



# **Blackall-Tambo** Regional Council



*Kerb & Channel – Rose Street*

**ANNUAL REPORT**

**1 JULY 2018 – 30 JUNE 2019**

# Index

	Page No.
Mayor's Message	2
Chief Executive Officer's Report	3
Community Financial Report	4
Councillor's remuneration schedule	7
Councillor's meeting attendance	7
Conduct and performance of councillors	8
Administrative complaints	9
Overseas travel	9
Grant Expenditure to Community Groups	9
Other Contents	
(i) Corporate and operational plans	9
(ii) Registers and public documents	10
(iii) Concessions for rates and charges	11
(iv) Internal audit	11
(v) Competitive neutrality	11
(vi) Beneficial enterprises and business activities	11
(vii) Senior staff remuneration	11
(viii) Public Sector Ethics Act 1994	12

## Attachments

Annual Audited Financial Statements for the year ended 30 June 2019

Auditor's Report

# Message from the Mayor

It is with a great deal of pleasure and pride that I am presenting my 4<sup>th</sup> annual report.

There have been many projects put to bed over the course of the year, many of which are in the CEO report, but all of which are adding to the liveability, the economy and the positivity that is more than discernible in every corner of our Council region.

Some of the highlights for me personally are the more human aspects of life in our region, events such as the 60's and better Christmas get together at the Lodge in Blackall, similarly the Seniors Christmas Lunch at the hall in Tambo where I take great pleasure in "the Mayor's shout" and help serve the lunch along with the wonderful ladies from CWA and the Masonic brethren.

Events such as the Solo's Caravan and Motorhome Owners soiree in Blackall, where 300 plus a few people not only spent a huge amount of money in our towns but got an appreciation of our lifestyle and saw first-hand the value of our greatest asset, our people, our honesty, our hospitality and our vital input into the nation's wealth and heritage.

Events such as the B150 and more latterly the excellent #betterinblackall Festival.

Events such as two visits from His Excellency The Governor Mr Paul de Jersey and more importantly his and his wife, Mrs Kaye de Jersey's heartfelt comments to me personally on the obvious pride and vibrancy associated with our community.

So many others, the appointment of our new Councillor Mrs Jane Scobie, the new Zoom room in Tambo, the very near completion of stage 1 of the much-anticipated Internet Project, the new trial program of Sport and Recreation involving young and old, a program being watched with great interest by many outsiders, hoping to follow suit using our homegrown blueprint.

My personal thanks to not only our Councillors for their dedication to who and where we are, but to Senior Staff who have totally steadied and solidified our Council's finances, and to all staff and of course the workforce, all of whom show pride and dedication to their vital role in our community.

Lastly, my thanks to my wife and family.



Andrew Martin  
Mayor



# Chief Executive Officer's Report

I am pleased to provide this operational report for the twelve months ending 30<sup>th</sup> June 2019.

I was appointed CEO of the Blackall-Tambo Regional Council in early April and have enjoyed the interaction and support by Council staff and the communities in the Blackall-Tambo region.

It has been a busy year delivering planned capital works projects and many other state and federally funded initiatives. Significant projects had been undertaken over the previous 12 months some of which were the construction of the new Tambo Sports Club, resurfacing of the Tambo tennis courts and bowls rink, a new 20-seater spa at the Blackall Aquatic Centre and the desilting of the 4 Mile. Council will continue to focus on improving our Council area by providing facilities and improving our road network.

The workforce continued sealing the Blackall-Jericho Road with 9.5 kilometres completed in the 2018-2019 year. R2R projects for the year included Evora, Tumber and Mt Playfair roads with 1 kilometre of pave and seal completed on these roads. Work will continue on the rural road projects and kerb and channel on town streets throughout 2019-2020.

Council continues to replace plant which assists the workforce to complete major projects.

Last August, Blackall celebrated its 150<sup>th</sup> birthday and the town was jampacked with activities which a multitude of visitors and locals enjoyed for the full 10 days of the celebration. It was a great chance for the community to showcase our region and help drive the economy by bringing visitors to experience what we have to offer. It is due to the hard work from the WORK Camp, volunteers and Council staff that the event was such an enormous success.

Tourism continued to be a major focus for Council with the visitor information centres in both towns servicing approximately 14,000 visitors. Tourists utilised the free camp at Stubby Bend in Tambo and the river camp in Blackall. Council will continue to expand tourism opportunities by promoting our region.

Throughout the year Council continued to provide support to community groups and associations by sponsoring multiple events and providing in-kind support by waiving of hire fees for equipment and venues. This provides assistance to the sporting and community groups that play an important role in our community and recognises the efforts of all volunteers. Council is pleased to have provided thousands of dollar and in-kind support and will continue to do so.

Spending within the community was encouraged by Council through the initiation of the "Shop Local" campaign in the lead up to Christmas. This campaign was created to encourage spending locally thus supporting local businesses and employment. It was well supported with thousands of entries submitted. Fifty prizes were drawn with the lucky winners receiving a \$200 voucher which were spent locally. This put \$10,000 of Council funds back into the region over this period.

Council will continue to work towards bettering our region to improve the sustainability and liveability in the Blackall-Tambo area.

DA Howard  
Chief Executive Officer



## Community Financial Report (section 184 Local Government Regulation 2012)

Significant events affecting community assets and an analysis of the revenue compared to expenditure:

The overall level of grants received from the Federal and State governments in 2018-2019 increased by 9.2% over the 2017-2018 financial year.

During the year the State government through its Work for Queensland program funded a \$1.09M upgrade of the following community assets: Blackall Aquatic Centre, Blackall Campdraft arena, Blackall street widening and kerbing, Tambo Tennis and Bowls Club, Tambo Race Club facilities, Tambo Polocrosse facilities, and Nurseries and Greenhouses in Blackall.

Subsequently the State government announced a second round of the Work for Queensland program providing \$1.09M for projects to be completed by 30 June 2021. These projects are: Parks Solar Lighting, Shaded Seating for Tambo Cricket Ground, New Fencing for the Tambo Pound, Pathway to Health Extension, Tambo Sawmill new Switch Board, Tambo Swimming Pool Plaster and Repaint, Blackall Indoor Cricket, Shamrock Street Widening and Kerbing, Dressing Rooms and Showers for the Tambo showground.

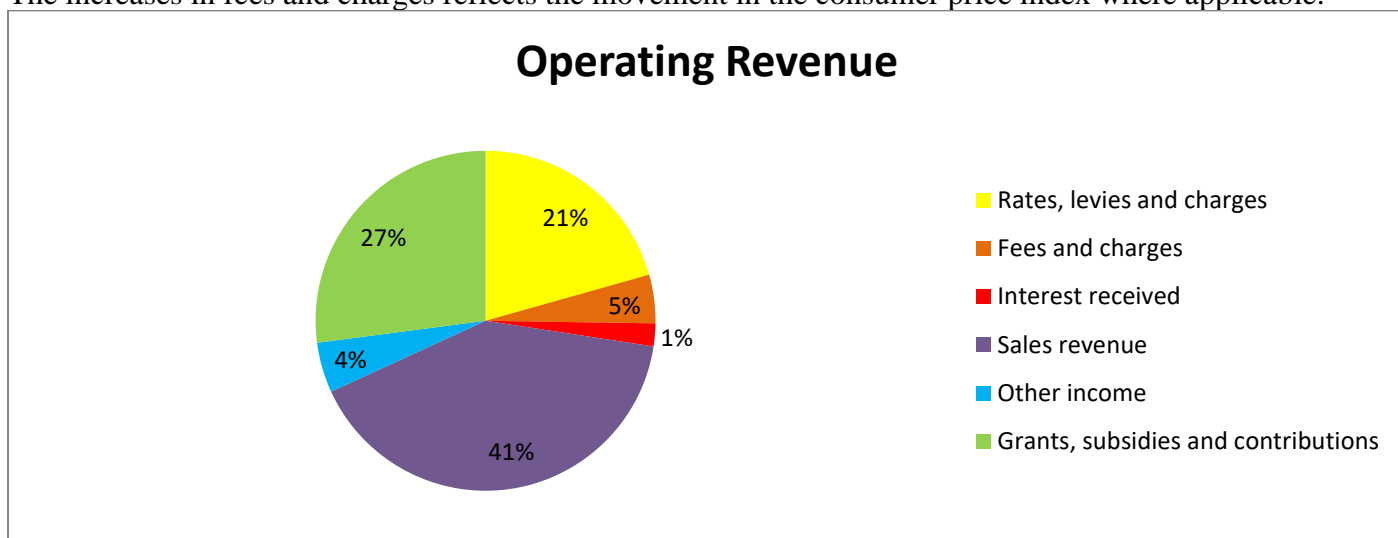
In addition the State government announced a further round of the Building our Regions program for the 2019-2020 financial year and Council will be requesting funding to continue with the internet expansion and the Tambo trucking museum.

During April 2019 an inspection of the Tambo Bore No. 4 revealed cracking of the surrounding pavement. Subsequently, CCTV information indicated that the bore was in poor condition and degrading rapidly and it was determined that the best option was the installation of a new bore with the Tambo Bore No 4 being decommissioned as soon as possible. To fund this a loan of \$900,000 has been approved by the Queensland Treasury Corporation over a term of 20 years.

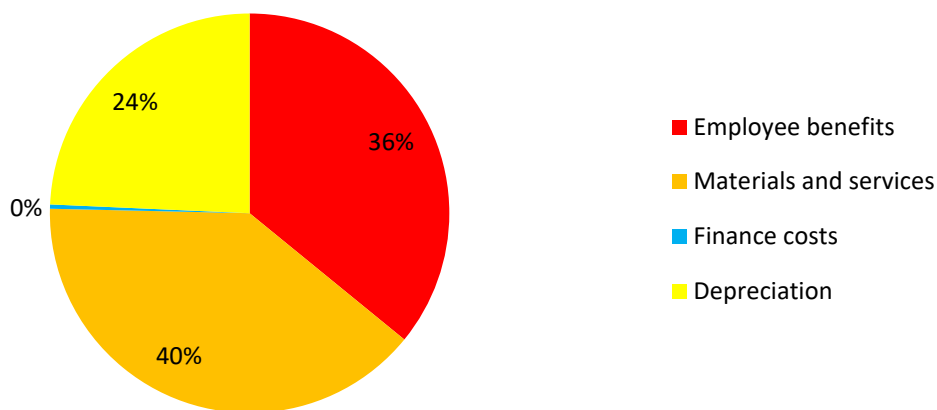
With the recurrent revenue base under a degree of pressure, Council continues to seek external funds as well as tendering for external roadwork jobs to supplement local funds. Under contract to Transport Main Roads the sealing of the Blackall-Jericho Road in the Blackall-Tambo area will contribute significantly to economic development and social improvements for businesses and residents alike.

The Council road network continues to be well maintained through funding from the Financial Assistance Grant, TIDS, and the Roads to Recovery program. Water, sewerage and waste management infrastructure assets are also maintained and renewed to meet service delivery demands.

The increases in fees and charges reflects the movement in the consumer price index where applicable.



## Operating Expenditure



*Internet Tower - Uanda*

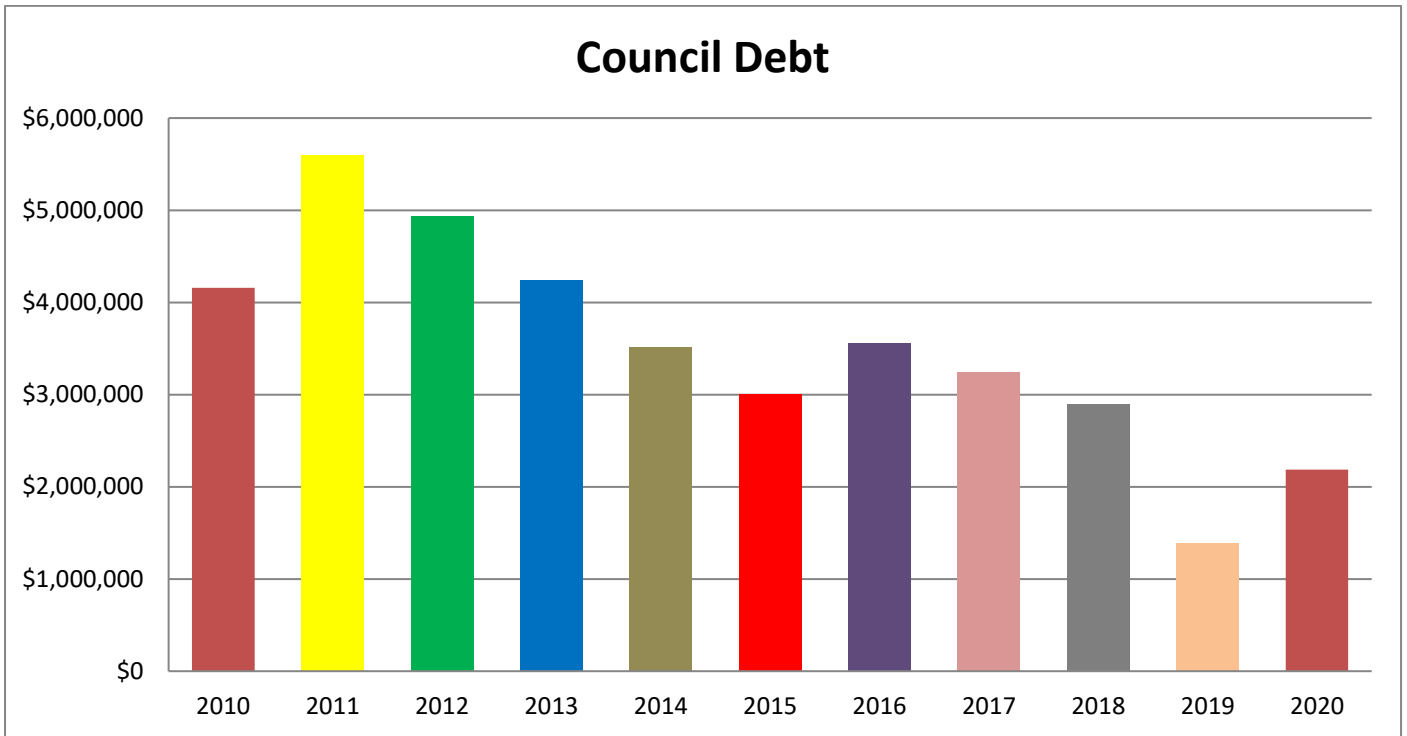
In relation to expenses; employee costs remain at 36% and materials and services make up 40% of Council's operating costs. Employee costs include staff and related employee expenses while materials and services include such items as general operating costs to maintain and operate services to the region.

During 2017-2018 Council negotiated a new Enterprise Bargaining Agreement with Council staff which became effective on the 1 July 2018 and expires on the 30 June 2021.

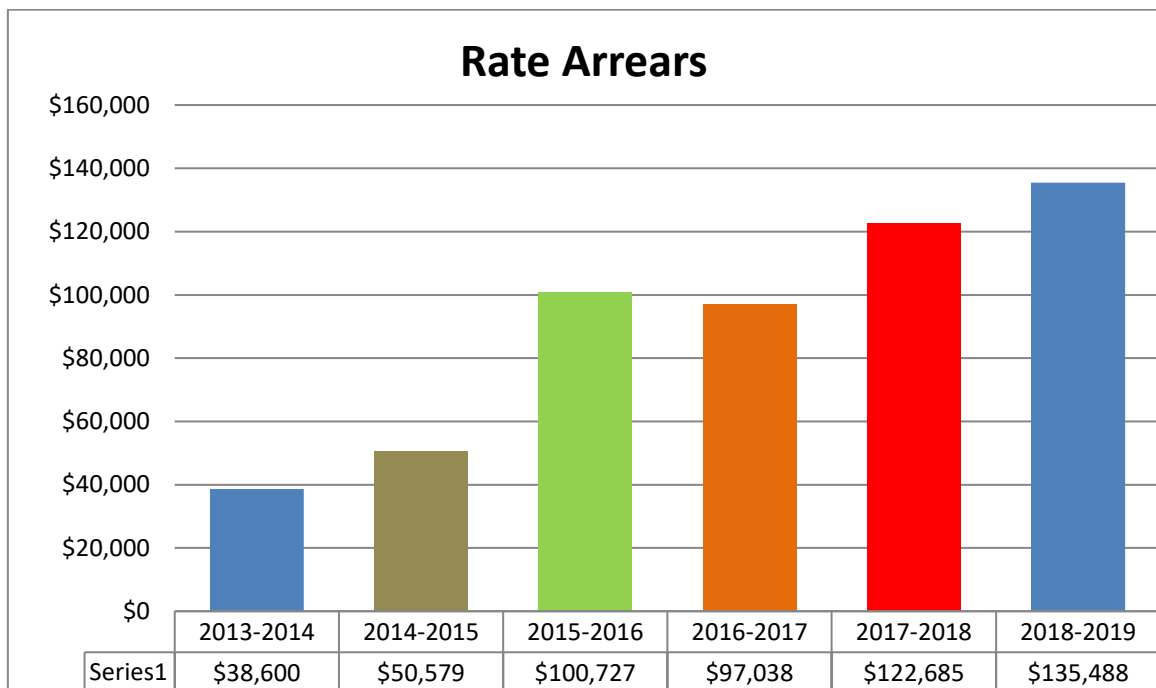
Depreciation makes up 24% of all operating costs and remains the same as for the previous year.

The revaluation of all non-current assets in the year ahead will have an effect on the amount of depreciation being charged in future years. While depreciation is a non-cash item, it is used as a guide to help Council retain sufficient funds to meet the costs of future renewal of assets.

Borrowing of funds is used for long term assets to reduce inter-generational inequity and is applicable for new assets and the major upgrade of existing assets. Council did not increase its borrowings in the 2018/2019 financial year but will do so when the Queensland Treasury Corporation loan of \$900,000 for the Tambo Bore repair work is drawn down in the 2019-2020 financial year. A summary of Council's debt levels is expressed in the figures below indicating that Council debt remains at a manageable level.



The following graph provides a comparison of the level of Council’s outstanding rates over the last six years. The graph shows that Council’s rates arrears were very low as at 2013-14 and while the level has increased during the past five years due to economic factors they remain low by industry standards.



**Particular Resolutions** (section 185 Local Government Regulations 2012)

Council did not make any changes to the policies referred to in sections 250(1) and 206(2) of the Regulation during the 2018-2019 financial year. The referred policies are the expense reimbursement policy subsequently

updated on the 17 July 2019 and the asset recognition thresholds policy subsequently updated on the 18 September 2019.

## **Councillors** (section 186 Local Government Regulations 2012)

### **(i) Remuneration schedule**

The Local Government Remuneration and Discipline Tribunal sets the maximum levels of remuneration that can be paid to Councillors annually.

The levels below were set by Council at the January 2017 general meeting and have not been increased by Council since.

Position	Annual Remuneration*	Meeting Allowance**	Total Allowance
Mayor Allowance	\$83,293.20	Nil	\$83,293.20
Deputy Mayor Allowance	\$42,154.56	Nil	\$42,154.56
Councillor Allowance	\$22,992.84	\$11,496.42	\$34,489.16

\* The allowance is paid in twelve equal instalments at the end of each calendar month.

\*\* One twelfth of the meeting allowance is paid for each monthly meeting attended.

### Councillor remuneration and meeting attendance – 1 July 2018 to 30 June 2019

Councillor	General Meeting Attendance	Special Meeting Attendance	Remuneration	Superannuation Expenses Incurred	Total Remuneration
Cr A Martin	12	2	\$83,293.20	–	\$83,293.20
Cr L Russell	12	2	\$42,154.56	–	\$42,154.56
Cr P Heumiller	11	2	\$33,531.17	–	\$33,531.17
Cr B Holdcroft	9	-	\$25,866.90	–	\$25,866.90
Cr G Jarvis	12	1	\$34,489.20	–	\$34,489.20
Cr B Johnstone	12	1	\$34,489.20	–	\$34,489.20
Cr P Pullos	11	2	\$32,573.14	–	\$32,573.14
Cr J Scobie	2	2	\$5,748.20	–	\$5,748.20

Councillor Holdcroft resigned on the 21 March 2019 and Councillor Scobie was appointed to Council on the 17 April 2019. Councillor Scobie was sworn in on the 15<sup>th</sup> May 2019 and commenced her Councillor duties on this date.



*4 Mile*

(ii) **Conduct and performance of Councillors** (section 186 (d), (e), (f) Local Government Regulation 2012.)

Description	Number
Total number of breaches of the local government’s code of conduct committed by Councillors as decided during the year by the local government.	Nil
The name of each Councillor decided during the year by the local government to have breached the code, and details of any penalty imposed.	N/A
The number of complaints about alleged code of conduct breaches by Councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel during the year by the local government or the Chief Executive Officer under chapter 3, part 3A.	Nil
The number of recommendations made to the local government by the conduct review panel during the year that were adopted, or not adopted, by the local government.	Nil
The number of complaints resolved under the local government’s general complaints process during the year and the number of those complaints that related to a breach by a Councillor of the local government’s code of conduct.	Nil
The number of complaints made to the ombudsman, and notified to the local government, during the year about decisions made by the local government in relation to enforcement of its code of conduct.	Nil

**Administrative complaints** (section 187 Local Government Regulations 2012)

The following is a brief summary of the Council adopted policy “General Complaints (Administrative Actions) Policy”.

The policy is broken down into three stages:

- (i) Preliminary procedures
- (ii) Complaint process
- (iii) Review by Ombudsman or other complaints entities

It is the Council’s intent to provide a level of customer service that does not attract complaints, but acknowledges the rights of persons to provide feedback, both positive and negative, on its services and / or to lodge a complaint about a decision or other action Council takes.

The complaints process has been instituted to ensure that, to the greatest practical extent, any complaint is dealt with fairly, promptly, professionally, in confidence subject to any legal requirement, and in a manner respectful to the complainant.

Administrative complaints made during the 2018/2019 financial year	1
Number of complaints resolved under the complaints management process	Nil
Number of complaints not resolved under the complaints management process	Nil

There was one administrative complaint made in the 2018/2019 financial year. The complaint was dismissed by the Office of the Independent Assessor on the basis that the complaint did not constitute inappropriate conduct or misconduct.

**Overseas travel** (section 188 Local Government Regulation 2012)

No overseas travel was undertaken during the financial year.

**Grant Expenditure to Community Groups** (section 189 Local Government Regulation 2012)

In accordance with section 189 of the *Local Government Regulation 2012*, the following information is provided concerning expenditure on grants to community organisations. The Council does not operate discretionary funds.

<b>Description</b>	<b>Amount</b>
Expenditure on grants and sponsorships to community organisations	\$250,277
In-kind support to community organisations	\$57,989

Total	\$308,266
-------	-----------

**Other Contents** (section 190 Local Government Regulation 2012)

**Corporate and operational plans**

Council is required to adopt a Corporate Plan to guide Council’s decision making. This document establishes the framework and identifies goals, objectives and strategies to be pursued by Council to meet the aspirations and needs of the community. The plan is developed in consultation with the community and can be revised at any time during the life of the plan to ensure council is following its strategic direction.

The Operational Plan is prepared annually and outlines Council’s work program for the next financial year including costs and completion timelines. This document is subject to quarterly reviews and must be consistent with the Council’s Corporate Plan.

In accordance with legislative requirements, Council reviewed the operational plan on four occasions relevant to the financial period and on each occasion Council considered an assessment of its progress in the implementation of the operational plan as being satisfactory. Council receives a written assessment of the implementation of the operational plan at the end of each quarter.

**Registers and public documents**

<b>Item</b>	<b>Description</b>	<b>Access</b>
Register of personal interests of Councillors	To record certain financial and other personal interests of Councillors.	Councillor’s interests are available on Council’s website.
Register of personal interest of Chief Executive Officer and other specified employees	To record certain financial and other personal interests of the Chief Executive Officer and certain other employees.	Available only to Councillors, the Chief Executive Officer or a person permitted by law.
Register of Delegations of Authority by Council.	To record all powers delegated by the Local Government or the Chief Executive Officer’s delegated powers.	Available on Council’s website.
Register of Local Laws	To record all local laws set by Council.	Available on Council’s website.
Register of Policies	To record the current policies as set by Council.	Available on Council’s website.
Register of Legal Documents	To hold a record of all legal documents.	Available to any person.
Register of Fees and Charges	To record all fees and charges levied by Council.	Available on Council’s website.
Cemetery Register	To record all burial sites.	Available to any person.

<b>Item</b>	<b>Description</b>	<b>Access</b>
Operational Plan	To document the goals and strategies set by Council for the period specified in each plan.	Available on Council's website.
Annual Report	To document the financial position and report on attainment of goals specified in the Corporate Plan and Operational Plan.	Available on Council's website.

### **Concessions for rates and charges granted by Council**

- (i) A 15 % discount on general rates if paid by the due date.
- (ii) Eligible pensioners in receipt of a full pension and having a State Government Concession Card receive a Council pensioner rate remission up to a maximum of \$340.00 per annum.
- (iii) Council also provides administrative support to the State Government Pensioner Rate Subsidy Scheme.
- (iv) Council considers requests from Community organizations for the waiver of fees for the use of community facilities.

### **Internal Audit**

The most recent determination by the Local Government Remuneration and Discipline Tribunal placed Council in the category 1 group of Councils where it is no longer necessary to have an audit committee. However, at the general meeting 19 June 2019 Council adopted a resolution to form an Audit and Risk Committee to improve transparency as well as the oversight process.

The Audit and Risk Management Committee has met subsequent to the year end, and further detail of its activity will be reported on next year.

### **Competitive Neutrality**

Council has not been required to issue any investigation notices in the financial year under section 49 of the competitive neutrality complaints procedures.

Council has not been required to respond to any Queensland Competition Authority recommendations as per section 52 (3).

### **Beneficial Enterprises and Business Activities**

There were no significant business activities during the financial year ended 30 June 2019.

There was no commercialisation, or full cost pricing of a significant business activity in the financial year ended 30 June 2019.



**Senior Staff Remuneration (Local Government Act 2009 section 201)**

Total of all remuneration packages payable to senior management \$1,301,497

Number of Employees Paid in Each Band of Remuneration

Remuneration Range	Number of Employees in Senior Management
\$101,000 - \$199,999	2
\$200,000 - \$300,000	5

The above employee numbers include 2 senior management employees who left the organisation during the year.

**Public Service Ethics 1994 (section 23)**

Council has implemented the code of conduct and undertaken regular education, training and review of procedures.

The Employee Code of Conduct was amended and adopted by Council on the 20 February 2019.



*20 Seat Spa – Blackall Aquatic Centre*

# Blackall-Tambo Regional Council Financial Statements

For the year ended 30 June 2019

## Table of contents

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

- 1 Significant accounting policies
- 2 Analysis of results by function
- 3 Revenue
- 4 Grants, subsidies, contributions and donations
- 5 Capital expenses
- 6 Employee benefits
- 7 Materials and services
- 8 Finance costs
- 9 Cash and cash equivalents
- 10 Short term investments
- 11 Trade and other receivables
- 12 Property, plant and equipment
- 13 Intangible assets
- 14 Trade and other payables
- 15 Borrowings
- 16 Provisions
- 17 Asset revaluation surplus
- 18 Commitments for expenditure
- 19 Contingent liabilities
- 20 Superannuation
- 21 Trust funds
- 22 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
- 23 Reconciliation of liabilities arising from finance activities
- 24 Events after the balance date
- 25 Financial instruments and financial risk management
- 26 Transactions with related parties

Management Certificate

Auditor's report on the Financial Statements

Current year Financial Sustainability Statement

Auditor's report on the Current year Financial Sustainability Statement

Unaudited Long Term Financial Sustainability Statement

**Blackall-Tambo Regional Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2019**

	2019	2018
Note	\$	\$
<b>Income</b>		
<b>Recurrent revenue</b>		
Rates, levies and charges	3(a) 4,796,969	4,680,134
Fees and charges	3(b) 1,073,285	1,102,585
Rental income	3(c) 205,732	172,140
Interest received	3(d) 301,029	339,699
Sales revenue	3(e) 9,470,606	7,579,837
Other income	480,711	558,027
Grants, subsidies, contributions and donations	4(a) 6,295,296	5,296,069
	<u>22,623,628</u>	<u>19,728,491</u>
<b>Capital revenue</b>		
Grants, subsidies, contributions and donations	4(b) 4,121,114	4,244,802
<b>Total revenue</b>	<u>26,744,742</u>	<u>23,973,293</u>
<b>Expenses</b>		
<b>Recurrent expenses</b>		
Employee benefits	6 (8,968,889)	(7,778,547)
Materials and services	7 (9,859,992)	(9,288,697)
Finance costs	8 (86,613)	(135,984)
Depreciation of property plant and equipment	12 (6,059,340)	(5,565,401)
Amortisation of intangible assets	13 (11,396)	(10,651)
	<u>(24,986,230)</u>	<u>(22,779,280)</u>
<b>Capital expenses</b>	5 (1,382,477)	(283,958)
<b>Total expenses</b>	<u>(26,368,707)</u>	<u>(23,063,238)</u>
<b>Net result</b>	<u>376,035</u>	<u>910,055</u>
<b>Other comprehensive income</b>		
<i>Items that will not be classified to net result</i>		
Increase / (decrease) in asset revaluation surplus	17 -	11,094,340
<b>Total other comprehensive income for the year</b>	<u>-</u>	<u>11,094,340</u>
<b>Total comprehensive income for the year</b>	<u>376,035</u>	<u>12,004,395</u>

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

**Blackall-Tambo Regional Council**  
**Statement of Financial Position**  
**As at 30 June 2019**

		2019	2018
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	9	14,266,719	7,777,356
Short term investments	10	-	6,000,000
Trade and other receivables	11	2,463,367	1,319,207
Inventories		145,637	182,114
<b>Total current assets</b>		<u>16,875,723</u>	<u>15,278,677</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	224,655,611	225,454,610
Intangible assets	13	202,953	214,349
<b>Total non-current assets</b>		<u>224,858,564</u>	<u>225,668,959</u>
<b>Total assets</b>		<u>241,734,287</u>	<u>240,947,636</u>
<b>Current liabilities</b>			
Trade and other payables	14	1,658,501	1,287,840
Borrowings	15	56,362	556,957
Provisions	16	984,589	834,457
<b>Total current liabilities</b>		<u>2,699,452</u>	<u>2,679,254</u>
<b>Non-current liabilities</b>			
Borrowings	15	1,326,134	1,382,577
Provisions	16	538,170	91,309
<b>Total non-current liabilities</b>		<u>1,864,304</u>	<u>1,473,886</u>
<b>Total liabilities</b>		<u>4,563,756</u>	<u>4,153,140</u>
<b>Net community assets</b>		<u>237,170,531</u>	<u>236,794,496</u>
<b>Community equity</b>			
Asset revaluation surplus	17	119,514,115	119,514,115
Retained surplus		117,656,416	117,280,381
<b>Total community equity</b>		<u>237,170,531</u>	<u>236,794,496</u>

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

**Blackall-Tambo Regional Council  
Statement of Changes in Equity  
For the year ended 30 June 2019**

Note	Asset revaluation surplus 17 \$	Retained surplus \$	Total \$
<b>Balance as at 1 July 2018</b>	119,514,115	117,280,381	236,794,496
<b>Net result</b>	-	376,035	376,035
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	-	-	-
<b>Total comprehensive income for the year</b>	-	376,035	376,035
<b>Balance as at 30 June 2019</b>	119,514,115	117,656,416	237,170,531
<b>Balance as at 1 July 2017</b>	108,419,775	116,370,326	224,790,101
<b>Net result</b>	-	910,055	910,055
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	11,094,340	-	11,094,340
<b>Total comprehensive income for the year</b>	11,094,340	910,055	12,004,395
<b>Balance as at 30 June 2018</b>	119,514,115	117,280,381	236,794,496

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

**Blackall-Tambo Regional Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		16,220,839	15,589,954
Payments to suppliers and employees		<u>(19,775,574)</u>	<u>(18,907,023)</u>
		(3,554,735)	(3,317,069)
Interest received		301,029	339,699
Rental income		205,732	172,140
Non capital grants and contributions		6,295,296	5,296,069
Borrowing costs		<u>(72,583)</u>	<u>(135,984)</u>
<b>Net cash inflow (outflow) from operating activities</b>	22	<u>3,174,739</u>	<u>2,354,855</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(7,494,958)	(9,251,480)
Short term investments		6,000,000	(6,000,000)
Proceeds from sale of property plant and equipment		1,245,506	824,303
Grants, subsidies, contributions and donations		<u>4,121,114</u>	<u>4,244,802</u>
<b>Net cash inflow (outflow) from investing activities</b>		<u>3,871,662</u>	<u>(10,182,375)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<u>(557,038)</u>	<u>(537,621)</u>
<b>Net cash inflow (outflow) from financing activities</b>		<u>(557,038)</u>	<u>(537,621)</u>
Net increase (decrease) in cash held		<u>6,489,363</u>	<u>(8,365,141)</u>
Cash at beginning of the financial year		7,777,356	16,142,497
<b>Cash at end of the financial year</b>	9	<u>14,266,719</u>	<u>7,777,356</u>

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



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**1 Significant accounting policies**

**1.A Basis of preparation**

Blackall-Tambo Regional Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements for the period 1 July 2018 to 30 June 2019 have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Because 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 gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

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

**1.B Currency**

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

**1.C Adoption of new and revised Accounting Standards**

In the current year Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Generally Council applies Standards and Interpretations in accordance with their respective commencement dates.

**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 not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged, except for receivables which would have increased by \$178 due to a decrease in impairment under the new rules. No corresponding adjustment was made to retained earnings as at 1 July 2018.

Financial asset/liability	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 1.C Adoption of new and revised Accounting Standards (continued)**

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. 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:

<b>Standard and Impact</b>	<b>Date Council will apply the standard</b>
<b><i>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</i></b>	<b>1 July 2019</b>

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-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 may 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. Council generally has rollover provisions in place for unspent grant monies received at year end. A refund obligation is not considered a liability where Council has the discretion to avoid breaching an agreement.

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 decrease of \$183,318 due to deferral of grant funding, pre-paid rates, and other sales related revenue (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 initial application as a result of decreased revenue.

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

**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.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 1.C Adoption of new and revised Accounting Standards (continued)**

**Standard and impact**

**Date Council will apply  
the standard**

**AASB 16 Leases**

**1 July 2019**

The Council has assessed the impacts of the new standard that 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.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

**Leases in which the Council is a lessee**

The Council currently leases IT equipment only and has elected not to recognise IT equipment leases under the AASB 16 as they have been assessed as being low-value assets under the standard.

The Council does not currently have any finance leases.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have no impact on assets, liabilities, equity and net result.

**1.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 of causing an adjustment to council's assets or liabilities relate to:

Valuation of property, plant and equipment - Note 12  
Provisions - Note 16  
Contingencies - Note 19  
Financial instruments and financial liabilities - Note 25

**1.E National competition policy**

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

**1.F Rounding and comparatives**

The financial statements have been rounded to the nearest \$1.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

**1.G Taxation**

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

**Blackall-Tambo Regional Council  
Notes to the financial statements  
For the year ended 30 June 2019**

**2 Analysis of results by function**

**2(a) Components of Council functions**

The activities relating to the Council's components reported on in Note 2(b) are as follows :

**Corporate Services**

The corporate services function includes corporate governance and financial administration of Council.

The objective of corporate governance is for Council to be accountable and transparent in delivering value for money community outcomes. This function includes strategic and operational planning, risk management, legal and administrative support. This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

Finance and information provides professional finance and information services across Council. This function includes internal audit, budget support, financial accounting and information technology services. The objective of this function is to provide reliable information in a timely manner to support decision making and meet statutory obligations.

**Community services**

The goal of community services function is to provide effective social, recreational and health services. The function includes libraries, community buildings, recreation venues, social support, care and disability services.

**Planning and development**

This function manages building and development approvals in the shire. The goal of this function is to ensure compliance with building standards and sustainable development practices. Council's planning scheme aims to service development through trunk infrastructure planning.

**Transport infrastructure**

This function includes construction and maintenance of Council and State government controlled roads, town streets, stormwater drainage, footpaths and aerodromes. The goal of the transport function is to provide a transport network that is accessible and safe for public use.

**Waste management**

Waste management function provides refuse collection and disposal services. The goal of the waste management program is to manage waste in a way that protects the community and the environment.

**Water infrastructure**

The water services function attends to the maintenance of water supply infrastructure with the goal of delivering sustainable water services that meets health standards and minimises waste.

**Sewerage infrastructure**

The sewerage services function attends to the maintenance of sewerage infrastructure with the goal of delivering a reliable sewerage network that is environmentally friendly.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

- 2 Analysis of results by function  
(b) Income and expenses defined between recurring and capital are attributed to the following functions:

**Year Ended 30 June 2019**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate services	3,151,503	4,776,310	1,595,063	-	9,522,876	(7,700,197)	(217,757)	(7,917,954)	227,616	1,604,922	36,706,968
Community services	1,093,176	290,718	912,079	-	2,295,973	(4,948,119)	(578,240)	(5,526,359)	(3,564,225)	(3,230,388)	27,420,920
Planning & development	-	9,907	-	-	9,907	(50,900)	-	(50,900)	(40,993)	(40,993)	-
Transport infrastructure	2,050,617	9,423,641	1,613,972	-	13,088,230	(11,077,693)	(586,480)	(11,664,173)	396,565	1,424,057	159,807,123
Waste management	-	307,656	-	-	307,656	(214,314)	-	(214,314)	93,342	93,342	391,362
Water infrastructure	-	817,643	-	-	817,643	(527,190)	-	(527,190)	290,453	290,453	7,366,076
Sewerage infrastructure	-	702,457	-	-	702,457	(467,817)	-	(467,817)	234,640	234,640	10,041,838
<b>Total Council</b>	<b>6,295,296</b>	<b>16,328,332</b>	<b>4,121,114</b>	<b>-</b>	<b>26,744,742</b>	<b>(24,986,230)</b>	<b>(1,382,477)</b>	<b>(26,368,707)</b>	<b>(2,362,602)</b>	<b>376,035</b>	<b>241,734,287</b>

**Year Ended 30 June 2018**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate services	4,334,856	5,146,254	2,417,656	-	11,898,766	(6,956,051)	(115,844)	(7,071,895)	2,525,059	4,826,871	35,620,367
Community services	961,213	387,021	-	-	1,348,234	(4,608,706)	-	(4,608,706)	(3,260,472)	(3,260,472)	26,953,115
Planning & development	-	26,323	-	-	26,323	(66,745)	-	(66,745)	(40,422)	(40,422)	-
Transport infrastructure	-	7,085,252	1,827,146	-	8,912,398	(10,101,131)	(168,114)	(10,269,245)	(3,015,879)	(1,356,847)	160,518,678
Waste management	-	299,095	-	-	299,095	(207,294)	-	(207,294)	91,801	91,801	-
Water infrastructure	-	798,490	-	-	798,490	(474,884)	-	(474,884)	323,606	323,606	7,544,978
Sewerage infrastructure	-	689,987	-	-	689,987	(364,469)	-	(364,469)	325,518	325,518	10,310,498
<b>Total Council</b>	<b>5,296,069</b>	<b>14,432,422</b>	<b>4,244,802</b>	<b>-</b>	<b>23,973,293</b>	<b>(22,779,280)</b>	<b>(283,958)</b>	<b>(23,063,238)</b>	<b>(3,050,789)</b>	<b>910,055</b>	<b>240,947,636</b>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

3 Revenue	Note	2019 \$	2018 \$
-----------	------	------------	------------

Revenue is recognised at the fair value of the consideration received or receivable at the time indicated below.

**(a) Rates, levies and charges**

General rates	3,541,798	3,427,902
Water	808,861	792,699
Sewerage	693,983	684,756
Garbage charges	303,572	296,481
Total rates and utility charge revenue	<u>5,348,214</u>	<u>5,201,838</u>
Less: Discounts	(498,584)	(481,248)
Less: Pensioner remissions	<u>(52,661)</u>	<u>(40,456)</u>
	<u><u>4,796,969</u></u>	<u><u>4,680,134</u></u>

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

**(b) Fees and charges**

Saleyard fees	560,443	490,642
Building and development fees	9,907	26,323
Agistment/Town Common fees	119,059	120,698
Childcare fees	39,687	54,899
Cemetery/Funeral fees	51,037	66,699
Licences and registrations	5,160	2,320
Commissions	65,268	59,874
Hire of Community facilities	6,825	11,285
Airport landing fees	137,936	139,517
Other fees and charges	77,963	130,328
	<u>1,073,285</u>	<u>1,102,585</u>

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

**(c) Rental income**

Commercial property rental	95,695	59,459
Accommodation rental income	110,037	112,681
	<u>205,732</u>	<u>172,140</u>

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

**(d) Interest received**

Interest received from term deposits	269,256	317,183
Other sources	-	49
Interest from overdue rates and utility charges	31,773	22,467
	<u>301,029</u>	<u>339,699</u>

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

**(e) Sales revenue**

<b>Sale of services</b>		
Contract and recoverable works	9,282,007	6,943,756
Private Works	150,582	611,309
	<u>9,432,589</u>	<u>7,555,065</u>
<b>Sale of goods</b>		
Visitor Information Centre	38,017	24,772
	<u>38,017</u>	<u>24,772</u>
Total sales revenue	<u>9,470,606</u>	<u>7,579,837</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 3(e) (continued)**

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

Council generates revenue from a number of services including child care, motor vehicle repairs and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received for the service in advance it is included as a liability and is recognised as revenue in the period when the service is performed.

<b>Note</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>4 Grants, subsidies, contributions and donations</b>		
<b>(a) Recurrent</b>		
General purpose grants	4,227,900	4,059,521
State government subsidies and grants	671,175	542,600
Flood restoration funding	805,006	-
Commonwealth government subsidies and grants	574,683	693,948
Donations	16,532	-
	<u>6,295,296</u>	<u>5,296,069</u>

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Where grants received are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

<b>(b) Capital</b>		
State government subsidies and grants	2,070,063	2,638,119
Commonwealth government subsidies and grants	2,051,051	1,606,683
	<u>4,121,114</u>	<u>4,244,802</u>

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

**5 Capital expenses**

**Gain / loss on disposal of non-current assets**

Proceeds from the sale of property, plant and equipment	1,203,415	762,485
Less: Book value of property, plant and equipment disposed of	(1,301,447)	(751,317)
	<u>(98,032)</u>	<u>11,168</u>

Proceeds from sale of land and improvements	42,091	61,818
Less: Book value of land sold	(93,472)	(75,616)
	<u>(51,381)</u>	<u>(13,798)</u>

Write-off of infrastructure and building assets	(1,233,064)	(281,328)
	<u>(1,233,064)</u>	<u>(281,328)</u>
Total capital income/(loss)	<u>(1,382,477)</u>	<u>(283,958)</u>

**6 Employee benefits**

Total staff wages and salaries	6,667,319	5,917,896
Councillors' remuneration	292,146	298,180
Annual, sick and long service leave entitlements	1,447,367	1,068,650
Superannuation	805,531	734,180
	<u>9,212,363</u>	<u>8,018,906</u>
Other employee related expenses	275,248	317,972
	<u>9,487,611</u>	<u>8,336,878</u>
Less: Capitalised employee expenses	(518,722)	(558,331)
	<u>8,968,889</u>	<u>7,778,547</u>

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



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 6 (continued)**

Total Council employees at the reporting date:	2019 Number	2018 Number
Elected members	7	7
Administration staff	38	37
Depot and outdoors staff	70	69
Total full time equivalent employees	<u>115</u>	<u>113</u>

Note	2019 \$	2018 \$
<b>7 Materials and services</b>		
Administration	857,808	985,817
Audit of annual financial statements by the Auditor-General of Queensland	64,719	96,885
Community health programs	322,950	506,855
Parks, gardens & reserves	633,983	643,205
Pest management	238,857	234,329
Recoverable road contracts	5,156,249	4,802,372
Road maintenance	1,170,993	1,103,778
Saleyards	353,754	355,024
Waste services	152,655	150,150
Water and sewerage	298,364	218,921
Other materials and services	609,660	191,361
	<u>9,859,992</u>	<u>9,288,697</u>
<b>8 Finance costs</b>		
Finance costs charged by the Queensland Treasury Corporation	72,583	106,768
Bank charges	13,641	8,578
Impairment of debts	389	20,638
	<u>86,613</u>	<u>135,984</u>
<b>9 Cash and cash equivalents</b>		
Cash at bank and on hand	4,158,004	4,733,461
Deposits at call	10,108,715	3,043,895
Balance per Statement of Cash Flows	<u>14,266,719</u>	<u>7,777,356</u>
Cash and cash equivalents includes cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.		
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use.		
Restricted cash and cash equivalents as at 30 June		
Unspent government grants and subsidies	545,000	436,976
Total unspent restricted cash	<u>545,000</u>	<u>436,976</u>
<b>10 Short term investments</b>		
Term deposits	-	6,000,000
	<u>-</u>	<u>6,000,000</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

<b>Note</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>11 Trade and other receivables</b>		
Rateable revenue and utility charges	135,488	122,685
Other debtors	2,192,649	973,966
Less impairment	(4,347)	(3,958)
GST recoverable	50,403	64,814
Prepayments	89,174	161,700
	<u>2,463,367</u>	<u>1,319,207</u>

Trade receivables are recognised at the amounts due at the time of sale or service delivery, i.e. the agreed purchase price / contract price. Settlement of these amounts are required within 30 days from invoice date. The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

Because Council has the power to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	3,958	1,691
Additional impairments recognised	389	2,267
Closing Balance at 30 June	<u>4,347</u>	<u>3,958</u>

Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. Further details of Council's expected credit loss assessment are contained in note 25.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment**

30 June 2019

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2018

Additions

Assets capitalised from WIP

Disposals

Revaluation adjustment

Closing gross value as at 30 June 2019

Land and improvements	Buildings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress	Total
Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Cost	
Level 2	Level 2 & 3		Level 3	Level 3	Level 3		
\$	\$	\$	\$	\$	\$	\$	\$
3,603,251	60,197,876	14,097,484	204,953,017	12,179,911	16,552,232	5,836,205	317,419,976
393,367	-	2,043,076	-	-	-	5,451,882	7,888,325
318,683	3,833,315	277,114	3,021,151	-	-	(7,450,263)	-
(93,472)	(1,461,056)	(2,190,330)	(1,127,443)	-	-	-	(4,872,301)
-	-	-	-	-	-	-	-
4,221,829	62,570,135	14,227,344	206,846,725	12,179,911	16,552,232	3,837,824	320,436,000

Accumulated depreciation and impairment

Opening gross value as at 1 July 2018

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment

Accumulated depreciation as at 30 June 2019

-	28,668,991	5,715,267	46,563,369	4,769,040	6,248,699	-	91,965,366
2,112	1,622,954	1,133,127	2,803,561	221,544	276,042	-	6,059,340
-	(814,472)	(888,883)	(540,962)	-	-	-	(2,244,317)
-	-	-	-	-	-	-	-
2,112	29,477,473	5,959,511	48,825,968	4,990,584	6,524,741	-	95,780,389

Book value as at 30 June 2019

Range of estimated useful life in years

4,219,717	33,092,662	8,267,833	158,020,757	7,189,327	10,027,491	3,837,824	224,655,611
Land: Not depreciated.	40 - 100	2 - 20	6 - 120	10 - 60	20 - 60	-	-
Improvements: 7 - 50							

ADDITIONS COMPRISE

Renewals

Other additions

Total Additions

-	-	2,043,076	-	-	-	4,181,925	6,225,001
393,367	-	-	-	-	-	1,269,957	1,663,324
393,367	-	2,043,076	-	-	-	5,451,882	7,888,325



**Blackall-Tambo Regional Council  
Notes to the Financial Statements  
For the year ended 30 June 2019**

**Note 12 Property, plant and equipment (continued)**

30 June 2018

Basis of measurement

Fair value category

Asset values

Opening gross value as at 1 July 2017

Additions

Assets capitalised from WIP

Disposals

Revaluation adjustment

Closing gross value as at 30 June 2018

Land and improvements	Buildings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress	Total
Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Cost	
Level 2	Level 2 & 3		Level 3	Level 3	Level 3		
\$	\$	\$	\$	\$	\$	\$	\$
3,378,500	54,038,470	13,862,768	192,678,463	11,527,953	15,948,012	3,526,797	294,960,963
-	-	2,001,838	-	-	-	7,246,042	9,247,880
331,767	2,064,984	27,175	2,512,708	-	-	(4,936,634)	-
(75,616)	(1,027,629)	(1,794,297)	(275,433)	-	-	-	(3,172,975)
(31,400)	5,122,051	-	10,037,279	651,958	604,220	-	16,384,108
3,603,251	60,197,876	14,097,484	204,953,017	12,179,911	16,552,232	5,836,205	317,419,976

Accumulated depreciation and impairment

Opening balance as at 1 July 2017

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment

Accumulated depreciation as at 30 June 2018

-	25,463,846	5,964,449	41,657,431	4,303,316	5,785,868	-	83,174,910
-	1,434,207	1,039,794	2,614,167	209,866	267,367	-	5,565,401
-	(668,418)	(1,288,976)	(107,319)	-	-	-	(2,064,713)
-	2,439,356	-	2,399,090	255,858	195,464	-	5,289,768
-	28,668,991	5,715,267	46,563,369	4,769,040	6,248,699	-	91,965,366

Consolidated book value as at 30 June 2018

Range of estimated useful life in years

3,603,251	31,528,885	8,382,217	158,389,648	7,410,871	10,303,533	5,836,205	225,454,610
Land: Not depreciated. Improvements: 7 - 40	40 - 100	2 - 20	6 - 120	10 - 60	20 - 60	-	-

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment**

**(i) Recognition**

Land and improvements, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. Plant and equipment and work in progress are measured at cost.

Items of plant and equipment with a total value of less than \$10,000, and infrastructure assets and buildings with a total value of less than \$20,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

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

**(ii) Measurement**

Property, plant and equipment are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees, engineering design fees and all other establishment costs. Subsequently each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

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

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

**(iii) Depreciation**

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

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

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

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



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment (continued)**

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

**Key judgements and estimates:**

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

**(iv) Impairment**

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

An impairment loss is recognised immediately in profit and loss, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

**(v) Valuation**

**Key judgements and estimates:**

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Council engages third party qualified valuers to perform the valuation. The Council works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed within this note.

Non current assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value of each class of property, plant and equipment at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment (continued)**

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

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to

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

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

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

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

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

<b>2019</b>	<b>Note</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value</b>				
Land and improvements		4,219,717	-	4,219,717
Buildings				
- Commercial Buildings		147,447	335,553	483,000
- Residential Buildings		3,030,092	-	3,030,092
- Other Buildings		1,584,811	27,994,759	29,579,570
Road, drainage and bridge network		-	158,020,758	158,020,758
Water		-	7,189,326	7,189,326
Sewerage		-	10,027,491	10,027,491
		<u>8,982,067</u>	<u>203,567,887</u>	<u>212,549,954</u>

<b>2018</b>	<b>Note</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value</b>				
Land and improvements		3,603,251	-	3,603,251
Buildings				
- Commercial Buildings		159,762	116,952	276,714
- Residential Buildings		3,201,689	-	3,201,689
- Other Buildings		1,701,757	26,348,724	28,050,481
Road, drainage and bridge network		-	158,389,649	158,389,649
Water		-	7,410,871	7,410,871
Sewerage		-	10,303,533	10,303,533
		<u>8,666,459</u>	<u>202,569,729</u>	<u>211,236,188</u>



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment (continued)**

Management internally reviewed and assessed valuation indices provided by APV Valuers & Asset Management for each asset class for the year ended 30 June 2019. The maximum change in indices for 2018-19 year is 3.2% which is well under the 5% cumulative change required by Council policy to mandate indexation application.

There were no other changes that have a material impact on the value of the assets, such as impairment. All asset classes had a desktop valuation effective 30 June 2019 with no indexation application to asset values.

The table below summarises the level of detail applied in determining the value of Council's assets as at 30 June 2019 and the effective date of last comprehensive valuation.

Asset Category	Valuation Effective 30 June 2019	Performed By	Effective Date of Last Comprehensive Valuation	Performed By
Land	Desktop	APV Valuers & Asset Management	30/6/2015	Shepherd Services Pty Ltd
Buildings	Desktop	APV Valuers & Asset Management	30/6/2015	Shepherd Services Pty Ltd
Road and Drainage Network	Desktop	APV Valuers & Asset Management	30/6/2016	Shepherd Services Pty Ltd
Water Infrastructure Network	Desktop	APV Valuers & Asset Management	30/6/2015	Shepherd Services Pty Ltd
Sewerage Infrastructure Network	Desktop	APV Valuers & Asset Management	30/6/2015	Shepherd Services Pty Ltd

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

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

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

**Land (level 2)**

Level 2 valuation inputs are used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. All land values are based on the assumption that contaminants such as asbestos, chemicals, toxic wastes or other hazardous materials do not exist on these land parcels.

**Waste Landfill Cells**

*Current replacement cost*

Waste landfill cells fair values were determined by Council's contracted environmental health officer effective 29 March 2019. CRC was calculated by reference to landfill cell area and volume specifications, estimated labour and material inputs, services costs, and overhead allocations. Material and services costs were determined by reference to existing supplier contracts and labour costs by reference to Council's Enterprise bargaining agreement.

*Accumulated depreciation*

Accumulated depreciation was determined through assessment of the remaining space for each landfill cell, which was also used to determine percentage cell capacity used in the year.

**Blackall-Tambo Regional Council  
Notes to the financial statements  
For the year ended 30 June 2019**

**12 Property, plant and equipment (continued)**

**Buildings (level 2)**

Council's rental properties include residential and commercial properties within the town boundaries, in areas with regular sales of comparable properties. They are valued using the sales comparison approach. Sales prices of comparable residential properties in close proximity are adjusted for differences in key attributes such as property size (level 2).

In undertaking the 2019 desktop valuation, regard was held to movements in the construction cost Index of residential and commercial buildings which was in the range from 1.5% to 2% for the period 1 July 2018 to 30 June 2019. This research data was provided by APV asset valuers. As the cumulative movement in the relevant index since the last valuation was under 5%, the latest change was not considered to be material. No indexation factor was applied to the opening value of residential and commercial buildings in deriving the valuation as at 30 June 2019.

**Buildings (level 3)**

With the exception of residential and commercial buildings described above, it is considered that Council buildings are of a specialist nature and there is no active market for these assets. As such, fair value is determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values are derived from reference to market data for recent projects and indices for building & construction in Queensland issued by the Australian Bureau of Statistics.

The net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. In determining the level of accumulated depreciation, building assets are disaggregated into significant components which exhibit different useful lives. Allowance is made for the typical asset life cycle and renewal treatments of each component and the condition of the asset. Condition is assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of useful life and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation, the overall valuation has been classified as level 3.

The last comprehensive revaluation of Council's land and building assets was undertaken as at 30 June 2015.

In undertaking the 2019 desktop valuation, regard was held to movements in the construction cost index of building assets which was 2% for the period 1 July 2018 to 30 June 2019. This research data was provided by APV asset valuers. As the cumulative movement in the relevant index since the last valuation was under 5%, the latest change was not considered to be material. No indexation factor was applied to the opening value of building and other structure assets in deriving the valuation as at 30 June 2019.

The next comprehensive valuation of land and building assets is planned to occur in 2020.

**Infrastructure assets (level 3)**

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

CRC is measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets are over designed, have excess capacity, or are redundant, an adjustment is made so that the resulting valuation reflects 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 are based on a "Greenfield" assumption meaning that the CRC is determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The CRC is determined using methods relevant to the asset class as described under individual asset categories below.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment (continued)**

***Road, drainage and bridge network***

***Current replacement cost***

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

CRC is calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 4-6 cms for high traffic areas and 4 cms for lower traffic locations. Council also assumes that all raw materials can be sourced from various local quarries with haulage rates of between \$2 and \$2.50 per cubic meter depending on the location of the segment being valued. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). All direct costs are allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

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

The last comprehensive revaluation of Council's road, drainage and bridge infrastructure was undertaken as at 30 June 2016.

In undertaking the 2019 desktop valuation, regard was held to movements in the construction cost index of road infrastructure assets which was in the range of 0% to 3.2% for the period 1 July 2018 to 30 June 2019. This research data was provided by APV asset valuers. As the cumulative movement in the relevant index since the last valuation was under 5%, the latest change was not considered to be material. No indexation factor was applied to the opening value of road infrastructure assets in deriving the valuation as at 30 June 2019.

The next comprehensive valuation of Council's road, drainage and bridge infrastructure is planned to occur in 2020.

In determining the written down value of an asset, accumulated depreciation, representing the service potential consumed, is subtracted from the asset's current replacement cost. An asset's service potential has a linear relationship to its useful life.

Useful lives are determined via the following process:

1. Inspection of the oldest assets within each category to estimate the remaining life (based on the delivery of future economic benefits) and estimated useful life.
2. Making comparisons with other regional Council's useful lives.
3. Making comparisons with the national databases of useful lives to ensure useful lives adopted are in consistent ranges with national standards (e.g. International Infrastructure Management Manual).
4. Consideration of other aspects, including:
  - Council's internal knowledge of the performance of assets based on historical experience.
  - Australian standards, pavement design manuals and product guidelines.
  - Current engineering practice.
5. Technical and commercial obsolescence is also considered.

Where an asset is young in age and shows no significant signs of wear and tear its remaining useful life is calculated by subtracting its age from its useful life as determined above.

Where Council does not have accurate records of year of construction, and for older assets where an aged based approach for determining remaining life is not considered appropriate, remaining lives of assets are estimated.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment (continued)**

***Water and Sewerage***

*Current replacement cost*

Water and sewerage mains are segmented and componentised into standard and rising mains to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life. Each segment is valued on the same basis as described for roads above. Due to these assets being located underground, the age based approach for determining remaining useful life is adopted, with condition assessment undertaken by exception.

The most significant inputs into the valuation approach are construction cost unit rates (per linear or square metre), estimated residual values, estimated useful lives, pattern of consumption and asset condition.

The last comprehensive revaluation of Council's water and sewerage infrastructure was undertaken as at 30 June 2015 by Shepherd Services Pty Ltd.

In undertaking the 2019 desktop valuation, regard was held to movements in the construction cost index of water and sewerage assets which was in the range of 0% to 3% for the period 1 July 2018 to 30 June 2019. This research data was provided by APV asset valuers. As the cumulative movement in the relevant index since the last valuation was under 5%, the latest change was not considered to be material. No indexation factor was applied to the opening value of water and sewerage assets in deriving the valuation as at 30 June 2019.

The next comprehensive valuation of Council's water and sewerage infrastructure is planned to occur in 2020.

Shepherd's cost models were derived from the following sources:

- Schedule rates for construction of asset or similar assets
- Building Price Index tables
- Recent contract and tender data
- Suppliers' quotations

Factors taken into account in determining replacement costs included:

- Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).
- Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).

*Accumulated depreciation*

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.

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



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 Property, plant and equipment (continued)**

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

Buildings disclosed in the notes comprise both level 2 and level 3 assets, the movement in level 3 buildings are detailed below.

<b>Changes in buildings (Level 3)</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Opening gross value as at 1 July	45,222,054	39,993,926
Additions	3,724,701	1,925,934
Disposals	(1,393,557)	(545,611)
Revaluation adjustment	-	3,847,805
<b>Closing gross value as at 30 June</b>	<b><u>47,553,198</u></b>	<b><u>45,222,054</u></b>
<b>Accumulated depreciation and impairment</b>		
Opening balance as at 1 July	18,756,378	16,446,350
Depreciation provided in period	1,234,565	1,074,730
Depreciation on disposals	(768,057)	(360,625)
Revaluation adjustment	-	1,595,923
<b>Accumulated depreciation as at 30 June</b>	<b><u>19,222,886</u></b>	<b><u>18,756,378</u></b>
<b>Book value as at 30 June</b>	<b><u>28,330,312</u></b>	<b><u>26,465,676</u></b>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**13 Intangible Assets**

	2019	2018
	\$	\$
<b>Asset values</b>		
Opening gross value as at 1 July	225,000	-
Additions at cost	-	225,000
Closing gross carrying value as at 30 June	<u>225,000</u>	<u>225,000</u>
<b>Accumulated amortisation</b>		
Opening balance as at 1 July	10,651	-
Amortisation provided in period	11,396	10,651
Closing accumulated amortisation as at 30 June	<u>22,047</u>	<u>10,651</u>
Book value as at 30 June	<u>202,953</u>	<u>214,349</u>

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

It has been determined that there is not an active market for any of the Council's intangible assets. Therefore, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset has a finite life, the cost of the asset is amortised over that period on a straight line basis.

Council acquired a Sales Permit (No. 201304400) for \$225,000 in 2016-17 under which the State of Queensland agrees to sell and Council agree to purchase cypress sawlogs according to the terms of the permit. The permit allows for the harvesting of 142,500 tonnes of cypress sawlogs over 20 years from 2017 to 2037.

**14 Trade and other payables**

<b>Current</b>		
Creditors and accruals	566,666	312,928
Annual leave	1,043,267	932,239
Other entitlements	48,568	42,673
	<u>1,658,501</u>	<u>1,287,840</u>

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

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current. As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after reporting date, all annual leave liabilities are classified as current.

**15 Borrowings**

<b>Current</b>		
Loans - Queensland Treasury Corporation	56,362	556,957
	<u>56,362</u>	<u>556,957</u>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	1,326,134	1,382,577
	<u>1,326,134</u>	<u>1,382,577</u>
<b>Loans - Queensland Treasury Corporation</b>		
Opening balance at beginning of financial year	1,939,534	2,477,155
Principal repayments	(557,038)	(537,621)
Book value at end of financial year	<u>1,382,496</u>	<u>1,939,534</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 15 Borrowings (continued)**

The QTC loan market value at the reporting date was \$ 1,555,613. 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.

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost. All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

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

All borrowings are in \$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. Expected final repayment date is 16 March 2037. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

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

	2019 \$	2018 \$
<b>16 Provisions</b>		
<b>Current</b>		
Provision for long service leave	984,589	834,457
	<u>984,589</u>	<u>834,457</u>
<b>Non-current</b>		
Provision for long service leave	144,803	91,309
Provision for waste landfill rehabilitation	393,367	-
	<u>538,170</u>	<u>91,309</u>

*Long Service Leave*

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in 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 attached to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their

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.

*Refuse dump 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. As refuse dumps are situated on Council controlled/owned land the cost of the provision constitutes an asset.

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on 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 uncertainties 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 dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2069 (50 years time) and will have aftercare costs for the subsequent 20 years.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 16 Provisions (continued)**

	2019 \$	2018 \$
<b>Details of movements in long service leave provision</b>		
Balance at the beginning of financial year	925,766	1,005,729
Long Service Leave entitlement arising	339,096	155,026
Long Service Leave entitlement paid	(135,470)	(234,989)
Balance at end of financial year	<u>1,129,392</u>	<u>925,766</u>
<b>Details for movements in landfill restoration provision</b>		
Increase in provision due to estimate of future cost	393,367	-
Balance at end of financial year	<u>393,367</u>	<u>-</u>

A provision is made for the cost of restoring refuse sites where it is probable that Council will be liable or required to incur such costs on cessation of use of facilities.

The provision represents the present value of the anticipated future costs associated with the closure of the landfill sites, decontamination and monitoring of historical residues and leaching on these sites.

**17 Asset revaluation surplus**

**Movements in the asset revaluation surplus were as follows:**

Balance at beginning of financial year	119,514,115	108,419,775
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and improvements	-	(31,400)
Buildings	-	2,682,695
Road, drainage and bridge network	-	7,638,189
Water	-	396,100
Sewerage	-	408,756
Balance at end of financial year	<u>119,514,115</u>	<u>119,514,115</u>
Net increase/(decrease) in Asset Revaluation Surplus	<u>-</u>	<u>11,094,340</u>

**Asset revaluation surplus analysis**

The closing balance of the asset revaluation surplus comprises the following asset categories:

Land and improvements	3,284,484	3,284,484
Buildings	6,843,811	6,843,811
Road, drainage and bridge network	98,785,000	98,785,000
Water	5,216,831	5,216,831
Sewerage	5,383,989	5,383,989
	<u>119,514,115</u>	<u>119,514,115</u>

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 in the reserve in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

**18 Commitments for expenditure**

**Contractual commitments**

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

Blackall aquatic centre spa and shed construction contract	8,888	-
Blackall sewer relining contract	73,554	-
	<u>82,442</u>	<u>-</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**19 Contingent liabilities**

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

**Local Government Mutual**

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

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

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$316,967.

**20 Superannuation**

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

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

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and  
The Accumulation Benefits Fund (ABF)

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

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

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

Council contributes to the LGIA Super 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 LGIA Super 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.

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

Technically 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.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 20 Superannuation (continued)**

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 Councils contributing to the scheme and any changes in contribution rates would apply equally to all 62 Councils. Blackall-Tambo Regional Council made less than 4% of the total contributions to the plan in the 2018-19 financial year.

21 Trust funds	Note	2019 \$	2018 \$
<b>Trust funds held for outside parties</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		59,583	45,415
Security deposits		36,287	21,187
		<u>95,870</u>	<u>66,602</u>
<p>Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance, refundable bond monies for venue and equipment hire and funds held in trust for inactive non profit community clubs. 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.</p>			
<b>22 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
Net result		376,035	910,055
Non-cash operating items:			
Depreciation and amortisation		6,070,736	5,576,052
		<u>6,070,736</u>	<u>5,576,052</u>
Investing and development activities:			
Net (profit)/loss on disposal/write-off of non-current assets		1,382,477	283,958
Capital grants and contributions		(4,121,114)	(4,244,802)
		<u>(2,738,637)</u>	<u>(3,960,844)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(1,144,160)	(27,150)
(Increase)/decrease in inventory		36,477	(36,609)
Increase/(decrease) in payables		370,662	(26,686)
Increase/(decrease) in other provisions		203,626	(79,963)
		<u>(533,395)</u>	<u>(170,408)</u>
Net cash inflow from operating activities		<u>3,174,739</u>	<u>2,354,855</u>
<b>23 Reconciliation of liabilities arising from finance activities</b>			
<b>Loans</b>			
Opening balance as at 1 July		1,939,534	2,477,155
Cash Flows		(557,038)	(537,621)
Closing balance as at 30 June		<u>1,382,496</u>	<u>1,939,534</u>
<b>24 Events after the balance date</b>			
There were no material adjusting events after the balance date.			

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**25 Financial instruments and financial risk management**

Blackall-Tambo Regional Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of Council. Council minimises its exposure to financial risk in the following ways:

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 managements 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 both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. Council does not invest in derivatives or other high risk investments.

When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity analysis
Credit risk	Ageing analysis

**Credit risk exposure**

Credit risk exposure refers to the situation where Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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 Council against credit risk in the case of these debtors.

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

Council is also exposed to credit risk through its deposits held at call with financial institutions.

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

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

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

Council's maximum exposure to credit risk is as follows:

	Note	2019	2018
Financial assets		\$	\$
Cash and cash equivalents	9	14,266,719	7,777,356
Short term investments	10	-	6,000,000
Receivables - rates	11	135,488	122,685
Receivables - other	11	2,327,879	1,196,522
		<u>16,730,086</u>	<u>15,096,563</u>



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 25 Financial Instruments (continued)**

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

A summary of the Council's exposure to credit risk for trade receivables is as follows:

	2019 Not credit- impaired	2019 Credit- impaired	2018 Not credit- impaired	2018 Credit- impaired
	\$	\$	\$	\$
Less than 30 days	2,137,092	-	915,801	-
Past due 31-60 days	25,132	-	20,327	-
Past due 61-90 days	21,065	-	17,079	-
More than 90 days	9,360	-	20,759	3,958
<b>Total gross carrying amount</b>	<b>2,192,649</b>	<b>-</b>	<b>973,966</b>	<b>3,958</b>

*Expected credit loss assessment as at 1 July 2018 and 30 June 2019*

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2019:

Council - 2019	Weighted- average loss rate	Gross carrying amount	Loss allowance
	\$	\$	\$
Not past due	0.11%	2,137,092	2,351
Past due 31-60 days	1.10%	25,132	276
Past due 61-90 days	4.40%	21,065	927
More than 90 days	8.47%	9,360	793
<b>Total</b>		<b>2,192,649</b>	<b>4,347</b>

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

**Liquidity risk**

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

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.

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

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 25 Financial Instruments (continued)**

The following table sets out the liquidity risk of financial liabilities held by Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
<b>2019</b>				
Trade and other payables	566,666	-	-	566,666
Loans - QTC	106,050	424,201	1,352,141	1,882,392
	<u>672,716</u>	<u>424,201</u>	<u>1,352,141</u>	<u>2,449,058</u>
<b>2018</b>				
Trade and other payables	312,928	-	-	312,928
Loans - QTC	629,620	424,201	1,458,191	2,512,012
	<u>942,548</u>	<u>424,201</u>	<u>1,458,191</u>	<u>2,824,940</u>

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

**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**

Council is exposed to interest rate risk through its finance lease borrowings, borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

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

Council does not undertake any hedging of interest rate risk.

**Sensitivity**

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2019</b>					
Cash on Deposit	10,108,715	101,087	(101,087)	101,087	(101,087)
Loans QTC	1,382,496	(13,825)	13,825	(13,825)	13,825
Net Total	<u>11,491,211</u>	<u>87,262</u>	<u>(87,262)</u>	<u>87,262</u>	<u>(87,262)</u>
<b>2018</b>					
Cash on Deposit	9,043,895	90,439	(90,439)	90,439	(90,439)
Loans QTC	1,939,534	(19,395)	19,395	(19,395)	19,395
Net Total	<u>10,983,429</u>	<u>71,044</u>	<u>(71,044)</u>	<u>71,044</u>	<u>(71,044)</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 25 Financial instruments (continued)**

**Fair value**

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

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

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**26 Transactions with Related Parties**

(a) Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Chief Executive Officer and Executive management.

The compensation paid to KMP comprises:

	2019 \$	2018 \$
Short-term employee benefits	1,222,488	1,124,344
Post-employment benefits	103,159	86,891
Long-term benefits	21,669	17,822
<b>Total</b>	<b>1,347,316</b>	<b>1,229,057</b>

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

The Council did not employ any close family members of key management personnel.

Details of transactions between council and other related parties are disclosed below:

Details of Transaction	2019 \$	2018 \$
Purchase of materials and services from entities controlled by key management personnel - Note 26(b)(i)	57,627	37,145
Personnel services provided by a related party to Council - Note 26(b)(ii)	3,696	-

(i) Council purchased materials and services from entities controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of Council operations. The following table outlines the breakdown of goods and services acquired.

Goods and services acquired	2019 \$	2018 \$
Building and construction materials and services	47,626	33,055
Catering services	3,038	1,530
Uniforms and protective clothing	3,835	-
Livestock handling services	3,128	2,560

(ii) Council incurred \$3,696 in engineering service fees paid to George Bourne and Associates for technical services provided by Amanda Turlan who is an employee of the firm. Amanda Turlan is on Council's related party list being the wife of John Turlan - Director of Works and Services.

(c) 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 Blackall-Tambo region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Examples include payment of rates and animal registration. Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.



**Blackall-Tambo Regional Council**

**Financial Statements**

**For the year ended 30 June 2019**

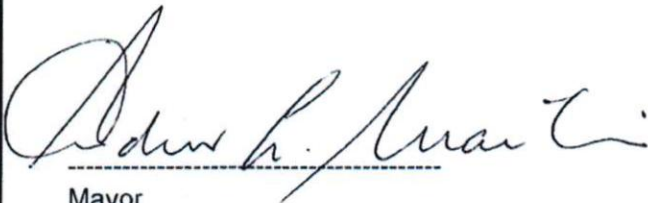
**Management Certificate**

**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, as set out on pages 1 to 33, 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  
Andrew Martin

Date: 14 / 10 / 19



Chief Executive Officer  
Des Howard

Date: 14 / 10 / 19

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Blackall-Tambo Regional Council

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Blackall-Tambo Regional 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 Blackall-Tambo Regional 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 and 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.



14 October 2019

Carolyn Dougherty  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

**Blackall-Tambo Regional Council**

**Current-year Financial Sustainability Statement  
For the year ended 30 June 2019**

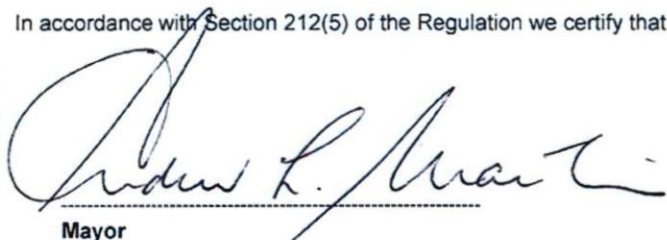
Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2019 against key financial ratios and targets:			
<b>Operating surplus ratio</b>	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-10%	Between 0% and 10%
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	85%	greater than 90%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-54%	not greater than 60%

**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

Andrew Martin

Date: 14 / 10 / 19



Chief Executive Officer

Des Howard

Date: 14 / 10 / 19



## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Blackall-Tambo Regional Council

### Report on the current year financial sustainability statement

#### Opinion

I have audited the accompanying current year financial sustainability statement of Blackall-Tambo Regional 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 Blackall-Tambo Regional 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 Blackall-Tambo Regional 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, the long-term financial sustainability statement and the annual report.

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

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

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

#### **Responsibilities of the council for the current year financial sustainability statement**

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

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

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

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

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

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



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



Carolyn Dougherty  
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office  
Brisbane



**Blackall-Tambo Regional Council**  
**Unaudited Long-Term Financial Sustainability Statement**  
 Prepared as at 30 June 2019

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2019	Projected for the years ended								
				30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
Operating Surplus Ratio	Net result divided by total operating revenue	Between 0% and 10%	-10%	-17%	-14%	-12%	-7%	-6%	-6%	-6%	-6%	-6%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	85%	118%	106%	106%	105%	105%	105%	105%	105%	105%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-54%	-46%	-46%	-45%	-48%	-46%	-46%	-46%	-46%	-46%

**Blackall-Tambo Regional Council's Financial Management Strategy**

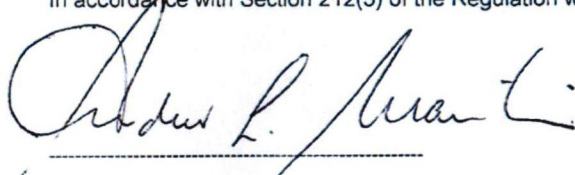
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

**Certificate of Accuracy**

**For the unaudited long-term financial sustainability statement prepared as at 30 June 2019**

This unaudited 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 unaudited long-term financial sustainability statement has been accurately calculated.



Mayor  
 Andrew Martin

Date: 14 / 10 / 19



Chief Executive Officer  
 Des Howard

Date: 14 / 10 / 19