BURDEKIN SHIRE COUNCIL

AGENDA

ORDINARY COUNCIL MEETING

HELD AT COUNCIL ADMINISTRATION BUILDING, 145 YOUNG STREET, AYR

on 22 September 2015

COMMENCING AT 9:00AM

At this meeting contributions made by members of the public may be recorded by way of audio recording which will be used for the purpose of developing minutes of the meeting and decision making of Council. Burdekin Shire Council is bound by the Information Privacy Act 2009 to protect the privacy of personal information.

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BURDEKIN SHIRE COUNCIL

TUESDAY 22 SEPTEMBER 2015

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1 PRAYER

2 DECLARATIONS OF INTEREST

3 MINUTES AND BUSINESS ARISING

3.1 Ordinary Council Meeting Minutes - 8 September 2015

Recommendation

That the minutes of the Ordinary Council Meeting held on 8 September 2015 be received as a true and correct record.

BURDEKIN SHIRE COUNCIL

MINUTES

ORDINARY COUNCIL MEETING

HELD AT COUNCIL ADMINISTRATION BUILDING, 145 YOUNG STREET, AYR

on 08 September 2015

COMMENCING AT 9:00AM

BURDEKIN SHIRE COUNCIL

TUESDAY 8 SEPTEMBER 2015

ORDER OF BUSINESS:

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ATTENDANCE

Councillors W.C. Lowis (Mayor), R.H. Lewis (Deputy Mayor), L.D. McCathie, L. Loizou, P.M. Dalle Cort and E.J. Bawden

Mr. M. Magin - Chief Executive Officer
Mr. D. Mulcahy – Manager Governance and Local Laws
Mr. S. Great - Manager Planning and Development
Mrs. K. Olsen - Manager Financial and Administrative Services
Mr. W. Saldumbide - Manager Operations
Mr. K. Byers - Manager Technical Services
Mrs. E. Robinson – Manager Client Services

Minutes Clerk – Miss S. Cronin

Apologies: Councillor U.E. Liessmann

1 PRAYER

The meeting prayer was delivered by Major Gary Johnson of the Salvation Army Church.

2 DECLARATIONS OF INTEREST

The Mayor called for declarations of interest.

Councillor McCathie declared a material personal interest in respect of item 9.2 and 10.1 as the applicants are clients of her business, Harcourts Landmark.

Councillor Loizou declared a perceived conflict of interest in respect of item 9.2.

3 MINUTES AND BUSINESS ARISING

3.1 Ordinary Council Meeting Minutes - 25 August 2015

Recommendation

That the minutes of the Ordinary Council Meeting held on 25 August, 2015 be received as a true and correct record.

Resolution

Moved Councillor Loizou, seconded Councillor Lewis that the recommendation be adopted.

CARRIED

3.2 Burdekin Building Safer Communities Action Team Meeting Minutes - 15 July 2015

Recommendation

That the minutes of the Burdekin Building Safer Communities action Team Meeting held on 15th July 2015 be received and adopted

Resolution

Moved Councillor McCathie, seconded Councillor Dalle Cort that the recommendation be adopted.

CARRIED

3.3 Burdekin Shire Youth Council Meeting Minutes - 20 July 2015

Recommendation

That the minutes of the Burdekin Shire Youth Council Meeting held on 20 July 2015 be received and adopted.

Resolution

Moved Councillor Bawden, seconded Councillor Loizou that the recommendation be adopted.

CARRIED

3.4 Burdekin Shire Youth Council Meeting Minutes - 17 August 2015

Recommendation

That the minutes of the Burdekin Shire Youth Council Meeting held on 17 August 2015 be received and adopted.

Resolution

Moved Councillor Loizou, seconded Councillor Dalle Cort that the recommendation be adopted.

CARRIED

4 REPORTS

5 GOVERNANCE & LOCAL LAWS

6 CLIENT SERVICES

7 FINANCIAL & ADMINISTRATIVE SERVICES

8 OPERATIONS

9 TECHNICAL SERVICES

9.1 Disabled Access - Kalamia Driveway

Executive Summary

Council has received numerous requests to improve parking arrangements and access for customers requiring assistance to visit the physiotherapist, optometrist and/or dentist in the area of First-In Physio. The existing driveway in front of the Kalamia Hotel entrance was investigated as a possible access for customers.

Recommendation

Council install a disabled parking space, reconstruct the driveway to include a pram ramp and provide a 'no parking' space in front of the pram ramp to improve access for aged/disabled persons to the physiotherapist, optometrist, and dentist.

Resolution

Moved Councillor Lewis, seconded Councillor Dalle Cort that the recommendation be adopted.

CARRIED

Councillor Lewis voted against the motion.

9.2 Drainage Proposals - South Ayr

Councillor McCathie declared a material personal interest and left the meeting.

Councillor Loizou declared a perceived conflict of interest and remained in the meeting.

Executive Summary

To alleviate ongoing drainage issues through Breadsell's and Previtera's property along with Roberts Street and Tamarind Estate, four drainage path proposals were investigated.

Recommendation

We recommend Council proceed with consultation and acquisition of easements through Breadsell/Kusu properties (Route 3). It is $195000 cheaper than the nearest option and also has the least impact on the local residents. There will be further costs associated with the acquiring of an easement, however this will still be the cheapest option.

Resolution

Moved Councillor Lewis, seconded Councillor Loizou that the recommendation be adopted.

LOST

Motion

Moved Councillor Lewis, seconded Councillor Loizou that Council proceeds with the consultation and the removal of the temporary road closures pertaining to Route 1, subject to the availability of funds from the 2015-2016 budget.

CARRIED

10 PLANNING & DEVELOPMENT

10.1 Development Application for Reconfiguring a Lot at 30 Klondyke Road and 65-119 Drysdale Street, Ayr (Lot 6 on SP251206 and Lot 5 on SP227212 Parish of Antill, County of Gladstone)

Executive Summary

A Development Application has been received from Milford Planning Consultants on behalf of their client AJ and LM Shepherdson Pty Ltd seeking approval for Reconfiguring a Lot (1 into 19 Lots and balance) at 30 Klondyke Road and 65-119 Drysdale Street, Ayr (Lot 6 on SP251206 and Lot 5 on SP227212 Parish of Antill, County of Gladstone). A Development Application (Code Assessable) has been triggered in accordance with the Burdekin Shire Council's IPA Planning Scheme (*the Scheme*). Given the 'Rural' zoning, it is considered that the application to subdivide does not meet specific requirements of the scheme. Therefore, refusal of the application is recommended.

Recommendation

That Council refuse the Development Application for Reconfiguring a Lot (1 into 19 Lots and balance) at 30 Klondyke Road and 65-119 Drysdale Street, Ayr (Lot 6 on SP251206 and Lot 5 on SP227212 Parish of Antill, County of Gladstone) based on the following grounds:

- The proposed development compromises the achievement of specific Desired Environmental Outcomes (DEO's) contained within the Burdekin Shire Council's IPA Planning Scheme.

- The development proposed has not demonstrated sufficient grounds in the public interest to justify or override the identified conflicts with the Burdekin Shire Council's IPA Planning Scheme and in particular the Reconfiguration of a Lot Code and Rural Zone Code.

- The development proposed conflicts with the Burdekin Shire Council's IPA Planning Scheme and pre-empts the planning process for expansion of the urban footprint.

- The development proposed is not located in an area planned to benefit from all relevant urban infrastructure and current planning assumptions. The proposal may require out of sequence infrastructure upgrades, which have not been considered for funding trunk infrastructure. Consequently, the proposal conflicts with the provisions of the Burdekin Shire Council's IPA Planning Scheme.

Resolution

Moved Councillor Dalle Cort, seconded Councillor Bawden that the recommendation be adopted.

LOST

Reasons for not adopting:

1. The close proximity to urban land uses and appropriately zoned 'Village' land;
2. Demand for rural residential style development; and
3. Seven existing similar sized lots are across the road from the subject land.

This item deferred until later in the meeting for further consideration.

Councillor McCathie returned to the meeting.

11 COMMUNITY DEVELOPMENT

11.1 Adoption of Fees and Charges for Hire of a Basic PA System for Ayr Showgrounds 2015-16

Executive Summary

Council took over management of the Ayr Showgrounds from 24 March 2015, following the Ayr Pastoral, Agricultural and Industrial Association Incorporated withdrawing from the management of the Ayr Showgrounds. The Burdekin Theatre basic PA system is utilised at the Ayr Showgrounds Hall when required for bookings.

Recommendation

That Council adopts the increase of fees and charges for the hire of a basic PA system for the Ayr Showgrounds to $100 for the 2015-16 financial year, to match with the Burdekin Theatre Fees and Charges for a basic PA system.

Resolution

Moved Councillor Bawden, seconded Councillor Dalle Cort that the recommendation be adopted.

CARRIED

12 ECONOMIC DEVELOPMENT

13 GENERAL BUSINESS

13.1 Pest Management - Rita Island

Resolution

Moved Councillor McCathie, seconded Councillor Dalle Cort that Council confirms the Mayors action in engaging Dr Jim Mitchell from FeralFix Services to investigate and develop a coordinated strategy to address the Chital Deer problem at Rita Island, with the costs to be borne by the Environmental Levy Fund.

CARRIED

13.2 Additional Parking - Edwards Street, Ayr

Resolution

Moved Councillor Lewis, seconded Councillor Loizou that Council investigates additional parking bays and signage in Edwards Street, Ayr where applicable.

CARRIED

13.3 Development Application for Reconfiguring a Lot at 30 Klondyke Road and 65-119 Drysdale Street, Ayr (Lot 6 on SP251206 and Lot 5 on SP227212 Parish of Antill, County of Gladstone)

Councillor McCathie declared a material personal interest in respect of this item and left the meeting.

Resolution

Moved Councillor Bawden, seconded Councillor Dalle Cort that Council approves the Development Application for Reconfiguring a Lot (1 into 19 Lots and balance) at 30 Klondyke Road and 65-119 Drysdale Street, Ayr (Lot 6 on SP251206 and Lot 5 on SP227212 Parish of Antill, County of Gladstone) subject to the following conditions:

STAGE 1

GENERAL

1.1 The Council will not release the formal Plan of Reconfiguration until all rates and charges, in arrears in respect of the land, the subject of the application, are paid in full.

1.2 Pay the sum calculated on the basis of a charge per lot to be levied on the Council by the Department of Environment and Resource Management for each new valuation.

1.3 The proposed lots must be filled and compacted with approved material to a minimum level equal to the level of a 50 year ARI flood and must be evenly graded to the road frontage or an approved inter-lot drainage system at not less than 0.25% to ensure that the land is free draining.

1.4 Where fill is incorporated on allotments, details of compaction standards obtained are to be provided to Council. Such standards are to comply with the minimum standard for building construction.

PROPOSAL PLAN

2. The reconfiguration of the land must be carried out generally in accordance with:-

(a) (i) the proposed LCJ Engineers plan numbered: MILP002,Sheet No:SK05, Revision:C

(ii) the plans, specifications, facts and circumstances as set out in the application submitted to Council;

Except where modified by the conditions of approval and any approval issued there under; and

(b) any approval issued under this approval; and

(c) any development permit for operational works relating to the reconfiguring of a lot;

SOIL EROSION SEDIMENT CONTROL & STORMWATER

3.1 A detailed Soil Erosion and Sediment Control Plan for the whole development must be provided as part of Operational Works application. An appropriately qualified professional must design and certify the plan which must comply with the Environment Protection Act 1994 and all its subordinate legislation.

3.2 A Stormwater Management Plan for the whole development which shows:

- The proposed stormwater drainage layout, for the whole development including both surface underground drainage structures;
- The final discharge point for stormwater flows associated with the development;

- Measures to be used to minimise stormwater discharge rate from the developed site;

must be provided as part of any Operational Works application.

3.3 A Stormwater Quality Management Plan, for the whole development, which addresses the performance outcomes stated in State Planning Policy, July 2014 must be provided as part of any Operational Works application.

3.4 Provide to Council all stormwater calculations and design details for the whole development. Calculations must show:

- hydrology calculations, for both Q5 and Q50 events, including runoff from individual catchments
- hydraulic calculations, for both Q5 and Q50 events, including
  - backwater analysis
  - hydraulic grade line results
  - kerb and channel flow widths and depths
  - pipe flows and velocities
  - channel flows and velocities
  - overland flow volumes and velocities

These shall be certified by a Registered Professional Engineer of Queensland (RPEQ) and be included in any Operational Works application.

DRAINAGE

4.1 The Stormwater Management Plan as required in condition 3.2 above shall illustrate the flow paths for the minor and major drainage systems.

4.2 The minor drainage shall consist of an underground system or overland drains capable of conveying 5 yr ARI flows from the development and any external catchments currently flowing onto the land being developed. Stormwater shall not overtop kerb for a 5yr ARI event.

4.3 The major drainage system shall consist of overland flow paths or suitably sized underground drainage capable of discharging 50yr ARI flows from the development and any external catchments currently flowing onto the land being developed. Stormwater shall be confined to road reservations and easements for a 50yr ARI event.

4.4 The lawful point of discharge for stormwater shall be at the northwest corner of the development. Post development outflow is to be no greater than that existing prior to the development for a 50year ARI event.

4.5 All surface drainage shall be suitably lined with concrete to maintain levels and grades.

4.6 All drainage works are to be designed to ensure no detrimental effect on the upstream and downstream catchments.

4.7 Downstream drainage paths and structures are to be analysed to ensure they are suitably sized for the increased flows from the development when fully developed. Any inadequate elements of the system are to be augmented at the developers full cost to allow for the increased flows.

4.8 Drainage reserves and easements shall be provided as required by the stormwater design. The developer must at its own cost grant and register all such easements on the title document. Land within proposed reserves shall be transferred to the Burdekin Shire Council upon registration of the Survey Plan.

DRAINAGE RESERVES

5.1 Overland flow paths designed as part of the major drainage system shall be constructed within drainage reserves to be dedicated to Council.

5.2 Detention basins designed as part of the major drainage system shall be constructed within drainage reserves to be dedicated to Council.

5.3 Open drains within reserves shall have a 0.9m minimum width concrete invert constructed in the base of the drain.

5.4 Widths of drainage reserves shall be the width of the constructed drain plus a minimum of 3m each side of the top of the drain.

DRAINAGE EASEMENTS

6.1 Open drains incorporated in the minor drainage system shall be located within drainage easements and shall have a 600mm wide concrete invert constructed in the base of the drain.

6.2 Piped drains traversing allotments shall be located within drainage easements.

6.3 Width of drainage easements shall be the width of the constructed drain plus a minimum of 1m each side of the top of the drain, pipe or culvert with a minimum width of 4m.

6.4 All drainage easements are to be established in stage one.

6.5 The drain at the rear of proposed Lots 1 to 6 and 9 to 11 shall be constructed.

6.6 Temporary drainage constructed during the staging of the project shall be within easements. These easements may be relinquished at the completion of works of any future stages in the development which renders the easement unnecessary for the transportation of stormwater.

ROADWORKS

Drysdale Street

7.1 Provide lay back kerbing and channelling for the full length of stage 1. The alignment of such shall be 5.35 metres from the boundary to the back of kerb. This kerb shall extend from the western boundary of proposed lot 1 to the intersection of Drysdale Street and Klondyke Road.

7.2 Provide a two coat chip seal road from the lip of the new kerb and channel to 0.3 metres into the existing sealed road.

7.3 Pavement design shall comply with Queensland Transport pavement design manual guidelines and shall be no less than 150mm thick compacted type 2.2 gravel.

7.4 Dedicate a splay corner, 15 metres along each frontage, at the intersection of Klondyke Road and Drysdale Street as public road

7.5 The construction of any crossovers to give access to the land is to be the owner's responsibility and to the satisfaction of the Chief Executive Officer.

Klondyke Road

7.6 The construction of any crossovers to give access to the land is to be the owner's responsibility and to the satisfaction of the Chief Executive Officer

PUBLIC UTILITY SERVICES

8. The developer must at its own cost undertake all necessary alterations to public utility mains and services as are rendered necessary by the carrying out of any required external works or other works associated with the approved development.

OPERATIONAL WORKS

9.1 Where operational works are required to be carried out for the reconfiguration, the developer must, within the timeframe required by the Sustainable Planning Act 2009 and prior to the commencement of any work, lodge with Council an application for a development permit for operational works. As part of such application, the developer must submit:-

(a) detailed and complete engineering drawings and specifications of the proposed works prepared by a civil engineer, who is both registered under the Professional Engineer's Act 2002 and is current Registered Professional Engineer of Queensland; and

(b) certificate from the engineer who prepared the drawings stating that the design and specifications have been prepared in accordance with these conditions, relevant Council Codes and Planning Scheme Policies and the relevant Australian Standard Codes of Practice;

(c) a letter from the Electricity Service Provider stating that electricity can be readily supplied to the development;

9.2 No work must be commenced prior to issue of a development permit for operational works.

ELECTRICITY SUPPLY AND STREET LIGHTING

10.1 The developer must prior to release of formal Plan of Survey submit a letter from Ergon Energy (or other suitable entity) stating that satisfactory arrangements have been made with it for the provision of an electricity supply to the subdivision and must provide at the developer's cost:-

(a) a reticulated electricity supply to each part of the subdivision in accordance with the requirements of the Electricity Service Provider;

10.2 The developer must install ducting to the satisfaction of the Electricity and Telecommunications Service Providers prior to the approval of the Plan of Survey, and

10.3 Street lighting is to be provided to Category P5 in accordance with AS 1158.3.11 – Road Lighting. The consent of the Chief Executive Officer will be required prior to the final design being adopted.

WATER SUPPLY WORKS INTERNAL

11.1 The development must be connected to Council's reticulated water supply. The water connection must be provided at a location approved by Council and at the full cost of the developer. Each of the proposed lots shall have separate water services.

a) A water network analysis for the entire development prepared by an appropriately qualified and experienced Registered Professional Engineer of Queensland (RPEQ), must be provided to Council for approval as part of the Development Permit for Operational Works.

b) The water network analysis must demonstrate that for the entire development minimum pressure (head) of 22m is available at the most disadvantaged allotment frontage/meter location upon completion of the stage and detailing stages at which trunk components of the network should be implemented.

c) Fire hydrant flow and pressure shall meet AS1429

11.2 Any connection to Councils existing water infrastructure required by the development shall be carried out by the Council at the developers full cost.

WATER SUPPLY HEADWORKS

12.1 The developer must contribute in accordance with Council's Planning Scheme Policy for Infrastructure Provision - Developer Contribution for Provision of Water supply services is payable, the contribution must be paid at the rate current at the time of payment.

12.2 The developer must provide a contribution to the pressure/flow augmentation of Council's existing water supply. The contribution is $1567.40 per lot indexed annually to the CPI.

AS-CONSTRUCTED PLANS

13. Prior to the release of the plan, the developer shall provide Council with a complete set of as-constructed plans and an electronic copy which is to be compatible to Council's system at the relevant time, for all works. Such plans are to be certified by an R.P.E.Q.

STAGE 2

GENERAL

1.1 The Council will not release the formal Plan of Reconfiguration until all rates and charges, in arrears in respect of the land, the subject of the application, are paid in full.

1.2 Pay the sum calculated on the basis of a charge per lot to be levied on the Council by the Department of Environment and Resource Management for each new valuation.

1.3 The proposed lots must be filled and compacted with approved material to a minimum level equal to the level of a 50 year ARI flood and must be evenly graded to the road frontage or an approved inter-lot drainage system at not less than 0.25% to ensure that the land is free draining.

1.4 Where fill is incorporated on allotments, details of compaction standards obtained are to be provided to Council. Such standards are to comply with the minimum standard for building construction.

PROPOSAL PLAN

2. The reconfiguration of the land must be carried out generally in accordance with:-

(a) (i) the proposed LCJ Engineers plan numbered: MILP002,Sheet No:SK05, Revision:C

(ii) the plans, specifications, facts and circumstances as set out in the application submitted to Council;

Except where modified by the conditions of approval and any approval issued there under; and

(b) any approval issued under this approval; and

(c) any development permit for operational works relating to the reconfiguring of a lot.

ROADWORKS

Drysdale Street

3.1 Provide layback kerbing and channelling for the full length of stage 2. The alignment of such shall be 5.35 metres from the boundary to the back of kerb. This kerb shall extend from the existing kerb at the intersection of Drysdale and Robert Streets to the kerb at the western boundary of proposed lot1.

3.2 Provide a two coat chip seal road from the lip of the new kerb and channel to 0.3 metres into the existing sealed road.

3.3 Pavement design shall comply with Queensland Transport pavement design manual guidelines and shall be no less than 150mm thick compacted type 2.2 gravel.

3.4 The construction of any crossovers to give access to the land is to be the owner's responsibility and to the satisfaction of the Chief Executive Officer.

Klondyke Road

3.5 The construction of any crossovers to give access to the land is to be the owner's responsibility and to the satisfaction of the Chief Executive Officer

New Road

3.6 Provide lay back kerbing and channelling from Klondyke Road to the northern boundary of Lots 7 and 8. The width of the road shall be 8.2 metres between faces of kerb.

3.7 Provide a DG10 asphaltic concrete sealed (minimum 30 mm thick) road between the lips of the new kerbs.

3.8 Provide a temporary bitumen turnaround at the end of the new road. The turnaround shall have a minimum radius of 10 metres and be contained within road reserve or easements. The dedicated road reserve/easement shall extend to a point 5 metres beyond the end of the turnaround. The construction of the turnaround is to be in accordance with Council design guidelines. A bond of $25,000 shall be lodged with the Burdekin Shire Council as a guarantee for the construction of kerb and channel around the turnaround if future stages of the development have not commenced construction within a two year period after completion of the current stage. This bond shall be returned to the developer upon commencement of operational works for the next stage which continues this road beyond the turnaround within the specified timeframe.

3.9 Pavement design shall comply with Queensland Transport pavement design manual guidelines and shall be no less than 150mm thick compacted type 2.2 gravel.

3.10 The construction of any crossovers to give access to the land is to be the owner's responsibility and to the satisfaction of the Chief Executive Officer

PUBLIC UTILITY SERVICES

4. The developer must at its own cost undertake all necessary alterations to public utility mains and services as are rendered necessary by the carrying out of any required external works or other works associated with the approved development.

OPERATIONAL WORKS

5.1 Where operational works are required to be carried out for the reconfiguration, the developer must, within the timeframe required by the Sustainable Planning Act 2009 and prior to the commencement of any work, lodge with Council an application for a development permit for operational works. As part of such application, the developer must submit:-

(a) detailed and complete engineering drawings and specifications of the proposed works prepared by a civil engineer, who is both registered under the Professional Engineer's Act 2002 and is current Registered Professional Engineer of Queensland; and

(b) certificate from the engineer who prepared the drawings stating that the design and specifications have been prepared in accordance with these

conditions, relevant Council Codes and Planning Scheme Policies and the relevant Australian Standard Codes of Practice;

(c) a letter from the Electricity Service Provider stating that electricity can be readily supplied to the development;

5.2 No work must be commenced prior to issue of a development permit for operational works.

ELECTRICITY SUPPLY AND STREET LIGHTING

6.1 The developer must prior to release of formal Plan of Survey submit a letter from Ergon Energy (or other suitable entity) stating that satisfactory arrangements have been made with it for the provision of an electricity supply to the subdivision and must provide at the developer's cost:-

(b) a reticulated electricity supply to each part of the subdivision in accordance with the requirements of the Electricity Service Provider;

6.2 The developer must install ducting to the satisfaction of the Electricity and Telecommunications Service Providers prior to the approval of the Plan of Survey, and

6.3 Street lighting is to be provided to Category P5 in accordance with AS 1158.3.11 – Road Lighting. The consent of the Chief Executive Officer will be required prior to the final design being adopted.

WATER SUPPLY WORKS INTERNAL

7.1 The development must be connected to Council's reticulated water supply. The water connection must be provided at a location approved by Council and at the full cost of the developer. Each of the proposed lots shall have separate water services.

7.2 Any connection to Councils existing water infrastructure required by the development shall be carried out by the Council at the developers full cost.

WATER SUPPLY HEADWORKS

8.1. The developer must contribute in accordance with Council's Planning Scheme Policy for Infrastructure Provision - Developer Contribution for Provision of Water supply services is payable, the contribution must be paid at the rate current at the time of payment.

8.2 The developer must provide a contribution to the pressure/flow augmentation of Council's existing water supply. The contribution is $1567.40 per lot indexed annually to the CPI

AS-CONSTRUCTED PLANS

9. Prior to the release of the plan, the developer shall provide Council with a complete set of as-constructed plans and an electronic copy which is to be compatible to Council's system at the relevant time, for all works. Such plans are to be certified by an R.P.E.Q.

STAGE 3

GENERAL

1.1 The Council will not release the formal Plan of Reconfiguration until all rates and charges, in arrears in respect of the land, the subject of the application, are paid in full.

1.2 Pay the sum calculated on the basis of a charge per lot to be levied on the Council by the Department of Environment and Resource Management for each new valuation.

1.3 The proposed lots must be filled and compacted with approved material to a minimum level equal to the level of a 50 year ARI flood and must be evenly graded to the road frontage or an approved inter-lot drainage system at not less than 0.25% to ensure that the land is free draining.

1.4 Where fill is incorporated on allotments, details of compaction standards obtained are to be provided to Council. Such standards are to comply with the minimum standard for building construction.

PROPOSAL PLAN

2. The reconfiguration of the land must be carried out generally in accordance with:-

(a) (i) the proposed LCJ Engineers plan numbered: MILP002,Sheet No:SK05, Revision:C

(ii) the plans, specifications, facts and circumstances as set out in the application submitted to Council;

Except where modified by the conditions of approval and any approval issued there under; and

(b) any approval issued under this approval; and

(c) any development permit for operational works relating to the reconfiguring of a lot;

DRAINAGE

3. The drains within Lots12 to 14 are to be constructed

ROADWORKS

<u>New Road</u>

4.1 Provide lay back kerbing and channelling from the kerb and channel at the northern boundary of lots 7 and 8 to the end of the road. The width of the road shall be 8.2 metres between faces of kerb.

4.2 Provide a DG10 asphaltic concrete sealed (minimum 30 mm thick) road between the lips of the new kerbs

4.3 The turning circle in the cul de sac shall have a minimum radius of 10 metres to face of kerb. There shall be a minimum of 4 metres footpath width between the face of kerb and the boundary

4.4 Pavement design shall comply with Queensland Transport pavement design manual guidelines and shall be no less than 150mm thick compacted type 2.2 gravel.

4.5 The construction of any crossovers to give access to the land is to be the owner's responsibility and to the satisfaction of the Chief Executive Officer

PUBLIC UTILITY SERVICES

5. The developer must at its own cost undertake all necessary alterations to public utility mains and services as are rendered necessary by the carrying out of any required external works or other works associated with the approved development.

OPERATIONAL WORKS

6.1 Where operational works are required to be carried out for the reconfiguration, the developer must, within the timeframe required by the Sustainable Planning Act 2009 and prior to the commencement of any work, lodge with Council an application for a development permit for operational works. As part of such application, the developer must submit:-

(a) detailed and complete engineering drawings and specifications of the proposed works prepared by a civil engineer, who is both registered under the Professional Engineer's Act 2002 and is current Registered Professional Engineer of Queensland; and

(b) certificate from the engineer who prepared the drawings stating that the design and specifications have been prepared in accordance with these conditions, relevant Council Codes and Planning Scheme Policies and the relevant Australian Standard Codes of Practice;

(c) a letter from the Electricity Service Provider stating that electricity can be readily supplied to the development;

6.2 No work must be commenced prior to issue of a development permit for operational works.

ELECTRICITY SUPPLY AND STREET LIGHTING

7.1 The developer must prior to release of formal Plan of Survey submit a letter from Ergon Energy (or other suitable entity) stating that satisfactory arrangements have been made with it for the provision of an electricity supply to the subdivision and must provide at the developer's cost:-

(c) a reticulated electricity supply to each part of the subdivision in accordance with the requirements of the Electricity Service Provider;

7.2 The developer must install ducting to the satisfaction of the Electricity and Telecommunications Service Providers prior to the approval of the Plan of Survey, and

7.3 Street lighting is to be provided to Category P5 in accordance with AS 1158.3.11 – Road Lighting. The consent of the Chief Executive Officer will be required prior to the final design being adopted.

WATER SUPPLY WORKS INTERNAL

8.1 The development must be connected to Council's reticulated water supply. The water connection must be provided at a location approved by Council and at the full cost of the developer. Each of the proposed lots shall have separate water services.

8.2 Any connection to Councils existing water infrastructure required by the development shall be carried out by the Council at the developers full cost.

WATER SUPPLY HEADWORKS

9. The developer must contribute in accordance with Council's Planning Scheme Policy for Infrastructure Provision - Developer Contribution for Provision of Water supply services is payable, the contribution must be paid at the rate current at the time of payment.

   The developer must provide a contribution to the pressure/flow augmentation of Council's existing water supply. The contribution is $1567.40 per lot indexed annually to the CPI.

AS-CONSTRUCTED PLANS

10. Prior to the release of the plan, the developer shall provide Council with a complete set of as-constructed plans and an electronic copy which is to be compatible to Council's system at the relevant time, for all works. Such plans are to be certified by an R.P.E.Q.

CARRIED

Councillor McCathie returned to the meeting.

13.4 Changes to Parking Limits - Graham Street, Ayr

Resolution

Moved Councillor McCathie, seconded Councillor Lewis that Council changes the parking time to one hour limit in Graham Street, Ayr between Subway and Coles Express.

CARRIED

13.5 Disabled Parking Bay - Macmillan Street, Ayr

Resolution

Moved Councillor Lewis, seconded Councillor Dalle Cort that Council installs a disabled parking bay at 113-115 Macmillan Street, Ayr.

CARRIED

13.6 Changes to Parking Limits - Little Drysdale Street, Ayr

Councillor McCathie declared a material personal conflict of interest in respect of this item and left the meeting.

Resolution

Moved Councillor Bawden, seconded Councillor Loizou that Council changes the parking times to one hour parking adjacent to 5 Little Drysdale Street, Ayr.

CARRIED

Councillor McCathie returned to the meeting.

14 CORRESPONDENCE FOR INFORMATION

15 NOTICES OF MOTION

15.1 LGAQ Annual Conference Motion - Drought Relief Assistance Scheme - October 2015

Recommendation

That Council adopts the attached motion for submission to LGAQ for the Annual Conference to be held in Toowoomba in October 2015.

LGAQ ANNUAL CONFERENCE MOTION TEMPLATE – 2015

Submitting council / organisation BURDEKIN SHIRE COUNCIL	
Date of council / organisation resolution **Tuesday 8th September, 2015**	**LGAQ Policy Executive district** District 9 Northern
Number and title of motion	**1. Funding under Drought Relief Assistance Scheme for payment of annual property rates on lands under drought declaration.**
Motion	That LGAQ make representations to the Queensland Parliament's Agriculture and Environment Committee, under the review of the Drought Relief Assistance Scheme, to provide financial assistance to drought affected property owners through the payment of annual property rates direct to the local authority.
Background	Whilst 32 entire local government areas and three part local

	government areas are currently drought declared, Burdekin Shire, like many other shires throughout Queensland, is not currently drought declared. However, under the current Drought Relief Assistance Scheme, individual property owners may be eligible for financial assistance, and can apply for an "Individually Droughted Property" declaration. The failure of seasonal rain during the past two years is leading the Burdekin Shire toward a serious situation for farmers and graziers, and primary production in general. This Shire has a mix of intensive irrigated agriculture farming, dependent on a reducing Burdekin Falls Dam storage and groundwater resource, as well as rangelands grazing interests reliant on overland water capture of rain in their private dams which are also reducing and in some cases dry. Other local government areas across Queensland are facing similar drought conditions. As a responsible Council, we have advised residents of this community to consider their individual situations and eligibility for 'Individually Droughted Property' (IDP) declaration. Burdekin Shire Council would like the Agriculture and Environment Committee to acknowledge the importance to those in need of support to retain their dignity by an ability to meet payments due e.g. annual property rates. Burdekin Shire Council would like to see the introduction of a funding programme to provide financial assistance to drought affected property owners, through the direct payment to local authorities of annual property rates on lands under drought recognition.
What is the desired outcome sought? What are the impacts (positive or negative) on local government?	For drought affected property owners to receive assistance from the Queensland Government through the Drought Relief Assistance Scheme to meet annual property rates payments. Burdekin Shire Council acknowledges the impact on property owners of drought conditions. Often, these property owners are asset rich and cash poor, and they may not have the financial resources to meet their annual property rates payment. These circumstances place the property owner and the local authority in a very unfortunate situation. Financial assistance to drought affected property owners by way of direct payment to local authorities of annual property rates, will support the property owner in times of need, and ensure they are able to retain their dignity, and ultimately ownership of their properties. For Councils, the financial assistance will eliminate the possibility of legal action to recover outstanding rates from property owners who are

	already suffering extreme hardship as a result of drought conditions. Council has made a submission to the Agriculture and Environment Committee for the 'Review of Queensland Government Drought Assistance Measures'.
LGAQ comment	

Resolution

Moved Councillor Lewis, seconded Councillor Dalle Cort that the recommendation be adopted.

CARRIED

16 URGENT BUSINESS

17 CLOSED MEETING ITEMS

Council Meeting closed to Public under Section 275 of Local Government Regulation 2012

Resolution

Moved Councillor Bawden, seconded Councillor Loizou that the Council meeting be closed to the public under the following sections of the Local Government Regulation 2012:

275(1)(e) Contracts proposed to be made by it.

For the purpose of discussing recovery of outstanding rates.

CARRIED

Council Meeting opened to Public

Resolution

Moved Councillor Lewis, seconded Councillor Loizou that the Council meeting be opened to the public.

CARRIED

17.1 Recovery of Outstanding Rates

Resolution

Moved Councillor Loizou, seconded Councillor Bawden that in relation to the proposed auction of land for recovery of outstanding rates on 12 September 2015, Council adopts the reserve price as recommended for the following property:

Property Number: 10303

CARRIED

18 DELEGATIONS

10.00 am Presentation by Marie Finn, President of the Burdekin Festival of Arts Inc. – Report on Inaugural Burdekin Festival of Arts.

There being no further business the meeting closed at 1.50pm.

These minutes were confirmed by Council at the Ordinary Council Meeting held on 22 September 2015.

MAYOR

3.2 Minutes - Burdekin Road Safety Advisory Committee Meeting - 26 August 2015

Recommendation

That the minutes of the Burdekin Road Safety Advisory Committee Meeting held on 26 August 2015 be received and adopted.

BURDEKIN SHIRE COUNCIL
MINUTES - BURDEKIN ROAD SAFETY ADVISORY COMMITTEE MEETING

Held on 26 August 2015
Commencing at 10.30 am

1. Attendance

Cr. Lou Loizou - Burdekin Shire Council
Mr. Kevin Byers – Burdekin Shire Council
Mr. Glen Stockdale – Burdekin Shire Council
Ms. Denise Elrick – Queensland Transport and Main Roads
Ms. Krystle Wittingslow – Queensland Transport and Main Roads
Mr. Kev Scheuber – Queensland Transport
Snr. Const. Jeff Payard – Queensland Police Service, Ayr
Const. Brett Elton – Queensland Police Service, Ayr
Ms. Eleanor Betteridge – Burdekin Community Association Seniors Support Service
Mrs. Karen McKaig – Home Hill Chamber of Commerce
Mr. Shane Feeney – Wilmar
Mrs. Sue Collier – Flexi Qld., Ayr

Apologies:

Miss Nicole Smart - Department of Transport and Main Roads
Ms. Bev Gorman – Department of Transport and Main Roads
Ms. Alison Barlow – Department of Transport and Main Roads
Mr. Steve Postma – Wilmar
Snr. Sergeant Steve Barton – Queensland Police Service, Ayr

Minutes Clerk – Mrs. Clelia Kirke

2. Minutes Received

Moved Ms. Elrick, seconded Mr. Byers that the minutes of the Burdekin Road Safety Advisory Committee meeting held on 27 May 2015 be received as a true and correct record.

CARRIED

3. Business Arising from Minutes

5.8 Const. Brett Elton raised concerns with the Give Way Sign at the intersection of Hoey and Sayers Roads. He was concerned that the sign it is too small and too far to the left of the road. Mr. Byers to investigate.

5.9 Ms. Elrick informed that there has been no further action on any changes to the procedures to take heavy/wide loads across the Burdekin Bridge. In future, pilots of heavy/wide load vehicles will be required to call 131940 to activate the signal system.

5.1 Mr. Byers informed the committee that, as yet, the Council has not painted the island and line markings on Fifth Avenue at the intersection Sixth Street and Fifth Avenue, Home Hill.

5.6 Mr. Byers advised that the installation of a Parking Sign at Tosh's, on the corner of Chippendale and Cameron Streets, has not been installed as yet, but will be done in the near future.

5.8 Mr. Byers advised that updated B-Double Routes maps are now available on the Transport and Main Roads website.

5.5 Mrs. Betteridge raised the matter of installing a No Through Road sign on a section of Georgees Road. Mr. Byers advised Mrs. Betteridge place a customer request to Council.

5.3 Mrs. Betteridge raised concerns with the disabled car park, Queen Street, entering the Woolworths car park. Mrs. Betteridge requested it be deferred until further discussions are held with the Seniors Group

5.4 Mrs. Betteridge raised the topic of Disability parking near First-In Physio. Mr. Byers to investigate whether the crossover and gradient near the Kalamia Hotel is compliant.

Mrs. Collier also raised concerns regarding the length of the disability parking bay, advising that it should be long enough for disembarking a wheelchair hoist.

Mr. Stockdale advised that if the access was approved, a No Parking bay will be painted in front of the Kalamia access, alongside the adjoining Disabled Parking bay.

Mrs. Betteridge raised the issue of trees obscuring the traffic signals on Eighth Street, Home Hill. Mr Byers investigated and said there was no real issue. Mr. Stockdale advised that a couple of branches may need a trim, but are not blocking the traffic lights.

5.3 Mr. Feeney enquired about traffic counts at the Bruce Highway, Pioneer Mill Road turnoff. Mrs. Elrick informed the committee that traffic data is available from the Sandy Corner camera and will carry out further counts during the Crush. Council has completed a traffic count on the Council controlled road.

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4. Correspondence for Information

Nil

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5. General Business

5.1 Cr. Lewis raised issues regarding the intersection Bruce Highway/Kilrie Road/Old Home Hill Road at Council Meeting 28 August, 2015. Mr. Byers to investigate the configuration of the intersection.

5.2 Speeding issues - Big Bird's Nest, Darwin Street, Ayr. Council had installed two traffic counters on Darwin Street. Mr. Stockdale said the results have indicated that there is no real issue to install speed bumps. It was suggested that police enforcement may need to be applied.

5.3 Cr. Lewis raised concerns at Council Meeting 28 August, 2015, regarding cane haulout trucks crossing double lines on overtaking lanes on the Bruce Highway near Bannisters Bog and between Rossiters Hill and McDesme Road. It was suggested that Wilmar will raise the issue at the next Harvest Management Group.

5.4 Snr. Const. Payard has received complaints from Brandon residents regarding speed signs on Spiller Street, Brandon. It was suggested a 50k sign be placed near the railway line. Mr. Byers to investigate.

5.5 Snr. Const. Payard raised concerns with an overhanging tree obscuring vision at Drysdale Street, Railway Street, Bower Street. Snr. Const. Payard suggested Council install a Stop sign. Mr. Byers to investigate.

5.6 Snr. Const. Payard raised road safety concerns regarding mobility chairs/scooters users crossing the Highway near Coles. It was suggested to assign designated safe areas, access points or infrastructure for mobility users. It was also suggested that Mrs. Betteridge access the Mobility Permit conditions for publication in the Round-About and Home Hill News. Mr. Byers to investigate.

5.7 Mr. Scheuber advised of changes to the extensive B-Doubles access approval during the cane crushing season. As of this year, B-Doubles are restricted to specific approved B-Double routes only.

5.8 Snr. Const. Payard enquired as to whether Five Ways Road, Brandon will be upgraded in the future. Mr. Byers to investigate possible works next year.

5.9 Ms. Elrick raised the matter of erecting possible detour signs on the Brandon/Ayr back roads to the Bruce Highway. Mr. Byers to investigate.

5.10 Mrs. Betteridge raised concerns as to whether it is correct for loco drivers to direct traffic, when railway crossing lights are flashing. Mr. Feeney advised that this is not the correct procedure and will be raised at the Harvesters Group Meeting recently.

5.11 Mrs. Betteridge also raised the issue of faulty flashing lights at Railway Crossings. Mr. Feeney suggested road users call the phone number on the light post to report the fault.

5.12 Mrs. Betteridge suggested that the yellow lines in Seventh Street, Home Hill need repainting, particularly between the Commercial Hotel and hairdressers. Mr. Byers to investigate.

5.13 Mrs. McKaig expressed her disappointment on the lack of consultation from Council regarding the Highway roadwork's on Eighth Avenue, and the lack of consultation regarding the placement of road signs and detours. She suggested that there should have been more communication and an investigation prior to the roadwork's taking place.

Mrs. McKaig left the meeting at 11.40am

5.14 Mrs. Betteridge made reference to the hole in the median strip, Eighth Street, Home Hill. She raised the possibility of an access be included, e.g. a wider footpath. Mr. Byers to investigate.

5.15 Mr. Loizou raised concerns on safety awareness at Railway Crossings during the crushing season.

5.16 Mr. Byers questioned if the B-Double route on Browns Road, Clare was revoked. Snr. Const. Payard advised that Browns Road is a B-Double route.

5.17 Mr. Byers informed the Committee that he will redesign and investigate the intersection at the Ayr-Dalbeg Road and Browns Road.

5.18 Mr. Byers received a Customer request regarding the placement of Give Way signs on both sides of Third Avenue, at the intersection with Sixth Street, as a result of traffic speeding through Sixth Street. Mr. Stockdale will look at traffic counter data.

5.19 Customer request received by Council asked to erect a Give Way or Stop sign at Fourth A Street and Fifteenth Avenue intersection.

5.20 Customer request to install signs at the intersection of Hillier Road and Colvale Road, Brandon. Mr. Byers could see no value in installing a Give Way sign. It was suggested to install an advance warning sign before the intersection.

5.21 Customer request regarding 604 Iona Road. Complaint received regarding lack of room for school bus to pull over to the side of the road. Council to investigate possible upgrade of roadside shoulders.

5.22 Mr. Byers advised that he will defer the Burdekin Shire Councils Terms of Reference 2010-2011 to the next meeting.

There being no further business the meeting closed at 12.05am.

The next meeting will be held on Wednesday 25 November, 2015.

Cr. L. Loizou
Chairman

4 REPORTS

4.1 Capital Projects Monthly Report for Period Ending 31 August 2015

Recommendation

That the Capital Projects Monthly Report for Period Ending 31 August 2015 be received.

BURDEKIN SHIRE COUNCIL
MONTHLY REPORT - CAPITAL PROJECTS

Period Ending 31 August 2015

Budget	Income Actual to Period End	Variance	Description	Budget	Expenditure Actual to Period End	Variance	Comments
			Manager Community Development				
-462,957	0.00	-100%	12007 - Burd Rural Multi-Tenant Service Centre	462,957	207,413.97	-55%	Project due for completion on 30 September.
0	0.00	-	12041 - Burdekin Library	75,000	0.00	-100%	Budget for loft airconditioner replacement.
0	0.00	-	12042 - Burdekin Memorial Hall	75,000	0.00	-100%	Budget for floor sanding and varnishing, and dressing room renovations.
-80,000	0.00	-100%	12044 - Burdekin Library Other Assets	95,500	9,051.83	-91%	Library book ongoing purchases.
-542,957	**0.00**		**Total**	**708,457**	**216,465.80**		
			Manager Client Services				
0	0.00	-	11001 - IT Hardware Purchases	81,000	0.00	-100%	$60,000 budget to upgrade servers to allow virtualisation; $10,000 budget to replace wireless LAN; $11,000 budget to purchase new A3 Scanner for Administration.
0	0.00	-	11002 - Admin Office Equipment Capital Purchases	20,000	0.00	-100%	$20,000 budget replacement of Photocopiers (P&D, HR, and H/Hill Library).
0	0.00	-	11007 - IT Software Purchases	38,000	5,342.40	-86%	Budget for $20,000 4 x Vmware Licences; $18,000 for Administration Scanning Software. Expenses incurred are for Asset Management Project for Management Services to be funded from carryover 2014-15.
0	**0.00**		**Total**	**139,000**	**5,342.40**		
			Manager Governance and Local Laws				
0	0.00	-	10000 - Council Chambers	35,000	0.00	-100%	Budget $35,000 for partial re-roof of Council Chambers. Estimated to be completed by December 2015.
0	0.00	-	10001 - Ayr Industrial Estate	0	2,249.44	-	Part of Roadworks component of Industrial Estate Project. Budgeted at CJ 20000.
0	0.00	-	10007 - Council Properties Community	8,000	0.00	-100%	Budget $8,000 for replace roof sheeting on external awning at old Junior Soccer Clubhouse. Estimated to be completed by end September 2015.
0	0.00	-	12001 - Aerodrome Residence	40,000	8,826.94	-78%	Budget $12,000 re-roof and $28,000 refurbishment of Aerodrome Caretaker residence. Estimated that both projects are completed by mid Oct 2015.
0	0.00	-	12015 - Ayr Aerodrome - Other Assets	225,000	0.00	-100%	Budget $225,000 for Stage 1 Electrical Upgrade at Ayr Aerodrome .
-146,000	0.00	-100%	12029 - Cyclone Shelter	146,000	0.00	-100%	Project waiting on successful grant application before commencing.
0	0.00	-	16220 - Kirknie Landfill Cell Liner	0	286,275.85	-	Carry over from 2014-15. Total Carry Over budget $2,102,555. Includes projects 16220,16221 and 16222 below
0	0.00	-	16221 - Kirknie Landfill Leachate Pond	0	64,045.13	-	Carry over from 2014-15.
0	0.00	-	16222 - Kirknie Landfill Gravel Roads	0	12,679.12	-	Carry over from 2014-15.
0	0.00	-	16251 - Burdekin Cascades Caravan Park	147,000	1,394.61	-99%	Budget $135,000 refurbish cabins and $12,000 re-roof ablution block. Work commenced on ablution block.
0	0.00	-	16253 - Burdekin Cascades Caravan Pk Other Asset	33,000	0.00	-100%	Budget $33,000 for upgrade of powerheads.
0	0.00	-	16301 - Ayr Pool	0	3,346.76	-	Carry Over from 2014-15 for Ayr Pool Design. Total Carry Over budget $112,275.
-146,000	**0.00**		**Total**	**634,000**	**378,817.85**		

BURDEKIN SHIRE COUNCIL
MONTHLY REPORT - CAPITAL PROJECTS

Period Ending 31 August 2015

Budget	Income Actual to Period End	Variance	Description	Budget	Expenditure Actual to Period End	Variance	Comments
			Manager Operations				
-1,897,145	0.00	-100%	27100 - NDRRA - Feb 13 Event	2,379,191	100,484.43	-96%	Betterment works Phillips Camp and Rifle Range Road completed after June 30.
0	0.00	-	27151 - NDRRA - Apr 14 Event	0	270,990.18	-	Expenses for Pelican, K Venables and Allen Rds.
0	0.00	-	16005 - Ayr Cemetery Other Assets	0	4,142.61	-	Ancillary costs to complete Columbarium. $10,000 carry over from 14/15
0	0.00	-	16006 - Home Hill Cemetery Other Assets	45,000	0.00	-100%	Quotations being sought for Columbarium Shade
0	0.00	-	16356 - Public Conveniences Groper Creek	75,000	0.00	-100%	Relocate Septic Retrieval Tanks to Reserve Land.
0	0.00	-	16362 - Public Conveniences Lions Park	30,000	0.00	-100%	Refurbishment - Quotations being sought.
0	0.00	-	16503 - Playground Equipment - Various Parks	50,000	0.00	-100%	Coutts park - playground equipment upgrade - combine with developers contributions.
0	0.00	-	16519 - Miscellaneous Park Furniture - Various Parks	50,000	0.00	-100%	Expenditure embargoed for Community work Skills Grant Project.
0	0.00	-	23250 - Depot/Store Building	120,000	0.00	-100%	Pio Burelli Constructions appointed - commencement anticipated October
0	0.00	-	23301 - Jones St Depot	50,000	0.00	-100%	Internal ring main for fire and pressure.
0	0.00	-	30000 - Sewerage Construction Budget	390,000	0.00	-100%	
0	0.00	-	30200 - Sewerage Pump Stations	250,000	2,296.00	-99%	Switchboard Replacement - Funding App. Building Our Regions.
0	0.00	-	30201 - Pump Station 1 Ayr	200,000	0.00	-100%	Design duplicate Rising Main - Tech Services.
0	0.00	-	30222 - Pump Station 22 Ayr	0	9,992.90	-	New pumps. Funding at 30000 Sew. Const.
0	0.00	-	30256 - Pump Station 6 Brandon	0	9,429.50	-	New pumps. Funding at 30000 Sew. Const.
0	0.00	-	30458 - Treatment Plant Trickling Filter Home Hi	0	8,488.47	-	Funding at 30000 - Sewerage Const. Budget
0	0.00	-	31050 - Sewer Reline Project	400,000	4,782.00	-99%	Interflow awarded contract - Commencing Sept.
0	0.00	-	35000 - Water Construction Budget	325,000	0.00	-100%	
0	0.00	-	35156 - Balance Tank - Mt Kelly	0	56,120.94	-	Tank erected - pipework and telemetry being installed.
0	0.00	-	35230 - Telemetry - Water	0	6,159.62	-	
0	0.00	-	35273 - Variable Speed Drive South Ayr	200,000	0.00	-100%	Funding application with LG Grants and Subsidies in progress.
-1,897,145	**0.00**		**Total**	**4,564,191**	**472,886.65**		
			Manager Technical Services				
-1,347,453	-611.36	-100%	20000 - Roadworks	6,167,954	203,988.01	-97%	Current priorities to complete externally funded drainage projects.
0	0.00	-	11003 - Eng Office Equipment Capital Purchases	8,000	0.00	-100%	
0	0.00	-	24000 - Drainage Budget	270,000	10,680.05	-96%	Remote Transmission Unit (RTU - Telemetry controller) for Pyotts Dam
0	0.00	-	24029 - Spiller Street Drainage	0	142,588.11	-	Construction continuing. Carryover from 14/15
0	0.00	-	24031 - Home Hill Stormwater Drainage Upgrade	0	142,496.81	-	Commenced construction of culvert across Bruce Highway. Carryover from 14/15.
-105,000	0.00	-100%	25001 - Sedans	270,000	51,503.63	-81%	Specifications for replacements to be prepared in October. Carryover from 14/15.
-200,000	-61,736.37	-69%	25002 - Utilities	410,000	189,503.75	-54%	Specifications for replacements to be prepared in October. Carryover from 14/15.
-130,000	0.00	-100%	25003 - Trucks	900,000	0.00	-100%	Specifications for replacements to be prepared in October.
-25,000	0.00	-100%	25004 - Machines	190,000	0.00	-100%	Specifications for replacements to be prepared in October.
-25,000	0.00	-100%	25005 - Plant and Equipment	100,000	0.00	-100%	Specifications for replacements to be prepared in October.
-1,832,453	**-62,347.73**		**Total**	**8,315,954**	**740,760.36**		
-4,418,555	**-62,347.73**		**TOTAL CAPITAL PROJECTS**	**14,361,602**	**1,814,273.06**		

4.2 Operating Statement for Period Ending 31 August 2015

Recommendation

That the Operating Statement for the Period Ending 31 August 2015 be received.

Burdekin Shire Council

BURDEKIN SHIRE COUNCIL
OPERATING STATEMENT
Period Ending 31 August 2015

	Note	Actual YTD	YTD Original Budget	$ Variance Actual to Original	% Variance Actual to Original
Operating Revenue					
Rates and Utility Charges	1	35,293,429.54	36,840,090	-1,546,660	-4%
Pensioner remissions		-285,941.30	-279,000	-6,941	2%
User fees and charges	2	627,313.29	377,200	250,113	66%
Interest Received	3	104,522.63	272,833	-168,311	-62%
Operational contributions and donations	4	73,358.22	23,682	49,676	210%
Operational grants and subsidies	5	2,123,236.78	595,646	1,527,591	256%
Contract and recoverable works	6	68,712.70	265,000	-196,287	-74%
Other operating revenue	7	12,295.90	67,983	-55,687	-82%
Total operating revenue		38,016,927.76	38,163,434.83	-146,507	0%
Operating Expenses					
Employee benefits	8	2,302,623.78	3,035,090	-732,466	-24%
Materials and services	9	2,960,309.84	2,623,254	337,056	13%
Depreciation and amortisation		1,754,033.36	1,754,033	0	0%
Finance Costs		8,396.28	0	8,396	-
Other expenses		977.80	0	978	-
Total operating costs		7,026,341.06	7,412,377.50	-386,036	-5%
Surplus (deficit) from operating activities		30,990,586.70	30,751,057	239,529	1%
Capital contributions	10	611.36	2,160	-1,548	-72%
Capital grants and subsidies	11	0.00	653,433	-653,433	-100%
Other capital income (expense)	12	61,736.37	0	61,736	-
Net result for period		31,052,934.43	31,406,650	-353,715	-1%

as at 15/09/201512:15 PM

BURDEKIN SHIRE COUNCIL
OPERATING STATEMENT
NOTES FOR VARIANCES TO BUDGET
Period Ending 31 August 2015

Note

1 ***Rates and Utility Charges***
Rates are on target - the negative variance will be negated by six monthly water consumption charges and recognition of rates in advance of approximately $880,000 at the end of the financial year.

2 ***User Fees and Charges***
Annual dog registrations and annual trade waste charges were issued in July and August, and caravan park fees are above average.

3 ***Interest Received***
Council has longer term investments which have not yet matured.These longer term investments were selected based on more advantageous interest rates. Interest on outstanding rates do not commence until September.

4 ***Operational Contributions and Donations***
Developer headworks contributions received for shopping centre in Home Hill.

5 ***Operational Grants and Subsidies***
Received half of annual FAGS funding as a prepayment along with the first quarterly instalment of the remaining funding. Also received annual PCYC grant in full, and half of the funding for the Barrattas weed control program.

6 ***Contract and Recoverable works***
The income is behind due to the timing and payment of main roads claims. Private works income is received throughout the year.

7 ***Other Operating Revenue***
Theatre ticket sales received in 2015 financial year were paid to event organiser in current year which has reduced the revenue account balance. The Fire Levy collection fee is not received until after the rates season. Income received includes insurance claim on pump station, and WorkCover payments.

8 ***Employee Benefits***
Under budget due to annual leave taken in July, maternity leave, and reduced staff numbers.

9 ***Materials and Services***
Annual insurance premiums and software agreements paid in full in July.

10 ***Capital Contributions***
Contribution received for asphalt driveway.

11 ***Capital Grants and Subsidies***
No claims have been made for NDRRA 2014 event. Funding not yet received for TIDS, RTR, Blackspot, PCYC, Cyclone Shelter, or State Library.

12 **Other Capital Income**
Income received is from the sale of utilities.

5 GOVERNANCE & LOCAL LAWS

6 CLIENT SERVICES

7 FINANCIAL & ADMINISTRATIVE SERVICES

8 OPERATIONS

9 TECHNICAL SERVICES

9.1 External Asset Valuation Report 2014-2015

Document Information

Referring Letter No: N/A

File No: 357

Name of Applicant: N/A

Location: N/A

Author and Title: Kevin Byers – Manager Technical Services

Executive Summary

The BSC Fair Value Report provided by AssetVal Pty Ltd summarises the final valuations of the relevant assets valued externally. A number of amendments have been applied to the final report for inclusion in the annual financial statement.

Recommendation

That Council adopts AssetVal's fair value report dated 21 July 2015 and the amendments detailed in the Council report on External valuation of assets.

Background Information

Council is required under the Local Government Act 2009 and the Local Government Regulation 2012 to prepare general purpose financial statements, asset registers and sustainability statements annually and have them audited by the auditor-general. To facilitate the preparation of these documents, Council must estimate the fair value of all non-current assets. A full revaluation of all asset classes has been completed effective 30 June 2015 using a combination of an external independent valuer and Council officers. Council engaged AssetVal Pty Ltd to complete the valuation of Buildings, Land and Improvements and Other Assets classes, Bridges and parts of the Water Supply and Sewerage classes. The remaining valuations were completed by Council officers with the final report to be presented to Council as a separate report.

Link to Corporate/Operational Plan

The 2015-20 Corporate Plan identifies Organisational Sustainability as a key strategic area with the provision of accountable service delivery as one of the strategic intents. Strategies included in this area are

- 5.3.2 Adhere to the governance framework and public reporting systems
- 5.3.3 Ensure Council's financial position is effectively managed

- 5.3.4 Undertake regulatory responsibilities in accordance with state regulations

Consultation

The documentation has been reviewed by members of Council's Asset Management Group and will be presented to the Group for adoption prior to the Council meeting on 22 September 2015.

Legal Authority or Implications

Local Government Act 2009 and Local Government Regulation 2012.

Policy Implications

The report complies with the objectives of the Asset Management Policy and Non-Current Asset Accounting Policy.

Financial and Resource Implications

The External Asset Valuation Report 2014-2015 provides data to assist the preparation of the annual financial and sustainability statements.

Report prepared by:
Kevin Byers

Report authorised by:
Kevin Byers

Attachments

1. Burdekin Shire Council Value Report (AssetVal Pty Ltd)
2. Council Report on External Valuation of Assets

Burdekin Shire Council

Valuation for Accounting Compliance Purposes

Specified Land, Buildings, Bridges, Sewer, Water and Other Assets

30 June 2015

Ref: 42676.5932

Date of Report: 21 July 2015

AssetVal Pty Ltd
Building 3, 747 Lytton Road
MURARRIE QLD 4172
Telephone: (07) 3225 9300
Facsimile: (07) 3225 9333

International Property, Plant, Equipment and Infrastructure Consultants

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Valuation Summary

Property Address

The valuation encompasses 'Specified Assets' at various locations throughout the Burdekin Shire Council Local Authority area.

Instructions

In accordance with instructions received from Mr. Reg Norman, Asset Management Coordinator, Burdekin Shire Council we are requested to provide an assessment of Council buildings, land, other assets, bridges, sewer and water assets for accounting compliance purposes on the basis of Fair Value as at 30 June 2015.

Brief Description

The Burdekin Shire Council Local Authority area is located 100 kilometers south of the city of Townsville in Queensland. Within this report we have assessed the fair value of all assets.

Valuation

Our assessment of the value of the specified properties on the basis of Fair Value, exclusive of GST and subject to the overriding stipulations contained within the body of this report, as at 30 June 2015, is as follows:

Description	Replacement Cost	Fair Value (Level 2)	Fair Value (Level 3)
Land	-	$3,091,000	$8,079,000
Buildings	$68,377,731	$1,151,309	$36,100,780
STP buildings	$712,826		$499,602
WTP Buildings	$654,518		$469,387
Other Assets	$22,506,694		$11,628,967
Ayr Racecourse	$1,479,900		$641,196
Bridge	$9,826,200		$7,884,465
Sewer	$22,679,589		$8,635,570
Water	$9,453,820		$4,152,751
Total	**$135,691,278**	**$4,242,309**	**$78,091,718**

1 Introduction

1.1 Instructions

Instructions have been received from Mr. Reg Norman, Asset Management Coordinator, Burdekin Shire Council (BSC) to assess the Fair Value of specified assets that are located throughout the Burdekin Shire Council area. We have valued the specified assets on the basis of Fair Value in accordance with:

- Queensland Treasury's Non Current Asset Policies for the Queensland Public Sector;
- Australian Accounting Standards – AASB13 Fair Value Measurement; and
- The Australian Property Institute's practice standards.

In reporting Fair Value, the entity should have regard to the Australian and International Accounting Standards and in particular satisfy the following criteria:

- The presumption that the entity does not have any intention or need to liquidate, to curtail the scale of its operations or to undertake a transaction on adverse terms;
- The entity intends to retain the assets for continuous use for the purposes of the enterprise for the foreseeable future.

1.2 Dates of Inspection

19 January 2015 to 23 January 2015

1.3 Date of Valuation

30 June 2015

1.4 Not Subject to Change

This valuation has been made on the basis that there were no material changes to the assets, their features, or market conditions between the dates of inspection and the date of valuation.

1.5 Terminology

Fair Value

Fair Value is defined in Australian Accounting Standards AASB13 and AASB116 as follows:

'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.'

Market Value

In accordance with the definition provided in the Australian Accounting Standards and adopted by the Australian Property Institute, Market Value is defined as:

"the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

Fair Value Approach

The Australian Accounting Standards Board (AASB) has adopted the Australian Equivalent to International Financial Reporting Standards (IFRS) for implementation by entities from 1 January 2005.

The standards that are most relevant for the valuation of land are as follows:

AASB 13 **Fair Value Measurement**

This standard defines Fair Value, sets out in a single standard framework for measuring Fair Value and requires disclosure regarding approach to measurement. The standard also defines a hierarchy of inputs to be disclosed.

Under this standard there are three defined levels of Fair Value measurement:

Level 1 – Fair Values that reflect the unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Fair Values that are based on inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability.
Level 3 – Fair Values that are derived from data unobservable in the market.

AASB 5 **Non-current Assets Held for Sale and Discontinued Operations**

This standard provides guidelines on the grouping and accounting of assets held for resale. Assets that are classified as held for sale are to be measured at the lower of carrying amount and fair value less costs to sell.

AASB 116 **Property, Plant and Equipment**

This is the standard most relevant to the valuation of property, plant and equipment and is applicable to all entities including not-for-profit entities. The

objective is to prescribe the accounting treatment so that users of the financial report can obtain information about the entity's property, plant and equipment investments. The standard excludes assets held for sale (AASB 5).

The standard defines fair value and the frequency and suggested approach to be taken in the revaluation of property, plant and equipment assets.

1.6 Fair Value Methodology

Under AASB 13 the value of property is to be recorded at Fair Value.

1.7 Valuer's Interest

We hereby certify that the Valuers:

- Have no interest, financial or otherwise, in the assets subject to appraisal;
- Are suitably qualified to carry out the valuation;
- Are authorised under the law of the state or territory where the valuation takes place to act as Valuers; and
- Confirm that the valuation has been prepared for accounting compliance purposes.

1.8 Valuer

This valuation was undertaken by:

Nick Franks BSc. MRICS AAPI
Certified Practising Valuer
Qld Registration #3751MR

Daniel Barbeler
Plant Equipment & Infrastructure Valuer
BE, GradIEAust 3208878

1.9 Qualifications

Confidential Document for Authorised Users Only

This confidential document is for the sole use of persons directly provided with it by AssetVal Pty Ltd (AssetVal). Use by, or reliance upon this document by anyone other than BSC is not authorised and AssetVal is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. This valuation has been assessed for accounting compliance purposes only.

Market Movement

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability

where this valuation is relied on after the expiration of 3 months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Our Investigations

This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. We have identified certain limitations to our investigations to enable you to instruct further investigations if you consider this appropriate. AssetVal is not liable for any loss occasioned by a decision not to instruct further investigations.

Assumptions

Assumptions are a necessary part of this valuation. AssetVal adopts assumptions because some matters are not capable of accurate calculation, or fall outside of the scope of our expertise, or our instructions. The risk that any of the assumptions adopted in this document may be incorrect should be taken into account. AssetVal does not warrant or represent that the assumptions on which this valuation is based are accurate or correct.

Information Supplied by Others

This document contains a significant volume of information that is directly derived from other sources, without verification by us including, but not limited to planning documents and environmental or other expert reports. We confirm that we are not instructed to verify that information. Further, the information is not adopted by AssetVal as our own, even when it is used in our calculations. Where the contents of this document has been derived, in whole or in part, from other sources, AssetVal does not warrant or represent that such information is accurate or correct.

Future Matters

To the extent that this document includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to AssetVal at the date of this document. AssetVal does not warrant that such statements are accurate or correct.

Contamination Issues

Contaminants such as asbestos, chemicals, toxic wastes, or other potentially hazardous materials could, if present, adversely affect the value of the asset. Unless otherwise stated in this report, the extent of hazardous substances, which may or may not be represented on or in the asset, was not considered by the Valuer in the conclusion of value. The stated value estimated is on the assumption that there is no material on or in the asset that would cause loss in value. No responsibility is assumed for any such conditions, and the recipient of this report is advised that the Valuer is not qualified to detect such substances, quantify the impact on values, or estimate the remedial cost.

2. Property Details

2.1 Location

The assets we have been instructed to value are located throughout the Burdekin Shire Council (BSC) area, which is situated within North Queensland, Approximately 100 kilometers south of the Townsville.

The assets have been identified using a combination of the asset register and previous valuation data provided by BSC as well as registered lot and plan searches through the PDS Live Website. Inspections have been undertaken of the above ground assets and physical details recorded.

2.2 Registered Owner

We understand that all the assets referred to within this report are registered to Burdekin Shire Council. Where our searches indicate the asset is not owned by Burdekin Shire Council, we have not valued the particular asset. In such instances the Valuer would note as such within the supplied spreadsheets.

2.3 Town Planning

The zoning and land use information, upon which this valuation report is based on, is information obtained from Burdekin Shire Council. This information has been relied upon in our assessment of value and no responsibility is accepted for the accuracy of the planning information sourced by, or provided to, the Valuer. Should the information prove incorrect in any significant respect, the matter should be referred to the Valuer for review of the valuation as deemed appropriate.

2.4 Road System, Access and Exposure

Access to the specific properties ranges significantly in the number of street frontages, the ease with which they can be accessed, and the degree to which access roads are sealed, kerbed and channelled. Some of the specified lots have been identified as landlocked, and where this has occurred, we have viewed the property from aerial photos, site plans and/or via adjoining properties.

2.5 Services and Amenities

Assets within the respective local townships have reticulated town water, sewerage, electricity and telephone services available or connected to the specified assets while rural and remote areas have access to water, septic or sewerage systems and power.

2.6 Environmental Issues

In the absence of an environmental site assessment of each property, we have assumed that the portfolio of properties is free of elevated levels of contaminants. Our visual inspection of the subject properties and immediate surrounding properties revealed no apparent signs of site contamination. Furthermore, we have made no allowance in our valuation for site remediation works.

3. Land & Buildings Valuation Considerations

3.1 Overview

Council's assets comprise sites Zoned for various uses including;

- Public Purposes
- Open Space and Recreation
- Rural
- Retail and Commercial
- Industrial
- Residential Low Density Sub Area
- Village

The land is held for the Council's operations and sites vary widely in size, location and general physical characteristics.

To assist with the identification of the assets we have relied on plans, mapping and directions provided by Council. As required, further advice in relation to the assets was sought from Council staff.

3.2 Extent of Inspections and other Limitations

We confirm that the Valuers inspected all assets that were accessible, with relevant details recorded.

4. Infrastructure Valuation Considerations

4.1 Overview

Infrastructure assets can generally be broken into two broad groups, Passive and Active Assets.

Active assets are those assets that are complex in nature and requiring regular maintenance and monitoring, whereas Passive assets are generally repetitive, basic assets requiring less maintenance or monitoring and can usually be reliably estimated with single unit rate based methods. Below are examples of asset types that fit in each group;

- Passive – includes roads, bridges and pipework; and
- Active – includes pumps stations, reservoirs, bores and treatment plants.

4.2 Passive Assets

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

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

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

4.3 Active Assets

Active assets are generally complex assets that are required to be split into sub components due to varying lives or consumption patterns, additional componentisation also assists with asset management and replacement cost development.

Pump Stations are an asset category which are valued with a complex asset methodology, rather than by the application of singular unit rates. Pump Stations are valued using a modern equivalent asset, only to the extent that the same function and capability is delivered and is a cost minimisation process.

The process is similar to passive assets except that the asset is split into multiple components that then have a single unit rate applied, additionally compared to simple assets they have construction intangibles as well as non-construction intangibles.

4.4 Intangibles

Non- Construction Intangibles

The investigation/design/management/contract supervision and other incurred project costs (e.g. environmental impact studies, community consultation, procurement etc.) have been costed as percentages of the construction costs and are adopted into the unit rate. The rate of Non-Construction Intangibles for this valuation has been calculated at a rate of 27%. Brownfield costs have not been added to rates. The rates used are based on an incremental Greenfields approach.

Construction Intangibles

Construction intangibles are additional costs that directly relate to the carrying out of works. These include works such as mobilisation, dewatering of a worksite, or sediment control.

4.5 Specific Unit Rate Inclusions

Below are some examples of what is included in each unit rate.

4.5.1 Sewer Pump Station Wet Wells

The rates are determined using the following components:

- Raw cost of precast or preformed pump well (pipe or box), delivered to site;
- Excavation including back filling and surplus removal; and
- Handling.

4.5.2 Water Pump Station Pump Sets

The rates are determined using the following components:

- Raw cost of pump, delivered to site;
- Installation costs; and
- Apportioned system design costs.

4.6 Depreciation Methodology

Straight line depreciation was used for all bridge, water and sewer infrastructure.

4.7 Calculating Remaining Lives

The remaining lives used in the depreciation calculations are estimated using three different methods:

- Condition;
- Known Age; and
- Estimated Age.

Ideally, where the condition was able to be determined from the Valuer's inspection or where detailed condition reports have been prepared, the remaining life is dependent on the recorded condition, using a sliding scale. Where detailed condition is not available however the age of the asset is known, the remaining life is estimated using the current age of the assets, adjusted for obsolescence after visual inspection where possible.

Where neither the condition nor the age are known, assumptions are made as to the age and condition of the assets in collaboration with council staff, in order to obtain a depreciated replacement cost which reasonably reflects the value of the asset.

With passive assets, which are inherently difficult and expensive to inspect (and the inspection of which falls outside the scope of this valuation), an accepted basis for estimating the condition, and hence remaining life, of the assets is that of *by exception* i.e. if a section of pipework does not have a history of maintenance, then it can be assumed to be in average condition for its age.

While generally pipework will last as designed, there are situations which can greatly increase the rate of deterioration. These include soil conditions, surrounding flora, quality of the pipe and quality of the installation. Any of these will affect a region. For instance, if poor quality pipe has been used, then it will have been used in an entire subdivision. Similarly, particularly poor soil conditions will affect a geographic area.

4.8 Condition

The conditions of the assets have been rated, where possible, on a scale of 1-5. With 1 being brand new and 5 being of a very poor and unserviceable condition.

5. Market Commentary

5.1 Property Market

Many economic analysts believe Australia's economy is in a transition stage due to a slow down experienced in the mining industry. The economy has experienced a post GFC fiscal stimulus package and a mining boom over the past 5-6 years.

The mining industry has experienced a significant fall in investment particularly from key Asian markets. Household construction, consumer spending and exports have been strong drivers in 2014 and are expected to contribute but at a slower rate in 2015.

The Reserve Bank of Australia (RBA) has been stimulating the economy by reducing interest rates to record low levels. In conjunction with the low interest rates the Australian Dollar has fallen quickly over the past six months. The fall in the Australian Dollar should boost competitiveness throughout the economy and broaden the recovery of non-mining business investment.

The North Queensland property market, in general, has seen an increase in sales volumes. The low interest rate environment is having a major impact on residential real estate markets. The Valuer General's 2014 Property Market Movement Report indicated that Burdekin Residential Values had remained relatively steady in the towns of Ayr, Brandon, Dalbeg and Inkerman, with values slightly decreasing in Home Hill, Alva, Clare and Giru.

5.2 Construction Market

According to reports from key industry associations, the building industry remains competitive. The Master Builders Australia report positive conditions for residential and commercial apartment builders. This has come after a long period of weakness, apart from a short spike in activity due stimulus policies employed to counter the GFC. Those in states not exposed to the decline in mining related construction have solid growth predictions whilst those with greater exposure to the mining sector will see a construction downturn that is expected to be offset by greater residential construction.

Master Builders Australia reports that the outlook for the Queensland building industry will be mixed across major sectors. Resource related construction has peaked and heavy exposure to international tourism has highlighted Queensland's downturn. A drop off in positive net interstate migration flows needs to turnaround in order to keep construction growth in Queensland continuing.

With continued and steady population growth the HIA Economics group estimates that dwellings that have commenced construction, within Queensland, will steadily rise from 36,330 in 2013/2014 to 37,780 in 2014/2015 and to 39,200 in 2015/2016.

5.3 Demographics

Population projections have indicated continuing strong growth for the state of Queensland. As at 2012, the estimated population of the Burdekin Shire Region was 17,914. A report by the Australia Bureau of Statistics projects that the population of Queensland will increase from 4.6 million people in June 2012 to 11.1 million in 2061.

6. Highest and Best Use

For financial reporting purposes in Australia the definition of Highest and Best Use in accordance to the Australian Accounting Standards Board (AASB) is:

> *27. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.*
>
> *28. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:*
>
> > *(a) A use that is physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property).*
> >
> > *(b) A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property).*
> >
> > *(c) A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.*
>
> *29. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.*

Council assets are valued on the basis that the entity intends to retain the assets for a continuous use for the purposes of the enterprise and for the foreseeable future. Therefore we have had regard to assessing the value of the assets on its existing use ensuring that the highest and best use is physically possible, financially feasible and legally permissible.

7. Valuation Methodology

7.1 Introduction

In arriving at our opinion of value, we have considered relevant market information and economic factors.

We have valued the specified land on the basis of Fair Value in accordance with:

- Queensland Treasury's Non Current Asset Policies for the Queensland Public Sector;
- Australian Accounting Standards – AASB13 Fair Value Measurement; and
- The Australian Property Institute's practice standards.

The valuation of Council's specified assets has been completed in accordance with guidance notes and background papers issued by the Australian Accounting Standards Board and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. Please note that we have provided the Fair Value of the assets having regard to accounting standards, in particular AASB 13 and 116. However, it is the responsibility of the entity to comply with accounting standards.

Underlying the definition of Fair Value for accounting compliance purposes is a presumption that the entity is a not-for-profit concern that does not have any intention or need to liquidate or otherwise wind up its operations or undertake a transaction on adverse terms. An asset's Fair Value should be regarded as the maximum value the entity management would rationally pay to acquire the asset if it did not currently hold it. It excludes an estimated price inflated or deflated by special terms or circumstances such as financing or sale and leaseback arrangements that are on non-commercial terms.

7.2 Assessment of Land Values

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

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

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

7.3 General Assumptions

- Assets zoned as Open Space or Open Space & Recreation are considered to offer limited potential for development and have been valued in accordance with comparable sales and the highest and best use methodology.
- Assets that are zoned as Public Purposes again, when compared with residential, commercial or industrial zoning for example, is considered more restrictive and offers limited permitted or alternate uses.
- A number of assets are burdened by encumbrances such as power lines and drainage channels, or are located in low lying areas adjoining waterways or flood prone land. These encumbrances present an increased risk and properties of this nature can often only remain in their current use or have very limited alternative use potential.
- Some assets have been classified as road, footpath or access restriction strips. These lots generally have limited alternative uses and have been assessed on a nominal basis.

8. AASB 13 Disclosures

8.1 Valuation Process and Assumptions – Land

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. We note the Direct Comparison approach has been utilised in our assessment for all BSC Land Assets, however our fair value measurement has been either a Level 2 or 3, depending on our 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, we 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, we 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 in 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, which can be identified in the Schedule of Values appended, we conclude the unobservable input to be the rate per square metre applied to the asset.

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

The Condition rating inputs for infrastructure can be defined in the following table:

	Description	Percentage of life remaining
1	Brand new or rehabilitated to new with no visible deterioration.	95-100%
2	Excellent overall early stages of deterioration.	55-95%
3	Fair overall condition, obvious deterioration, some serviceability loss.	15-55%
4	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs.	5-15%
5	Extremely poor condition, severe serviceability problems. Renewal required immediately.	0-5%

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.

8.2.1 Bridges

8.2.1.1 Calculation of Current Replacement Cost

High value bridges (Replacement cost over 5% of entire category value) 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.

8.2.1.2 Accumulated Depreciation

The bridges 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.

8.2.1.3 Percentage of Assets Inspected

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

8.2.1.4 Impact of Unobservable Inputs

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

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Number of Labour Hours	5-100 hr/m2	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependant of type and application	The higher the usage quantities, the higher the Fair Value
Condition Rating	1-5 As specified	The higher the condition rating, the lower the Fair Value
Remaining useful Life	11-89 years	The longer the remaining life, the higher the Fair Value

8.2.2 Water & Sewer

8.2.2.1 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.

8.2.2.2 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. Were necessary, further guidance on remaining life was sort from council engineering staff.

8.2.2.3 Percentage of Assets Inspected

95% of the above ground active water & sewer assets were inspected as part of the valuation. None of the sub-surface assets were inspected.

8.2.2.4 Impact of Unobservable Inputs

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

Significant Unobservable Input	Range of Input	Relationship of Input to Fair value
Number of Labour Hours	5-100 hr/unit	The higher the labour hours, higher the Fair Value
Raw material usage quantities	Varies dependant of type and application	The higher the usage quantities, the higher the Fair Value
Condition Rating	1-5 As specified	The higher the condition rating, the lower the Fair Value
Remaining useful Life	1-89 years	The longer the remaining life, the higher the Fair Value

9. Valuation

Subject to the assumptions and qualifications contained within the body of this report we have assessed the combined Fair Value of the specified portfolio as at 30 June 2015, to be:

Description	Replacement Cost	Fair Value (Level 2)	Fair Value (Level 3)
Land	-	$3,091,000	$8,079,000
Buildings	$68,377,731	$1,151,309	$36,100,780
STP buildings	$712,826		$499,602
WTP Buildings	$654,518		$469,387
Other Assets	$22,506,694		$11,628,967
Ayr Racecourse	$1,479,900		$641,196
Bridge	$9,826,200		$7,884,465
Sewer	$22,679,589		$8,635,570
Water	$9,453,820		$4,152,751
Total	**$135,691,278**	**$4,242,309**	**$78,091,718**

This valuation is for the use only of Burdekin Shire Council to whom it is addressed and for accounting compliance and no other purpose. No responsibility is extended to any third party who may use or rely on the whole or any part of the content of this valuation in any way and neither the Valuer nor AssetVal Pty Ltd shall have any liability to any third party who does. No responsibility will be accepted for photocopied signatures.

Only a signed original of this valuation should be relied upon and no responsibility will be accepted for photocopies of the report.

Neither the whole nor any part of this valuation, nor any reference thereto may be included in any published documents, circular or statement nor published in part or full in any way, without written approval of the form and context in which it may appear.

No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation.

For and on behalf of
ASSETVAL PTY LTD

Nick Franks BSc. MRICS AAPI
Certified Practicing Valuer
AAPI #3751MR

Daniel Barbeler
Plant, Equipment & Infrastructure Valuer
BE, GradIEAust 3208878

Report to Asset Management Group (AMG) on External Valuation of Assets

For Period ending 30th June 2015

Executive Summary:

The following information relates to an external valuation undertaken for Council's infrastructure assets by AssetVal Pty Ltd, from January 19 – 21, 2015. The particular classes valued are specified within the following pages of this report.

Background:

Council requested Quotations for Valuation Services (QBSC/14/041) using the preferred supplier arrangements available though Standing Offer Arrangements (SOA) using DNRM1304, with a closing date of November 14, 2014.

Only two fully-compliant tenders were received, these were from AssetVal Pty Ltd and APV Valuation Services. Following a review of the respective quotation submissions, Council's AMG accepted the quotation from AssetVal at an AMG meeting held 20 November 2014. AssetVal was subsequently appointed as the successful supplier of Infrastructure Valuation services to Council on Friday, November 21st 2014.

A number of AMG representatives met with the AssetVal team on Monday 19th January 2015 to discuss the valuation methodology to be used and Council's requirements to meet AASB Fair Value financial reporting standards.

Following this meeting, the AssetVal Valuation team conducted inspections of all agreed asset classes.

Numerous e-mails supplying information, addressing queries and telephone conversations were transacted both ways between Council and Valuers, to clarify the understanding necessary for asset values, asset lives and changes to residual values in accordance with the latest AASB standards. A summary of communication between Council and the Valuers is attached as attachment 1. (Further examples are available of the actual e-mail content if required).

Following pages contain information on each Asset Class valued by AssetVal together with supporting reasons for any additions and/or changes made since the valuation inspections were conducted in January, 2015.

Abbreviations used:

AMG	Asset Management Group
CRC	Current Replacement Cost
FV	Fair Value

Attachments:

1. Communication between Council and Valuers Summary
2. Summary of discussion held relating to Water and Sewerage Valuations
3. Summary of teleconference discussion with Nick Franks re: Land & Improvements & Buildings
4. AssetVal Final Valuation Report

FINAL FAIR VALUE REPORT

Council's adopted external Valuer: ***AssetVal Pty Ltd***

AssetVal's Final Fair Value Report of Asset Classes externally valued appears below:

Description	Replacement Cost	Fair Value (Level 2)	Fair Value (Level 3)
Land	-	$3,091,000	$8,079,000
Buildings	$68,377,731	$1,151,309	$36,100,780
STP buildings	$712,826		$499,602
WTP Buildings	$654,518		$469,387
Other Assets	$22,506,694		$11,628,967
Ayr Racecourse	$1,479,900		$641,196
Bridge	$9,826,200		$7,884,465
Sewer	$22,679,589		$8,635,570
Water	$9,453,820		$4,152,751
Total	**$135,691,278**	**$4,242,309**	**$78,091,718**

Land and Improvements

As summarised in AssetVal's Report, AASB FV Level 2 inputs are valued at $3,091,000 and fair value Level 3 inputs are valued at $8,079,000, a combined total of $11,170,000. After Transfers, removals and additions, the revised AssetVal total is: $11,011,300.

TRANSFERS

Please note: Two (2) Non-current Assets - residential land parcels (land assets held for sale) identified as level 2 inputs and having a fair value of $274,000 are to be transferred to Non-current Assets held for sale.

Asset ID	Description	Address	Town	Land Area Ha	Real Property Description	AASB Level	Asset Value 30-Jun-2015	BSC Accum Depn 30-Jun-2015	Replacement Value
TRANSFERS									
Land Transferred to - Non Current asset held for resale (Current Asset)									
LND 204	67 Mackenzie Street - Gordon Street Park	Mackenzie Street	Ayr	0.120	L6 / RP 708893	2	$137,000		$137,000
LND 205	69 Mackenzie Street - Gordon Street Park	Mackenzie Street	Ayr	0.120	L5/ RP 708893	2	$137,000		$137,000
							$274,000		**$274,000**
LAND REMOVED									
Land removed due to change in revaluation (see ADDITIONS)									
LND201	Landfill - Cell incl drainage - area 19,820m2	Kirknie Road	HH	57.300	L1/RP869335 (EMT A/RP869335)	3	$1,157,000		$1,157,000
LND202	Landfill - Leachate Pond - area 3,485m2	Kirknie Road	HH	57.300	L1/RP869335 (EMT A/RP869335)	3	$101,000		$101,000
LND203	Landfill - Sedimentation Pond - area 4,520m2	Kirknie Road	HH	57.300	L1/RP869335 (EMT A/RP869335)	3	$61,000		$61,000
							$1,319,000		**$1,319,000**
					Total after Transfers		**$9,577,000**		**$9,577,000**
ADDITIONS									
Land revalued separately (change in original values)									
LND 201	Landfill - Cell incl drainage - area 19,820m2	Kirknie Road	HH	57.300	L1/RP869335 (EMT A/RP869335)	3	$1,209,600	$50,400	$1,260,000
LND 202	Landfill - Leachate Pond - area 3,485m2	Kirknie Road	HH	57.300	L1/RP869335 (EMT A/RP869335)	3	$104,832	$4,368	$109,200
LND 203	Landfill - Sedimentation Pond - area 4,520m2	Kirknie Road	HH	57.300	L1/RP869335 (EMT A/RP869335)	3	$62,496	$2,604	$65,100
							$1,376,928		**$1,434,300**
					Total after additions		**$10,953,928**		**$11,011,300**

Report to Asset Management Group (AMG) on External Valuation of Assets

For Period ending 30th June 2015

Buildings

AssetVal's final report summarises Buildings (excluding Sewerage and Water buildings) at a CRC of $68,377,731. The Fair Value total ($37,252,089) is made up of FV level 2 inputs of $1,151,309; and FV level 3 inputs of $36,100,780.

Please note the following variations and inclusions:

Asset ID	Description	Address	Town	RP Description	AASB LEVEL	Adopted Replacement Cost 30/6/2015	Fair Value 30/6/2015
	Opening Report Valuation Values (AssetVal)					$68,377,731	$37,252,089
					Level 2		$1,151,309
					Level 3		$36,100,780
LESS ASSETS COMPENENTISED							
BLD 110	Home Hill Swimming Pool - Shade Covers - 2 x 21m x 7m	Eleventh Avenue	Home Hill	4H61686	3	$52,034	$10,407
BLD 112	Millaroo Swimming Pool - Shade Covers - 3 x 12.5m x 4.9m	Cartys Street	Millaroo	2M91019	3	$32,521	$6,504
						$84,555	$16,911
						$68,293,176	$37,235,178
ADD ASSETS NEWLY COMPENENTISED							
BLD 110 A	Home Hill Swimming Pool - Posts & Rigging for Shade Covers	Eleventh Avenue	Home Hill	4H61686	3	$31,220	$6,244
BLD 110 B	Home Hill Swimming Pool - Shade Covers - 2 x 21m x 7m	Eleventh Avenue	Home Hill	4H61686	3	$20,813	$4,163
BLD 112 A	Millaroo Swimming Pool - Posts & Rigging for Shade Covers	Cartys Street	Millaroo	2M91019	3	$19,513	$3,903
BLD 112 B	Millaroo Swimming Pool - Shade Covers - 3 x 12.5m x 4.9m	Cartys Street	Millaroo	2M91019	3	$13,008	$2,602
						$84,555	$16,911
						$68,377,731	$37,252,089
ASSETS MOVED FROM THE "OTHER" ASSETS VALUATION							
BLD 071 A	Ayr Pool Grandstand Balustrade		Ayr			$11,200	$11,000
BLD 078 A	Home Hill Swimming Pool grandstand Balustrade		Home Hill			$11,200	$11,000
BLD 193	Home Hill Swimming Pool Shade Sail Main Pool		Home Hill			$18,900	$18,000
BLD 194	Home Hill Swimming Pool Shade Sail Wading Pool		Home Hill			$8,300	$7,900
						$49,600	$47,900
						$68,427,331	$37,299,989
ADDITIONAL CONTRIBUTED ASSETS (Ayr Racecourse) VALUED SEPERATELY BY ASSETVAL							
BLD 196	Baywatch Building	Ayr Racecourse	Ayr	Lot 1 GS 95	3	$302,000	$106,510
BLD 197	Block Storage Shed	Ayr Racecourse	Ayr	Lot 1 GS 95	3	$79,000	$19,853
BLD 198	Hall and Caretakers Building	Ayr Racecourse	Ayr	Lot 1 GS 95	3	$885,000	$443,315
BLD 199	Amenities Block	Ayr Racecourse	Ayr	Lot 1 GS 95	3	$86,900	$26,464
BLD 200	Block Storage Shed	Ayr Racecourse	Ayr	Lot 1 GS 95	3	$37,000	$9,144
						$1,389,900	$605,286
		Above Buildings CRC at Fair Value (not CRC)				$69,032,817	$37,905,275
	Total excluding Contributed Assets (excluding Sewerage and Water Buildings)					$68,377,731	$37,252,089
	Total including Contributed Assets Fair Value (excluding Sewerage and Water Buildings)					$68,983,017	$37,857,375

Ayr Racecourse – As a result of a lease being surrendered in May 2015, Council also acquired 5 building assets at the Ayr Racecourse, effective from 30th June 2015 at a total fair value of $605,286. These contributed assets are shown in the above valuation as additionally valued assets, following the original valuation. *Further explanation of additional Ayr Racecourse assets follows later in this report.*

Sewerage Buildings

AssetVal's Final Report summarises Sewerage Buildings at a CRC of $712,826; with FV Level 3 inputs at a total of $499,602.

No reported variations in Sewerage Buildings.

Water Buildings

AssetVal have summarised Water Buildings at a CRC of $654,518; with FV level 3 inputs at a total of $469,387.

The only variation to report is the Water Bore Control Building in Conlan St Ayr, which AssetVal describe the Asset ID: as NBLD 003, which now exists in Council's register as Asset ID: 72984.

Other Assets

AssetVal valued 295 "Other" assets at a CRC of $22,506,694 and FV of $11,628,967.

Please note the following variations and inclusions:

Reference No.	Description	Address	Town	Adopted Replacement Cost 2015	Fair Value 2015
	Opening AssetVal Report Valuation Totals			**22,506,694.00**	**11,628,966.67**
ADDITIONAL CONTRIBUTED ASSET VALUED SEPERATELY BY ASSETVAL					
OTH 317	Open Steel Framed Structure - Ayr Racecourse			35,910.00	35,910.00
				35,910.00	**35,910.00**
ADDITIONAL ASSETS NOT VALUED BY ASSETVAL					
OTH 322	Art Work - "The Painting of Life", 1983, Mirka Madeleine Mora - Enamel and oil on marine plywood 610 x 570 cm	145 Young Street	Ayr	340,000.00	340,000.00
OTH 323	Art Work - "Landscape", 1982, Victor Rubin - Oil on canvas 162 x 194 cm	145 Young Street	Ayr	25,000.00	25,000.00
				365,000.00	**365,000.00**
				22,907,604.00	**12,029,876.67**
ASSETS TRANSFERRED TO THE BUILDINGS VALUATION					
BLD 193	Home Hill Swimming Pool Shade Sail Main Pool		Home Hill	18,900.00	18,000.00
BLD 194	Home Hill Swimming Pool Shade Sail Wading Pool		Home Hill	8,300.00	7,900.00
BLD 078	Home Hill Swimming Pool grandstand Balustrade		Home Hill	11,200.00	11,000.00
BLD 071	Ayr Pool Grandstand Balustrade		Ayr	11,200.00	11,000.00
				49,600.00	**47,900.00**
			Revised Total	**22,858,004.00**	**11,981,976.67**
			Variation Total	***351,310.00***	***353,010.00***

This results in a change to the reported valuation to Other's CRC total to $22,858,004, and FV to $11,981,976, which represents an increase of $351,310 in CRC and $353,010 FV variances to AssetVal's report.

Ayr Racecourse

Ayr Racecourse – As mentioned under Buildings and Other headings, Council acquired five (5) Buildings and one (1) "Other" Open Steel Framed Structure asset, which were fair valued at a combined total of $641,196. These additions are included in Buildings and Other Registers for period ending 30th June 2015.

Bridges (Transport)

CRC for Bridges remains at $9,826,200 and FV of $7,884,465.

While there is no variation in reported values compared to the AssetVal Final Report, the most significant change to the Bridge valuations was the componentisation of three of Council's higher-value bridges. These were: Anabranch River Overflow Bridge, Anabranch River Bridge – ID 3, and John Ahern Bridge – ID 5. These bridges are now componentised into Deck, Substructure and Retaining Works and all components have original lives of 100 years.

Sewerage (Above ground Assets)

AssetVal's valuation of above-ground sewerage assets reported a CRC value of $22,679,589 and FV of $8,635,570.

A change to the Sewerage Asset Register relate to a newly added Pump Station (PS33) which is in the AssetVal report as NSP001, which is entered in the Sewerage Register as asset ID: 16836.

The following variation in reported values was noted compared to the AssetVal Final Report. On 9th August, Dan Barbeler, Senior Valuer from AssetVal advised that Council should remove the 'dome(s)' on the Sewerage secondary digesters at Ayr and Home Hill – and combine values for the previous domes and structures for these assets in each location. (Only the primary digesters have separately valued domes). This resulted in a $32,000 change to the valuation for the secondary digesters.

Water (Above ground Assets)

AssetVal's valuation of above-ground Water assets reported a total CRC value of $9,453,820 and a FV of $4,152,751.

There is no variation in reported values compared to the AssetVal Final Report. AssetVal's report makes reference to Water Buildings being valued in the "Buildings" Register. This valuation is shown under the heading "Water Buildings".

Attachment 1

Communication with Valuers

Attachment 1

Date Received:	Asset Class	Relating To:	Sent By:	Description of Context	Outcome
30/01/2015	Buildings	Ayr Basketball Stadium seperation from PYCC	KB	Request forwarded to AssetVal	Values noted by AssetVal
30/01/2015	Other	Other Structures at Home Hill Pool & Giru Transfer Station	RN	More information needed by AssetVal re Other Assets	Values noted by AssetVal
19/02/2015	Buildings	FV Valuation - Cyclone Shelter and other expenditure	RN	Provided information on costs of Cyclone Shelter and ancillary assets	Values noted by AssetVal
20/02/2015	Buildings	Review of Draft AssetVal Reports	RN	Corrections to draft reports - inclusion of componentised breakdown	Values noted by AssetVal
20/02/2015	Buildings	Review of Draft AssetVal Reports	NF	Componentisation of est life, remaining useful life, annual and accumulated deprecation now included	Corrections made by AssetVal
20/02/2015	Sewerage	Query relating to 27% inclusion for valuation of sewerage assets	DB	KB requested explanation of the additional 27% applied to reconstruction of Sewerage Pump Stations	Advice received from AssetVal
25/02/2015	Buildings	Variation of asset lives - splitting of roof into structure & sheeting	RN	Some asset lives had variances and these were to be adjusted in line with other Council assets	Corrections made by AssetVal
26/02/2015	Buildings	Roof now split as requested and PCYC building split from Basketball Stadium	NF	Changes made to asset lives in 93% of of cases. Other Roof splitting undertaken where appropriate	Corrections made by AssetVal
23/03/2015	Buildings	Incorrect calculation values in Buildings	RN	Changes required to componentised value calculations	Changes noted by AssetVal
24/03/2015	Buildings	Incorrect calculation values in Buildings	NF	Suspected issue with rounding of calculation	Changes noted by AssetVal
25/03/2015	Buildings	Incorrect calculation values in Buildings	NF	Suspected issue with rounding of calculation (corrections now made)	Corrections made by AssetVal
27/03/2015	Buildings	BLD 050 to be changed to BLD 187	RN	BLD 050 has been written off & a new Sextons office constructed	Corrections made by AssetVal
27/03/2015	Buildings	BLD 183 not componentised	RN	BLD 183 to be componentised	Changes noted by AssetVal
27/03/2015	Buildings	BLD 183 not componentised	NF	BLD 183 has been componentised	Corrections made by AssetVal
27/03/2015	Buildings	Water & Sewerage Buildings not included in Buildings Valuation	RN	References to W&S buildings in Building register - not actually in the register	Changes noted by AssetVal
7/04/2015	Buildings	Water & Sewerage Buildings not included in Buildings Valuation	NF	Originally not included as combined with W&S general assets - to be seperated as requested	Corrections made by AssetVal
7/04/2015	Other	#Value showing in Other Valuation	RN	Corrections requested	Corrections made by AssetVal
7/04/2015	Water	Water & Sewerage & Bridges valuations	RN	General discussion request relating to these classes with Daniel Barbeler, KB & RN	Forwarded to AssetVal
8/04/2015	Buildings (Sewerage)	Buildings now separated from Sewerage assets	NF	Sewerage Buildings now included in separate section of the Buildings Valuation	Corrections made by AssetVal
8/04/2015	Buildings (Water)	Buildings now separated from Water assets	NF	Water Buildings now included in separate section of the Buildings Valuation	Corrections made by AssetVal
8/04/2015	Water	Water & Sewerage & Bridges valuations	DB	Call to Daniel to be made on 09/04/2015	Forwarded to AssetVal
9/04/2015	Buildings	Layout of Valuation document different to previous versions	RN	Changes to reflect the agreed layout and componentisation values	Corrections made by AssetVal
29/04/2015	Land & Improvements	NCA Assets held for sale	RN	NCA assets not contained in register & Paine St Land sold - changes to level 2 & 3 pumpstations	NCA assets added to register
1/05/2015	Sewerage	Changes to valuation following discussion with KB & RN	RN	DB advised that he was reviewing the items discussed	Advice received from AssetVal
4/05/2015	Buildings	Summary of discussions at AMG and advised to AssetVal	RN	Points noted by AssetVal and addressed	Corrections made by AssetVal
5/05/2015	Sewerage	Changes to Pump Station Switchboards (following discussion)	DB	Requested additional information based on electrical inspections	Council noted request
7/05/2015	Buildings	Revised missing buildings - BLD 184, 185 & 186	RN	Missing buildings, transfers and description changes forwarded to AssetVal	Corrections made by AssetVal
7/05/2015	Other	Remaining useful lives not appearing in Other Valuation	RN	Corrections requested	Corrections made by AssetVal
11/05/2015	Buildings	Changes to Cyclone Shelter	RN	Changes relating to additions and write off of Cyclone Shelter assets	Corrections made by AssetVal
13/05/2015	Sewerage	Changes to Pump Station Switchboards (following discussion)	RN	Information forwarded to DB in zip file to advise inspection details	Forwarded to AssetVal
13/05/2015	Sewerage	Changes to Switchboard remaining lives adjusted based on Council input	DB	Confirmed discussion relating to adjustments of Switchboard lives as per KB's advice	Forwarded to AssetVal
26/05/2015	Buildings	Changes to Cyclone Shelter	RN	Componentisation changes requested for Cyclone Shelter components	Changes noted by AssetVal
1/06/2015	Land & Improvements	Kirknie Road Landfill - valuation of Kirknie Road Cell	KC	Estimated costs of cell using a simplistic approach of cost adjustments of construction values	Explanation made by AssetVal (NF)
3/06/2015	Other	Additions to be valued by AssetVal	PL	Changes requested by Peter Lowcock for Other assets	Corrections made by AssetVal
5/06/2015	Other	More Other queries relating to switchboards	PL	Changes requested by Peter Lowcock for Other assets	Corrections made by AssetVal
10/06/2015	Other	Request to componentise some Other Assets	PL	Changes requested by Peter Lowcock for Other assets	Changes noted by AssetVal
16/06/2015	Buildings	Building and Other Assets Valuation changes	PL	Changes requested by Peter Lowcock for Buildings and Other assets	Corrections made by AssetVal
22/06/2015	Buildings (Water)	NBLD003 - should be Water Building 72984	PL	Correction forwarded to AssetVal by Peter Lowcock	Corrections made by AssetVal
23/06/2015	Buildings	Buildings & Other asset queries for AssetVal	PL	Further information needed by AssetVal for some assets - PL forwarded details	Corrections made by AssetVal
29/06/2015	Buildings	Changes to AASB Level 2 and 3 inputs for Buildings	PL	A number of buildings classified as L3 inputs were thought to be L2 inputs	Corrections made by AssetVal
29/06/2015	Other	Request to review OTH 037	PL	Changes requested by Peter Lowcock for Other assets	Changes noted by AssetVal
2/07/2015	Buildings	Changes to AASB Level 2 and 3 inputs for Buildings	RN	A number of buildings classified as L3 inputs were thought to be L2 inputs - NF advised some OK	Corrections made by AssetVal
2/07/2015	Other	More Other Valuation queries	PL	Missing accumulated depreciations for new Other Assets valued this year	Changes noted by AssetVal
16/07/2015	Sewerage	Changes to remaining useful lives for W&S assets	RN	Details forwarded to DB in relation to upgraded Water & Sewerage Assets	Forwarded to AssetVal
16/07/2015	Water	Changes to remaining useful lives for W&S assets	RN	Details forwarded to DB in relation to upgraded Water & Sewerage Assets	Forwarded to AssetVal
21/07/2015	Land & Improvements	Final report changes	RN	Corrections to valuation summary - summary not agreeing with reported totals	Corrections made by AssetVal
22/07/2015	Land & Improvements	Kirknie Road Landfill - CRC values missing for 3 assets	RN	Working documents forwarded to NF for updating	Corrections made by AssetVal
27/07/2015	Land & Improvements	Kirknie Road Landfill - CRC values missing for 3 assets	NF	DRC basis used and estimated lives of assets determined at 100 years	Corrections made by AssetVal
9/08/2015	Sewerage	Changes to secondary digester domes - Ayr and Home Hill	DB	DB confirmed that Seconday digester domes were to be combined as single assets with structures at Ayr & Home Hill.	Changes noted by Council

Report to Asset Management Group (AMG) on External Valuation of Assets

For Period ending 30th June 2015

Attachment 2

Summary of discussion held relating to Water and Sewerage Valuations with Daniel Barbeler, Senior Valuer from AssetVal at 9:25am on Friday 10th April 2015.

BSC Representatives: Kevin Byers, Manager Technical Services
Reg Norman, Asset Management Coordinator

Discussion on 2015 Infrastructure Valuation Summary:

1. Sewerage Pump CRC is less than previous 2014 valuation. Dan explained that the revised CRC costs were based on discussions with Gary Tickner, Council's Water & Sewerage Overseer; and Xylem Water Solutions, Council's supplier of replacement pumps and motors. ***Dan advised that newer technological solutions with motors and pumps; along with improved technology for providing "drop-in" poly structure solutions (replacing more expensive concrete structures) means that replacement costing has been reduced. Kevin advised that the sewerage pumps are varying sizes and capacity. Historically had 4 different pump types. We should further review actual costs and sizes of pumps replaced. Kevin will discuss with Gary Tickner and provide further information to Dan if required.***

2. Kevin advised that Council has a range of different depths for a number of non-standard pumpstations, which has a higher level of cost, associated with construction of concrete pumpstation structures. ***Dan has asked Council to provide a copy of the depth details for those particular pumpstations and will review the pump station structure valuations.***

3. Pumpstation Switchboards – lower valuations this year? ***Dan explained that CRC for switchboards are now much cheaper and easier to replace due to improved technology and "bundled" style of pumpstation packaging, which again has been confirmed with the supplier and Council's W&S Overseer that the types of pumpstations provided recently and in future will be of equal or superior capacity, at costs significantly lower than the previously high CRC costs to replace switchboards. Kevin agreed with the lower replacement cost for switchboards, however had some concerns with switchboards for larger pump stations (e.g. Home Hill No 1, Ayr 5 and 6 and Brandon No 1). He would like further consideration of individual pump station requirements.***

4. Sewerage "General" – it was noted that a number of Pumpstation assets had **no values** applied for general, which is the infrastructure normally allocated for access roads or driveways, electrical power, water supply connections, fencing, and other values not considered structures. ***Dan explained general values were, in nearly all pumpstations examined, below the $5k threshold Council has for valuing assets. Kevin advised that a number of pumpstations have higher general costs due to elevated platforms (e.g. Ayr pumpstations 5 & 6) and Ayr pumpstation 16 has an extended concrete driveway (Approx. 70m x 3m) and a colourbond fence (approx. 30m) that should have normal valuation principles apply for a general component. Dan has asked for copies of the pumpstations affected for further investigation.*** ***Additional question: regarding the cost of vents at each pump station. Was the existing vent utilised in the replacement of pump station 23 or was a new vent included in the replacement? (This was not raised during the telephone discussion).***

5. Switchboard lives – Kevin explained that switchboard remaining useful lives in some cases were shown as having 1 year remaining. He confirmed that an Electrician has carried-out an analysis of some of the older switchboards and has advised that their lives should be extended for at least 3-5 years as they are still in good working condition. ***Dan asked Kevin to provide a summary of the recommendation so the revised lives can be taken into account. (A summary based on the test data provided by Bonato's is attached as a zip file.***

6. ***Pipework and Valves valuation – There has been a reduction in value of more than 17% for most pump stations. Please confirm and provide comment.***

7. ***Change in lives of telemetry noted – Agree with change based on actual renewal program underway due to obsolescence of existing analogue network gradually being replaced with digital network.***

8. ***Effluent Pond – Civil - Why has the life been reduced from 75 years to 60 years?***

Water – Part A

1. Kevin noted that valuations of bore pumps and motors and high lift pumps have been changed from a 50yr life to a 25 year life with a 50% residual. Dan explained this has been changed as a result of Council's practice involving major refurbishment of these types of assets including a recent project to drill a new bore and overhaul the pump at Bore 4, Nelson's Lagoon. Kevin agreed with the methodology used to amend the lives and the adopted residual, however mentioned the recent accounting concerns regarding residual values. Dan advised that this issue arose following the valuation process and they considered the residual amount to be known as a non-depreciable amount and they will elaborate on this in the final report. Kevin raised the fact that once the asset has been refurbished after 25 years they should last a further 25 years but after that they are probably too old or obsolete and refurbishment is not a viable option. With this in mind, refurbished assets should have a life of 25 years with no residual. Dan agreed that refurbishment would result in a lower overall functional life and that it would be appropriate to not apply a residual value for those pumps entering the second phase of a continuing refurbished life-cycle.

This discussion ended at 10:45am and was resumed at 2:10pm

2. Water valuations – discussion held clarified methodology used which resulted in no other changes being requested to the Water Valuation by AssetVal.
3. Dan to provide explanation of the reduction in borehole valuations. (Approx. 16% reduction)
4. Life of some switchboards reduced from 50yrs to 40 yrs resulting in 1 yr RUL. These switchboards have been assessed by an electrician. Results of inspections will be forwarded to Dan for review. No requirements to replace these switchboards next year.

Bridges

Most recent valuation by AssetVal has resulted in componentising Council's higher value bridges, plus the introduction of residual values of 30% for retaining works for bridges – such as the approaches and abutments that require little or no re-work to facilitate the construction of a new bridge. Kevin accepted the changes, however has some concerns about introducing a residual on an asset component which will have no asset value at the end of its life. This will need to be presented to the Asset Management Group for consideration. ***Dan has offered to provide a supporting note about this change in methodology.***

NOTE: AMG decided not to accept any residual values

Report to Asset Management Group (AMG) on External Valuation of Assets

For Period ending 30th June 2015

Attachment 3

Summary of teleconference discussion with Nick Franks, Senior Valuer from AssetVal on 12:25pm on Monday 5th May 2015.

BSC Representatives: Kevin Byers, Manager Technical Services
Reg Norman, Asset Management Coordinator

This summary is to confirm a number of questions relating to 2015 Building & Land Valuations, asset lives, etc at recent Asset Management Group (AMG) meeting, and to formally note the agreed changes discussed.

9. Building lives (Building Valuations Draft) – a number of new buildings have been given a useful life of 50 years – which is different to Council's 80 year lives allocated for most Brick, Block and/or Concrete buildings. In addition, Kevin mentioned the recently constructed Cyclone Shelter (made from reinforced concrete and steel) was also allocated a 50 year life when it appears reasonable that the Cyclone Shelter (constructed to the highest building codes for rating 5 cyclones), could have a minimum of a 100 year life for sub-structure, superstructure and roof structure applied. ***Nick confirmed that he thought the 100 year life was reasonable for the Cyclone Shelter and would re-visit this and the other new buildings to see if they can be re-lived to a base of 80 years. (Please note that two Water Control Room Buildings also had their lived reduced to 50 years from the previous valuation of 80 years - but are still rated as condition 2 – can these be changed back to their original lives too?)***

10. The AMG asked why certain lands have been transferred between levels – i.e. level 2 to 3. Please note that in financial statements to be prepared, Council needs to provide additional disclosures if there are movements between asset fair value levels. In the recent AssetVal land valuation, there is a material movement of assets between level 2 and 3 going each way i.e. Was level 3 now level 2 and vice versa. Finance needs the changes in disclosure information as these transfers are considered material. **(A spreadsheet with the assets affected is attached).** ***Nick advised that he had reasons for some of these changes (due to realistic market values and zoning) and would confirm these details after re-visiting the valuation details.***

11. Kevin highlighted the following estimated asset lives by AssetVal:

Building Component	AssetVal Life 2015	Previous AssetVal Life 2014	BSC Preferred Lives 2015
Substructure	80	80	80
Superstructure	80	80	80
Roof structure	80	80	80
Finishes	40	20	20
Fittings	27	20	27
Services	32	35	32
External Services	64	20	64
Roof Covering	40	30	40

Kevin agreed with the majority of changes explained by Nick to change the estimated lives with the exception of "Finishes", which was changed from a 20 year life to 40 years in the current valuation. The other changes of note were the 64 year life for External Services (underground services not liable to be

interfered with and 40 years for Roof Coverings, which Nick advised is an industry standard). ***Nick agreed the "Finishes" componentised lives were too high and will adjust them accordingly.***

The teleconference concluded at 12:40pm

9.2 Position Paper - Infrastructure Residual Values

Document Information

Referring Letter No: N/A

File No: 357

Name of Applicant: N/A

Location: N/A

Author and Title: Kevin Byers – Manager Technical Services

Executive Summary

Based on the Accounting Board's interpretation of residuals, Council officers have prepared a position paper identifying proposed amendments to standard lives and componentisation of road and drainage assets to reflect actual consumption of the asset in accordance with AASB 116 without allowance for residuals.

Residual values will remain for motor vehicles, plant and equipment and reflect the anticipated consideration receivable for an asset sold at the end of its useful life.

Recommendation

That Council adopts the proposed amendments to road and drainage asset lives and residuals in accordance with "Position Paper – Infrastructure Residual Values".

Background Information

The Australian Accounting Standard 116 Property Plant and Equipment, defines the residual value of an asset as the estimated amount that Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

At the Australian Accounting Standard Board (the Board) meeting on the 27-28 May 2015 the Board confirmed its previously stated view that residual value reflects consideration receivable for an asset at the end of its useful life to the entity, and accordingly would not include cost savings from the re-use of in-situ materials. The Board decided not to develop an exemption for not-for-profit public sector entities.

Council currently recognises cost savings from the re-use of a portion of the existing materials that form the components of a road structure and open earth drains as residual values, therefore requiring amendments to comply with the standard.

The assets or components of complex assets for which Council currently assume residuals values include:

(1) Road Subgrade,
(2) Road Pavement,
(3) Road Seal,
(4) Unlined Stormwater Drains, and
(5) Motor Vehicles, Plant and Equipment

Link to Corporate/Operational Plan

The 2015-20 Corporate Plan identifies Infrastructure and Organisational Sustainability as key strategic areas to assist in achieving Council Vision.
Strategies included in these areas are:

1.2.1 Implement the Asset Management Strategy
1.2.2 Apply a prioritised and planned system to upgrade and enhance existing facilities
1.2.3 Protect the integrity of existing assets through flood and disaster mitigation programs
5.3.2 Adhere to the governance framework and public reporting systems
5.3.3 Ensure Council's financial position is effectively managed
5.3.4 Undertake regulatory responsibilities in accordance with state regulations

Consultation

The documentation has been reviewed and adopted by Council's Asset Management Group and the Audit Committee. The paper has also been provided to Council's external auditor (Queensland Audit Office) for review.

Legal Authority or Implications

Local Government Act 2009 and Local Government Regulation 2012.

Policy Implications

The proposed amendments comply with the objectives of the Asset Management Policy and Non-Current Asset Accounting Policy.

Financial and Resource Implications

The proposed changes to comply with the standard will result in an increase in annual depreciation expense for road assets. The variation in 2014/15 was estimated as an increase of $107.890. This was determined as immaterial and not applied in 2014/15. The amendments will be applied from 1 July 2015 and affect the depreciation expense and fair value of non-current assets in 2015/16.

Report prepared by:
Kevin Byers

Report authorised by:
Kevin Byers

Attachments

1. Position Paper – Infrastructure Residual Values

Burdekin Shire Council

Position Paper

Infrastructure Residual Values: Transport, Drainage, Water & Sewerage

The Australian Accounting Standard 116 Property Plant and Equipment, definition of the residual value of an asset is the estimated amount that Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Burdekin Shire Council (Council) currently recognises cost savings from the re-use of a portion of the existing materials that form the components of a road structure and open earth drains as residual values.

At the Australian Accounting Standard Board (the Board) meeting on the 27-28 May 2015 the Board confirmed it's previously stated view that residual value reflects consideration receivable for an asset at the end of its useful life to the entity, and accordingly would not include cost savings from the re-use of in-situ materials. The Board decided not to develop an exemption for not-for-profit public sector entities.

The Board also noted that where an asset will not be sold and the residual value represented a significant portion of an asset's value, consideration should be given to whether the asset has been appropriately componentised.

Based on the AASB interpretation, Council intends to remove current recognised residual values for infrastructure assets in accordance with the methodologies detailed in this document. Residual values will remain for motor vehicles, plant and equipment and reflect the anticipated consideration receivable for an asset sold at the end of its useful life.

The assets or components of complex assets for which Council currently assume residuals values include:

(1) Road Subgrade,
(2) Road Pavement,
(3) Road Seal, and
(4) Unlined Stormwater Drains.

The proposed treatment for each of these asset types to reflect actual consumption of the asset in accordance with AASB 116 is detailed below.

Subgrade

The subgrade component of the road structure consists of the formation and treatment of the natural material on which the pavement is constructed. This includes any improvements required to the natural material, the table drains in rural areas and the natural verge between the kerb and channel and the property boundary in urban areas. In most cases this formation will not require alteration or complete rework unless the road undergoes a major redesign or upgrade to provide a different level of service, therefore the existing subgrade component has an indefinite life. A redesign of a road to provide an upgraded service level (eg road widening or improved pavement) or a modified vertical or horizontal alignment will result in the subgrade, or part thereof, written off at the time of construction to reflect the lack of economic benefit remaining in the relevant portion. In the case of flood damage, the subgrade will be treated the same as the pavement with any major damage resulting in a write-off of the damaged portion.

Council's current financial treatment of this component is the application of a 100 year useful life with a 5% depreciable component which allows for minor costs charged to this component during the reconstruction/rehabilitation process.

Further consideration of this approach, including the AASB's recent decision on the definition of residual value and "Interpretation 1055 Accounting for Road Earthworks", has resulted in Council's decision to adopt an unlimited life for road subgrade components and as such, will not be depreciated.

Pavement

Council's road pavements consist of six different types as follows:

- Concrete pavements,
- Sealed unbound granular pavements (shallow and deep),
- Sealed stabilised granular pavements (shallow and deep), and
- Unsealed pavements

The current treatment of these assets varies for each type of pavement. The following lives and residuals are currently utilised in the determination of Accumulated Depreciation, Fair Value and Depreciation Expense:

- Concrete Pavements - 80 year life with 50% residual
- Unbound Pavements - 60 year life with a 25% residual
- Stabilised Pavements - 70 year life with a 25% residual
- Unsealed Pavements - 25 year life with a 95% residual

Council's engineering and construction staff performed an extensive review of the road pavement and seal components to determine construction and rehabilitation costs and the appropriateness of further componentising these assets to reflect the actual consumption of the economic benefits of the assets.

Council currently consider concrete pavements as separate assets with a valuation based on the replacement with a similar type asset. Assuming the replacement of this type of pavement with a modern equivalent asset, Council has made a decision to adopt the value of deep stabilised pavement for all

concrete pavements. Therefore, the accounting treatment for these assets will be similar to sealed pavements effectively reducing the number of different pavement types to five.

Sealed pavements consist of granular material compacted in place to provide a structural layer to support traffic loadings. The gravel may be unbound (compaction only) or stabilised (addition of cement binder to increase tensile strength) and placed in varying thickness layers. Rehabilitation or replacement options for this type of pavement are:

- the provision of a gravel overlay,
- in-situ stabilisation, or
- the removal of all or part of the existing pavement and construction of new pavement.

The overlay and in-situ treatments are generally utilised when replacing a like for like asset on the same horizontal and vertical alignments. These treatments cost approximately 40% less than the construction of a new pavement. For this reason Council proposes to split the pavement assets into two components, one representing the 60% portion which will be depreciated over a life of 60 years and the other representing the remaining 40% which will have a life of 120 years.

The alternative, to remove and reconstruct the pavement is generally used where there is a requirement to increase the service level provided by the asset (eg thicker or wider pavement for increased axle loading or traffic volume) or a realignment of the road. Where this is adopted the relevant sections of pavement will be completely written off at the time of reconstruction. This includes where a pavement suffers major damage in an extraordinary cyclonic, flood or prolonged inundation event.

Council's maintenance program for unsealed roads includes regular grading and gravel re-sheeting as required to maintain the unsealed pavements at a level that provides an acceptable level of service. As a result, there is no requirement for Council to replace an unsealed pavement, therefore these pavements are considered to have an indefinite life and are not depreciated.

Seal

The seal component is the bituminous running surface providing a level of skid resistance for road users and limiting the penetration of water into the granular pavement. Council utilises two types of surface treatment:

- Asphaltic concrete, and
- Chip seal.

Asphaltic concrete surface consists of a primer seal (sprayed bitumen and aggregate) and a layer of asphaltic concrete. This type of surfacing provides a superior finish with increased durability and provides a higher level of service than the alternative chip seal. Council uses two alternative replacement methods for this type of asset, an overlay which consists of asphaltic concrete laid over the original layer or milling out the majority of the existing layer and laying a new layer of asphalt on the remaining existing asphalt. In both cases, the primer seal and a portion of the asphalt layer remain in use for the life of the underlying pavement, therefore Council intends to amend its valuation methodology and componentise the asphalt seal into two components. The cost of the pavement will be amended to include the cost of the primer seal and the cost of the seal component will consist of the asphalt only. The primer seal represents approximately 15-20% of the total asphalt seal cost.

Chip seal consists of two layers of sprayed bitumen seal, each covered with aggregate. The useful life of this type of surface is 12 years. The treatment applied to a chip seal at the end of its life is a 'reseal', which consists of the provision of single coat of sprayed bitumen and aggregate. The cost of this treatment is approximately 45% of the two layer seal.

The financial treatment of a chip seal component has been the adoption of a 12 year life with residual of 55%. Whilst the residual reflects the cost to reseal the road, the concerns of the AASB is that the consumption of the economic benefit of the primer seal layer is not considered in the calculation of Fair Value, Accumulated Depreciation and annual Depreciation Expense.

Council has made the decision to split the chip seal into two separate layers. The first layer of seal (primer seal) will remain in use for the life of the pavement; therefore, Council will amend its valuation methodology to include the cost of the first layer in the cost of the pavement component. The useful life of the final coat will remain as 12 years with no residual or non-depreciable amount.

Stormwater Drainage

Open Drains

Construction of open earth or unlined drains consists of the excavation of natural material to form a trapezoidal shape with the sole purpose of conveying stormwater from developed catchments to natural watercourses. Council maintains the drains within its regular maintenance program and, similarly to road subgrade assets will not require alteration or replacement unless an upgrade is required to provide an increased level of service. These assets are treated similar to road earthworks or subgrade in accordance with AASB's "Interpretation 1055 - Accounting for Road Earthworks". The AASB recognises the similarity between earthworks and land when the service potential of the earthworks is expected to be retained due to the absence of any events that cause physical deterioration, such as excessive usage, flooding or land movement, and the earthworks are not expected to become obsolete in the foreseeable future. Open Drains are therefore considered to have an indefinite life and as such will not be depreciated.

Conduits and Junctions

Stormwater drainage conduits (reinforced concrete pipes and box culverts) and junctions (reinforced concrete manholes and pits) have useful lives of 80 years, which is the expected duration over which these assets have the potential to provide the service intended. At the end of their useful lives, all conduits and junctions are filled and abandoned insitu or removed and disposed of. Although there may be some assets with scrap value, the costs of disposal would far outweigh this value. Therefore, the assets are deemed not to hold any residual value.

Water Supply and Sewerage

Water Supply and Sewerage assets consist of a variety of asset types and materials, all of which have useful lives reflecting the expected duration over which these assets have the potential to provide the service intended. At the end of their useful lives, these assets are abandoned insitu or removed and disposed of. Although there may be some assets with scrap value, the costs of disposal would far outweigh this value. Therefore, the assets are not deemed to hold any residual value.

Conclusion

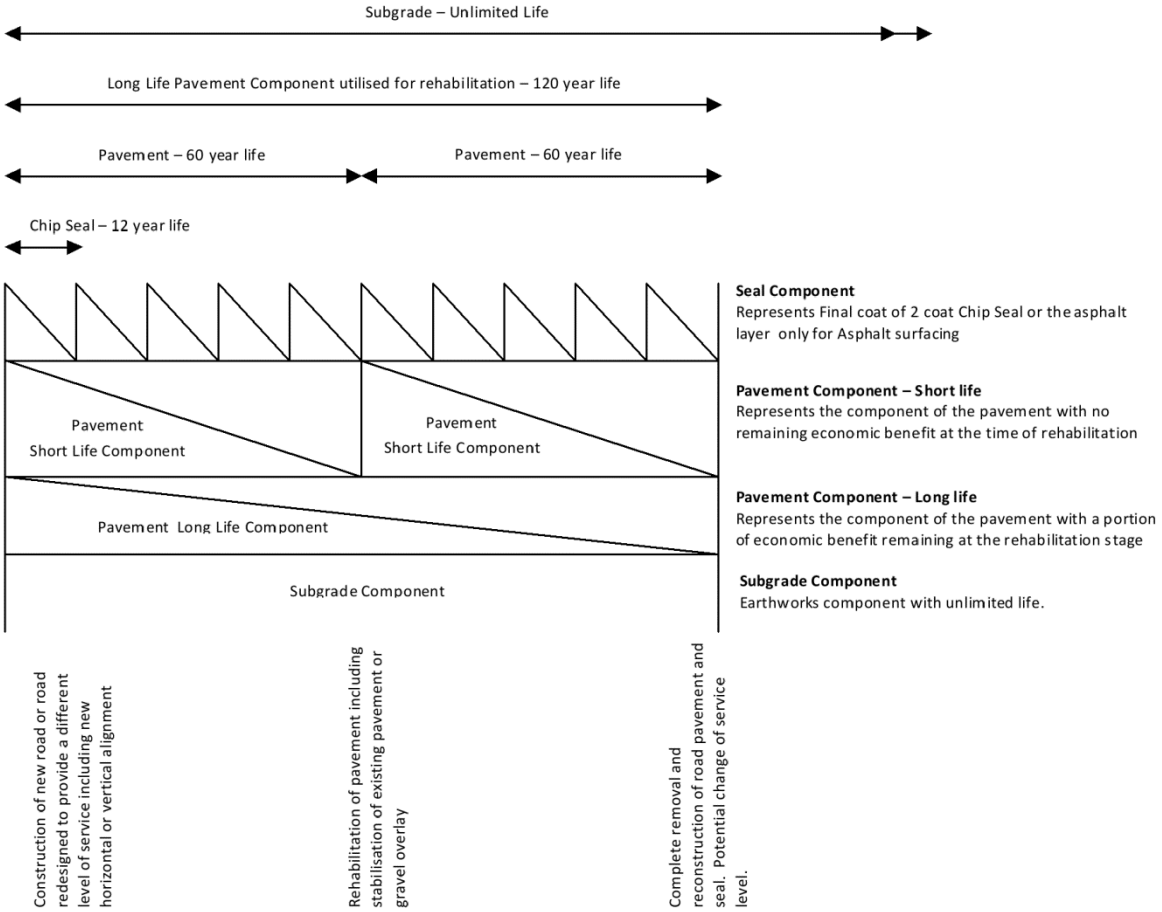
This change in valuation methodology represents the following variations to the Transport asset class in 2014/15:

Component	Current Replacement Cost	Accumulated Depreciation	Fair Value (Written Down Value)	Depreciation Expense
Transport Balance 30/6/15 excluding amendments	**354,541,927**	**50,452,322**	**304,089,605**	**3,893,389**
Seal	-21,969,000	82,730	-22,051,730	31,684
Sealed Pavement	21,969,000	6,719,968	15,249,032	171,001
Unsealed Pavement	114,219	-653,380	767,599	-38,161
Sealed Subgrade	0	-1,343,841	1,343,841	-45,339
Unsealed Subgrade	0	-549,271	549,271	-11,295
Total Variance ($)	114,219	4,256,206	-4,141,987	107,890
Total Variance (%)			**-1.4%**	**2.8%**

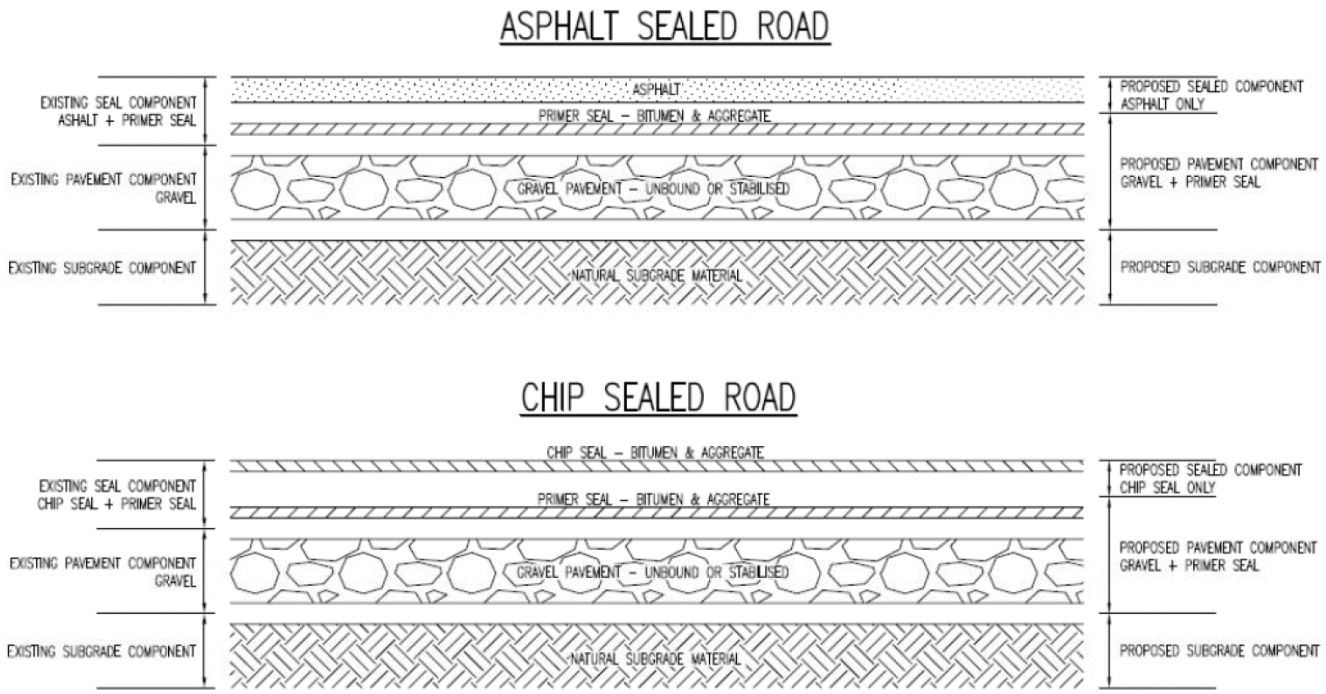
The resulting amendments to the 2014/2015 Fair Value and Depreciation Expense are immaterial, therefore Council will not apply the proposed changes in the 2014/15 year. The amendments to remove the current residual values will be applied in the 2015/16 year.

Typical Road Component Lifecycle

Chip Seal/Unbound Pavement/Sealed Subgrade



Typical Section of Road Structure Components



Note: Proposed pavement component includes 60% short life component and 40% long life component

9.3 Internal Asset Valuation Report 2014-2015

Document Information

Referring Letter No: N/A

File No: 357

Name of Applicant: N/A

Location: N/A

Author and Title: Kevin Byers – Manager Technical Services

Executive Summary

The Internal Asset Valuation Report 2014-2015 documents the process employed by Council officers to determine the annual depreciation expense and the fair value of Council's non-current assets at 30 June 2015 in accordance with the requirements of the relevant accounting standards and reporting requirements.

Recommendation

That Council adopts the "Internal Asset Valuation Report 2014-2015".

Background Information

Council is required under the Local Government Act 2009 and the Local Government Regulation 2012 to prepare general purpose financial statements, asset registers and sustainability statements annually and have them audited by the auditor-general. To facilitate the preparation of these documents, Council must estimate the fair value of all non-current assets. A full revaluation of all asset classes has been completed effective 30 June 2015 using a combination of an external independent valuer and Council officers. The Internal Valuation Report explains the process used for those assets valued by Council officers. AssetVal completed the remaining valuations with the final report to be presented to Council as a separate report.

Link to Corporate/Operational Plan

The 2015-20 Corporate Plan identifies Organisational Sustainability as a key strategic area with the provision of accountable service delivery as one of the strategic intents. Strategies included in this area are

- 5.3.2 Adhere to the governance framework and public reporting systems
- 5.3.3 Ensure Council's financial position is effectively managed
- 5.3.4 Undertake regulatory responsibilities in accordance with state regulations

Consultation

The documentation has been reviewed and adopted by Council's Asset Management Group and the Audit Committee. The paper has also been provided to Council's external auditor (Queensland Audit Office) for review.

Legal Authority or Implications

Local Government Act 2009 and Local Government Regulation 2012.

Policy Implications

The report complies with the objectives of the Asset Management Policy and Non-Current Asset Accounting Policy.

Financial and Resource Implications

The Internal Asset Valuation Report 2014-2015 provides data to assist the preparation of the annual financial and sustainability statements.

Report prepared by:
Kevin Byers

Report authorised by:
Kevin Byers

Attachments

1. Internal Asset Valuation Report 2014-2015

Burdekin Shire Council

Internal Annual Valuation Report

2014-2015

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1. Valuation Summary

Asset Classes

The Burdekin Shire Council owns a wide range of assets, which are utilised in the provision of services to its customers. Assets of similar nature and use are grouped into the classes listed below.

Asset Class	Types of assets included in each class
Transport	Roads, bridges, pedestrian and cycle pathways and other transport related infrastructure
Drainage	Stormwater drainage networks predominantly in urban areas and flood mitigation assets
Buildings	Corporate and cultural buildings, residential houses, swimming pools, sheds, public conveniences, caravan park cabins, demountables
Water Supply	Water supply production, treatment storage and distribution assets
Sewerage	Wastewater collection and treatment assets
Land & Improvements	Land, land under roads, restoration and landfill improvements
Leasehold Improvements	Improvements to assets leased by Council e.g. Home Hill railway station information centre
Other	Fibre optic, car parks (off road), internal roads, landscaping, fencing, structures (BBQ shelters, rotundas, gazebo, bus shelters), playground equipment, basketball half courts, shade covers, inground irrigation systems, park furniture, solar powered lights, boat ramps and pontoons, aerodrome runways, signage, heritage tractor, etc
Plant & Equipment	Office equipment, computer equipment, common use/general purpose library books, motor vehicles (sedans and utilities), trucks, heavy equipment, trailers, mowers, boats & motors etc
Work in Progress	Property, plant and equipment under construction or in progress which is not yet in a location and condition necessary for it to be capable of operating in the manner intended by management
Intangibles	Mainly software

Council Policies and Plans relating to Property, Plant & Equip.

The Council manages its assets in accordance with the Asset Management Policy, Asset Management Strategy, Asset Management Plans and Non-Current Asset Accounting Policy.

- *The Asset Management Policy (reviewed by the Asset Management Group and adopted by Council 10 February 2015)*
- *The Non-Current Asset Accounting Policy (adopted 23 June 2015) which outlines the accounting principles to be followed when recording and valuing Council's property, plant and equipment and ensures compliance with relevant legislation and Accounting Standards.*
- *Asset Management Plans for Buildings, Transport, Sewerage, Water Supply and Stormwater Drainage have been adopted by Council. Whilst Council intends to review the plans annually, the implementation of the Asset Management System has limited available resources resulting in delays in the review process. The allocation of capital funding in the long term financial plan meets the requirements for asset renewals based on condition, the asset management plan and Council's corporate plan.*
- *Asset Management Strategy adopted by Council 8 July 2014.*

Valuation Method by Asset Class

Fair value is estimated in accordance with AASB 13 by either:

- Market value approach (where market evidence exists), or
- the Cost Approach, if there is no market evidence.

The valuation method for each Asset Class subsequent to initial recognition is:

Asset Class	Valuation Method
Transport	Fair Value - Cost Approach
Drainage	Fair Value - Cost Approach
Buildings	Fair Value - Market approach or cost approach where no market is readily available or if the building is of a specialised nature
Water Supply	Fair Value - Cost Approach
Sewerage	Fair Value - Cost Approach
Land & Improvements	Fair Value - Market approach or cost approach where no market is readily available
Leasehold Improvements	At cost
Other	Fair Value - Cost Approach
Plant & Equipment	At cost
Intangibles	At cost

This valuation summary document only refers to infrastructure assets valued by Council officers and excludes, Land & Improvements, Buildings, Other Assets, Leasehold Improvements, Intangibles and Plant & Equipment.

Fair Value Hierarchy

Council is required to identify the valuation techniques used in the determination of the fair value of its assets, including the extent of unobservable inputs utilised in the process. Whilst an entity is required to maximise the use of observable inputs, the majority of infrastructure assets have no active market, and are in some cases unique and specialised in nature and therefore rely on estimates for certain criteria in the valuation.

Whilst unit rates and replacement costs are based on certain observable inputs (such as wages, plant hire rates and quoted materials), other inputs (such as construction output, useful life, pattern of consumption and asset condition) require extensive professional judgement and influences the final determination of fair value.

All infrastructure assets valued by Council officers have been included in Level 3.

AssetVal has detailed the inputs used in the determination of fair value of assets within the scope of their contract. Whilst the majority of assets valued by AssetVal are Level 3, there is some land and building assets with valuations deemed as Level 2. The final report dated 21 July 2015 includes the methodology utilised by AssetVal.

Depreciation Methodology

Council depreciates all assets using the straight-line method.

In accordance with Clause 61 of AASB 116, Council has reviewed the appropriateness of the continued use of this method based on its knowledge of the assets and the lack of evidence to support alternative methods.

Impairments

With the physical inspections of assets completed throughout the year, Council officers completed a desktop assessment of all asset classes to determine if any event occurred during the year or since the date of inspection, which would have resulted in a change in condition or reduced the remaining economic benefit.

Indicators considered in this process are in accordance with the Australian Infrastructure Financial Management Guidelines – 2009, in particular demand levels, serviceability, obsolescence, physical damage and changes in asset use or operating environment.

- During the reporting period, no changes have occurred to the levels of demand for existing assets within the Shire.
- Serviceability or performance of any asset has not been reduced over the period.
- No asset has been identified as the obsolete.
- Other than some identified in the inspection program, no physical damage or accelerated degradation has been reported during the period.
- No specific changes occurred to the operating environment that would affect the value of the asset.
- There has been no change to the use of assets that would affect the carrying value of the asset.

Valuation Status

Council has completed a comprehensive revaluation of all Council assets effective 30 June 2015.

Independent valuers AssetVal Pty Ltd have valued the following assets:

- Buildings (100%)
- Other Assets (100%)
- Land and Improvements (Approx. 54% of the asset class)
- Bridges (approx. 2.7% of Transport class)
- Above ground Sewerage assets (approx. 32% of the Sewerage class)
- Above ground Water Supply assets (approx. 25% of Water Supply class)

Refer to the final valuation report dated 21 July 2015 and associated Council notes. The Council officers listed below valued the remaining assets.

Staff involved in valuation process

Officer	Position	Year's Experience	Description of Experience
Kevin Byers	Manager Technical Services	Civil Engineering 34 Asset Management 8	Detailed design of infrastructure projects including sewerage, water supply and stormwater assets for Burdekin Shire Council and private industry. Experience in valuation and condition assessment of infrastructure assets.
Matthew Ingle	Manager Design Office	Civil Engineering 32 Asset Management 10	Survey and design of transport and stormwater drainage assets. Experience in valuation and condition assessment of infrastructure assets.
Wayne Saldumbide	Manager Operations	Civil Engineering 26	Extensive experience in civil construction techniques and operation of water and wastewater systems.
Dan Mulcahy	Manager Governance & Local Laws	Local Government Management 32	Extensive experience in Corporate Service Administration, Governance and Asset Management.
Reg Norman	Asset Management Coordinator	17	Infrastructure Asset systems qualification & valuation experience with Brisbane City Council (5), Isaac Regional Council (8), Burdekin Shire Council (4)
Kim Olsen	Manager Financial and Administrative Services	Finance 30	Extensive experience in Local Government administration, finance and accounting
Kathy Cortabitarte	Financial Accountant (Systems)	Finance 32	Extensive experience in private sector and Local Government administration, finance and accounting
Helen Swinney	Financial Accountant (Assets)	Finance 19	Extensive experience in private sector administration, finance and accounting.
Julie Moustoukas	Asset Officer	Finance 10 Engineering 8 Asset Management 3	Experience in civil engineering design and asset management.
Robert Potter	Works Overseer (Roads & Drainage)	Operations 20	Extensive construction and project management experience within Council and Department of Main Roads
Gary Tickner	Water & Wastewater Overseer	Operations 24	Qualifications in construction and operation - Water and Wastewater. Extensive experience in the operation of potable water supplies and wastewater systems.
Darryl Smallman	Foreman – Water and Wastewater	Operations 34	Qualified plumber with extensive operation and maintenance experience in Council water and sewerage networks
Jim Cornford	Works Foreman (Roads & Drainage)	Operations	Extensive construction and project management experience within Council and the management of the RMPC with Department of Main Roads

2. Transport

Asset Hierarchy

The table below lists the current hierarchy at 30 June 2015 and the valuer used for each category.

Asset Class	Asset Category	Asset Component	Valuer
Transport	Unsealed Roads	Subgrade	Internal Valuation
		Pavement	Internal Valuation
	Sealed Roads	Subgrade	Internal Valuation
		Pavement	Internal Valuation
		Seal (running surface)	Internal Valuation
	Bridges	Traffic Bridges	External Valuation
		Pedestrian Bridges	External Valuation
	Kerb and Channel		Internal Valuation
	Drainage Structures	Pipes	Internal Valuation
		Box Culverts	Internal Valuation
	Traffic Management	Roundabout	Internal Valuation
		Speed Humps	Internal Valuation
		Traffic Islands	Internal Valuation
	Road Reserve Amenities	Car Parks	Internal Valuation
	Pathways	Concrete	Internal Valuation
		Exposed Aggregate	Internal Valuation
		Pavers	Internal Valuation
		Bitumen	Internal Valuation

Useful Lives and Residuals

The following table lists the adopted standard useful lives for each asset group. Council reviews lives and residuals annually.

Following the Australian Accounting Standard Board's meeting in May 2015 at which it confirmed its previously stated view on residual value, Council has reviewed the relevant lives and residuals of road assets and will implement a change in accounting practice in 2015/16. Council has detailed the proposed changes in its position paper on Infrastructure Residual Values. As detailed in the paper, the proposal has an immaterial affect on the 2014/2015 Fair Value and Depreciation Expense.

Fair Value and depreciation stated in the financial statements for 2014/15 are determined using the previously adopted lives and residuals.

Asset Class	Asset Category	Asset Group	Standard Lives (yrs) 2014/15	Residual (%) 2014/15	Standard Lives (yrs) 2015/16	Residual (%) 2015/16
			2014/15 Fair Value and Depreciation Expense calculated using these lives and residuals		Proposed amendments in accordance with BSC Position Paper on residuals (shown in red)	
Transport	Unsealed Roads	Subgrade - Formed	100	95%	**Indefinite**	-
		Subgrade - Unsealed	100	95%	**Indefinite**	-
		Pavement - Unsealed	25	95%	**Indefinite**	-
	Sealed Roads	Subgrade - Sealed	100	95%	**Indefinite**	-
		Pavement - Sealed Unbound (Short life component - 60%)	60	25%	60	-
		Pavement - Sealed Stabilised (Short life component - 60%)	70	25%	70	-
		Pavement - Concrete	80	50%	**70**	-
		Pavement – All pavement types (Long life component)	-	-	**120**	-
		Seal - Chip Seal	12	55%	12	-
		Seal - Asphalt	20	20%	20	-
	Bridges	Traffic Bridges	100	0 %	100	-
		Pedestrian Bridges - Conc	100	0 %	100	-
		Pedestrian Bridges - Timber	80	0 %	80	-
		Major Culverts	80	0 %	80	-
	Kerb and Channel		80	0 %	80	-
	Drainage Structures	Pipes	80	0 %	80	-
		Box Culverts	80	0 %	80	-
	Traffic Management	Roundabout	50	0 %	50	-
		Speed Humps	25	0 %	25	-
		Traffic Islands	25	0 %	25	-
	Road Reserve Amenities	Car Parks	25	0 %	25	-
	Pathways	Concrete	50	0 %	50	-
		Exposed Aggregate	50	0 %	50	-
		Pavers	50	0 %	50	-
		Bitumen	50	0 %	50	-

Condition Assessments & Remaining Useful Lives

Council's condition rating scale ranges from condition 1, which is new, or near new to condition 5 which represents an asset in extremely poor condition near the end of its useful life. Generally, the overall condition is determined on the physical condition with an assessment of other factors including functionality, capacity and obsolescence used to assist in the estimation of remaining useful life.

Infrastructure Management Group Pty Ltd (IMG) performed a full condition survey of Council roads including road structure components (subgrade, pavement and seal) and kerb and channel. The survey included the recording of various mechanical measurements and an assessment of the extent of defects for each segment and component. Council officers determined conditions of subgrade and pavement assets using the roughness and rutting measurements included in the IMG survey results, and used the recorded cracking defects along with flushing/bleeding and ravelling/stripping to condition seals.

IMG were also engaged to assess the conditions of kerb and channel assets using their standard methodology that complies with the IPWEA practice notes for kerb condition assessment. IMG rated each segment with an overall average of 2.3 or age between 10 and 25 years based on the IMG rating model. The existing average age of kerb and channel assets in the register is 21 years, which is approximately equivalent to a condition 2 as per Council's ratings. On average the conditions were considered similar with no adjustment made to the remaining useful lives in the register.

Council has adopted a methodology for the inspection and conditioning of road drainage structures. A five-year inspection program commenced in 2014 with approximately 20% inspected. In 2015, the inspection process was improved with the acquisition of a high quality camera capable of providing video footage and photographs of the internal condition of culverts. Council officers completed inspections of 20% of structures this year using the new inspection procedure. Variations in the resulting condition assessments have identified the requirement to collate more data before confidently extrapolating conditions across the network. Council officers analysed the data collected over the last two years to determine the potential change in Fair Value of the road drainage. An adjustment of remaining useful lives by the average change due to conditioning would potentially result in a 0.8% reduction in Fair Value of the Transport class. This was considered immaterial with no further action taken.

Unit Rates/Valuations

In 2014 unit rates for subgrade, pavement and seals were derived from the Roads Alliance Valuation Project (RAVP) data, modified using the RAVP local adjustment tool to suit Burdekin Shire Council's unique inputs such as material costs and plant hire rates. In 2015 the unit rates were adjusted using the indices provided by the RAVP and compared with actual costs for works carried out in 2014/15. The only exception to this rule was the chip seal component for which the actual cost was adopted.

Unit rates for drainage structures were determined from Council's first principles methodology utilising current wages and plant hire rates, material costs and installation rates developed over many years utilising extensive construction experience and expertise of Council staff.

Unit rates for kerb and channel and pathways have been reviewed using actual construction costs. The rates were derived by dividing the total cost for each asset type by the total measurement of the work performed.

Variations of individually calculated rates occur each year depending on varying levels of complexities involved with individual projects, weather events, and incidents beyond Council's control including supply issues. If there is a variation in the calculated unit rate in any year, the adopted rate may not

change unless there is sufficient evidence to support the calculated rate for the current year. The asset management group determines if there is to be a change. The rates for kerb and channel and pathways were amended to the current year's average costs.

The valuation methodology for roundabouts has been amended this year to use individual unit rates for each component. The components used were subgrade, pavement, asphalt, kerb, and concrete slab. Average quantities were determined and used in conjunction with standard rates to derive the average total cost of each roundabout. Officers compared the new rate with actual construction costs during the year.

Transport Asset Unit Rates - Road components

Asset Class	Asset Group	2013/14 Unit Rate	2014/15 Unit Rate	Comments
Transport	Chip Seal	7.20	7.77	Based on 2014/15 Actual. Sufficient expenditure to justify adoption
	Asphaltic Concrete	28.00	29.82	Increased by Roads Alliance index
	Concrete Pavement	91.96	37.99	Decision to replace concrete pavement with Deep Stabilised
	Sealed Pavement	16.20	16.30	Increased by Roads Alliance index
	Sealed Pavement (Deep)	27.00	27.17	Increased by Roads Alliance index
	Stabilised Pavement	26.97	27.13	Increased by Roads Alliance index
	Stabilised Pavement (Deep)	37.77	37.99	Increased by Roads Alliance index
	Unsealed Pavement	12.60	12.67	Increased by Roads Alliance index
	Concrete Subgrade	16.00	18.02	Decision to replace with sealed subgrade (conc to stabilsed pavement)
	Sealed Subgrade	17.50	18.02	Increased by Roads Alliance index
	Unsealed Subgrade	10.00	10.30	Increased by Roads Alliance index
	Formed	16.00	16.48	Increased by Roads Alliance index
	Kerb & Channel	120.00	124.00	Based on 2014/15 Actual. Similar increase to RAVP index.
	Concrete Invert 2.0m	200.00	232.00	Valued using concrete footpath rate
	Concrete Invert 2.5m	250.00	290.00	Valued using concrete footpath rate
	Bitumen Footpath	17.31	27.39	Valued by components. (subgrade, pavement and seal)
	Paved Footpath	74.65	116.00	Decision to replace this type of path with concrete
	Exposed Aggregate Footpath	114.00	116.00	Decision to replace this type of path with concrete
	Concrete Footpath	114.00	116.00	Based on 2014/15 Actual. Similar increase to RAVP index.
	Roundabouts	117,500.87	190,000.00	Valued by components. (Subgrade, Pavement, Asphalt, kerb and concrete)

Excel worksheets for various asset types are provided for review.

3. Drainage

Asset Hierarchy

The table below lists the current hierarchy at 30 June 2015 and the valuer used for each category.

Asset Class	Asset Category	Asset Group	Valuer
Drainage	Conduits	Pipes	Internal Valuation
		Box Culverts	Internal Valuation
	Manholes		Internal Valuation
	Inlet Pits		Internal Valuation
	Lined Channels		Internal Valuation
	Kerb and Channel		Internal Valuation
	Special Projects		Internal Valuation
	Gross Pollutant Traps		Internal Valuation

Useful Lives and Residuals

The following table lists the adopted standard useful lives for each asset group. Council reviews lives and residuals annually.

Similar to the Transport class, Council has implemented a change in accounting practice to remove residuals from open drains. This change will be effective in the 2015/16 year.

Asset Class	Asset Category	Asset Group	Standard Lives (yrs) 2014/15	Residual (%) 2014/15	Standard Lives (yrs) 2015/16	Residual (%) 2015/16
			2014/15 Fair Value and Depreciation Expense calculated using these lives and residuals		Proposed amendments in accordance with BSC Position Paper on residuals (shown in red)	
Drainage	Conduits	RC Pipes	80	-	80	-
		RC Box Culverts	80	-	80	-
	Manholes		80	-	80	-
	Inlet Pits	Precast pits – Small	80	-	80	-
		Precast pits – Large	80	-	80	-
		Cast in-situ pits – Small	80	-	80	-
		Cast in-situ pits - Large	80	-	80	-
	Lined Channels	Concrete Lined Channels – Small	80	-	80	-
		Concrete Lined Channels - Large	80	-	80	-
	Special Projects	Dal Santos Drain	5	-	5	-
		Control Gate Pyotts Dam Civil	80	-	80	-

		Pyotts Dam gate and control	30	-	30	-
		Open Drains	100	95%	Indefinite	-
		Flood Reporting Network	20	-	80	-
		Gross Pollutant Traps	50	-	50	-

Condition Assessments & Remaining Useful Lives

Council officers have carried out an assessment of the remaining useful lives of all assets in the class.

A five-year inspection program commenced in 2013 with approximately 20% inspected. The program continued in 2014 and again in 2015 with approximately 20% inspected each year. With a total of 60% inspected by external contractors and Council officers using current inspection techniques, the results were assessed and applied across the entire network in accordance with Council's inspection and condition assessment methodology.

Asset Category	Average Existing condition	Average Inspected Condition	Extrapolated
Conduits	1.81	1.78	No
Manholes	1.74	1.80	No
Pits	1.85	2.33	Partial (Small CIS only)
Small CIS pits	1.80	2.40	Yes

The remaining useful lives of the small cast in-situ inlet pits were reduced by 15 years to reflect an average change in condition of 0.6 condition points. All other assets were reduced by one year.

Unit Rates

A review of unit rates for this class has been carried out in 2015.

Unit rates for pipes, box culverts, manholes and pits were derived from first principles using current material, labour and plant hire costs and an assumed installation rate based on experience and technical knowledge.

Calculated unit rates for pipelines were compared with actual costs of minor drainage systems constructed over the last few years.

Calculations are provided in an excel worksheet and provided for review. The worksheet identifies the assumptions made in the determination of cost, including required items of plant and hire rates, labour required including type of staff required and wage rates, output rates, materials required and ancillary costs involved with construction of each asset type.

4. Water Supply

Asset Hierarchy

The table below lists the current hierarchy at 30 June 2015 and the valuer used for each category.

Asset Class	Asset Category	Asset Group	Valuer
Water Supply	Bores	Borehole	External Valuation
		Pump	External Valuation
		Motor	External Valuation
	Buildings	Substructure	External Valuation
		Superstructure	External Valuation
		Roof	External Valuation
		Finishes	External Valuation
		Fittings	External Valuation
		Services	External Valuation
		External Services	External Valuation
	Storage	Elevated Reservoir	External Valuation
		Low Level Reservoir	External Valuation
	Mains	Rising	Internal Valuation
		Reticulation	Internal Valuation
	Pumps	Lift Pump	External Valuation
		Submersible Pump	External Valuation
	Switchboard & Electrical		External Valuation
	Chemical Dosing		External Valuation
	Pipework & Valves		External Valuation
	Flowmeter		External Valuation
	General		External Valuation
	Hardstand		External Valuation
	Fencing		External Valuation
	Filling Station		External Valuation
	Telemetry	Base Repeater	External Valuation
		Master Station	External Valuation
		Station (RTU)	External Valuation
	Aerator	Blower	External Valuation
		Diffuser and Pipework	External Valuation
		Structure	External Valuation
	Chlorination Equipment	Chlorinator (Liquid)	External Valuation

Condition Assessments & Remaining Useful Lives

AssetVal Pty Ltd with the help of Council officer's knowledge assessed the condition of all assets within the scope of their engagement while Council officers assessed the rising and reticulation mains in accordance with Council's "Asset Inspection and Condition Assessment" methodology.

Monthly reports have been reviewed to compare actual performance with adopted customer service standards to ensure assets are operating within acceptable limits. The following table details the relevant water supply service standards reviewed and the 2014/15 results. Experienced water and

engineering officers have assessed the results with no changes recommended to the existing condition recorded in the asset register.

Relevant Water Supply Service Standards

Key Service Characteristics	Customer Service Indicator	Response	Customer Service Target	2014/2015 Review results
Adequacy of Supply	Minimum static pressure	20 metres (urban)	<2/1000 connections	1.05/1000 connections includes urban and rural
		12 metres (rural)	<5/1000 connections	
Continuity of supply (long term)	Number of water main breaks	No. of breaks	<20/100km main	12.19/100km main
	System water loss and unaccounted water use	Difference between bulk and metered consumption (litres /connection/day)	500 l/c/d	Difficult to assess due to extensive flushing/scouring program. Future plans for leak detection program.

Unit Rates

Unit rates for internally valued water supply assets are determined using a first principles methodology incorporating current plant hire and wage rates, material costs and agreed installation rates to develop a valuation matrix. Council has used this methodology each year to value underground water supply assets. BBD Engineering was engaged in 2015 to perform an external review of Council's matrix. The unit rates for 100 dia. and 150 dia. mains were compared with BBD's methodology with minimal variations. These two pipe sizes account for approx. 50% of the value of the assets valued by Council. A summary of the review is shown below:

Pipe Dia	Council Rate	BBD Rate	Variance	Explanation for variation
100 dia.	$87.26	$75.19	-$12.07 (16%)	Council has $7/m higher allowance for material costs* and property services^ and a $5/m higher allowance for installation costs. Council assumes similar trench width for both 100 and 150 dia pipes. BBD allows for different trench width.
150 dia.	$108.36	$109.26	+$0.90 (0.8%)	Council has $10/m higher allowance for material costs* and property services^. This is balanced by a $11/m lower allowance for installation costs.

** Council's quoted costs for materials are higher than prices available to BBD*

^ The majority of Burdekin urban road reserves are 30m wide compared with most other Council with 20m Higher allowance required in the Burdekin

The Council rates were compared with actual costs for 2014/15 water projects. 100mm dia mains were constructed for an average of $87.54/m and 150mm dia mains for $108.79. Council rates were very close to actual and therefore adopted as the new rates.

Calculations for the water supply rates are provided in an excel worksheet and provided for review. The worksheet identifies the assumptions made in the determination of cost, including required items of plant and hire rates, labour required including type of staff required and wage rates, output rates, materials required and ancillary costs involved with construction of each asset type.

5. Sewerage

Asset Hierarchy

The table below lists the current hierarchy at 30 June 2015 and the valuer used for each category.

Asset Class	Asset Category	Asset Component	Valuer
Sewerage	Treatment Plant	Clarifier (Primary)	External Valuation
		Clarifier (Secondary)	External Valuation
		Chlorination Facility	External Valuation
		Effluent Pond	External Valuation
		Flow Meter	External Valuation
		General-Site Services	External Valuation
		Inlet Structure	External Valuation
		Septic Tank Receival	External Valuation
		Sludge Collection & Pumping	External Valuation
		Sludge Digester (Primary)	External Valuation
		Sludge Digester (Secondary)	External Valuation
		Sludge Disposal	External Valuation
		Trickling Filter	External Valuation
	Buildings	Substructure	External Valuation
		Superstructure	External Valuation
		Roof	External Valuation
		Finishes	External Valuation
		Fittings	External Valuation
		Services	External Valuation
		External Services	External Valuation
	Structures	Substructure	External Valuation
		Superstructure	External Valuation
		Roof	External Valuation
		Finishes	External Valuation
		Fittings	External Valuation
		Services	External Valuation
		External Services	External Valuation
	Mains	Gravity Sewers	Internal Valuation
		Trunk Sewers	Internal Valuation
		Pressure Mains	Internal Valuation
		Rising Mains	Internal Valuation
	Manholes		Internal Valuation
	Pump Station	General	External Valuation
		Mech. Ventilation	External Valuation
		Pipework & Valves	External Valuation
		Pump	External Valuation
		Structure	External Valuation
		Sump Pump	External Valuation
		Switchboard	External Valuation
		Telemetry	External Valuation

Condition Assessments & Remaining Useful Lives

AssetVal Pty Ltd with the help of Council officer's knowledge assessed the condition of all assets within the scope of their engagement while Council officers assessed the sewers, manholes and pressure mains in accordance with Council's "Asset Inspection and Condition Assessment" methodology.

Minimal physical inspections were performed in 2014/15 due to limited resources and the priority to inspect different asset types and the implementation of Council's new asset management system. With over 40% inspected and average inspected conditions close to the existing recorded conditions, Council is confident that the ages of sewers and manholes in the register allow an accurate estimation of fair value.

Unit Rates

Unit rates for internally valued water supply assets are determined using a first principles methodology incorporating current plant hire and wage rates, material costs and agreed installation rates to develop a valuation matrix. Council has used this methodology each year to value underground water supply assets. BBD Engineering was engaged in 2015 to perform an external review of Council's matrix. Unit rates for a selection of sewer and manhole diameters and depths were compared with BBD's methodology. The assets valued with these unit rates account for almost 70% of the value of the assets valued by Council. A summary of the review is shown below:

Asset Size & Depth	Council Rate	BBD Rate	Variance	Explanation for variation
150 dia. 1.5-3	$180.00	$109.06	-$70.94 (39%)	Based on actual reline cost adopted by Council
150 dia. 3-4.5	$187.46	$171.71	-$15.75 (8%)	BSC has $7/m higher allowance for property services and $9/m higher allowance for installation costs.
150 dia. 4.5-6	$242.02	$226.77	-$15.25 (6%)	BSC has $8/m higher allowance for property services and $7/m higher allowance for installation costs.
225 dia. 1.5-3	$180.00	$149.01	-$30.99 (17%)	Based on actual reline cost adopted by Council
225 dia. 3-4.5	$217.70	$227.76	+$10.06 (5%)	
300 dia. 3-4.5	$317.61	$260.26	-$57.35 (18%)	BSC has $11/m higher allowance for property services, $6/m higher for materials and $40/m higher allowance for installation costs.
MH 1.5-3	$6620.00	$6197.34	-$422.66 (6%)	
MH 3-4.5	$8520.00	$8360.56	-$159.44 (2%)	

Ignoring the variations in material costs and the adoption of reline costs for BSC rate, there is minimal difference between the two models (2-4%).

Based on the accuracy of the valuation matrix for the water supply unit rates, Council adopted the unit rates as calculated by the sewerage matrix.

Calculations for the sewerage unit rates are provided in an excel worksheet and provided for review. The worksheet identifies the assumptions made in the determination of cost, including required items of plant and hire rates, labour required including type of staff required and wage rates, output rates, materials required and ancillary costs involved with construction of each asset type.

6. Works in Progress

Items currently held in Works in Progress (WIP) & Clearing were assessed for obsolescence and change in condition.

7. Valuation Opinion

In our opinion, the valuations carried out by external valuers and internal valuations by Burdekin Shire Council staff accurately reflect the fair value of each asset and are in accordance with Council methodologies and procedures and comply with the relevant legislation, Australian Accounting Standards and bulletins, namely:

- Queensland Local Government Act 2009;
- Queensland Local Government Regulation 2012;
- AASB 116 – Property, Plant and Equipment
- AASB 136 – Impairment of Assets
- AASB 13 – Fair Value
- AASB 1051 – Land Under Roads
- Queensland Local Government bulletins

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Reg Norman
Asset Management Coordinator

Kevin Byers
Manager Technical Services

9.4 Naming Extension of Wickham Street

Document Information

Referring Letter No: NA

File No: 718

Name of Applicant: NA

Location: Plantation Park, Ayr

Author and Title: Matthew Ingle, Design Office Manager

Executive Summary

As lots surrounded by Plantation Park have changed ownership and a dwelling is being erected, the current unnamed road requires naming.

Recommendation

Council resolves to name the gravel extension of Wickham Street, from Kennedy Street to the southern boundary of lot 57 GS516, as Wickham Street.

Background Information

The gravel road starting adjacent to the BMX track and running to the Ayr Pony and Hack Club in Plantation Park is currently listed in Council's Road Register as Plantation Park Unnamed Road 2. Two freehold lots at the end of the road have recently changed ownership and a dwelling is being erected on one of them. To provide proper addressing for the lots it would be logical to change the name of this section as an extension of Wickham Street.

Link to Corporate/Operational Plan

NA

Consultation

NA

Legal Authority or Implications

Council may resolve to name or rename roads under its control

Policy Implications

NA

Financial and Resource Implications

NA

Report prepared by:
Matthew Ingle

Report authorised by:
Matthew Ingle

Attachments

1. 

10 PLANNING & DEVELOPMENT

10.1 Seymour Whyte Construction Pty Ltd - Material Change of Use for Extractive Industry (Borrow Pit) at 26860 & 26756 Bruce Highway, Wunjunga (Lots 2 & 3 on RP720585, Parish of Inkerman, County of Salisbury)

Document Information

Referring Letter No: 1445739

File No: 226, CONS15/0014

Name of Applicant: Seymour Whyte Construction Pty Ltd

Location: 26860 & 26756 Bruce Highway, Wunjunga (Lots 2 & 3 on RP720585, Parish of Inkerman, County of Salisbury)

Author and Title: S. Great - Manager Planning and Development

Executive Summary

An application has been received from Brazier Motti on behalf of their clients Seymour Whyte Constructions Pty Ltd, seeking approval for a Material Change of Use an Extractive Industry at 26860 & 26756 Bruce Highway, Wunjunga (Lots 2 & 3 on RP720585, Parish of Inkerman, County of Salisbury). A Development Application (Impact Assessable) has been triggered in accordance with the Burdekin Shire Council's IPA Planning Scheme. *(the scheme)*

Recommendation

That Council approves the Development Application for a Material Change of Use for an Extractive Industry at 26860 & 26756 Bruce Highway, Wunjunga (Lots 2 & 3 on RP720585, Parish of Inkerman, County of Salisbury) subject to the following conditions:

Approved Plans

1.(a) The proposed development must be completed and maintained generally in accordance with the drawing/documents identified in the Table below, except as otherwise specified by any condition of this approval.

DOCUMENT	REFERENCE/Doc No	DATE
Site Plan	40846/001A	10th July, 2015
Environmental Management Plan (Planning)	60332248-REP-002	29th January, 2015
Review of Environmental Factors – Detailed Design	60332248-REP-003	5th February, 2015

(b) Where a discrepancy or conflict exists between the written condition(s) of the approval and the approved plans, the requirements of the written condition(s) will prevail.

(c) The proposed development must comply with all Planning Scheme requirements as applying at the date of this approval, except as otherwise specified by any condition.

Compliance with conditions

2. The proposed development must comply with all conditions of this development permit prior to the commencement of the use.

Outstanding charges

3. All rates and charges (including regulated infrastructure charges), in arrears in respect of the land, subject of the application, are paid in full prior to the commencement of the proposed use.

Notice of Intention to commence the use

4. Prior to the commencement of the use on the site, written notice must be given to Council that the use (development and/or works) fully complies with the decision notice issued in respect of the use.

Damage

5. Any damage which is caused to Council's infrastructure as a result of the proposed development must be repaired immediately.

Access

6. The construction of any crossovers to give access to the land is to be the owner's responsibility and to the satisfaction of the Chief Executive Officer.

Operational Works

7. Where operational works are required to be carried out for the proposed solar farm, the developer must, within the timeframe required by the Sustainable Planning Act 2009 and prior to the commencement of any work, lodge with Council an application for a development permit for operational works. As part of such application, the developer must submit:-

    (a) detailed and complete engineering drawings and specifications of the proposed works prepared by a civil engineer, who is both registered under the Professional Engineer's Act 2002 and is current Registered Professional Engineer of Queensland; and

    (b) a certificate from the engineer who prepared the drawings stating that the design and specifications have been prepared in accordance with these conditions, relevant Council Codes and Planning Scheme Policies and the relevant Australian Standard Codes of Practice;

Extraction method

8. The approved extraction amount must be by mechanical means only. There must be no blasting carried out in the operation of the use.

Rehabilitation Plan

9. The applicant is to demonstrate how the extraction site will be rehabilitated. Details of rehabilitation strategies including finished landform levels, clean-up works and revegetation actions must be submitted to the Chief Executed Officer of the Burdekin Shire Council prior to the commencement of the construction works.

Limitation on use

10. The operation must be confined within the identified area of the proposed extraction area as demonstrated on the Site Plan submitted (40846/001A).
No excavation below 3m AHD will be allowed.

Erosion sediment control plan

11. The applicant is to lodge with the Chief Executed Officer of the Burdekin Shire Council an Erosion and Sediment Control plan prior to the commencement of the construction of works.

Background Information

The following comments are from the Manager of Planning & Development, Mr Shane Great:

Burdekin Shire Council acting as the Assessment Manager has received a Development Application for a Material Change of Use for an Extractive Industry at 26860 & 26756 Bruce Highway, Wunjunga (Lots 2 & 3 on RP720585, Parish of Inkerman, County of Salisbury). The proposal is for an Extractive Industry use and triggers an 'Impact Assessable' Development Application in accordance with the provisions of the Burdekin Shire Council's IPA Planning Scheme *(the scheme)*

The land is zoned 'Rural' with the proposal triggering an 'Impact Assessable' Development Application. The application has been assessed against the relevant provisions of Burdekin Shire Council's IPA Planning Scheme (*the scheme*) and was triggered as assessable development under Table 1 – Assessment Categories and relevant assessment criteria for Rural Zone – Making a Material Change of Use. The defined use is best described as an 'Extractive Industry'

"Extractive Industry" definition:- *"The use of land for the winning, by any means, of any rock, gravel, sand or soil from the earth.*

The term also includes:

(a) the processing of such material whether or not such processing takes place of the same lot from which the material was won;
(b) the removal of any such material from the place from which it was won or processed; and
(c) land necessarily used for hauling materials from the site to a road.

The term does not include operational work associated with a construction site."

The Application:

The land is identified within the 'Rural' zone of the Burdekin Shire Council's IPA Planning Scheme *(the scheme*) and the proposed use is best defined as an "Extractive Industry". An application for a Material Change of Use was required which triggered the need for public notification to be carried out due to the application being "Impact Assessable".

The development proposal is to establish a temporary extraction industry over an area of approximately 19.28ha of the subject site. The extractive industry is to facilitate the Yellow Gin Creek crossing at the Bruce Highway by providing construction material. The construction period is estimated to be around 30 weeks.

As part of the application, the applicant has included responses to how their proposal will comply with specific outcomes and acceptable solutions included in the relevant scheme codes. In specific instances where control measures may or may not have been met, conditions have been included as part of the recommendation to ensure that the activity will met scheme objectives through imposing strategies that minimise any negative impacts if for example, the application was 'lacking' in a specific area.

The application required referral to the Department of Infrastructure Local Government and Planning (DILGP). State interests triggered by this application were Department of Transport and Main Roads and the Department of Environment and Heritage Protection. Any requested conditions imposed by these concurrence agencies will be included in any decision notice issued.

Site description and surrounding land use:

The site is located at 26860 & 26756 Bruce Highway, Wunjunga (Lots 2 & 3 on RP720585, Parish of Inkerman, County of Salisbury). The site is currently used for cattle grazing and has a total area of 125.91 ha with a road frontage to the Bruce Highway of approximately 2142m. The proposed extraction area is approximately 19.28ha in area located on the western boundary of the subject site in close proximity to the Bruce Highway frontage. The area surrounding the subject site is used predominantly for rural uses mainly being cattle grazing.

Conclusion:

Comprehensive management conditions have been included as part of the recommendation to allow the proposal to operate at an acceptable scale whilst limiting any potential negative impacts. Restrictions imposed and management strategies have attempted to address any concerns.

Assessment of the proposal against the planning scheme requirements, has demonstrated that the proposed development will achieve substantial compliance with all aspects of the scheme.

After careful consideration of the application, Council's Development Assessment Team members are confident that the intended use for a temporary timeframe will not adversely impact:

- existing and future rural amenity;
- existing traffic movements;
- road infrastructure;
- road safety;
- existing flood dynamics including erosion; and
- water quality.

It is therefore recommended that Council approve the application subject to the abovementioned conditions.

Link to Corporate/Operational Plan

N/A

Consultation

Given that the Development Application was triggered as 'Impact Assessable', public notification was required. The application was advertised in the Townsville Bulletin on Wednesday 26th August, 2015 and at the closing date for submissions on 15th September, 2015, no properly made submissions had been received. All other relative Council Departments have been consulted with any comments/conditions being included in the recommendation.

Legal Authority or Implications

N/A

Policy Implications

N/A

Financial and Resource Implications

N/A

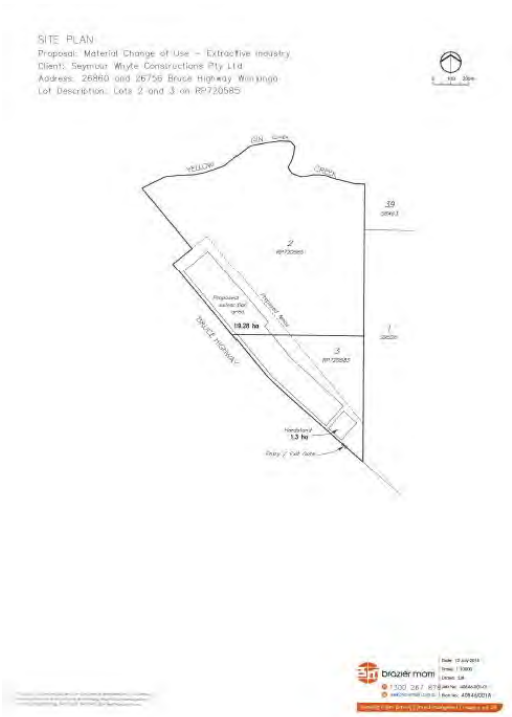
Report prepared by:
S. Great - Manager Planning and Development

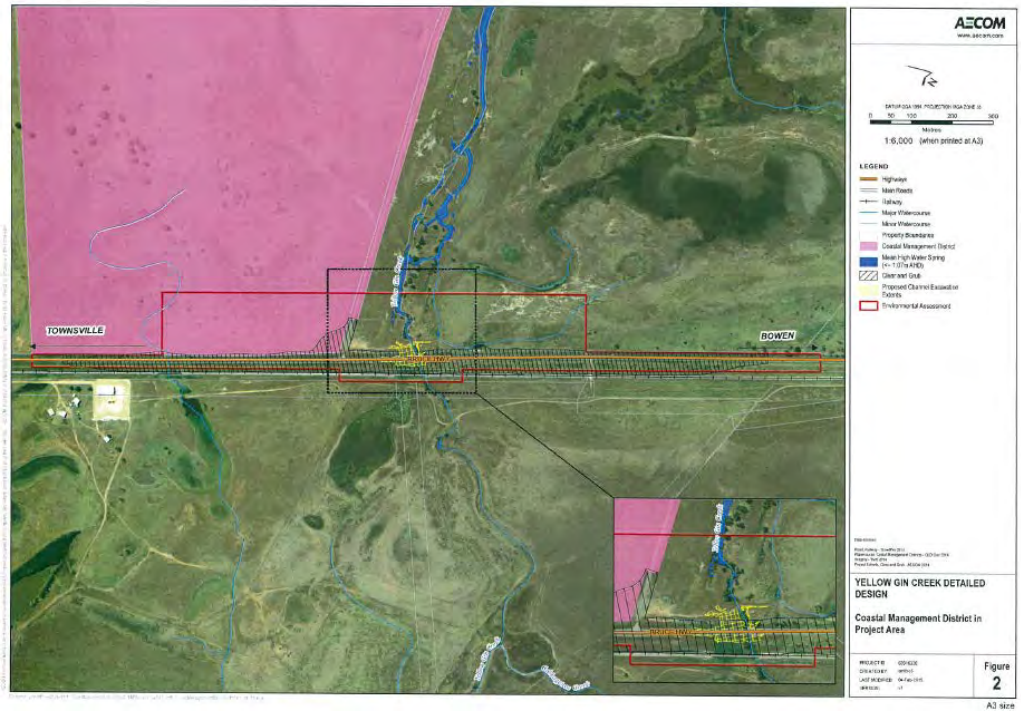
Report authorised by:
S. Great - Manager Planning and Development

Attachments


Beachmount Road
Bruce Highway


Beachmount Road
Bruce Highway


SITE PLAN
Proposal: Material Change of Use – Extractive Industry
Client: Seymour Wyte Constructions Pty Ltd
Address: 26860 and 26756 Bruce Highway Wiinjingo
Lot Description: Lots 2 and 3 on RP720585
YELLOW
GIN
CREEK
Proposed Area
BRUCE HIGHWAY
19.28 ha
1.3 ha
Entry / Exit Gate
drazier mann


AECOM
1:6,000 (when printed at A3)
LEGEND
Highways
Main Roads
Railway
Major Watercourse
Minor Watercourse
Property Boundaries
Coastal Management District
Mean High Water Spring
Clearance Grub
Proposed Channel Excavation Extents
Environmental Assessment
TOWNSVILLE
BOWEN
Yellow Gin Creek
Yellow Gin Creek
Yellow Gin Creek
YELLOW GIN CREEK DETAILED DESIGN
Coastal Management District in Project Area
Figure 2
A3 size

11 COMMUNITY DEVELOPMENT

12 ECONOMIC DEVELOPMENT

13 GENERAL BUSINESS

14 CORRESPONDENCE FOR INFORMATION

Tabled Separately

15 NOTICES OF MOTION

16 URGENT BUSINESS

17 CLOSED MEETING ITEMS

Consideration of Report regarding draft determination order for QUD6224/1998 (Birriah People) Native Title Claim.

18 DELEGATIONS

10.30am Presentation by Colin Stuckley, Chief Executive Officer and Managing Director of Renewable Oil Corporation on Mini Biofuels Plant and Council involvement and approval to sign Memorandum of Understanding with Renewable Oil Corporation.