



**Blackall-Tambo**  
Regional Council

Exploring the past. Innovating the future.



# *Annual Report*



*1 July 2013  
30 June 2014*



# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.

### Contact Council

For all enquiries please contact:

Blackall-Tambo Regional Council

PO Box 21

BLACKALL QLD 4472

Phone: 0746216600

Fax: 0746578855

Email: [admin@btrc.qld.gov.au](mailto:admin@btrc.qld.gov.au)

Web: [www.btrc.qld.gov.au](http://www.btrc.qld.gov.au)

Administration Hours:

Monday to Friday - 8.22 am to 4:45pm

Customer Service Centres:

6 Coronation Drive

BLACKALL QLD 4472

21 Arthur Street

TAMBO QLD 4478

Council Depots:

60 Rose Street

BLACKALL QLD 4472

18 Albert Street

TAMBO QLD 4478



# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.

### Table of Contents

Contact Council .....	2
Welcome.....	4
Region Profile.....	4
Regional Frame Work.....	5
Message from the Mayor.....	7
Message from the Chief Executive Officer.....	8
Corporate and Operational Plans.....	9
Blackall-Tambo Region Councillors.....	12
Organisational Structure.....	15
Community Financial Report .....	16
Manager of Works Report.....	18
Manager of Corporate Services Report .....	19
Statutory Information.....	21
Audited Financial Statements .....	31





# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.

## Welcome

Welcome to the Annual Report for the 2013/2014 Financial Year. The Annual Report is a mandatory requirement of the Local Government Act 2009. It is an excellent opportunity to record the accomplishments of Council over the past year. Included in this report are the organisation's 2013/2014 financial statements for the year as certified by the Auditor General.

Although Blackall-Tambo Regional Council is conservatively resourced we have developed a dedicated team of employees and contractors who are committed and centred on providing exemplary service to our region. Innovation has transpired and doors have opened for development and opportunity because of the forward motion of our ever evolving Region.

## Region Profile

The Blackall-Tambo Region is placed in the heart of Queensland's Outback approximately 900 kilometres north west of Brisbane. The Region is comprised of two towns, Blackall and Tambo both of which lie along the historic Barcoo River and are positioned on the Landsborough Highway (Matilda Highway). While they lie within the Mitchell Grasslands bio region, they are also close to the boundary of the Brigalow Belt Southern bio region.

Blackall is an attractive town and is classed as a remote community with a population of approximately 1660 people. Tambo is a rural and remote community with a population of around 620 people.

The Blackall-Tambo Regional Council has an extensive history of cattle, sheep and wool production, with having the world famous blade shearer Jackie Howe live and work in the area. Today the cattle production has overhauled sheep as the major industry. The Region's economy has also diversified into other industries including cattle sale yards, tourism, with a solid base of retail and general services.

The Blackall-Tambo Regional Council is dedicated to sustaining and enhancing the appealing rural lifestyle within the Region through the provision of high quality services and facilities, and through a collaborative and supportive community environment.

The Region provides a range of services and programs for the youth, aged, families, sport and recreation, and education up to year 12. High quality facilities are available to support the many community organisations to provide a variety of sport and recreation activities including horse racing, bowls, tennis, swimming and horse sports.

The Region's strong volunteer base has been and continues to play an important part in the life of the Blackall and Tambo communities and reflects the high level of community spirit that exists within the region.

Visiting the Region offers the opportunity to learn about the history of the Outback through the Blackall Wool Scour, Tambo's Heritage Precinct and other various historical sites. The Blackall Artesian Pool and Spa allows visitors to experience the therapeutic benefits of artesian water and is a great place to rest and relax. The Region is also well known for the famous Tambo Teddies, where you can visit the Teddies workshop and see these creatures come to life.

The Blackall-Tambo Region has a vast contrast in landform from flat, open, down plains to the vast cliff lines and dry gorges of the Great Dividing Range, this backdrop offers the opportunity to visit the many surrounding wonderful and scenic places of interest including Salvator Rosa National Park and Idalia National Park.



# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.

### Regional Frame Work

Mayor:	Cr Barry Muir
Chief Executive Officer:	Mr Ken Timms
Manager of Corporate Services:	Mrs Susan Jarvis
Manager of Finance:	Mr Colin Duffy
Manager of Works:	Mr Les Edmestone
Project Manager	Mr Dean Kneebone
Administration Office - Blackall:	6 Coronation Drive
Administration Office - Tambo:	21 Arthur Street
Works Depot Blackall:	60 Rose Street
Works Depot Tambo:	18 Albert Street
Area of the Blackall-Tambo Region:	30, 502 Square Kilometres
Length of Roads:	1840.206 km
Rates Revenue:	\$ 4, 349, 668
Total Operating Revenue:	\$ 51, 784, 247
Total Capital Revenue:	\$ 4, 251, 092
Total Capital Expenditure:	\$ 1, 239, 394
Bank:	Westpac, Blackall Bank of Queensland, Tambo
Auditor:	Pitcher Partners - Brisbane
Consulting Engineer:	Brandon and Associates - Chinchilla

#### Council Services

The Blackall-Tambo Regional Council covers approximately 30,502 sq km and provides a wide range of services including refuse collection, water supply, sewerage, drainage, roads, public health, libraries, community halls, recreation, public toilets, parks, street lighting, and the provision of environmental health and community services.

#### Economic Profile

Blackall-Tambo Regional Council's economy is predominantly agricultural production with service industries, tourism, Saleyards and retail business also contributing to the community wealth.

#### Demographics- As per the 2011 Census

Population:	2200
Median Age:	41
Population Prediction:	increase of 0.2% per annum (2006-2026)
Birthplace of respondents:	91.2% Australian Born



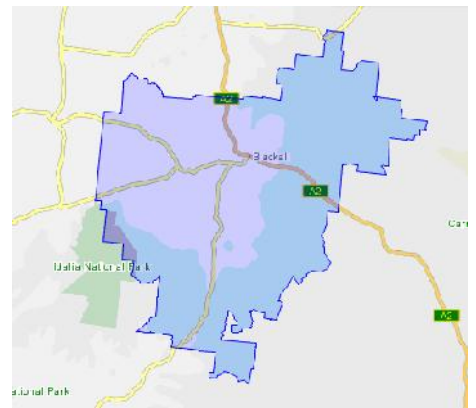
# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

For more information about our Regional Council you can go to our website at [www.btrc.qld.gov.au](http://www.btrc.qld.gov.au)

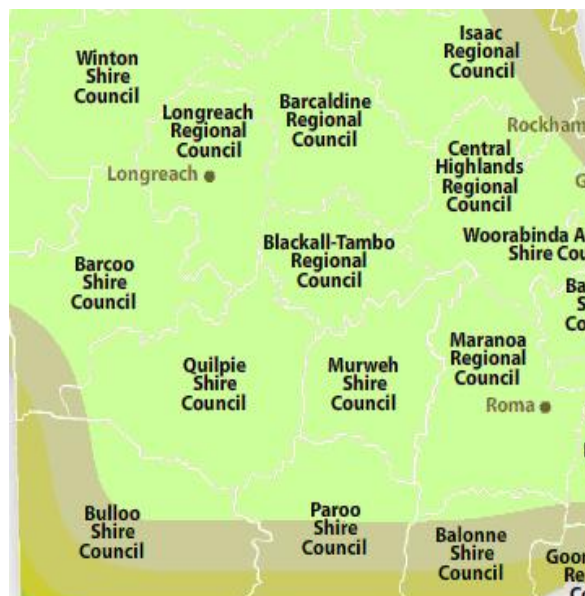
## Map of Queensland

The blue area represents the Blackall-Tambo Region



## The Blackall-Tambo Region

The Blackall-Tambo Regional Council is surrounded by The Central Highlands Regional Council to the East, Murweh Shire Council to the South and South East, Quilpie Shire Council to the South West, Longreach Regional Council to the West and Barcaldine Regional Council to the North.







# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

## Message from the Mayor

In bringing to you my summary for the 2013/2014 Annual Report, I can reflect on Council's achievements over this period. In 2014 Councillors continued to work for the betterment of both communities and our Regional Council area. So what has changed? Not a lot that I am aware of, we are still dealing with the usual problems that remote lightly populated Shires and Regional Councils have to deal with in Queensland, except that we have really had to alter our parameters drastically to accommodate the extra work load our workforce and organisation had to contend with in order to work in with the Queensland Reconstruction Authority following the huge damage to our road networks following the 2010, 2011 and 2012 rain and flooding events. How ironic is that compared with our position today?

The most frustrating thing following the changes of Government in the State and Federal arenas is that funding for local government has been frozen in some areas and reduced in most other areas, plus having some community service deliveries thrust onto us which were formally State and Federal responsibilities, but with minimal or no funding given to deliver those services.

The reason the Councillor pay issue arose was because the Remuneration and Discipline Tribunal altered the Councillor salary categories, doing away with categories 1 and 2 (we were in group 1) and moving us to category 3, giving a maximum recommendation, leaving individual Councils to decide their own rate within those recommendations.

To put it into perspective, of the 11 smaller isolated Councils, 6 (including us - eventually) prior year's remuneration plus a CPI rise - with some slight variations; one (much more populated than us) adopted a midway stance; while 3 others took the maximum amount. Ratepayers have to pick up the salary tab and if we had adopted the maximum figure it would have meant a 3.7% general rate increase!

We are working to foster job opportunities and growth for our region by way of supporting all options to control wild dogs so that grazing sheep becomes optional, which would return economic activity to both towns and our region; to secure a timber allocation for our sawmill, which would also create jobs and economic activity to our region; complete the Saleyards upgrade to ensure a solid selling centre status and economic platform for Blackall and Tambo which complements the region's beef raising activity; also in conjunction with the Barcaldine Regional Council, to negotiate with the State Government along with Indigenous Custodian groups to open up "Blacks Palace" in a properly controlled way which would have a dramatic effect on the tourist potential of this region and beyond.

The ongoing drought has obviously affected us all greatly and the economic blow it has inflicted on our regional area cannot yet be calculated, but it will also leave many at their wits end and we all need to be aware of that and keep an eye out for each other.

I thank Chief Executive Officer Ken Timms for his enthusiasm and continued positive outlook and his commitment to Council and also for the input and dedication of management and staff in these extremely difficult times.

I also thank my fellow Councillors for their overall input towards making our towns and regional Council area a better place to live.

Barry Muir  
Mayor





# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

## Message from the Chief Executive Officer

It is with great pleasure that I provide an overview of the 2013/14 year. The many achievements highlighted in the Annual Report demonstrates Council's ongoing commitment to implement the communities' long term vision for the region – promoting progressive, liveable and sustainable communities.

Council this financial year reviewed its Corporate Plan to ensure it meets the needs of the community. Significant consultation was undertaken throughout both communities to ensure their long term goals were captured. This included but not limited to, Arts and Culture, Disaster Mitigation, Economic Development, Public Health, Housing and the Environment. This aside, better roads, still remains the highest priority of the community, as indicated by the biannual survey.

Although the region is going through drought, it would be remiss of me not to mention our current flood damage works. Council continued to finalise the flood damage repair works throughout the region that was sustained in 2012. Works should be signed off in September 2014. The region received minor flood damage in January 2014 and these works are being evaluated at present.

Operationally Council continues to upgrade and maintain its assets to ensure the community lifestyle is maintained and sustained. Some of these works include, for the community of Blackall, showground lighting, gopher crossing, aquatic centre toilet, banks park upgrade, finalise the industrial estate and airport landscaping. For the community of Tambo EE Parr Park shading, securing residential land and for the rural sector Council continues to extend the bitumen on strategic Council roads.

Strategically in the last 12 months Council has secured a long day care venture for Blackall, airport refuelling facility for Blackall, sawmill in Tambo and once working should improve their economy enormously. The ongoing upgrades to the Blackall Saleyards will see it remain as a major selling centre in the central west. Council with the Outback Regional Roads Group was successful in obtain State and Federal Government funding for road works via a need for sustainability for our workforces during the current long term drought. Regionally Council continues to work with its neighbours to secure funding for not only roads but other infrastructure such as health. Overall Council has been very successful in obtaining funding for our region.

Council continues to run programs and activities that support all members of the community. The annual Heartland Festival is just one of those programs funded by Council which brings a majority of the community together. Council was also a significant partner in hosting the Tambo Race Club's 150<sup>th</sup> birthday in May and you cannot forget the events that assisted people build resilience in the face of prolonged drought.

The many significant achievements outlined in this report would not be possible without the assistance of the community, councillors, executive management team and staff and I thank them for their assistance and support. Great work.



Ken Timms  
Chief Executive Officer.





# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

## Corporate and Operational Plans

The Blackall-Tambo Regional Council, by way of ensuring the community receives the most efficient and effective delivery of services, is committed to the implementation of Best Practice in all Local Government areas.

The Council's strategic and operational plans are based on utilising and developing the existing primary resources and assets of the Amalgamated Shire's, to facilitate improved services, economic growth and stability.

Within the limitations and restrictions imposed by the level of human, physical and financial resources at Councils' disposal, these plans reflect a genuine attempt to respond to the expressed needs and expectations of our Region's residents.

## Corporate Plan

### VISION STATEMENT

Blackall-Tambo Regional Council promoting progressive, liveable and sustainable communities.

### MISSION

The Blackall-Tambo Regional Council supports practical innovation and a harmonious, active, healthy and sustainable community which is enriched by arts, culture and heritage.

### CORE VALUES

The manner in which we accomplish our mission is as important as the mission itself. A united team approach by our elected representatives and our staff is required to achieve the best quality in services and facilities. These core values are fundamental to how Council carries out its activities and to the ultimate achievement of its long term goals.

### QUALITY SERVICE

Council is committed to delivering quality service to its customers through:

- Staff and Councillors carrying out their responsibilities with honesty, integrity, impartiality and openness.
- A commitment to continual improvement through the encouragement of new ideas, the development of new skills and effective training and development.

### COMMUNITY ENGAGEMENT

Council is committed to effective community engagement and leadership through:

- The provision of dynamic leadership that is positively engaged and committed to addressing the challenge of change in a responsible manner;
- The initiation and maintenance of open lines of communication with all stakeholders and through encouraging a partnership that truly values and recognises teamwork.

### EQUITY

Council is committed to delivering equity to its staff and the community through:

- The provision of equal opportunities, fairness in decision making and the equitable distribution of resources.



# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.

### Environment

#### Land Development

The town planning scheme creates modern towns and incorporates environmentally conscious solutions.

#### Parks, Gardens and Cemeteries

There are well established National Parks, botanical gardens and recreational areas.

Cemeteries provide a memorable setting with a range of suitable facilities.

#### Rural Lands

Council controlled lands are well managed.

Weeds, seeds and pests are effectively controlled.

#### Sustainability

There is an environmentally friendly focus for all activities and processes.

#### Utilities

Environmentally friendly and sustainable waste disposal and recycling processes.

Towns serviced via alternative energy sources and underground power.

Water and sewerage systems with minimal impact on the environment.

### Social

#### Communication

A community with informed views gained through various networking and communicating opportunities.

#### Cultural Activities

A region recognised for its strong connection with cultural activities.

#### Customer Service

Council provides a range of information and customer service options to the community.

#### Employment

A community with strong social capital attracting and supporting full employment.

#### Families

Provision of a range of services that meets the needs of a family.

#### Government Services

A strong partnership between community, local, state and federal governments  
delivering quality services to the community

A range of education opportunities

Acceptable supply, provision and management of housing.

Communities with a zero tolerance for crime and an active response to all emergencies.

Quality, well resources medical facilities providing comprehensive health programs and aged care services.



# **Blackall-Tambo**

## **Regional Council**

Exploring the past. Innovating the future.

### **Land Development**

A community with a range of land and infrastructure options to accommodate a population of 5,000.

### **Public Transport**

Multiple public transport options within and between towns and cities.

### **Recreation**

A wide range of state of the art sporting and recreation facilities.

### **Youth**

Council support youth being a valued partner in the community

### **Economic**

#### **Development**

Council has developed opportunities for revitalisation.

#### **Employment and Industry**

Council is actively involved in nurturing all industries across the region.

#### **Roads**

All Main Roads are fully sealed.

Council Roads are all weather, town streets are bitumen with kerb, channelling and drainage.

### **Governance**

Strong community leadership

A sustainable and effective organisation



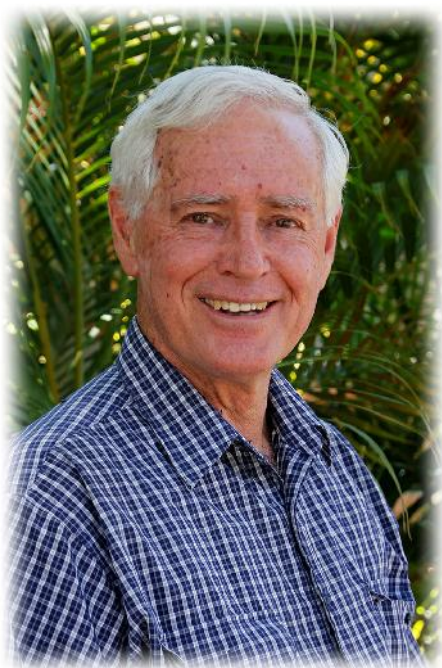


# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.

## Blackall-Tambo Region Councillors



Mayor Barry Muir  
Portfolio

Central Western Queensland Remote Area Planning and  
Development Board  
Outback Regional Road Group  
Central West Regional Planning Committee  
Blackall-Tambo Local Disaster Management Group  
Tambo Town Common Advisory Group  
Blackall Work Camp Community Advisory Committee  
Strategic Planning Committee  
Q-Dog Committee



Councillor Richelle Johnson  
Portfolio

Blackall-Tambo Local Disaster Management Group  
Tambo Town Common Advisory Group  
Blackall-Tambo Tourism Advisory Group  
Blackall-Tambo Home and Community Care Advisory  
Committee  
Strategic Planning Committee



# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.



### Councillor Megan Prow Portfolio

Blackall Saleyards Advisory Committee  
Friends of Ram Park Advisory Committee  
Strategic Planning Committee



### Councillor Neville Dolinski Portfolio

Blackall-Tambo Tourism Advisory Group  
Enterprise Bargaining Agreement Consultative Committee  
Workplace Health and Safety Committee  
Strategic Planning Committee



### Councillor D.T (Terry) Brennan Portfolio

Central West Regional Pest Management Group  
Blackall-Tambo Wild Dog Advisory Group  
Regional Arts Development Fund Committee  
Strategic Planning Committee





# Blackall-Tambo

## Regional Council

Exploring the past. Innovating the future.



Councillor Tom Johnstone

### Portfolio

Blackall-Tambo Sport and Recreation Support Officer Advisory Committee

Enterprise Bargaining Agreement Consultative Committee

Workplace Health and Safety Committee

Strategic Planning Committee



Councillor Jeremy Barron

### Portfolio

Blackall-Tambo Wild Dog Advisory

Blackall Town Common Advisory Committee

Strategic Planning Committee

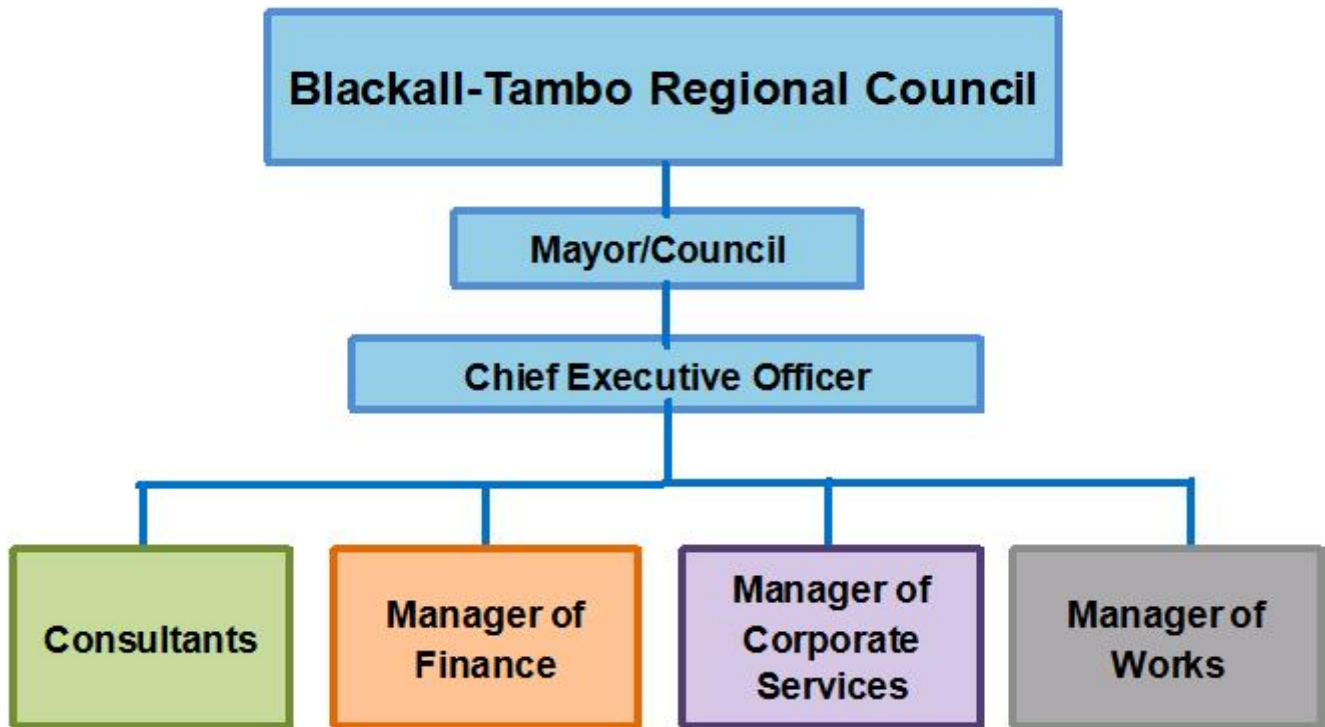




# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

## Organisational Structure



### Blackall-Tambo Regional Council - Executive Management Team

Les Edmiston - Manager of Works, Susan Jarvis - Manager of Corporate Services, Colin Duffy - Manager of Finance and Ken Timms - Chief Executive Officer



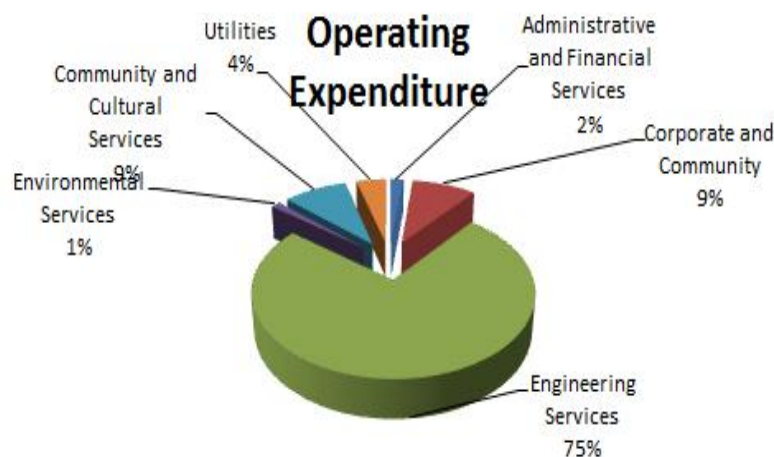
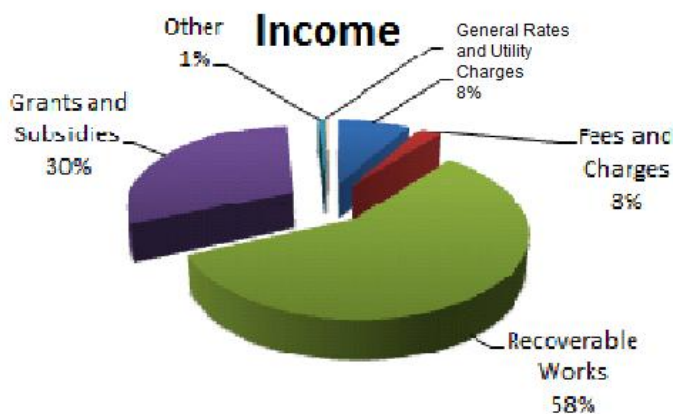


# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

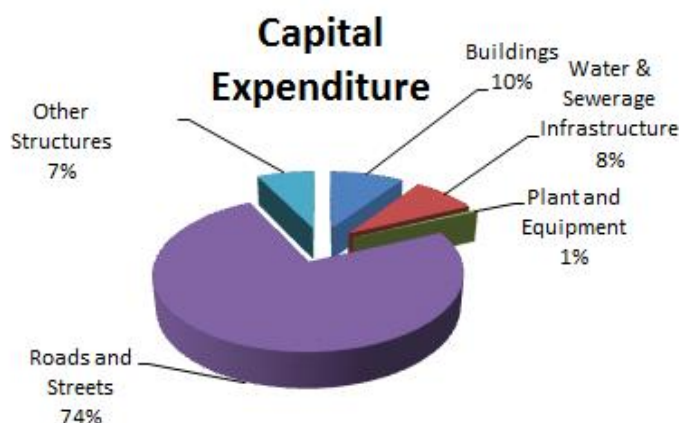
## Community Financial Report (S184 LGR 2012)

Income	Amount
General Rates and Utility Charges	\$4,349,668
Fees and Charges	\$1,297,782
Recoverable Works	\$29,863,518
Grant and Subsidies	\$15,656,561
Other	\$528,839
Interest	\$87,879
<b>Total</b>	<b>\$51,784,247</b>



Operating Expenditure	Amount
Administrative and Financial Services	\$801,331
Corporate and Community	\$4,090,270
Engineering Services	\$33,827,561
Environmental Services	\$577,424
Community and Cultural Services	\$4,047,465
Utilities	\$1,874,116
<b>Total</b>	<b>\$45,218,167</b>

Capital Expenditure	Amount
Buildings	\$1,211,932
Water and Sewerage Infrastructure	\$1,059,969
Plant and Equipment	\$52,952
Roads and Streets	\$9,453,299
Other Structures	\$939,169
<b>Total</b>	<b>\$12,717,321</b>







# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

## Financial Performance

The Statement of Comprehensive Income shows the details of Councils income and expenses for the year. Income includes Rates, cost recovery Fees, Recoverable Works, operating grants and subsidies, and other recurring income. Capital income is from internal resources and grants & subsidies used to pay for infrastructure assets, such as new facilities or upgrades to existing buildings.

Operating Expenses include all expenditure for the year with the exception of asset (Capital) purchases or infrastructure upgrades.

Assets are accounted for by depreciating their values over their useful lives.

## Financial Performance Summary

Councils income and expenditure this financial year netted an increase in Community Equity. This was due in a large part to the fact that Council was reimbursed for much of the expenditure on restoration works to roads and infrastructure damaged in the 2011 and 2012 floods. Much of this funding had been withheld in the previous financial year whilst the Queensland Reconstruction Authority ensured that Council was complying with the funding requirements. In the 2013/14 financial year, expenditure on restoring flood damaged infrastructure exceeded \$12 million, and the revenue was more than \$14.5 million.

Council is working towards strengthening our financial position by ensuring that the services it provides to the community are budgeted and monitored, and that the infrastructure Council owns is maintained and upgraded before new infrastructure is built.

Councils Cash position significantly improved at the end of the 2013/14 financial year (up from \$2.3 million to \$6.8 million) due to the receipt of QRA reimbursement funding for the work carried out on flood damaged infrastructure, and additional funding received by extra works carried out on behalf of the Department of Transport & Main Roads.



Colin Duffy  
Manager of Finance





# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

## Manager of Works Report

Another year past by along with its fair share of physical and financial challenges. This year has been a significant year for Council delivering an unpredicted capital and recoverable works program across all facets of the works directorate.

The completion within timeframe and budget of the multimillion dollar Natural Disaster Relief and Recovery Arrangement (NDRRA) funding or locally known as the flood damage program is a significant achievement for council, community and stakeholders. This clearly demonstrates what can be achieved when all three spheres of Government, Commonwealth, State and Local work together with regional communities to ensure essential public assets are restored and community resilience increased post disaster and is truly a credit to all stakeholders involved.

Several multimillion dollar Major Projects delivered by council for the Department of Transport and Main Road on the Landsborough Highway and the Isisford road as part of their Transport Network Reconstruction Program (TNRP) demonstrates councils capacity to deliver value for money outcomes competitively in the open market and is testimony to the skills and dedication of council staff and the vision of council with the inception of the commercial road rehabilitation/ recycling division of the works department which creates another revenue stream for council.

Finalisation of the Industrial estate stage two subdivision and Salvia/ Ivy Street residential subdivision, spring lane in the central business district were some of the major projects delivered this year from the roads division.

Essential Services have achieved the completion of the new main sewerage pump station in Blackall, construction of 2.5 kilometres of water main in Blackall, Construction of new safety rails around the emoff tank at the Blackall sewerage treatment plant and construction of a new town water artesian bore for Tambo to be commissioned in the 2014/15 financial year.

Parks and Gardens in both community have been maintained to a high standard which is reflective of the comments from the community and tourists with respect to the cleanliness and presentation of the townships of Blackall and Tambo within our region.

The Fleet Services Division of works has transitioned through a period of change this year aimed at improving the efficiency and increasing plant availability. It has been a challenging year for the workshop to keep the commercial fleet and heavy plant serviceable during this period of peak demand. Compliance remains a key priority with respect to reporting to the regulators under the legislative framework that governs Queensland Local Governments. Moving forward into the 2014/15 year our focus will be on staff competency based training and professional development, system implementation such as structured asset management, Standard Operating Procedures (SOP's) for all activities conducted by the works department, policy review and development, building revenue earning capacity through fit for purpose plant and equipment and focus on recoverable works and core business.

I would like to take this opportunity to thank my staff for their tireless achievements and outstanding performance throughout the year especially with respect to the delivery of the capital and recoverable works program. I would also like to sincerely thank the community, business houses and stakeholders for their patience during the year and look forward to working with you over the coming year.

Les Edmiston  
Manager of Works





# Blackall-Tambo Regional Council

Exploring the past. Innovating the future.

## Manager of Corporate Services Report

Welcome to the Corporate Services Section of the Blackall-Tambo Regional Council's 2013-14 Annual Report. The Corporate Services team has been working tirelessly during the 2013-2014 financial year to provide quality services whilst actively promoting and impartially enforcing Council legislative responsibilities, policies, procedures and local laws. This report provides a snapshot of these achievements.

Significant progress has been made in bringing commonality across the Blackall-Tambo Regional Council in areas such as unified rural lands processes, customer service charter, environmental health services, local laws, policies and plans. These are sound indicators of good governance and management which have been the result of teamwork by Councillors and staff toward a commitment to timeliness, accuracy and transparency.

The year again featured a seemingly endless stream of legislative changes impacting on Council. Keeping abreast of these changes and concentrating on their implementation has impacted considerably on Council resources.

Reflecting on the past year, I can report that Corporate Services staff turnover has been kept to a minimum with the results being the structure of a formative team that responded to requests, planning, and service delivery with commitment and energy.

Unprecedented funding for road flood damage has impacted on and increased the need for efficiencies in the service level of the finance and administration officers. This team has stepped up to the challenge and has continued to provide quality service.

We have continued to focus on community expectations and key corporate strategies linked to our Corporate, and Operational Plans. This commitment will continue into the 2014-2015 financial year.

My appreciation is expressed to my very dedicated team of employees for their loyalty to the Blackall-Tambo Regional Council during the 2013-2014 financial years. This team has projected a positive image of Council to the community through leading by example in all areas of Corporate Governance, unsurpassed by none.

I look forward to working with the existing Executive Management Team of the Blackall-Tambo Regional Council focusing on implementing the vision of the Council for all who live and work in our incredible region.



Susan Jarvis  
Manager of Corporate Services







**Blackall-Tambo**  
Regional Council

Exploring the past. Innovating the future.

# *Statutory Information*



*1 July 2013  
30 June 2014*

The following information includes the legislative disclosure requirements of the Local Government Act 2009 (as at Dec 2012) and related regulations for the 2013/2014 Annual Report.

#### Local Government Act 2009

201 Disclosure of remuneration paid to senior contract employees

Two senior contract employees between \$100 000 and \$200 000 and Two senior contract employees between \$0 and \$100 000

#### Local Government Regulation 2012

185 Particular Resolutions

##### (a) Expenses Reimbursement Policy

The Expenses Reimbursement Policy establishes the guidelines to ensure that Councillors receive reimbursement of reasonable expenses and are provided with the necessary facilities to assist in the performance of their role. Amendments have been made to the Policy to Section 7 to include the vehicle available for use by the Mayor as an expense category and to Section 11 to include the iPads provided to Councillors as a facility category.

General Council Meeting on the 12 June 2012.

MOTION: Moved: Cr M Prow

Seconded: Cr DT Brennan

"That Council adopt the amended Expenses Reimbursement Policy, subject to the changes discussed at the Meeting."

Minute No. 11/06A/12-Carried

##### (b) Resolution Number - 05/02B/12

Asset Classes can be found on Page 5. Clause 1.2 of the Asset and Services Management Plan

The Asset Management Policy is available for viewing on the Council Website- [www.btrc.qld.gov.au](http://www.btrc.qld.gov.au)

Note on controlled reserves and roads (s206 LGA 2009)

Land that is a reserve under the Land Act

- Reserve - 2071.97 ha
- Town Common - 5220.44ha
- Primary Stock Route - 120km
- Secondary Stock Route - 180km

Roads that Blackall-Tambo Regional Council controls but does not own

- Augathella – Tambo Road - 59.03 km
- Blackall – Tambo Road - 57.081 km
- Tambo - Blackall Road - 44.73 km
- Blackall – Barcaldine Road - 38.11 km
- Blackall – Jericho Road - 87.727 km
- Alpha – Tambo Road - 120.4 km
- Isisford – Blackall Road - 93.705 km
- Blackall – Adavale Road - 113.5 km
- Springsure – Tambo Road - 73.56 km

186 Councillors

The annual report for a financial year must contain particulars of—

- for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; page 25
- the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government's expenses reimbursement policy; page 25
- a copy of the local government's expenses reimbursement policy; page 23
- the number of local government meetings that each councillor attended during the financial year; page 25
- the total number of the following during the financial year - Not applicable
  - orders and recommendations made under section 180(2) or (4) of the Act;
  - orders made under section 181 of the Act; and
- each of the following during the financial year—
  - the name of each councillor for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act; Not Applicable
  - a description of the misconduct or inappropriate conduct engaged in by each of the councillors; N/A
  - a summary of the order or recommendation made for each councillor; Not Applicable
- the number of each of the following during the financial year—
  - complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act; Not Applicable
  - complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act; N/A
  - complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Act; N/A
  - complaints referred to the department's chief executive under section 176C(4)(a) of the Act; N/A
  - complaints assessed by the chief executive officer as being about official misconduct; Not Applicable

- (vi) complaints heard by a regional conduct review panel; Not Applicable
- (vii) complaints heard by the tribunal; Not Applicable
- (viii) complaints to which section 176C(6) of the Act applied; Not Applicable

### Expenses Reimbursement Policy - 12 June 2012

#### Background

It is a requirement under Section 45 of the Local Government (Operations) Regulation 2010 to adopt an Expenses Reimbursement Policy or amendment.

#### Purpose

The purpose of the policy is to ensure that Councillors (including Mayors) can receive reimbursement of reasonable expenses and be provided with necessary facilities in performance of their role.

#### Scope

The Expenses Reimbursement Policy has been adopted by the local government as the ongoing policy of the Blackall-Tambo Regional Council.

#### Statement of Principles

The policy complies with the Statement of Principles, set out in the guidelines:

- Reasonable expenses reimbursement to Councillors
- Public accountability and transparency
- Public perceptions and community expectations
- No private benefit to be derived
- Equity and participation

#### Payment of Expenses

Expenses will be paid to a Councillor through administrative processes approved by a Council's Chief Executive Officer subject to:

- the limits outlined in this policy, and
- Council endorsement by resolution.

#### Expense Categories

##### Professional development

A local government will reimburse expenses incurred for:

- mandatory professional development, and
- discretionary professional development deemed essential for the Councillor's role.

##### Travel as required to represent Council

A local government may reimburse local and in some cases interstate and overseas travel expenses (e.g. flights, car, accommodation, meals and associated registration fees) deemed necessary to achieve the business of Council where:

- a Councillor is an official representative of Council, and
- the activity/event and travel have been endorsed by resolution of Council.

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

Council will pay for reasonable expenses incurred for overnight accommodation when a Councillor is required to stay outside the local government's region.

NOTE: Any fines incurred while travelling in Council-owned vehicles or privately owned vehicles when attending to Council business, will be the responsibility of the Councillor incurring the fine.

##### Travel bookings

All Councillor travel approved by Council will be booked and paid for by Council.

Economy class is to be used where possible although Council may approve business class in certain circumstances.

Airline tickets are not transferable and can only be procured for the Councillor's travel on Council business. They cannot be used to offset other unapproved expenses (e.g. cost of partner or spouse accompanying the Councillor).

##### Travel transfer costs

Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed.

Example: Trains, taxis, buses and ferry fares.

Cab charge vouchers may also be used if approved by Council where Councillors are required to undertake duties relating to the business of Council.

##### Private vehicle usage

Councillors' private vehicle usage may be reimbursed by Council if the:

- travel has been endorsed by Council resolution,
- claim for mileage is substantiated with log book details, and

total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

##### Vehicle - Available for use by the Mayor

A fully maintained Council fleet vehicle is available for use by the Mayor for all official Council related business.

##### Accommodation

All Councillor accommodation for Council business will be booked and paid for by Council. Council will pay for the most economical deal available. Where possible, the minimum standards for Councillors' accommodation should be three or four star rating.

Where particular accommodation is recommended by conference organisers, Council will take advantage of the package deal that is the most economical and convenient to the event.



## Meals

A local government will reimburse costs of meals for a Councillor when:

- the Councillor incurs the cost personally, and
- the meal was not provided:
- within the registration costs of the approved activity/event
- during an approved flight.

The following limits apply to the amount Council will reimburse for meals:

Breakfast \$19.60

Lunch \$20.05

Dinner \$34.55

No alcohol will be paid for by Council.

## Incidental allowance

Up to \$20 per day may be paid by a local government to cover any incidental costs incurred by Councillors required to travel, and who are away from home overnight, for official Council business.

## Additional Expenses for Mayor

### Hospitality

The Blackall-Tambo Regional Council will reimburse the Mayor up to \$1,000 per annum for hospitality expenses deemed necessary in the conduct of Council business on the production of appropriate tax invoices and completion of a reimbursement form.

### Provision of Facilities

All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

### Private use of Council owned facilities

Based on the principle that no private benefit is to be gained the facilities provided to Councillors by local governments are to be used only for Council business unless prior approval has been granted by resolution of Council.

The Council resolution authorising private use of Council owned facilities will set out the terms under which the Councillor will reimburse Council for the percentage of private use. This would apply when Councillors have private use of Council owned motor vehicles and / or mobile telecommunication devices.

### Facilities Categories

#### Administrative tools

Administrative tools should be provided to Councillors as required to assist Councillors in their role.

Administrative tools include:

- office space and meeting rooms
- computers
- stationery
- access to photocopiers
- Printers
- facsimile machines
- Publications
- use of Council land line telephones and internet access in Council offices
- secretarial support may also be provided for Mayors and Councillors.
- council may provide a Councillor with home office equipment including computer, internet access if necessary.
- maintenance costs of Council owned equipment
- council will be responsible for the ongoing maintenance and reasonable wear and tear costs of Council-owned equipment that is supplied to Councillors for official business use.
- this includes the replacement of any facilities which fall under Council's asset replacement program.
- name Badge and Safety equipment for Councillors

### Use of Council vehicles on Council business

Councillors may have access to a Council vehicle for official business.

### Private use of vehicles

Private use of Council owned vehicles is permitted if prior approval has been granted by resolution of Council. Council will, in its resolution authorise private use, set out the terms for the Councillor to reimburse Council for the private use.

### Telecommunication needs - mobile devices and iPads

Mobile telecommunication devices previously owned by a local government may be used by Councillors for official Council business use during the transitional period.

Additionally, where Council deems it necessary to acquire new mobile devices due to the new local government structure, extra facilities may be approved by Council resolution.

Example: Mobile telephones or hand-held personal digital assistants (i.e. 'Blackberry').

iPads are supplied to Councillors for official use. The BTRC iPad Policy outlines the conditions of use.

#### Insurance Cover

A local government will indemnify or insure Councillors in the event of injury sustained while discharging their civic duties.

The local government will pay the excess for injury claims made by a Councillor resulting from conducting official Council business.

#### Fuel costs

Fuel for a Council-owned vehicle used for official Council business, will be provided or paid for by Council.

#### Car parking amenities

Councils are to provide Councillors with:

- car parking at the local government office premises, and/or
- reimbursement of parking costs paid by Councillors while attending to official Council business.

#### Changes since last revision

New Policy as of 12.06.2012 to reflect current procedures.

### Meetings Attended and Remuneration for Blackall-Tambo Regional Councillors in 2013/2014

	Mayor	Deputy Mayor	Councillor	Councillor	Councillor	Councillor	Councillor
	Barry Muir	Richelle Johnson	Jeremy Barron	Megan Prow	D.T (Terry) Brennan	Neville Dolinski	Tom Johnstone
General Council Meetings Attended	12	11	10	12	12	10	12
Special Council Meetings Attended	3	3	3	3	3	3	3
Strategic Planning Committee Meetings Attended	2	1	2	1	2	2	2
Base Amount	\$73,803.00	\$31,629.96	\$22,491.96	\$22,491.96	\$22,491.96	\$22,491.96	\$22,491.96
Superannuation	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Extras	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Remuneration total for individual Councillors	\$73,803.00	\$31,629.96	\$22,491.96	\$22,491.96	\$22,491.96	\$22,491.96	\$22,491.96
Reimbursements Travel, conferences, training, accommodation, meals, phone, computers			\$696.30 TRAVEL REIMBURSEMENT		\$3,270.80 TRAVEL REIMBURSEMENT	\$172.00 TRAVEL REIMBURSEMENT	
Remuneration total	\$217,892.76						



## 187 Administrative action complaints

(1) The annual report for a financial year must contain—

- (a) a statement about the local government's commitment to dealing fairly with administrative action complaints;
- (b) a statement about how the local government has implemented its complaints management process, Including an assessment of the local government's performance in resolving complaints under the process.

Blackall-Tambo Regional Council's commitment to dealing fairly with administrative action complaints

The complaints process has been established for resolving complaints by affected persons about administrative action of the council or an alleged minor breach by a councillor of the council's Code of Conduct for Councillors.

However, the complaints process does not apply to a complaint-

- that could be made under Section 48 of the Act about competitive neutrality issues;
- about official misconduct that should be directed to the Crime and Misconduct Commission;
- made under Public Interest Disclosure Act 2010;
- about a meeting breach, a repeat breach or a statutory breach under the Code of Conduct for Councillors.
- Complaints not about an administrative action of Council or by a person who is not an affected person
- A request for service or information, or provision of feedback in negative terms
- A request for a waiver or review of a penalty infringement notice
- Complaints about Councillors including the Mayor
- Complaints about Council decisions which should be directed to the local Councillor
- A complaint about official misconduct or a criminal matter
- Disputes about legal liability

### Objectives

The complaints process is established with the following objectives;

- The fair, efficient and consistent treatment of complaints about decisions and other administrative actions of the council and complaints about minor breaches.
- A complaints process that is easy to understand and is readily accessible to all.
- Detection and rectification, where appropriate, of administrative errors.
- Identification of areas for improvement in the council's administrative practices.
- Increase in awareness of the complaints process for the council's staff and the community.
- Enhancement of the community's confidence in the complaints process and of the reputation of the council as being accountable and transparent.
- Building the capacity of staff to effectively manage complaints in an environment of continuous improvement.

### Policy commitment

The council intends to provide a level of customer service that does not attract complaints, but acknowledges the right of persons to provide feedback, both positive and negative, on its services and/or to lodge a complaint about a decision or other action it takes.

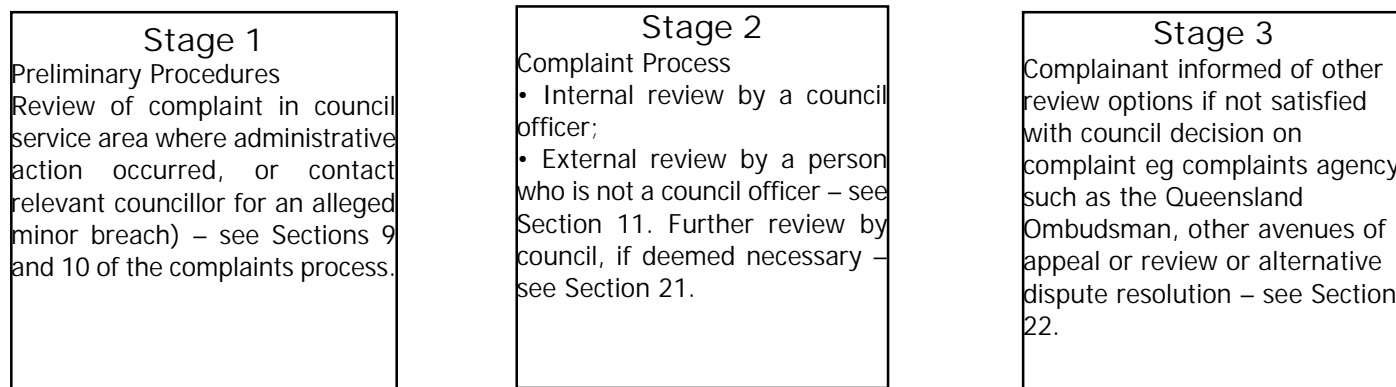
The complaints process has been instituted to ensure that, to the greatest practical extent, any complaint is dealt with fairly, promptly, professionally, in confidence (subject to any legal requirements) and in a manner respectful to the complainant.

The Council commits to providing adequate resources and trained officers to deal with complaints and to record and analyse complaints data.

To this end, the council will endeavour to ensure that;

- Anyone who is dissatisfied about a decision or other action of the council, a council officer or a councillor can easily and simply lodge a complaint.
- Complainants are provided with information on the complaints process and, if necessary, assistance to make their complaint.
- Each complaint is initially assessed in terms of its seriousness, safety implications, complexity and degree of urgency.
- Council officers will receive complaints in a professional manner and welcome valid feedback as an opportunity for improvement of the council's administrative practices.
- Complaints are responded to as quickly as possible and in accordance with the timeframes set out in the complaints process.
- Complainants will not suffer any reprisal from council or its officers for making a complaint.
- Complaints are properly monitored with a view to continuous improvement of the council's business processes.
- If a complainant is not satisfied that a complaint has been satisfactorily resolved, he/she will be informed of any statutory right of review and, if they request, be provided with details of any further review mechanism that is available.

Statement about how Council has implemented its complaints management process and assessment  
The following framework describes the model adopted by the council for handling complaints;  
For further information about the stages and sections you will find the General Complaints Policy at [www.btrc.qld.gov.au](http://www.btrc.qld.gov.au)



- (2) The annual report must also contain particulars of—
- the number of the following during the financial year; There were no complaints in the 13/14 Year.
    - administrative action complaints made to the local government; Not Applicable
    - administrative action complaints resolved by the local government under the complaints management process; Not Applicable
    - administrative action complaints not resolved by the local government under the complaints management process; Not Applicable
  - the number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year; There was one complaint made in the 12/13 financial year.

#### 188 Overseas travel

- (1) The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year—
- for a councillor—the name of the councillor; Not applicable
  - for a local government employee—the name of, and position held by, the local government employee; Not applicable
  - the destination of the overseas travel; Not applicable
  - the purpose of the overseas travel; Not applicable
  - the cost of the overseas travel; Not applicable
- (2) The annual report may also contain any other information about the overseas travel the local government considers relevant. Not applicable

#### 189 Expenditure on grants to community organisations

The annual report for a financial year must contain a summary of—

- the local government's expenditure for the financial year on grants to community organisations;

Inkind - \$22,256

Grants - \$224,168

- expenditure from each councillor's discretionary fund, including—

- the name of each community organisation to which an amount was allocated from the fund; Not applicable
- the amount and purpose of the allocation. Not applicable

## 190 Other contents

(1) The annual report for a financial year must contain the following information—

- (a) the chief executive officer's assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan; Pg 9/10/11
- (b) particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year; Pg 9/10/11, Message from the Chief Executive Officer - pg 8, Community Financial Statement - pg 16/17, Manager of Works Report - pg 18 and Manager of Corporate Services Report - pg 19
- (c) an annual operations report for each commercial business unit; Not Applicable
- (d) details of any action taken for, and expenditure on, a service, facility or activity—
  - (i) supplied by another local government under an agreement for conducting a joint government activity; Not Applicable
  - (ii) for which the local government levied special rates or charges for the financial year; Not Applicable
- (e) the number of invitations to change tenders under section 228(7) during the financial year; invitation to change a tender - N/A
- (f) a list of the registers kept by the local government;

Blackall-Tambo Regional Council maintains the following Registers that are open for inspection upon request to the Chief Executive Officer:

- Register of Interests-Councillors
- Register of Interest-Senior Staff
- Register of Roads
- Register of Charges
- Minutes of Council Meetings
- Register of Delegations by Council
- Register of Delegation by Chief Executive Officer
- Register of Local Laws
- Corporate Plan
- Operational Plan
- Annual Report
- Register of Fees and Charges
- Code of Conduct
- Rates Recovery Policy
- Revenue Policy
- Revenue Statement
- Entertainment Policy
- Town Common Management Plan
- Sport and Recreation Plan
- Asbestos Register
- Council Policy Register
- Development Applications Register
- Queensland Government 'Pool Safety' Register

(g) a summary of all concessions for rates and charges granted by the local government;

The Revenue Policy is available for viewing on the Council Website - [www.btrc.qld.gov.au](http://www.btrc.qld.gov.au)

### Pensioner Rebate

#### MOTION:

Moved: Cr M Prow

Seconded: Cr NJ Dolinski

"That Council resolves to provide a rebate of part rates and charges to prescribed pensioners for the 2013-2014 financial year, if the owner of a parcel of rateable land:

- Is a prescribed pensioner,
- Has submitted an application in the prescribed form by the required date,
- Has fully paid all rates and charges owing to the Council,
- Has made payment of the amount due and payable for the current period,
- The property is not zoned Rural, and
- The property is the principle place of residence.

The rebate is calculated as follows:

General Rate	40%
Maximum Remission	\$250.00 per year."

### Minute No. 09/07B/13



(h) the report on the internal audit for the financial year;

Council has undertaken a range of internal process reviews to address the issues raised in the last internal audit. A small number of items are yet to be addressed but most relate to long term issues that need long term solutions. A full copy of this report is available from the Chief Executive Office.

(i) a statement about the local government's activities during the financial year to implement its plan for equal opportunity in employment;

The Blackall-Tambo Regional Council is an Equal Employment Opportunity Employer and is committed to promoting equity in employment opportunity. During the year Council continued to implement the Equal Employment Opportunity (EEO) Management Plan, which was developed in consultation with Council and employees. All employees and potential employees will receive fair and equitable treatment in all matters relating to recruitment, training and promotion without regard to factors such as sex, age, race, religion or marital status.

(j) a summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints; Not Applicable

(k) the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3). - Not Applicable

(2) In this section— annual operations report, for a commercial business unit, means a document that contains the following information for the previous financial year—

(a) information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan; Not Applicable

(b) particulars of any changes made to the unit's annual performance plan for the previous financial year; Not Applicable

(c) particulars of the impact the changes had on the unit's—

(i) financial position; Not Applicable

(ii) operating surplus or deficit; Not Applicable

(iii) prospects; Not Applicable

(d) particulars of any directions the local government gave the unit. Not Applicable





**Blackall-Tambo**  
Regional Council

Exploring the past. Innovating the future.

# *Audited Financial Statements*

*S183 LGR 2012*



*1 July 2013  
30 June 2014*



**Blackall-Tambo Regional Council**  
**Financial Statements**  
**for the year ended 30 June 2014**

# **Blackall-Tambo Regional Council**

## **Financial Statements**

**For the year ended 30 June 2014**

### **Table of contents**

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

- 1 Significant accounting policies
- 2 Analysis of results by function
- 3 Revenue analysis
- 4 Grants, subsidies, contributions and donations
- 5 Employee benefits
- 6 Materials and services
- 7 Finance costs
- 8 Depreciation
- 9 Capital expenses
- 10 Cash and cash equivalents
- 11 Trade and other receivables
- 12 Inventories
- 13 Property, plant and equipment
- 14 Fair value measurements
- 15 Trade and other payables
- 16 Borrowings
- 17 Provisions
- 18 Asset revaluation surplus
- 19 Retained surplus/(deficiency)
- 20 Reserves
- 21 Contingent liabilities
- 22 Superannuation
- 23 Trust funds
- 24 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
- 25 Correction of error
- 26 Events after the reporting period
- 27 Financial Instruments

**Blackall-Tambo Regional Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2014

		2014	2013
	Note	\$	(restated)*
		\$	\$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	4,349,668	4,026,405
Fees and charges	3(b)	1,297,782	1,145,765
Rental income	3(c)	219,882	210,232
Interest received	3(d)	87,879	334,138
Sales revenue	3(e)	29,863,518	11,866,767
Other income	3(f)	308,957	145,270
Grants, subsidies, contributions and donations	4(a)	15,656,561	8,170,916
		<u>51,784,247</u>	<u>25,899,493</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	4,251,092	3,699,079
<b>Total revenue</b>		<u>56,035,339</u>	<u>29,598,572</u>
<b>Total income</b>		<u>56,035,339</u>	<u>29,598,572</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(8,756,389)	(6,343,415)
Materials and services	6	(30,743,279)	(29,985,266)
Finance costs	7	(171,610)	(202,300)
Depreciation and amortisation	8	(5,546,889)	(4,166,510)
		<u>(45,218,167)</u>	<u>(40,697,491)</u>
<b>Capital expenses</b>	9	(1,239,394)	(929,030)
<b>Total expenses</b>		<u>(46,457,561)</u>	<u>(41,626,521)</u>
<b>Net result</b>		<u>9,577,778</u>	<u>(12,027,949)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	18	23,047,311	(31,047,995)
<b>Total other comprehensive income for the year</b>		<u>23,047,311</u>	<u>(31,047,995)</u>
<b>Total comprehensive income for the year</b>		<u>32,625,089</u>	<u>(43,075,944)</u>

\* Refer to note 25 for details regarding the restatement as a result of a prior period error

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



**Blackall-Tambo Regional Council  
Statement of Financial Position  
as at 30 June 2014**

		<b>2014</b>	<b>2013</b> <b>(restated)*</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	10	6,811,068	2,328,149
Trade and other receivables	11	4,278,711	4,012,592
Inventories	12	329,056	154,221
<b>Total current assets</b>		<b>11,418,835</b>	<b>6,494,962</b>
<b>Non-current assets</b>			
Trade and other receivables	11	7,505	14,505
Property, plant and equipment	13	229,509,696	205,169,914
<b>Total non-current assets</b>		<b>229,517,201</b>	<b>205,184,419</b>
<b>Total assets</b>		<b>240,936,036</b>	<b>211,679,381</b>
<b>Current liabilities</b>			
Trade and other payables	15	4,618,004	5,531,904
Borrowings	16	400,500	2,398,634
Provisions	17	777,208	833,296
<b>Total current liabilities</b>		<b>5,795,712</b>	<b>8,763,834</b>
<b>Non-current liabilities</b>			
Borrowings	16	1,845,197	2,245,574
Provisions	17	190,027	189,962
<b>Total non-current liabilities</b>		<b>2,035,224</b>	<b>2,435,536</b>
<b>Total liabilities</b>		<b>7,830,936</b>	<b>11,199,370</b>
<b>Net community assets</b>		<b>233,105,100</b>	<b>200,480,011</b>
<b>Community equity</b>			
Asset revaluation surplus	18	125,369,578	102,322,267
Retained surplus	19	107,735,522	98,157,744
Reserves	20	-	-
<b>Total community equity</b>		<b>233,105,100</b>	<b>200,480,011</b>

\* Refer to note 25 for details regarding the restatement as a result of a prior period error

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

**Blackall-Tambo Regional Council  
Statement of Changes in Equity  
For the year ended 30 June 2014**

	Asset revaluation surplus	Retained Surplus	Reserves	Total
Note	18	19, 25	20	
	\$	\$	\$	\$
<b>Balance as at 1 July 2013</b>	102,322,267	98,157,744	-	200,480,011
Net operating surplus	-	9,577,778	-	9,577,778
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	23,047,311	-	-	23,047,311
<b>Total comprehensive income for the year</b>	<b>23,047,311</b>	<b>9,577,778</b>	<b>-</b>	<b>32,625,089</b>
<b>Balance as at 30 June 2014</b>	<b>125,369,578</b>	<b>107,735,522</b>	<b>-</b>	<b>233,105,100</b>
<b>Balance as at 1 July 2012</b>	133,370,262	106,271,529	3,914,164	243,555,955
Net operating deficit	-	(12,027,949)	-	(12,027,949)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	(31,047,995)	-	-	(31,047,995)
<b>Total comprehensive income for the year</b>	<b>(31,047,995)</b>	<b>(12,027,949)</b>	<b>-</b>	<b>(43,075,944)</b>
<b>Transfers to and from reserves</b>				
Transfers from reserves	-	3,914,164	(3,914,164)	-
Total transfers to and from reserves	-	3,914,164	(3,914,164)	-
<b>Balance as at 30 June 2013</b>	<b>102,322,267</b>	<b>98,157,744</b>	<b>-</b>	<b>200,480,011</b>

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

**Blackall-Tambo Regional Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2014**

	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>(restated)*</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		40,173,050	20,527,699
Payments to suppliers and employees		(45,263,670)	(35,373,059)
		(5,090,620)	(14,845,360)
Interest received		87,879	334,138
Rental income		219,882	210,232
Non capital grants and contributions		15,656,581	8,170,916
Borrowing costs		(171,610)	(203,773)
<b>Net cash inflow (outflow) from operating activities</b>	<b>24</b>	<b>10,702,092</b>	<b>(6,333,847)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(8,395,734)	(11,873,887)
Payments for intangible assets		-	-
Net movement in loans and advances		7,000	5,000
Proceeds from sale of property plant and equipment		316,980	1,509,863
Grants, subsidies, contributions and donations		4,251,092	3,699,079
<b>Net cash inflow (outflow) from investing activities</b>		<b>(3,820,662)</b>	<b>(6,659,945)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,000,000	2,000,000
Repayment of borrowings		(3,398,511)	(341,035)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(2,398,511)</b>	<b>1,658,965</b>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<b>4,482,919</b>	<b>(11,334,827)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>2,328,149</b>	<b>13,662,976</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>10</b>	<b>6,811,068</b>	<b>2,328,149</b>

\* Refer to note 25 for details regarding the restatement as a result of a prior period error

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



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

**1.B Statement of compliance**

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

**1.C Constitution**

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

**1.D Date of authorisation**

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

**1.E Currency**

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

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

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2017
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>	1 July 2014
AASB 2013-3 <i>Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Interpretation 21 <i>Leases</i>	1 January 2014

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.G Critical accounting judgements and key sources of estimation uncertainty**

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - Note 1.N and Note 13

Impairment of property, plant and equipment - Note 1.O

Provisions - Note 1.R and Note 17

Contingent liabilities - Note 21

**1.H Revenue**

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates and levies

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

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. The amount of any unspent tied grants recognised as revenue during the reporting period are disclosed in Note 10 as internal restrictions on council's cash and cash equivalents.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets at the fair value of the contribution received. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition

Cash Contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

Rental income

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

Interest and dividends

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the controlled entity.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Sales revenue

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

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

Fees and Charges

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

**1.I Financial assets and financial liabilities**

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Blackall-Tambo Regional Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 1.J)

Receivables - measured at amortised cost (Note 1.K)

Financial liabilities

Payables - measured at amortised cost (Note 1.Q)

Borrowings - measured at amortised cost (Note 1.S)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

**1.J Cash and cash equivalents**

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

**1.K Receivables**

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.L Inventories**

Stores, raw materials and water held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

**1.M Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2014 Council did not have any term deposits in excess of three months.

**1.N Property, plant and equipment**

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Land and improvements

Buildings

Plant and Equipment

Infrastructure

Road, drainage and bridge network

Water

Sewerage

Work in progress

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

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

Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity 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.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Valuation

Land and improvements, buildings, major plant 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*. Other plant and equipment and work in progress are measured at cost.

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

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

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 are disclosed in Note 13.

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

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

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Depreciation

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

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

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 13.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Blackall-Tambo Regional Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

**1.O Impairment of non-current assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the 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 as an expense in the Statement of Comprehensive Income, 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.

**1.P Leases**

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Council is not presently a party to any material operating or finance leasing arrangements.

**1.Q Payables**

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.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.R Liabilities - employee benefits**

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is not expected that the leave will be paid in the next twelve months the liability is discounted to its present value. If council has an unconditional right to defer settlement of leave liabilities beyond twelve months the liability is treated as non-current. All other leave liabilities are treated as current liabilities.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

Annual leave

A liability for annual leave is recognised. The portion expected to be paid within twelve months is calculated on current wage and salary levels and includes related employee on-costs. The portion not expected to be paid out within the next twelve months is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable. As council does not have an unconditional right to defer settlement of the obligation beyond twelve months, all annual leave liabilities are classified as current.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 22.

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 the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The yields attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 17 as a provision.

**1.S Borrowings and borrowing costs**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost

In accordance with the *Local Government Regulation 2012* council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

**1.T Asset revaluation surplus**

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

Increases and decreases on revaluation are offset within a class of assets.

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

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



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.U Reserves**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.

From 1 July 2012, Council determined to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 10.

**1.V National competition policy**

The Council has reviewed its activities to identify its business activities. Council has resolved that none of its activities fall within the National Competition Policy guidelines and has therefore chose not to apply the Code of Competitive Conduct.

**1.W Rounding and comparatives**

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

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

**1.X Trust funds held for 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 and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 23.

**1.Y Taxation**

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

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
For the year ended 30 June 2014

**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 governance**

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

**Finance and Information**

The support functions of Management of the Council's finance, information technology and administration.

**Community services**

Community services and facilities including cultural, health, welfare, environmental and recreational services.

This function includes:

Libraries

Entertainment venues

Public health services including vaccination clinics

Environmental licences and approvals.

**Planning and development**

Management of the development of the shire and approval processes for development and building.

**Transport infrastructure**

Providing and maintaining roads and drainage.

**Waste management**

Providing refuse collection and disposal services.

**Water infrastructure**

Providing water supply services.

**Sewerage infrastructure**

Providing sewerage services.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2 Analysis of results by function**

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

**Year ended 30 June 2014**

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2014	2014	2014	2014							
	\$	\$	\$	\$							
Corporate governance	489,362	205,902	73,288	-	768,552	(4,495,488)	(642,965)	(5,138,453)	(4,289,586)	(4,369,901)	43,206,649
Finance and information	1,970,228	3,107,496	-	-	5,077,724	(801,331)	-	(801,331)	2,306,165	4,276,393	14,639,114
Community services	791,675	1,256,844	348,523	-	2,397,042	(4,047,465)	-	(4,047,465)	(2,790,621)	(1,650,423)	5,765,817
Planning & development	-	22,516	-	-	22,516	(172,206)	-	(172,206)	(149,690)	(149,690)	-
Transport infrastructure	12,405,296	29,895,920	3,829,281	-	46,130,497	(33,827,561)	-	(33,827,561)	(3,931,641)	12,302,936	158,443,388
Waste management	-	318,012	-	-	318,012	(284,914)	-	(284,914)	33,098	33,098	-
Water infrastructure	-	698,107	-	-	698,107	(858,573)	-	(858,573)	(160,466)	(160,466)	9,486,782
Sewerage infrastructure	-	622,889	-	-	622,889	(730,629)	(596,429)	(1,327,058)	(107,740)	(704,169)	9,394,286
Total	15,656,561	36,127,686	4,251,092	-	56,035,339	(45,218,167)	(1,239,394)	(46,457,561)	(9,090,481)	9,577,778	240,936,036

**Year ended 30 June 2013**

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							
	2013	2013	2013	2013							
	\$	\$	\$	\$							
Corporate governance	264,166	583,129	-	-	847,295	(3,958,382)	-	(3,958,382)	(3,375,253)	(3,111,087)	42,211,704
Finance and information	3,813,109	3,371,983	64,013	-	7,249,105	(1,742,049)	(929,030)	(2,671,078)	1,629,934	4,578,026	11,234,955
Community services	980,919	752,815	-	-	1,733,734	(3,823,817)	-	(3,823,817)	(3,071,002)	(2,090,083)	10,155,129
Planning & development	-	29,617	-	-	29,617	(93,297)	-	(93,297)	(63,680)	(63,680)	-
Transport infrastructure	3,112,722	11,517,466	3,586,433	-	18,216,621	(28,988,505)	-	(28,988,505)	(17,471,039)	(10,771,884)	129,313,005
Waste management	-	232,427	-	-	232,427	(190,707)	-	(190,707)	41,720	41,720	-
Water infrastructure	-	657,316	48,833	-	705,949	(621,924)	-	(621,924)	35,392	84,025	9,403,121
Sewerage infrastructure	-	583,824	-	-	583,824	(1,278,810)	-	(1,278,810)	(894,986)	(694,986)	9,361,467
Total	8,170,916	17,728,577	3,699,079	-	29,598,572	(40,697,491)	(929,030)	(41,626,521)	(22,968,914)	(12,027,949)	211,679,381

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	Note	2014 \$	2013 \$
<b>3 Revenue analysis</b>			
<b>(a) Rates, levies and charges</b>			
General rates		3,197,573	3,036,481
Water		688,107	657,316
Sewerage		622,889	583,824
Waste management		78,205	-
Garbage charges		239,807	232,427
Total rates and utility charge revenue		4,836,581	4,510,048
Less: Discounts		(452,066)	(451,171)
Less: Pensioner remissions		(34,847)	(32,472)
		<u>4,349,668</u>	<u>4,026,405</u>
<b>(b) Fees and charges</b>			
Saleyards Fees		565,916	669,810
Building and development fees		22,516	29,617
Agistment/Town Common fees		275,424	51,514
Childcare Fees		40,542	50,517
Aged Care Services		-	14,652
Cemetery/Funeral Fees		87,541	28,704
Licences and registrations		2,340	22,662
Bank and QANTASLink commissions		138,696	131,814
Airport landing fees		68,237	13,371
Hire of Community Facilities (halls, Sports grounds etc)		31,704	17,836
Other fees and charges		64,866	115,268
		<u>1,297,782</u>	<u>1,145,765</u>
<b>(c) Rental income</b>			
Commercial property rental		49,570	82,554
Accommodation rental income		170,312	127,678
		<u>219,882</u>	<u>210,232</u>
<b>(d) Interest received</b>			
Interest received from term deposits		79,718	328,169
Interest from overdue rates and utility charges		8,161	5,969
		<u>87,879</u>	<u>334,138</u>
<b>(e) Sales revenue</b>			
<b>Sale of services</b>			
Contract and recoverable works		29,130,832	11,433,950
Private Works		696,851	423,338
		<u>29,827,683</u>	<u>11,857,288</u>
<b>Sale of goods</b>			
Visitor Information Centre-sale of merchandise		35,835	9,479
		<u>35,835</u>	<u>9,479</u>
Total sales revenue		<u>29,863,518</u>	<u>11,866,767</u>
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.			
<b>(f) Other income</b>			
Other income		308,957	145,270
		<u>308,957</u>	<u>145,270</u>



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>2013 \$</b>
<b>4 Grants, subsidies, contributions and donations</b>			
<b>(a) Recurrent</b>			
General purpose grants		1,826,356	3,792,473
State government subsidies and grants		13,136,241	3,851,181
Commonwealth government subsidies and grants		672,894	522,626
Donations		21,070	4,636
		<u>15,656,561</u>	<u>8,170,916</u>
<b>(b) Capital</b>			
State government subsidies and grants		2,901,781	3,259,854
Commonwealth government subsidies and grants		1,349,311	439,225
		<u>4,251,092</u>	<u>3,699,079</u>
<b>5 Employee benefits</b>			
Total staff wages and salaries		6,926,048	5,099,209
Councillors' remuneration		217,892	204,572
Annual, sick and long service leave entitlements		1,178,574	849,092
Superannuation	22	712,009	550,157
		<u>9,034,523</u>	<u>6,703,030</u>
Other employee related expenses		360,184	211,547
		<u>9,394,707</u>	<u>6,914,577</u>
Less: Capitalised employee expenses		(638,318)	(571,162)
		<u>8,756,389</u>	<u>6,343,415</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:			
Elected members		7	7
Administration staff		60	45
Depot and outdoors staff		105	79
Total full time equivalent employees		<u>171</u>	<u>131</u>
<b>6 Materials and services</b>			
Advertising and marketing		43,383	62,191
Administration supplies and consumables		745,709	530,018
Audit of annual financial statements by the Auditor-General of Queensland		105,619	89,307
Communications and IT		449,435	477,393
Community Health Programs		606,457	364,105
Consultants		1,711,963	544,225
Contractors		20,476,381	23,764,249
Donations paid		246,423	222,815
Insurances		535,591	251,455
Parks, Gardens and Reserves		262,010	583,239
Pest Management-wild dogs and weed control		510,435	394,096
Power		247,736	127,588
Repairs and maintenance		1,969,331	1,176,411
Subscriptions and registrations		146,725	23,889
Town Plan		15,336	46,792
Other materials and services		2,670,745	1,327,493
		<u>30,743,279</u>	<u>29,985,266</u>
<b>7 Finance costs</b>			
Finance costs charged by the Queensland Treasury Corporation		157,974	187,299
Bank charges		13,636	13,245
Impairment of debts		-	1,756
		<u>171,610</u>	<u>202,300</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>2013 \$</b>
<b>8 Depreciation</b>			
<b>Depreciation of non-current assets</b>			
Buildings		770,292	704,697
Other plant and equipment		1,131,712	1,052,196
Road, drainage and bridge network		2,910,230	1,673,231
Water		440,668	437,607
Sewerage		293,987	298,779
	13	<u>5,546,889</u>	<u>4,166,510</u>
<b>9 Capital expenses</b>			
<b>Gain / (loss) on disposal of non-current assets</b>			
Proceeds from the sale of property, plant and equipment		45,548	1,509,863
Less: Book value of property, plant and equipment disposed of	13	<u>(1,210,974)</u>	<u>(2,438,893)</u>
		<u>(1,165,426)</u>	<u>(929,030)</u>
 Proceeds from sale of land and improvements		271,432	-
Less: Book value of land sold	13	<u>(345,400)</u>	<u>-</u>
		<u>(73,968)</u>	<u>-</u>
 Total capital expenses		<u>(1,239,394)</u>	<u>(929,030)</u>
<b>10 Cash and cash equivalents</b>			
Cash at bank and on hand		2,648,380	62,723
Deposits at call		4,162,688	2,265,428
Balance per Statement of Cash Flows		<u>6,811,068</u>	<u>2,328,149</u>
Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:			
Externally imposed expenditure restrictions at the reporting date relate to the following items:			
- Unspent loan monies		-	867,105
Internally imposed expenditure restrictions at the reporting date relate to the following items*:			
- Future capital works		1,208,170	1,208,170
- Future asset replacement		1,550,000	1,550,000
- Future constrained works		28,724	28,724
- Future recurrent expenditure		1,127,270	1,127,270
Total unspent restricted cash		<u>3,914,164</u>	<u>4,781,269</u>

\* These restrictions were previously allocated as reserves

Cash and deposits at call are held in the Westpac Banking Corporation in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**11 Trade and other receivables**

<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Current</b>		
Rateable revenue and utility charges	4,464	38,600
Other debtors	4,015,228	3,474,196
Less impairment	(1,760)	(1,760)
GST recoverable	94,738	355,663
Prepayments	166,041	145,893
	<u>4,278,711</u>	<u>4,012,592</u>
<b>Non-current</b>		
Loans and advances to community organisations	7,505	14,505
	<u>7,505</u>	<u>14,505</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

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

Opening balance at 1 July	1,760	3,516
Impairment Debts written off during the year	-	1,756
Closing Balance at 30 June	<u>1,760</u>	<u>1,760</u>

**12 Inventories**

**Inventories held for distribution**

Plant and equipment stores	329,056	154,221
	<u>329,056</u>	<u>154,221</u>

**Blackall-Tambo Regional Council  
Notes to the financial statements  
For the year ended 30 June 2014**

**13 Property, plant and equipment**

**Council - 30 June 2014**

	Land and improvements	Buildings	Other plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	
<b>Basis of measurement</b>								
<b>Asset values</b>								
Opening gross value as at 1 July 2013	3,590,000	47,865,148	12,990,546	141,114,213	14,635,957	15,102,925	10,155,129	245,453,918
Additions	67,725	-	52,952	-	-	-	8,275,057	8,395,734
Disposals	(345,400)	(838,941)	-	-	-	(715,118)	-	(1,899,459)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	795,818	-	33,896,787	314,267	317,490	-	35,324,362
Assets capitalised from work in progress	-	-	-	-	-	-	-	-
<b>Closing gross value as at 30 June 2014</b>	<b>3,312,325</b>	<b>49,973,126</b>	<b>13,043,498</b>	<b>184,464,299</b>	<b>15,279,364</b>	<b>15,436,126</b>	<b>5,765,817</b>	<b>287,274,555</b>

Note

9

18

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2013	-	9,910,271	4,083,740	15,315,699	5,232,836	5,741,458	-	40,284,004
Depreciation provided in period	-	770,292	1,131,712	2,910,230	440,668	293,987	-	5,546,889
Depreciation on disposals	-	(224,396)	-	-	-	(118,689)	-	(343,085)
Revaluation adjustment to asset revaluation surplus	-	222,918	-	11,809,971	119,078	125,084	-	12,277,051
<b>Accumulated depreciation as at 30 June 2014</b>	<b>-</b>	<b>10,679,085</b>	<b>5,215,452</b>	<b>30,035,900</b>	<b>5,792,582</b>	<b>6,041,840</b>	<b>-</b>	<b>57,764,859</b>

8

9

18

**Total written down value as at 30 June 2014**

Residual value	3,312,325	39,294,041	7,828,046	154,428,399	9,486,782	9,394,286	5,765,817	229,509,696
Range of estimated useful life in years	3,312,325	17,212,661	3,468,120	98,533,961	24,913	2,222,956	-	124,774,936
	Land: Not depreciated, Improvements	40 - 100	2 - 20	5 - 100	10 - 60	20 - 60	-	
	: 7 - 40							

**Additions comprise:**

	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	-	-	-	-	-	7,154,931	7,154,931
Other additions	67,725	-	52,952	-	-	-	1,120,126	1,240,803
Total additions	67,725	-	52,952	-	-	-	8,275,057	8,395,734



**13 Property, plant and equipment**  
**Blackall-Tambo Regional Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

**Council - 30 June 2013**

Basis of measurement	Land and improvements	Buildings	Other plant and equipment	Road, drainage and bridge network	Water	Sewerage	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	
<b>Asset values</b>	\$	\$	\$	\$	\$	\$		\$
Opening gross value as at 1 July 2012	2,851,577	46,684,940	11,614,260	179,676,826	14,432,377	14,602,048	6,696,133	276,558,161
Additions	-	-	4,144,209	-	-	-	7,729,678	11,873,887
Disposals	(43,091)	(240,786)	(2,767,923)	-	(940,740)	(82,400)	(296,643)	(4,371,583)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	781,514	92,995	-	(39,837,381)	386,058	(29,733)	-	(38,606,547)
Assets capitalised from work in progress	-	1,327,999	-	1,274,768	758,262	613,010	(3,974,039)	-
<b>Closing gross value as at 30 June 2013</b>	<b>3,590,000</b>	<b>47,865,148</b>	<b>12,990,546</b>	<b>141,114,213</b>	<b>14,635,957</b>	<b>15,102,925</b>	<b>10,155,129</b>	<b>245,453,918</b>

Note

9

18

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2012	-	9,562,280	4,653,818	20,164,209	5,489,863	5,733,566	-	45,608,736
Depreciation provided in period	-	704,897	1,052,196	1,673,231	437,607	298,779	-	4,166,510
Depreciation on disposals	-	(9)	(1,627,274)	-	(288,610)	(16,797)	-	(1,932,690)
Revaluation adjustment to asset revaluation surplus	-	(356,697)	-	(6,521,741)	(406,024)	(274,090)	-	(7,558,552)
<b>Accumulated depreciation as at 30 June 2013</b>	<b>-</b>	<b>9,910,271</b>	<b>4,083,740</b>	<b>15,315,699</b>	<b>5,232,836</b>	<b>5,741,458</b>	<b>-</b>	<b>40,284,004</b>

8

9

18

**Total written down value as at 30 June 2013**

Residual value	3,590,000	37,954,877	8,906,806	125,798,514	9,403,121	9,361,467	10,155,129	205,169,914
Range of estimated useful life in years	Land: Not depreciated. Improvements : 7 - 40	40 - 100	2 - 20	5 - 100	10 - 60	20 - 60	-	122,352,142

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Fair value measurements**

**(I) Recognised fair value measurements**

Council measures and recognises the following assets at fair value on a recurring basis:

- Property, plant and equipment
  - Land and improvements
  - Buildings
  - Road, drainage and bridge network
  - Water Infrastructure
  - Sewerage Infrastructure

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 16 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

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

- 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)

The following table 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.

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 table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*

	Note	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
		\$	\$	\$
<b>Recurring fair value measurements</b>				
Land and improvements	13	3,312,325	-	3,312,325
Buildings	13			
- Commercial Buildings		-	28,345,957	28,345,957
- Residential Buildings		2,748,457	-	2,748,457
- Other Buildings		-	8,201,627	8,201,627
Road, drainage and bridge network	13	-	154,428,399	154,428,399
Water	13	-	9,486,782	9,486,782
Sewerage	13	-	9,394,286	9,394,286
		<u>6,058,782</u>	<u>209,857,051</u>	<u>215,915,833</u>

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Fair value measurements (continued)**

The table below summarises the level of detail applied in determining the value of Council's assets as at 30 June 2014:

Asset Category	Valuation Effective 30 June 2014	Performed By	Effective Date of Last Comprehensive Valuation	Performed By
Land	Desktop	Shepherd Services Pty Ltd	30/06/2011	APV Valuers and Asset Management
Buildings	Desktop	Shepherd Services Pty Ltd	30/06/2011	APV Valuers and Asset Management
Road and Drainage Network	Comprehensive	Shepherd Services Pty Ltd	30/06/2014	Shepherd Services Pty Ltd
Water Infrastructure Network	Desktop	Shepherd Services Pty Ltd	30/06/2011	APV Valuers and Asset Management
Sewerage Infrastructure Network	Desktop	Shepherd Services Pty Ltd	30/06/2011	APV Valuers and Asset Management

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

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

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

**Land (level 2)**

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

As noted above the last comprehensive valuation of land assets was undertaken effective 30 June 2011. No indexation factor was applied to the opening value of land in deriving the valuation as at 30 June 2014 after consideration of limited changes in the sales value per square metre of properties sold within the region over the past twelve month period.

**Residential Buildings (level 2)**

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

As noted above the last full valuation of residential buildings was undertaken effective 30 June 2011. An indexation factor of 2.4% was applied to the opening value of these assets in deriving the valuation as at 30 June 2014, being the annual percentage change in the ABS Producer Price Index "Other Residential Building Construction - Queensland (3019) A2333718K" from 30 June 2013 to 30 June 2014.

**Commercial and Other Buildings (level 3)**

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

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Fair value measurements (continued)**

The net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. In determining the level of accumulated depreciation building assets are disaggregated into significant components which exhibit different useful lives. Allowance is made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition is assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Condition rating (useful life)	0 (new) - 6 (expired) (100%-0%)	The higher the condition rating, the lower the fair value.
Residual value percentage (by component)	0% - 70%	The higher the residual value the higher the fair value.

Indexation factors of 1.5% and 2.1% were applied to commercial and other buildings respectively in deriving the 30 June 2014 desktop valuation, representing the annual percentage changes in the ABS Producer Price Index "Non-Residential Building Construction - Queensland (3020) A2333721X" and "Building Construction - Queensland (30) A2333712W" from 30 June 2013 to 30 June 2014.

**Infrastructure assets (level 3)**

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

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

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

**1(a) Road and drainage network - calculation of written down current replacement cost**

**Roads**

**Current replacement cost**

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

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



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Fair value measurements (continued)**

The last full valuation of road infrastructure was undertaken effective 30 June 2014. CRC at 30 June 2014 was determined by Shepherd Services Pty Ltd using past construction work costs, determined from first principles or from surrounding regional councils. The next full valuation of sealed roads and associated infrastructure is planned to occur in 2019.

*Accumulated depreciation*

In determining the level of accumulated depreciation, the method used is to subtract the Depreciable Replacement Cost from the Current Replacement Cost.

Useful lives are determined via the following process:

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

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

Where council does not have accurate records of year of construction, and for older assets where an aged based approach for determining remaining life is not considered appropriate, remaining lives of assets are estimated utilising the following condition scoring system:

Rating	Description	% Asset Remaining
1	Excellent (only normal maintenance required)	100
2	Good (minor defects only/minor maintenance required up to 25%)	75
3	Average (significant maintenance required 50%)	50
4	Poor (requires replacement within next 1-2 years)	30
5	Asset failure (requires immediate replacement)	15

The range of estimated useful lives adopted is disclosed in note 13.

**Drainage infrastructure**

*Current replacement cost*

A full valuation of drainage infrastructure was undertaken by independent valuers, Shepherd Services Pty Ltd, effective 30 June 2014. Similar to roads, drainage assets are managed in various segments; pits, pipes and channels being the major components.

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

*Accumulated depreciation*

The level of accumulated depreciation to be subtracted from the current replacement cost for drainage assets is determined by using the same methodology as described for roads above.

The range of estimated useful lives adopted is disclosed in note 13.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Fair value measurements (continued)**

**1(b) Road and drainage network – Sensitivity of valuation to unobservable inputs**

As detailed above Council's road and drainage network has been valued using a written down current replacement cost methodology. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating (where applicable)	As specified above – 1 to 5	The higher the condition rating, the lower the fair value.
Useful life	6 - 120 years	The longer the useful life, the higher the fair value.
Residual value percentage (by component)	0% - 100%	The higher the residual value percentage the higher the fair value.

**2(a) Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost**

**Water and Sewerage**

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

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

An indexation factor of 2.1% was applied to the opening value of these assets in deriving the valuation as at 30 June 2014, being the annual percentage change in the ABS Producer Price Index "Building Construction - Queensland (30) A2333712W" from 30 June 2013 to 30 June 2014.

**2(b) Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs**

The method used to value councils' water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating (where applicable)	0 (new) - 6 (expired) (100%-0%)	The higher the condition rating, the lower the fair value.
Useful life	15 - 50 years	The longer the remaining useful life, the higher the fair
Residual value percentage (by component)	0% - 60%	The higher the residual value the higher the fair value.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14 Fair value measurements (continued)**

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

The changes in level 3 assets with recurring fair value measurements are detailed in Note 13 (property, plant and equipment). However, since the buildings disclosed in those notes comprise both level 2 and level 3 assets, the movement in level 3 buildings are detailed below. There have been no transfers between level 1, 2 or 3 measurements during the year.

**Changes in commercial and other non-residential buildings (Level 3)**

	\$
Opening gross value as at 1 July 2013	41,435,228
Additions	2,118,972
Disposals	(838,941)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	640,729
<b>Closing gross value as at 30 June 2014</b>	<b>43,355,988</b>
<b>Accumulated depreciation and impairment</b>	
Opening balance as at 1 July 2013	6,270,851
Depreciation provided in period	630,484
Depreciation on disposals	(224,396)
Revaluation adjustment to asset revaluation surplus	131,465
<b>Accumulated depreciation as at 30 June 2014</b>	<b>6,808,404</b>
 <b>Consolidated book value as at 30 June 2014</b>	 <b>36,547,584</b>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	<u>Note</u>	<u>2014</u> <u>\$</u>	<u>2013</u> <u>\$</u>
<b>15 Trade and other payables</b>			
<b>Current</b>			
Creditors and accruals		3,540,713	4,513,934
Annual leave		1,003,629	957,339
Other entitlements		73,662	60,631
		<u>4,618,004</u>	<u>5,531,904</u>
<b>16 Borrowings</b>			
<b>Current</b>			
Loans - Queensland Treasury Corporation		400,500	398,634
Overdraft - Queensland Treasury Corporation		-	2,000,000
		<u>400,500</u>	<u>2,398,634</u>
<b>Non-current</b>			
Loans - Queensland Treasury Corporation		1,845,197	2,245,574
		<u>1,845,197</u>	<u>2,245,574</u>
<b>Movements in Loan Facility</b>			
Opening balance at beginning of financial year		2,644,208	2,985,243
Principal repayments		(398,511)	(341,035)
Book value at end of financial year		<u>2,245,697</u>	<u>2,644,208</u>

The QTC loan market value at the reporting date was \$2,420,359. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

**Movements in Overdraft Facility**

Opening balance at beginning of financial year	2,000,000	-
Loans raised-Operational Overdraft	1,000,000	2,000,000
Repayments	(3,000,000)	-
Book value at end of financial year	<u>-</u>	<u>2,000,000</u>

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

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 13 March 2019 to 08 June 2019. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

On 6 March 2013, an overdraft facility with Queensland Treasury Corporation was approved with a limit of \$5,000,000. This facility was drawn down by \$2,000,000 as at 30 June 2013, and a further \$1,000,000 was drawn down on 23 July 2013. The overdraft facility was fully repaid on 29 August 2013. The facility matured on 31 August 2013 and is no longer available.



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>17 Provisions</b>			
<b>Current</b>			
Long service leave		777,208	833,296
		<u>777,208</u>	<u>833,296</u>
<b>Non-current</b>			
Long service leave		190,027	189,962
		<u>190,027</u>	<u>189,962</u>
Details of movements in provisions:			
<b>Long service leave</b>			
Balance at beginning of financial year		1,023,258	1,036,700
Long service leave entitlement arising		20,886	48,728
Long Service entitlement paid		(76,909)	(62,170)
Balance at end of financial year		<u>967,235</u>	<u>1,023,258</u>
<b>18 Asset revaluation surplus</b>			
<b>Movements in the asset revaluation surplus were as follows:</b>			
Balance at beginning of financial year		102,322,267	133,370,262
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and improvements		-	781,514
Buildings		572,900	449,692
Road, drainage and bridge network		22,086,816	(33,315,640)
Water		195,189	792,082
Sewerage		192,406	244,357
Balance at end of financial year		<u>125,369,578</u>	<u>102,322,267</u>
<b>Asset revaluation surplus analysis</b>			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land and improvements		3,138,025	3,138,025
Buildings		14,620,626	14,047,726
Road, drainage and bridge network		96,959,103	74,872,287
Water		7,121,638	6,926,449
Sewerage		3,530,186	3,337,780
		<u>125,369,578</u>	<u>102,322,267</u>
<b>19 Retained surplus/(deficiency)</b>			
Movements in the retained surplus were as follows:			
Retained surplus/(deficit) at beginning of financial year		98,157,744	106,271,529
Net result attributable to Council		9,577,778	(12,027,949)
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended or closed:	20		
Future capital works reserve		-	1,208,170
Asset replacement reserve		-	1,550,000
Constrained works reserve		-	28,724
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended:			
Recurrent expenditure reserve		-	1,127,270
Retained surplus at end of financial year		<u>107,735,522</u>	<u>98,157,744</u>

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	Note	2014 \$	2013 \$
<b>20 Reserves</b>			
Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.			
The internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 10.			
<b>Movements in capital reserves:</b>			
<b>Future capital works reserve</b>			
Balance at beginning of financial year		-	1,208,170
Transfer to the retained surplus/capital due to the closure of the reserve		-	(1,208,170)
Balance at end of financial year		-	-
<b>Asset replacement reserve</b>			
Balance at beginning of financial year		-	1,550,000
Transfer to the retained surplus/capital due to the closure of the reserve		-	(1,550,000)
Balance at end of financial year		-	-
<b>Constrained works reserve</b>			
Balance at beginning of financial year		-	28,724
Transfer to the retained surplus/capital due to the closure of the reserve		-	(28,724)
Balance at end of financial year		-	-
<b>Movements in recurrent reserves:</b>			
<b>Future recurrent expenditure reserve</b>			
Balance at beginning of financial year		-	1,127,270
Transfer to retained surplus		-	(1,127,270)
Balance at end of financial year		-	-

**21 Contingent liabilities**

**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 2014 the financial statements 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 \$433,659.

**National Regulatory System for Community Housing Providers**

Under amendments passed to the Housing Act 2003 during the financial year, council, as a service provider of community housing, is required to register for the newly established National Regulatory System for Community Housing Providers (NRSCH).

Should council not obtain registration prior to 30 June 2015, there would be three alternatives available for council's consideration:

1. Transfer or return of community housing assets to the Department of Housing and Public Works;
2. Repayment of contingent liability of any funded assets (i.e. Purchasing the Department's interest in community housing assets); or
3. Transfer of assets to another provider that is registered under the NRSCH.

Council presently holds 10 community housing assets with a fair value of approximately \$1.3m at 30 June 2014. The present value of the contingent liability representing the department's interest in these assets is \$1,238,552.

In the event that council does not obtain NRSCH registration it will become liable for the above amount, or otherwise be obliged to remove the community housing assets from its balance sheet via a transfer arrangement. At the date of this report Council is still considering its alternatives.

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	<u>Note</u>	<u>2014</u> \$	<u>2013</u> \$
<b>22 Superannuation</b>			
<p>The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 <i>Employee Benefits</i>.</p> <p>The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.</p> <p>The scheme has three elements referred to as:</p> <p>The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund</p> <p>The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and</p> <p>The Accumulation Benefits Fund (ABF)</p> <p>The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the <i>Local Government Act 2009</i>.</p> <p>Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.</p> <p>The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.</p> <p>To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.</p> <p>Any amount by which the fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.</p> <p>As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.</p> <p>The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."</p> <p>Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.</p> <p>Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.</p> <p>There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Blackall-Tambo Regional Council made less than 4% of the total contributions to the plan in the 2013-14 financial year.</p> <p>The next actuarial investigation will be conducted as at 1 July 2015.</p>			
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5	712,009	550,157

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

	Note	2014 \$	2013 \$
<b>23 Trust funds</b>			
<b>Trust funds held for outside parties</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		43,980	94,436
Security deposits		24,280	26,700
		<u>68,260</u>	<u>121,136</u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

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

Net result	9,577,778	(12,027,949)
Non-cash items:		
Depreciation and amortisation	5,546,889	4,166,510
	<u>5,546,889</u>	<u>4,166,510</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	1,239,394	929,030
Loss on transferring assets via finance lease	-	-
Capital grants and contributions	(4,251,092)	(3,699,079)
	<u>(3,011,698)</u>	<u>(2,770,049)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(266,119)	821,980
(Increase)/decrease in inventory	(174,835)	98,921
Increase/(decrease) in payables	(913,900)	3,390,182
Increase/(decrease) in other provisions	(56,023)	(13,442)
	<u>(1,410,877)</u>	<u>4,297,641</u>
Net cash inflow from operating activities	<u>10,702,092</u>	<u>(6,333,847)</u>

**25 Correction of error**

During the year ended 30 June 2014 it was discovered that certain expenditure incurred in the previous financial year which related to capital works projects had been incorrectly treated as maintenance expenditure. The error arose as a consequence of incorrect mapping of general ledger accounts to works "projects" rather than "jobs" on initial set-up of accounts council's new finance software, Navision. Correction of the error resulted in a further \$3,626,669 in costs being capitalised. Correction of the error had no impact on the opening balance of capital works in progress at 1 July 2013 (commencement of the comparative year). The adjustments made to comparative numbers presented in the financial statements are as follows:



**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**25 Correction of error (continued)**

	<b>As at 30 June 2013</b>	
	<b>Previously Reported</b>	<b>Restated</b>
Property, plant and equipment (Capital works in progress)	201,541,245	205,169,914
Net Assets	196,851,342	200,480,011
<b>Change in net assets</b>		<b>3,628,669</b>
	<b>Period ended 30 June 2013</b>	
	<b>Previously Reported</b>	<b>Restated</b>
Employee benefits expenses	(7,192,436)	(6,343,415)
Materials and services expenses	(32,763,441)	(29,985,266)
Finance costs	(203,773)	(202,300)
Net Result	(15,656,618)	(12,027,949)
<b>Change in net result</b>		<b>(3,628,669)</b>

Net cash flows from operating and investing activities were also restated by the amount of the error, representing a transfer from payments to suppliers and employees (operating cash outflows) to payments for property, plant and equipment (investing cash outflows)

**26 Events after the reporting period**

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 2014**

**27 Financial instruments**

Blackall-Tambo Regional Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

**Financial risk management**

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

Blackall-Tambo Regional Council does not enter into 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 from customers.

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

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

Details of collateral held as security relating to the financial assets held by Blackall-Tambo Regional Council are provided below.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2014	2013
Financial assets		\$	\$
Cash and cash equivalents	10	6,811,068	2,328,149
Receivables - rates	11	4,464	38,600
Receivables - other	11	4,117,471	3,844,364
<b>Other credit exposures</b>			
Guarantees	21	433,659	407,396
<b>Total financial assets</b>		<b>11,366,662</b>	<b>6,618,509</b>

**Cash and cash equivalents**

The Council may be exposed to credit risk through its deposits held with banks and other financial institutions. These investments are held with highly rated/regulated banks, therefore the likelihood of a credit failure is remote.

**Other financial assets**

No other financial assets are held by Blackall-Tambo Regional Council.

**Trade and other receivables**

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

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

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**27 Financial instruments (continued)**

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

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	2014	2013
	\$	\$
Not past due	4,002,197	3,866,464
Past due 31-60 days NCI*	64,642	13,456
Past due 61-90 days NCI*	771	1,284
More than 90 days NCI*	52,565	-
More than 90 days CI*	1,760	1,760
Total	<u>4,121,935</u>	<u>3,882,964</u>

\*NCI - Not considered impaired

CI - Considered impaired

**Liquidity risk**

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

The Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

The 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. These facilities are disclosed in note 16. The following lines of credit were available at the end of the reporting period:

	2014	2013
	\$	\$
Facility Limit	-	5,000,000
Overdraft - QTC working capital facility	-	2,000,000
Available at 30 June	<u>-</u>	<u>3,000,000</u>

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

Council	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2014</b>					
Trade and other payables	3,540,713	-	-	3,540,713	3,540,713
Loans - QTC	528,334	2,087,733	-	2,616,067	2,245,697
	<u>4,069,047</u>	<u>2,087,733</u>	<u>-</u>	<u>6,156,780</u>	<u>5,786,410</u>
<b>2013</b>					
Trade and other payables	4,513,934	-	-	4,513,934	4,513,934
Loans - QTC	528,334	2,113,336	477,171	3,118,841	2,644,208
Loans - other	2,000,000	-	-	2,000,000	2,000,000
	<u>7,042,268</u>	<u>2,113,336</u>	<u>477,171</u>	<u>9,632,775</u>	<u>9,158,142</u>

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

**Blackall-Tambo Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**27 Financial instruments (continued)**

**Market risk**

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

*Interest rate risk*

Blackall-Tambo Regional Council is exposed to interest rate risk through borrowings with QTC and investments with other financial institutions.

The 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 the 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 the profit and equity, based on the 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>Council</b>					
<b>2014</b>					
Cash on deposit	4,162,688	41,627	(41,627)	41,627	(41,627)
Loans - QTC	(2,245,697)	(22,457)	22,457	(22,457)	22,457
<b>Net total</b>	<b>1,916,991</b>	<b>19,170</b>	<b>(19,170)</b>	<b>19,170</b>	<b>(19,170)</b>
<b>2013</b>					
Cash on deposit	2,265,426	22,654	(22,654)	22,654	(22,654)
Loans - QTC*	(2,644,208)	(26,442)	26,442	(26,442)	26,442
Overdraft - QTC	(2,000,000)	(20,000)	20,000	(20,000)	20,000
<b>Net total</b>	<b>(2,378,782)</b>	<b>(23,788)</b>	<b>23,788</b>	<b>(23,788)</b>	<b>23,788</b>

**Fair value**

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

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

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



**Blackall-Tambo Regional Council**  
**Financial statements**  
**For the year ended 30 June 2014**

**Management Certificate**  
**For the year ended 30 June 2014**

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 3 to 37, 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  
Barry Muir

Date: 31 / 10 / 2014

  
\_\_\_\_\_  
Chief Executive Officer  
Ken Timms

Date: 31 / 10 / 2014

**Blackall-Tambo Regional Council  
Current-year Financial Sustainability Statement  
For the year ended 30 June 2014**

**Measures of Financial Sustainability**

Council's performance at 30 June 2014 against key financial ratios and targets:

	How the measure is calculated	Actual - Consolidated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)			13% Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.			129% greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)			-7% not greater than 60%

**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.

**Certificate of Accuracy**  
For the year ended 30 June 2014

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  
Name *Barry Muir*

Date: *31/10/2014*

Chief Executive Officer  
Name *Kat Tinnis*

Date: *31/10/2014*

QAO  
certified statements

**Blackall-Tambo Regional Council**  
**Long-Term Financial Sustainability Statement**  
**Prepared as at 30 June 2014**

**Measures of Financial Sustainability**  
**Council**

Measure	Target	Actuals at 30 June 2014	Projected for the years ended					
			30 June 2015	30 June 2016	31 June 2017	30 June 2018	30 June 2019	30 June 2020
Operating surplus ratio								
the general purpose financial statements, as set out on pages 3 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.								
Net financial liabilities ratio								
Net result divided by total operating revenue								
	Between 0% and 10%	13%	20%	17%	20%	22%	25%	24%
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.								
	greater than 80%	128%	127%	161%	171%	177%	173%	185%
Total liabilities less current assets divided by total operating revenue								
	not greater than 80%	-7%	-14%	-26%	-28%	-30%	-35%	-37%

**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 long-term financial sustainability statement prepared as at 30 June 2014**

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

In accordance with Section 212(3) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

*[Signature]*

Mayer Name **Barry Muir**  
 Date **31.10.2014**

*[Signature]*  
 Chief Executive Officer  
 Name **BW Harris**  
 Date **31.10.2014**



**Blackall-Tambo**  
Regional Council

Exploring the past. Innovating the future.