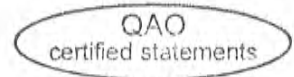
The unit rates applied are based on Greenfield project costs and include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, unit rate databases, indices, Rawlinson's Construction Handbook and quotations.

Accumulated Depreciation

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

Percentage of Assets Inspected

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

Balonne Shire Council**Notes to the Financial Statements**
for the year ended 30 June 2016**Note 13. Fair Value Measurements** (continued)

Bridges**Calculation of Current Replacement Cost**

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

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

Accumulated Depreciation

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

Percentage of Assets Inspected

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

Water & Sewer**Calculation of Current Replacement Cost**

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

Accumulated Depreciation

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

Percentage of Assets Inspected

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

Balonne Shire Council


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 Notes to the Financial Statements
for the year ended 30 June 2016

 Note 13. Fair Value Measurements (continued)

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

a. The following tables present the changes in non-specialised buildings (Level 3)

	Buildings \$'000
Opening Balance - 1/7/14	-
Adoption of AASB 13	24,101
Purchases (GBV)	340
Disposals (WDV)	-
Depreciation and Impairment	(409)
Closing Balance - 30/6/15	<u>24,032</u>
Adoption of AASB 13	24,032
Purchases (GBV)	514
Disposals (WDV)	-
Depreciation and Impairment	(427)
Revaluation Adjustments	(3,382)
Closing Balance - 30/6/16	<u>20,737</u>

(5). Valuation Processes

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

Balonne Shire Council


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 Notes to the Financial Statements
for the year ended 30 June 2016

Note 14. Trade and Other Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors and Accruals	345	518
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>345</u>	<u>518</u>

Note 15. Borrowings

Current		
Loans - Queensland Treasury Corporation	240	225
<u>TOTAL CURRENT BORROWINGS</u>	<u>240</u>	<u>225</u>
Non-current		
Loans - Queensland Treasury Corporation	3,181	3,426
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>3,181</u>	<u>3,426</u>
Reconciliation of Loan Movements for the year		
Loans - Queensland Treasury Corporation		
Opening Balance at Beginning of Financial Year	3,651	3,921
Principal Repayments	-	(270)
Book value at end of financial year	<u>3,651</u>	<u>3,651</u>

The QTC loan market value at the reporting date was \$4,005,782. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Loan Disclosures

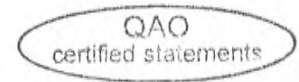
No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$AU denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2021 to 15 June 2032.

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

Principal and interest repayments are made quarterly in arrears.

Balonne Shire Council


 Notes to the Financial Statements
 for the year ended 30 June 2016

Note 16. Provisions

	Notes	2016 \$'000	2015 \$'000
Current			
Annual Leave		676	878
Long Service Leave		938	1,039
Other Entitlements		41	38
<u>TOTAL CURRENT PROVISIONS</u>		<u>1,657</u>	<u>1,954</u>
Non-current			
Long Service Leave		168	144
<u>TOTAL NON-CURRENT PROVISIONS</u>		<u>168</u>	<u>144</u>

Details of movements in Provisions:

Class of Provision	Opening	Additional	Decrease	Remeasure	Unused	Closing
	Balance			ment		
	as at	Provision	due to	due to	Reversed	as at
	01/07/2015		Payments	Discounting		30/06/2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Annual Leave	878	(202)	-	-	-	676
Long Service Leave	1,183	(77)	-	-	-	1,106
Other Leave	38	3	-	-	-	41
TOTAL	2,098	(273)	-	-	-	1,825

Balonne Shire Council

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Notes to the Financial Statements
for the year ended 30 June 2016

Note 17. Asset Revaluation Reserve

	Notes	2016 \$'000	2015 \$'000
Movements in the asset revaluation reserve:			
Balance at beginning of financial year		186,121	137,184
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		(2,322)	-
Buildings		(3,382)	-
Water Supply Network		519	(1,743)
Other Infrastructure Assets		(873)	-
Transport Infrastructure		13,919	51,615
Urban Waste Water Network		1,234	(935)
	12	<u>9,095</u>	<u>48,937</u>
Balance at end of financial year		<u>195,216</u>	<u>186,121</u>

Asset revaluation reserve analysis

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

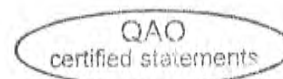
Land	3,638	5,960
Buildings	10,692	13,896
Land Held for Resale	29	29
Plant and Equipment	1,498	1,498
Furniture and Fittings	307	307
Water Supply Network	18,421	17,901
Other Infrastructure Assets	2,758	3,551
Transport Infrastructure	145,489	131,828
Urban Waste Water Network	12,384	11,151
Balance at end of financial year	<u>195,216</u>	<u>186,121</u>

Note 18. Retained Surplus

Movements in the retained surplus:

Retained Surplus/(Deficit) at Beginning of Financial Year	78,038	70,453
Net Result Attributable to Council	1,053	3,692
Transfer from Reserves to Retained Surplus	-	3,893
Retained surplus at end of financial year	<u>79,091</u>	<u>78,038</u>

Balonne Shire Council



Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Commitments for Expenditure

	2016	2015
Notes	\$'000	\$'000
Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Garbage Collection Contract	350	365
Hutt Street Pump Station	-	900
Plant Replacement	290	-
	640	1,265

Note 20. Contingent Liabilities

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

Local Government Mutual

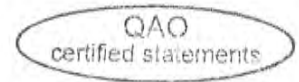
The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in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

As at 30 June 2016 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme 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 \$115,917.

Balonne Shire Council



Notes to the Financial Statements

for the year ended 30 June 2016

Note 21. Superannuation

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

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

The Scheme has three elements referred to as:

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

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

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

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

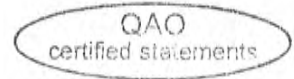
To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12%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

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

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

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

Balonne Shire Council



Notes to the Financial Statements

for the year ended 30 June 2016

Note 21. Superannuation (continued)

In the 2015 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.

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 2015-16 financial year.

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

	Notes	2016 \$'000	2015 \$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	5	595	600

Note 22. Operating Lease Income

The minimum lease receipts are as follows:

Not later than one year	-	24
One to five years	-	108
	-	132

Balonne Shire Council

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Notes to the Financial Statements

for the year ended 30 June 2016

Note 23. Trust Funds

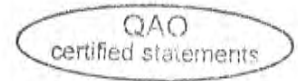
	2016	2015
	\$'000	\$'000
Notes		
Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	1	1
Security Deposits	249	231
	<u>250</u>	<u>232</u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

Note 24. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

Net operating result from Income Statement	1,053	3,692
Non-cash items		
Depreciation and Amortisation	7,594	5,518
	<u>7,594</u>	<u>5,518</u>
Investing and development activities		
Net Losses/(Gains) on Disposal of Assets	(41)	2,974
Non Cash Capital Grants and Contributions	(3,744)	(7,176)
	<u>(3,785)</u>	<u>(4,202)</u>
Changes in operating assets and liabilities:		
(Increase)/Decrease in Receivables	2,314	228
Increase/(Decrease) in Provision for Doubtful Debts	-	(4)
(Increase)/Decrease in Inventories	(1)	(7)
(Increase)/Decrease in Other Assets	-	103
Increase/(Decrease) in Payables and Accruals	(173)	(1,099)
Increase/(Decrease) in Other Liabilities	1	1
Increase/(Decrease) in Employee Leave Entitlements	(273)	112
	<u>1,868</u>	<u>(666)</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	<u>6,730</u>	<u>4,342</u>

Balonne Shire Council



Notes to the Financial Statements for the year ended 30 June 2016

Note 25. Events Occurring After Balance Sheet Date

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

Note 26. Financial Instruments

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

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

Financial Risk Management

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

Council's audit committee 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.

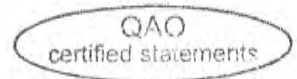
Credit Risk Exposure

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.

Balonne Shire Council



Notes to the Financial Statements

for the year ended 30 June 2016

Note 26. Financial Instruments (continued)

	Notes	2016 \$'000	2015 \$'000
The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:			
Financial Assets			
Cash and Cash Equivalents	10	17,168	14,975
Receivables - Rates	11	252	357
Receivables - Other	11	1,526	3,717
Total		18,946	19,049

Cash and Cash Equivalents

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

Trade and Other Receivables

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

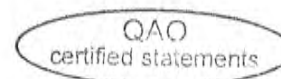
In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

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

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

	Notes	2016 \$'000	2015 \$'000
Receivables			
Fully Performing		169	3,537
Past due:			
- Less than 30 days overdue		1,441	-
- 31 to 60 days overdue		5	288
- 61 to 90 days overdue		4	2
- Greater than 90 days overdue		263	369
- Impaired		(6)	(6)
Total	11	1,876	4,190

Balonne Shire Council


 Notes to the Financial Statements
 for the year ended 30 June 2016

 Note 26. Financial Instruments (continued)

 Liquidity Risk

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

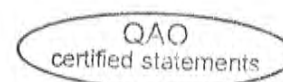
Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 15.

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

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2016					
Trade and Other Payables	345	-	-	345	345
Loans - QTC	426	1,705	2,669	4,800	3,421
	<u>771</u>	<u>1,705</u>	<u>2,669</u>	<u>5,145</u>	<u>3,766</u>
2015					
Trade and Other Payables	518	-	-	518	518
Loans - QTC	417	1,667	3,087	5,171	3,651
	<u>935</u>	<u>1,667</u>	<u>3,087</u>	<u>5,689</u>	<u>4,169</u>

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 2016

Note 26. Financial Instruments (continued)

Market Risk

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

Interest Rate Risk

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

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

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

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

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2016					
QTC Cash Fund	14,776	148	(148)	148	(148)
Other	2,392	23	(23)	23	(23)
Loans - QTC	(3,421)	(37)	37	(37)	37
Net	13,747	134	(134)	134	(134)
2015					
QTC Cash Fund	14,695	146	(146)	146	(146)
Other	280	2	(2)	2	(2)
Loans - QTC	(3,652)	(37)	37	(37)	37
Net	11,323	111	(111)	111	(111)

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

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

Fair Value

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

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

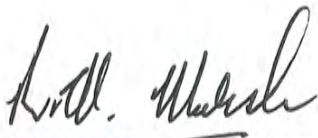
General Purpose Financial Statements
for the year ended 30 June 2016

Management Certificate
for the year ended 30 June 2016

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 1 to 41, 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.



Cr R W Marsh

MAYOR

7 October 2016



Mr Peter C Stewart

ACTING CHIEF EXECUTIVE OFFICER

7 October 2016

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 2016, 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 Acting 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.

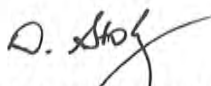
Opinion

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 2015 to 30 June 2016 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 A STOLZ FCPA
(As delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Balonne Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2016

	Actual 2016	Target 2016
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Measures of Financial Sustainability

Council's performance at 30 June 2016 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

<u>Net Result (excluding capital items)</u>	-13.43%	0 - 10%
Total Operating Revenue (excluding capital items)		

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

2. Asset Sustainability Ratio

<u>Capital Expenditure on the Replacement of Assets (renewals)</u>	52.57%	more than 90%
Depreciation Expense		

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

3. Net Financial Liabilities Ratio

<u>Total Liabilities less Current Assets</u>	-66.99%	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 2016.

Current Year Financial Sustainability Statement for the year ended 30 June 2016

Actual 2016	Target 2016
----------------	----------------

Measures of Financial Sustainability

Council's performance at 30 June 2016 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)

-13.43% 0 - 10%

Total Operating Revenue (excluding capital items)

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

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

52.57% 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

-66.99% 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 2016.

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 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and the Acting 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 2016, 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. Stolz

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

Queensland Audit Office
Brisbane

Balonne Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2015

	Target 2016	Actual 2016	2017	2018	2019	2020	Forecast					
							2021	2022	2023	2024	2025	2026

Measures of Financial Sustainability

2016-2017 Budget and Long Term Sustainability Statement against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)

Total Operating Revenue (excluding capital items)

0 - 10%	-13.43%	-19.88%	-16.88%	-15.91%	-16.01%	-15.94%	-15.88%	-15.86%	-15.86%	-15.85%	-15.84%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

> 90%	52.57%	66.61%	79.17%	67.13%	69.96%	69.95%	69.95%	69.95%	69.95%	69.95%	69.95%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

< 60%	-66.99%	-57.30%	-58.58%	-60.51%	-62.10%	-63.34%	-65.31%	-66.63%	-67.95%	-69.28%	-67.35%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Balonne Shire Council

Long-Term Financial Sustainability Statement (continued) prepared as at 30 June 2015

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.

Balonne Shire Council

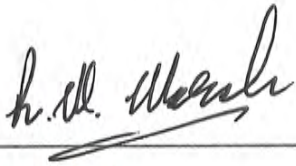
Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2016

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.



Cr R W Marsh

MAYOR
7 October 2016



Mr Peter C Stewart

ACTING CHIEF EXECUTIVE OFFICER
7 October 2016