



Blackall-Tambo Regional Council



Final Seal of Stage 3 - Blackall-Jericho Road

ANNUAL REPORT

1 JULY 2019 – 30 JUNE 2020

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Message from the Mayor

2020 Mayoral Report.

The phrase “may you live in interesting times” is often quoted as an ancient Oriental curse, I have no idea of the validity of the origin, but a year like the one just past for our nation in general could well have been that origin.

The Outback however, by comparison, is having its time in the sun. Covid free, agricultural products across the board setting all-time records, saleyards setting its own set of records, a fair proportion of our Shire enjoying a better season than any number of the previous eight or nine and latterly one of the most intense, though late, tourist seasons that is showing strong signs of lasting through the Christmas period and on through next year.

The tourism participants are not the usual grey nomads however, although there are good numbers of them. The new kids on the tourism block are the travellers who cannot travel overseas and are spending time and money bringing their children and sometimes parents to the bush, in many cases re-tracing forbears time out here and re-connecting with the strong origins of much of our Aussie culture. Magnificent news to your Mayor, who has spent most his adult life lamenting the population drift away and consequent generational dis-connect from the bush.

Western Councils recognised the potential for a Covid inspired disaster and took the opportunity to band together under the banner of Western Queensland Alliance of Councils, comprising 21 Councils in the North, Central and South West, representing 60% of the geography of our state, initially to strongly advocate the western protocols around the Covid travel restrictions and now, broadly advocate all things common to us in the Outback at all levels of Government.

As usual I wish to pay tribute to our Council staff, workforce and their families for their contribution to our region’s progress and productivity.

Congratulations to our new Councillors and we all look forward to helping in making our region the best it can be.



Andrew Martin
Mayor



Chief Executive Officer's Report

During the 2020 financial year the Blackall-Tambo Regional Council has been focussing on developing our two communities through, roads, water, sewerage, beautification and tourism.

Roads have continued to be a major priority and is the biggest area of investment.

Kerb and channelling and street widening have occurred in both towns.

The Queensland Reconstruction Authority approved \$15M of flood damage work and this is underway.

These works are being delivered by Council work crews and local contractors providing a full work schedule.

Completed works include stage three of the Jericho Road sealing project with a further \$5M being allocated by the Department of Transport and Main Road for continuance of this work in 2020/2021.

One kilometre of the Tumbar Road has been sealed with multiple RMPC and R2R projects completed.

This year the Tambo bore was completed and the old bore capped. Council resolved to draw down \$400,000 in borrowings from Queensland Treasury Corporation to partly fund the cost of \$789,200.

Several major items of plant were purchased consistent with the plant replacement program.

Capital projects over the 2019/2020 financial year include the purchase of a grandstand at the Tambo cricket field, extension to the Pathway to Health, lighting upgrade of Banks Park and Shamrock Street, Blackall Town Entrance Welcome Sign, Tambo Sports Ground Dressing Sheds, installation of emergency generators, fencing for the Tambo Pound Paddock and upgrades to the Blackall Saleyards which continues to excel as a sale and spelling facility.

January 2020 saw the adoption of the Blackall-Tambo Region Planning Scheme. This is a significant milestone as it is a single planning scheme and was prepared in accordance with the State Government legislative framework and mandatory guidelines.

The local elections were held on March 2020 with the new Council making their declaration of office on 14th April 2020.

Unfortunately, COVID-19 put a halt to the community events at the beginning of 2020, but in-kind support has been provided to community groups and associations. COVID-19 also saw a late start to the usual tourist season, but the workforce worked hard to ensure the community was informed and public areas sanitised.

We look forward to continuing our service to the community in 2020-21.

D A 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 total income received for the year is \$23.6M while the total expenditure incurred is \$28.4M giving a net result of \$4.8M deficit.

Rates, levies and charges received for the year is \$4.9M compared to \$4.8M for the previous year.

Grants, subsidies, contributions and donations for the year is \$9.0M compared to \$6.3M for the previous year. A further \$3.2M in grants was received in the year and its recognition has been deferred at year end until the work is done.

Fees and charges received for the year is \$1.9M compared to \$1.1M for the previous year mainly due to the increase in the Blackall Sale Yard fees.

Sales revenue from recoverable road works contracts with the Department of Transport and Main Roads for the year is \$4.5M down from \$9.5M last year.

During 2019/2020 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 Swimming Pool Plaster and Repaint, Blackall Indoor Cricket, Shamrock Street Widening and Kerbing, Dressing Rooms and Showers for the Tambo Western Sports Complex.

In 2019/2020 the Federal Government announced funding from the Drought Communities Program of \$1.0M for the following projects; Back-up Fuel Supply, Blackall-Tambo Park Beautification, Saleyards canteen upgrade, Entrance to Blackall welcoming sign, Tambo Dam Lights, Water and Sewer Main upgrades, Tambo Western Sports Complex upgrade. These projects require to be completed by 31 December 2020.

In 2019/2020 the State Government announced a COVID Work for Queensland program providing \$1.07M for projects to be completed by 30 June 2021. These projects are: Extension to Pathway to Health, Blackall Tourism Display, Blackall and Tambo Pools Shade Structure, Tambo Pool Disability Chair, Magpies Club House, Sale Yards Selling Pens, Tambo Weighbridge Upgrade, Blackall Water and Sewerage Upgrade. These projects are required to be complete by 30 June 2021.

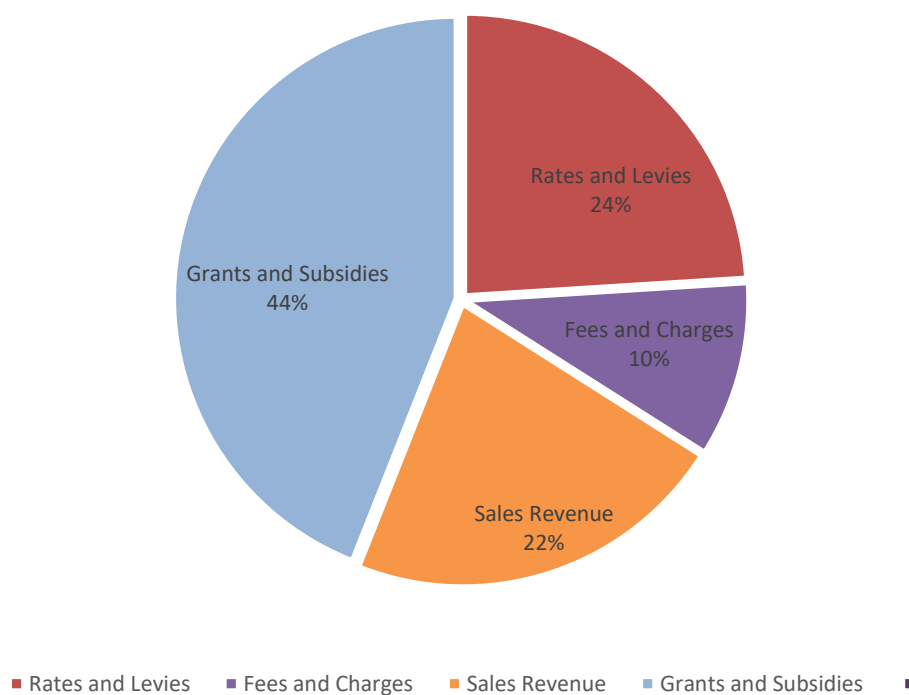
The State government also announced a further round of the Building our Regions program and have provided funding of \$454,900 for the Tambo Trucking Museum and \$200,000 to continue with the rural internet expansion.

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. Works projected to be undertaken by Council under contract to Department of Transport and Main Roads include a continuance of the sealing of the Blackall-Jericho Road, replacement of the Tambo Barcoo River Bridge, rehabilitation of the Isisford Road, and work on the Springsure Road. The funds derived from these activities will contribute significantly to economic development and social improvements for businesses and residents alike.

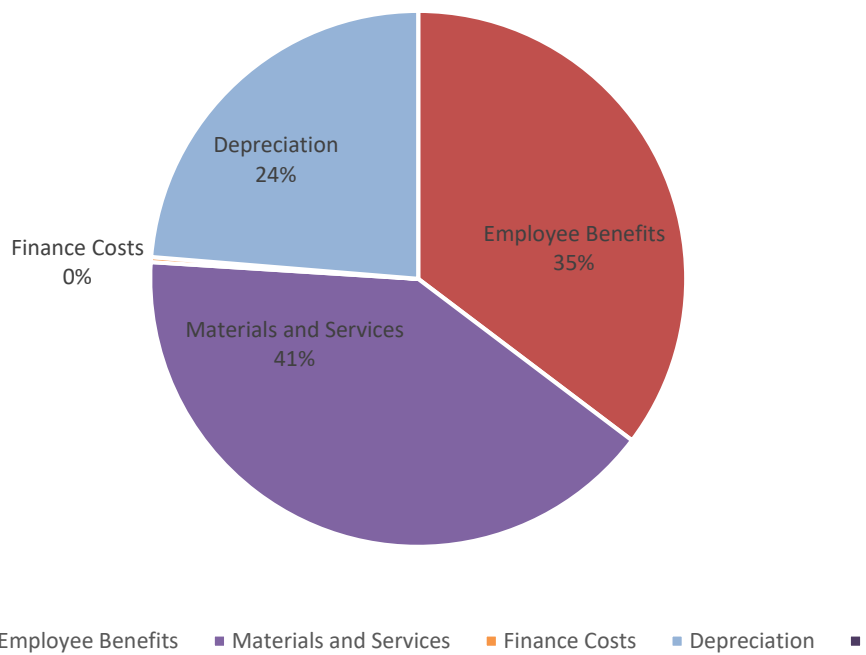
The Council road network continues to be well maintained through funding from the Financial Assistance Grant, TIDS, TMR and the Roads to Recovery program. Water, sewerage and waste management infrastructure assets are also maintained and renewed to meet service delivery demands.

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

Recurrent Revenue 2019/2020



Recurrent Expenditure 2019/2020





Extension to Pathway to Health

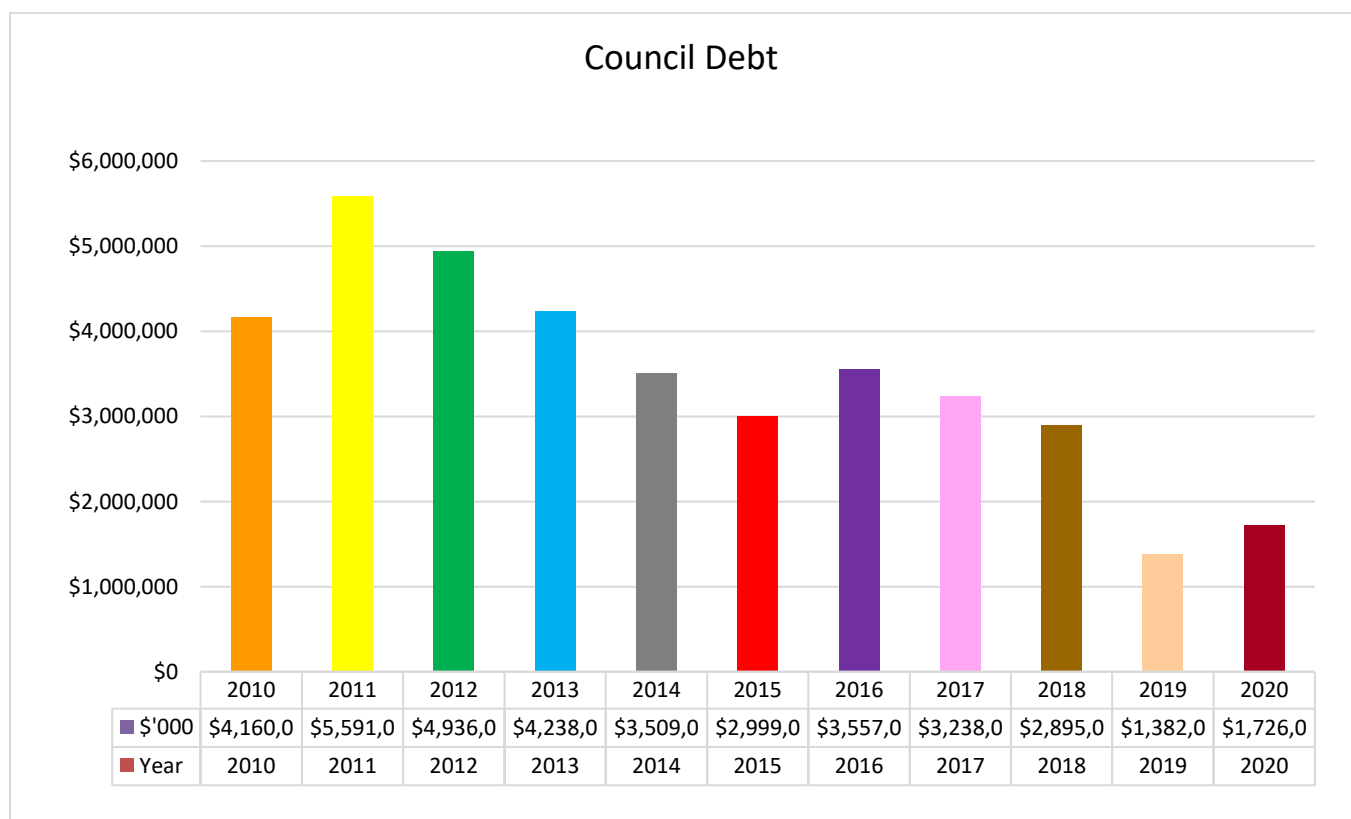
Recurrent expenses total \$26.2M; employee costs are slightly down at 35%, materials and services are slightly up at 41%, depreciation is down to 24%, and finance costs are at 0.3%. Employee costs include staff and related employee expenses while materials and services include such items as general operating costs to maintain and operate services to the region.

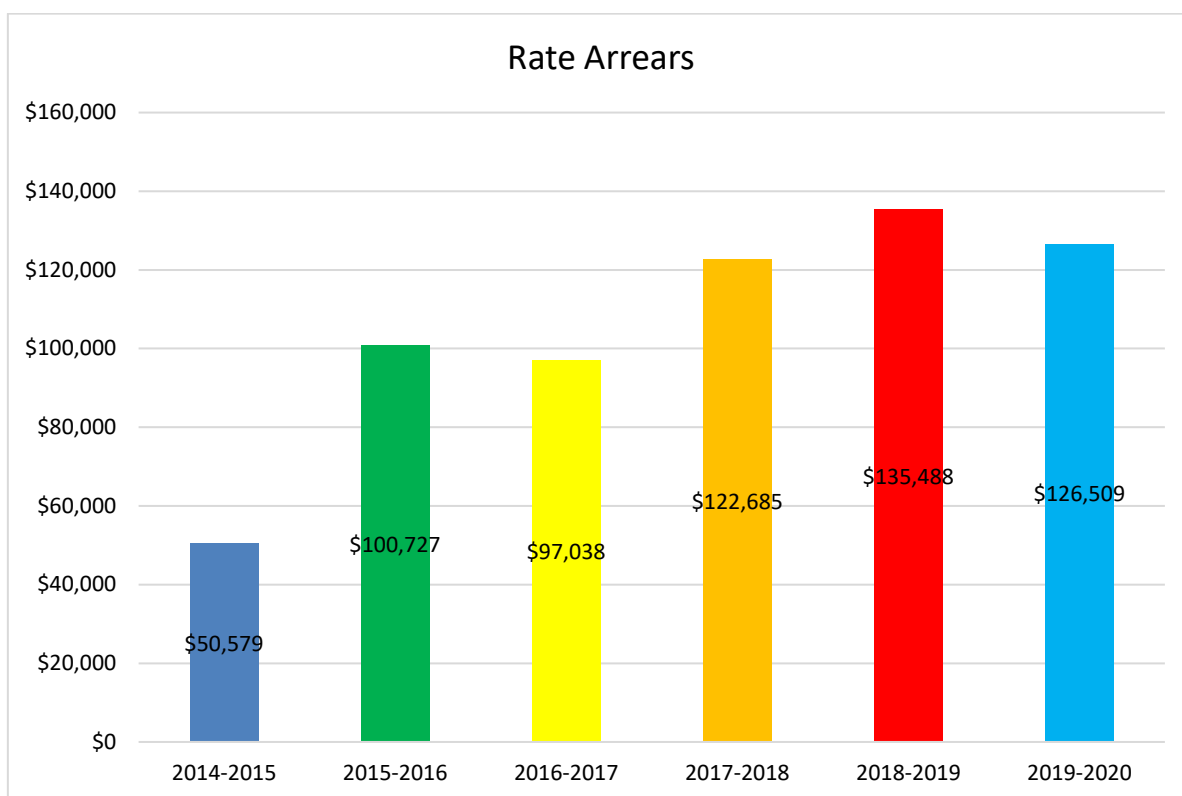
During 2017-2018 Council negotiated a new Enterprise Bargaining Agreement with Council staff which became effective on the 1 July 2018 and expires on the 30 June 2021.

The five-year revaluation of all non-current assets was undertaken during the year by APV Asset Valuers. While depreciation is a non-cash item, it is used as a guide to help Council retain enough 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 increased its borrowings by \$400,000 in the 2019/2020 financial year to fund the replacement of the Tambo Bore. The total cost of replacing the Tambo Bore was \$789,200 with Council paying the balance of \$389,200.

A summary of Council's debt levels is expressed in the figures below indicating that Council debt remains at a manageable level.





Resolutions (section 185 Local Government Regulation 2012)

Council did not make any changes to the policies referred to in sections 250(1) and 206(2) of the Regulation during the 2019-2020 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 Regulation 2012)

(i) Remuneration schedule

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

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	\$11,496.36	\$34,489.20

* 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.

(ii) Councillor remuneration and meeting attendance – 1 July 2019 to 30 June 2020

Councillor	General Meeting Attendance	Special Meeting Attendance	Remuneration	Superannuation Expenses Incurred	Total Remuneration
Cr A Martin	14	2	\$83,293.20	—	\$83,293.20
Cr L Russell	13	2	\$42,154.56	—	\$42,154.56
Cr P Heumiller	9	0	\$25,866.90	—	\$25,866.90
Cr G Schluter	5	2	\$8,622.30	—	\$8,622.30
Cr G Jarvis	9	0	\$25,866.90	—	\$25,866.90
Cr B Johnstone	14	2	\$34,489.20	—	\$34,489.20
Cr P Pullos	14	2	\$34,489.20	—	\$34,489.20
Cr J Scobie	14	2	\$34,489.20	—	\$34,489.20
Cr D Hardie	5	2	\$8,622.30	—	\$8,622.30

At the Local Government Council elections held 28 March 2020 Councillor Hardie and Councillor Schluter were elected to Council.

Councillor Heumiller was not returned and Councillor Jarvis resigned in 18 March 2020 prior to the elections.



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

Section	Details	Number
186(1)(f)(i)	Complaints referred to the assessor under section 150 P(2)(a) of the Act – government entity must refer complaint to the assessor	Nil
186(1)(f)(ii)	Matters, mentioned in section 150 P (3) of the Act, notified to the Crime and Corruption Commission	Nil
186(1)(f)(iii)	Notices given under section 150 R (2) of the Act – local government official must give the assessor a notice about councilor’s conduct	Nil
186(1)(f)(iv)	Notices given under section 150 S (2)(a) of the Act – inappropriate conduct on 3 occasions during a period of 1 year	Nil
186(1)(f)(v)	Decisions made under section 150 W(a)(b)(c) of the Act – assessor’s action after investigating conduct of a councillor	1
186(1)(f)(vi)	Referral notices accompanied by a recommendation mentioned in section 150 AC(3)(a) of the Act – referral by assessor to council	Nil
186(1)(f)(vii)	Occasions information was given under section 150 AF(4)(a) of the Act – information provided to the assessor while investigating	Nil
186(1)(f)(viii)	Occasions the Council asked another entity to investigate the suspected inappropriate conduct of a councillor	Nil
186(1)(f)(ix)	Applications heard by the conduct tribunal about the alleged misconduct of a councillor	Nil

Administrative complaints (section 187 Local Government Regulation 2012)

Council has adopted a policy “General Complaints (Administrative Actions) Policy” and a “General Complaints (Administrative Actions) Procedure”.

The procedure is broken down into three stages:

- (i) Complaints are initially managed and resolved by the CEO. The CEO can refer a complaint to a head of department (HOD).
- (ii) Unresolved complaints are referred to council for review and response.
- (iii) People who are not happy with the way council has handles their complaint can contact the Queensland Ombudsman for help.

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 2019/2020 financial year	4
Number of complaints resolved under the complaint's management process	4
Number of complaints not resolved under the complaint's management process	Nil

Human Rights (Section 97 Human Rights Act 2019)

During the financial year 2019/2020 Council did not receive any correspondence from the Human Rights Commission where a response was required.

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.

Description	Amount
Expenditure on grants and sponsorships to community organisations	\$248,451
In-kind support to community organisations	\$21,369
Total	\$269,820

Other Contents (section 190 Local Government Regulation 2012)

Joint Activities

Council has a signed agreement with the Longreach and Barcaldine Regional Councils whereby the Environmental Health Officer employed by Longreach Regional Council is required to work for both the Barcaldine and Blackall-Tambo Regional Councils with costs being shared equally.

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 in each instance, 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.

The Corporate Plan for 2020 to 2024 is in the process of completion.

Registers and public documents

Item	Description	Access
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.
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

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.

During 2019/2020 the Audit and Risk Management Committee met three times:

- (i) approve the audit charter and plan
- (ii) review internal audit reports on purchasing, payments, creditors
- (iii) review risk management policies
- (iv) review internal audit reports on governance and legislative compliance
- (v) review accounting position papers
- (vi) review draft annual financial statements

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 2020.

There was no commercialisation, or full cost pricing of a significant business activity in the financial year ended 30 June 2020.

Senior staff remuneration (Local Government Act 2009 section 201)

Total of all remuneration packages payable to senior management \$823,780

One (2) senior contract employee with a total remuneration package in the range of \$200,000 - \$300,000

Two (2) senior contract employees with a total remuneration package in the range of \$100,000 - \$200,000

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.



New Tambo Bore

Blackall-Tambo Regional Council

Financial Statements

For the year ended 30 June 2020

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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 2020

	Note	2020 \$	2019 \$
Income			
Recurrent revenue			
Rates, levies and charges	3(a)	4,882,981	4,796,969
Fees and charges	3(b)	1,913,598	1,073,285
Sales revenue	3(c)	4,477,818	9,470,606
Grants, subsidies, contributions and donations	3(d)	8,995,293	6,295,296
		<u>20,269,690</u>	<u>21,636,156</u>
Capital revenue			
Grants, subsidies, contributions and donations	3(d)	2,695,670	4,121,114
Total capital revenue		<u>2,695,670</u>	<u>4,121,114</u>
Rental income	3(e)	183,792	205,732
Interest received	4	299,847	301,029
Other income		167,564	480,711
Total income		<u>23,616,563</u>	<u>26,744,742</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(9,415,721)	(8,968,889)
Materials and services	7	(10,539,153)	(9,859,992)
Finance costs	8	(75,688)	(86,613)
Depreciation of property plant and equipment	11	(6,148,139)	(6,059,340)
Amortisation of intangible assets	12	(11,396)	(11,396)
		<u>(26,190,097)</u>	<u>(24,986,230)</u>
Capital expenses	5	(2,185,254)	(1,382,477)
Total expenses		<u>(28,375,351)</u>	<u>(26,368,707)</u>
Net result		<u>(4,758,788)</u>	<u>376,035</u>
Other comprehensive income			
Items that will not be classified to net result			
Increase / (decrease) in asset revaluation surplus	17	57,382,001	-
Total other comprehensive income for the year		<u>57,382,001</u>	<u>-</u>
Total comprehensive income for the year		<u>52,623,213</u>	<u>376,035</u>

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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 2020

		2020	2019
	Note	\$	\$
Current assets			
Cash and cash equivalents	9	17,167,909	14,266,719
Trade and other receivables	10	2,569,244	2,463,367
Inventories		142,307	145,637
Total current assets		19,879,460	16,875,723
Non-current assets			
Property, plant and equipment	11	278,121,691	224,655,611
Intangible assets	12	191,557	202,953
Total non-current assets		278,313,248	224,858,564
Total assets		298,192,708	241,734,287
Current liabilities			
Contract liabilities	13	3,193,798	-
Trade and other payables	14	2,342,333	1,658,501
Borrowings	15	96,285	56,362
Provisions	16	1,130,304	984,589
Total current liabilities		6,762,720	2,699,452
Non-current liabilities			
Borrowings	15	1,629,965	1,326,134
Provisions	16	551,279	538,170
Total non-current liabilities		2,181,244	1,864,304
Total liabilities		8,943,964	4,563,756
Net community assets		289,248,744	237,170,531
Community equity			
Asset revaluation surplus	17	176,896,116	-
Retained surplus		112,352,628	117,656,416
Total community equity		289,248,744	117,656,416

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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 2020

	Note	Asset revaluation surplus 17	Retained surplus	Total
		\$	\$	\$
Balance as at 1 July 2019		119,514,115	117,656,416	237,170,531
Adjustment on initial application of AASB 15 and AASB 1058		-	(545,000)	(545,000)
Restated balance at 1 July 2019		119,514,115	117,111,416	236,625,531
Net result		-	(4,758,788)	(4,758,788)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		57,382,001	-	57,382,001
Total comprehensive income for the year		57,382,001	(4,758,788)	52,623,213
Balance as at 30 June 2020		176,896,116	112,352,628	289,248,744
Balance as at 1 July 2018		119,514,115	117,280,381	236,794,496
Net result		-	376,035	376,035
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		-	-	-
Total comprehensive income for the year		-	376,035	376,035
Balance as at 30 June 2019		119,514,115	117,656,416	237,170,531

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		12,744,040	16,220,839
Payments to suppliers and employees		(20,544,984)	(19,775,574)
		(7,800,944)	(3,554,735)
Interest received		299,847	301,029
Rental income		184,128	205,732
Non capital grants and contributions		11,878,581	6,295,296
Borrowing costs		(49,804)	(72,583)
Net cash inflow (outflow) from operating activities	23	<u>4,511,808</u>	<u>3,174,739</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(4,895,430)	(7,494,958)
Short term investments		-	6,000,000
Proceeds from sale of property plant and equipment		479,878	1,245,506
Grants, subsidies, contributions and donations		2,461,180	4,121,114
Net cash inflow (outflow) from investing activities		<u>(1,954,372)</u>	<u>3,871,662</u>
Cash flows from financing activities			
Proceeds from borrowings		400,000	-
Repayment of borrowings		(56,246)	(557,038)
Net cash inflow (outflow) from financing activities		<u>343,754</u>	<u>(557,038)</u>
Net increase (decrease) in cash held		<u>2,901,190</u>	<u>6,489,363</u>
Cash at beginning of the financial year		14,266,719	7,777,356
Cash at end of the financial year	9	<u><u>17,167,909</u></u>	<u><u>14,266,719</u></u>

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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 2020

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 2019 to 30 June 2020 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*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and investment property.

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.

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-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*.

This year Council applied AASB15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not for Profit Entities* for the first time. These standards had an impact on the reported position and performance. Refer to the change in accounting policy note 21 for transition disclosures.

AASB 16 Leases

This year Council has applied AASB16 *Leases* for the first time. 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, first-time adoption of AASB 16 for the year ending 30 June 2020 has had no impact on assets, liabilities, equity and net result. Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

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

Standards issued by the AASB not yet effective

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 could be applicable to Council are:

Standard	Effective for annual report periods beginning on or after:
AASB 17 <i>Insurance Contracts</i>	1 January 2021
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	1 January 2020
AASB 2018-6 <i>Amendments to Australian Accounting Standards - Definition of a Business</i>	1 January 2020
AASB 2018-7 <i>Amendments to Australian Accounting Standards - Definition of Material</i>	1 January 2020
AASB 2019-3 <i>Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform</i>	1 January 2020

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.

1.D Estimates and judgements

Where necessary, judgements, estimates and assumptions have been used in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. 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 11
Provisions - Note 16
Contingent liabilities - Note 19
Financial instruments and financial risk management - Note 26

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 are in Australian dollars and have been rounded to the nearest \$1.
Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

1.G Volunteer services

Council's dependence on volunteer services is not material and is not recognised in the Statement of Comprehensive Income.

1.H Taxation

Council is exempt from income tax, however Council is subject to 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 2020

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 2020

- 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 2020

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									
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate services	3,432,878	5,386,804	278,427	-	9,098,109	(7,357,470)	(86,904)	(7,444,374)	1,462,212	1,653,735	42,397,290		
Community services	1,040,328	307,865	916,074	-	2,264,267	(4,898,701)	(1,187,946)	(6,086,647)	(3,550,508)	(3,822,380)	34,205,234		
Planning & development	-	35,135	-	-	35,135	(94,676)	-	(94,676)	(59,541)	(59,541)	-		
Transport infrastructure	4,522,087	4,326,935	1,412,519	-	10,261,541	(12,579,858)	(324,407)	(12,904,265)	(3,730,836)	(2,642,724)	196,036,380		
Waste management	-	312,696	-	-	312,696	(255,979)	-	(255,979)	56,717	56,717	575,364		
Water infrastructure	-	843,090	88,650	-	931,740	(555,698)	(585,997)	(1,141,695)	287,392	(209,955)	10,642,853		
Sewerage infrastructure	-	713,075	-	-	713,075	(447,715)	-	(447,715)	265,360	265,360	14,335,587		
Total Council	8,995,293	11,925,600	2,695,670	-	23,616,563	(26,190,097)	(2,185,254)	(28,375,351)	(5,269,204)	(4,758,788)	298,192,708		

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				
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)	(3,230,386)	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		
Total Council	6,295,296	16,328,332	4,121,114	-	26,744,742	(24,986,230)	(1,382,477)	(26,368,707)	(2,362,602)	376,035	241,734,287		

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

3 Revenue

Revenue recognised at a point in time

	Note	AASB 15 \$	AASB 1058 \$
Rates, levies and charges (excluding those related to services)	3(a)	-	4,882,981
Grants, subsidies, donations and contributions	3(d)	310,312	5,390,366
Fees and charges	3(b)	1,913,598	-
Sale of goods and services	3(c)	4,477,818	-
		<u>6,701,728</u>	<u>10,273,347</u>

Revenue recognised over time

Grants and subsidies	3(d)	3,294,615	-
Revenue relating to grants for assets controlled by Council	3(d)	-	3,240,670
		<u>3,294,615</u>	<u>3,240,670</u>

(a) Rates, levies and charges

	2020 \$	2019 \$
General rates	3,604,254	3,541,798
Water	823,649	808,861
Sewerage	706,433	693,983
Garbage charges	309,135	303,572
Total rates and utility charge revenue	<u>5,443,471</u>	<u>5,348,214</u>
Less: Discounts	(506,736)	(498,584)
Less: Pensioner remissions	(53,754)	(52,661)
	<u>4,882,981</u>	<u>4,796,969</u>

2020 accounting policy: Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

2019 accounting policy: Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

(b) Fees and charges

Saleyard fees	1,363,534	560,443
Building and development fees	35,135	9,907
Agistment/Town Common fees	87,109	119,059
Childcare fees	32,201	39,687
Cemetery/Funeral fees	72,070	51,037
Licences and registrations	4,239	5,160
Commissions	58,716	65,268
Hire of Community facilities	4,324	6,825
Airport landing fees	119,654	137,936
Other fees and charges	136,616	77,963
	<u>1,913,598</u>	<u>1,073,285</u>

2020 accounting policy: Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

2019 accounting policy: Fees and charges are recognised when council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents or when the service is provided.

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

Note 3 Revenue (continued)

	2020 \$	2019 \$
(c) Sales revenue		
Sale of services		
Contract and recoverable works	4,281,235	9,282,007
Private Works	174,089	150,582
	<u>4,455,324</u>	<u>9,432,589</u>
Sale of goods		
Visitor Information Centre	22,494	38,017
	<u>22,494</u>	<u>38,017</u>
Total sales revenue	<u><u>4,477,818</u></u>	<u><u>9,470,606</u></u>

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 based on costs incurred 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.

(d) Grants, subsidies, contributions and donations

2020 accounting policy:

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received.

Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

2019 accounting policy:

Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds. Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. In 2019, Council did not have any reciprocal grants.

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

Note 3(d) Grants, subsidies, contributions and donations (continued)

	2020	2019
	\$	\$
(i) Recurrent		
General purpose grants	4,300,453	4,227,900
State government subsidies and grants	506,932	671,175
Flood restoration funding	3,294,615	805,006
Commonwealth government subsidies and grants	893,212	574,683
Donations	81	16,532
	<u>8,995,293</u>	<u>6,295,296</u>
(ii) Capital		
State government subsidies and grants	1,128,293	2,070,063
Commonwealth government subsidies and grants	<u>1,567,377</u>	<u>2,051,051</u>
	<u>2,695,670</u>	<u>4,121,114</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.

(e) Rental income		
Commercial property rental	61,897	95,695
Accommodation rental income	<u>121,895</u>	<u>110,037</u>
	<u>183,792</u>	<u>205,732</u>

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

4 Interest income

Interest received		
Interest received from term deposits	273,085	269,256
Interest from overdue rates and utility charges	<u>26,762</u>	<u>31,773</u>
	<u>299,847</u>	<u>301,029</u>

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

5 Capital expenses

Gain / loss on disposal of non-current assets		
Proceeds from the sale of property, plant and equipment	469,081	1,203,415
Less: Book value of property, plant and equipment disposed of	<u>(541,552)</u>	<u>(1,301,447)</u>
	<u>(72,471)</u>	<u>(98,032)</u>
Proceeds from sale of land and improvements	10,797	42,091
Less: Book value of land sold	<u>(25,230)</u>	<u>(93,472)</u>
	<u>(14,433)</u>	<u>(51,381)</u>
Loss on disposal of infrastructure assets for no consideration*	(1,187,946)	-
Write off of infrastructure and building assets	<u>(910,404)</u>	<u>(1,233,064)</u>
	<u>(2,098,350)</u>	<u>(1,233,064)</u>
Total capital income/(loss)	<u>(2,185,254)</u>	<u>(1,382,477)</u>

* Council transferred ownership of the Blackall-Tambo Internet Connectivity Project assets to contractor Field Solutions Group Pty Ltd upon project completion as per signed agreement.

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

6 Employee benefits

	2020 \$	2019 \$
Total staff wages and salaries	6,812,267	6,667,319
Councillors' remuneration	297,894	292,146
Annual, sick and long service leave entitlements	1,583,966	1,447,367
Superannuation	851,467	805,531
	<u>9,545,594</u>	<u>9,212,363</u>
Other employee related expenses	242,424	275,248
	<u>9,788,018</u>	<u>9,487,611</u>
Less: Capitalised employee expenses	(372,297)	(518,722)
	<u><u>9,415,721</u></u>	<u><u>8,968,889</u></u>

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

	2020 Number	2019 Number
Total Council employees at the reporting date:		
Elected members	7	7
Administration staff	34	38
Depot and outdoors staff	66	70
Total full time equivalent employees	<u>107</u>	<u>115</u>

7 Materials and services

	2020 \$	2019 \$
Administration	977,857	848,617
Audit of annual financial statements by the Auditor-General of Queensland*	82,977	64,719
Community health programs	456,267	322,950
Parks, gardens & reserves	632,664	633,983
Pandemic management	42,938	-
Pest management	238,616	238,857
QRA Flood damage repairs	2,948,470	1,389,228
Rentals - operating leases	13,295	9,191
Recoverable road contracts	2,899,967	3,767,021
Road maintenance	545,978	1,170,993
Saleyards	505,197	353,754
Waste services	164,780	152,655
Water and sewerage	329,002	298,364
Other materials and services	701,145	609,660
	<u>10,539,153</u>	<u>9,859,992</u>

*Total audit fees quoted by the Queensland Audit Office relating to the 2019-20 financial statements are \$87,450
(2019: \$84,500)

8 Finance costs

Finance costs charged by the Queensland Treasury Corporation	49,804	72,583
Bank charges	11,991	13,641
Impairment of receivables	6,439	389
Unwinding of discount on landfill restoration provision	7,454	-
	<u>75,688</u>	<u>86,613</u>

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

9 Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank and on hand	1,167,909	4,158,004
Deposits at call	16,000,000	10,108,715
Balance per Statement of Cash Flows	<u>17,167,909</u>	<u>14,266,719</u>

Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments 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	3,193,798	545,000
Unspent developer contributions	-	-
Total unspent restricted cash	<u>3,193,798</u>	<u>545,000</u>

10 Trade and other receivables

Current

Rateable revenue and utility charges	304,198	135,488
Other debtors	2,121,188	2,192,649
Less impairment	(10,787)	(4,347)
GST recoverable	42,583	50,403
Prepayments	112,062	89,174
	<u>2,569,244</u>	<u>2,463,367</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 receivables is required within 30 days from invoice date. The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

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	4,347	3,958
Additional impairments recognised	6,439	389
Closing Balance at 30 June	<u>10,786</u>	<u>4,347</u>

Further details of Council's expected credit loss assessment are contained in note 26.

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

**Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020**

11 Property, plant and equipment

30 June 2020

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		
\$	\$	\$	\$	\$	\$	\$	\$
4,221,829	62,570,135	14,227,344	206,846,725	12,179,911	16,552,232	3,837,824	320,436,000
-	-	1,636,643	-	-	-	3,258,787	4,895,430
14,461	1,730,102	-	1,785,702	884,547	-	(4,414,812)	-
(27,630)	(1,187,946)	(1,431,942)	(753,877)	(673,346)	(103,475)	-	(4,178,216)
(1,431,760)	(933,961)	-	60,852,305	1,060,001	2,703,668	-	62,250,253
2,776,900	62,178,330	14,432,045	268,730,855	13,451,113	19,152,425	2,681,799	383,403,467

Basis of measurement
Fair value category

Asset values
Opening gross value as at 1 July 2019

Additions

Assets capitalised from WIP

Disposals

Revaluation adjustment

Closing gross value as at 30 June 2020

Accumulated depreciation and impairment

Opening gross value as at 1 July 2019

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment

Accumulated depreciation as at 30 June 2020

2,112	29,477,473	5,959,511	48,825,968	4,990,584	6,524,741	-	95,780,389
20,994	1,671,525	1,120,673	2,841,941	220,849	272,157	-	6,148,139
-	-	(890,390)	(426,416)	(158,200)	(32,624)	-	(1,507,630)
(7,070)	(13,878,863)	-	22,850,570	(2,156,323)	(1,947,436)	-	4,860,878
16,036	17,270,135	6,189,794	74,092,063	2,896,910	4,816,838	-	105,281,776

Book value as at 30 June 2020

Range of estimated useful life in years

2,760,864	44,908,195	8,242,251	194,638,792	10,554,203	14,335,587	2,681,799	278,121,691
Land: Not depreciated.	40 - 100	2 - 20	6 - 120	10 - 60	20 - 60	-	-
Improvements: 7 - 50							

ADDITIONS COMPRISE

Renewals

Other additions

Total Additions

-	-	1,636,643	-	-	-	2,712,946	4,349,589
-	-	-	-	-	-	545,841	545,841
-	-	1,636,643	-	-	-	3,258,787	4,895,430

Blackall-Tambo Regional Council
Notes to the Financial Statements
For the year ended 30 June 2020

Note 11 Property, plant and equipment (continued)

30 June 2019

Basis of measurement	Land and improvements	Buildings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress	Total
Fair value category	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Cost	
Asset values	Level 2	Level 2 & 3		Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2018	3,603,251	60,197,876	14,097,484	204,953,017	12,179,911	16,552,232	5,836,205	317,419,976
Additions	393,367	-	2,043,076	-	-	-	5,451,882	7,888,325
Assets capitalised from WIP	318,683	3,833,315	277,114	3,021,151	-	-	(7,450,263)	-
Disposals	(93,472)	(1,461,056)	(2,190,330)	(1,127,443)	-	-	-	(4,872,301)
Revaluation adjustment	-	-	-	-	-	-	-	-
Closing gross value as at 30 June 2019	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 balance as at 1 July 2018	-	28,668,991	5,715,267	46,563,369	4,769,040	6,248,699	-	91,965,366
Depreciation provided in period	2,112	1,622,954	1,133,127	2,803,561	221,544	276,042	-	6,059,340
Depreciation on disposals	-	(814,472)	(888,883)	(540,962)	-	-	-	(2,244,317)
Revaluation adjustment	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2019	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.								
Improvements: 7 - 50		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 2020

11 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 2020

11 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 2020

11 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 which they relate.

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.

2020	Note	Level 2	Level 3	Total
		\$	\$	\$
Recurring fair value				
Land and improvements		2,760,864	-	2,760,864
Buildings				
- Commercial Buildings		395,380	630,114	1,025,494
- Residential Buildings		3,194,168	-	3,194,168
- Other Buildings		4,754,637	35,933,896	40,688,533
Road, drainage and bridge network		-	194,638,792	194,638,792
Water		-	10,554,203	10,554,203
Sewerage		-	14,335,587	14,335,587
		<u>11,105,049</u>	<u>256,092,592</u>	<u>267,197,641</u>

2019	Note	Level 2	Level 3	Total
		\$	\$	\$
Recurring fair value				
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>

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

11 Property, plant and equipment (continued)

All Council asset classes except for plant and equipment were comprehensively valued as at 30 June 2020 by APV asset valuers.

There were no other changes that have a material impact on the value of the assets, such as impairment.

The table below summarises the level of detail applied in determining the value of Council's assets as at 30 June 2020 and the effective date of last comprehensive valuation.

Asset Category	Valuation Effective 30 June 2020	Performed By	Effective Date of Last Comprehensive Valuation
Land	Comprehensive	APV Valuers & Asset Management	30/06/2020
Buildings	Comprehensive	APV Valuers & Asset Management	30/06/2020
Road and Drainage Network	Comprehensive	APV Valuers & Asset Management	30/06/2020
Water Infrastructure Network	Comprehensive	APV Valuers & Asset Management	30/06/2020
Sewerage Infrastructure Network	Comprehensive	APV Valuers & Asset Management	30/06/2020

(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.

Site improvements are depreciated over their useful life to the council. The useful life of cells and some other improvements extends until the site becomes available for another use, as they continue to provide benefits over this period (including the monitoring period) by facilitating the safe disposal of waste.

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 2020

11 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 2020 comprehensive valuation, APV asset valuers derived fair value of residential and commercial properties from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

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 2020 by APV asset valuers.

In undertaking the 2020 comprehensive valuation, APV asset valuers derived fair value of specialised properties using current replacement cost approach. Under this approach, cost to replace an asset was calculated and adjusted for any obsolescence.

The next comprehensive valuation of land and building assets is planned to occur in 2025.

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 2020

11 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 2020 by APV asset valuers.

The next comprehensive valuation of Council's road, drainage and bridge infrastructure is planned to occur in 2025.

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 2020

11 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 2020 by APV asset valuers.

The next comprehensive valuation of Council's water and sewerage infrastructure is planned to occur in 2025.

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 2020

11 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.

Changes in buildings (Level 3)	2020	2019
	\$	\$
Opening gross value as at 1 July	47,553,198	45,222,054
Additions	542,155	3,724,701
Disposals	-	(1,393,557)
Revaluation adjustment	2,766,587	-
Closing gross value as at 30 June	50,861,940	47,553,198
Accumulated depreciation and impairment		
Opening balance as at 1 July	19,222,886	18,756,378
Depreciation provided in period	1,283,791	1,234,565
Depreciation on disposals	-	(768,057)
Revaluation adjustment	(6,208,747)	-
Accumulated depreciation as at 30 June	14,297,930	19,222,886
Book value as at 30 June	36,564,010	28,330,312

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

12 Intangible Assets

	2020	2019
Asset values	\$	\$
Opening gross value as at 1 July	225,000	225,000
Additions at cost	-	-
Closing gross carrying value as at 30 June	225,000	225,000
Accumulated amortisation		
Opening balance as at 1 July	22,047	10,651
Amortisation provided in period	11,396	11,396
Closing accumulated amortisation as at 30 June	33,443	22,047
Book value as at 30 June	191,557	202,953

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.

13 Contract Liabilities

Grants received upfront to construct Council controlled assets*	310,510	545,000
Grants received upfront to repair flood damaged roads**	2,883,288	-
	3,193,798	545,000

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously grant revenue was recognised upon receipt. Under the new standards, certain revenues are held as contract liabilities until performance obligations are met. Revenue is deferred and treated as a liability at year end.

* Capital grants received to construct Council controlled assets has been deferred where revenue is recognised in line with costs incurred and the construction of the asset.

** Grant received to repair road assets where funding is sufficiently specific as to the nature and cost of repairs. Revenue is recognised as performance obligations are met.

An opening balance adjustment has been made for \$545,000 to the retained profits account as shown in the statement of equity to reflect the effect of changes in prior year comparatives.

14 Trade and other payables

Current		
Creditors and accruals	741,337	566,666
Prepaid rates	165,004	-
Fees & charges received in advance	21,870	-
Annual leave	1,281,800	1,043,267
Other entitlements	132,322	48,568
	2,342,333	1,658,501

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.

Blackall-Tambo Regional Council
Notes to the financial statements
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15 Borrowings

	2020 \$	2019 \$
Current		
Loans - Queensland Treasury Corporation	96,285	56,362
	<u>96,285</u>	<u>56,362</u>
Non-current		
Loans - Queensland Treasury Corporation	1,629,965	1,326,134
	<u>1,629,965</u>	<u>1,326,134</u>
Loans - Queensland Treasury Corporation		
Opening balance at beginning of financial year	1,382,496	1,939,534
Loans raised	400,000	-
Principal repayments	(56,246)	(557,038)
Book value at end of financial year	<u>1,726,250</u>	<u>1,382,496</u>

The QTC loan market value at the reporting date was \$1,941,260. 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.

16 Provisions

Current		
Provision for long service leave	1,130,304	984,589
	<u>1,130,304</u>	<u>984,589</u>
Non-current		
Provision for long service leave	143,084	144,803
Provision for waste landfill rehabilitation	408,195	393,367
	<u>551,279</u>	<u>538,170</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 present value.

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

Blackall-Tambo Regional Council
Notes to the financial statements
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Note 16 Provisions (continued)

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 (49 years time) and will have aftercare costs for the subsequent 20 years.

	2020 \$	2019 \$
Details of movements in long service leave provision		
Balance at the beginning of financial year	1,129,392	925,766
Long Service Leave entitlement arising	331,271	339,096
Long Service Leave entitlement paid	(187,275)	(135,470)
Balance at end of financial year	<u>1,273,388</u>	<u>1,129,392</u>

Details for movements in landfill restoration provision

Balance at beginning of financial year	393,367	-
New restoration provision recognised	-	393,367
Increase in provision due to unwinding of discount	7,454	-
Increase in provision due to change in discount rates	7,374	-
Balance at end of financial year	<u>408,195</u>	<u>393,367</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	119,514,115
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and improvements	(1,424,691)	-
Buildings	12,944,902	-
Road, drainage and bridge network	38,001,736	-
Water	3,216,324	-
Sewerage	4,651,104	-
	<u>57,389,375</u>	<u>-</u>
Net adjustment to landfill restoration provision to reflect change in discount rate - land and improvements	(7,374)	-
Balance at end of financial year	<u>176,896,116</u>	<u>119,514,115</u>
Net increase/(decrease) in Asset Revaluation Surplus	<u>57,382,001</u>	<u>-</u>

Asset revaluation surplus analysis

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

Land and improvements	1,852,418	3,284,484
Buildings	19,788,714	6,843,811
Road, drainage and bridge network	136,786,736	98,785,000
Water	8,433,155	5,216,831
Sewerage	10,035,093	5,383,989
	<u>176,896,116</u>	<u>119,514,115</u>

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

Note 17 Asset revaluation surplus (continued)

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

	2020 \$	2019 \$
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	73,554
Blackall indoor cricket complex	42,900	-
Blackall saleyards canteen extension	75,218	-
Blackall wool feasibility study	85,728	-
Tambo western sports complex fencing and landscaping	70,271	-
	<u>347,671</u>	<u>82,442</u>

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 2020 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.

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

Note 20 Superannuation (continued)

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

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 LGIAsuper trust deed changes to Council's obligations will only be made on the advice of an actuary.

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

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

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

The most significant risks that may result in LGIAsuper 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 2019-20 financial year.

21 Changes in accounting policy

During the year ended 30 June 2020, the Council adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of NFP Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated.

The following options have been applied on transition to AASB 15 and AASB 1058:

Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements.

Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Revenue standards - AASB 15 and AASB 1058

Based on Council's assessment, adoption of the new standards in the current financial year has impacted on grant revenue recognition at year end.

If the standard had been applied to 30 June 2019 year comparatives, this application would have resulted in a revenue decrease of \$545,000 in the Statement of Comprehensive Income. There would have been an equal reduction in reported equity and an increase in recognition of contract liabilities. An opening balance adjustment has been made to the retained surplus account and capital grant revenue.

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

Note 21 Changes in accounting policy (continued)

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

<i>Statement of Financial Position at 30 June 2020</i>	Carrying amount per Statement of Financial Position \$	Adjustments \$	Carrying amount if previous standards had been applied \$
<i>Current liabilities</i>			
Contract liabilities	3,193,798	(3,193,798)	-
Retained surplus	112,352,628	3,193,798	115,546,426
<i>Statement of Comprehensive Income for the year ended 30 June 2020</i>	Balance per Statement of Comprehensive Income \$	Adjustments \$	Carrying amount if previous standards had been applied \$
<i>Revenue</i>			
Recurrent Grants	8,995,293	2,883,288	11,878,581
Capital Grants	2,695,670	310,510	3,006,180
	<u>11,690,963</u>	<u>3,193,798</u>	<u>14,884,761</u>

The adjustments above relate to the recognition of contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

Lease standard - AASB 16

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

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.

Based on Councils assessment, first-time adoption of AASB 16 for the year ending 30 June 2020 has had no impact on assets, liabilities, equity and net result. Council has used the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

The Council did not previously have any finance leases.

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

	2020 \$	2019 \$
22 Trust funds		
Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	51,225	59,583
Security deposits	<u>20,400</u>	<u>36,287</u>
	<u><u>71,625</u></u>	<u><u>95,870</u></u>

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 since Council has no control over the assets.

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

Net result	(4,758,788)	376,035
Non-cash operating items:		
Depreciation and amortisation	6,159,535	6,070,736
	<u>6,159,535</u>	<u>6,070,736</u>
Investing and development activities (non cash):		
Net (profit)/loss on disposal/write-off of non-current assets	2,185,254	1,382,477
Capital grants and contributions	(2,695,670)	(4,121,114)
	<u>(510,416)</u>	<u>(2,738,637)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(105,877)	(1,144,160)
(Increase)/decrease in inventory	3,330	36,477
Increase/(decrease) in payables	689,285	370,662
Increase/(decrease) in other liabilities	2,883,289	-
Increase/(decrease) in other provisions	151,450	203,626
	<u>3,621,477</u>	<u>(533,395)</u>
Net cash inflow from operating activities	<u><u>4,511,808</u></u>	<u><u>3,174,739</u></u>

24 Reconciliation of liabilities arising from finance activities

Loans		
Opening balance as at 1 July	1,382,496	1,939,534
Cash Flows	343,754	(557,038)
Closing balance as at 30 June	<u>1,726,250</u>	<u>1,382,496</u>

25 Events after the balance date

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 2020

26 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 and therefore generally for rates debtors the credit risk is low.

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	2020	2019
Financial assets		\$	\$
Cash and cash equivalents	9	17,167,909	14,266,719
Receivables - rates	10	304,198	135,488
Receivables - other	10	2,121,188	2,192,649
		<u>19,593,295</u>	<u>16,594,856</u>

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

Note 26 Financial instruments and financial risk management (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:

	2020 Not credit- impaired	2020 Credit- impaired	2019 Not credit- impaired	2019 Credit- impaired
	\$	\$	\$	\$
Less than 30 days	2,006,095	-	2,137,092	-
Past due 31-60 days	10,442	-	25,132	-
Past due 61-90 days	9,805	-	21,065	-
More than 90 days	94,846	-	9,360	-
Total gross carrying amount	2,121,188	-	2,192,649	-

Expected credit loss assessment as at 1 July 2019 and 30 June 2020

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 2020:

	Weighted- average loss rate	Gross carrying amount	Loss allowance
	\$	\$	\$
Not past due	0.11%	2,006,095	2,207
Past due 31-60 days	1.10%	10,442	115
Past due 61-90 days	4.40%	9,805	431
More than 90 days	8.47%	94,846	8,033
Total		2,121,188	10,786

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 2020

Note 26 Financial instruments and financial risk management (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 contractual cashflows	Carrying amount
	\$	\$	\$	\$	\$
2020					
Trade and other payables	741,337	-	-	741,337	741,337
Loans - QTC	148,611	594,446	1,458,896	2,201,953	1,726,250
	<u>889,948</u>	<u>594,446</u>	<u>1,458,896</u>	<u>2,943,290</u>	<u>2,467,587</u>
2019					
Trade and other payables	566,666	-	-	566,666	566,666
Loans - QTC	106,050	424,201	1,352,141	1,882,392	1,382,496
	<u>672,716</u>	<u>424,201</u>	<u>1,352,141</u>	<u>2,449,058</u>	<u>1,949,162</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
	\$	\$	\$	\$	\$
2020					
Cash on Deposit	17,167,909	171,679	(171,679)	171,679	(171,679)
Loans QTC	1,726,250	(17,263)	17,263	(17,263)	17,263
Net Total	<u>18,894,159</u>	<u>154,416</u>	<u>(154,416)</u>	<u>154,416</u>	<u>(154,416)</u>
2019					
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>

Blackall-Tambo Regional Council
Notes to the financial statements
For the year ended 30 June 2020

Note 26 Financial instruments and financial risk management (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 2020

27 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:

	2020 \$	2019 \$
Short-term employee benefits	1,060,271	1,222,488
Post-employment benefits	81,664	103,159
Long-term benefits	16,906	21,669
Total	1,158,841	1,347,316

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	2020 \$	2019 \$
Purchase of materials and services from entities controlled by key management personnel - Note 26(b)(i)	12,686	57,627
Personnel services provided by a related party to Council - Note 27(b)(ii)	117,911	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	2020 \$	2019 \$
Building and construction materials and services	3,952	47,626
Catering services	1,102	3,038
Uniforms and protective clothing	2,647	3,835
Livestock handling services	4,985	3,128

(ii) Council incurred \$117,911 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
Notes to the financial statements
For the year ended 30 June 2020

28 COVID-19 Impact Statement

Council has assessed the impact of COVID-19 pandemic on its financial statements for the current year and further impacts are expected to continue into 2020-21.

Council undertook a number of key actions during the current year in response to the COVID-19 pandemic which included the following:

- Waived rent from 1 March 2020 to 30 June 2020 on Council's commercial properties that was payable by businesses who were not able to trade due to COVID-19 situation.
- Discontinued the levying of interest on overdue rates and charges for the period 15 April 2020 to 30 June 2020.
- Increased frequency in cleaning of Council and public facilities which will continue to occur in the 2020-21 financial year.
- Diverted additional resources towards implementing pandemic management strategies in association with health and enforcement authorities. Key measures included implementation of social distancing measures in work spaces and public spaces under Council's control and promotion of good hygiene practices.

The impact of these measures are not material to the 2019-20 financial statements of Council and is not expected to be material for the 2020-21 financial year.

Blackall-Tambo Regional Council

Financial Statements

For the year ended 30 June 2020

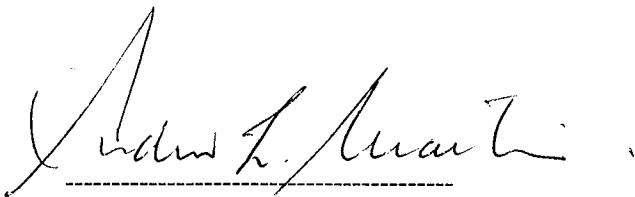
Management Certificate

For the year ended 30 June 2020

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.

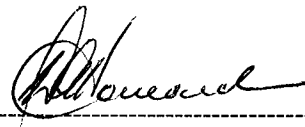
In accordance with Section 212(5) of the Regulation we certify that:

- (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 36, 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: 18 OCT, 2020



Chief Executive Officer
Des Howard

Date: 13, 10, 20

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 2020, 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 2020, 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 certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Blackall-Tambo Regional Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 councillors for the financial report

The councillors are 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 councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are 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 2020:

- 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.



13 October 2020

Dale Hassell
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 2020

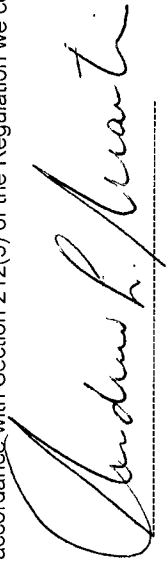
Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2020 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-25%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	54%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-52%	not greater than 60%

Certificate of Accuracy

For the year ended 30 June 2020

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

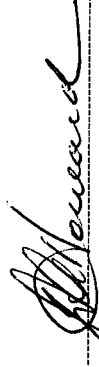
In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Mayor

Andrew Martin

Date: 13, Oct, 2020



Chief Executive Officer

Des Howard

Date: 13, 10, 20

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from Council's audited general purpose financial statements for the year ended 30 June 2020.

Blackall-Tambo Regional Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2020

Projected for the years ended												
Measures of Financial Sustainability	Measure	Target	Actuals at 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	30 June 2029
Operating Surplus Ratio	Net result divided by total operating revenue	Between 0% and 10%	-25%	-10%	-18%	-17%	-16%	-16%	-15%	-15%	-14%	-14%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	54%	104%	100%	102%	102%	102%	102%	102%	102%	102%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-52%	-36%	-52%	-53%	-52%	-52%	-52%	-52%	-52%	-52%

Blackall-Tambo Regional Council's Financial Management Strategy


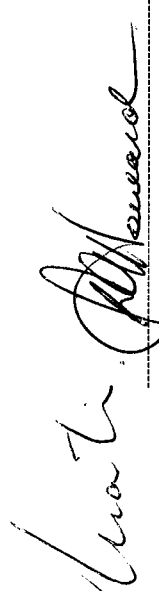
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial 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 2020

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

Chief Executive Officer

Des Howard

Date: 13 Oct, 2020

Date: 13, 10, 20