



Burdekin Shire Council

AGENDA

ORDINARY COUNCIL MEETING

**HELD AT COUNCIL ADMINISTRATION BUILDING,
145 YOUNG STREET, AYR**

on 22 October 2019

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 OCTOBER 2019

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Burdekin Shire Council

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1 PRAYER

2 DECLARATIONS OF INTEREST

3 MINUTES AND BUSINESS ARISING

3.1 Ordinary Council Meeting Minutes - 8 October 2019

Recommendation

That the minutes of the Ordinary Council Meeting held on 8 October 2019 be received and confirmed.



Burdekin Shire Council

MINUTES

ORDINARY COUNCIL MEETING

**HELD AT COUNCIL ADMINISTRATION BUILDING,
145 YOUNG STREET, AYR**

on 8 October 2019

COMMENCING AT 9:00AM



Burdekin Shire Council

TUESDAY 8 OCTOBER 2019

ORDER OF BUSINESS:

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Ordinary Council Meeting 8 October 2019



Burdekin Shire Council

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ATTENDANCE

Councillors L.A. McLaughlin (Mayor), S.P. Perry (Deputy Mayor), E.J. Bawden, A.J. Goddard, J.T. Bonanno, and J.F. Woods

Mr. T. Brennan - Chief Executive Officer
Mr. N. O'Connor – Director Corporate and Community Services
Mr. N. Wellwood – Director of Infrastructure, Planning and Environmental Services
Mr. D. Mulcahy – Manager Environmental and Health Services (Part)
Mr. W. Saldumbide - Manager Operations (Part)
Mr. S. Great - Manager Planning and Development (Part)
Mr. G. Keane – Manager Contracts (Part)

Minutes Clerk – Ms. G. Biffanti

Apologies: Councillor U.E. Liessmann (Approved Leave of Absence)

1 PRAYER

The meeting prayer was delivered by Pastor Gavin Henderson of the Presbyterian Church.

2 DECLARATIONS OF INTEREST

The Mayor called for declarations of interest.

No declarations of interest were identified.

3 MINUTES AND BUSINESS ARISING

3.1 Ordinary Council Meeting Minutes - 24 September 2019

Recommendation

That the minutes of the Ordinary Council Meeting held on 24 September 2019 be received and confirmed.

Resolution

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

CARRIED

3.2 Burdekin Shire Youth Council Meeting Minutes - 16 September 2019

Recommendation

That the minutes of the Burdekin Shire Youth Council Meeting held on 16 September 2019 be received and adopted.

Resolution

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

CARRIED

9.08am Mr. Mulcahy entered the meeting.

9.09am Mr. Keane entered the meeting.

4 REPORTS

4.1 Council Workshops - September 2019

Executive Summary

The Council conducted workshops on 3 and 17 September 2019 with a range of policy and operational issues discussed.

A brief summary of the items discussed at the workshops is contained in the report.

Recommendation

That the report on the Council workshops held on 3 and 17 September 2019 be received and noted.

Resolution

Moved Councillor Goddard, seconded Councillor Perry that the recommendation be adopted.

CARRIED

9.09am Councillor McLaughlin left the meeting to attend 25 Year Anniversary celebrations at the Lower Burdekin Home for the Aged Hostel at Home Hill.

Councillor Perry Assumed the Chair in the absence of the Mayor.

5 GOVERNANCE

6 ENVIRONMENTAL AND HEALTH SERVICES

6.1 Proposed Agreement with Home Hill Boat Club

Executive Summary

Council has been negotiating with the Home Hill Boat Club (HHBC) for a lengthy period of time in relation to updating an agreement that was originally signed by both parties in 2006. Under the existing agreement, Council has been paying the HHBC an amount of \$14,400 per annum to perform certain services in the Groper Creek area. This amount has not changed since 2006.

In addition, discussions have also been held in relation to increasing the current contribution from the HHBC towards the costs of the effluent pump outs.

The HHBC have now replied to the Council's latest offer and a recommendation is provided to advance the matter.

Recommendation

That Council enter into a new agreement with the Home Hill Boat Club based on the revised responsibilities and obligations outlined in Appendix A, noting that the Council's contribution under the agreement will be \$23,067 per annum, and subject to the Home Hill Boat Club making a contribution towards the cost of the effluent pump outs and removal based on \$5/night/caravan park site for 7 days/week commencing 1 October 2019, to be revised in December 2020.

Resolution

Moved Councillor Goddard, seconded Councillor Woods that the recommendation be adopted.

CARRIED

7 CLIENT SERVICES

8 FINANCIAL & ADMINISTRATIVE SERVICES

9.14am Mr. Mulcahy left the meeting.

9 OPERATIONS

9.1 Report on Tenders Received TBSC/19/011 - Construction of a Drainage Culvert on Fiveways Road

Executive Summary

Tenders for TBSC/19/011 – Construction of a Drainage Culvert on Fiveways Road closed at 12 noon on the 20 September 2019. There were ten (10) sets of documents which were forwarded to prospective tenderers upon their request.

Four conforming tenders and one conforming alternative tender were received by the nominated closing time.

The alternative tender submitted is at a reduced total contract sum which is achieved by timing the works to coincide with the annual Lower Burdekin Water maintenance shut down in June 2020 thus negating the requirement to construct a diversionary channel around the site. Remedial works would be undertaken to open Fiveways Road under restricted traffic and load conditions until the Lower Burdekin Water Shutdown.

Recommendation

That Council accepts the alternative tender of Pio Burelli Constructions Pty Ltd for \$378,945.00 Excl. GST for TBSC/19/011 – Construction of a Drainage Culvert on Fiveways Road this being the most advantageous to Council.

Resolution

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

CARRIED

10 TECHNICAL SERVICES

11 PLANNING & DEVELOPMENT

12 COMMUNITY DEVELOPMENT

13 ECONOMIC DEVELOPMENT

14 NOTICES OF MOTION

9.35am Mr. Saldumbide and Mr. Keane left the Meeting.

15 CORRESPONDENCE FOR INFORMATION

15.1 National Redress Scheme for Institutional Child Sexual Abuse

Resolution

Moved Councillor Woods, seconded Councillor Goddard that Council advise the State Minister For Child Safety, Youth and Women that it wishes to participate as a state institution in the National Redress Scheme for Institutional Child Sexual Abuse in accordance with the Memorandum of Understanding signed by the State Government and the Local Government Association of Qld (LGAQ).

CARRIED

16 GENERAL BUSINESS

16.1 Councillor Bawden - Notification of any General Business Items to Councillors

Councillor Bawden noted the new method for advising the Mayor/CEO of any General Business items at Council Meeting. In order for all Councillors to be aware of the items it was agreed that the Councillors submitting the items should cc a copy to all Councillors.

16.2 Councillor Woods - Stop Sign at Corner of Soper and Burke Street

Councillor Woods asked if the stop sign installed on the intersection of Soper and Burke Streets be referred to the Road Safety Committee for review given the intersection is a T intersection. Mr Wellwood advised he had inspected the location and agreed the sign should be reviewed.

17 CLOSED MEETING ITEMS

10.03am Meeting adjourned for Morning Tea.

10.40am Mr. Great entered the meeting.

10.45am Mr. Mulcahy re-entered the meeting.

18 DELEGATIONS

18.1 LGAQ Delegation - Climate Change Adaptation Governance Assessment Report

10.45am – Ms. Dorean Erhart and Mr. Donovan Burton presented the findings of the “Climate Change Adaptation Governance Assessment Report” for Burdekin Shire, noting that the assessment had been completed in 2017 and further progress had been made by Council since this time.

11.20am Mrs. McLaughlin re-entered the meeting.

There being no further business the meeting closed at 11.40am.

These minutes were confirmed by Council at the Ordinary Council Meeting held on 22 October 2019.

MAYOR

4 REPORTS

4.1 Council Meeting Dates - December 2019 and January 2020

Document Information

Referring Letter No:

File No:

Name of Applicant:

Location:

Author and Title: Mr. Terry Brennan – Chief Executive Officer

Executive Summary

The Council's ordinary meeting cycle is normally varied during the December/January period each year to accommodate the absence of Councillors and key staff due to personal and leave commitments over this period. It is proposed to hold only one ordinary Council meeting in December 2019 and also one meeting in January 2020. The workshop meeting cycle will also be varied during this period.

Recommendation

That the normal Council Ordinary Meeting cycle is varied in December 2019 and January 2020 with only one meeting being held in each month on the following dates:

- Tuesday 10 December 2019
- Tuesday 21 January 2020

and the Workshop Meeting cycle also be varied during this period.

Background Information

The Council's normal meeting cycle of two ordinary meetings per month is usually adjusted during the period leading up to Christmas and then into the new year in order to accommodate the absence of Councillors and key staff on leave over this period.

It is proposed to hold only one ordinary Council meeting in December and also one meeting in January, with the normal cycle of two meetings per month resuming in February 2020. The proposed meeting dates are as follows:

- December meeting – Tuesday, 10 December 2019
- January meeting – Tuesday, 21 January 2020

The normal Workshop Meeting cycle will also be adjusted during this period, with one workshop scheduled on 3 December 2019 and another on 28 January 2020.

It is requested that the proposed arrangements be confirmed.

Link to Corporate/Operational Plan

5.3.1 Demonstrate open and transparent leadership

5.3.3 Adhere to the governance framework and public reporting systems

Consultation

Internal consultation with the Mayor and Councillors; and Executive Leadership Team.

Legal Authority or Implications

Under Section 277 of the *Local Government Regulation 2012* Council is required to publish a public notice of the dates and times of its ordinary meetings.

Policy Implications

Nil

Financial and Resource Implications

Nil

Report Prepared By:

Mr. Terry Brennan - Chief Executive Officer

Report Authorised By:

Mr. Terry Brennan - Chief Executive Officer

Attachments

NIL

4.2 Monthly Financial Report for Period Ending 30 September 2019

Recommendation

That the Monthly Financial Report for Period Ending 30 September 2019 be received.

Financial Report - September 2019

The following report provides a summary of Council's financial performance to 30 September 2019.

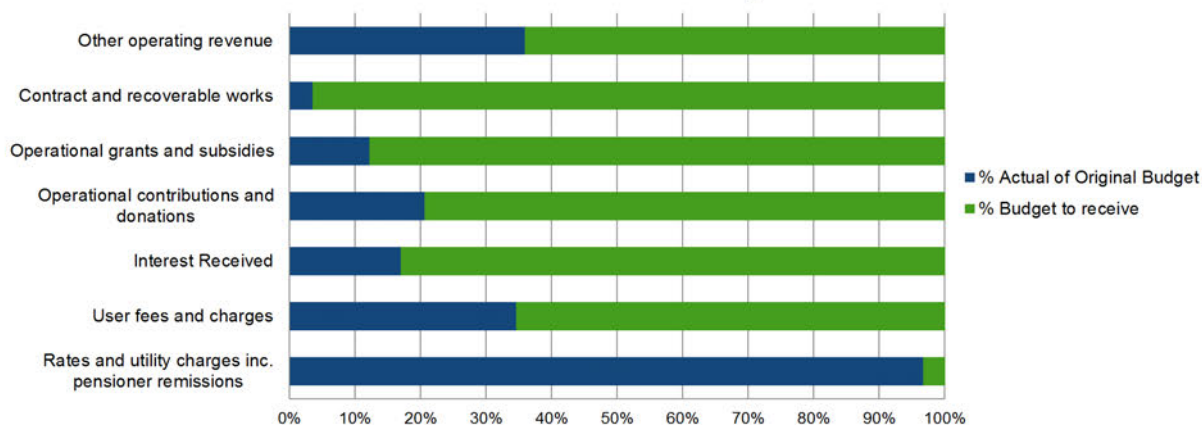
FINANCIAL STATEMENTS AT A GLANCE

As at 30 September 2019	Actual \$	Annual Budget \$	YTD Budget \$	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Total Operating Revenue	40,828,477	53,568,156	42,196,343	-1,367,866	-3%
Total Operating Expenses	12,264,211	53,145,641	13,902,469	-1,638,258	-12%
Operating Position	28,564,266	422,515	28,293,873	270,392	1%
Capital Revenue	567,702	5,875,608	5,875,608	-5,307,906	-90%
Net Result	29,131,967	6,298,123	34,169,481	-5,037,514	-15%

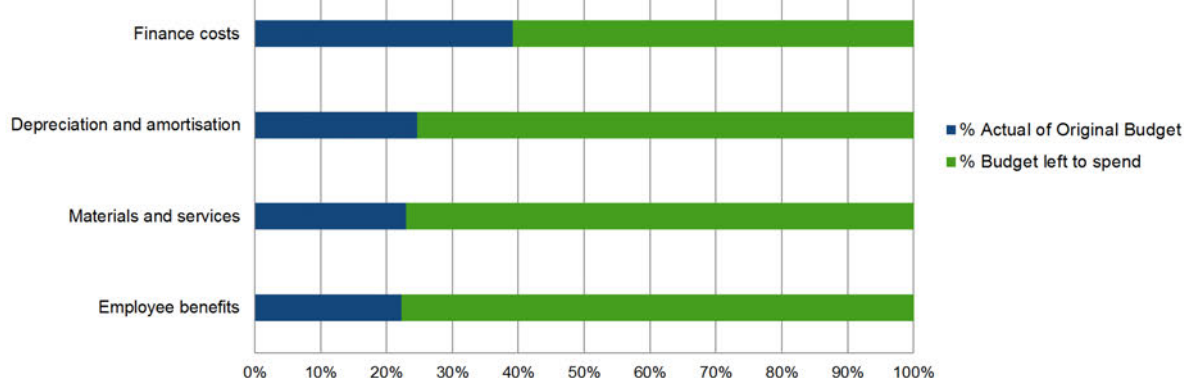
This report contains financial information for the period ending 30 September 2019. Council's operating position at month end is a \$28.6M surplus.

Capital Revenue includes capital grants which are budgeted to be received in July. The nature of capital grants means that it is often unknown when the grants will be received.

Operating Revenue Actual vs Annual Budget



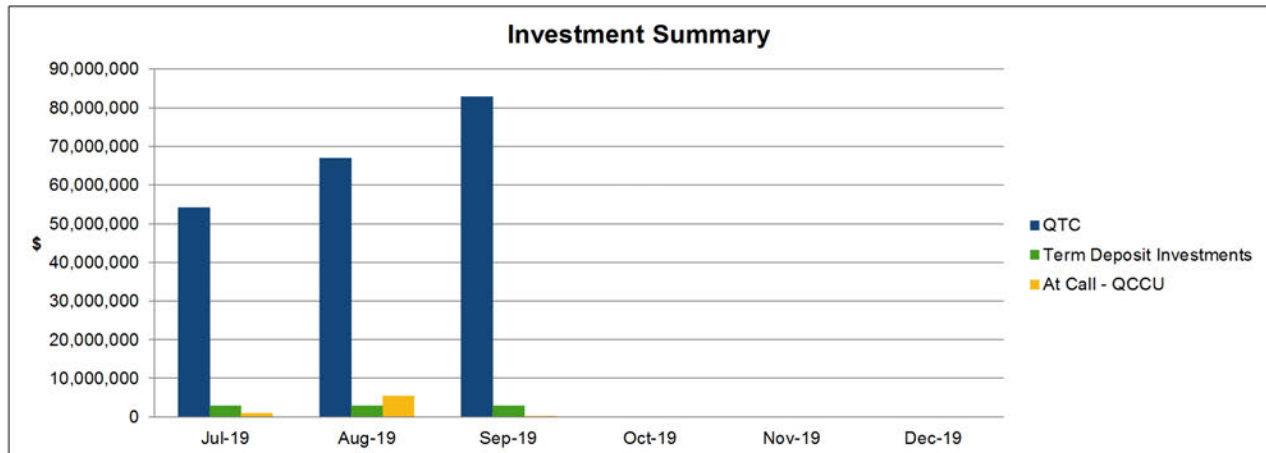
Operating Expenses Actual vs Annual Budget



INVESTMENT PORTFOLIO

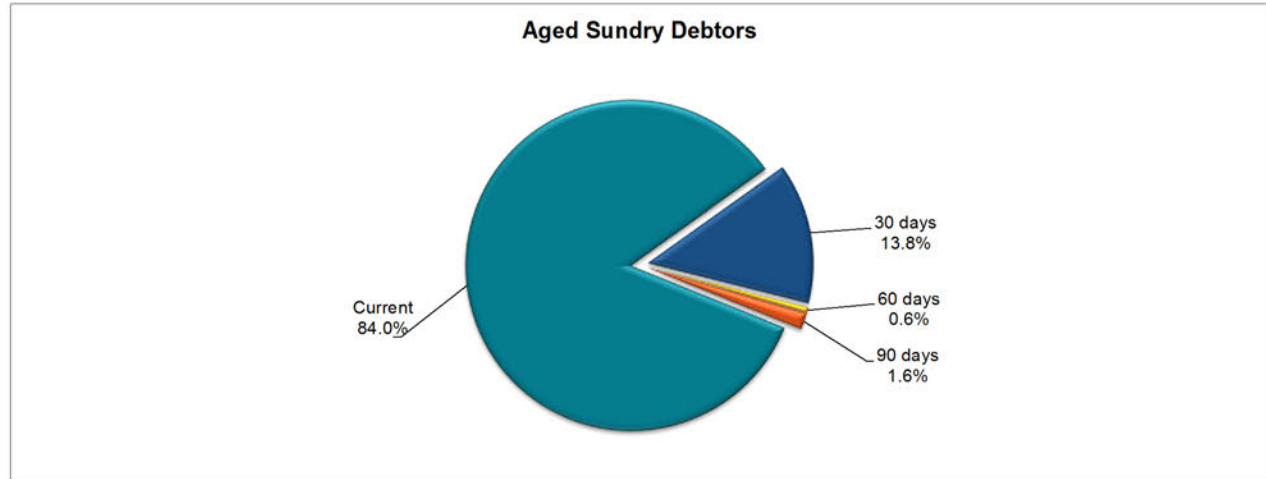
Investment Report as at 30 September 2019 (including at call cash)

	Total Invested	Average Current Rate Weighted	% Invested
QCCU	3,000,000	2.40%	3.5%
QTC	82,924,016	1.72%	96.1%
QCCU General	374,077	1.65%	0.4%
Total Funds	\$86,298,093		



SUNDRY DEBTORS

Total outstanding Sundry Debtors as at 30 September are \$182,534

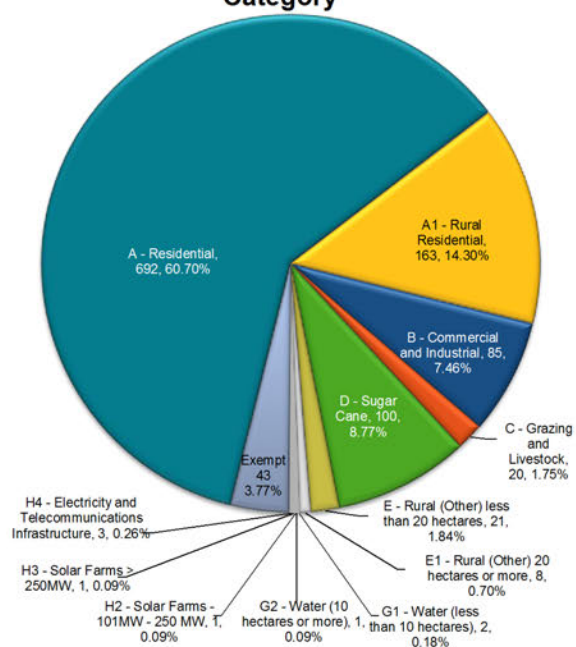


RATES

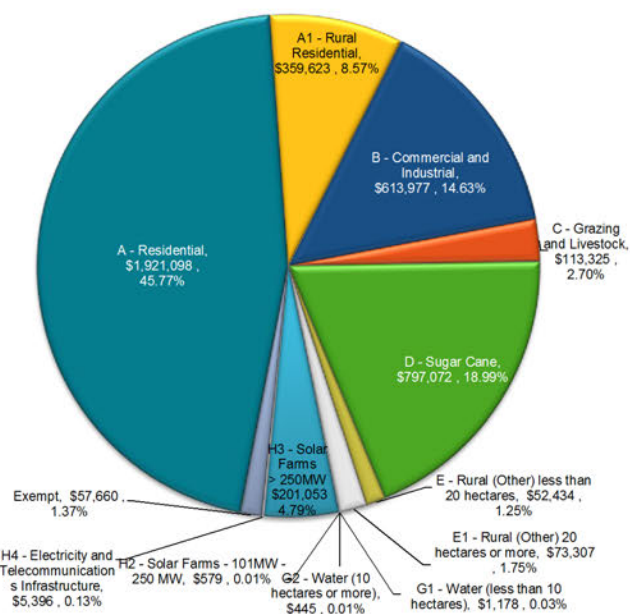
Arrears as at 1 July 2019		\$1,016,025
Levy and fees raised *	\$41,595,650	
Interest charged *	\$49,635	
Less Pensioner subsidy and rebate	<u>\$639,811</u>	\$41,005,474
Payments received		<u>\$37,820,698</u>
Arrears as at 30 September 2019		<u><u>\$4,200,801</u></u>
% Arrears September 2019		10.00%
% Arrears September 2018		9.39%
Pre-payments as at 30 September 2019		\$346,418
Pre-payments as at 30 September 2018		\$247,971

* includes State Govt Emergency Management Levy

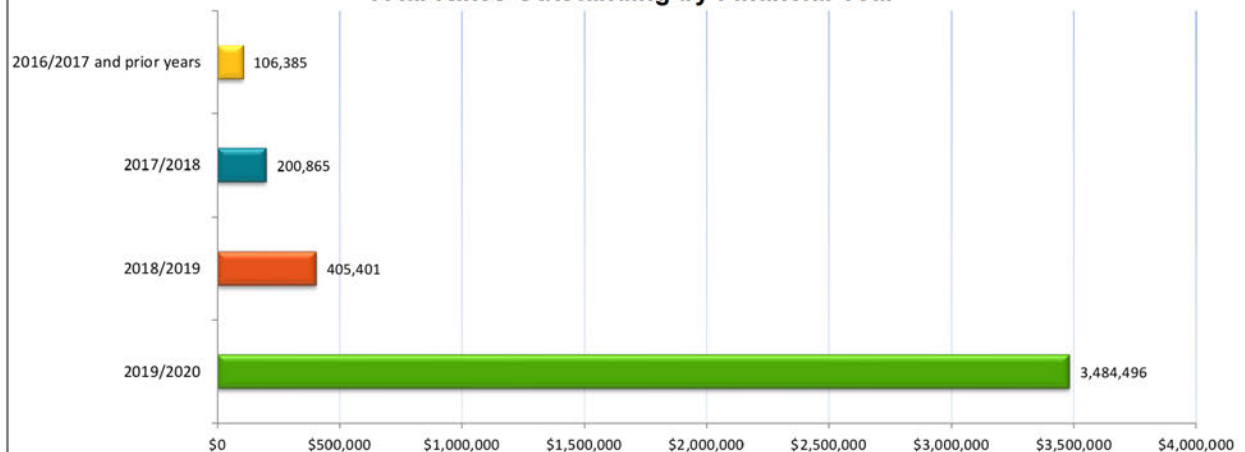
Number of Properties with Outstanding Rates by Rating Category



\$ Value of Outstanding Rates by Rating Category



Total Rates Outstanding by Financial Year



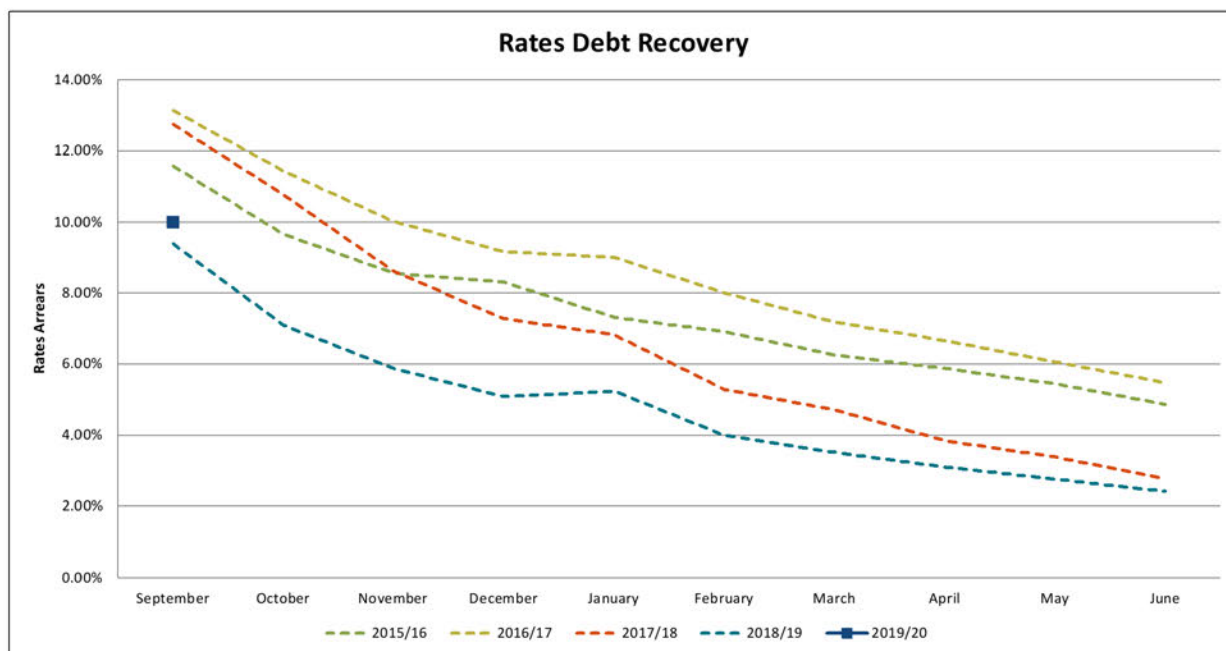
Rates Debt Recovery

Collection House - Debt Referral

Collection House continues to monitor ratepayers that were referred to them in the 2018/2019 financial year. Council Rates staff are currently reviewing properties with overdue balances from the 2019/2020 Annual Levy and will refer new files to Collection House in October.

Council Periodic Payment Plans

In addition to the properties referred to Collection House, there are 309 current periodic payment plans made directly with Council. These plans are continuing to be monitored by Rates Staff to ensure conformance.



OVERVIEW OF COUNCIL'S CAPITAL PROJECTS

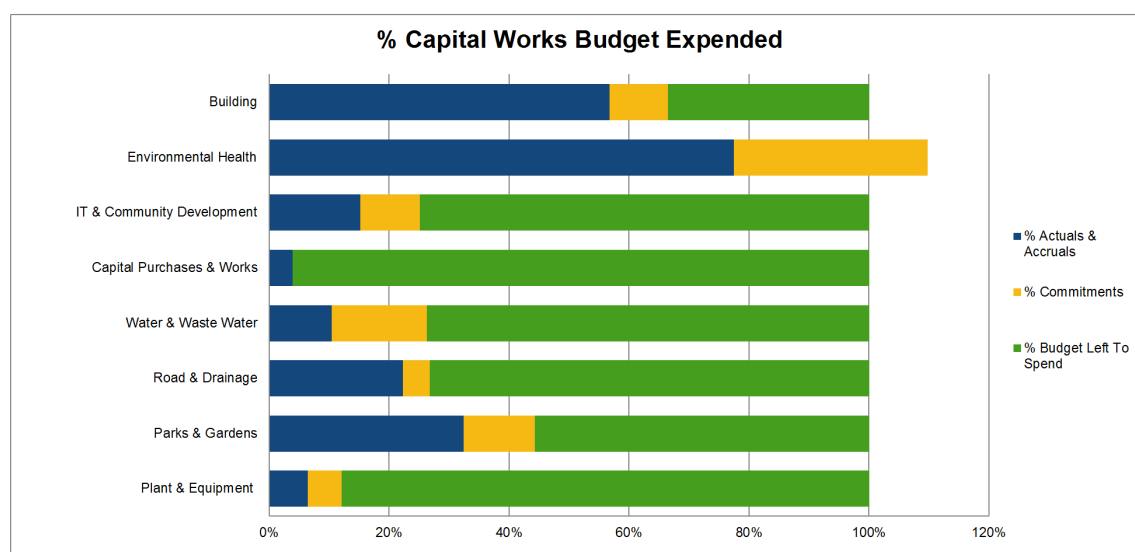
Capital expenditure incurred for the year to 30 September, is shown by asset category in the table below.

Capital project expenditure to 30 September is \$4,041,330. In addition to this, there is \$1,652,379 of commitments.

Financial Overview by Asset Category

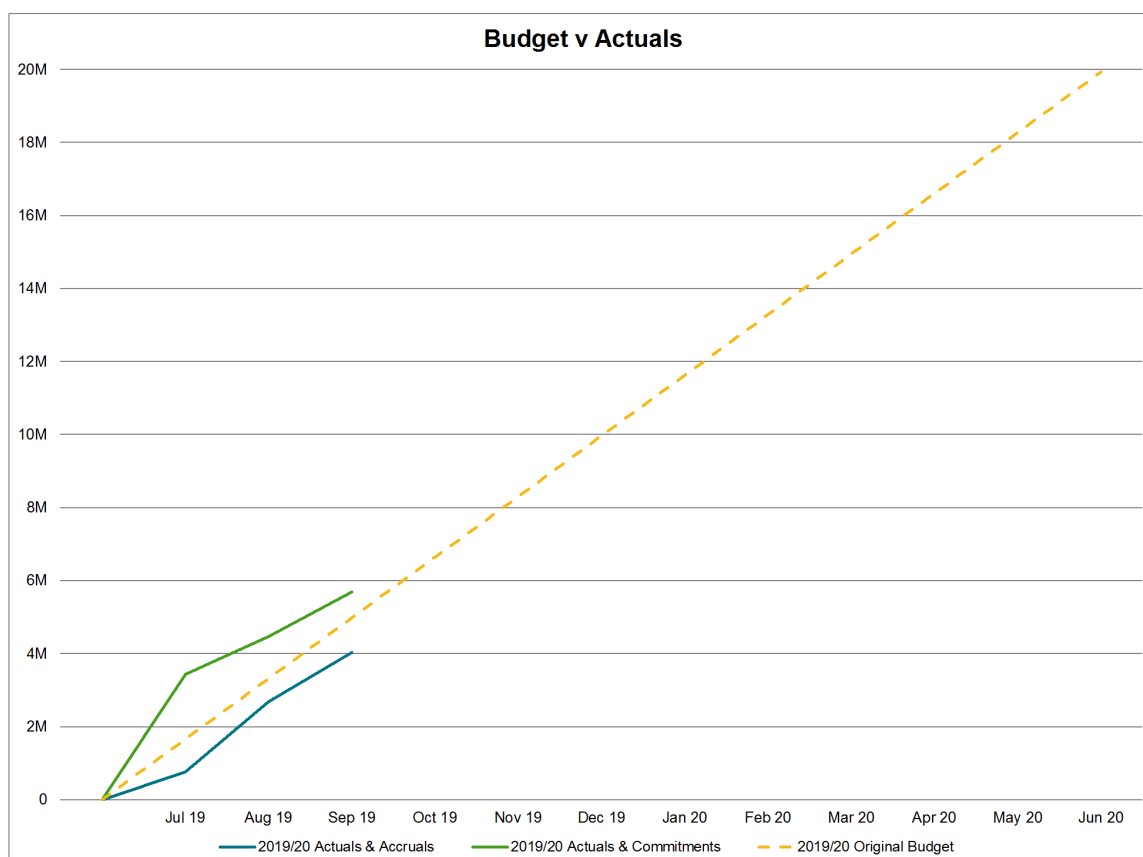
Asset Category	Original Budget	Revised Budget	Actuals & Accruals	Commitments	Total
Building	\$ 1,703,100	\$ -	\$ 965,927	\$ 166,444	\$ 1,132,371
Environmental Health	\$ 430,000	\$ -	\$ 333,257	\$ 138,485	\$ 471,741
IT & Community Development	\$ 605,200	\$ -	\$ 91,837	\$ 60,515	\$ 152,352
Capital Purchases & Works	\$ 1,740,000	\$ -	\$ 67,350	\$ -	\$ 67,350
Water & Waste Water	\$ 4,804,000	\$ -	\$ 500,091	\$ 761,656	\$ 1,261,747
Road & Drainage	\$ 8,182,000	\$ -	\$ 1,825,527	\$ 362,739	\$ 2,188,266
Parks & Gardens	\$ 375,000	\$ -	\$ 121,802	\$ 44,211	\$ 166,013
Plant & Equipment	\$ 2,100,000	\$ -	\$ 135,540	\$ 118,330	\$ 253,869
TOTAL	\$ 19,939,300	\$ -	\$ 4,041,330	\$ 1,652,379	\$ 5,693,709

The below graph shows, by Asset Category, how much Council has spent (including accruals) on Capital Projects, compared to each budget.



Extended information on individual projects has been provided to Council in a separate dashboard report.

OVERVIEW OF COUNCIL'S CAPITAL PROJECTS



Actuals and Accruals include payments made and materials/services received but not yet invoiced.

Actuals and Commitments include payments made, accrual transactions and purchase orders raised for materials/services not yet provided/supplied.

APPENDIX 1 - OPERATING STATEMENT BY MANAGER

Attached are the Operating Statement Reports by Manager - please refer to these report for individual comments.

APPENDIX 2 - TOTAL COUNCIL OPERATING STATEMENT

Attached is the Total Council Operating Statement for your information.

APPENDIX 3 - STATEMENT OF FINANCIAL POSITION

Attached is the Statement of Financial Position as at 30 September 2019.

APPENDIX 4 - STATEMENT OF CASH FLOWS

Attached is the Statement of Cash Flows for the period ending 30 September 2019.

OPERATING STATEMENT
Period Ending 30 September 2019

Chief Executive Officer

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
Operational contributions and donations	0	0	500	-500	-100%
Operational grants and subsidies	0	0	53,750	-53,750	-100%
Other operating revenue	376	868	33,989	-33,120	-97%
Total operating revenue	376	868	88,239	-87,370	-99%
Operating Expenses					
Employee benefits	92,188	300,721	350,707	-49,986	-14%
Materials and services	33,487	101,362	144,417	-43,055	-30%
Total operating costs	125,675	402,083	495,124	-93,041	-19%
Surplus (deficit) from operating activities	-125,298	-401,215	-406,886	5,670	-1%
Net result for period	-125,298	-401,215	-406,886	5,670	-1%

Comments

Operational grants and subsidies

Budget includes grant funding relating to Regional Skills Investment Co-ordinator role from Department Employment, Small Business and Training. This funding will no longer be received due to the agreement being terminated. Other grant income relates to the Sweet Days Hot Nights festival which will not be received until the second half of the financial year.

Other operating revenue

Majority of revenue budgeted is for sponsorship and income from the Sweet Days Hot Nights festival which will not be received until the second half of the financial year. The budgeted contribution towards the Economic Development Strategy was received in the 2018/19 financial year. The budget for this will be adjusted in the first revision.

Employee benefits

Wages estimate includes salary costs for Regional Skills Investment Coordinator role which has not been filled. This position will no longer be filled due to termination of program agreement. The temporary replacement officer for the Mayor's executive assistant is employed through an Employment Agency. Salary cost will be charged to Council through creditors and recognised as materials costs as opposed to employee benefits. Adjustment to be made in budget review.

Materials and services

Estimate includes costs for Sweet Days Hot Nights festival and economic development strategy. Expenses will not be incurred until later in the financial year.

OPERATING STATEMENT
Period Ending 30 September 2019

Director of Corporate & Community Services

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
User fees and charges	6,837	37,492	20,180	17,312	86%
Operational contributions and donations	0	0	5,000	-5,000	-100%
Operational grants and subsidies	97,228	97,228	46,675	50,553	108%
Other operating revenue	190	190	625	-435	-70%
Total operating revenue	104,255	134,911	72,480	62,431	86%
Operating Expenses					
Employee benefits	49,963	151,172	150,838	334	0%
Materials and services	18,352	172,510	154,000	18,510	12%
Depreciation and amortisation	92,139	282,565	282,900	-335	0%
Total operating costs	160,453	606,247	587,738	18,509	3%
Surplus (deficit) from operating activities	-56,199	-471,336	-515,258	43,922	-9%
 Capital grants and subsidies	 0	 0	 240,000	 -240,000	 -100%
Net result for period	-56,199	-471,336	-275,258	-196,078	71%

Comments

User fees and charges

Annual invoices for aerodrome leases, landing fees and various paddock rentals have been issued.

Operational contributions and donations

Under year to date budget due to contributions invoiced quarterly for electricity at Home Hill Showgrounds.

Operational grants and subsidies

Annual PCYC grant received in full. Variance due to budget being split evenly over 12 months, this will be adjusted in the first revised budget.

Materials and services

Over year to date budget due to annual insurance premium paid in July.

Capital grants and subsidies

Grant funding not yet received for Works for Queensland 2019-21.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Client Services

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
Other operating revenue	32	24,920	8,250	16,670	202%
Total operating revenue	32	24,920	8,250	16,670	202%
Operating Expenses					
Employee benefits	214,185	333,290	688,315	-355,025	-52%
Materials and services	183,980	863,501	439,553	423,949	96%
Total operating costs	398,165	1,196,791	1,127,868	68,924	6%
Surplus (deficit) from operating activities	-398,133	-1,171,871	-1,119,618	-52,254	5%
Capital grants and subsidies	0	0	41,250	-41,250	-100%
Net result for period	-398,133	-1,171,871	-1,078,368	-93,504	9%

Comments

Other operating revenue

Unbudgeted insurance claim received in July for prior year event.

Employee benefits

This budget is for the staff wages within the Client Services department, as well as employee related costs for the whole organisation. Within the Client Services department, the IT section is over budget due to large IT projects requiring work to be completed outside of ordinary working hours. Employee related costs for the whole organisation are currently under budget due to there being no statutory holidays yet this financial year. Annual and Long Service leave are under budget, however 6 monthly reporting has just been sent to the SLG and employees with high leave balances have been asked to present leave plans. Annual Workers Compensation payment paid in full. This budget was split evenly over 12 months, therefore this exceeds the year to date budget and is offsetting the areas under year to date budget.

Materials and services

Materials and Services over budget mainly due to annual ICT Software Maintenance agreements, insurance premiums, subscriptions and annual PBF Australia membership paid in full in July. HR Consultants are over budget due to costs incurred regarding disciplinary matters. Training is also under budget due to low registrations and training requirements for the quarter. There is significant training booked for October for Safe Work Month.

Capital grants and subsidies

Budgeted capital grants not yet received.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Community Services

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
User fees and charges	30,240	51,061	53,215	-2,155	-4%
Operational grants and subsidies	10,802	10,802	23,044	-12,241	-53%
Other operating revenue	10,822	36,424	28,300	8,124	29%
Total operating revenue	51,864	98,287	104,559	-6,272	-6%
Operating Expenses					
Employee benefits	141,602	429,431	413,386	16,045	4%
Materials and services	206,128	469,714	324,891	144,823	45%
Depreciation and amortisation	6,242	19,142	31,700	-12,558	-40%
Total operating costs	353,972	918,288	769,977	148,310	19%
Surplus (deficit) from operating activities	-302,108	-820,001	-665,418	-154,582	23%
Capital grants and subsidies	21,586	21,586	633,000	-611,414	-97%
Net result for period	-280,522	-798,414	-32,418	-765,996	2363%

Comments

Operational grants and subsidies

PCYC grant incorrectly budgeted in this area. This will be adjusted in the first budget revision.

Other operating revenue

Ahead of budget due to ticket sales for theatre promotions.

Materials and services

Year to date variance due to the payment of annual insurance premiums and standing donations. The budget has been split evenly over 12 months.

Depreciation and amortisation

The depreciation expense was estimated prior to the revaluation of community assets. The valuation of this asset class was lower than expected, therefore the depreciation expense is lower than originally forecasted. The effect of the revaluation on the depreciation expense will be adjusted in the first budget revision.

Capital grants and subsidies

First Quarter of State Library Grant was received in September. Budgeted grant funding for Works for Queensland 2019-21 has not been received.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Environmental & Health Services excluding Waste Program

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
Rates and Utility Charges	0	88,042	87,940	102	0%
User fees and charges	57,127	275,916	263,200	12,716	5%
Operational contributions and donations	6,332	21,892	24,884	-2,992	-12%
Operational grants and subsidies	0	15,000	10,750	4,250	40%
Other operating revenue	657	2,541	2,550	-9	0%
Total operating revenue	64,116	403,391	389,324	14,066	4%
Operating Expenses					
Employee benefits	107,378	339,755	367,440	-27,685	-8%
Materials and services	95,731	338,599	353,418	-14,819	-4%
Depreciation and amortisation	24,404	74,839	80,325	-5,486	-7%
Total operating costs	227,514	753,193	801,182	-47,990	-6%
Surplus (deficit) from operating activities	-163,398	-349,802	-411,858	62,056	-15%
 Capital grants and subsidies	 0	 0	 48,000	 -48,000	 -100%
Net result for period	-163,398	-349,802	-363,858	14,056	-4%

Comments

User fees and charges

Ahead of monthly budget for caravan park income. Monthly projections to be adjusted in the first budget revision.

Operational contributions and donations

No income received yet for aquatic weed control contributions; invoices to be issued in February 2020. Slightly over budget for herbicide landowner contributions.

Operational grants and subsidies

Variance due to timing of receipt of grants. The NQ Dry Tropics grant for feral pig control has been received in full; the NQ Dry Tropics aquatic weed grant not yet received.

Employee benefits

Higher level of annual and sick leave taken in Health Admin and Pest Management area; vacancies in Pest Management area and Animal Compliance.

Capital grants and subsidies

Grant for disabled facilities in pools received in 2018/19. To be corrected in first budget revision.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Environmental & Health Services - Waste Program

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
Rates and Utility Charges	-40	4,045,967	4,041,393	4,574	0%
User fees and charges	36,025	98,152	132,250	-34,098	-26%
Interest Received	14,827	33,141	48,750	-15,609	-32%
Other operating revenue	19,614	26,269	19,288	6,981	36%
Total operating revenue	70,425	4,203,530	4,241,681	-38,151	-1%
Operating Expenses					
Employee benefits	55,418	182,944	198,107	-15,163	-8%
Materials and services	114,326	302,234	774,762	-472,528	-61%
Depreciation and amortisation	27,628	84,924	93,950	-9,026	-10%
Total operating costs	197,372	570,102	1,066,819	-496,717	-47%
Surplus (deficit) from operating activities	-126,947	3,633,428	3,174,862	458,566	14%
Capital grants and subsidies	0	86,879	0	86,879	-
Other capital income (expense)	0	-22,892	0	-22,892	-
Net result for period	-126,947	3,697,415	3,174,862	522,553	16%

Comments

User fees and charges

Under budget due to waste accounts issued in arrears.

Interest Received

Under budget due to lower interest rates available for investments.

Other operating revenue

Scrap steel income received above budget.

Employee benefits

Under budget due to proposed staff movements not yet implemented.

Materials and services

Two monthly payments to Cleanaway in arrears. August and September payments and September recognition of domestic waste portion of the State Waste Levy yet to occur.

Capital grants and subsidies

Remaining grant funds received for Levy Ready Program. This was budgeted to be received in 2018/19 and will be corrected in first budget revision.

Other capital income (expense)

Disposal of stand alone solar power system at Kirknie Landfill.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Financial and Administrative Services

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
Rates and Utility Charges	-2	27,781,262	27,600,501	180,761	1%
Pensioner remissions	271,806	-323,679	-323,100	-579	0%
User fees and charges	3,720	27,482	26,900	582	2%
Interest Received	68,302	146,869	214,595	-67,726	-32%
Operational grants and subsidies	0	340,723	679,000	-338,277	-50%
Other operating revenue	600	600	9,000	-8,400	-93%
Total operating revenue	344,427	27,973,257	28,206,896	-233,639	-1%
Operating Expenses					
Employee benefits	156,620	492,413	466,409	26,004	6%
Materials and services	34,225	378,655	461,700	-83,045	-18%
Depreciation and amortisation	34,182	100,391	94,250	6,141	7%
Finance Costs	46,437	58,030	49,140	8,890	18%
Total operating costs	271,464	1,029,490	1,071,499	-42,009	-4%
Surplus (deficit) from operating activities	72,963	26,943,767	27,135,397	-191,630	-1%
Capital grants and subsidies	0	0	50,000	-50,000	-100%
Other capital income (expense)	-6,277	-6,277	0	-6,277	-
Net result for period	66,686	26,937,490	27,185,397	-247,907	-1%

Comments

Interest Received

Under budget due to lower interest rates available for investments.

Operational grants and subsidies

First quarter of 2019/20 Financial Assistance Grant received in August. Council received a prepayment of the 2019/20 Financial Assistance Grant in June 2019, therefore resulting in lower quarterly payments throughout the 2020 financial year. This budget will be adjusted in the first revision.

Other operating revenue

Fire Levy Collection Fees not yet received.

Employee benefits

Over budget due to extra work required during cloud transition.

Materials and services

Under budget due to reduced expenses for subscriptions and insurance premiums.

Finance Costs

Over year to date budget due to increased bank fees during the rating season.

Capital grants and subsidies

Under budget as Works for Queensland payment not yet received.

Other capital income (expense)

Write off of office equipment following capitalisation of projects.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Operations - General Fund

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
User fees and charges	17,410	36,293	39,750	-3,457	-9%
Operational contributions and donations	297	11,341	12,050	-709	-6%
Operational grants and subsidies	0	244,236	568,714	-324,478	-57%
Contract and recoverable works	2,000	3,042	1,200	1,842	153%
Other operating revenue	1,434	1,731	3,400	-1,669	-49%
Total operating revenue	21,141	296,643	625,114	-328,471	-53%
Operating Expenses					
Employee benefits	404,286	1,245,285	1,266,498	-21,212	-2%
Materials and services	401,655	1,288,125	1,290,038	-1,912	0%
Depreciation and amortisation	57,702	176,954	187,350	-10,396	-6%
Total operating costs	863,644	2,710,364	2,743,885	-33,521	-1%
Surplus (deficit) from operating activities	-842,503	-2,413,721	-2,118,771	-294,950	14%
Capital grants and subsidies	0	0	1,020,000	-1,020,000	-100%
Other capital income (expense)	0	-9,703	0	-9,703	-
Net result for period	-842,503	-2,423,424	-1,098,771	-1,324,652	121%

Comments

User fees and charges

Fees and charges income received for Cemetery permits, preparation of the Bush Chapel, issue of Q100 flood certificates and other miscellaneous charges. Year to date variance due to budget estimate of fees and charges is evenly split over the 12 month period.

Operational grants and subsidies

Year to date income represents receipt of first quarter 2019/20 Financial Assistance Grant and recoveries for activities related to the January/February 2019 monsoonal event. The variation to budget forecast can be attributable to Council receiving prepayment of the 2019/20 Financial Assistance Grant in June 2019 resulting in lower quarterly payments to be received in the 2019/20 financial year. This budget will be adjusted in the first revision.

Contract and recoverable works

Revenue received in the period is for recovery of costs incurred from repair of damaged water meters and a damaged sewer main. Year to date variance attributed to budget forecasts being split quarterly throughout the year.

Other operating revenue

Revenue in the period is from State Penalties Enforcement Registry for fines relating to vandalism of Brolga Park, a motor vehicle insurance recovery and minor scrap metal sales from the Jones Street Depot. The annual \$10,000 BSRIT engineering retainer will be received in June.

Capital grants and subsidies

No capital grant funding received yet this year. Grants are received at various milestones throughout the project. Annual budget is for: Recoverable Works for QRA activities, Works for Queensland 2019-21 Refurbish Groper Creek Public Amenities, Exercise equipment Home Hill, Coutts Park Playground Equipment, BBQ and Shelter Lloyd Mann Park and Park Furniture Replacement program.

Other capital income (expense)

Write off of associated asset following refurbishment of the Alva Beach Playground security fence to condition 1 rating.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Operations - Water

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
Rates and Utility Charges	-1,522	3,074,271	3,078,780	-4,509	0%
Pensioner remissions	22	22	0	22	-
User fees and charges	13,964	27,754	21,000	6,754	32%
Interest Received	25,252	61,114	92,375	-31,261	-34%
Operational contributions and donations	0	2,000	1,000	1,000	100%
Other operating revenue	-515	36,252	300	35,952	11984%
Total operating revenue	37,200	3,201,413	3,193,455	7,958	0%
Operating Expenses					
Employee benefits	92,168	242,234	279,705	-37,472	-13%
Materials and services	124,964	355,743	484,600	-128,857	-27%
Depreciation and amortisation	51,934	159,157	156,425	2,732	2%
Total operating costs	269,066	757,134	920,730	-163,596	-18%
Surplus (deficit) from operating activities	-231,866	2,444,278	2,272,725	171,553	8%
Capital grants and subsidies	0	598,320	997,200	-398,880	-40%
Other capital income (expense)	-2,060	-2,060	0	-2,060	-
Net result for period	-233,926	3,040,538	3,269,925	-229,387	-7%

Comments

User fees and charges

Revenue received in the period from rental income from Telco Leases at the Ayr Water Tower, a new connection to the potable water network and payment of bulk water charges. Over year to date budget due to the value of new property connection fee income. This has been amended in the revised budget.

Interest Received

Under budget due to lower interest rates available for investments.

Operational contributions and donations

Year to date revenue from developer infrastructure charges relating to subdivision activities.

Other operating revenue

Revenue adjustment in the period is from refunds paid for return of redundant electronic bulk water filling station keys and any prepayments for bulk water credited to the keys. The budget variance is attributable to the receipt of an insurance claim received for damaged pressure pumps at South Ayr Water Treatment Plant. This income was originally budgeted to be received in the 2018/19 financial year.

Employee benefits

Under budget year to date due to unfilled vacancies and annual and sick leave taken.

Materials and services

Variance is largely attributable to timing of electricity payments in water production and water treatment. Payment for first quarter water usage in Giru has been approved but not paid in the period. This will be picked up in the October monthly report.

Capital grants and subsidies

Revenue received for the first milestone payment of 30% from the State Government Local Government Grants and Subsidies Program Funding for the Home Hill Water Reservoir.

Other capital income (expense)

Write off of a section of 75mm water main on Garrone Road.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Operations - Sewerage

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
Rates and Utility Charges	-1	4,036,380	4,034,774	1,606	0%
Pensioner remissions	26	26	0	26	-
User fees and charges	0	0	300	-300	-100%
Interest Received	33,285	81,194	123,425	-42,231	-34%
Operational contributions and donations	0	2,000	2,000	0	0%
Other operating revenue	0	0	300	-300	-100%
Total operating revenue	33,311	4,119,600	4,160,799	-41,199	-1%
Operating Expenses					
Employee benefits	111,028	310,916	353,365	-42,449	-12%
Materials and services	73,432	232,398	292,125	-59,727	-20%
Depreciation and amortisation	107,209	328,791	323,875	4,916	2%
Total operating costs	291,669	872,106	969,365	-97,259	-10%
Surplus (deficit) from operating activities	-258,358	3,247,495	3,191,434	56,061	2%
 Capital grants and subsidies	 0	 98,909	 0	 98,909	 -
Net result for period	-258,358	3,346,404	3,191,434	154,970	5%

Comments

Interest Received

Under budget due to lower interest rates available for investments.

Employee benefits

Under year to date budget due to unfilled vacancies, leave taken and resource sharing with water.

Materials and services

Variance is largely attributable to timing of chemical procurement.

Capital grants and subsidies

Grant funding received for the detailed design of the Macro Algal Treatment Facility at the Ayr/Brandon WWTP. This was originally budgeted to be received in the 2018/19 financial year, however this was stalled due to contract negotiation delays.

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Planning and Development

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
User fees and charges	37,858	113,015	87,500	25,515	29%
Operational grants and subsidies	0	0	208,647	-208,647	-100%
Other operating revenue	0	18	0	18	-
Total operating revenue	37,858	113,033	296,147	-183,114	-62%
Operating Expenses					
Employee benefits	91,233	257,122	278,547	-21,425	-8%
Materials and services	33,287	86,986	272,400	-185,414	-68%
Total operating costs	124,520	344,108	550,947	-206,839	-38%
Surplus (deficit) from operating activities	-86,662	-231,075	-254,800	23,725	-9%
Net result for period	-86,662	-231,075	-254,800	23,725	-9%

Comments

User fees and charges

Building and Plumbing application fees remain at higher than anticipated amounts. This area will be monitored and adjust in the second budget revision if necessary.

Operational grants and subsidies

QCoast grant funds not yet received.

Employee benefits

Under budget due to leave being taken by several staff.

Materials and services

Currently under budget due to payments made for the QCoast 2100 Coastal Hazard Adaption Strategy consultancy payments. Payments are made as work is completed. The budget for this project has been split evenly over six months. One payment was made in August for current completed work. In the later stages of this project, payments are expected to increase

OPERATING STATEMENT
Period Ending 30 September 2019

Manager Technical Services

	Month of September Actual	Year to Date Actual	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue					
User fees and charges	14,870	129,013	70,400	58,613	83%
Operational grants and subsidies	16,096	31,378	35,000	-3,622	-10%
Contract and recoverable works	61,307	94,451	704,000	-609,549	-87%
Other operating revenue	0	3,783	0	3,783	-
Total operating revenue	92,273	258,626	809,400	-550,774	-68%
Operating Expenses					
Employee benefits	202,592	598,394	762,585	-164,191	-22%
Materials and services	-58,500	-245,853	259,450	-505,304	-195%
Depreciation and amortisation	571,186	1,751,765	1,775,300	-23,535	-1%
Total operating costs	715,278	2,104,305	2,797,335	-693,030	-25%
Surplus (deficit) from operating activities	-623,005	-1,845,680	-1,987,935	142,255	-7%
Capital grants and subsidies	56,144	185,697	2,846,158	-2,660,461	-93%
Other capital income (expense)	-45,506	-382,758	0	-382,758	-
Net result for period	-612,367	-2,042,741	858,223	-2,900,964	-338%

Comments

User fees and charges

Annual trade waste permit charges invoiced in July.

Operational grants and subsidies

Timing of Fuel Tax credits. The budget for these credits were split evenly over 12 months, this split will be updated in the revised budget to reflect actual timing of receipt of credits.

Contract and recoverable works

Under budget due to timing of payments for RMPC works and delays in approvals for BSRIT works.

Other operating revenue

Unbudgeted receipt of proceeds from sale of small plant items.

Employee benefits

Under budget due to timing of BSRIT recoverable works and delayed commencement of new employee in Design Office.

Materials and services

Under budget due to timing of Road Maintenance Performance Contract works and delays in approvals for BSRIT recoverable works.

Capital grants and subsidies

Grant funding received include payments from the Transport Infrastructure Development Scheme and an unbudgeted grant for purchase of emergency generator. Budgeted grant funds to be received are: Works for Queensland 2019-21, Transport Infrastructure Development Scheme, Roads to Recovery and Cycle Network Local Government Grant. These will be received as work is completed.

Other capital income (expense)

Unbudgeted asset write offs associated with asset capitalisations.

BURDEKIN SHIRE COUNCIL
OPERATING STATEMENT
Period Ending 30 September 2019

	Month of September Actual	Year to Date Actual	Original Budget	Year to Date Original Budget	\$ Variance YTD Actual to YTD Original Budget	% Variance YTD Actual to YTD Original Budget
Operating Revenue						
Rates and Utility Charges	-1,565	39,025,923	40,322,469	38,843,388	182,535	0%
Pensioner remissions	271,854	-323,631	-323,100	-323,100	-531	0%
User fees and charges	218,052	796,178	2,304,258	714,695	81,483	11%
Interest Received	141,666	322,318	1,893,100	479,145	-156,827	-33%
Operational contributions and donations	6,628	37,233	181,037	45,434	-8,201	-18%
Operational grants and subsidies	124,126	739,368	6,073,842	1,625,579	-886,212	-55%
Contract and recoverable works	63,307	97,493	2,744,800	705,200	-607,707	-86%
Other operating revenue	33,210	133,596	371,750	106,001	27,595	26%
Total operating revenue	857,279	40,828,477	53,568,156	42,196,343	-1,367,866	-3%
Operating Expenses						
Employee benefits	1,718,660	4,883,678	21,971,766	5,575,901	-692,223	-12%
Materials and services	1,261,068	4,343,974	18,921,475	5,251,353	-907,379	-17%
Depreciation and amortisation	972,627	2,978,529	12,104,300	3,026,075	-47,546	-2%
Finance Costs	46,437	58,030	148,100	49,140	8,890	18%
	0	0	0	0	0	-
Total operating costs	3,998,792	12,264,211	53,145,641	13,902,469	-1,638,258	-12%
Surplus (deficit) from operating activities	-3,141,513	28,564,266	422,515	28,293,873	270,392	1%
Capital grants and subsidies	77,730	991,391	5,875,608	5,875,608	-4,884,217	-83%
Other capital income (expense)	-53,844	-423,690	0	0	-423,690	-
Net result for period	-3,117,626	29,131,967	6,298,123	34,169,481	-5,037,514	-15%

BURDEKIN SHIRE COUNCIL
STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Year to Date Actual \$	Annual Budget \$
Current Assets		
Cash and Cash Equivalents	86,322,469	49,429,003
Receivables	4,642,164	3,241,481
Inventories	528,194	753,530
Total Current Assets	<u>91,492,827</u>	<u>53,424,014</u>
Non-Current Assets		
Receivables	495,484	321,695
Property, Plant and Equipment	528,408,442	519,663,409
Intangibles Assets	207,651	435,723
Total Non-Current Assets	<u>529,111,577</u>	<u>520,420,827</u>
TOTAL ASSETS	<u>620,604,403</u>	<u>573,844,841</u>
Current Liabilities		
Payables	5,278,380	4,863,098
Borrowings	1,333,896	352,461
Provisions	2,969,457	3,078,094
Other	719,471	950
Total Current Liabilities	<u>10,301,204</u>	<u>8,294,603</u>
Non-Current Liabilities		
Borrowings	20,262	0
Provisions	18,615,015	16,385,772
Total Non-Current Liabilities	<u>18,635,277</u>	<u>16,385,772</u>
TOTAL LIABILITIES	<u>28,936,481</u>	<u>24,680,375</u>
NET COMMUNITY ASSETS	<u>591,667,923</u>	<u>549,164,466</u>
Community Equity		
Asset Revaluation Surplus	312,775,134	295,598,109
Retained Surplus (deficiency)	278,892,789	253,566,357
TOTAL COMMUNITY EQUITY	<u>591,667,923</u>	<u>549,164,466</u>

BURDEKIN SHIRE COUNCIL
STATEMENT OF CASH FLOWS
For Period Ending 30 September 2019

	Year to Date Actual \$	Annual Cashflow Budget \$
Cash Flows from Operating Activities		
Receipts		
Receipts from Customers	37,915,050	45,420,177
Operating Grants, Subsidies and Contributions	776,601	6,254,879
Interest Received	437,535	1,893,100
Payments		
Payments to Suppliers and Employees	-11,166,574	-40,777,242
Interest Expense	-25,522	-72,100
Net Cash Inflow (Outflow) from Operating Activities	<u>27,937,090</u>	<u>12,718,814</u>
Cash Flows from Investing Activities		
State Government Subsidies and Grants	991,391	5,875,608
Payments for Property, Plant and Equipment	-4,028,698	-19,677,300
Payments for Intangible Assets	0	-262,000
Proceeds from Sale of Property, Plant and Equipment	54,899	335,000
Net Movement in Loans to Community Organisations	-35,890	-19,730
Net Cash Inflows (Outflow) from Investing activities	<u>-3,018,298</u>	<u>-13,748,422</u>
Cash Flows from Financing Activities		
Repayment of Borrowings	-324,931	-1,329,735
Net Cash Inflows (Outflow) from Financing activities	<u>-324,931</u>	<u>-1,329,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents Held	<u>24,593,861</u>	<u>-2,359,343</u>
Cash and Cash Equivalents at Beginning of the Financial Year	61,728,608	51,788,348
Cash and Cash Equivalents at end of the Period	<u><u>86,322,469</u></u>	<u><u>49,429,005</u></u>

5 GOVERNANCE

5.1 Annual Report 2018/2019

Document Information

Referring Letter No: N/A

File No: 440

Name of Applicant: N/A

Location: N/A

Author and Title: Mrs. Rebecca Stockdale – Senior Governance Officer

Executive Summary

Under the *Local Government Regulation 2012* Council is required to prepare an annual report for each financial year. The 2018/2019 Annual Report has been compiled to fairly represent Council's achievements throughout the financial year that contribute to meeting the strategic intents outlined in the adopted Corporate Plan 2017-2022.

This year, the report follows the same format as the 17/18 report, and displays all statutory information in a logical, sequential manner making this information easier to locate in the final report. The Annual Report also includes the general purpose financial statements, the current year financial sustainability statement and the long-term financial sustainability statement as well as a community financial report which all demonstrate Council's stable financial position.

Recommendation

That Council adopts the Annual Report 2018/2019 as tabled.

Background Information

All local governments must prepare annual reports to discharge their public accountability responsibilities. As a communication tool, the annual report provides a broad range of information to our stakeholders on the services provided by Council, the activities completed, and the financial performance during the past financial year. Council's Annual Report allows ratepayers, the community, and the wider public to assess how we have performed in relation to stewardship of community assets, and the efficiency, effectiveness and cost-effectiveness of operations.

Link to Corporate/Operational Plan

The "Our Performance" pages of the annual report are directly linked to the Strategic Intent Statements in the adopted Corporate Plan 2017-2022.

Consultation

All managers and directors were involved in providing information for the annual report. Other relevant officers throughout the organisation were required to gather and provide necessary content according to statutory reporting requirements. A copy of the Draft Annual Report was provided to Council's Audit Committee for review and consideration at their Meeting on 25 October 2019. Council's financial statements were also endorsed by the Audit Committee at this meeting. The final copy of the annual report was also forwarded to the external auditor for their review.

Legal Authority or Implications

The Department of Infrastructure, Local Government and Planning, have published an Annual Report Compliance Checklist. With the adoption of the Annual Report at this meeting and the subsequent publication to Council's website, all necessary compliance measures have been met.

Local Government Regulation 2012

182 Preparation of annual report

- (1) A local government must prepare an annual report for each financial year.
- (2) The local government must adopt its annual report within 1 month after the day the auditor-general gives the auditor-general's audit report about the local government's financial statements for the financial year to the local government.
- (3) However, the Minister may, by notice to the local government, extend the time by which the annual report must be adopted.
- (4) The local government must publish its annual report on its website within 2 weeks of adopting the annual report.

Policy Implications

N/A

Financial and Resource Implications

N/A

Report Prepared By:

Mrs. Rebecca Stockdale - Senior Governance Officer

Report Authorised By:

Mr. Terry Brennan - Chief Executive Officer

Attachments

1. Annual Report 2018/2019

BURDEKIN SHIRE COUNCIL 2018/19 ANNUAL REPORT



Burdekin
Shire Council



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About the Burdekin Shire



Shire Profile

Welcome to the Burdekin, where unspoilt natural beauty meets a thriving rural community right on the doorstep of the Great Barrier Reef.

LOCATION

Located 80km South of Townsville and 100km North of Bowen, Burdekin Shire is in the heart of the dry tropics.

LOCAL GOVERNMENT AREA

5,052.5 square kilometres

POPULATION

17,077

GEOGRAPHY

Bordered by Townsville City Council to the North, Charters Towers Regional Council to the West and Whitsunday Regional Council to the South, Burdekin Shire boasts rich, fertile soils, abundant water supplies and pristine coastlines.

ECONOMY

Agriculture, aquaculture, construction, healthcare and social assistance, manufacturing, milling, mining, retail trade, sugar cane and training.

CLIMATE

Our daily average temperature ranges from 25°C to 32°C with 300 days of sunshine per year and an average annual rainfall of 1,060mm.





Burdekin Shire Council respectfully acknowledges the Bindal and Juru people of the Birri Gubba Nation as the traditional custodians of the land on which we live and work.

Mayor's Report

Welcome to the 2018/19 Annual Report - a chance for Council to highlight the activities, programs and projects of the past year whilst meeting the legislative requirement of reporting to State Government.

It is with much pleasure that I write about some of the specific projects and programs for the 2018/19 Annual Report which provides an excellent opportunity to reflect on the previous year. As I look back, I am so thankful for the wonderful opportunity to be working with the Councillors and staff in serving our community.

In 2006, Burdekin Shire Council received \$20,000 from State Government for the Building Safer Community Action Teams (BSCAT) program to promote community safety and crime prevention initiatives. BSCAT was wound up after nearly 13 years and during this time has delivered many successful campaigns and events. Thank you to all who have participated in the program.

The Burdekin Industry Breakfasts continue to be well attended by business leaders and community members. Presentations this year included Lower Burdekin Home for the Aged Redevelopment, The Infrastructure Group on planning for the \$514.3 million Houghton River Floodplain Upgrade Project and Department of Industry, Innovation and Science with an overview of the entrepreneur programs and resources available to assist business productivity.

In partnership with the NQROC, Townsville Enterprise Ltd and the Cooperative Research Centre for Developing Northern Australia, the North Queensland Agricultural Market and Supply Chain Study investigated emerging markets and analysed supply chain gaps and sector capacity with the agricultural industry. Burdekin growers had the opportunity to meet with the consultants to provide input to the findings before the study was launched in 2018.

Council worked in collaboration with State and Federal Government departments to deliver a variety of workshops for small and medium size businesses throughout the year.

Council appointed consultants to develop the Master Plan for redevelopment of the 17.5-hectare Anzac Park precinct. Consultations were held with users of the precinct, Councillors and staff. I am happy that a draft plan will be available for community engagement.

With an Australia Government grant, funding from the Australian Business Council and Council funding, consultants have been appointed to engage with the community to deliver a new Economic Development Strategy which will complement the adopted Burdekin Tourism Strategy.

The Burdekin Libraries continue to shine with the number of programs, events and initiatives delivered over the past year including school holiday programs, Summer Reading Club, Children's Book Week, and sessions in Avid eBook, eAudioBook and digital skills.

Council's Community Grants program was again very popular with 20 groups benefiting from grants totalling more than \$50,000 and \$23,000 in-kind support.

In partnership with the State Government, Council allocated a total of \$43,000 to community groups for 15 projects under the Regional Arts Development Fund (RADF) program.

Council supported numerous events and promotions throughout the year. These included Queensland Women's Week's *Your Finances, Your Future*; National Child Protection Week's White Balloon Day; Wellness and Family Fun Day; Great Northern Clean Up at Alva Beach with more than 320kg of litter removed; Pet Fair; Community Christmas Carols; and the Australia Day Awards Ceremony. During the past year, I have had the privilege of conducting Naturalisation Ceremonies welcoming 22 new Australians.

Burdekin hosted the annual Regional Visitor Information Centre Volunteers Conference with more than 75 North Queensland tourism staff and volunteers attending for the two-day conference. Visitors utilised accommodation, retail and food and beverage providers.

On advice from the Aerodrome Advisory Group, Council completed the electrical upgrade at the Ayr Aerodrome and then supported the installation of a 24-hour fuel facility for small and medium aircraft.

New playground equipment appropriate for children

of all ages was installed at the Alva Beach Park and the parking area near the Ayr Surf Life Saving Club was upgraded. Council installed the new outdoor fitness circuit in Coutts Park which complements the existing infrastructure and caters for the whole family. A new chair lift was installed at the Home Hill swimming pool and Ayr Swimming Pool underwent some major renewal works. The Ayr Skate Park had solar lights and shade sails installed.

Funding from Works for Queensland - a \$1.5 million grant honouring a Labor election commitment - and extensive community consultation saw work commence on the construction of the Plantation Park Nature Based Play Space. The vision was to create a new concept of playground with accessible areas for all and a play space in a natural bush setting which was attractive for locals as well as increasing visitor numbers.

Another major project commenced was the new mobile Visitor Information Centre in Plantation Park, the upgrade of the park's parking areas and construction of a new amenities block.

Council has continued to monitor the PFAS levels in our underground water supply in Ayr. Three bores were switched off in Nelson Lagoon Bore Field as a

precaution. However, to ensure future water security, Council has invested in an extensive infrastructure upgrade between Conlon Street pumps and South Ayr Water Treatment Plant with the bypass pipeline project.

The Burdekin Local Disaster Management Group (LDMG) was activated for the monsoonal event in January/February. The Haughton River experienced major flooding of 3.2 metres and as the flooding continued for an extended period, it brought some new challenges. The LDMG coordinated food and medical resupplies for more than 25 properties to outlying areas in the Haughton River Catchment area. Over a two-week period the Bruce Highway was closed at two separate locations - Haughton River Bridge and Plantation Park, Ayr.

Following the very successful staging of the *Sweet Days, Hot Nights Festival* at Home Hill Showgrounds last year, Council again presented the First Fire at the Showgrounds and introduced a new event, the Cultural Fair, on Friday night in Ayr. The annual Australian Hand Cane Cutting Championships were held on Saturday at Home Hill.

Cultural events and activities continue to provide an increasing diverse range of experiences for local residents including children.

Council is extremely thankful to the many community and sporting organisations who deliver events strengthening the social, cultural, sporting and economic benefit for Burdekin businesses and residents.

I would like to thank the Federal and State Governments for their funding programs which allows Councils to deliver infrastructure and experiences that would otherwise be out of reach. I especially commend the State Government's Works for Queensland funding program.

As I write my last Annual Report for this term, I want to sincerely thank the Councillors, Chief Executive Officer, Mr Terry Brennan, Directors, Senior Leadership team and all staff who work collaboratively for the ongoing sustainability and further advancement of the Burdekin Shire. The ongoing commitment to deliver programs and services is to be commended as we continue to make the Burdekin Shire an even better place to live, work, invest and visit.

Cr Lyn McLaughlin
Mayor



Our Councillors

MAYOR - CR LYN MCLAUGHLIN

Cr McLaughlin serves on numerous boards, groups and committees. She is Council's representative on:

- Aerodrome Advisory Group (Chair)
- Bowen-Burdekin Local Marine Advisory Committee
- Burdekin Cultural Advisory Group (Chair)
- Burdekin Shire Council Local Disaster Management Group (LDMG) (Chair)
- Burdekin Shire Rivers Improvement Trust (Deputy Chair)
- Burdekin Water Futures (Chair)
- Community Grants Panel
- District Disaster Management Group
- North Queensland Regional Organisation of Councils (NQROC)
- North Queensland Regional Roads and Transport Group
- North Queensland Sports Foundation
- Reef Guardian Councils
- Regional Economic Development Sub-Committee, NQROC

Cr McLaughlin also attends the following groups and committees in her role as Mayor:

- Ayr Chamber of Commerce
- Burdekin Shire Youth Council
- Home Hill Chamber of Commerce
- NQ Dry Tropics (Director – Local Government)



CR SUE PERRY

Cr Perry is Council's representative on:

- Audit Committee
- Ayr Chamber of Commerce
- Burdekin Cultural Advisory Group
- Burdekin Neighbourhood Centre Association
- Economic Advisory Group (Chair)
- Lower Burdekin Water Board

Cr Perry is also the School Councillor representative for Airville State School, Kalamia State School and St Francis Primary School. Cr Perry also attends the Home Hill Memorial Hall Committee.



CR JOHN BONANNO

Cr Bonanno is Council's representative on:

- Burdekin Be Active Advisory Committee
- Burdekin PCYC
- Carols by Candlelight Committee
- Community Grants Panel
- RADF Advisory Group

Cr Bonanno is also the School Councillor representative for the Burdekin Catholic High School, East Ayr State School and Millaroo State School.



CR JOHN WOODS

Cr Woods is Council's representative on:

- Audit Committee
- Burdekin Bowen Integrated Floodplain Management Advisory Committee (BBIFMAC)
- Burdekin Cultural Advisory Group
- Burdekin LDMG (Deputy Chair)
- Burdekin Shire Rivers Improvement Trust
- Regional Tourism Working Group of Townsville Enterprise Limited



Councillor Woods is also the School Councillor representative for Burdekin Christian College, Burdekin School, Clare State School and Home Hill State High School.

Councillor Woods was elected as Vice President of the Northern Alliance of Councils in 2016 (formerly known as the North Queensland Local Government Association).

CR TONY GODDARD

Cr Goddard is Council's representative on:

- Aerodrome Advisory Group
- Burdekin LDMG
- Burdekin Liquor Accord
- Burdekin Road Safety Advisory Committee (Chair)
- Local Authority Waste Management Advisory Committee
- NQ Regional Waste Reduction and Recycling Plan Group
- Reef Guardian Councils



Cr Goddard is also the School Councillor representative for Ayr State High School, Ayr State Primary School and Home Hill State Primary School.

CR ULI LIESSMANN

Cr Liessmann is Council's representative on:

- Beachmount Reserve Management Group
- Lower Burdekin Landcare Group
- Community Grants Panel
- Home Hill Chamber of Commerce
- RADF Advisory Group (Chair)



Cr Liessmann is also the School Councillor representative for Giru State School, Osborne State School and St. Coleman's School.

CR TED BAWDEN

Cr Bawden is Council's representative on:

- Burdekin Community Association
- Burdekin Road Safety Advisory Committee
- Burdekin Seniors' Advisory Group (Chair)
- Rural Health Consultative Committee
- Road Safety Committee



Cr Bawden is also the School Councillor representative for Brandon State School, Jarvisfield State School and Maidavale State School.



Chief Executive Officer's Report

The 2018/19 financial year has been another busy and productive year for the Council. With the changes introduced last year to the organisational structure and subsequent appointment of two directors, some excellent progress has been achieved on a range of strategic priorities.

One of these priorities was to improve the way Council developed and delivered its capital works program. This was achieved through an improved process for identifying and selecting capital projects, more effective planning and scheduling of works and enhanced monitoring and reporting of progress, resulting in one of the lowest capital carryover figures at 30 June for a number of years.

During the year Council had to contend with a significant flooding event that isolated parts of the Shire for extended periods. The Local Disaster Management Group (LDMG) was activated and did an excellent job in coordinating the disaster response and recovery, with Council staff playing an important role in supporting the LDMG.

The Council continued to enhance its regional relationships through membership of the North Queensland Regional Organisation of Councils (NQROC) and Townsville Enterprise Ltd (TEL). This included participation in a delegation to Canberra coordinated by TEL to highlight regional priorities to members of the Federal Government and opposition.

As part of its economic development initiatives the Council invested additional resources into supporting tourism. This included the employment of a dedicated Tourism Officer and provision of greater support to the two Visitor Information Centres (VIC) in the Shire. Through the Works for Queensland program Council undertook development of a new mobile Visitor Information Centre and supporting infrastructure at Plantation Park with construction works well advanced at the end of the financial year.

A key initiative advanced during the year was the preparation of a new Shire Planning Scheme. The existing scheme is now a number of years old and in need of updating given numerous changes that have occurred to planning legislation since its adoption. Planning consultants were engaged to undertake this project and a number of workshops undertaken with Councillors in developing the draft scheme, which has been submitted to the State Government for the first State interest review. This

will be a multi-year project, with further work to occur during the coming year.

Significant funds were allocated by Council during the year to undertake a number of improvement projects to the Kirknie Landfill. These were designed to improve resource recovery activities, enhance environmental management practices and streamline site operations.

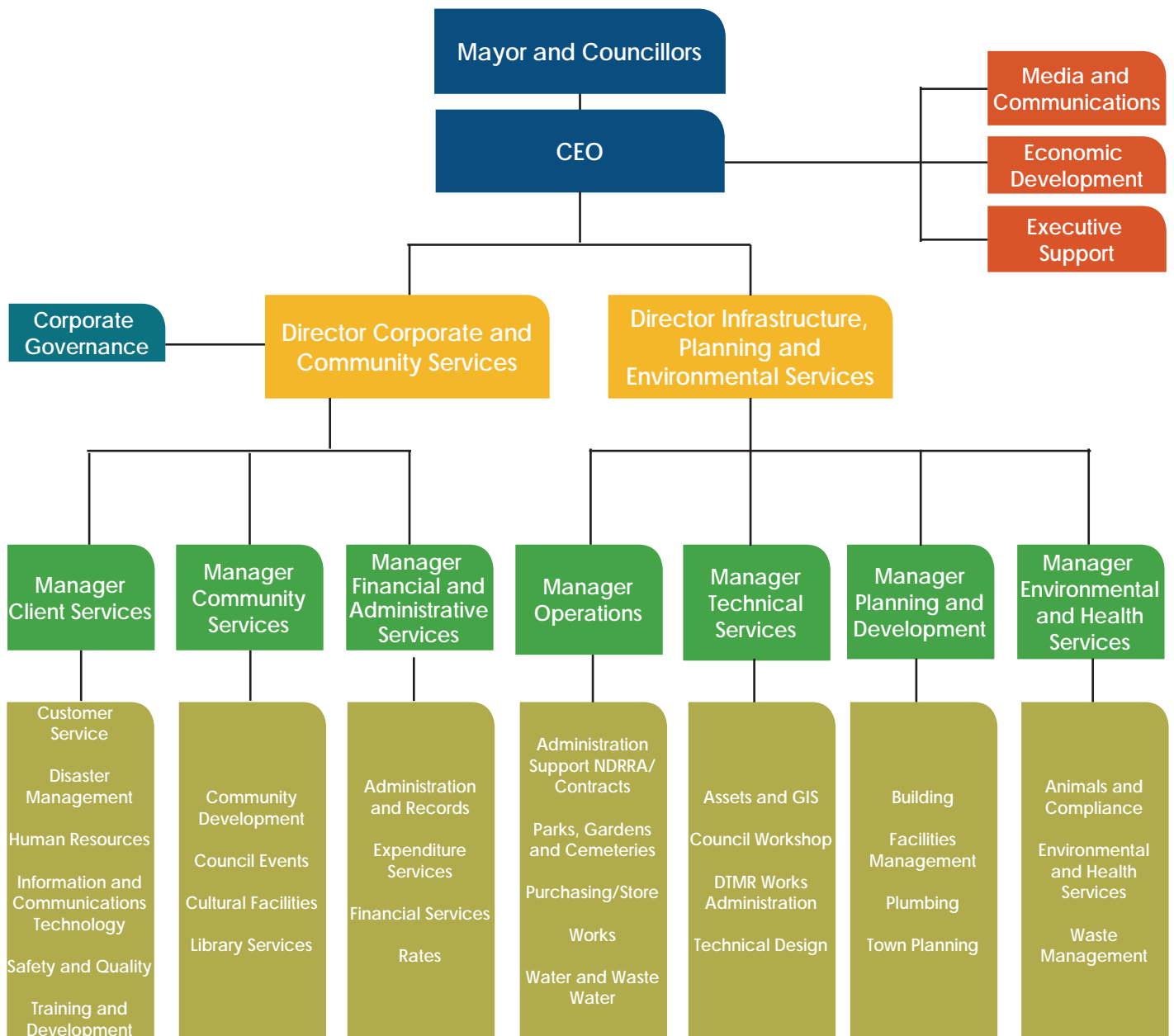
Looking forward, next year there are a number of key priorities including the preparation of a new Economic Development Strategy, adoption of an organisation-wide Customer Service Charter, transition of our core IT system to the Cloud to enhance mobility of our operations, purchase and development of additional land at the Ayr Industrial Estate and finalisation of the Master Plan for Anzac Park.

I express my thanks to the Mayor, Cr Lyn McLaughlin, Councillors and staff for their support over the past year which has ensured that the Council has continued to make good progress as a team in achieving its corporate objectives.

Terry Brennan



Organisational Structure



ORGANISATIONAL VALUES

To achieve our mission, Council has adopted the following values:

- Customers First
- Lead and Innovate
- Value People
- Continuous Improvement
- Ideas into Action

OUR VISION

Through committed leadership Burdekin Shire Council will work with the community to create an inclusive, welcoming and healthy environment that offers a high quality of liveability for residents that is underpinned by a productive and diverse economy.

OUR MISSION

To achieve our vision through leadership, facilitation, innovation and outstanding service.

Community Financial Report

The Community Financial Report is prepared to present a simplified version of Council's financial statements for the year ended 30 June 2019 and provide the community with a better understanding of Council's financial performance and position.

The Community Financial Report is prepared in accordance with section 179 of the *Local Government Regulation 2012*.

This report provides a summary of Council's:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flow; and
- Measures of Financial Sustainability.

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income summarises revenue and expenditure during the financial year. The difference between revenue and expenditure is Council's net result.

Council's net result includes both recurrent and capital transactions. Recurrent transactions reflect money received or spent during the financial year for day-to-day operations of Council. Council's capital income is mostly grant funding received for the purpose of funding current and future capital work on assets and infrastructure. Capital expenditure predominately represents the value of assets replaced or disposed of during the year.

Council's result at a glance

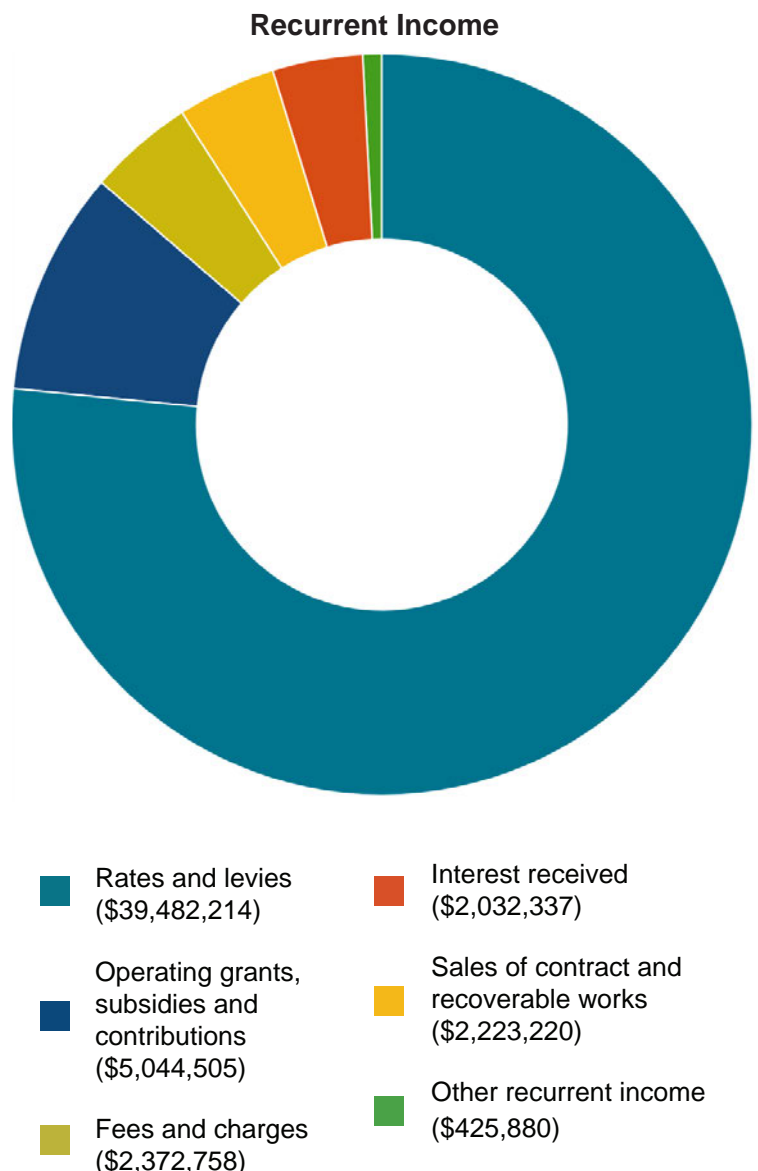
	2019
Recurrent (operating) income	\$51,582,914
Recurrent (operating) expenditure	\$48,718,644
Operating position	\$2,864,270
Capital income	\$7,201,938
Capital expenses	\$3,442,888
Net result	\$6,623,320

RECURRENT INCOME

Where did the money come from?

Of Council's recurrent income, 81.14% is from its own sources – for example rates and levies, and fees and charges. This reduces Council's reliance on external sources of income. Council has continued to be successful in applications for grant funding from the State and Federal Governments, thereby reducing the burden on ratepayers.

The following chart shows the different sources of recurrent income:



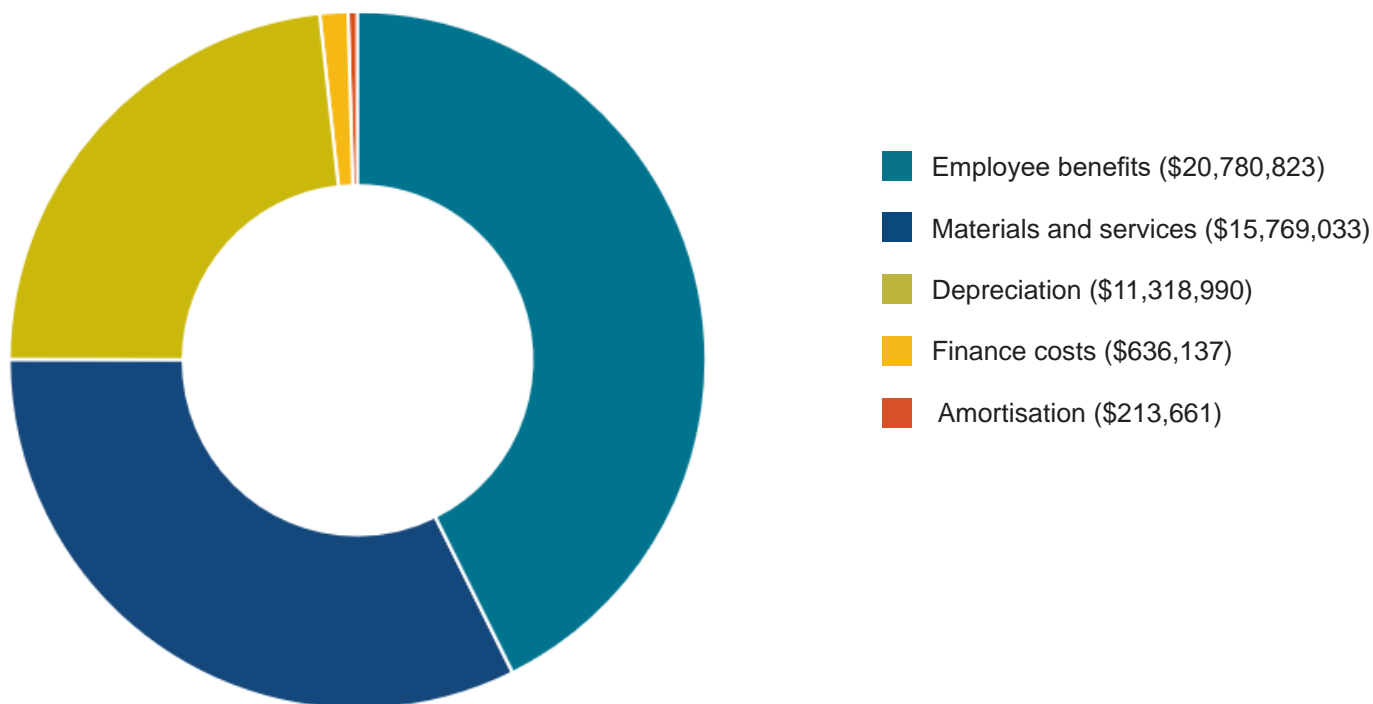
RECURRENT EXPENSES

Where was the money spent?

Council's recurrent expenses include employee benefits, materials and services, depreciation, amortisation and finance costs. These expenses enable Council to run day-to-day operations, provide services, operate community facilities and maintain community assets. Expenses are monitored throughout the year to ensure compliance with Council policies and adopted budget.

Depreciation expenses reflect the reduction in value of property, plant and equipment during an asset's useful life. Council's assets are reviewed annually taking into account the value, condition and remaining useful life. This ensures the depreciation expense is reflective of the asset utilisation.

Recurrent Expenses



STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position measures what Council owns (assets) and what Council owes (liabilities) at the end of the financial year. The difference between these two amounts is the net community wealth (equity) of Council. Council's Financial Position at 30 June 2019 was:



ASSETS

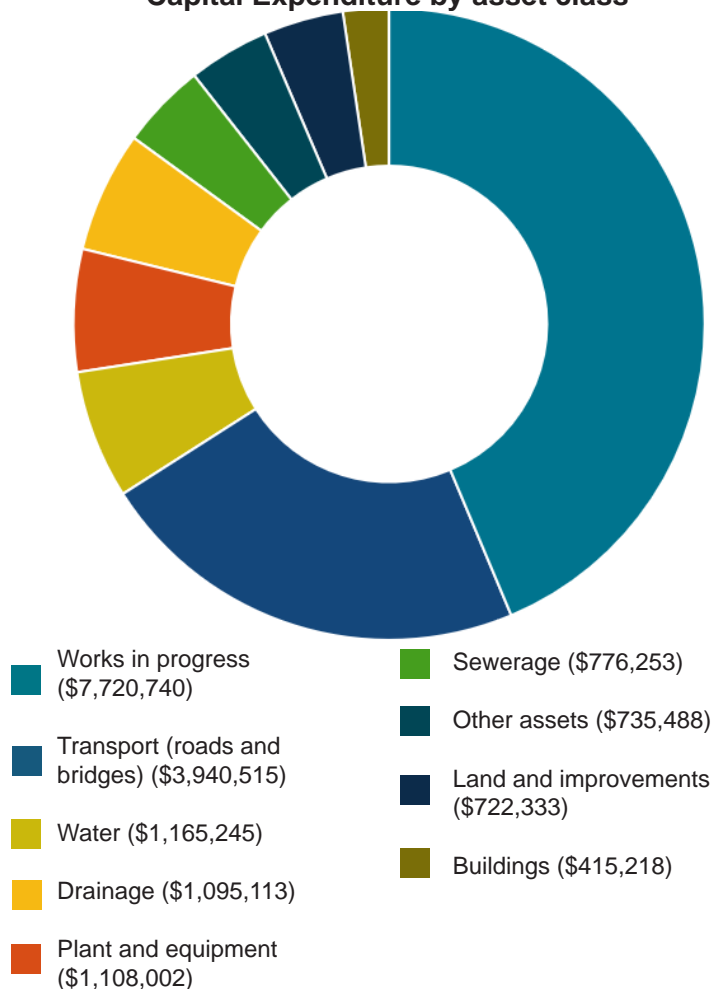
What do we own?

Council's assets consist of cash and cash equivalents, receivables, inventories, property, plant and equipment and intangible assets. At 30 June 2019, Council's assets totalled \$594,518,328.

Council's most significant asset class is property, plant and equipment, which equates to 88.78% of Council's total assets.

In 2018/19, Council spent \$17,588,907 to renew, upgrade and build new community assets.

Capital Expenditure by asset class

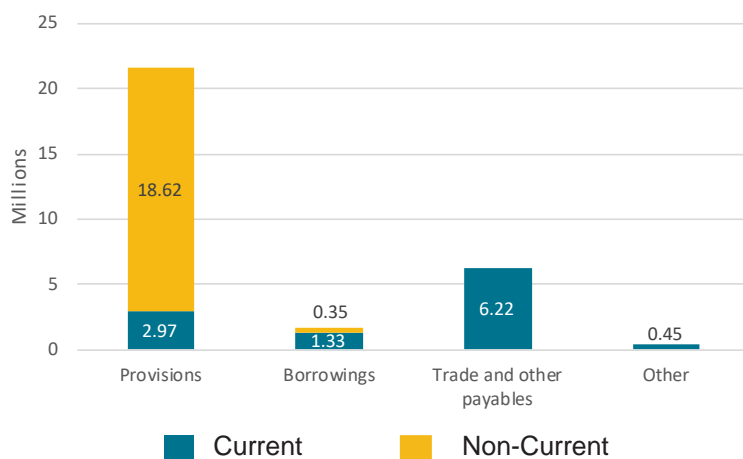


LIABILITIES

What do we owe?

Council's liabilities include borrowings, amounts owed to suppliers, provisions for future rehabilitation costs of landfill sites, amounts owed to employees both now and in the future and monies received in advance. Council's liabilities increased in 2018/19 to \$29,931,542 due to increased amounts owed to suppliers, changes in estimates for future rehabilitation costs of landfill sites, and receipt of the first Waste Levy Refund in advance.

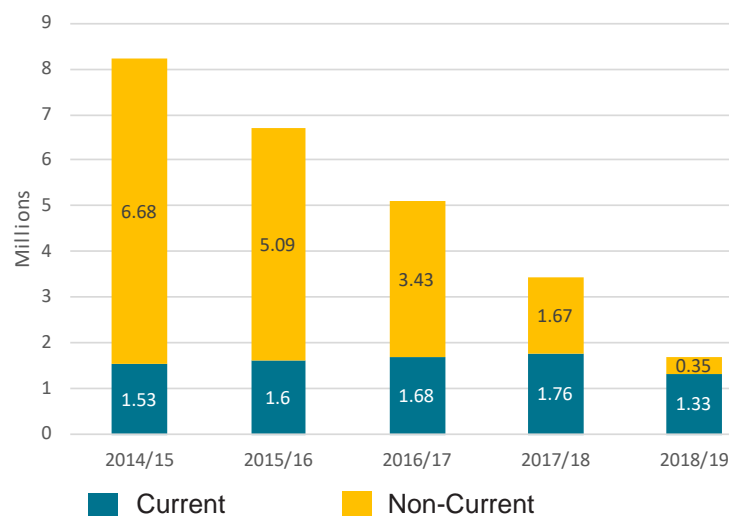
What do we owe?



Loan Debt

In accordance with the *Local Government Regulation 2012*, Council adopts an annual Debt Policy to ensure sound management of Council's existing and future debt. Council is mindful of the additional cost incurred by the community when assets are acquired through borrowings due to the additional costs for providing capital infrastructure. However, the use of borrowed funds enables the cost of longer life assets to be spread across the generations receiving the benefits of the assets.

Loan Debt



There were no new loan borrowings in either the 2018/19 year or in the 10-year budget forecast. Council made principal repayments of \$1,754,859 and interest payments of \$154,948. In 2018/19 Council paid out the waste loan; the outstanding general loan is due to be fully repaid in September 2020.

Outstanding debt at 30 June 2019 was \$1,679,087. This amount equates to \$190.39 of debt per rateable property. This is a continued reduction from 2017/18 where the debt per rateable property was \$389.38.

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity measures the change in Council's net worth over the financial year. This statement summarises movements in the asset revaluation surplus and retained surplus. The asset revaluation surplus increased to \$312,775,138. The retained surplus increased to \$251,811,648.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows outlines how Council spent and received cash throughout the year, therefore it excludes 'non-cash' items such as depreciation. This statement classifies cash transactions as being operating, investing or financing. In 2018/19 Council's cash increased by \$4,504,182. Some of Council's cash has external restrictions limiting discretionary or future use. Council's annual Investment Policy allows for surplus funds to be invested in the short to medium term to generate additional revenue.

FINANCIAL SUSTAINABILITY MEASURES

Financial sustainability is achieved through Council's ability to maintain infrastructure and remain financially viable over the long term. The three levels of financial sustainability outlined in section 169(5) of *Local Government Regulation 2012* are: Operating Surplus Ratio; Asset Sustainability Ratio; and Net Financial Liabilities Ratio.

There are target ranges set by the Department of Local Government, Racing and Multicultural Affairs to be considered as planning tools to assess Council's current sustainability strategy over the long term and are not necessarily intended to be met each financial year.

Operating Surplus Ratio

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

TARGET	2019	2018	COMMENTS
Between 0% and 10%	5.60%	7.09%	Council is in the target range. This shows that Council has been able to fund operational expenses through operational revenue. This also demonstrates that Council is able to fund future capital expenditure and/or debt repayments while maintaining service levels expected by rate payers.

Asset Sustainability Ratio

This ratio is an approximation of the extent to which the infrastructure assets (long life assets, e.g. water, sewerage, roads, etc.) managed by Council are being replaced as they reach the end of their useful lives.

TARGET	2019	2018	COMMENTS
Greater than 90%	92.14%	96.86%	Council reached the target for this ratio. Council's calculation for this ratio does not include the Plant and Equipment and Land and Improvements asset classes. Council's success in receiving grant funding provides the opportunity to invest in asset replacement.

Net Financial Liabilities Ratio

This ratio is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.

TARGET	2019	2018	COMMENTS
Not greater than 60%	-70.10%	-67.81%	Council's current assets exceed total liabilities and therefore it has the capacity to borrow funds if required.





Our Achievements

Our Performance

Council's Operational Plan 2018/19 detailed the key activities undertaken by Council to progress towards achieving the strategic objectives detailed in the adopted Burdekin Shire Council Corporate Plan 2017-2022.

Council's activities within the 2018/19 financial year fall into five key strategic areas and the highlights of achievements in these key areas are outlined below. A more detailed performance assessment is provided in the following chapters of this report.

Infrastructure

- Self-service fuel facility installed at Ayr Aerodrome
- Alva Beach Park's \$90,000 equipment upgrade
- All Abilities Nature Based Play Space built at Plantation Park
- New Chairlift at Home Hill Swimming Pool for disability access
- Reconstruction of one-kilometre section of Hodel Road
- Construction of 450mm diameter bypass of South Ayr Water Treatment Plant to increase water supply network capacity
- Duplication of 285kL water supply reservoir to service Giru

Economic Development

- 5 Digital Technology Workshops hosted in partnership with Australian Small Business Advisory Service
- Promotion of disaster grants to primary producers following flooding events in February
- Commenced development of new Visitor Information Mobile Facility to be based in Plantation Park.
- Hosted the Sweet Days Hot Nights Festival with over 6,000 attendees across the three events
- Hosted North Queensland Agricultural Market and Supply Chain Study Launch in June – attended by 90 people
- Hosted more than 75 NQ tourism staff and volunteers at the Regional Visitor Information Centre Volunteers Conference

Social Wellbeing

- Delivery of Community Grants Program to local community and sporting groups
- Hosted the *Sunday Sesh with Symo* to promote men's health with Andrew Symonds as a special guest
- Hosted Women's Week event *Your Finances, Your Future*
- Approximately 69,000 visitations to our library facilities in both Ayr and Home Hill
- Delivery of two food safety hygiene training sessions
- Regular technology training sessions provided to the community
- School Chaplaincy Program supported through \$30,000 donation
- Record crowds attended the Community Christmas Carols headlined by Rene` Le Feuvre at the Home Hill Memorial Hall
- 180 Media releases and the weekly Council Connections page keeping our community informed

Environment

- Introduction of new recycling system for dead batteries
- More than 320kg of rubbish collected by volunteers during the Great Northern Clean Up at Alva Beach in October 2018
- 569 feral pigs destroyed in aerial shooting reduction programs
- 180 inspections carried out for food licencing
- Over 100 sites monitored and treated for mosquitos
- Free tyre recycling event throughout the entire month of June
- Discounted pet microchipping offered at pop-up event in Home Hill in May and Pet Fair in Ayr in June
- Audit conducted to identify waste disposal trends

Organisational Sustainability

- Council's Fraud and Corruption Control Plan has been revised and updated and a series of prevention, detection and response activities have been implemented
- A revised Enterprise Risk Management Framework was developed and endorsed by the Audit Committee including the development of a new Risk Management Handbook
- Business Continuity Master Plan and Subplans reviewed and updated
- New Operational Standards developed and implemented including *Disciplinary Processes, Employee Reclassifications, and Bullying/Discrimination/Sexual Harassment Complaint Handling*

Infrastructure

INFRASTRUCTURE FOR FUTURE NEEDS

Council was able to deliver 91.5% of the budgeted Annual Works Program within the 2018/19 financial year. This included 100% of the budgeted reseal program for sealed roads.

Replacement footpaths were constructed along sections of Norham Road and Edwards, Macmillan and Young Street in Ayr, with a further 1km of new footpath installed along Seventh Avenue in Home Hill.

Works were carried out to upgrade the facilities at the Home Hill Transfer Station including construction of a new second bin bay and asphalt resealing and widening to improve access at the facility. A new battery shed was installed at the Ayr Transfer Station. Several upgrades and major projects have also been carried out at the Kirknie Landfill including a new greenwaste and scrap steel sites and associated drainage and sediment pond; an upgrade and expansion of the existing sediment pond; a new resource recovery area; and a new battery and oil shed. A standalone solar power system was also installed at the Kirknie Landfill Station.

Upgrades to the electrical capacity at the Ayr Aerodrome were carried out this year to encourage further use and development of the facility. Council also installed a new on-site self-service fuel dispenser which allows medium sized aircraft to refuel with the convenience of 24-hour fuelling.

MANAGEMENT AND MAINTENANCE OF COMMUNITY ASSETS

In August 2018 Council commenced upgrade works for the Anzac Park retaining wall near the Macmillan Street side of the park. The project included the removal and replacement of the existing stone structure and has resulted in an aesthetically pleasing and safer retaining wall.

New solar lights were installed at the Ayr Skate Park in September 2018 to improve the usability of the park with the solar lights set to run at full power for three hours after dusk, before dimming for one final hour and then turning off.

Some focus was also given to Council's own buildings with the installation of solar panels and the commencement of replacement of the air conditioning system at the Council Chambers building on Young Street. These maintenance projects will improve the energy efficiency of the building.

SAFE AND EFFECTIVE TRANSPORT NETWORKS

Road reconstruction works were carried out in various locations across the Shire throughout the year. These works included Hodel Road in Giru, Sixth Street in Home Hill, Hughes Road and Day Road in Barratta and Gibson Street in Ayr.

Council's Road Safety Advisory Committee met four times during the year. The committee brings together representatives and advisors from Council, Police, Wilmar, the Department of Main Roads and other local stakeholder groups such as Home Hill Chamber of Commerce and Flexi Queensland (disability support service provider) to discuss road safety issues and provide recommendations to Council.

Council aims to respond to safety and road maintenance concerns in a timely manner and 89.1% of all customer requests for road maintenance were actioned within the agreed timeframes this year.

Bitumen and resealing works were carried out in Macmillan Street, Young Street and Albert Street, Ayr along with kerb and channel and bitumen reconstruction works in Fifteenth Avenue and Fourth Street, Home Hill and Beach Road, Ayr. Council also carried out bitumen and resealing works on several rural roads including Lena Road, Mt Kelly and Donadon Road, Airdmillan. Footpath upgrades were carried out in parts of Queen Street, Ayr and Ninth Avenue, Home Hill, along with new footpaths being installed in parts of Giru and sections of Edward and Little Drysdale Streets, Ayr.

SECURING AND MANAGING WATER RESOURCES

Council's Water and Waste Water Infrastructure has been further enhanced and protected with several projects completed throughout the year.

Upgrades and replacements to water mains in various locations throughout the network, the replacement of the aerators at the Home Hill Water Tower and upgrades to the water bores and pumps on Conlan Street have all been measures taken by Council to ensure a secure water supply is maintained for residents.

Several challenges have been presented to Council throughout the year in relation to the management of water resources and service delivery to the community. Council has worked consistently to ensure that the water supply is safe and meets current regulations. Regular testing of the water supply in Ayr has resulted in the detection of slightly elevated levels of PFAS (per- and poly- fluoroalkyl substances) at some of Council's water bores. This resulted in Council having to remove three production bores from Council's water network as a precautionary measure. A major project to construct a 450mm bypass of the South Ayr Water Treatment Plant was completed to restore water supply network capacity lost as a result of the decommissioned bores. Council have carried out investigations in Ayr to identify potential new water bore sites. Council has maintained one hundred percent compliance with the Australian Drinking Water Guidelines throughout the year.

In May 2019, Council received advice that a funding application to construct a five megalitre water supply reservoir to increase storage capacity and disaster resilience of the Home Hill Water Supply network was successful. The \$3,324,000 project received 60% or \$1,994,400 in funding from the Queensland Government's Local Government Grants and Subsidies Program (2019–21). The project planning and construction will commence in the 2019/20 financial year.

Waste water treatment improvements have also been included in the list of projects completed by Council this year including replacement of pumps for the Ayr Sewage Treatment Plant Septic Receiving, Telemetry upgrades at the Ayr and Home Hill Waste Water Treatment Plants and the replacement of primary and secondary trickling filter arms and centre pivots at the Ayr Sewage Treatment Plant.

92% of all customer requests lodged in relation to water and waste water maintenance issues were completed within the agreed timeframes.





EFFECTIVELY EMPLOY TECHNOLOGY

Council's business performance has continued to be supported and enhanced by the maintenance and improvement of effective information and communication technologies throughout the organisation. This year, Council took initial steps to move its websites to a modern, local government-focused content management system. Although the transition to the new websites has not yet been completed, the new hosting platform offers a variety of advantages and improvements to both the end user and to Council.

Council also extended its camera surveillance network this year to protect the safety of its assets, employees and the community. New camera surveillance infrastructure was installed at Plantation Park in conjunction with the development of the Nature Play Space and the new Visitor Information Centre.

In January 2019, Council began a trial of a new safety reporting platform. The new platform *Skytrust* will allow officers to access safety information and enter incident reports in an online dashboard from tablets used in the field. This new use of technology is aimed at reducing the lag time between incidents occurring and reports being logged. It will also allow accurate and up-to-date safety information to be made available onsite and at the fingertips of workers.

Council's Libraries are constantly moving with the times from a technological point of view. Along with our regular *Tech Savvy Seniors* programs, the Burdekin Shire Libraries now offer a number of online digital content to Library members. In September Council joined the North Queensland Network and now, along with Mareeba, Tablelands and Cassowary Coast Library Services our Library now offers *BorrowBox* allowing avid eBook and eAudiobook users to access the full range of digital resources owned by all four libraries. The new platform is one of four eBook services available to Library members including *Wheelers*, *OverDrive* and *Tumblebooks*.

Economic Development

EMPOWER THE COMMUNITY

In March 2019 small businesses were offered the opportunity to participate in an informative workshop aimed at providing tools for how to effectively run and manage a Facebook business page. The two-hour session, hosted by Council, was aimed at small businesses with up to 19 employees and provided tips on how and when to effectively post content for maximum impact.

ENCOURAGE INNOVATION

A major North Queensland Project was highlighted by Council at an Industry Breakfast hosted in January. Pacific Biotechnologies (formerly known as MBD Industries) gave a presentation to attendees with an overview of plans to establish a new prawn aquaculture operation near Guthalungra (South of Home Hill). The staged project will include 250 hectares of new prawn ponds and infrastructure. It is estimated that the development will produce approximately 2,500 tonnes of black tiger prawns annually and create 130 full time equivalent jobs.

STRENGTHEN NETWORKS

More than 75 North Queensland tourism staff and volunteers attended the 2019 Regional Visitor Information Centre Volunteers Conference which was hosted in the Burdekin in March 2019. The attendees were able to take part in a regional familiarisation tour which took them to see various attractions across the Burdekin. Visitor Information Centre volunteers throughout the greater Townsville region were given a broader awareness of Burdekin attractions which they can now promote to visitors travelling through the Burdekin area. In March, Council hosted the *Building a Strong Burdekin* workshop with keynote speaker Business Council of Australia Chief Executive Officer, Jennifer Westacott. It was a privilege to have representatives of our community share their thoughts and ideas on ways to drive the local economy with the Business Council of Australia, who have a significant influence on government policy and initiatives and for Jennifer to hear first-hand the issues facing our local economy.

ENCOURAGE RE-INVESTMENT AND ATTRACT NEW INVESTMENT TO THE BURDEKIN

This year Council took steps to drive diversification in the agricultural sector by making the decision to contribute to the Northern Queensland Agricultural Market and Supply Chain Study. This 12-month project by North Queensland Regional Organisation of Councils (NQROC) and Townsville Enterprise (TEL) is aimed at investigating emerging markets and analysing supply chain gaps and sector capacity within the agricultural industry. The proactive pursuit by Council of diversification to bring new industries to the Burdekin region is hoped to boost employment opportunities and further stimulate the local economy.

Council has also been very active in providing a strong base for development of tourism products within the Shire. A new online presence, a tourism website, is being established where tourism products can be easily researched by travellers. The new Visitor Information Centre, located in Plantation Park, will help to boost visitors to our region and provides an opportunity for new tourism products to be developed and put on show.

PLAN AND CO-ORDINATE OUR COMMUNITIES

In January 2019, Council hosted a presentation by Project Manager Campbell McCall of The Infrastructure Group (TIG) providing information about the \$514.3 million Haughton River Floodplain Upgrade project. This major project, being carried out by TIG on behalf of the Department of Transport and Main Roads is expected to support around 544 direct jobs over the life of the project and other local contractors will be able to participate through various work packages throughout the project. Additionally, this improved infrastructure will ensure that links with the North are maintained during future wet season events where in past years this stretch of highway has been vulnerable to flooding events.

Council was successful in obtaining grant funding through the Australian Government Building Better Regions Program to assist in the production of a new Economic Development Strategy. The key strategic document will provide Council with an informed direction for economic development within the Shire that will be aimed at increasing employment opportunities, encouraging industry diversification and new industry development as well as growing and retaining existing business.





Social Wellbeing

SAFE, HEALTHY, INCLUSIVE AND SOCIALLY ENGAGED COMMUNITIES

In March Council supported Queensland Women's Week and hosted the *Your Finances, Your Future* event where more than 130 women attended and heard from five successful businesswomen. The forum focused on raising awareness about the importance of financial literacy and empowering women to take control of their own finances.

Council's RADF (Regional Arts Development Fund) program saw two rounds of funding being offered to support local artists and arts and cultural activities. A total of 15 projects were supported by the program including projects such as *Wicked the Musical*, produced by Burdekin Singers, a Carving in Clay workshop hosted by Burdekin Potters Inc, a quilting workshop hosted by Burdekin Patchwork and Quilters Guild, and a Highland Dancing workshop hosted by the Lower Burdekin Celtic Dancing Association amongst others.

Council's Libraries and Theatre offered a broad variety of events to promote a safe, healthy, inclusive and socially engaged community. From motivational speakers to school holiday programs, travelling artists and local musical productions, Eisteddfods, dance concerts, Seniors Week and regular messy play days, our Library and Theatre facilities have been busy year-round engaging the community and delivering important services.

Burdekin women were encouraged to increase their activity levels through the 2018 Burdekin Women and Girls *Get Out, Get Active* Program funded by the Department of National Parks, Sport and Racing. The program aimed to encourage women and girls who may not be as active as they would like to be to try out a new physical activity over an eight week period and was well supported by local health and fitness providers. This initiative saw a high level of interest from participants.

STRONG COMMUNITY ORGANISATIONS

Council has assisted in building a strong community through our Community Grants and Revenue Financial Assistance programs which have supported a variety of community organisations. Council supports activities and programs aimed at developing a sense of community within our Shire. Promotion of events and activities through Council's community events calendar and other media platforms is another way that Council has strengthened community organisations.

CREATING PLACES OF COMMUNITY IDENTITY

For the second year in a row Council hosted the *Sweet Days Hot Nights Festival* in June. This year the festival incorporated three separate events: the First Fire, the Cultural Fair and the Australian Hand Cane Cutting Championships. The events were each well supported with over 6,000 visitors in attendance across the three events. Wet weather did little to dampen the spirits of stallholders and attendees at Friday night's Cultural Fair and by Saturday the sun was shining for the Cane Cutting Championships in Home Hill.

The Burdekin Region was showcased both nationally and internationally when the Australian Fishing Championship extended their tour and held the inaugural Barra Series Burdekin Round in September 2018. The competition was televised by channels Ten, Fox Sport, ONE and BCF TV as well as to a further 17 countries internationally. The Burdekin region offers some great spots to catch the iconic sports fish Barramundi and this televised fishing competition was a tremendous opportunity to promote this popular attraction.

BUILD A ROBUST AND RESILIENT COMMUNITY

From 8-14 October 2018, Council again hosted *Get Ready Week* to encourage residents to prepare for disaster season. Council also launched the new Burdekin Shire Council Emergency Dashboard. The dashboard is an online one-stop-shop for emergency information during disasters. Through the Dashboard, residents are now able to access real time information from multiple sources including Council, the Bureau of Meteorology, the Department of Transport and Main Roads, Ergon Energy and Queensland Emergency Services- all in the one location.

The Burdekin Shire's disaster resilience was put to the test this year during the January and February monsoonal weather event which saw the wettest February on record in the Northern tropics. The monsoonal event had some significant effects on the Burdekin community. On 30 January the Haughton River peaked at 3.2m and major flood levels affected the township of Giru. The Bruce Highway was closed at the Haughton River Bridge and remained closed until 4 February 2019. On 2 February, the Burdekin River had risen to a peak of 11.2m, resulting in the isolation of the communities of Rita Island and Groper Creek. On 7 February, the Bruce Highway was closed to restricted traffic at Plantation Creek, Ayr due to flood waters and remained closed, excluding heavy vehicles, until 11 February.

The Burdekin Local Disaster Management Group (LDMG), led by the Burdekin Shire Council, coordinated the local response to these events. Resupply operations were carried out via helicopter for residents stranded in Giru, due to the length of time the transport networks had been cut off. Council also coordinated the recovery efforts with the establishment of a recovery centre at the Giru QCWA Hall allowing residents to speak in-person with representatives from a range of agencies to seek advice and assistance.



A firefighter is shown from the back, wearing a brown jacket with reflective yellow and grey stripes. The text 'QUEENSLAND FIRE & RESCUE' is printed in large, bold, white letters across the upper back. The firefighter is standing outdoors on a paved area, with a grassy field and a cloudy sky in the background.

**QUEENSLAND
FIRE & RESCUE**



Environment

BALANCING THE NEEDS OF THE COMMUNITY AND THE ENVIRONMENT

Council's Environmental Levy Fund supported an initiative run by the Lower Burdekin Landcare group aimed at reducing the spread of invasive vegetation in North Queensland. Lower Burdekin Landcare's Neem Tree replacement program offered free native trees to residents who have removed the pest tree from their residential yards. The Landcare group used funds from the Environmental Levy Fund to help put together a brochure about the pest plant to help educate locals.

Wild dogs, feral pigs and foxes were all targeted during Council's coordinated baiting program in October 2018. The ten-day program invited landholders in many of the rural areas of the Shire to participate and resulted in 35 landholders taking part in the initiative. Over 110,000Ha of land was targeted through this program aimed at reducing the numbers of feral wildlife within the Burdekin.

In April 2019 Council conducted a series of waste audits of general waste, recycling and green waste bins. The audit involved collecting and sorting the contents of each bin and then weighing the contents and assessing what percentage of waste had been directed to the correct disposal bin. The results of this waste audit were then compared with the results of previous waste audits to identify any waste disposal trends. This will assist Council to design future education strategies to improve Burdekin recycling practices.

A SUSTAINABLE ENVIRONMENT

Improvements to services offered at Council's transfer stations are hoped to contribute to a more sustainable environment in the long term. The introduction of tub grinders by Council's mulching contractor will now allow residents to dispose of large logs and other bulky materials such as mattresses and large pieces of concrete. The tub grinders break down mattresses, and stockpiled concrete and scrap metal is able to be separated and recycled. The remaining concrete material can be broken down and used as engineering fill which, in turn, may help reduce construction costs for Council roadworks. Additionally, residents are able to utilise the resulting mulch from large logs and stumps for free.

Council is a supporter of responsible waste habits and this year urged Burdekin residents to band together to participate in the annual Great Northern Clean Up. A record amount of rubbish was collected from Alva Beach in October 2018 during the clean-up with over 320kg removed. Glass bottles, hard plastics, aluminium cans and plastic film remnants were amongst the rubbish collected on the day. Two dumped lawnmowers, a golf bag and a jerry can were also removed from the beach area.

Council also hosted a free dump weekend in November to encourage residents to prepare for cyclone season. Residents were able to dump unlimited domestic waste for free at the Kirknie Road Landfill facility.



Organisational Sustainability

STRONG ENGAGEMENT WITH THE COMMUNITY

Council prides itself on ensuring the community is well informed. During the year Council has issued 180 media releases and has had over 7,000 external visits to the Council website. Council has continued to deliver information to the community through the weekly Council Connections page in the Burdekin Advocate providing information about job vacancies, requests for quotation and tender and providing regular updates about Council activities.

Council also regularly consults with key stakeholder groups throughout the community and has supported several advisory committees aimed at maintaining an effective engagement with the community.

CREATE A WORKPLACE THAT IS REGARDED AS AN EMPLOYER OF CHOICE

Burdekin Shire Council continues to be a workplace that is highly regarded by its employees. Council's Enterprise Risk Management Framework was updated in October 2018. The updated framework facilitates continuous improvement across the organisation and enhances the organisation's resilience to risk. Integrated risk management processes ensure that the organisation achieves its objectives and ultimately creates a safer and happier work environment.

Council has also actively promoted the health and safety of workers throughout the year and ran special events during Safe Work Month in October 2018. As a part of this program, the Paraplegic Benefit Fund (PBF) Australia delivered five safety awareness sessions to employees regarding the life changing impacts of spinal cord injury.

Council maintains a skills register and offers a schedule of training to meet legislative compliance requirements. Additionally, employees can participate in professional development training, seminars, workshops and specialty forums that enhance the depth of knowledge within the organisation.

AN ORGANISATIONAL CULTURE THAT EMBRACES OUR VALUES

Council's values are: customers first; lead and innovate; value people; continuous improvement, and; ideas into action. Council's organisational culture drives behaviours that demonstrate our commitment to these values.

A revised Code of Conduct for Workers was introduced in April 2019. The updated Code of Conduct reflects the public sector ethics principles of: integrity and impartiality; promoting the public good; commitment to the system of government; and accountability and transparency. Mandatory Code of Conduct training was provided to all Council Employees.



Corporate Governance

Corporate Governance has a focus on delivering Council services in the most effective and efficient ways whilst ensuring that there is an appropriate level of operational transparency and accountability.

ADMINISTRATIVE ACTION COMPLAINTS

COMPLAINTS 1 JULY 2018 TO 30 JUNE 2019

Administrative action complaints received	Administrative action complaints resolved	Administrative action complaints not resolved
8	5	3

None of the outstanding administrative action complaints in the above table are from a previous financial year.

An administrative action complaint is a complaint that is about an administrative action of a local government including, for example:

- (a) A decision, or failure to make a decision, including a failure to provide a written statement of reasons for a decision;
 - (b) The formulation of a proposal or intention;
 - (c) The making of recommendations;
- And is made by an affected person.

An affected person is a person who is apparently directly affected by an administrative action of a local government.

Burdekin Shire Council is committed to a robust complaints management process which ensures the following:

- Conflicts of interest are identified and managed appropriately when investigating and responding to complaints;
- Staff at all levels are empowered to resolve issues wherever possible when they are first raised by the customer;
- The effective, transparent and timely resolution of complaints;
- Complaints are treated confidentially, and customers are not treated differently as a result of lodging genuine complaints; and
- Complaints are objectively reviewed to ensure our actions are fair and in accordance with legislation.

Council utilises the Customer Request System and Records Management System to record and track complaints. Council's Complaint Management Policy can be viewed online or in person at the Council Chambers.

INTEGRITY AND ACCOUNTABILITY

Section 23 of the Public Sector Ethics Act 1994 (PSEA) requires each Annual Report to include an Implementation Statement giving details of the actions taken during the reporting period to comply with sections 15, 21 and 22 of the PSEA. Implementation Statement for the 2018/19 reporting period is as follows:

Preparation of Codes of Conduct (s15)

The Burdekin Shire Council Code of Conduct for Workers was approved by the CEO on 12 April 2019 following a comprehensive review and update process. The Code can be accessed by all workers via Council's intranet site and Records Management System.

Education and training (s21)

All Council employees attended compulsory Code of Conduct Training in May 2019. Code of Conduct training is also incorporated into induction training for all new employees and contractors.

Procedures and practices (s 22)

Council has embedded the ethics principles in many of its procedures and practices. The ethics principles for integrity and impartiality, promoting the public good, commitment to the system of government and accountability and transparency are reflected in Council's procedures and practices.

MONITORING THROUGH INTERNAL AUDIT

The *Local Government Act 2009* requires councils to provide assurance that they discharge their responsibilities effectively and efficiently by maintaining an internal audit function to review risks, internal controls, performance and compliance. The membership of the Audit Committee, taken collectively, has a broad range of skills and experience relevant to the operations of the Council.

Audit Committee

Council's Audit Committee for 2018/19 comprised:

- Mr Ian Jessup – Independent Chairperson;
- Mr Jim Fahey – Independent Professional Member;
- Mr Jim Nuttall – Independent Community Member;
- Councillor John Woods; and
- Councillor Sue Perry.

The committee met a total of five times during the financial year to review Council's financial reporting, risk management and other key management issues. The committee received regular updates and presentations from the External Auditor, the Internal Audit Function and key Council personnel. The minutes from each Audit Committee meeting were provided to Council for adoption shortly after each meeting.

This year Council engaged O'Connor Marsden and Associates (OCM) to perform the internal audit function. Three internal audits were scheduled for the reporting period- Cash Handling, Food and Accommodation Licensing and Compliance and Work Health and Safety. The three areas subject to internal audit were identified after reviewing key risks outlined in Council's Strategic Risk Register. OCM have delivered a professional service providing independent and objective review of the agreed audit areas. Council management have agreed upon several improvement measures to be implemented in accordance with agreed timeframes.

MANAGING RISK

Council has taken significant steps this financial year to ensure that a robust and fit-for-purpose framework is in place for the purpose of effectively managing risk throughout the organisation. Council's Risk Management Committee reviewed and updated the Enterprise Risk Management framework and the Strategic Risk Register for Council. A new tool was developed to assist all workers to manage risk: the Risk Management Handbook for officers.

Additionally, Council reviewed and updated the Fraud and Corruption Control Plan and Council's Business Continuity Plans – two key documents addressing major risks faced by the organisation. Council's Risk Management Committee continues to meet monthly with a focus on identifying improvements and risk management solutions for the organisation.





Statutory Information



Statutory Information

This section of the report contains information which is prescribed by the Local Government Act 2009 and Local Government Regulation 2012 to be disclosed in Council's Annual Report for the period.

LOCAL GOVERNMENT ACT 2009

s41 Beneficial Enterprises

Council did not conduct any beneficial enterprises within the 2018/19 financial year.

s45 Significant Business Activities

(a) During the 2018/19 financial year Council operated the following Business Activities:

- Waste Collection;
- Water; and
- Sewerage.

(b) None of the above activities satisfied the statutory threshold for classification as a significant business activity.

(c) The competitive neutrality principle was not applied as Council does not have any significant business activities.

(d) Council did not commence any new business activities within this period i.e. all the listed business activities were also conducted in the preceding financial year.

s 201 Remuneration paid to Senior Management Employees

(a) The value of remuneration packages of senior management employees was \$742,836.

BAND	NUMBER OF EMPLOYEES IN BAND
\$150,001 - \$250,000	2
\$250,001 - \$350,000	1

LOCAL GOVERNMENT REGULATION 2012

s183 Financial Statements

(a) The general purpose Financial Statement is shown on pages 46 to 71.

(b) The current year Financial Sustainability Statement is shown on page 75.

(c) The long-term Financial Sustainability Statement is shown on page 79.

(d) The Auditor-General's audit reports about the general purpose Financial Statement and current year Financial Sustainability Statement are shown on pages 72-74 and 76-78.

s184 Community Financial Report

The Community Financial Report for the period is shown on pages 14-17.

s185 Particular Resolutions

(a) A copy of resolutions made under Section 250 of the *Local Government Act 2009*.

On 9 July 2019, Council made the following resolution:

Recommendation

That the Council adopts the amended Councillor Expense Reimbursement Policy as per the attachment to the Chief Executive Officer's report.

Resolution

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

CARRIED

(b) On 8 May 2018, in accordance with Section 206(2) of the Local Government Regulation 2012, Council resolved to adopt a revised Non-current Asset Policy. The Policy is effective for the 2017/18 & 2018/19 financial years. The policy details the classes of non-current physical assets and sets the amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense. The below table, from the adopted Non-Current Asset Policy, details the thresholds for each asset type.

ASSET TYPE	THRESHOLD (GST EXCLUSIVE)
Land	\$1
Land improvements	\$5,000
Buildings	\$5,000
Infrastructure (roads and bridges, water, sewerage)	\$5,000
Plant and equipment	\$5,000
Office equipment, furniture and fittings	\$5,000
All other assets (including intangible assets)	\$5,000

s 186 Councillors

(a) Remuneration and superannuation payments to Councillors during 2018-2019 financial year were:

TOTAL REMUNERATION AND SUPERANNUATION CONTRIBUTIONS PAID TO COUNCILLORS						
Councillor	Mayor	Deputy Mayor	Councillor	Telephone and data allowance	Total	Council 12% Super
Ted Bawden	-	-	\$53,369.50	\$600.00	\$53,969.50	\$6,404.28
John Bonanno	-	\$47,961.68	\$11,257.55	\$600.00	\$59,819.23	\$7,106.48
Tony Goddard	-	-	\$53,369.50	\$600.00	\$53,969.50	\$6,404.28
Uli Liessmann	-	-	\$53,369.50	\$600.00	\$53,969.50	\$6,404.28
Lyn McLaughlin	\$103,918.00	-	-	-	\$103,918.00	\$12,470.11
Sue Perry	-	\$11,990.42	\$42,111.95	\$600.00	\$54,702.38	\$6,492.23
John Woods	-	-	\$53,369.50	\$600.00	\$53,969.50	\$6,404.42
TOTAL	\$103,918.00	\$59,952.10	\$266,847.50	\$3,600.00	\$434,317.60	\$51,686.08

No Councillor receives a car allowance. The Mayor is provided with a vehicle for business and private use, and Councillors have access to a Council vehicle for business use only.

(b) The cost of expenses incurred by, and the facilities provided to Councillors in accordance with Burdekin Shire Council's Councillor Expense Reimbursement Policy in the 2018/19 financial year are as follows:

EXPENSES INCURRED BY AND FACILITIES PROVIDED TO COUNCILLORS UNDER THE COUNCILLOR EXPENSE REIMBURSEMENT POLICY					
Councillor	Functions	Food and Beverages	Travel and Accommodation	Conference Registration Costs	Total
Ted Bawden	-	-	-	-	\$0
John Bonanno	\$159.09	\$60.56	\$992.47	-	\$1,212.12
Tony Goddard	-	\$89.20	\$751.63	\$452.04	\$1,292.87
Uli Liessmann	-	\$255.71	\$1,502.65	\$750.00	\$2,478.36
Lyn McLaughlin	\$350.00	\$807.50	\$4,620.93	\$1,052.04	\$6,830.47
Sue Perry	-	\$84.00	\$1,726.74	\$2,524.77	\$4,335.51
John Woods	-	\$274.89	\$1,767.44	\$452.04	\$2,494.37
TOTAL	\$509.09	\$1,541.86	\$11,361.86	\$5,230.88	\$18,643.70

Catering is occasionally supplied for meetings, workshops and training which incurred a total expense of \$343.16 for the period. A total of \$272 was incurred for hospitality expenses during the period by the Mayor. Each Councillor is provided with either a laptop computer or tablet device to be used for Council work. The Mayor is provided with a mobile phone which can be used for council business and minor private use. Each Councillor is provided with appropriate PPE for use during Council inspections. Councillors have access to Council vehicles (including fuel provisions) for Council business such as travel to and from conferences and training.

(c) Meeting attendances for the year were as follows:

ELECTED MEMBERS' MEETING ATTENDANCES 1 JULY 2018 TO 30 JUNE 2019				
Councillor	Ordinary and Special Meetings held	Ordinary and Special Meetings attended	Meetings absent while on Council Business	Leave of Absence
Ted Bawden	23	22	0	1
John Bonanno	23	22	0	1
Tony Goddard	23	21	0	2
Uli Liessmann	23	18	2	3
Lyn McLaughlan	23	21	1	1
Sue Perry	23	23	0	0
John Woods	23	22	0	1

For the period 1 July 2018 to 2 December 2018:

(d) and (e) Orders and recommendations made during the period 1 July to 2 December about misconduct or inappropriate conduct of Councillors;

(f) Complaints about the conduct or performance of Councillors during 2018/19:

There were no orders made under sections 180 (2) or (4) or 181 of the *Local Government Act 2009*.

COMPLAINT TYPE	LGA SECTION	NUMBER
Complaints for which no further action was taken (i.e. assessed as frivolous or vexatious)	s 176C(2)	Nil
Inappropriate conduct complaints referred to Department's CEO	s 176C(3)(a)(i)	Nil
Inappropriate conduct complaints referred to the Mayor	s 176C(3)(a)(ii)	Nil
Misconduct complaints referred to Department's CEO	s 176C(4)(a)	Nil
Complaints of corrupt conduct under the <i>Crime and Corruption Act 2001</i>	s 176C(5)	Nil
Complaints heard by the Regional Conduct Review Panel	s176(c)(4)(b) & 177 (3)	Nil
Complaints heard by Local Government Remuneration and Discipline Tribunal	s 177 (3)	Nil
Other complaints dealt with	s 176C(6)	Nil

For the period 3 December 2018 to 30 June 2019 (new legislation in effect from 3 December 2018):

(c) The total number of:

ORDERS	LGA SECTION	NUMBER
(i) Orders made by the Chairperson dealing with unsuitable conduct	150I(2)	Nil
(ii) Orders made by the local government where the local government has decided that the Councillor has engaged in inappropriate conduct	150AH(1)	Nil
(iii) Decisions, orders and recommendations made by the conduct tribunal in relation to misconduct by a Councillor	150AR(1)	Nil

(e) Each of the following during the financial year:

REQUIREMENT	DETAILS
(i) The name of each councillor for whom a decision, order or recommendation mentioned in in paragraph (d) was made;	N/A
(ii) A description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the Councillors;	N/A
(iii) A summary of the decision, order or recommendation made for each Councillor; and	N/A

(f) The number of each of the following during the financial year:

DETAILS	LGA SECTION	NUMBER
(i) Complaints referred to the assessor by the local government	150P(2)(a)	Nil
(ii) Matters notified to the Crime and Corruption Act as per section 150P(3) of the Act	150P(3)	Nil
(iii) Notices given to the assessor about Councillor conduct as per section 150R of the Act	150R(2)	Nil
(iv) Notices given to the assessor about action taken under section 150 AG relating to three occasions of inappropriate conduct by a Councillor within a period of 1 year	50S(2)(a)	Nil

(v) Decisions made by the assessor to dismiss the complaint under section 150X, to refer suspected inappropriate conduct to the local government to deal with or to take no further action under section 150Y	150W(a) (b) and (d)	Nil
(vi) Referral notices given to the local government by the assessor accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act	150AC(3)(a)	Nil
(vii) Information given to the assessor indicating a Councillor may have engaged in misconduct as per section 150AF(4)(a) of the Act	150AF(4)(a)	Nil
(viii) Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a Councillor	Chapter 5A Part 3 Div 5	Nil
(ix) Applications heard by the conduct tribunal about the alleged misconduct of a Councillor	Chapter 5A Div 6	Nil

s 187 Administrative Action Complaints

A report regarding implementation of Council's Administrative Action Complaints Process is shown on page 33.

s 188 Overseas Travel

No overseas travel was made in an official capacity during the period by any employee, Councillor or the Mayor.

s 189 Expenditure on Grants to Community Organisations

(a) The local government's expenditure for 2018/2019 on grants to community organisations

The total summary of Cash Grants, Donations, Standing Donations and In-kind Support has been broken into the below categories:

CATEGORY	AMOUNT
Arts and Culture	\$5,300.00
Recreation/ Sport	\$5,435.70
Community Assistance	\$300.00
Community Development	\$52,748.00
Welfare	\$87,865.00
Tourism	\$1,000.00
Surf Lifesaving	\$12,159.94
Standing Donations	\$132,832.00
In-Kind	\$75,382.61
TOTAL	\$373,023.25

(b) None of the Councillors at Burdekin Shire Council have discretionary funds.

s 190 Other Matters

(a) The assessment of Council's implementation of the Corporate Plan 2017-2022 and Operational Plan 2018-2019 is included on pages 20-32.

(b) Pages 20-32 of this report provide a detailed assessment of Council's performance for the year.

(c) Council did not operate any commercial business units.

(d) Council did not levy any special rates or charges for a service, facility or activity supplied by another local government.

(e) Council issued one invitation to one tenderer to change a tender due to a change of specifications under section 228(7) during the period.

(f) The following registers were kept by Council during the period:

- Register of Interests for Councillors and their Related Persons
- Register of Interests for Senior Executive Employees and their Related Persons
- Councillor Conduct Register
- Register of Gifts and Benefits
- Risk Register
- Register of Delegations
- Register of Loss of Council Assets
- Council Policy Register
- Register of Impounded Animals
- Animal Register (Cats & Dogs)
- Road Map and Register
- Burial Register
- Register of Backflow Prevention Devices
- Register of Pre-qualified Suppliers
- Register of Local Laws
- Register of Fees & Charges
- Register of Development Applications
- Register of Decision Notices re: Development Applications

(g) Council granted concessions to pensioners in accordance with the Council resolution made at the Budget Meeting on 26 June 2018 as a pensioner rebate. The rebate was calculated as half the sum of the relevant General Rates, Water Charges and Sewerage Charges up to a maximum rebate set at \$366.

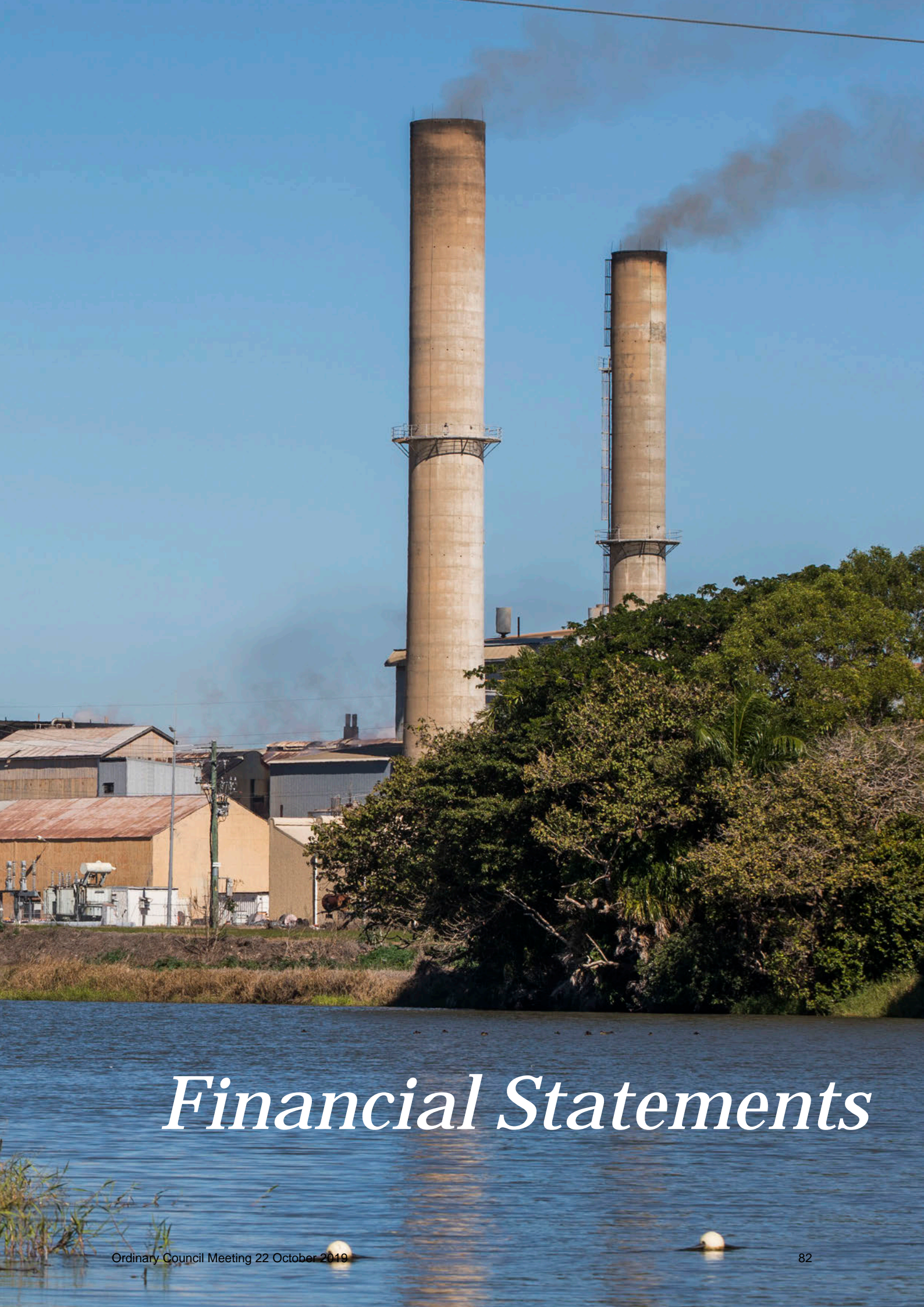
In total, Council received pensioner rebate applications for 877 properties and remitted \$313,821 in concessions. Additionally, Council provided 48 applicants from Not for Profit Organisations with \$132,832 in sewerage concessions in relation to land used for private schools, churches, welfare and youth organisations, sporting purposes and public halls, excluding premises licensed under the Liquor Act 1992.

(h) The report on the internal audit for the year is shown on Page 34.

(i) & (j) Council did not receive any investigation notices about competitive neutrality complaints and no competitive neutrality complaint reports were received or responses required during the period.







Financial Statements



Burdekin Shire Council

Annual Financial Statements

**for the financial year ended
30 June 2019**

BURDEKIN SHIRE COUNCIL

Financial Statements

For the year ended 30 June 2019

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Certificate of Accuracy - Current Year Financial Sustainability Statements

Independent Auditor's Report - Current Year Financial Sustainability Statement

Certificate of Accuracy - Long Term Financial Sustainability Statement (unaudited)

BURDEKIN SHIRE COUNCIL
Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Income			
Recurrent			
Rates and levies	3 (a)	39,482,214	38,877,353
Fees and charges	3 (b)	2,372,758	2,244,424
Interest received		2,032,337	1,959,495
Sale of contract and recoverable works		2,225,220	1,784,248
Other recurrent income		425,880	367,696
Grants, subsidies and contributions	4 (a)	5,044,505	4,618,774
		<u>51,582,914</u>	<u>49,851,990</u>
Capital			
Grants, subsidies and contributions	4 (b)	7,169,786	5,838,410
Other capital income	5	32,152	95,453
		<u>7,201,938</u>	<u>5,933,863</u>
Total income	2 (b)	<u>58,784,852</u>	<u>55,785,853</u>
Expenses			
Recurrent			
Employee benefits	6	(20,780,823)	(19,955,058)
Materials and services	7	(15,769,033)	(14,530,959)
Finance costs	8	(636,137)	(730,219)
Depreciation	14 (e)	(11,318,990)	(10,838,670)
Amortisation		(213,661)	(263,385)
		<u>(48,718,644)</u>	<u>(46,318,291)</u>
Capital			
Other capital expenses	9	(3,442,888)	(2,320,794)
Total expenses	2 (b)	<u>(52,161,532)</u>	<u>(48,639,085)</u>
Net result		<u>6,623,320</u>	<u>7,146,768</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	19 (a)	17,177,029	1,085,765
Total other comprehensive income for the year		<u>17,177,029</u>	<u>1,085,765</u>
Total comprehensive income for the year		<u><u>23,800,349</u></u>	<u><u>8,232,533</u></u>

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

BURDEKIN SHIRE COUNCIL
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	11	61,728,608	57,224,426
Receivables	13 (a)	3,835,334	3,241,481
Inventories		533,911	753,530
		<u>66,097,853</u>	<u>61,219,437</u>
Non-current assets held for sale		-	161,000
Total current assets		<u>66,097,853</u>	<u>61,380,437</u>
Non-current assets			
Receivables	13 (b)	375,969	321,695
Property, plant and equipment	14 (e)	527,819,920	505,374,700
Intangible assets		224,586	802,303
Total non-current assets		<u>528,420,475</u>	<u>506,498,698</u>
TOTAL ASSETS		<u>594,518,328</u>	<u>567,879,135</u>
Current liabilities			
Payables	15	6,216,913	4,753,959
Provisions	16 (a)	2,969,457	2,878,335
Borrowings	17	1,333,896	1,759,020
Other	18	451,070	950
Total current liabilities		<u>10,971,336</u>	<u>9,392,264</u>
Non-current liabilities			
Provisions	16 (b)	18,615,015	16,347,082
Borrowings	17	345,191	1,674,926
Total non-current liabilities		<u>18,960,206</u>	<u>18,022,008</u>
TOTAL LIABILITIES		<u>29,931,542</u>	<u>27,414,272</u>
NET COMMUNITY ASSETS		<u><u>564,586,786</u></u>	<u><u>540,464,863</u></u>
Community equity			
Asset revaluation surplus	19	312,775,138	295,598,109
Retained surplus (deficiency)		<u>251,811,648</u>	<u>244,866,754</u>
TOTAL COMMUNITY EQUITY		<u><u>564,586,786</u></u>	<u><u>540,464,863</u></u>

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

BURDEKIN SHIRE COUNCIL
Statement of Changes in Equity
For the year ended 30 June 2019

	Total	Retained surplus (deficit)	Asset revaluation surplus Note 19
	2019	2019	2019
	\$	\$	\$
Balance as at 1 July 2018	540,464,863	244,866,754	295,598,109
Correction to opening balance	418,834	321,574	97,260
Restated opening balance	540,883,697	245,188,328	295,695,369
Net result	6,623,320	6,623,320	-
Other comprehensive income for the year			
Asset revaluation surplus	17,079,769	-	17,079,769
Total comprehensive income for the year	23,703,089	6,623,320	17,079,769
Balance as at 30 June 2019	564,586,786	251,811,648	312,775,138

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

	Total	Retained surplus (deficit)	Asset revaluation surplus Note 19
	2018	2018	2018
	\$	\$	\$
Balance as at 1 July 2017	531,497,883	236,985,539	294,512,344
Correction to opening balance	819,494	734,447	85,047
Restated opening balance	532,317,377	237,719,986	294,597,391
Net result	7,146,768	7,146,768	-
Other comprehensive income for the year			
Asset revaluation surplus	1,000,718	-	1,000,718
Total comprehensive income for the year	8,147,486	7,146,768	1,000,718
Balance as at 30 June 2018	540,464,863	244,866,754	295,598,109

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

BURDEKIN SHIRE COUNCIL

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts			
Receipts from customers		46,790,250	47,458,314
Operating grants, subsidies and contributions		5,044,505	4,618,774
Interest received		2,067,792	1,918,350
Payments			
Payments to suppliers and employees		(37,257,634)	(36,973,686)
Interest expense		(154,948)	(241,911)
Net cash inflow (outflow) from operating activities	24	<u>16,489,965</u>	<u>16,779,841</u>
Cash flows from investing activities			
Commonwealth government grants		431,546	871,044
State government subsidies and grants		6,735,069	4,965,643
Capital contributions		3,171	1,723
Payments for property, plant and equipment		(17,588,907)	(15,494,188)
Payments for intangible assets		(31,231)	(158,615)
Net transfer (to) from cash investments		-	3,000,000
Proceeds from sale of property, plant and equipment		54,797	468,000
Proceeds from sale of non-current assets held for sale		208,826	-
Net movement in loans to community organisations		(44,195)	(168,933)
Net cash inflow (outflow) from investing activities		<u>(10,230,924)</u>	<u>(6,515,326)</u>
Cash flows from financing activities			
Repayment of borrowings	17	<u>(1,754,859)</u>	<u>(1,667,896)</u>
Net cash inflow (outflow) from financing activities		<u>(1,754,859)</u>	<u>(1,667,896)</u>
Net increase (decrease) in cash and cash equivalents held		<u>4,504,182</u>	<u>8,596,619</u>
Cash and cash equivalents at beginning of the financial year		<u>57,224,426</u>	<u>48,627,807</u>
Cash and cash equivalents at end of the financial year	11	<u>61,728,608</u>	<u>57,224,426</u>

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

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

1 Significant accounting policies

(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period.

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

These financial statements have been prepared under the historical cost convention, except where stated.

(b) Date of authorisation

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

(c) Adoption of new and revised Accounting Standards

AASB 9 Financial Instruments

This year Council has applied AASB 9 Financial Instruments for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has elected to not apply AASB 9 Financial Instruments to concessional loans to separate the concessional portion from the balance at amortised cost as there would be no material change to the balance of the community loans and advances.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements and Council will implement them when they are effective. The standards that are expected to have a material impact upon Council's future financial statements are:

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations; these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue would decrease due to deferral of grant funding and pre-paid rates (based on the facts available to Council at the date of assessment)
- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities and statutory receivables
- Net result would be lower on application as a result of decreased revenue

A range of new disclosures will also be required by the new standards in respect of Council's revenue.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

1 Significant accounting policies

(c) Adoption of new and revised Accounting Standards (continued)

Transition Method

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

AASB 16 Leases

The Council has assessed the impacts the initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application. Based on Council's assessment of this new standard, it is likely the impact on the financial statements will be immaterial.

Peppercom Leases

Council is the lessee of a Deed of Grant in Trust leases, for which no or little lease payments are made. This has been identified as a peppercorn lease which is currently not recognised in Council's financial statements. Council intends to elect to not apply the fair value measurement requirements to this lease until such time as this requirement is mandated.

(d) Estimates and judgements

Where necessary, judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk causing an adjustment to Council's assets or liabilities relate to:

- Valuation and depreciation of property, plant and equipment - note 14
- Annual leave liability - note 15
- Provisions - note 16
- Contingent liabilities - note 22

(e) Rounding

The financial statements are in Australian dollars and have been rounded to the nearest \$1.

(f) Taxation

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

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

2 Analysis of results by function

(a) Components of Council functions

The activities relating to the Council's components reported on in note 2 (b).

Administration

Deliver responsible governance, efficient service and administrative support for Council's operations and strategic initiatives. The services include recruitment, training and development, employee and public relations, information technology services, secretarial and minutes support, records management, quality assurance, Council properties management, revenue, purchasing, creditors, payroll, debtors, budgeting, statutory and financial reporting, debt management, taxation, and financial, asset and systems management.

Community and Cultural

Council's community and cultural services objective is to provide a broad range of cultural, recreation and sport facilities, welfare and area promotion. The services include libraries, theatre, memorial hall, art and cultural activities, recreation and sport facilities, area promotion, welfare, disaster management, tourism and economic development.

Development

Development services aim to ensure all new development outcomes meet regulatory obligations including relevant Acts, the Planning Scheme, building codes, council policies and local laws. Development services comprises of development administration, town planning, building services, plumbing and facilities management.

Environmental

The objectives for Council's environmental services are to protect and enhance the natural environment and encourage environmental responsibility throughout the community. These services include public health administration, inspection, local law enforcement, animal control, vector control, pest management, land protection, aquatic weed removal, protection of the environment, caravan parks and swimming pools.

Engineering

Engineering services objective is to provide safe and efficient transport networks, stormwater drainage systems, flood mitigation and warnings systems and a modern fleet of construction equipment and light vehicles which meet the requirements of the community, external stakeholders and regulatory responsibilities. Services provided include the design, construction, management and maintenance of relevant infrastructure and the procurement and maintenance of Council's fleet. The department also manages Council's relationship with Transport and Main Roads including the Road Maintenance Performance Contract.

Waste

Waste management services aim to provide efficient and compliant waste infrastructure and services including waste receptacles, waste collection and disposal and waste management and education. Council operates or facilitates four transfer stations at Ayr, Home Hill, Giru and Clare and a landfill at Kirknie Road, Home Hill. Services also include the review, assessment and treatment of legacy landfills.

Sewerage

Council provides sewerage services to the towns of Ayr, Brandon and Home Hill. The objectives of the service is to provide disposal and treatment of commercial, industrial and domestic sewage in a manner which safeguards public health and is consistent with Council's responsibilities and obligations under Queensland legislation. The services include the collection of sewage from customers within Council's adopted service areas via reticulation networks including pump stations, gravity and pressure sewers, and the treatment of the collected waste to a standard within environmental licence parameters determined by the regulator.

Water

Council is a registered water service provider under the provisions of the *Water Supply (Safety and Reliability) Act 2008*. Council provides potable water supply service to the towns of Ayr, Brandon, Home Hill and Giru and also to the rural residential settlement of Mt Kelly and the beachside settlement of Alva. The service objective is to provide an adequate supply of quality drinking water that complies with aesthetic and health parameters stipulated in the Australian Drinking Water Guidelines (2011). The services include the pumping, treatment and disinfection of raw water prior to the reticulated supply to customers via individual metered property connections.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

2 Analysis of results by function (continued)

(b) Income and expenses defined between recurring and capital, and assets are attributed to the following programs

For the year ended 30 June 2019

Functions	Recurrent revenue Grants	Other	Capital revenue Grants	Other	Total Income	Recurrent Expenses	Capital Expenses	Total Expenses	Operating surplus/(deficit) from recurrent operations	Net result for year	Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	2,639,880	28,053,446	1,578,983	53,570	32,325,879	(7,342,708)	(454,056)	(7,796,764)	23,350,618	24,529,115	87,121,275
Community and Cultural	450,247	531,439	311,087	-	1,292,773	(5,058,397)	(86,287)	(5,144,684)	(4,076,711)	(3,851,911)	25,716,223
Development	90,190	371,952	-	-	462,142	(1,422,070)	-	(1,422,070)	(959,928)	(959,928)	-
Environmental	31,380	1,150,028	2,098,207	2,090	3,281,705	(6,049,243)	(230,077)	(6,279,320)	(4,867,835)	(2,997,615)	14,850,279
Engineering	1,589,531	2,304,197	2,788,649	(20,337)	6,660,040	(16,262,233)	(2,124,175)	(18,386,408)	(12,368,505)	(11,726,368)	394,722,896
Waste	20,757	4,619,122	106,089	-	4,745,968	(4,256,366)	(392,778)	(4,649,144)	383,513	96,824	9,550,001
Sewerage	-	4,813,825	285,600	-	5,099,425	(4,157,888)	(79,370)	(4,237,258)	655,937	862,167	37,320,933
Water	-	4,916,920	-	-	4,916,920	(4,169,739)	(76,145)	(4,245,884)	747,181	671,036	25,236,721
Total	4,821,985	46,760,929	7,166,615	35,323	58,784,852	(48,718,644)	(3,442,888)	(52,161,532)	2,864,270	6,623,320	594,518,328

For the year ended 30 June 2018

Functions	Recurrent revenue Grants	Other	Capital revenue Grants	Other	Total Income	Recurrent Expenses	Capital Expenses	Total Expenses	Operating surplus/(deficit) from recurrent operations	Net result for year	Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	2,938,212	27,492,536	1,528,367	-	31,959,115	(7,410,937)	(32,799)	(7,443,736)	23,019,811	24,515,379	80,136,106
Community and Cultural	344,961	474,020	115,311	-	934,292	(4,939,199)	(77,142)	(5,016,341)	(4,120,216)	(4,082,049)	25,687,006
Development	-	351,533	-	-	351,533	(1,272,795)	-	(1,272,795)	(921,262)	(921,262)	-
Environmental	65,612	1,084,601	480,706	909	1,631,828	(5,700,220)	(177,175)	(5,877,395)	(4,550,007)	(4,245,567)	11,655,359
Engineering	1,074,139	1,826,975	2,926,602	814	5,828,530	(15,022,430)	(1,682,349)	(16,704,779)	(12,121,316)	(10,876,249)	383,520,708
Waste	-	4,660,907	43,266	95,453	4,799,626	(3,895,340)	(33,100)	(3,928,440)	765,567	871,186	7,102,234
Sewerage	-	4,691,669	476,000	-	5,167,669	(3,983,496)	(196,112)	(4,179,608)	708,173	968,061	36,052,823
Water	-	4,846,825	266,435	-	5,113,260	(4,093,874)	(122,117)	(4,215,991)	752,951	897,269	23,722,899
Total	4,422,924	45,429,066	5,836,687	97,176	55,785,853	(46,318,291)	(2,320,794)	(48,639,085)	3,533,699	7,146,768	567,879,135

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

3 Revenue

Revenue is recognised at the fair value of consideration received or receivable, on the basis it meets the recognition criteria as indicated below.

(a) Rates and levies

Rates are recognised as revenue at the start of the rating period or if paid earlier they are recognised as revenue when they are received.

	2019	2018
	\$	\$
General rates	27,309,046	26,880,108
Separate rates	6,600	6,545
Environmental levy	87,752	87,212
Water	4,417,629	4,299,578
Sewerage	4,007,931	3,953,369
Garbage charges	3,967,077	3,956,831
Rates and utility charge revenue	39,796,035	39,183,643
Less: Pensioner remissions	(313,821)	(306,290)
	<u>39,482,214</u>	<u>38,877,353</u>

(b) Fees and charges

Fees and charges are recognised when Council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents or when the service is provided.

	2019	2018
	\$	\$
Building and development fees	366,213	349,912
Caravan parks	482,926	499,859
Animal management	151,561	148,153
Waste disposal	363,945	371,449
Trade waste	225,338	150,629
Cultural facilities	223,741	231,035
Cemetery fees	185,355	138,082
Other fees and charges	373,679	355,305
	<u>2,372,758</u>	<u>2,244,424</u>

4 Grants, subsidies and contributions

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.

Physical assets contributed to Council by developers in the form of roadworks, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on Council maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised at fair value as non-current assets. Those below the threshold are recorded as expenses.

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

	2019	2018
	\$	\$
(a) Recurrent		
General purpose grants	3,410,800	3,714,446
State government subsidies and grants	1,411,185	708,478
Contributions	222,520	195,850
	<u>5,044,505</u>	<u>4,618,774</u>

Council received pre-payment of the Financial Assistance Grant in June 2019 and June 2018.

	2019	2018
	\$	\$
(b) Capital		
(i) Monetary		
Commonwealth government grants	431,546	871,044
State government subsidies and grants	6,735,069	4,965,643
Contributions	3,171	1,723
	<u>7,169,786</u>	<u>5,838,410</u>

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

4 Grants, subsidies and contributions (continued)

(c) Conditions over grants and contributions

Non-reciprocal grants and contributions which were recognised as revenues during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date.

	2019	2018
	\$	\$
Grants for infrastructure	2,661,137	2,087,399

Non-reciprocal grants and contributions which were recognised as revenues during a previous reporting period and were expended during the current reporting period.

	2019	2018
	\$	\$
Grants for infrastructure	1,870,500	1,559,493

5 Capital income

	2019	2018
	\$	\$
Gain on disposal of non-current assets	32,152	-
Revision of the future restoration expenditure	-	95,453
	32,152	95,453

6 Employee benefits

	Note	2019	2018
		\$	\$
Total staff wages and salaries		16,640,889	15,541,687
Councillors' remuneration		427,706	416,139
Annual, sick and long service leave entitlements		3,215,508	3,050,585
Superannuation	23	2,118,351	2,007,352
		22,402,454	21,015,763
Other employee related expenses		531,234	518,102
		22,933,688	21,533,865
Less capitalised employee expenses		(2,152,865)	(1,578,807)
		20,780,823	19,955,058

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

Total full time Equivalent Council employees at 30 June	2019	2018
Elected members	7	7
Administration staff	121	120
Depot and outdoors staff	125	124
	253	251

Key management personnel compensation

Employee benefits include transactions with key management personnel and their close family members. Due to Council's restructure the key management personnel changed from 1 July 2018. The key management personnel from 1 July 2018 include the Mayor, Councillors, Chief Executive Officer and Directors. The key management personnel to 30 June 2018 also included senior management. Key management personnel employee benefits, including accrued leave entitlements are:

	2019	2018
	\$	\$
Short-term employee benefits	1,183,116	2,021,294
Post-employment benefits	124,350	221,101
Long-term employee benefits	18,110	41,019
	1,325,576	2,283,414

Detailed remuneration disclosures are provided in the annual report.

Employee benefits for close family members of key management personnel for the reporting period is \$ 191,570.

Council employs 246 staff of which only 2 are close family members of key management personnel. All close family members of key management personnel were employed through an arm's length process and are paid in accordance with the Award for the job they perform.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

7 Materials and services	2019	2018
	\$	\$
Audit of annual financial statements by the Auditor-General of Queensland	71,102	78,943
Contract payments	2,142,241	1,942,899
Electricity	1,710,095	1,892,473
Materials	1,861,686	1,476,183
Plant hire external	2,313,591	2,191,494
Trade/contract services	1,410,961	1,221,593
Plant and equipment expenses	1,258,632	1,186,480
Other material and services	5,000,725	4,540,894
	<u>15,769,033</u>	<u>14,530,959</u>

8 Finance costs	2019	2018
	\$	\$
Finance costs charged by the Queensland Treasury Corporation	154,948	241,911
Bank charges	69,811	60,223
Impairment of receivables and bad debts written-off	201	557
Restoration	411,177	427,528
	<u>636,137</u>	<u>730,219</u>

9 Capital expenses	Note	2019	2018
		\$	\$
Loss on the sale of capital assets		-	101,330
Loss on write-off of capital assets	10	3,050,110	2,203,269
Discount rate adjustment to restoration provision		237,920	16,195
Revision of the future restoration expenditure		154,858	-
		<u>3,442,888</u>	<u>2,320,794</u>

10 Loss on write-off of capital assets	Note	2019	2018
		\$	\$
Land and Improvements		19,464	-
Buildings		155,670	252,970
Plant and Equipment		27,769	8,389
Transport		2,077,128	1,466,322
Water		76,145	122,117
Sewerage		79,370	196,112
Drainage		38,246	83,773
Other Assets		181,031	73,586
Computer Software		395,287	-
	9	<u>3,050,110</u>	<u>2,203,269</u>

11 Cash and cash equivalents

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

	2019	2018
	\$	\$
Cash at bank and on hand	3,168,382	4,392,471
Deposits at call	55,560,226	7,831,955
Term deposits	3,000,000	45,000,000
	<u>61,728,608</u>	<u>57,224,426</u>

Council's cash and cash equivalents are subject to a number of external restrictions that limit amounts available for discretionary or future use. These include

	2019	2018
	\$	\$
Unspent government grants and subsidies	2,674,789	2,141,852
Unspent developer contributions	80,984	110,832
Waste levy refund received in advance	449,335	-
	<u>3,205,108</u>	<u>2,252,684</u>

Cash at bank and on hand at 30 June 2019 includes \$449,335 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019/20 Levy expense.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

12 Trust funds

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from security deposits lodged to guarantee performance and deposits for hire of Council facilities paid into the trust account. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

	2019	2018
	\$	\$
Trust funds held for outside parties		
Security deposits	61,524	65,575

13 Receivables

Receivables are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued. Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June.

As Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables. Interest was charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Loans and advances are recognised in the same way as other receivables. All loans and advances relate to loans made to various community organisations and are interest free. The credit risk on these loans is considered low.

	2019	2018
	\$	\$
(a) Current		
Rateable revenue and utility charges	957,545	1,100,664
Water charges yet to be levied	816,382	816,014
GST recoverable	564,201	272,452
Other debtors	1,212,980	745,315
Less impairment provision	(1,805)	(1,604)
	<u>3,549,303</u>	<u>2,932,841</u>
Prepayments	198,044	224,553
Loans and advances to community organisations	87,987	84,087
	<u>3,835,334</u>	<u>3,241,481</u>
(b) Non-current		
Prepayments	33,709	19,730
Loans and advances to community organisations	342,260	301,965
	<u>375,969</u>	<u>321,695</u>

14 Property, plant and equipment

(a) Recognition

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

Replacement of a major component of an asset, in order to maintain its service potential, is capitalised. However, routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the asset is treated as an expense.

A complex asset is a physical asset capable of disaggregation into significant components, which exhibit different useful lives, such as transport infrastructure where the components may include subgrade, pavement, seal, kerb and channelling, footpaths and roundabouts.

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

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

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

14 Property, plant and equipment (continued)

(b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table 14 (e)) less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight, design fees, architect's fees and all other establishment costs. Direct labour and materials incurred in the acquisition or construction of assets are treated as capital expenditure.

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

(c) Depreciation

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

All assets except for land are depreciated over their useful life using the straight line method. Land is not depreciated as it has an unlimited useful life. Useful lives are reviewed regularly to ensure that the economic benefits embodied in the assets are consumed over the period of use by Council. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost, are used to estimate the useful lives of these assets at each reporting date.

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

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

Council only has residual values on the plant and equipment asset class and these are determined based on estimated recovery value at the end of an asset's useful life.

(d) Impairment

Property, plant and equipment is assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

14 Property, plant and equipment (continued)
(e) Movements

	Land and Improvements		Buildings		Plant and Equipment		Transport		Water		Sewerage		Drainage		Other Assets		Works in Progress		Total	
	Fair Value Level 2 & 3	Fair Value Level 2 & 3	Fair Value Level 2 & 3	Cost	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Cost	Cost	2019	2018
Basis of measurement																				
Fair value category																				
For the year ended 30 June 2019																				
Gross value as at 30 June 2019	23,674,675	76,262,269	15,242,006	433,446,267	45,782,329	81,711,458	48,008,955	28,213,253	8,045,003	760,386,215										
Less accumulated depreciation	(5,243,994)	(35,792,970)	(5,748,635)	(92,008,690)	(20,973,759)	(44,622,738)	(17,041,495)	(11,134,014)	-	(232,566,295)										
Closing written down value as at 30 June 2019	18,430,681	40,469,299	9,493,371	341,437,577	24,808,570	37,088,720	30,967,460	17,079,239	8,045,003	527,819,920										
For the period ended 30 June 2018																				
Gross value as at 30 June 2018	19,550,401	73,831,453	14,727,217	404,969,245	42,881,189	77,516,231	43,876,312	26,341,481	4,129,835	707,823,364										
Less accumulated depreciation	(4,668,844)	(33,372,195)	(5,050,522)	(68,907,964)	(20,107,928)	(42,084,826)	(15,665,388)	(12,590,997)	-	(202,448,664)										
Closing written down value as at 30 June 2018	14,881,557	40,459,258	9,676,695	336,061,281	22,773,261	35,431,405	28,210,924	13,750,484	4,129,835	505,374,700										
Movements for year ended 30 June 2019																				
Opening written down value as at 1 July 2018	14,881,557	40,459,258	9,676,695	336,061,281	22,773,261	35,431,405	28,210,924	13,750,484	4,129,835	505,374,700										
Correction to opening balance	-	-	-	104,890	4,646	7,082	181,331	120,885	-	418,834										
Additions at cost	722,333	415,218	1,018,002	3,940,515	1,165,245	776,253	1,095,113	735,488	7,720,740	17,588,907										
Internal transfers from work in progress	-	3,200	23,604	1,918,028	899,267	585,765	144,568	231,140	(3,805,572)	-										
Depreciation provided in year	(234,736)	(1,518,058)	(1,126,690)	(5,208,606)	(597,411)	(1,255,280)	(588,085)	(790,124)	-	(11,318,990)										
Disposals	-	-	(70,471)	-	-	-	-	-	-	(70,471)										
Write-offs	(19,464)	(155,670)	(27,769)	(2,077,128)	(76,145)	(79,370)	(38,246)	(181,031)	-	(2,654,823)										
Revaluation adjustment to other comprehensive income (refer the ARS*)	3,080,991	1,265,351	-	6,898,597	639,707	1,622,865	1,961,855	3,212,397	-	18,481,763										
Closing net value as at 30 June 2019	18,430,681	40,469,299	9,493,371	341,437,577	24,808,570	37,088,720	30,967,460	17,079,239	8,045,003	527,819,920										
Range of estimated useful life in years	34 - 100	5 - 161	3 - 60	1 - 152	2 - 123	10 - 106	5 - 152	8 - 150												
Additions of renewal assets	-	297,312	645,549	3,474,062	447,973	522,276	288,557	567,694	3,576,899	9,820,322										
Additions of other assets	722,333	117,906	372,453	466,453	717,272	253,977	806,556	167,794	4,143,841	7,768,585										
Total additions in year	722,333	415,218	1,018,002	3,940,515	1,165,245	776,253	1,095,113	735,488	7,720,740	17,588,907										

* ARS denotes - Asset Revaluation Surplus

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

14 Property, plant and equipment (continued)

(f) Valuation

(i) Processes

Council approves the valuation policies and the valuation procedures are reviewed and approved by the Chief Executive Officer, Directors and other key stakeholders. The valuation procedures are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for buildings, land, bridges, other assets and specific water and sewerage assets at least once every 3-5 years. This process involves the valuer physically sighting these assets and making their own assessments of the condition of the assets at the date of inspection.

Council engineers, asset managers and asset officers undertake the internal valuation of infrastructure assets. The road component values (seal, pavement and subgrade) result from applying unit rates derived from Council's construction costs where there is sufficient representative samples, otherwise an index is applied based on similar construction type. All other infrastructure assets are valued using a first principles methodology incorporating current plant hire and wage rates, material and design costs and agreed installation rates. Condition of these infrastructure assets is assessed by either Council staff or a contractor physically sighting a sample of assets or by using aged based analysis. Process guidelines, maintenance history and regular inspection reports are also considered.

In the intervening years, with respect to the valuation of land, buildings, other assets, bridges and specific water and sewerage assets, a "desktop" valuation is undertaken. The desktop valuation involves the application of robust, valid and appropriate indices supplied by qualified external valuers to the asset class. Council staff assess the cost assumptions associated with all other infrastructure assets taking into consideration additions, deletions and changes to assumptions such as useful life, residual value and condition rating.

When considering whether to apply a revaluation Council staff assess the materiality of the movement in the internal unit rates and relevant indices for each asset class.

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

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

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

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

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between the levels during the year.

(ii) Techniques used to derive fair values

Land and Improvements (level 2 and 3)

Land fair values were comprehensively revalued by independent valuer, APV Valuers and Asset Management effective 31 May 2019. Fair value of land is measured at current market value, which is derived by reference to market based evidence including observable historical sales data for properties of similar nature and specification in the same localities. Where there is a lack of appropriate comparable sales evidence, the valuation is based on the closest comparable sales in terms of the characteristics of the parcel and sales evidence. Council's fair value measurement is either a level 2 or 3, depending on whether the land is subject to use and/or sale restrictions and whether there is an active market.

Land and Improvements	2019 \$	2018 \$
- Non-specialised (level 2)	11,717,901	2,885,779
- Specialised (level 3)	6,712,780	11,995,778
	<u>18,430,681</u>	<u>14,881,557</u>

In previous years the valuation of land has been disclosed as level 3 on the valuation hierarchy. The previous valuation utilised discounting to reflect restrictions on the land that are entity specific and not characteristics of the land. Following guidance from the Australian Accounting Standards Board, that the hierarchy is to be based on the lowest level of the hierarchy for each significant input, the 2019 valuation was not discounted. The valuation has been supported by market evidence of sales of land of similar characteristics. The observable inputs have resulted in the land being valued at level 2.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

14 Property, plant and equipment (continued)

Buildings (level 2 and 3)

The fair value of buildings were comprehensively revalued by independent valuer, AssetVal Pty Ltd effective 30 June 2015. In the subsequent years the valuers have provided an indexation assessment based on inputs from producer price data, construction indices and recent construction cost guides which have been applied to the asset class. The valuers advised a 3.2% increase in building costs effective 31 March 2019 which has been applied to the asset class.

	2019	2018
Buildings	\$	\$
- Non-specialised (level 2)	1,056,678	1,081,002
- Specialised (level 3)	39,412,621	39,378,256
	<u>40,469,299</u>	<u>40,459,258</u>

Infrastructure assets (level 3)

All Council infrastructure assets consisting of Transport, Drainage, Water, Sewerage and Other Assets are recorded at fair value using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

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

Transport infrastructure

Roads

Council categorises its road infrastructure into sealed and unsealed roads. All roads are segmented at intersections or other factors including surfacing type or change in width. All road segments are then componentised into subgrade, pavement, and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs and overhead allocations. Council assumes that pavements for all traffic areas are constructed to a depth of either 150mm or 250mm as recorded in the asset register. Council also assumes that all raw materials can be sourced from local suppliers.

Pavement Management Services undertook a full condition survey of Council's roads in March 2018, with some additional conditional surveying undertaken during September 2018. Council staff undertook validation of this data during 2018/19 financial year, with the conditioning and a full unit rate review applied as at 31 March 2019 to the asset class.

Bridges

A comprehensive revaluation of bridge assets was undertaken by independent valuers, AssetVal Pty Ltd, effective 31 December 2017. Each bridge was assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. AssetVal Pty Ltd construction estimates considered raw materials, plant, labour and oncosts. These were applied to the known measurements of the assets to calculate the current replacement cost. The raw cost of material, as well as plant and labour hire rates, were established either through suppliers, quoted prices, or cost guides (e.g. Australian Rawlinson's Construction Handbook). Oncosts were established using industry standards which were then tailored to suit Council.

The valuers advised a 3.9% increase in Bridge and Major Culvert construction costs effective 31 December 2018 which has been applied to the bridge assets.

Drainage infrastructure

A full valuation of drainage infrastructure was undertaken internally by Council, effective 30 June 2015. Drainage assets are managed by component including segments of conduit, pits, manholes and channels. In the subsequent years unit rate reviews and desktop conditioning were undertaken. A full review of unit rates was undertaken internally by Council staff as at 31 March 2019 as well as a desktop review of condition. The review of unit rates has resulted in an increase to cost of 6.3%.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

14 Property, plant and equipment (continued)

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

Water and sewerage infrastructure

A full revaluation of water and sewerage infrastructure fair value was determined by a combination of independent valuers, AssetVal Pty Ltd and internal valuations effective 30 June 2015. AssetVal Pty Ltd undertook a valuation of specific water assets (inc. boreholes, buildings, elevated storage, pumps, telemetry, aerator, chlorination equipment) and sewerage assets (inc. treatment plants, buildings, pump stations). The remaining water and sewerage assets CRC were determined by management. The value of sewers was compared with current reline costs and the higher of the two values was adopted as the replacement unit rate.

As at 31 March 2019, AssetVal Pty Ltd supplied four asset indices, being civil, mechanical, electrical and other infrastructure which have been applied on specific water and sewerage assets. The remaining water and sewerage assets were internally reviewed by Council staff for changes to condition together with a review of unit rates. The following change to cost - water 2.6% and sewerage 4.0% has been applied.

Other assets

Other assets were comprehensively revalued by independent valuer, APV Valuers and Asset Management effective 31 May 2019. Where Council's other assets are specialised in nature the valuation has been undertaken using the written down current replacement cost methodology.

Sensitivity of valuation to unobservable inputs

Council's assets that are valued using written down CRC utilise a number of inputs into the valuation methodology. These inputs require judgement and are therefore classed as unobservable. The use of different judgements could result in a different valuation.

15 Payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries and annual leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related oncosts.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability. The portion estimated to be payable later than one year is \$476,407.

	2019	2018
Current	\$	\$
Creditors and accruals	3,982,165	2,512,921
Annual leave	2,234,748	2,241,038
	<u>6,216,913</u>	<u>4,753,959</u>

Creditors and accruals are anticipated to be paid within one year except for contract retentions of \$40,354 which will be paid out within two years.

16 Provisions

Long service leave

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

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

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

16 Provisions (continued)

Restoration

A provision is made for the cost of restoring refuse dumps where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure and decontamination of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These assumptions may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

The provision recognised for refuse sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that for the open site, Council will remediate the old trenches and waste mounds in 2030 with an estimated project cost of \$13,560,445. The remaining area is estimated to close in 2069 with a projected estimated cost of \$4,193,557. The remaining closed sites are estimated to be remediated between 2023 and 2025 with projected cost of \$5,578,642.

Where refuse sites are on state reserve land which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision thereafter are treated as an expense or income.

	Note	2019 \$	2018 \$
(a) Current			
Long service leave		2,969,457	2,878,335
(b) Non-current			
Long service leave		327,721	265,737
Restoration		18,287,294	16,081,345
		<u>18,615,015</u>	<u>16,347,082</u>
(c) Details of movements in provisions			
Long service leave			
Balance at beginning of the year		3,144,072	3,060,704
Amount provided for in the year		612,915	474,566
Amount paid in the year		(459,809)	(391,198)
		<u>3,297,178</u>	<u>3,144,072</u>
Restoration			
Balance at beginning of the year		16,081,345	15,678,683
Increase due to change in time	8	411,177	427,528
Increase (decrease) due to change in discount rate		1,470,955	296,758
Increase (decrease) in estimate of future cost and change in date of restoration		323,817	(321,624)
		<u>18,287,294</u>	<u>16,081,345</u>

This is the present value of the estimated future cost of restoring the refuse sites under the State Government environmental regulations at the end of its useful life.

17 Borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Principal and interest repayments are made quarterly in arrears. There have been no defaults or breaches of the loan agreement during this period. The expected final repayment date is 15 September 2020.

Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset.

Council was required as part of the condition of receiving capital grant funds of \$1,050,000 from the Department of Communities to mortgage as security a parcel of freehold land and improvements. It is not envisaged that Council will breach the contract.

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

17 Borrowings (continued)

Borrowings at balance date are

	2019	2018
	\$	\$
Queensland Treasury Corporation		
Balance at beginning of the year	3,433,946	5,101,842
Principal repayments	(1,754,859)	(1,667,896)
Book value at end of the year	<u>1,679,087</u>	<u>3,433,946</u>
Classified as		
Current	1,333,896	1,759,020
Non-current	345,191	1,674,926
Carrying amount	<u>1,679,087</u>	<u>3,433,946</u>

The loan market value at the reporting date was \$1,734,305. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

The following sets out the liquidity risk in relation to the above borrowings and represents the remaining contractual cash flows (principal and interest) at the end of the reporting period.

	2019	2018
	\$	\$
0 to 1 year	1,401,812	1,909,807
1 to 3 years	350,453	1,752,265
	<u>1,752,265</u>	<u>3,662,072</u>

The contractual outflows are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated.

18 Other liabilities

The State government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019/20 of the State Waste Levy, which takes effect from 1 July 2019. Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to Council that essentially refunds Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June 2019 is for a refund of Council's 2019/20 Levy expense, the full amount has been recognised as a liability at 30 June 2019.

	2019	2018
	\$	\$
Waste levy refund received in advance	449,335	-
Unearned revenue	1,735	950
	<u>451,070</u>	<u>950</u>

19 Asset revaluation surplus

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

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

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

	Note	2019	2018
		\$	\$
(a) Movements in the asset revaluation surplus			
Balance at beginning of the year		295,598,109	294,512,344
Correction to Opening Balance		97,260	85,047
Restated Opening Balance		<u>295,695,369</u>	<u>294,597,391</u>
Adjustments to the property, plant and equipment through revaluations	14 (e)	18,481,763	1,055,110
Adjustment to land and improvements arising from change in rehabilitation costs		(1,401,994)	(54,392)
Balance at end of the year		<u>312,775,138</u>	<u>295,598,109</u>

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

19 Asset revaluation surplus (continued)

	2019 \$	2018 \$
(b) Asset revaluation surplus analysis		
The closing balance is comprised of the following asset categories		
Land and Improvements	4,328,514	2,649,517
Buildings	27,135,039	25,869,688
Transport	217,081,028	210,365,629
Water	11,881,674	11,241,967
Sewerage	27,034,693	25,411,828
Drainage	14,113,337	12,151,482
Other Assets	11,200,853	7,907,998
	<u>312,775,138</u>	<u>295,598,109</u>

20 Commitments for expenditure

	2019 \$	2018 \$
(a) Contractual commitments		
Contractual commitments at the reporting date but not recognised in the financial statements		
Service contracts over next 1 to 8 years	<u>6,963,914</u>	<u>8,315,915</u>
	2019 \$	2018 \$
(b) Capital commitments		
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities		
Buildings and software	735,509	-
Infrastructure	1,245,929	1,560,376
Payable not later than 1 year	<u>1,981,438</u>	<u>1,560,376</u>

21 Events after balance date

There were no material financial adjusting events after balance date.

22 Contingent liabilities

Local Government Workcare

Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$300,878.

Local Government Mutual

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

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

Council's Chief Executive Officer is a board member of Local Government Workcare and Local Government Mutual. These two entities are considered related parties to Council.

23 Superannuation

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

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB 119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

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

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

23 Superannuation (continued)

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2021.

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

- Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.
- Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Council made less than 4% of the total contributions to the plan in the 2018/19 financial year.

	Note	2019 \$	2018 \$
Superannuation contributions made to the Regional Defined Benefits Fund		163,983	184,357
Other superannuation contributions for employees		1,954,368	1,822,995
	6	<u>2,118,351</u>	<u>2,007,352</u>

Contributions Council expects to make to the Regional Defined Benefits Fund for the 2020 Financial Year are \$179,300.

24 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	Note	2019 \$	2018 \$
Net result		6,623,320	7,146,768
Non-cash operating items			
Impairment of receivables and bad debts written-off	8	201	557
Depreciation	14 (e)	11,318,990	10,838,670
Amortisation		213,661	263,385
Change in restoration provisions expensed to finance costs	8	<u>411,177</u>	<u>427,528</u>
		<u>11,944,029</u>	<u>11,530,140</u>
Investing and development activities			
Capital grants, subsidies and contributions	4 (b)	(7,169,786)	(5,838,410)
Capital income	5	(32,152)	(95,453)
Capital expenses	9	<u>3,442,888</u>	<u>2,320,794</u>
		<u>(3,759,050)</u>	<u>(3,613,069)</u>
Changes in operating assets and liabilities			
(Increase) decrease in receivables		(616,663)	1,408,186
(Increase) decrease in inventories (excluding land)		219,619	(32,818)
Increase (decrease) in payables		1,475,484	257,689
Increase (decrease) in provisions		153,106	83,368
Increase (decrease) in other liabilities		<u>450,120</u>	<u>(423)</u>
		<u>1,681,666</u>	<u>1,716,002</u>
Net cash inflow from operating activities		<u><u>16,489,965</u></u>	<u><u>16,779,841</u></u>

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

25 Transactions with related parties

(a) Subsidiaries

Council did not have any subsidiaries during the financial year.

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

Most of the entities and people that are related parties of Council live and operate within the Shire. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include payment of rates, animal registration, use of council facilities e.g. library, theatre, swimming pools.

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

26 Financial instruments

Financial assets and financial liabilities

Council has exposure to credit, liquidity and market risks arising from financial instruments.

Risk management framework

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies. Council's risk committee, audit committee and Council approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council. Council does not enter into derivatives.

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council audit committee is assisted in its oversight role by internal audit. Internal audit undertakes planned reviews in accordance with the endorsed three year internal audit plan, the results of which are reported to the audit committee.

Credit risk

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

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

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

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and deposits held with banks and other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Cash investments

Other investments are held with financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Receivables

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

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

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

BURDEKIN SHIRE COUNCIL
Notes to the Financial Statements
For the year ended 30 June 2019

26 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

The Council does not have any overdraft facilities at the reporting date.

Note 17 sets out the liquidity risk in relation to Council's borrowings.

Market risk

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

Interest rate risk

The Council is exposed to interest rate risk through investments with QTC and other financial institutions. Council has access to a mix of variable and fixed rate funding options through QTC and other financial institutions so that interest rate risk exposure can be minimised.

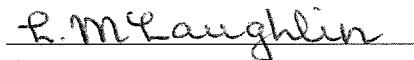
BURDEKIN SHIRE COUNCIL
FINANCIAL STATEMENTS
For the year ended 30 June 2019

MANAGEMENT CERTIFICATE
For the year ended 30 June 2019

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that

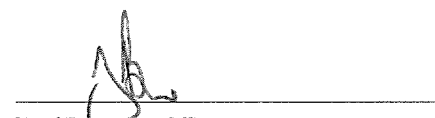
- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor

Cr. L.A. McLaughlin

Date: 25/09/2019



Chief Executive Officer

T.P. Brennan

Date: 25, 9, 19

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Burdekin Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in Burdekin Shire Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement, long-term financial sustainability statement and the annual report.

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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



Sri Narasimhan
as delegate of the Auditor-General

26 September 2019

Queensland Audit Office
Brisbane

BURDEKIN SHIRE COUNCIL
Current-Year Financial Sustainability Statement
For the year ended 30 June 2019

Measures of financial sustainability

- (i) **Operating surplus ratio**
Operating surplus (Net result excluding capital items) divided by total operating revenue (excluding capital revenue).
- (ii) **Asset sustainability ratio**
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.
- (iii) **Net financial liabilities ratio**
Total liabilities less current assets divided by total operating revenue (excluding capital items).

Council's performance at 30 June 2019 against key financial ratios

Ratio	Target	Actual
Operating surplus	Between 0% and 10%	5.60%
Asset sustainability	Greater than 90%	92.14%
Net financial liabilities	Not greater than 60%	-70.10%

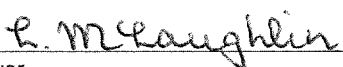
Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2019.

Certificate of Accuracy
For the year ended 30 June 2019

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


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



Mayor

Cr. L.A. McLaughlin

Date: 25 / 09 / 2019



Chief Executive Officer

T.P. Brennan

Date: 25 / 9 / 19

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Burdekin Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Burdekin Shire Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Burdekin Shire Council for the year ended 30 June 2019 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Burdekin Shire Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



Sri Narasimhan
as delegate of the Auditor-General

26 September 2019

Queensland Audit Office
Brisbane

BURDEKIN SHIRE COUNCIL
Long-Term Financial Sustainability Statement (unaudited)
 Prepared as at 30 June 2019

Measures of Financial Sustainability

(i) Operating surplus ratio

Operating surplus (Net result excluding capital items) divided by total operating revenue (excluding capital revenue).

(ii) Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) Net financial liabilities ratio

Total liabilities less current assets divided by total operating revenue (excluding capital items).

Council's performance at 30 June 2019 against key financial ratios

		Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target		Between 0% and 10%	Greater than 90%	Not greater than 60%
Actuals at 30 June 2019		5.60%	92.14%	-70.10%
Projected for the years ended	30 June 2020	0.80%	122.60%	-53.70%
	30 June 2021	1.40%	92.70%	-53.80%
	30 June 2022	1.40%	122.00%	-54.90%
	30 June 2023	1.30%	95.60%	-56.40%
	30 June 2024	0.80%	90.10%	-55.90%
	30 June 2025	1.10%	89.30%	-59.90%
	30 June 2026	1.10%	88.60%	-64.00%
	30 June 2027	1.00%	87.60%	-67.70%
	30 June 2028	1.00%	86.50%	-71.90%

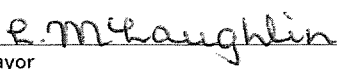
Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2019


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

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


 Mayor

Cr. L.A. McLaughlin

Date: 25/09/2019


 Chief Executive Officer

T.P. Brennan

Date: 26/9/19



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5.2 Revised Audit Committee Charter

Document Information

Referring Letter No: N/A

File No: 388

Name of Applicant: N/A

Location: N/A

Author and Title: Mrs. Rebecca Stockdale – Senior Governance Officer

Executive Summary

The *Local Government Act 2009* requires Council to establish an audit committee. The Audit Committee plays an advisory role and offers independent assurance regarding the integrity of Council's financial documents, the internal audit function and risk management framework. The Audit Committee have recently conducted a review of the Audit Committee Charter with consideration to the change to an external contractor for the provision of internal audit services. The previous charter referenced the Quality and Safety Coordinator.

As this position is no longer responsible for the internal audit function, the appropriate amendments have been made to the charter. Additionally, the revised charter includes the amended remuneration rate applicable from 1 July 2019 in accordance with the provision for an annual adjustment in line with the determination by the Councillor Remuneration Tribunal. No other changes have been made to the Charter. The Charter is now presented to Council for formal adoption.

Recommendation

That Council adopts the revised Audit Committee Charter 2020 as attached to this report.

Background Information

The Audit Committee Charter is reviewed annually by the Audit Committee in consultation with management.

Link to Corporate/Operational Plan

5.3.1 Demonstrate open and transparent leadership

5.3.2 Ensure Council's financial position is effectively managed

5.3.3 Adhere to the governance framework and public reporting systems

Consultation

Council's Audit Committee discussed the proposed amendments at the audit committee meeting on 25 September 2019 and an updated charter was circulated to committee members for approval via email.

Legal Authority or Implications

Local Government Act 2009

105 Auditing, including internal auditing

- (1) Each local government must establish an efficient and effective internal audit function.
- (2) Each large local government must also establish an audit committee.
- (3) A large local government is a local government that belongs to a class prescribed under a regulation.
- (4) An audit committee is a committee that—
 - (a) monitors and reviews—
 - (i) the integrity of financial documents; and
 - (ii) the internal audit function; and
 - (iii) the effectiveness and objectivity of the local government's internal auditors; and
 - (b) makes recommendations to the local government about any matters that the audit committee considers need action or improvement.

Policy Implications

N/A

Financial and Resource Implications

N/A

Report Prepared By:

Mrs. Rebecca Stockdale- Senior Governance Officer

Report Authorised By:

Mr. Nick O'Connor- Director Corporate and Community Services

Attachments

1. Revised Audit Committee Charter 2020

Audit Committee Charter



2020

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Purpose

The purpose of this charter is to outline the authority, composition, membership procedures, operational guidelines and responsibilities of the Audit Committee (the committee).

Authority

The committee has no executive powers, unless delegated to it by the Council through resolution.

The committee is directly responsible and accountable to Council for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the committee must at all times recognise that primary responsibility for management of Council rests with the Chief Executive Officer.

The Audit Committee is a committee of the Burdekin Shire Council and is directly responsible to the Council. In performing its responsibilities, the committee has the authority to:

- Undertake its responsibilities in accordance with applicable local government Acts and Regulations.
- Conduct or authorise investigations into matters within its scope of responsibility.
- Request the attendance of any employee at committee meetings.
- Conduct meetings with Council's internal and external auditors, if necessary.
- Request information on any controlled entity.
- Perform other functions as directed by the Council.
- Access information, records and personnel of Council to achieve the above purpose.

Role

The role of the committee is to provide independent assurance and assistance to the Council on:

- The risk, control and compliance frameworks.
- The Council's external accountability responsibilities as prescribed in the *Local Government Act* and its *Regulations*.

The committee will provide prompt and constructive reports on its findings directly to the Council, particularly when issues are identified that could present a material risk or threat to the Council.

Relationship with CEO and Council

The Audit Committee will endeavour to have an open, transparent and accountable relationship with the CEO and Council. Recommendations and findings of the Audit Committee shall be forwarded to the CEO and Council in a timely manner and the Audit Committee act as an independent source of counsel to the CEO and Council.

It is recognised by the audit committee that the CEO has a key role in supporting the effectiveness of the audit committee through the provision of information, enabling the availability of key personnel, and the effecting and execution of decisions made by Council following recommendations from the Audit Committee.

Internal Audit

The committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that Burdekin Shire Council internal audit function operates effectively, efficiently and economically.

Council has appointed a contract auditor, O'Connor, Marsden and Associates (OCM) to perform the functions of internal audit. A representative from OCM will have a standing invitation to attend audit committee meetings.

External Audit

The committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit

findings and will ensure that they are balanced with the view of management. The external auditor will have a standing invitation to attend committee meetings.

Membership

The members of the committee, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council.

At least one member of the committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment.

Independent External Membership of the committee is by virtue of the appointed position; no delegates of any of the independent external members are permitted.

Council has resolved to establish an Audit Committee comprising of the following members to be appointed by Council:

- a) 2 councillors; and
- b) Up to three external independent persons with significant experience and skills as outlined below.

The three external members shall be selected as follows:

Independent Community Member

This member must be independent of Council and have not been an employee or elected member of Burdekin Shire Council within the past 8 years. They must be generally of good character and free of any criminal convictions. They must reside in the Burdekin Shire Local Government Area. They need not hold any particular professional qualifications but should be sufficiently experienced in business or organisational management so as to be able to participate fully in the business and functions of the committee. They must be able and willing to subscribe to Burdekin Shire Council's Code of Conduct.

Independent Professional Member

This member must be independent of Council and have not been an employee or elected member of Burdekin Shire Council within the past 8 years. They must be generally of good character and free of any criminal convictions. They need not reside in the Burdekin Shire Local Government Area. They must hold duly recognised professional qualifications in Accounting, Law, Finance, Business or Risk Management and should be sufficiently experienced in business or organisational management so as to be able to participate fully in the business and functions of the committee. They must be able and willing to subscribe to Burdekin Shire Council's Code of Conduct.

Independent Chairperson

This member must be independent of Council and must not have been an employee or elected member of Burdekin Shire Council within the past 8 years. They must be generally of good character and free of any criminal convictions. They need not reside in the Burdekin Shire Local Government Area. They must hold duly recognised professional qualifications in Accounting, Finance, Business or Risk Management and should be sufficiently experienced in business or organisational management so as to be able to lead the business and functions of the Committee. The Chair shall also promote effective communications between the Audit Committee and Council, Chief Executive Officer (CEO), other senior management and the external auditors. The Chair shall ensure the Audit Committee meetings are run smoothly and that the views of all members are heard, and that the agenda and meeting papers properly reflect proceedings. They must be able and willing to subscribe Burdekin Shire Council's Code of Conduct.

Attendees (non-voting)

Any current Councillor of Burdekin Shire Council (including the Mayor), who is not an Audit Committee Member, may attend Audit Committee Meetings as a non-voting observer.

It is noted that the Chief Executive Officer cannot be a member of the audit committee but can attend meetings of the committee as an advisor and conduit between the committee and council officers.

Other non-voting attendees will be:

- The Manager Administration and Financial Services
- The Manager Technical Services
- The Manager Client Services
- The Coordinator of Quality and Safety
- Representative of the External Auditor (QAO) and, if a contractor is appointed by the QAO, a representative of that contractor
- Invitees (non-voting) for specific Agenda Items (as requested by the committee)

Proxy

A Councillor nominated by Council to attend in the absence of a Councillor member.

Selection Of Committee Members

The selection criteria and process for the appointment of the independent external members shall ordinarily be as follows:

1. The Council shall, through advertising, seek nominations from persons interested in being appointed to the available position. All nominees who satisfy the conditions of this charter shall be eligible for appointment.

2. The eligible persons will be interviewed by a Panel comprising the Mayor, Deputy Mayor and the Council's Chief Executive Officer who shall make recommendations to the Council.
3. Successful applicants will be required to undergo a police check.
4. Following receipt of recommendations from the Panel, the Council may appoint the independent external member by resolution.

Term Of Office

To allow for knowledge continuity the independent external members will be appointed for a term of four years, after which they will be eligible for extension or re-appointment for a further four years at the discretion of Council, following a review of their performance.

The position of Independent Community Member will become vacant in November of the year of a local government election.

The position of Independent Professional Member will become vacant in March of the year following a local government election.

The position of Independent Chairperson will become vacant in April two years after a local government election.

The maximum number of consecutive terms an independent external member can be a member of the committee without the need for calling for further nominations is two (2) terms. Council shall retain complete discretion in relation to offering a second term and shall take into consideration the performance of the independent member.

Vacancy

In the case of resignation from the committee by an independent external member, the Council is to appoint another independent external member as soon as is possible in accordance with the process set out above. This member's term will be served in accordance with the above term of office provisions regardless of when the appointment takes place.

Meetings And Attendance

The committee will meet at least four times each financial year and will adopt a meeting schedule each calendar year.

The committee has the authority to convene additional meetings as circumstances require.

Attendance at each meeting shall be in person, unless prior approval has been granted by the Audit Committee Chair to attend via teleconference.

Representatives from the external auditor (QAO, or their contracted auditor) are permitted to attend each meeting either in person or via teleconference.

Meeting agendas will be prepared and provided in advance to members. The committee should determine its own agenda, with input from officers, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risks and threats.

As soon as practicable after the meeting, a written report about the matters reviewed at the meeting and the committee's recommendations will be provided to the Council for consideration and adoption.

At a meeting of the audit committee—

- (a) a quorum is at least three members of the committee; and
- (b) either—
 - (i) the chairperson presides; or
 - (ii) if the chairperson is absent, the member chosen by the members present as chairperson for the meeting presides.

Decision Making

The committee is expected to make decisions by consensus but if voting becomes necessary then the details of the vote are to be recorded in the minutes.

Each member of the committee shall be entitled to one vote only. In the case of an equality of votes on any issue the Chair shall have the casting vote.

Conflict Of Interests And Ethical Practices

Members are required to declare any interests that could constitute a real, potential or perceived conflict of interest with respect to participation on the committee. The declaration must be made on appointment to the committee and in relation to specific agenda items at the outset of each committee meeting, and be updated as necessary. Members of the Audit Committee must conduct themselves in a way which is considered appropriate and promotes a culture of ethical behaviour.

Confidentiality

All information acquired during a member's term of office on the Audit Committee is confidential to Burdekin Shire Council and should not be disclosed either during the membership or after termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chair of the committee.

Minutes

- Secretariat support for the audit committee meetings will be the responsibility of the CEO.
- The secretariat, in consultation with the Chair, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the committee.
- The secretariat will disseminate all correspondence, reports, briefing papers and other information relevant to the committee's activities and operations.
- Completed minutes shall be forwarded by the secretariat to the Chair within 3 working days of the Audit Committee Meeting for approval.
- The Chair is to respond to the secretariat with approval or alterations within 2 working days.
- Minutes with any amendments from the Chair are then to be forwarded to all committee members via email.
- Committee members are to indicate their agreement that the minutes are correct via a response email- where no response has been provided, it will be taken that the member agrees with the minutes as they stand.
- Approved minutes are to be circulated to all committee members and attendees as well as being presented to council to be received and adopted at the earliest possible ordinary council meeting.

Responsibilities

The committee will undertake the following:-

- (a) monitor and review—
 - (i) the integrity of financial documents; and
 - (ii) the internal audit function; and
 - (iii) the effectiveness and objectivity of the local government's internal auditors;
- (b) make recommendations to the Council about any matters that the audit committee considers need action or improvement;
- (c) review each of the following matters—
 - (i) the internal audit plan for the internal audit for the current financial year;
 - (ii) the internal audit progress report for the internal audit for the preceding financial year including the recommendations in the report and the actions to which the recommendations relate;
 - (iii) a draft of the local government's financial statements for the preceding financial year before the statements are certified and given to the auditor-general under section 212 of the *Local Government Regulation 2012*;
 - (iv) the auditor-general's audit report and auditor-general's observation report about the local government's financial statements for the preceding financial year.

In undertaking the above responsibilities, the committee may carry out the following:

Financial Statements

- Review the appropriateness of accounting policies adopted by the Council and ensure the accounting policies adopted are relevant to the Council and its specific circumstances.
- Review the appropriateness of significant assumptions and critical judgements made by management, particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements.
- Review the financial statements for compliance with prescribed accounting and other requirements.
- Review, with management and external auditors, the results of the external audit and any significant issues identified.
- Exercise caution by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements.
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

Internal Control

- Understand the scope of internal and external auditors' review of internal control and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Have final authority to review and approve the annual internal audit plan and all major changes to the plan.
- Monitor the effectiveness of the internal audit function on an ongoing basis.
- Receive and review Internal Audit reports.
- Review the findings and recommendations of internal audit and the response to them by management.
- Review the implementation of internal audit recommendations accepted by management.

External Audit

- Review the findings and recommendations of external audit (including from performance audits) and the response to them by management.
- Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progress is being made to mitigate the risk associated with audit's findings.
- The appointment of the external auditor is controlled by the Auditor General and not by Council. The Committee therefore has limited opportunity to influence the scope of work of the auditor.
- Review the external auditors' proposed audit scope and approach.
- Monitor the progress of actions proposed in relation to significant findings and recommendations made by the external auditors.
- The audit committee will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.

Risk Management

- Review Council's framework for managing and monitoring enterprise wide risk and evaluate whether management have addressed, considered and managed risks throughout the organisation.
- Gain an understanding of the current areas of greatest financial and operational risk and how management is managing these effectively.
- Regularly review the Council's Risk Register to identify areas of significant risk and determine if appropriate controls or treatments are being applied to eliminate or mitigate those risks.
- Identify areas of risk not adequately addressed or not identified in current action plans and recommend investigation into those areas for Risk Assessment purposes.

Reporting

The audit committee Chair will prepare an annual report to the Council summarising the performance and achievements for the previous year.

Remuneration

The independent members of the Committee will be entitled to fees for preparation and attendance at the meetings of \$765.75 (excluding GST) per meeting. This will cover all preparation time and meeting attendance as well as expenses for travel and reasonable out of pocket disbursements. The independent chairperson will be entitled to fees for preparation and attendance at meetings of \$1531.50 (excluding GST) per meeting. Meeting fees shall be indexed annually from 1 July and will be consistent with any percentage increase decided by the Local Government Remuneration Commission. Council reserves the right to review the audit committee members' remuneration rates from time to time to determine alignment with industry norms.

Evaluation Of Committee Activities

The committee will undertake a self-assessment of its performance for the previous twelve months in February each year.

Review Of Charter

The charter will be reviewed annually by the committee to ensure it remains consistent with the committee's authority, objectives and responsibilities.

All amendments to the charter will be discussed and approved by the Council.



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6 ENVIRONMENTAL AND HEALTH SERVICES

7 CLIENT SERVICES

8 FINANCIAL & ADMINISTRATIVE SERVICES

8.1 First Amended Budget for 2019/2020

Document Information

Referring Letter No: N/A

File No: 2008

Name of Applicant: N/A

Location: N/A

Author and Title: Ms. Fiona Smith – Financial Accountant

Executive Summary

In accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*, Council may, by resolution, amend the budget for a financial year at any time before the end of the financial year. As required by the regulation, Council has completed a budget revision for 2019/20 and the next two financial years.

Management has completed a review of the 2019/20 budget based on results to the end of September and estimated transactions for the remainder of the financial year. The first amended budget includes capital carryover projects and funding.

An amended budget for the 2019/20 financial year is submitted for adoption.

Recommendation

That the amended budget and report for the period ending 30 June 2020 as tabled be adopted.

Background Information

The amended budget is based on best estimates of expenditure and income as provided by the relevant Managers to the end of September.

Financial Analysis

The original budget operational surplus of \$422,515 has changed to an operational deficit of \$1,737,014 in the first budget revision. This decrease is mainly attributable to the payment in 2018/19 of half of the 2019/20 Financial Assistance Grant of \$1,737,491. Additionally, the total amount of Financial Assistance Grant to be received is \$39,393 less than anticipated when preparing the original budget. The original expected grant was calculated based on historical amounts received.

Another contributing factor is a decrease of \$375,800 in interest received on investments. Due to falling interest rates, Council is anticipating lower returns on investments in the current economic climate. With interest rates unlikely to increase in the short term, the loss of income will impact future years. General rates for 2020/21 and 2021/22 have not been increased from the original budget to cover the reduced interest income, which has resulted in the budget not showing a surplus in these years. During preparation of the 2020/21 budget, Council will need to determine how to accommodate the impact of the decreased interest earnings.

Both Employee Benefits and Materials and Services have decreased from the Original Budget. This is mainly due to the scope of works for Disaster Recovery Funding Arrangements (DRFA) changing by \$775,000, with the budget based on approved claims.

This is offset by an increase to a number of operational projects, including caravan parks, websites, environmental projects, and master plans. These are funded by grants, reserve transfers, and recoverable works income. Specifically, this budget review seeks Council's approval for \$30,000 to undertake a master plan of three parks in Home Hill – this will be funded from the Strategic Projects Fund.

The Queensland waste levy was introduced from 1 July 2019. This budget includes an increase in Materials and Services to pay for the levy, with matching income also included in Fees and Charges.

The Capital Works Program budget has increased by \$2.8M to \$22.7M. The revised budget includes \$3.2M of carryover projects from the 2018/19 financial year, with some projects from the original budget deferred to a future year.

Capital projects carried over from 2018/19 include:

\$	330,362	Home Hill Water Tower Switchboard Replacement
\$	270,000	Augmentation of Flood Reporting Network
\$	226,976	Reconstruction of McDowell Road between Woods Road and Watt Road
\$	215,373	Anabranh Bridge Repairs
\$	163,267	Refurbish Home Hill Waste Water Treatment Plant Primary Clarifier Bridge
\$	129,530	Council Chambers – Replace Main Airconditioner
\$	126,094	Plantation Park Nature Based Play Space - Construction
\$	124,000	Macro-Algal Process Unit Detailed Design for Construction
\$	118,571	Ross Street Footpath

\$	113,672	Home Hill Transfer Station – Reconstruction of Greenwaste Pad
\$	113,610	Ayr Transfer Station – Reconstruction of Greenwaste Pad
\$	100,000	Kirknie Landfill – New Road Construction
\$	80,000	Burdekin Be-Active Trail - International Park
\$	77,164	Burdekin Library – Replace Airconditioner
\$	76,715	Sandowns Street Carpark
\$	75,000	Sixteenth Street – Upgrade Drainage Associated with Kerb and Channel Project
\$	72,619	Adelaide Street - Replace 100mm main between Edwards and Norham
\$	69,013	Refurbishment of Scum Guttering Ayr Pool

Works for Queensland Round 2 finalised at 30 June 2019, however the following projects were granted an extension and the remaining budget was carried over. An additional Council contribution was required for the Visitor Information Centre.

\$	332,474	New Visitor Information Centre
\$	112,167	Ayr Showgrounds Upgrade
\$	12,094	Energy Efficiency Initiatives – Chambers – Installation of Solar Panels

New/additional projects, funded by grants and depreciation, are detailed below:

\$	272,000	Conlan Street Emergency Generator
\$	109,619	DRFA – January 2019 Event Category C (Recreational)
\$	80,000	Replace Handrails Ayr Water Tower
\$	69,620	Sibson Road Culvert Replacement
\$	65,000	Sewerage Pump Upgrade/Replacement Program Ayr Sewerage Pump Station 1
\$	60,000	Inter-allotment Drainage 10 th Avenue Home Hill
\$	50,000	Investigation and Development of Anzac Park Water Supply Bores

Link to Corporate/Operational Plan

Strategy 5.3.2 – Ensure Council's financial position is effectively managed.

Strategy 5.3.3 – Adhere to the governance framework and public reporting systems.

Strategy 5.3.4 – Undertake regulatory responsibilities in accordance with legislative regulations.

Consultation

The amended budget has been collated and presented by the Finance and Administrative Services Department from estimates provided by Managers, in consultation with the Chief Executive Officer and Director Corporate and Community Services.

Legal Authority or Implications

Local Government Act 2009

Chapter 4 Finances and accountability

Local Government Regulation 2012

Section 170 Adoption and amendment of budget

Interpretation guidance on this legislation is provided from the Department of Local Government.

Policy Implications

N/A

Financial and Resource Implications

Refer to content of report.

Report Prepared By:

Ms. Fiona Smith – Financial Accountant

Report Authorised By:

Mrs. Kim Olsen – Manager Financial and Administrative Services

Attachments

1. First Revised Budget Including Financial Sustainability

BURDEKIN SHIRE COUNCIL**Budgeted Statement of Comprehensive Income**

For the periods ending 30 June

	Original Budget 2019/20 \$	Revised Budget 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Revenue				
Rates and utility charges	40,322,469	40,326,015	41,137,910	41,991,411
Less Pensioner remissions	(323,100)	(323,100)	(331,100)	(331,100)
Net rates and utility charges	39,999,369	40,002,915	40,806,810	41,660,311
User fees and charges	2,304,258	2,520,619	2,571,030	2,622,448
Contributions	181,037	193,987	199,806	192,060
Operating grants and subsidies	6,073,842	3,548,870	4,573,424	4,734,956
Interest revenue	1,893,100	1,517,300	1,393,620	1,371,324
Sales of contract and recoverable works	2,744,800	2,864,800	2,004,096	2,044,177
Other Income	371,750	488,880	478,255	487,818
TOTAL OPERATING REVENUES	53,568,156	51,137,371	52,027,041	53,113,094
Expenses				
Employee benefits	(22,201,766)	(21,944,714)	(22,292,703)	(22,734,316)
Materials and services	(18,691,475)	(18,677,571)	(16,826,994)	(17,129,548)
Depreciation and Amortisation	(12,104,300)	(12,104,000)	(12,388,796)	(12,673,330)
Finance Costs	(148,100)	(148,100)	(82,780)	(79,070)
TOTAL OPERATING EXPENSES	(53,145,641)	(52,874,385)	(51,591,273)	(52,616,264)
Operating surplus (deficit)	422,515	(1,737,014)	435,768	496,830
Capital income and expenditure:				
Cash capital grants and subsidies	5,875,608	5,084,790	1,757,200	4,077,000
Net result for the period	6,298,123	3,347,776	2,192,968	4,573,830

BURDEKIN SHIRE COUNCIL**Budgeted Statement of Financial Position**

As at the periods ending 30 June

	Original Budget 2019/20 \$	Revised Budget 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Current Assets				
Cash and deposits	49,429,003	53,015,679	51,320,180	51,852,408
Receivables	3,241,481	3,835,334	3,835,334	3,835,334
Inventories	753,530	533,911	533,911	533,911
	53,424,014	57,384,924	55,689,425	56,221,653
Non-Current Assets				
Receivables	321,695	375,969	375,969	375,969
Property, plant and equipment	515,533,574	529,857,152	533,568,557	537,815,251
Intangible assets	435,723	423,986	376,162	298,338
Capital work in progress	4,129,835	8,045,003	8,045,003	8,045,003
	520,420,827	538,702,110	542,365,691	546,534,561
TOTAL ASSETS	573,844,841	596,087,034	598,055,116	602,756,214
Current Liabilities				
Trade and other payables	4,863,098	6,216,913	6,267,194	6,318,607
Interest bearing liabilities	352,461	349,352		
Provisions	3,078,094	2,969,457	3,036,269	3,104,585
Other	950	1,735	1,735	1,735
	8,294,603	9,537,457	9,305,198	9,424,927
Non-Current Liabilities				
Provisions	16,385,772	18,615,015	18,622,388	18,629,927
	16,385,772	18,615,015	18,622,388	18,629,927
TOTAL LIABILITIES	24,680,375	28,152,472	27,927,586	28,054,854
NET COMMUNITY ASSETS	549,164,466	567,934,562	570,127,530	574,701,360
Community Equity				
Asset revaluation reserve	295,598,109	312,677,878	312,677,878	312,677,878
Accumulated surplus/(deficiency)	253,566,357	255,256,684	257,449,652	262,023,482
TOTAL COMMUNITY EQUITY	549,164,466	567,934,562	570,127,530	574,701,360

BURDEKIN SHIRE COUNCIL**Budgeted Statement of Cash Flows**

For the periods ending 30 June

	Original Budget 2019/20 \$	Revised Budget 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Cash Flows from Operating Activities				
Receipts				
Net rates and utility charges	39,999,369	40,002,915	40,806,810	41,660,311
Total fees and charges	2,304,258	2,520,619	2,571,030	2,622,448
Sales of contract and recoverable works	2,744,800	2,864,800	2,004,096	2,044,177
Interest revenue	1,893,100	1,517,300	1,393,620	1,371,324
Contributions and donations	181,037	193,987	199,806	192,060
Government subsidies and grants	6,073,842	3,548,870	4,573,424	4,734,956
Other Income	371,750	488,880	478,255	487,818
	<u>53,568,156</u>	<u>51,137,371</u>	<u>52,027,041</u>	<u>53,113,094</u>
Payments				
Employee benefits	(22,029,499)	(21,944,714)	(22,168,237)	(22,607,048)
Materials and services	(18,691,475)	(18,677,571)	(16,826,994)	(17,129,548)
Finance costs	(148,100)	(148,100)	(82,780)	(79,070)
	<u>(40,869,074)</u>	<u>(40,770,385)</u>	<u>(39,078,011)</u>	<u>(39,815,666)</u>
Cash provided by/(used in) operational activities	12,699,082	10,366,986	12,949,030	13,297,428
Cash Flow from Investing Activities:				
Proceeds from sale of capital assets	335,000	315,000	500,000	505,000
Government grants and subsidies	5,875,608	4,635,455	1,757,200	4,077,000
Payments for property, plant and equipment	(19,677,300)	(22,424,635)	(16,522,377)	(17,347,200)
Payments for intangibles	(262,000)	(276,000)	(30,000)	
Net cash provided by investing activities	<u>(13,728,692)</u>	<u>(17,750,180)</u>	<u>(14,295,177)</u>	<u>(12,765,200)</u>
Cash Flow from Financing Activities:				
Repayment of borrowings	(1,329,735)	(1,329,735)	(349,352)	
Net cash provided by financing activities	<u>(1,329,735)</u>	<u>(1,329,735)</u>	<u>(349,352)</u>	<u>-</u>
Net Increase (Decrease) in Cash Held	(2,359,345)	(8,712,929)	(1,695,499)	532,228
Cash at beginning of reporting period	51,788,348	61,728,608	53,015,679	51,320,180
Cash at end of Reporting Period	<u>49,429,003</u>	<u>53,015,679</u>	<u>51,320,180</u>	<u>51,852,408</u>

BURDEKIN SHIRE COUNCIL**Budgeted Statement of Changes in Equity**

For the periods ending 30 June

	Original Budget 2019/20 \$	Revised Budget 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
TOTAL COMMUNITY EQUITY				
Balance at the beginning of period	542,866,343	564,586,786	567,934,562	570,127,530
Increase (decrease) in net result	6,298,123	3,347,776	2,192,968	4,573,830
Balance at the end of period	<u>549,164,466</u>	<u>567,934,562</u>	<u>570,127,530</u>	<u>574,701,360</u>
Retained Surplus/Deficit				
Balance at the beginning of period	247,268,234	251,908,908	255,256,684	257,449,652
Increase (decrease) in net result	6,298,123	3,347,776	2,192,968	4,573,830
Balance at the end of period	<u>253,566,357</u>	<u>255,256,684</u>	<u>257,449,652</u>	<u>262,023,482</u>
Asset Revaluation Surplus				
Balance at the beginning of period	295,598,109	312,677,878	312,677,878	312,677,878
Increase (decrease) in net result				
Balance at the end of period	<u>295,598,109</u>	<u>312,677,878</u>	<u>312,677,878</u>	<u>312,677,878</u>

BURDEKIN SHIRE COUNCIL**Financial Ratios of the Budget**

For the year ended 30 June

	Original Budget 2019/20 \$	Revised Budget 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Operating Surplus Ratio				
<u>Net operating surplus</u>				
Total operating revenue	0.8%	-3.4%	0.8%	0.9%
The extent to which operating revenue covers operational expenses.				
Target: Between 0% and 10% per annum (on average over the long term)				
This ratio is outside of the target range in the Revised Budget 2019/20 mainly due to the early payment of half of the Financial Assistance Grant.				
Asset sustainability ratio				
<u>Expenditure on Replacement Assets</u>				
Depreciation expense	122.6%	142.7%	105.5%	145.4%
The extent to which the infrastructure assets are being replaced as they reach the end of their useful lives.				
Target: >90% per annum (on average over the long term)				
Net Financial Liabilities Ratio				
<u>Total liabilities-Current Assets</u>				
Operating revenue	-53.7%	-57.2%	-53.4%	-53.0%
Measures the extent to which the net financial liabilities of Council can be serviced by operating revenues.				
Target: <60% per annum (on average over the long term)				
Net rates & utility charges original budget prior year	38,985,300	38,985,300	39,999,369	40,806,810
Net rates & utility charges budgeted for current year	39,999,369	40,002,915	40,806,810	41,660,311
Change rates and utility charges net of discounts	1,014,069	1,017,615	807,441	853,501
Percentage change	2.6%	2.6%	2.0%	2.1%

9 OPERATIONS

10 TECHNICAL SERVICES

11 PLANNING & DEVELOPMENT

12 COMMUNITY DEVELOPMENT

13 ECONOMIC DEVELOPMENT

14 NOTICES OF MOTION

15 CORRESPONDENCE FOR INFORMATION

Tabled Separately

16 GENERAL BUSINESS

17 CLOSED MEETING ITEMS

17.1 Confidential Report – Request for Exemption of Water Charges – Mount Kelly Rural Fire Brigade

18 DELEGATIONS

19 LATE ITEMS

19.1 TBSC/19/013 – Request for Quotation for the Supply and Delivery on One (1) Loader

19.2 TBSC/19/013 – Request for Quotation for the Supply and Delivery of One Motor Grader and GCS Equipment

