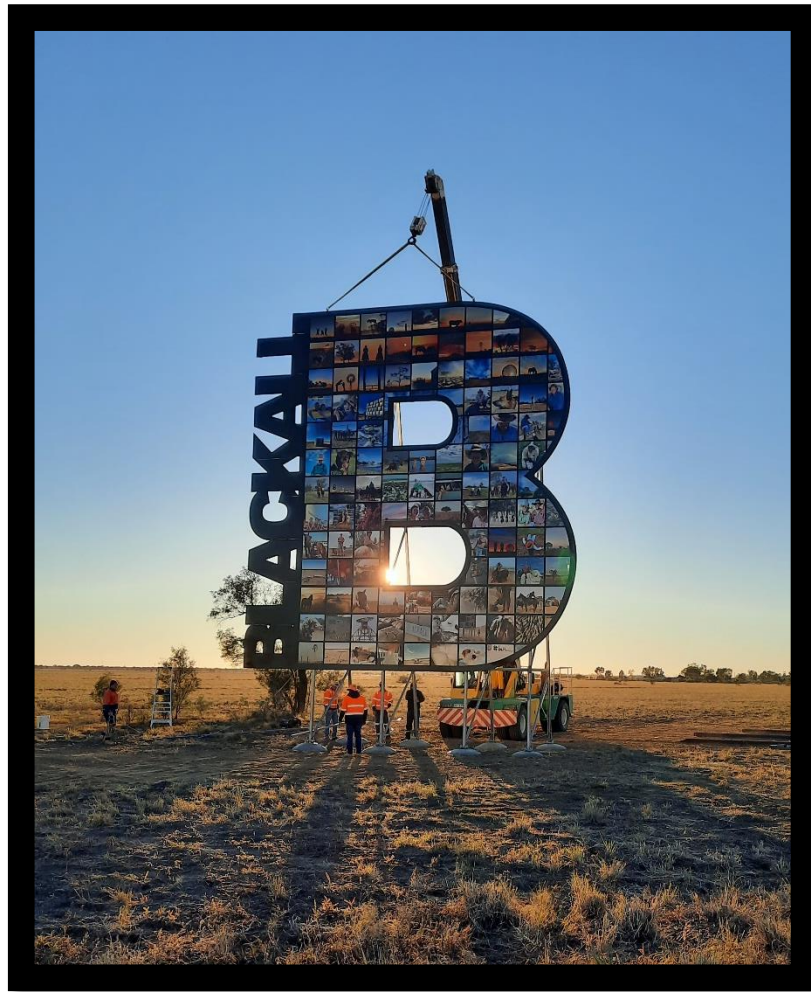




# **Blackall-Tambo** Regional Council



*“B” Sign - Blackall*

## **ANNUAL REPORT**

**1 JULY 2021 – 30 JUNE 2022**

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## Attachments

Audited Annual Financial Statements for the year ended 30 June 2022

QAO Auditor's Report for year ended 30 June 2022

# Message from the Mayor

Despite the fact I am usually a little tardy in compiling the annual Mayor's report, I do enjoy the reflection of doing same.

As usual I have great admiration and respect for the work of Council staff and workforce, this year, with much welcomed but nonetheless regular weather interruptions and the constant difficulties encountered from the 'new' Covid non-restrictions. Everything from parts availability, labour force recruitment, cancelled events, the list is endless, we have achieved some great results.

At the time of writing our inaugural Circus Carnival is under way and what a wonderful community event and tribute to the birth of Australian Circus right here on the Barcoo is proving to be. The smiles on the faces of all ages indicates that we will see this event again on a regular basis.

Our financial performance is a tribute to our Council with debt free status being achieved and cash reserves being comfortably maintained without affecting the normal and expected services to all ratepayers.

Remote Shires have tiny rate-based returns compared to cities like Brisbane and we rely very heavily on grants and delivery of roadworks to both State and Federal Governments to keep our bottom line stable.

The measurement for local governments, developed by the Department of Local Government, Racing and Multicultural Affairs are ratios and these measurements would indicate that remote shires are lacking in sustainability when in fact we are doing very well.

I can report that after much loud advocacy from our united organisations such as RAPAD, Western Alliance and LGAQ we will see realistic ratios applied to shires like ours into the future and reflect our pretty impressive results much more accurately.

All in all, I am sure we are all very appreciative of where and how we live compared to most of the rest of the world.



Cr. Andrew Martin  
Mayor



# Chief Executive Officer's Report

The 2021-2022 year was a pivotal year in which Council has navigated beyond a difficult period, responding to the challenges of the COVID-19 pandemic and ongoing delivery of an array of core services together with new programs, projects, and initiatives.

Council has continued its goal to always bring the best of service to the community through improved roads and infrastructure, health and safety, economic development, and support for local businesses.

Completion of the sealing of the Blackall-Jericho Road connecting people has helped pave the way to economic prosperity in the future. Council continues to take a firm view that road infrastructure and maintenance represent a core service with a massive impact on safety, travel time, flood access, tourism, freight, and business throughout our region. This helps support the Blackall Saleyard.

Council's commitment to supporting our local business community through our procurement process saw the Prequalified supplier panels tendered to continue to support local contractors. Sixty-six suppliers in total were added to the supplier panel and notably 36% of these businesses were local suppliers. While the annual Shop Local Campaign encourages residents to spend locally.

Staff have continued working with C&K to improve services and staff support at the Tambo Child Care while the Churches of Christ have taken over the 60s & Better program at the Blackall Memorial Hall.

The Heart of Australia bus regularly visits, and this is also supported by Council ensuring that residents are receiving the appropriate care.

Council's involvement in RAPAD, Outback Regional Roads and Transport Group, RAPAD Water and Sewerage, Central West Pest Management Group and the Western Queensland Alliance of Councils has allowed us to collaborate, advocate and coordinate the continued growth of our region, addressing issues such as housing, health, pest and weed control, drought resilience and many other matters that directly affect our community.

Council revisited how we do what we do and refined our strategy by prioritising our core business services. Council resolved to sell off various valuable non-current assets, such as the remaining blocks of Blackall industrial land, the commercial building in Tambo and Tambo Sawmill. This encourages the expansion of current businesses and development of new businesses for the region.

There has also been significant support of many community events such as the Better in Blackall Festival, Opera Queensland Regional Tour of the Sopranos, ICPA Conference and local shows.

Implementation of the new Council website and Disaster Dashboard demonstrate our commitment to providing easy access to information while Council has continued with the monthly newsletter "Council Catch Up" and information page in each local paper.

The community satisfaction survey conducted during the year, enabled Council to assess expectations and downfalls as experienced by the public. The returned surveys showed that Council is performing above average with all services.

The 2021-2022 financial year wrapped up with the payout of the loans Council had with the Queensland Treasury Corporation. This finalised the loans for the Blackall Saleyards and Tambo Bore and has put Council in a debt free position.

**D A Howard**  
**Chief Executive Officer**

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

The total income received for the year is \$41.1M while total expenditure is \$35.5M giving a surplus of \$5.6M

Rates, levies, and charges received are \$5.0M the same amount as for the previous year. This is due to write offs in the current year.

Grants, subsidies, contributions, and donations are \$19.7M compared to \$17.1M for the previous year.

Fees and charges are \$2.1M compared to \$2.0M for the previous year.

Sales revenue including recoverable road work contracts with the Department of Transport and Main Roads is \$13.6M up from \$11.6M last year.

The Federal Government funded \$1.75M for the heavy bypass road to the Blackall saleyards, \$588,000 to pave and seal the Tambo dump road and the industrial estate roads, \$109,000 being 50% funding towards the Blackall airport fence replacement project, and \$808,300 through the roads to recovery program for the pave and seal of Ravensbourne Road and Frames Lane. The Tambo Dam Lights project funded through the Federal Drought Communities Program will be completed in 2022/2023.

The State Government funded \$1.08M through the Work for Queensland program for upgrades to existing water infrastructure and relining existing sewerage pipes. These projects are to be completed by 30 June 2024.

The State Government funded \$70,000 for the Tambo Shade Structure and Disability Chair, and \$240,000 through the LGGSP program for emergency signs on the entrances to all rural properties,

In 2021 the State government announced a further round of the Building our Regions program and provided funding of \$454,900 for the Tambo Trucking Museum which is due for completion in 2022-2023.

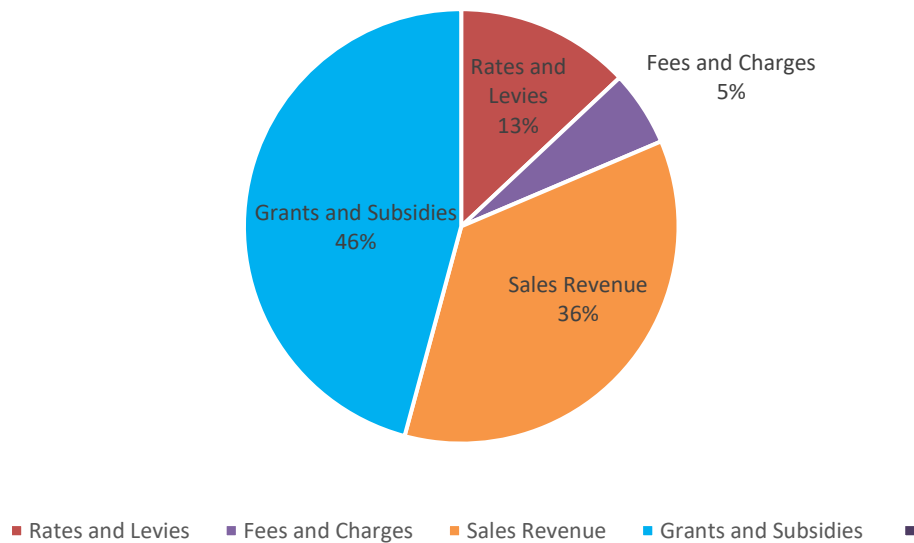
Projects Council has funded include the Tambo depot fence, Tambo sprinkler system, Coolibah Village footpath, and the beautification of Banks Park

Council continues to seek external funds as well as tendering for external roadwork contracts to supplement local funds. Works currently being undertaken by Council under contract to the Department of Transport and Main Roads include the widening of the Blackall-Jericho Road, replacement of the Tambo Barcoo River Bridge, and the re-sheeting of Springsure Road.

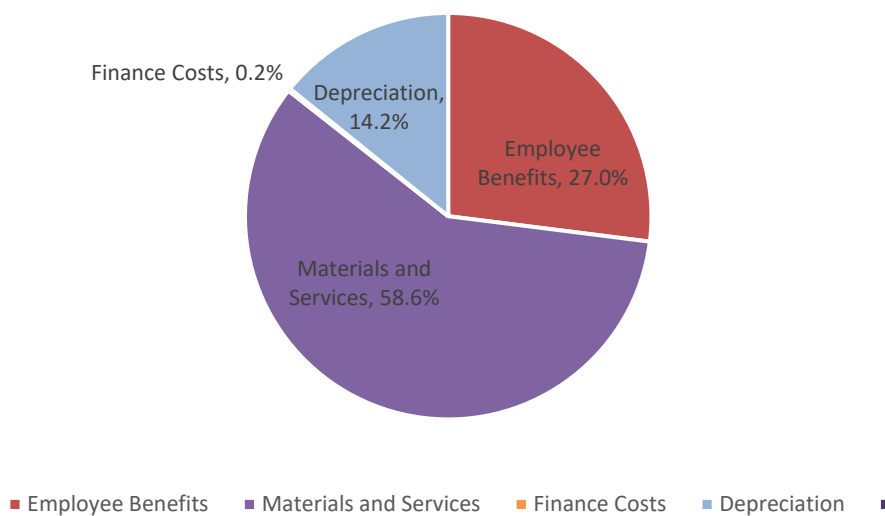
The council road network continues to be maintained through funding from the Financial Assistance Grant, TIDS, DTMR, LRCI, HVSPP, RRUP and the Roads to Recovery program. Council has funded \$1.8M (net) for the replacement and renewal of plant. Water and sewerage infrastructure assets are maintained and renewed to meet service delivery demands.

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

### Recurrent Revenue 2021/2022



### Recurrent Expenditure 2021/2022



Recurrent expenses total \$34.6M; employee costs have reduced from \$9.4M to \$9.3M, materials and services have increased to \$20.3M from \$17.5M due to the increase in roadwork activity; depreciation at \$4.9M remains the same as for the previous year, the finance cost of \$66,307 has gone down from \$156,302 in the previous year due to the repayment in full of all Council Debt. 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.

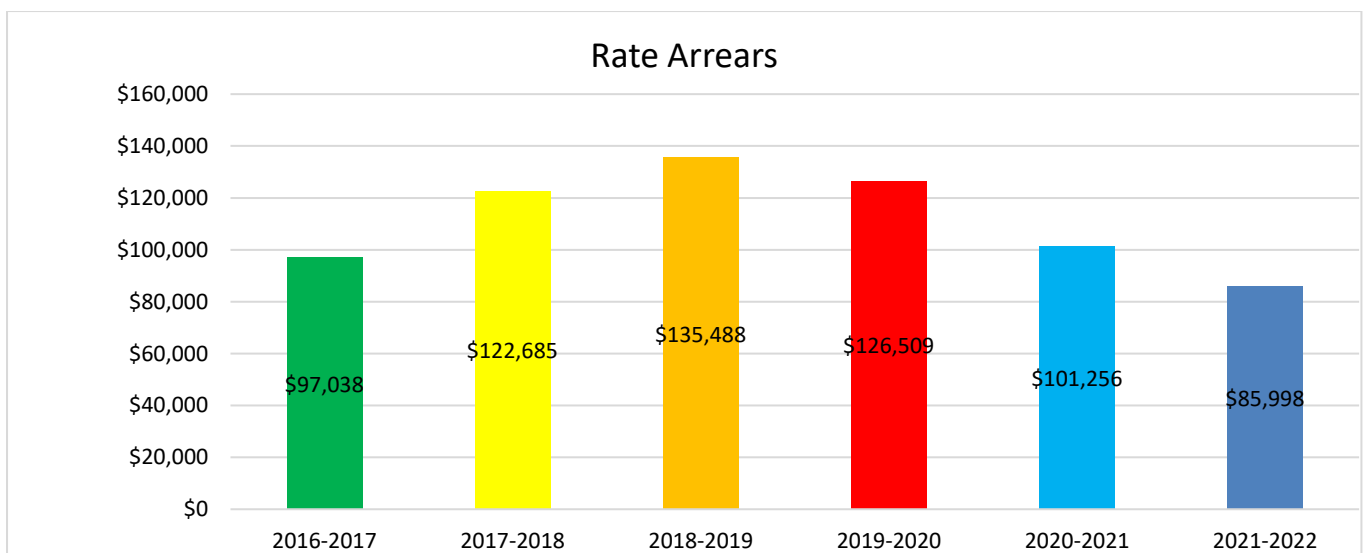
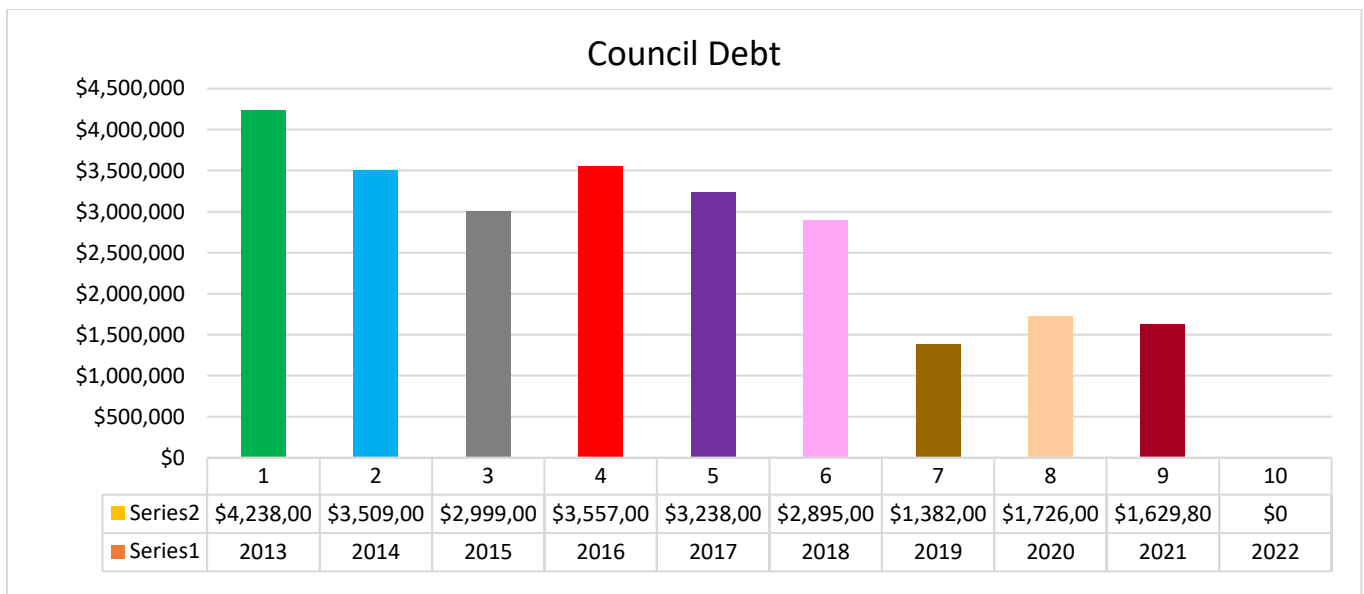
Council's Enterprise Bargaining Agreement 2021–2024 was signed off by the Queensland Industrial Commission on 22 February 2022. This agreement will expire 30 June 2024.



***Blackall Saleyards Canteen  
Extension***

Council's policy on the valuation of non-current assets requires indexation to take place on categories where there is movement in the relevant indexes greater than 5%. All categories of non-current assets were indexed in the 2021/2022 financial year. 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 asset renewals.

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 repaid all debt prior to the 30 June 2022 and is accordingly debt free.



**Resolutions** (section 185 Local Government Regulation 2012)

Council reviewed both policies referred to in sections 250(1) and 206(2) of the Local Government Regulations 2012 during the 2021-2022 financial year. The policies referred to are the expense reimbursement policy and the asset and services management strategy. Council adopted both policies on 15 June 2022.

**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	\$108,222.00	Nil	\$108,222.00
Deputy Mayor Allowance	\$62,435.04	Nil	\$62,435.04
Councillor Allowance	\$36,073.32	\$18,036.72	\$54,110.04

\* 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 2021 to 30 June 2022**

Councillor	General Meeting Attendance	Special Meeting Attendance	Remuneration	Superannuation Expenses Incurred	Total Remuneration
Cr A Martin	12	1	\$108,222.00	—	\$108,222.00
Cr L Russell	12	1	\$62,435.04	—	\$62,435.04
Cr G Schluter	12	1	\$54,110.04	—	\$54,110.04
Cr B Johnstone	11	1	\$52,606.98	—	\$52,606.98
Cr P Pullos	10	1	\$51,103.92	—	\$51,103.92
Cr J Scobie	12	1	\$54,110.04	—	\$54,110.04
Cr D Hardie	12	1	\$54,110.04	—	\$54,110.04





*Barcoo River Bridge - Tambo*

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

Section	Details	Number
186(1)(d)(i)	Total number of orders made under section 150I(2) of the Act	0
186(1)(d)(ii)	Total number of orders made under section 150AH(1) of the Act	0
186(1)(d)(iii)	Total number of decisions, orders and recommendations made under section 150AR(1) of the Act	0
186(1)(e)(i)(ii) (iii)	The name of each Councillor for whom a decision, order or recommendation was made under section 150I(2), section 150AH(1) or section 150AR(1) of the Act, a description of unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each Councillor, and a summary of the decision, order or recommendation made for each Councillor.	0
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	0
186(1)(f)(ii)	Matters, mentioned in section 150 P (3) of the Act, notified to the Crime and Corruption Commission	0
186(1)(f)(iii)	Notices given under section 150 R (2) of the Act – local government. official must give the assessor a notice about councillor's conduct	0

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	0
186(1)(f)(v)	Decisions made under section 150 W(a)(b)(c) of the Act – assessors action after investigating conduct of a councillor	4
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	0
186(1)(f)(vii)	Occasion's information was given under section 150 AF(4)(a) of the Act. – information provided to the assessor while investigating	0
186(1)(f)(viii)	Occasions the Council asked another entity to investigate the suspected inappropriate conduct of a councillor	0
186(1)(f)(ix)	Applications heard by the conduct tribunal about the alleged misconduct of a councillor	0

### **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 handled 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 both parties.

Administrative complaints made during the 2021/2022 financial year.	Two
Number of complaints resolved under the complaint's management process.	Two
Number of complaints not resolved under the complaint's management process	Nil

## **Human Rights** (Section 97 Human Rights Act 2019)

During the financial year 2021/2022 Council did not receive any complaints from the Queensland 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 a discretionary fund.

<b>Description</b>	<b>Amount</b>
Expenditure on grants and sponsorships to community organisations	\$87,216
In-kind support to community organisations	\$40,970
Total	\$128,186

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

### **Corporate and operational plans**

Council adopted its Corporate Plan for 2020 to 2025 on 16 December 2020 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 each quarter and considered the assessment of its progress in the implementation of the operational plan as being on target. Council receives a written assessment of the implementation of the operational plan at the end of each quarter.

## 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 dates.
- (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

During 2021/2022 the Audit and Risk Management Committee met five times to:

- (i) review internal audit reports on property plant and equipment, information technology systems, grants administration,
- (ii) review draft annual financial statements 30 June 2021, and position papers,
- (iii) review audited 30 June 2021 annual financial statements and the closing auditor's report,
- (iv) review external and internal audit plans for 2021/2022,
- (v) review fraud control and risk management documents.

### **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 2022.

There was no commercialisation, or full cost pricing of a significant business activity in the financial year ended 30 June 2022.

### **Senior staff remuneration** (Local Government Act 2009 section 201)

Total of all remuneration packages payable to senior management \$928,885.

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

Three (3) 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.



*Ravensbourne Road Pave and Seal*

# Blackall-Tambo Regional Council

## Financial Statements

**For the year ended 30 June 2022**

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Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

Unaudited Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

**Blackall-Tambo Regional Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2022**

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	4,970,597	4,994,806
Fees and charges	3(b)	2,138,624	2,012,813
Sales revenue	3(c)	13,627,910	11,551,193
Grants, subsidies, contributions and donations	3(d)	17,504,194	12,906,529
<b>Total recurrent revenue</b>		<b>38,241,325</b>	<b>31,465,341</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	3(d)	2,173,444	4,200,011
<b>Total capital revenue</b>		<b>2,173,444</b>	<b>4,200,011</b>
Rental income	15	159,603	171,080
Interest received	4	101,481	138,963
Other income		387,375	254,995
<b>Total income</b>		<b>41,063,228</b>	<b>36,230,390</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(9,344,612)	(9,414,076)
Materials and services	7	(20,302,218)	(17,495,304)
Finance costs	8	(66,307)	(156,302)
Depreciation of property plant and equipment	12	(4,903,851)	(4,882,100)
Amortisation of intangible assets	13	(11,397)	(11,396)
		<b>(34,628,385)</b>	<b>(31,959,178)</b>
<b>Capital expenses</b>	5	<b>(863,776)</b>	<b>(1,214,292)</b>
<b>Total expenses</b>		<b>(35,492,161)</b>	<b>(33,173,470)</b>
<b>Net result</b>		<b>5,571,067</b>	<b>3,056,920</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	19	11,495,211	76,079
<b>Total other comprehensive income for the year</b>		<b>11,495,211</b>	<b>76,079</b>
<b>Total comprehensive income for the year</b>		<b>17,066,278</b>	<b>3,132,999</b>

*The above statement should be read in conjunction with the accompanying notes and accounting policies.*

**Blackall-Tambo Regional Council**  
**Statement of Financial Position**  
**As at 30 June 2022**

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	9	26,574,055	23,182,204
Trade and other receivables	10	295,216	822,301
Other assets	11	31,390	119,376
Inventories		282,937	167,491
<b>Total current assets</b>		<b>27,183,598</b>	<b>24,291,372</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	288,627,487	277,833,732
Intangible assets	13	168,764	180,161
<b>Total non-current assets</b>		<b>288,796,251</b>	<b>278,013,893</b>
<b>Total assets</b>		<b>315,979,849</b>	<b>302,305,265</b>
<b>Current liabilities</b>			
Contract liabilities	14	2,088,151	3,753,923
Trade and other payables	16	1,594,759	1,639,517
Borrowings	17	-	98,916
Provisions	18	2,450,722	2,400,897
<b>Total current liabilities</b>		<b>6,133,632</b>	<b>7,893,253</b>
<b>Non-current liabilities</b>			
Borrowings	17	-	1,530,943
Provisions	18	398,196	499,326
<b>Total non-current liabilities</b>		<b>398,196</b>	<b>2,030,269</b>
<b>Total liabilities</b>		<b>6,531,828</b>	<b>9,923,522</b>
<b>Net community assets</b>		<b>309,448,021</b>	<b>292,381,743</b>
<b>Community equity</b>			
Shire capital			
Asset revaluation surplus	19	188,467,406	176,972,195
Retained surplus		120,980,615	115,409,548
<b>Total community equity</b>		<b>309,448,021</b>	<b>292,381,743</b>

*The above statement should be read in conjunction with the accompanying notes and accounting policies.*



**Blackall-Tambo Regional Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2022**

	Asset revaluation surplus	Retained surplus	Total
Note	19		
	\$	\$	\$
<b>Balance as at 1 July 2021</b>	176,972,195	115,409,548	292,381,743
<b>Net result</b>	-	5,571,067	5,571,067
Other comprehensive income for the year			
Increase in asset revaluation surplus	11,495,211	-	11,495,211
<b>Total comprehensive income for the year</b>	11,495,211	5,571,067	17,066,278
<b>Balance as at 30 June 2022</b>	188,467,406	120,980,615	309,448,021

<b>Balance as at 1 July 2020</b>	176,896,116	112,352,628	289,248,744
<b>Net result</b>	-	3,056,920	3,056,920
Other comprehensive income for the year			
Increase in asset revaluation surplus	76,079	-	76,079
<b>Total comprehensive income for the year</b>	76,079	3,056,920	3,132,999
<b>Balance as at 30 June 2021</b>	176,972,195	115,409,548	292,381,743

*The above statement should be read in conjunction with the accompanying notes and accounting policies.*

**Blackall-Tambo Regional Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2022**

	<b>Note</b>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		24,249,112	22,734,438
Payments to suppliers and employees		<u>(32,264,132)</u>	<u>(28,739,806)</u>
		(8,015,020)	(6,005,368)
Interest received		101,481	138,963
Rental income		159,603	171,080
Non capital grants and contributions		14,739,850	13,502,998
Borrowing costs		<u>(47,890)</u>	<u>(52,221)</u>
<b>Net cash inflow from operating activities</b>	<b>23</b>	<u><b>6,938,024</b></u>	<u><b>7,755,452</b></u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,694,202)	(6,557,751)
Proceeds from sale of property plant and equipment		505,871	749,318
Capital grants, subsidies, contributions and donations		<u>3,272,017</u>	<u>4,163,667</u>
<b>Net cash outflow from investing activities</b>		<u><b>(1,916,314)</b></u>	<u><b>(1,644,766)</b></u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<u>(1,629,859)</u>	<u>(96,391)</u>
<b>Net cash outflow from financing activities</b>		<u><b>(1,629,859)</b></u>	<u><b>(96,391)</b></u>
<b>Net increase in cash held</b>		<u><b>3,391,851</b></u>	<u><b>6,014,295</b></u>
<b>Cash at beginning of the financial year</b>		<b>23,182,204</b>	<b>17,167,909</b>
<b>Cash at end of the financial year</b>	<b>9</b>	<u><u><b>26,574,055</b></u></u>	<u><u><b>23,182,204</b></u></u>

*The above statement should be read in conjunction with the accompanying notes and accounting policies.*

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**1 Information about these financial statements**

**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 are for the period 1 July 2021 to 30 June 2022. They are prepared in accordance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and interpretations 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.

**1.B New and revised Accounting Standards adopted during the year**

In the current year Council adopted all standards which became mandatorily effective for the annual reporting periods beginning on 1 July 2021, none of the standards had a material impact on reported position, performance and cash flows.

**1.C Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact.

**1.D Estimates and judgements**

Council makes a number of judgements, estimates and assumptions 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. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note.

Valuation of property, plant and equipment - Note 12  
Provisions - Note 18  
Contingent liabilities - Note 21  
Financial instruments and financial risk management - Note 26  
Revenue recognition - Note 3

**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, unless otherwise stated. Comparative information is prepared on the same basis as prior year.

**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 2022**

**Note 1 Information about these financial statements (continued)**

**1.1 COVID-19**

Council has assessed the impact of the COVID-19 pandemic on its financial statements for the current year and further impacts are expected to continue into 2022-23.

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

- Increased frequency in cleaning of Council and public facilities.
- 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.
- A small number of operations had reduced hours / capacity in facilities during the year to comply with directives from lead agencies.

The impact of these measures are not material to the 2021-22 financial statements of Council and is not expected to be material for the 2022-23 financial year.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**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 the 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**

The 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 meet health standards and minimise 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 2022**

**Note 2 Analysis of results by function (continued)**

(b) Income and expenses defined between recurring and capital are attributed to the following functions:

**Year Ended 30 June 2022**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2022	2022	2022	2022							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate services	4,581,622	5,612,418	48,000	-	10,242,040	(6,508,300)	(152,259)	(6,660,559)	3,685,740	3,581,481	51,983,731
Community services	1,349,581	309,328	651,280	-	2,310,189	(4,646,834)	-	(4,646,834)	(2,987,925)	(2,336,645)	35,283,000
Planning & development	-	45,093	-	-	45,093	(72,736)	-	(72,736)	(27,643)	(27,643)	-
Transport infrastructure	11,565,889	13,509,914	1,444,629	-	26,520,432	(22,311,427)	(711,517)	(23,022,944)	2,764,376	3,497,488	201,964,654
Waste management	-	327,455	-	-	327,455	(218,464)	-	(218,464)	108,991	108,991	533,321
Water infrastructure	7,102	867,532	29,535	-	904,169	(503,809)	-	(503,809)	370,825	400,360	11,005,584
Sewerage infrastructure	-	713,850	-	-	713,850	(366,815)	-	(366,815)	347,035	347,035	15,209,559
Total Council	17,504,194	21,385,590	2,173,444	-	41,063,228	(34,628,385)	(863,776)	(35,492,161)	4,261,399	5,571,067	315,979,849

**Year Ended 30 June 2021**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2021	2021	2021	2021							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate services	3,272,916	5,479,628	614,112	40,596	9,407,252	(6,926,113)	(424,759)	(7,350,872)	1,826,431	2,056,380	47,120,493
Community services	1,084,861	366,688	915,893	-	2,367,442	(4,954,529)	-	(4,954,529)	(3,502,980)	(2,587,087)	33,951,028
Planning & development	-	24,848	-	-	24,848	(88,099)	-	(88,099)	(63,251)	(63,251)	-
Transport infrastructure	8,548,752	11,364,964	2,153,290	-	22,067,006	(18,958,315)	(633,281)	(19,591,596)	955,401	2,475,410	195,755,868
Waste management	-	319,531	-	-	319,531	(238,037)	-	(238,037)	81,494	81,494	554,343
Water infrastructure	-	841,411	150,686	-	992,097	(456,176)	(100,151)	(556,327)	385,235	435,770	10,468,284
Sewerage infrastructure	-	726,780	325,434	-	1,052,214	(337,909)	(56,101)	(394,010)	388,871	658,204	14,455,249
Total Council	12,906,529	19,123,850	4,159,415	40,596	36,230,390	(31,959,178)	(1,214,292)	(33,173,470)	71,201	3,056,920	302,305,265

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**3 Revenue**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Rates, levies and charges</b>		
General rates	3,703,104	3,695,655
Water	826,685	835,051
Sewerage	710,528	721,375
Garbage charges	304,622	316,272
Total rates and utility charge revenue	5,544,939	5,568,353
Less: Discounts	(519,984)	(517,737)
Less: Pensioner remissions	(54,358)	(55,810)
	<u>4,970,597</u>	<u>4,994,806</u>

Rates, levies and charges are recognised as revenue at 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.

**(b) Fees and charges**

Saleyard fees	1,606,401	1,579,717
Building and development fees	45,094	24,848
Agistment/Town common fees	73,902	56,899
Childcare fees	48,030	51,418
Cemetery/Funeral fees	70,285	87,231
Licences and registrations	7,163	7,150
Commissions	59,474	61,896
Hire of community facilities	12,525	5,979
Airport landing fees	101,729	49,340
Other fees and charges	114,021	88,335
	<u>2,138,624</u>	<u>2,012,813</u>

Revenue arising from fees and charges is recognised at a point in time when 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 camping permits. 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.

**(c) Sales revenue**

**Rendering of services**

Contract and recoverable works	13,532,423	11,310,561
Private works	55,826	199,595
	<u>13,588,249</u>	<u>11,510,156</u>

**Sale of goods**

Visitor Information Centre	39,661	41,037
	<u>39,661</u>	<u>41,037</u>
Total sales revenue	<u>13,627,910</u>	<u>11,551,193</u>

Sale of goods revenue is recognised at a point in time when the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

Council generates revenue from a number of services including child care 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.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**Note 3 Revenue (continued)**

**(d) Grants, subsidies, contributions and donations**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(i) Operating</b>		
General purpose grants	5,969,466	4,138,268
State government subsidies and grants	638,705	583,947
Flood restoration funding	9,956,967	7,392,119
Commonwealth government subsidies and grants	939,056	792,150
Donations	-	45
	<u>17,504,194</u>	<u>12,906,529</u>
<b>(ii) Capital</b>		
State government subsidies and grants	1,289,938	1,429,699
Commonwealth government subsidies and grants	883,506	2,729,716
Other capital contributions	-	40,596
	<u>2,173,444</u>	<u>4,200,011</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.

**(iii) Timing of revenue recognition for grants, subsidies, contributions and donations**

**Revenue recognised at a point in time**

Grants and subsidies	8,357,573	6,744,885
Donations	-	45
Contributions	-	40,596
	<u>8,357,573</u>	<u>6,785,526</u>

**Revenue recognised over time**

Grants and subsidies	11,320,065	10,321,014
	<u>11,320,065</u>	<u>10,321,014</u>

**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 obligation is satisfied.

Performance obligations vary in each agreement, examples include provision of allied health service and targeted children's learning program. 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**

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time the asset is received.

**Capital grants**

Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised 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.

**Donations and contributions**

Where assets are donated or purchased by Council for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council. Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**4 Interest income**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Interest received</b>		
Interest received from term deposits	25,230	53,871
Interest received from financial institutions*	65,611	62,062
Interest from overdue rates and utility charges	10,640	23,030
	<u>101,481</u>	<u>138,963</u>

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

\* - Interest received from financial institutions includes interest from Queensland Treasury Corporation Cash Fund account.

**5 Capital expenses**

**Loss on disposal of non-current assets**

Proceeds from the sale of property, plant and equipment	428,711	570,991
Less: Book value of property, plant and equipment disposed of	<u>(575,192)</u>	<u>(565,448)</u>
	<u>(146,481)</u>	<u>5,543</u>
 Proceeds from sale of land and improvements	 77,160	 178,327
Less: Book value of disposed land	<u>(82,938)</u>	<u>(200,000)</u>
	<u>(5,778)</u>	<u>(21,673)</u>
 Write off of infrastructure and building assets	 <u>(711,517)</u>	 <u>(1,198,162)</u>
	<u>(711,517)</u>	<u>(1,198,162)</u>
Total capital expenses	<u>(863,776)</u>	<u>(1,214,292)</u>

**6 Employee benefits**

Total staff wages and salaries	6,788,707	6,903,230
Councillors' remuneration	436,698	438,201
Annual, sick and long service leave entitlements	1,247,433	1,264,841
Superannuation	858,613	862,397
	<u>9,331,451</u>	<u>9,468,669</u>
Other employee related expenses	<u>284,747</u>	<u>271,375</u>
	9,616,198	9,740,044
Less: Capitalised employee expenses	<u>(271,586)</u>	<u>(325,968)</u>
	<u>9,344,612</u>	<u>9,414,076</u>

Employee benefit expenses are recorded when the service has been provided by the employee.

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Total Council employees at the reporting date:		
Elected members	<u>7</u>	<u>7</u>
Administration staff	35	34
Depot and outdoors staff	66	73
Total full time equivalent employees	<u>108</u>	<u>114</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**7 Materials and services**

	2022 \$	2021 \$
Administration	895,615	918,243
Audit of annual financial statements by the Auditor-General of Queensland*	84,000	150,272
Community health programs	402,427	408,834
Parks, gardens & reserves	568,661	589,666
Pandemic management	62,623	80,015
Pest management	201,168	190,749
QRA Flood damage repairs	9,424,213	6,952,181
Rentals - operating leases	13,922	13,922
Recoverable road contracts	7,083,992	6,895,488
Road maintenance	483,305	237,754
Saleyards	617,087	653,168
Waste services	115,792	142,678
Water and sewerage	265,024	231,562
Other materials and services	84,389	30,772
	<u>20,302,218</u>	<u>17,495,304</u>

Expenses are recorded on an accruals basis as Council receives the goods or services.

\* - Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$84,000 (2021: \$80,900). The 2021 expensed audit fee of \$150,272 included \$80,900 accrued fee for 2020-21 year and \$69,372 being the audit fee expensed for the 2019-20 year not accrued in the previous financial year.

**8 Finance costs**

Finance costs charged by the Queensland Treasury Corporation	47,890	52,221
Bank charges	11,178	11,355
Impairment of receivables	(500)	85,130
Unwinding of discount on landfill restoration provision	7,739	7,596
	<u>66,307</u>	<u>156,302</u>

**9 Cash and cash equivalents**

Cash at bank and on hand	5,574,055	6,182,204
Deposits at call	16,000,000	12,000,000
Term deposits	5,000,000	5,000,000
Balance per Statement of Financial Position	<u>26,574,055</u>	<u>23,182,204</u>
Less bank overdraft	-	-
Balance per Statement of Cash Flows	<u>26,574,055</u>	<u>23,182,204</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 is exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. All investments are required to have a minimum credit rating of "A-", the likelihood of the counterparty not having capacity to meet its financial commitments is low.

Cash and cash equivalents	26,574,055	23,182,204
Less: Externally imposed restrictions on cash	(i) <u>(2,088,151)</u>	<u>(3,753,923)</u>
Unrestricted cash	<u>24,485,904</u>	<u>19,428,281</u>

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

**(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:**

Unspent government grants and subsidies	2,088,151	3,753,923
Total externally imposed restrictions on cash assets	<u>2,088,151</u>	<u>3,753,923</u>

Council did not have internal allocations of cash at the reporting date.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**Note 9 Cash and cash equivalents (continued)**

	2022 \$	2021 \$
<b>Trust funds held for outside parties</b>		
Monies collected or held on behalf of other entities yet to be paid out	98,296	90,999
Security deposits	28,170	23,970
	<u>126,466</u>	<u>114,969</u>

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance, 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.

**10 Trade and other receivables**

**Current**

Rateable revenue and utility charges	85,998	210,267
Other debtors	209,761	613,078
Less: loss allowance	(543)	(1,044)
	<u>295,216</u>	<u>822,301</u>

Receivables are amounts owed to Council at year end and are recognised at the amount due at the time of sale or service delivery. Settlement of receivables is required within 30 days after the invoice is issued.

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

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.

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk.

The Council does not require collateral in respect of trade and other receivables.

**Accounting policies - Grouping**

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified 2 distinctive groupings of its receivables: Rates & Charges and Other Debtors.

**Rates and Charges:** Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

**Other Debtors:** Council identifies other debtors as receivables which are not rates and charges, statutory charges or grants. Council has applied a simplified approach for trade receivables and the loss allowance is measured at an amount equal to lifetime expected credit losses.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**Note 10 Trade and other receivables (continued)**

	2022 \$	2021 \$
Movement in accumulated impairment losses (other debtors) is as follows:		
Opening balance at 1 July	1,043	10,786
Additional impairments recognised (impaired debts written off or reversed)	(500)	(9,743)
Closing Balance at 30 June	<u>543</u>	<u>1,043</u>

The impairment loss relates to other debtors.

Interest is charged on outstanding rates at 8.03% per annum. No interest is charged on other debtors.

**11 Other assets**

Prepayments	31,390	119,376
	<u>31,390</u>	<u>119,376</u>

Prepayments include expenditures paid in advance for software licences, memberships and subscriptions.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**12 Property, plant and equipment**

**30 June 2022**

Basis of measurement

Fair value category

**Asset values**

Opening gross value as at 1 July 2021

Additions

- Renewals

- Other additions

Transfers between classes

Disposals

Revaluation adjustment

**Closing gross value as at 30 June 2022**

Note	Land and improvements	Buildings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress (WIP)	Total
	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Cost	
	Level 2	Level 2 & 3		Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$
	2,576,900	63,842,418	14,800,262	269,459,642	13,421,871	19,462,167	2,615,874	386,179,134
	-	-	2,244,004	-	-	-	2,711,089	4,955,093
	19,103	-	247,731	-	-	-	472,275	739,109
	-	578,970	-	1,930,297	-	-	(2,509,267)	-
5	(82,938)	(1,187,000)	(724,115)	(771,707)	-	-	-	(2,765,760)
19	-	4,571,304	-	9,204,856	927,451	1,282,557	-	15,986,168
	2,513,065	67,805,692	16,567,882	279,823,088	14,349,322	20,744,724	3,289,971	405,093,744

**Accumulated depreciation and impairment**

Opening gross value as at 1 July 2021

Depreciation expense

Depreciation on disposals

Revaluation adjustment

**Accumulated depreciation as at 30 June 2022**

	37,057	18,280,942	6,147,400	75,919,498	2,953,587	5,006,918	-	108,345,402
	21,021	1,239,150	906,523	2,358,766	174,032	204,359	-	4,903,851
5	-	(475,200)	(529,445)	(391,468)	-	-	-	(1,396,113)
19	-	1,388,443	-	2,665,132	216,119	343,423	-	4,613,117
	58,078	20,433,335	6,524,478	80,551,928	3,343,738	5,554,700	-	116,466,257

**Carrying amount as at 30 June 2022**

Range of estimated useful life in years

	2,454,987	47,372,357	10,043,404	199,271,160	11,005,584	15,190,024	3,289,971	288,627,487
	Land: Not depreciated. Improvements: 15 - 50	5 - 195	2 - 20	8 - 171	15 - 120	23 - 166	-	-

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

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

**30 June 2021**

Note

	Land and improvements	Buildings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress (WIP)	Total
Basis of measurement	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Cost	
Fair value category	Level 2	Level 2 & 3		Level 3	Level 3	Level 3		
<b>Asset values</b>	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2020	2,776,900	62,178,330	14,432,045	268,730,855	13,451,113	19,152,425	2,681,799	383,403,467
Additions								
- Renewals	-	-	1,905,540	-	-	-	3,674,371	5,579,911
- Other additions	-	-	-	-	-	-	977,840	977,840
Transfers between classes	-	2,303,434	-	1,846,483	189,885	378,334	(4,718,136)	-
Disposals	(200,000)	(639,346)	(1,537,323)	(1,117,696)	(219,127)	(68,592)	-	(3,782,084)
<b>Closing gross value as at 30 June 2021</b>	<b>2,576,900</b>	<b>63,842,418</b>	<b>14,800,262</b>	<b>269,459,642</b>	<b>13,421,871</b>	<b>19,462,167</b>	<b>2,615,874</b>	<b>386,179,134</b>

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2020

Depreciation expense

Depreciation on disposals

**Accumulated depreciation as at 30 June 2021**

5

16,036	17,270,135	6,189,794	74,092,063	2,896,910	4,816,838	-	105,281,776
21,021	1,241,524	929,481	2,311,850	175,653	202,571	-	4,882,100
-	(230,717)	(971,875)	(484,415)	(118,976)	(12,491)	-	(1,818,474)
37,057	18,280,942	6,147,400	75,919,498	2,953,587	5,006,918	-	108,345,402

**Carrying amount as at 30 June 2021**

Range of estimated useful life in years

2,539,843	45,561,476	8,652,862	193,540,144	10,468,284	14,455,249	2,615,874	277,833,732
Land: Not depreciated. Improvements: 15 - 50	5 - 195	2 - 20	8 - 171	15 - 120	23 - 166	-	-

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

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

**(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.

Purchases of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold or maintenance expenditure.

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.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network, for example the component of parks.

Land under roads and reserve land under the *Land Act 1994* or *Land Title Act 1994* is controlled by the Queensland State Government and not recognised in the Council financial statements.

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**

Items of property, plant and equipment are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment losses.

Cost is determined as the fair value of consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges are recognised as assets and revenue at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property plant and equipment. Subsequent changes in the provision relating to the unwinding of the discount is recognised against rehabilitation expense. Any increase or decrease in the provision due to change in discount rate is offset against asset revaluation surplus.

**(iii) Depreciation**

Assets are depreciated from the date of acquisition or, when an asset is ready for use.

Land, work in progress and road formation components are not depreciated.

Depreciation where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised 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, these components have separately assigned useful lives.

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.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

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

**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**

Property, plant and equipment held at cost 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 market-observable data 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.

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Every 5 years, Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council undertakes:

A management valuation using internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets and an appropriate cost index for the region.

A desktop valuation for assets involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of previous decrease.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

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

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.

Fair value are classified into three levels as follows:

- 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. 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.

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.

**Valuation techniques used to derive fair values.**

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustment
Land and improvements (level 2)	Market value	30/06/2020	APV Valuers & Asset Management	Land - Current zoning and sales price of comparable properties per square meter, adjusted for differences in key attributes such as property size. Assumption that contaminants do not exist on these parcels. Waste Landfill Cells - Valued at current replacement cost by reference to cell area and volume. Accumulated depreciation determined through assessment of remaining cell space.	Nil	Nil
Buildings (level 2) 2022: \$7,818,103 2021: \$7,907,444	Market value	30/06/2020	APV Valuers & Asset Management	Sales prices of comparable properties in close proximity, adjusted for differences in key attributes such as property size.	7.35% Cumulative movement 1 July 2020 to 30 June 2022	Nil
Buildings (level 3) 2022: \$39,554,254 2021: \$37,654,032	Current replacement cost	30/06/2020	APV Valuers & Asset Management	Gross replacement cost, indexed for subsequent changes in construction costs. Unit rates for construction as at the comprehensive revaluation date: building and construction indices issued by the Australian Bureau of Statistics and project costs from recently completed buildings.	7.35% Cumulative movement 1 July 2020 to 30 June 2022	Nil

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

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

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustment
Road, drainage and bridge network (level 3)	Current replacement cost	30/06/2020	APV Valuers & Asset Management	Assumption that environmental factors such as soil type, climate, and topography are consistent across each segment. Also assumes that a segment is designed and constructed to the same standard using a consistent amount of labour and materials. Existing supply contract rates for raw materials appropriate for the asset based on age, size, location and condition. Labour rates based on Council's EBA, Average cost of outsourced projects, Remaining life of assets including existing conditions.	3.45% Cumulative movement 1 July 2020 to 30 June 2022	Nil
Water infrastructure assets (level 3)	Current replacement cost	30/06/2020	APV Valuers & Asset Management	Development, soil and depth factors taking into account to determine replacement cost. Gross replacement cost per m2 based on appropriate materials using schedule of rates for construction of similar assets, building price index tables and recent procurement data. Aged based approach to determining remaining useful lives with condition assessment undertaken by exception.	6.91% Cumulative movement 1 July 2020 to 30 June 2022	Nil
Sewerage infrastructure assets (level 3)	Current replacement cost	30/06/2020	APV Valuers & Asset Management	Development, soil and depth factors taking into account to determine replacement cost. Gross replacement cost per m2 based on appropriate materials using schedule of rates for construction of similar assets, building price index tables and recent procurement data. Aged based approach to determining remaining useful lives with condition assessment undertaken by exception.	6.59% Cumulative movement 1 July 2020 to 30 June 2022	Nil

All Council asset classes except for plant and equipment were subject to an indexation assessment as at 30 June 2022. Council's asset and services management policy requires a desktop revaluation adjustment where asset values have a cumulative change of 5% or greater. Other indicators of change in fair value of assets considered included condition, useful life, residual values, pattern of consumption and use. The valuation indices report supplied by APV Valuers showed cumulative change in index of greater than 5% as at 30th June 2022 for buildings, water and sewerage asset classes. The average cumulative change in index for road assets was 3.45%, however this is considered significant given that roads represent over 70% of Council's non-current asset value.

There were no other changes that have a material impact on the value of the assets, such as impairment. Management resolved that cumulative indexation be applied for the 2021-22 year for all asset classes subject to indexation assessment given the materiality of change in values.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

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

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

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Changes in buildings (Level 3)</b>		
Opening gross value as at 1 July	52,908,827	50,861,940
Transfers between Levels	-	493,660
Additions	578,970	2,175,394
Disposals	(696,000)	(622,167)
Revaluation adjustment	3,803,774	-
<b>Closing gross value as at 30 June</b>	<b>56,595,571</b>	<b>52,908,827</b>
<b>Accumulated depreciation and impairment</b>		
Opening balance as at 1 July	15,254,795	14,297,930
Transfers between levels	-	187,344
Depreciation provided in period	995,045	996,817
Depreciation on disposals	(364,723)	(227,296)
Revaluation adjustment	1,156,200	-
<b>Accumulated depreciation as at 30 June</b>	<b>17,041,317</b>	<b>15,254,795</b>
<b>Carrying value as at 30 June</b>	<b>39,554,254</b>	<b>37,654,032</b>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**13 Intangible assets**

	2022	2021
	\$	\$
<b>Permit</b>		
Opening gross value as at 1 July	225,000	225,000
Closing gross carrying value as at 30 June	225,000	225,000
<b>Accumulated amortisation</b>		
Opening balance as at 1 July	44,839	33,443
Amortisation in the period	11,397	11,396
Closing accumulated amortisation as at 30 June	56,236	44,839
Net carrying value as at 30 June	168,764	180,161

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

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

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

**14 Contract balances**

Contract assets represents the excess of costs incurred in relation to a contract with a customer or construction of an asset over the amounts that Council has invoiced the customer or grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

**Contract liabilities**

Grants received upfront to construct Council controlled assets*	1,372,739	274,166
Non capital performance obligations not yet satisfied**	715,412	3,479,757
	<u>2,088,151</u>	<u>3,753,923</u>

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.

\*\* Includes grants received in advance with funding agreements which are enforceable and contains sufficiently specific performance obligations. Revenue is recognised as performance obligations are met.

Revenue recognised that was included in the contract liability balance at the beginning of the year.

Funds to construct Council controlled assets	255,701	310,510
Non-capital performance obligations	2,764,345	2,883,288
	<u>3,020,046</u>	<u>3,193,798</u>

**Significant changes in contract balances**

Unspent capital grants received in advance to construct Council controlled assets as at 30th June 2022:

- Works for Queensland 2021-24 program - water and sewerage renewals project \$ 520,465
- Local Roads and Community Infrastructure (LRCI) Phase 3 - roads and streets rehabilitation project \$ 808,346

Non capital performance obligations include Queensland Reconstruction Authority (QRA) advance payments for flood damage restoration works.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**15 Leases**

**Council as a lessee**

Where Council assesses that an agreement contains a lease, a right-of-use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received and is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

**Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

*Office Equipment Leases*

Council enters into leases for photocopiers in use at administration offices. These leases are for low-value assets and are therefore not subject to lease accounting. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Council does not have any other agreements containing a lease and no right of use assets and lease liabilities were recognised.

**Council as a lessor**

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risk and rewards have been transferred, then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components, then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contract with Customers*.

*Operating Leases*

Council leases residential properties consisting of private rentals and aged housing. Residential properties comprise of one, two and three bedroom units and houses available for community housing on an ongoing periodic agreement. Other properties leased include a building used for storage space and part of a building used for retail catering.

Rent from investment and other property is recognised as income on a periodic straight line basis over the lease term. These assets are included in the statement of financial position as property, plant and equipment as the rental property is only incidental or the asset is only held to meet Council's service delivery objectives.

**Rental income**

Commercial property rental  
Accommodation rental

2022	2021
\$	\$
38,206	50,065
121,397	121,015
<u>159,603</u>	<u>171,080</u>

Assets classified as property, plant and equipment leased out by Council under operating leases:

Buildings  
Total property, plant and equipment leased out by Council under operating leases

3,377,437	3,980,356
<u>3,377,437</u>	<u>3,980,356</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**Note 15 Leases (continued)**

Council residential properties are leased out on a periodic ongoing agreement that are cancellable with minimum notice. Commercial buildings and land paddocks are leased out on fixed term agreements.

	2022	2021
	\$	\$
The minimum lease receipts are as follows:		
Not later than one year	185,640	168,800
Between one and two years	24,300	24,300
Between two and three years	24,300	24,300
	<u>234,240</u>	<u>217,400</u>

**16 Trade and other payables**

**Current**

Creditors and accruals	1,176,087	1,080,376
Prepaid rates	176,336	168,379
GST payable	63,920	201,848
Other entitlements	178,416	188,914
	<u>1,594,759</u>	<u>1,639,517</u>

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

**17 Borrowings**

**Current**

Loans - Queensland Treasury Corporation	-	98,916
	<u>-</u>	<u>98,916</u>

**Non-current**

Loans - Queensland Treasury Corporation	-	1,530,943
	<u>-</u>	<u>1,530,943</u>

**Loans - Queensland Treasury Corporation**

Opening balance at beginning of financial year	1,629,859	1,726,250
Principal repayments	<u>(1,629,859)</u>	<u>(96,391)</u>
Book value at end of financial year	<u>-</u>	<u>1,629,859</u>

Council fully paid out all QTC loan balances resulting in a nil balance at reporting date.

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

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.

Council adopts an annual debt policy that sets out 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.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**18 Provisions**

**Current**

Provision for annual leave  
Provision for long service leave

**Non-current**

Provision for long service leave  
Provision for waste landfill rehabilitation

	2022 \$	2021 \$
	1,267,221	1,263,271
	1,183,501	1,137,626
	<u>2,450,722</u>	<u>2,400,897</u>
	172,905	159,614
	225,291	339,712
	<u>398,196</u>	<u>499,326</u>

Liabilities are recognised for employee benefits such as annual and long service leave in respect of services provided by the employees up to the reporting date. Short-term benefits which are expected to be settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee costs, and are discounted to present values. 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.

*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 provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

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

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.

**Details of movements in long service leave provision**

Balance at the beginning of financial year	1,297,240	1,273,388
Long Service Leave entitlement arising	144,970	186,578
Long Service Leave entitlement paid	(85,804)	(162,726)
Balance at end of financial year	<u>1,356,406</u>	<u>1,297,240</u>

**Details for movements in landfill restoration provision**

Balance at beginning of financial year	339,712	408,195
Increase in provision due to unwinding of discount	7,739	7,596
(Decrease) in provision due to change in discount rates	(122,160)	(76,079)
	<u>225,291</u>	<u>339,712</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**19 Asset revaluation surplus**

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

	<b>2022</b> \$	<b>2021</b> \$
Balance at beginning of financial year	176,972,195	176,896,116
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings	3,182,861	-
Road, drainage and bridge network	6,539,724	-
Water	711,332	-
Sewerage	939,134	-
	<u>11,373,051</u>	<u>-</u>
Net adjustment to landfill restoration provision to reflect change in discount rate - land and improvements	122,160	76,079
Balance at end of financial year	<u>188,467,406</u>	<u>176,972,195</u>
Net increase in asset revaluation surplus	<u>11,495,211</u>	<u>76,079</u>

**Asset revaluation surplus analysis**

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

Land and improvements	2,050,657	1,928,497
Buildings	22,971,575	19,788,714
Road, drainage and bridge network	143,326,460	136,786,736
Water	9,144,487	8,433,155
Sewerage	10,974,227	10,035,093
	<u>188,467,406</u>	<u>176,972,195</u>

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

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense. When an asset is disposed of, the amount in the reserve in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

**20 Commitments for expenditure**

**Capital commitments**

Commitments by assets class contracted at the reporting date but not recognised as liabilities:

Buildings and other structures	96,940	156,090
Road assets	197,427	-
Plant and equipment	-	13,750
	<u>294,367</u>	<u>169,840</u>

Capital commitments include contracts for the purchase or construction of assets.

The capital commitment expenditures are payable within one year.

**21 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 2021 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 \$442,401.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**22 Superannuation - Regional Defined Benefit Fund**

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

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the Council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Council may 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 as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, 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 measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. 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 salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2024.

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.

	2022 \$	2021 \$
Superannuation contributions made to the Regional Defined Benefits Fund	64,861	83,942
Other superannuation contributions	793,752	778,455
Total superannuation contributions paid by Council for employees	<u>858,613</u>	<u>862,397</u>

**23 Reconciliation of net result for the year to net cash inflow from operating activities**

Net result	5,571,067	3,056,920
Non-cash operating items:		
Depreciation and amortisation	4,915,248	4,893,496
	<u>4,915,248</u>	<u>4,893,496</u>
Investing and development activities (non cash):		
Net loss on disposal/write-off of non-current assets	863,776	1,214,292
Capital grants and contributions	(2,173,444)	(4,200,011)
	<u>(1,309,668)</u>	<u>(2,985,719)</u>
Changes in operating assets and liabilities:		
Decrease in receivables	527,085	1,592,299
Decrease in other assets	87,986	35,268
(Increase) in inventory	(115,446)	(25,184)
Increase in payables	12,806	575,373
(Decrease)/increase in contract liabilities	(2,764,345)	596,469
Increase in other provisions	13,291	16,530
	<u>(2,238,623)</u>	<u>2,790,755</u>
Net cash inflow from operating activities	<u>6,938,024</u>	<u>7,755,452</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**24 Reconciliation of liabilities arising from finance activities**

**Borrowings**

Opening balance as at 1 July  
Cash Flows  
Closing balance as at 30 June

<b>2022</b>	<b>2021</b>
<b>\$</b>	<b>\$</b>
1,629,859	1,726,250
<u>(1,629,859)</u>	<u>(96,391)</u>
<u>-</u>	<u>1,629,859</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 2022**

**26 Financial instruments and financial risk management**

Blackall-Tambo Regional Council has exposure to the following risks arising from financial statements.

- interest rate risk
- credit risk, and
- market risk

**Risk management framework**

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

The Council's internal audit and risk management committee approves policies for overall risk management, as well as specifically for managing credit, liquidity, and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

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

Council does not invest in derivatives.

**Credit risk**

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

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

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.

**Liquidity risk**

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

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

*Exposure to liquidity risk*

Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

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

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

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**Note 26 Financial instruments and financial risk management (continued)**

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cashflows	Carrying amount
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and other payables	1,594,759	-	-	1,594,759	1,594,759
Loans - QTC	-	-	-	-	-
	<u>1,594,759</u>	<u>-</u>	<u>-</u>	<u>1,594,759</u>	<u>1,594,759</u>
<b>2021</b>					
Trade and other payables	1,639,517	-	-	1,639,517	1,639,517
Loans - QTC	148,611	594,446	1,310,285	2,053,342	1,629,859
	<u>1,788,128</u>	<u>594,446</u>	<u>1,310,285</u>	<u>3,692,859</u>	<u>3,269,376</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 indices, 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 investments and borrowings with 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.

*Sensitivity*

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

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

	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2022</b>					
Cash on Deposit	26,574,055	265,741	(265,741)	265,741	(265,741)
Loans QTC	-	-	-	-	-
Net Total	<u>26,574,055</u>	<u>265,741</u>	<u>(265,741)</u>	<u>265,741</u>	<u>(265,741)</u>
<b>2021</b>					
Cash on Deposit	23,182,204	231,822	(231,822)	231,822	(231,822)
Loans QTC	1,629,859	(16,299)	16,299	(16,299)	16,299
Net Total	<u>24,812,063</u>	<u>215,523</u>	<u>(215,523)</u>	<u>215,523</u>	<u>(215,523)</u>

**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.

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.

**Measurement of Fair Value**

The valuation technique used in measuring financial liabilities is discounted cash flows. This valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**27 Transactions with related parties**

(a) Transactions with key management personnel (KMP)

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

The compensation paid to KMP comprises:

	2022 \$	2021 \$
Short-term employee benefits	1,259,950	1,154,877
Post-employment benefits	87,505	78,998
Long-term benefits	18,128	15,947
Total	1,365,583	1,249,822

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	2022 \$	2021 \$
Purchase of materials and services from entities controlled by key management personnel - Note 27(b)(i)	13,004	14,311
Personnel services provided by a related party to Council - Note 27(b)(ii)	230,250	80,431

(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	2022 \$	2021 \$
Catering services	6,125	9,591
Uniforms and protective clothing	3,733	4,390
Livestock handling services	3,146	-
Real estate services	-	330

(ii) 2021-22: Council incurred \$ 230,250 in project management fees paid to George Bourne and Associates for technical services provided by Neville Kath and associated vehicle cost reimbursements. Neville Kath is a contract employee of the firm George Bourne and Associates and is the father of Garth Kath - Director of Works and Services.

2020-21: Council incurred \$ 80,431 in project management fees paid to George Bourne and Associates for technical services provided by Amanda Turlan and associated vehicle cost reimbursements. Amanda Turlan was an employee of the firm George Bourne and Associates and is the wife of John Turlan - Director of Works and Services.

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

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

**Blackall-Tambo Regional Council**

**Financial Statements**

**For the year ended 30 June 2022**

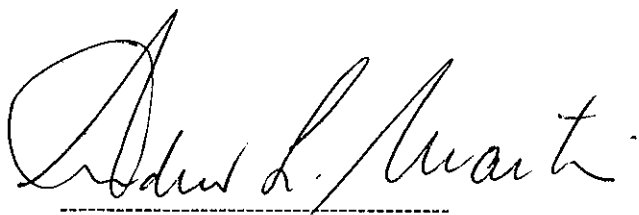
**Management Certificate**

**For the year ended 30 June 2022**

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.

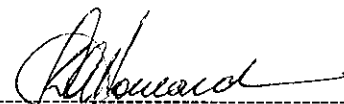
In accordance with Section 212(5) of the Regulation we certify that:

- (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 32, 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: 28 / 10 / 22



Chief Executive Officer  
Des Howard

Date: 28 / 10 / 22

## 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 financial report of Blackall-Tambo Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, 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 2022, 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 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 2022 was the current year financial sustainability statement, long-term financial sustainability statement and annual report.

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 the 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 2022:

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

### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Lisa Fraser  
as delegate of the Auditor-General

31 October 2022

Queensland Audit Office  
Brisbane

## Blackall-Tambo Regional Council

### Current-year Financial Sustainability Statement For the year ended 30 June 2022

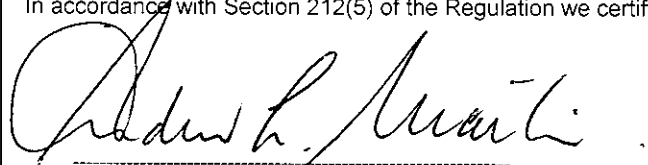
Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2022 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	11%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	68%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-53%	not greater than 60%

#### Certificate of Accuracy

For the year ended 30 June 2022

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: 28 / 10 / 22



Chief Executive Officer

Des Howard

Date: 28 / 10 / 22

#### 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 2022.

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Blackall-Tambo Regional Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current year financial sustainability statement of Blackall-Tambo Regional Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s. 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Blackall-Tambo Regional Council for the year ended 30 June 2022 has been accurately calculated.

#### Basis of 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 current year financial sustainability statement* section of my report.

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

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

#### Emphasis of matter – basis of accounting

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

#### Other Information

Other information comprises 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 2022 was the general purpose financial statements, long-term financial sustainability statement and annual report.

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



Lisa Fraser  
as delegate of the Auditor-General

31 October 2022

Queensland Audit Office  
Brisbane

**Blackall-Tambo Regional Council**  
**Unaudited Long-Term Financial Sustainability Statement**  
**Prepared as at 30 June 2022**

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2022	Projected for the years ended								
				30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
Operating Surplus Ratio	Net result divided by total operating revenue	Between 0% and 10%	11%	-8%	-8%	-12%	-12%	-11%	-11%	-11%	-10%	-10%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	68%	167%	119%	117%	117%	117%	117%	117%	117%	117%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-53%	-60%	-61%	-62%	-61%	-60%	-59%	-57%	-56%	-55%

**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 2022**

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

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



Mayor  
**Andrew Martin**

Date: 28, 10, 22



Chief Executive Officer  
**Des Howard**

Date: 28, 10, 22