

De-amalgamation Transfer Methodology

Version 1.0

The Department of Local Government, Community Recovery and Resilience leads a coordinated Queensland Government approach to delivering short and long-term solutions for strong local government.

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Abbreviations and glossary

CEO	Chief Executive Officer
CCEO	The chief executive officer of the current and continuing Sunshine Coast, Rockhampton, Tablelands and Cairns Regional Councils.
Changeover day	1 January 2014
Continuing council	The Sunshine Coast, Rockhampton, Tablelands and Cairns Regional Councils
DCS	De-amalgamation costs statement
DLGCRR	Department of Local Government, Community Recovery and Resilience
IT	Information technology
LGA	The <i>Local Government Act 2009</i>
LGR	The Local Government Regulation 2012
LGDIR	The Local Government (De-amalgamation Implementation) Regulation 2013.
LAC	Local Advisory Committee
Minister	The Minister for Local Government, Community Recovery and Resilience
New council	The new Noosa, Livingstone, Mareeba and Douglas Shire councils
QTC	Queensland Treasury Corporation
TAP	Transfer Action Plan
Transfer manager	The transfer manager for each of the new council areas appointed by the Minister: Noosa – Mr Peter Franks Livingstone – Mr Graeme Kanofski Mareeba – Mr Rod Ferguson Douglas – Mr Jeff Tate

1. Introduction

The de-amalgamation polls held on 9 March 2013, resulted in four communities voting to de-amalgamate from the existing regional councils.

This will result in the re-establishment of the former Noosa Shire Council, Livingstone Shire Council, Mareeba Shire Council and Douglas Shire Council (the new councils). These areas will de-amalgamate from the Sunshine Coast Regional Council, Rockhampton Regional Council, Tablelands Regional Council and Cairns Regional Council (the continuing councils) based on the boundaries as they existed immediately prior to the 2008 amalgamations.

In order to facilitate the de-amalgamations, the *Local Government (De-amalgamation Implementation) Regulation 2013* (LGDIR) was enacted on 11 April 2013.

Transfer managers have been appointed to manage the establishment of each new council. The transfer manager and chief executive officer of the continuing council will form the transfer committee in each de-amalgamation area. The transfer committee will be responsible for making decisions on matters such as the transfer of assets and liabilities to the new councils, establishment of joint agreements to ensure continuity of business and deciding on de-amalgamation costs.

A local advisory committee will also be established in each area to provide advice to the transfer managers on local issues.

This transfer methodology should be read in conjunction with the LGDIR and is designed to provide further advice and direction to the transfer manager and transfer committee on the de-amalgamation process.

2.Key dates

11 April 2013	<i>Local Government (De-amalgamation Implementation) Regulation 2013</i> enacted
12 April 2013	Transfer managers appointed
1 September 2013	Local Government Remuneration and Discipline Tribunal to decide remuneration/category for new councillors (s11(2) LGDIR) and councils
October to December 2013	Elections for new councils to be held at a date to be determined by the Minister.
31 December 2013	Terms of the following councillors end: Cairns—Division 10 Rockhampton—Divisions 1,2,3 Sunshine Coast—Divisions 11,12 Tablelands—Divisions 1,7,8
1 January 2014	Changeover day
1 January 2014	Transfer managers become acting chief executive officers—continue until a chief executive officer is appointed
1 January 2014	The term of mayor and councillors for each new council commences
1 July 2014—six months after ‘changeover day’	Transfer committee ceases to exist (unless another date approved by the Minister)
By 31 December 2014	The new council must discharge any Queensland Treasury Corporation working capital facility established for the sole purpose of facilitating the de-amalgamation
Next quadrennial election date (2016)	Terms of all councillors/mayors end

3. Fresh elections

The Minister will determine and confirm, by gazette notice, the day for the elections, which are likely to be in the last quarter of 2013, as outlined in section 9 of the LGDIR.

The elections will be conducted by the Electoral Commission Queensland subject to the provisions of the *Local Government Electoral Act 2011*.

Each new council will be responsible for the cost of the fresh elections. These costs will be de-amalgamation costs pursuant to section 35(1)(d) of the LGDIR.

Neither the continuing council chief executive officer (CCEO) or transfer manager will have any role in the conduct of the elections.

4. Transfer mechanism

4.1. Transfer manager

The transfer manager is accountable to the Minister and will report operationally to the Director-General of the department, or his nominee.

The department will pay the remuneration costs of the transfer manager, as determined under section 14 of the LGDIR. All costs associated with the transfer manager positions funded by the department will be de-amalgamation costs pursuant to section 35(1)(a) of the LGDIR.

The transfer manager will, in accordance with the LGDIR and the *Local Government Act 2009* (LGA), take all steps necessary to achieve separation of the new council from the continuing council and prepare for the new council to be business ready and commence operations from changeover day. This includes, but is not limited to:

- preparation and maintenance of a transfer action plan (TAP), refer section 4.6
- the transfer of contractual arrangements, assets, liabilities and documents from the continuing council to the new council as approved by the transfer committee
- establishment of a service delivery plan for the new council to ensure continuity of business and service to the community from changeover day
- develop an interim organisational structure for the new council and match employees transferring to the new council to that structure and, where necessary, engage new employees to fill required positions
- following identification of the plant and equipment to be transferred to the new council, arrange where necessary, procurement of any new plant and equipment required to enable continuity of business and service to the community from the changeover day
- establishment of business systems for the new council, including information and communications technology, data and knowledge management systems, corporate software applications, financial and assets management systems, property and rating systems, regulatory systems, human resource management and payroll systems.
- develop an interim budget for consideration by the new council after changeover day.

Where required, the transfer manager may engage consultants and contractors to provide them with specialist advice on and assistance with de-amalgamation tasks.

For example this may include, but is not limited to, specialist independent advice in the areas of legal, industrial relations, information technology, accounting and finance. Engagement must first be approved by the Director-General. These consultants and contractors will be engaged through the continuing council with all associated costs being de-amalgamation costs pursuant to section 35(1)(d) of the LGDIR.

The transfer manager, will establish a project team to support the de-amalgamation process. This project team will report directly to the transfer manager. The project team costs will be de-amalgamation costs pursuant to section 35 (1)(c) of the LGDIR.

It is acknowledged that in order to achieve the major objectives of the transfer manager position namely that the *'transfer manager will take all steps necessary to achieve separation of the new council from the continuing council and prepare for the new council to be business ready and commence operations from the commencement date'*, the transfer manager will need to commit the new council to a range of contracts, agreements and service delivery arrangements.

In doing so, the transfer manager will ensure that these contracts, agreements and service delivery arrangements are entered into on an interim basis so as to allow the new council to make a new decision in due course, unless absolutely necessary or if it is detrimental to the continuing council.

All costs incurred by the transfer manager will be de-amalgamation costs under section 35(1)(d) of LGDIR.

On changeover day, the transfer manager will become the acting chief executive officer of the new council and remain in that position until such time as the new council formally appoints a chief executive officer.

4.2. Continuing council chief executive officer

The continuing council chief executive officer (CCEO) is a member of the transfer committee and must work closely with the transfer manager to assist with the de-amalgamation implementation.

The CCEO is required to ensure that the transfer manager is provided reasonable access to continuing council facilities, information and records so as to enable the transfer manager to carry out the requirements of the position.

The CCEO must provide staff and facilities as required to the transfer manager for the project team. Staffing may consist of experienced staff from the continuing council, contract staff or consultants as necessary.

The CCEO must decide a process which defines how other continuing council staff, by secondment or otherwise, can be accessed to provide assistance to the transfer manager for the new council.

Casual or contract staff may be engaged by the continuing council where adequate or suitable staffing resources are not available from within the continuing council.

These costs will be de-amalgamation costs pursuant to section 35(1)(c) of the LGDIR.

The CCEO may delegate responsibility under the LGDIR and this transfer methodology pursuant to section 259 of the LGA. The CCEO must advise the transfer manager of any delegations.

4.3. Transfer methodology

This transfer methodology is made pursuant to the provisions of part 3, division 2 of the LGDIR.

The Director-General may amend or repeal this transfer methodology at any time, before or after the changeover day. This methodology or any amendment takes effect on the day that it is published on the department's website.

The Director-General will advise the transfer manager and CCEO immediately upon publishing any amendment to the transfer methodology.

4.4. Transfer committee

Section 28 of the LGDIR provides that the transfer committee may conduct its meetings in the way it considers appropriate and at times and places the committee decides is appropriate.

The transfer committee must ensure that formal minutes are kept of each transfer committee meeting and that these minutes are signed as a true and correct record by transfer committee members. These minutes represent the formal record of all decisions made by the transfer committee. Copies of signed transfer committee minutes must be provided to the Director-General within seven days of being signed.

Transfer committee meetings are not open to the public. The transfer committee is able to invite all persons necessary to ensure the orderly conduct of its business.

Section 30 of the LGDIR provides for adjudication by the Minister if the transfer committee is unable to make a decision in relation to one of its functions specified in section 27 of the LGDIR.

Either member of the transfer committee may refer the matter to the Minister.

The referral must be in writing and provide full details of the matter requiring decision. Both members must also provide the Minister with an individual submission outlining their position on relation to the matter and detailing the risk to their respective council of their position not being accepted.

All costs incurred by the transfer committee for the conduct of its meetings will be de-amalgamation costs under the provisions of LGDIR section 35(1)(d).

4.5. Local advisory committee

The LGDIR provides for establishment of a local advisory committee (LAC) for each new council area. The LAC is established to provide advice to the transfer manager on local matters to assist them in carrying out the role. The LAC may not direct the transfer manager.

The membership and number of members of each LAC is at the discretion of the Minister and may be altered at any time by the Minister. The Minister will provide notice of the appointment of, or changes to, the LAC membership in writing to the transfer manager and details will be published on the department's website.

The LGDIR requires that the LAC meet with the transfer manager at least once in each calendar month, however the transfer manager may arrange for meetings of the LAC at any time in order to seek advice.

No remuneration is payable to LAC members. The transfer manager may authorise reimbursement of reasonable expenses incurred by LAC members in attending meetings. Any costs incurred in conduct of LAC meetings will be de-amalgamation costs pursuant to section 35(1)(d) of the LGDIR.

4.6. Transfer action plan

The transfer manager must develop and maintain an up-to-date transfer action plan (TAP). The TAP should be considered a work in progress and must progressively document key steps with associated milestones, progress and completion deadlines required to ensure the new council is established and in a position to act effectively from changeover day.

Each transfer manager may decide the format for the TAP, however, as a minimum, it must include an overview and statistical snapshot of the new council and a section detailing actions under each of the key deliverable areas of the LGDIR. This includes:

- financial matters, including transfer of assets and liabilities
- staffing and interim organisational structure
- interim service delivery arrangements
- establishment and continuity of business systems
- information communications technology strategy
- details of contracts transferring and new contracts

- transfer of legal proceedings
- planning
- community engagement and communications plan.

The TAP should also include a section highlighting identified key risk areas and detail mitigation strategies.

Transfer managers must provide a monthly progress report, in the format specified by the Director-General, along with a copy of the latest TAP, no later than seven days after the end of each calendar month.

5. De-amalgamation costs

5.1. Identification of de-amalgamation costs

De-amalgamation costs are those defined in part 3, division 5, section 35 of the LGDIR. These include additional costs:

- identified in this de-amalgamation transfer methodology pursuant to section 35(1)(d)
- decided by the transfer committee pursuant to section 35(1)(e)
- decided by the Minister pursuant to section 35(1)(f).

5.2. Initial payment of de-amalgamation costs

In the period leading up to the changeover day, the continuing council will be responsible for payment of all de-amalgamation costs on behalf of the new council.

The CCEO must ensure detailed records are kept in relation to all de-amalgamation costs paid.

5.3. Recovery of de-amalgamation costs

The de-amalgamation costs of the new council are a debt payable by the new council to the relevant continuing council.

This debt may be satisfied by the continuing council deducting the amount of the debt for de-amalgamation costs from the cash assets to be transferred to the new council on changeover day.

Alternatively, the continuing council may apply to the department for approval to establish a Queensland Treasury Corporation (QTC) working capital facility, for the sole purpose of paying de-amalgamation costs and capitalised interest relating to the working capital facility.

This working capital facility will be transferred to the new council on changeover day with the new council being required to discharge the facility by 31 December 2014.

5.4. De-amalgamation costs statement

A monthly de-amalgamation costs statement (DCS) must be prepared for each new council. For the period to changeover day, the CCEO must prepare the statement. After changeover day through to the completion of the transfer committee's term the CEO of the new council must prepare the statement.

The DCS must include details of all approved de-amalgamation costs paid. The DCS must be certified by both the CCEO and transfer manager and provided to the Director-General no later than seven days after the end of each calendar month.

6. Financial matters

6.1. Balance sheet

The transfer committee must decide the split of assets and liabilities between the continuing and new council to determine the opening balance sheet position of the new council.

The Queensland Boundaries Commissioner's de-amalgamation report included a financial analysis prepared by QTC. As part of this analysis, QTC established an opening balance sheet position as at 1 July 2012 as a base case for testing.

Considerable effort was undertaken by QTC in constructing these opening balance sheets, which are based on the actual financial position of each council at amalgamation in 2008 along with a break up by new and continuing council area from 16 March 2008 to 30 June 2012.

Due to the significant effort and cost involved in reaching this position, it is recommended, particularly to determine a starting position for the break up of cash and debt, that the transfer committee give consideration to using the figures established by QTC.

Appendix 1 provides the proposed balance sheet allocation methodology, prepared by QTC, that may be used to determine the separation of balance sheet items between the continuing and new councils.

Each transfer committee will be provided with QTC financial information relevant to their council.

6.2. Summary of opening financial position

The transfer manager must also prepare a detailed report outlining the new council's opening financial position and short-term financial outlook. This report must be provided to the new council at its first meeting.

7. Staff and interim organisational structure

7.1. Organisational structure

Section 54 of the LGDIR requires each continuing council to adopt a new organisational structure which will apply on changeover day.

The transfer manager must also prepare an interim organisational structure for the new council. This structure will apply to the new council from changeover day until such time as the new council adopts a new structure in accordance with the provisions of section 196 of the LGA.

7.2. Transfer of staff—continuing council

The CCEO, having regard for the ongoing operational requirements of the continuing council, will determine which staff will be transferred to the new council.

Section 55(2) of the LGDIR restricts the number of positions that may be transferred to a pre-determined range for each new council. The numbers of positions quoted for each range should be taken to be the number of full-time equivalent positions to be transferred.

Once the CCEO has determined those staff that will transfer to the new council, the CCEO must provide full details to the transfer manager in writing.

7.3. Transfer of staff—new council

Once the transfer manager has been formally advised by the CCEO of the details of the staff that will be allocated to the new council, the transfer manager must determine the roles of the transferring staff in the interim organisational structure where possible.

The transfer manager is to prepare a list of transferring staff that are unable to be meaningfully placed in the interim organisational structure for consideration of the new council.

It is recognised that in order to be operationally ready at changeover day, it may be necessary for staff identified as transferring to the new council to commence duties under the direction of the transfer manager prior to changeover day. Where this occurs, the costs of these employees will be de-amalgamation costs pursuant to section 35(1)(c) of the LGDIR.

7.4. Communications with staff

The transfer committee must ensure regular communication occurs with all continuing council staff including those staff that will transition to the new council.

7.5. Employment instruments and records

Pursuant to the provisions of Part 5 of the LGDIR and subject to section 56 (4) of the LGDIR, all employment and industrial relations instruments including employment records, policies, contracts and enterprise bargaining agreements remain in force and apply to the new council to the extent they apply to staff transitioning to the new council.

8. Interim service delivery arrangements

The transfer manager must ensure that the new council is business ready and in a position to provide continuity of service to residents from changeover day. In order to achieve this, the transfer manager has the power to do all things necessary or convenient to be done to ensure the new council can meet its local government responsibilities.

In discharging this responsibility, the transfer manager must, wherever possible, ensure that the decisions are made:

- on an interim basis only so that the new council is able to make the final decisions on the issue after changeover day
- within the budget allocated for the new council past changeover day

In determining the service delivery arrangements, the transfer manager should:

- identify each service and service location
- determine, where necessary on an interim basis, the level of service to be applied to each function
- identify budgeted capital works program applicable to the new council area
- give consideration to the benefits of maintaining shared service arrangements with the continuing council for service delivery
- where necessary enter into contracts or shared service arrangements for the provision of functions.

The transfer manager must develop a community information campaign aimed at informing the community in relation to on-going services from changeover day.

9. Contracts

9.1. Application of existing contracts

Where there is a current contract to which the continuing council is a party, if the context permits, it is taken to be a contract with the new council or both the continuing council and new council pursuant to section 50 of the LGDIR.

For example, a contract for the:

- employment of staff
- construction of a new building or other infrastructure which is entirely within the new council area, would be deemed to be a contract related to the new council or
- provision of maintenance services (e.g. waste collection, mowing, public facilities maintenance and cleaning services) which applies across both the continuing and new council areas would be deemed to be a contract with both the continuing and new council.

The transfer committee must agree and maintain a schedule of all contracts which, after changeover day, will apply to the:

- new council only
- continuing council only
- new and continuing council.

In relation to those contracts that will continue to apply to both the continuing and new councils, the transfer committee must decide, within the terms of the contract, the extent of the liability of each council and the process for managing the contract beyond changeover day.

All costs associated with determining the status of each contract are deemed to be a de-amalgamation cost pursuant to section 35(1)(d) of the LGDIR.

9.2. Entering into new contracts—continuing council

It is acknowledged that circumstances may arise whereby it is absolutely necessary in order to ensure continuity of business and delivery of essential services, that the continuing council may need to enter into new contracts that will bind the new council, prior to changeover day.

Section 57 of the LGDIR provides a specific approval process for major contracts.

In cases where the continuing council and transfer manager are unable to agree on whether the continuing council should enter into the contract and the Minister is required to make a decision pursuant to section 57(3) of the LGDIR, the CCEO should write to the Minister setting out:

- the purpose of the contract
- the monetary value of the contract
- why it is desirable to enter into the contract prior to the changeover day
- the impact of the contract on both the new and continuing council after the changeover day.

The transfer manager should also write to the Minister setting out the reasons for not agreeing to the contract.

9.3. New contracts for the new council

It is acknowledged that in order to ensure continuity of service delivery from changeover day, the transfer manager may need to enter into contracts that will bind the new council. This power is provided for in section 16 of the LGDIR.

Section 16(3) of the LGDIR provides that the transfer manager must obtain the approval of the Director-General prior to entering into the contract. In seeking this approval, the transfer manager should write to the Director-General setting out:

- the purpose of the contract
- the monetary value of the contract
- why it is desirable to enter into the contract prior to the changeover day
- provide an explanation as to the likely impact on the new council if the contract is not finalised prior to changeover day.

The transfer manager will ensure that these contracts are, unless absolutely necessary or the action would be detrimental to the continuing council, entered into on an interim basis so as to allow the new council to make a new decision in due course.

Consideration should also be given by the transfer committee as to whether short-term or long-term shared services arrangement between the new and continuing council may be of benefit. This is particularly important in the corporate services space where continuity of corporate knowledge and systems is essential.

All costs incurred by the transfer manager in establishing these contracts will be de-amalgamation costs pursuant to section 35(1)(d) of the LGDIR.

10. General governance issues

10.1. Local laws and other instruments

All instruments such as local laws, planning instruments, policies and procedures will, on changeover day, transfer to the new council pursuant to the regulation.

References in those documents to the continuing council are to be read as references to the new council where appropriate. Following changeover day, the new council is at liberty to amend or update these instruments as deemed appropriate.

The transfer manager must establish an inventory and official record of all instruments.

10.2. Transfer of legal proceedings

In terms of the transfer of current legal proceedings, the transfer committee should promptly identify all current proceedings and decide whether a proceeding is to transfer to the new council government on changeover day.

Key factors which should be included in that decision-making process include:

- workcover claims involving staff will follow the staff member
- workplace health and safety claims pertaining to a particular workplace will remain with the council who will be responsible for that workplace. For example, if a library is located in a new council area, it may be suitable to transfer a related claim to the new council
- planning and environment matters will be transferred to the appropriate council based on the property's location.

10.3. Business registration and tax requirements

The transfer manager must ensure all necessary operational requirements such as registered trading name, ABN, registration for GST, FBT and other tax requirements are arranged.

10.4. Delegations and authorisations

All existing delegations and authorisations of the continuing council apply to the new council until varied or revoked by the new council.

There will be a need to rationalise some delegations and authorisations associated with the executive and senior management positions affected by the new interim executive organisational structure and there may also be a need for some additional delegations and authorisations in this regard.

The required outcome should be an interim delegations and authorisations schedule relating to the interim organisational structure.

10.5. Insurance policy

The transfer manager must ensure that the new council has adequate insurance cover is provided for the new council from changeover day.

10.6. Information technology separation

The transfer manager must ensure that the new council has an operational information technology (IT) capability from changeover day.

As part of the Queensland Boundaries Commissioner assessment and QTC financial analysis, KPMG were engaged to undertake a high-level cost estimate for the de-amalgamation and re-establishment of an operational IT capability.

This review took into account the broad range of IT capability including:

- establishment of data centre
- client peripherals
- data and voice systems, PABX, core switches and routers, wide area networking including internet, firewall and remote access device, voice telecommunications, mobile phone service and supervisory control and data acquisition systems
- establishment of helpdesk
- core applications software including financials, property and rating, asset management, human resources and payroll, spatial and mapping, library management, minutes/agenda and reports, design (Autocad), Microsoft Enterprise agreement
- costs for transition of data to new council and cleanup of continuing council data.

The department will provide the transfer committee a copy of the KPMG document to assist in planning the establishment and transfer of data and systems to the new council.

When undertaking an assessment of the needs and developing the IT strategy, it is recommended that full consideration be given to the possible continuation of delivery of IT services via a shared service arrangement with the continuing council.

All costs associated with the separation of the information technology and communications systems and establishment of systems for the new council are de-amalgamation costs pursuant to section 35(1)(d) of the LGDIR.

10.7. Records separation

The transfer committee, having regard to the requirements of Part 5 of the LGDIR and provisions of the *Public Records Act 2002* will need to ensure the proper separation and sharing of all council records between the continuing and new council.

This will require early agreement and establishment of a process to identify:

- Which records are to be transferred
- Ownership and custody of records
- Formats for transferring electronic/digital records
- Transfer timeframes
- Contractual arrangements (eg arrangements with external service providers for records storage offsite)
- On-going access arrangements.

Further information to assist with the management and transfer of records can be found on the Queensland State Archives website www.archive.qld.gov.au.

All costs associated with the separation of records are de-amalgamation costs pursuant to section 35 (1) (d) of the LGDIR.

Appendix 1—Balance sheet allocation methodology

The following table sets out the proposed balance sheet allocation methodology, prepared by QTC, that may be used to determine the separation of balance sheet items between the continuing and new councils based on the 1 July 2012 opening balance position prepared by QTC and published with the Queensland Boundaries Commissioner's Report.

The sum of the balance sheets for the new council and continuing council must equal the balance sheet used for statutory reporting purposes by the existing council as at 30 June 2013 and 31 December 2013.

Item	As at 30 June 2013	As at 31 December 2013
Cash and cash equivalents	<p>Council to use the opening balance sheet identified as at 1 July 2012 and reconstruct the cash flows that would have occurred for the new council and the continuing council over the period from 1 July 2012 to 30 June 2013.</p> <p>The cash flow reconstruction should take into account movements in all cash flow items including but not limited to accounts receivable/payable, grants, debt draw downs, repayments and interest payments.</p>	<p>Council to use the opening balance sheet identified as at 30 June 2013 and reconstruct the cash flows that would have occurred for the new council and the continuing council over the period from 31 December 2013.</p> <p>The cash flow reconstruction should take into account movements in all cash flow items including accounts receivable/payable, grants, debt draw downs, repayments and interest payments.</p>
Debt	<p>Based on the opening balance of debt for the new council and the continuing council as at 30 June 2012,</p> <ul style="list-style-type: none"> - plus new borrowings in proportion to the value of capital expenditure made by the existing council in the new council and continuing council geographical area (unless more accurate detail known) - less redemptions made by the existing council in proportion to the value of borrowings held by the new council and continuing council (unless more accurate detail known) <p>over the period from amalgamation on 1 July 2012 to 30 June 2013.</p>	<p>Based on the opening balance of debt for the new council and continuing council as at 30 June 2013,</p> <ul style="list-style-type: none"> - plus new borrowings made by the existing council on behalf of the new council and continuing council - less redemptions made by the existing council on behalf of the new council and continuing council <p>over the period from 30 June 2013 to 31 December 2013.</p>
Receivables	<p>Based on the actual contribution to receivables by the new council and continuing council as at 30 June 2013 (ie, allocated in accordance with the underlying transaction).</p>	<p>Based on the balance of receivables as at 31 December 2013 for the new council and continuing council.</p>
Land held for development	<p>Based on where the land is located as at 30 June 2013. The new council and continuing council should receive land held for development in their geographical areas.</p>	<p>Based on the location of the land or other assets assumed as at 30 June 2013, adjusted for any agreed movements in land or other assets to 31 December 2013.</p>

Inventory	<p>Inventory which relates to specific plant and machinery, infrastructure or work in progress should go to the new council or continuing council where the specific plant and machinery, infrastructure or work in progress is allocated.</p> <p>Residual inventory should be based on the percentage of inventory contributed by the new council and continuing council at amalgamation.</p>	<p>Based on the allocation of inventory as at 30 June 2013, adjusted for movements related to the new council and continuing council operations to 31 December 2013.</p> <p>Inventory which relates to specific plant and machinery, infrastructure or work in progress should go to the new council or continuing council where the specific plant and machinery, infrastructure or work in progress is allocated.</p> <p>Residual inventory should be based on the percentage of inventory contributed by the new council and continuing council at amalgamation.</p>
Prepayments	<p>Based on balance of prepayments as at 30 June 2013 attributable to the new council and continuing council (ie, allocated in accordance with the underlying transaction).</p>	<p>Based on the balance of prepayments as at 31 December 2013 for the new council and continuing council.</p>
PP&E	<p>Based on the physical location of the PP&E as at 30 June 2013. The new council and continuing council should receive PP&E in their geographical areas.</p> <p>Where there is uncertainty / disagreement, the allocation should be based on the balance of PP&E held as at 30 June 2012.</p>	<p>Based on the physical location of PP&E assumed as at 30 June 2013, adjusted for any agreed movements in PP&E to 31 December 2013.</p> <p>The new council and continuing council should receive all PP&E required in their geographical area.</p>
Intangible assets	<p>Based on the physical location of the assets to which the intangible asset relates as at 30 June 2013.</p>	<p>Based on the balance of intangible assets as at 30 June 2013, adjusted for any movements in intangible assets to 31 December 2013.</p>
Capital works in progress	<p>Based on the physical location of the capital works in progress as at 30 June 2013. The new council and continuing council should receive all capital works in progress in their geographical area.</p>	<p>Based on the balance of capital works in progress as at 30 June 2013, adjusted for any movements in capital works in progress to 31 December 2013.</p> <p>The new council and continuing council should receive all capital works in progress in their geographical area.</p>
Trade and other payables	<p>Based on the actual contribution to trade and other payables by the new council and continuing council as at 30 June 2013 (ie, allocated in accordance with the underlying transaction).</p>	<p>Based on the balance of trade and other payables as at 31 December 2013 for the new council and continuing council.</p>

Employee provisions	<p>Based on the provisions attaching to the staff that are expected to reside with the new council and continuing council on 1 January 2013.</p> <p>If this is not known with certainty, then based on the percentage of staff numbers expected to transfer to the new council and continuing council on de-amalgamation.</p> <p>These provisions will not be cash backed.</p>	<p>Based on the provisions attaching to the staff that will reside with the new council and continuing council on 1 January 2013.</p> <p>These provisions will not be cash backed.</p>
Other provisions	<p>Based on balance of other provisions as at 30 June 2013 attributable to the new council and continuing council (ie, allocated in accordance with the underlying transaction).</p> <p>These provisions will not be cash backed.</p>	<p>Based on balance of other provisions as at 31 December 2013 attributable to the new council and continuing council (ie, allocated in accordance with the underlying transaction).</p> <p>These provisions will not be cash backed.</p>
Other assets and liabilities	<p>Based on balance of other assets and liabilities as at 30 June 2013 attributable to the new council and continuing council (ie, allocated in accordance with the underlying transaction).</p>	<p>Based on balance of other assets and liabilities as at 31 December 2013 attributable to the new council and continuing council (ie, allocated in accordance with the underlying transaction).</p>

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