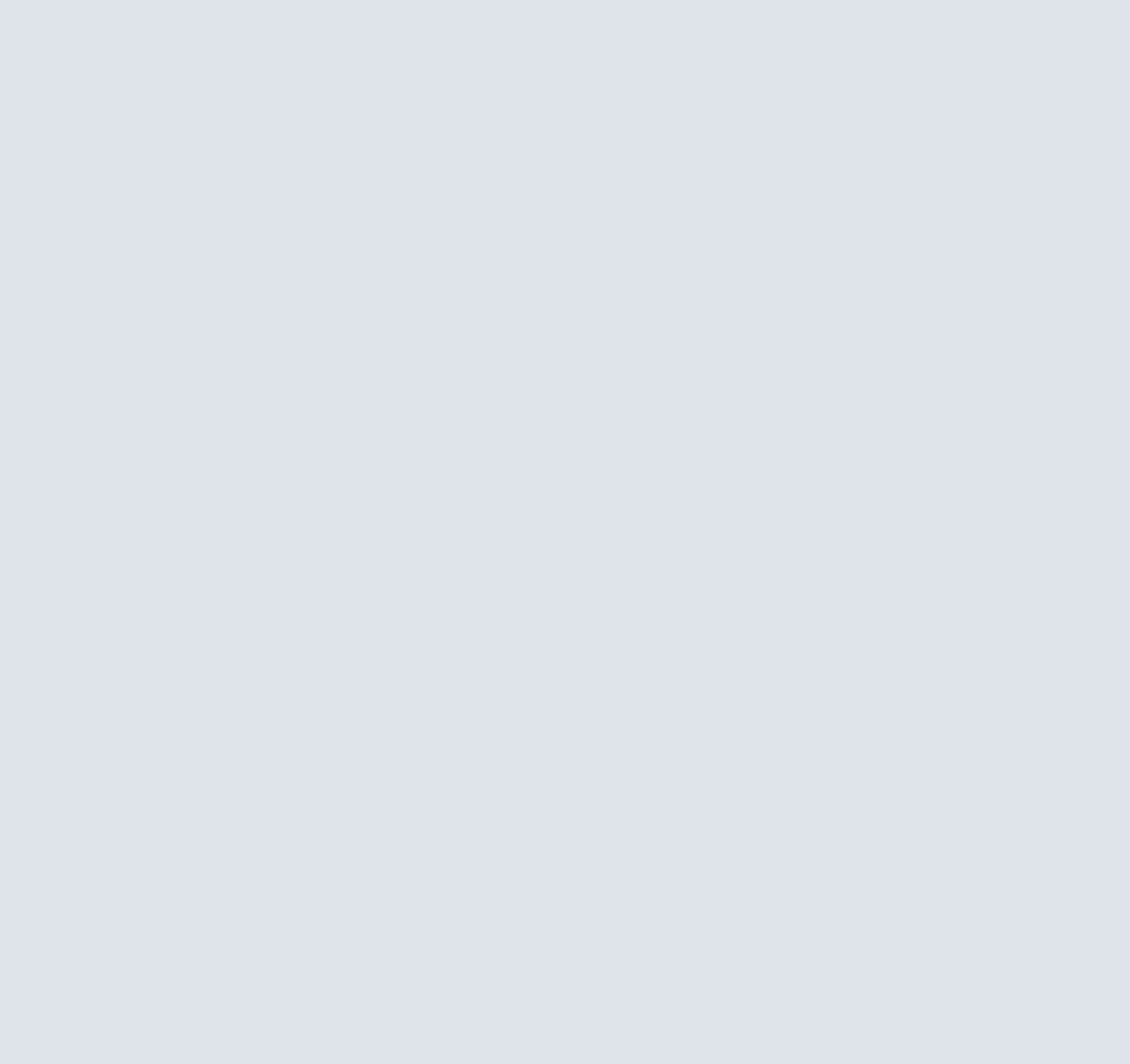
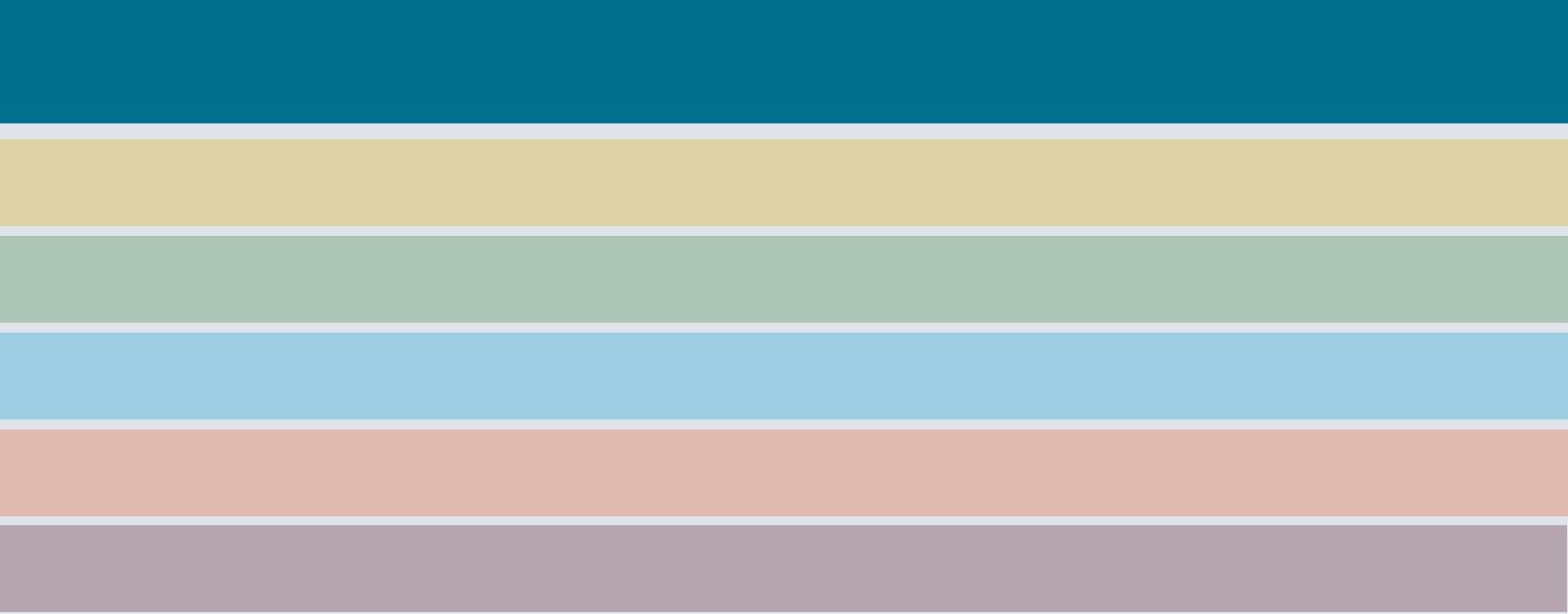




2016/17
Annual Report



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Introduction

Welcome to the Barcoo Shire Council Annual Report 2016/17, which provides a summary of Council's operations from 1 July 2016 to 30 June 2017.

Under the *Local Government Act 2009*, all councils in Queensland must adopt an annual report each year to show how the organisation is progressing in meeting the outcomes outlined in its corporate and operational plans.

We welcome the opportunity to report back to our community as part of our commitment to be an open, transparent and accountable local government authority. This annual report provides an overview of our achievements and challenges. It is our report card to our residents, ratepayers, customers, staff, the corporate sector, statutory bodies and other interested parties.

Annual report distribution

Barcoo Shire Council's annual report is available in hard copy or electronic format. Printed copies can be requested in writing to:

The Chief Executive Officer
Barcoo Shire Council
PO Box 14
Jundah QLD 4736

It is also available by phoning Council's Administration Centre on (07) 4658 6900 during normal business hours.

Alternatively, you can visit Council's website at www.barcoo.qld.gov.au to download a copy. Copies are also distributed to the Department of Local Government and the Queensland State Library.

Feedback

In the interest of continuous improvement, Council welcomes your feedback on this report. Please forward your comments in writing to the Chief Executive Officer at the address above or email to shire@barcoo.qld.gov.au.

Shire profile

Barcoo is a remote rural shire located in western Queensland in the heart of the Channel Country. It includes the towns of Stonehenge, Jundah and Windorah and surrounding properties, and a population of approximately 345 people (Australia Bureau of Statistics 2011 Census figures).

Barcoo Shire covers an expanse of 61,974 square kilometres and shares borders with Longreach Regional Council, the shires of Winton, Diamantina, Quilpie and Bulloo, and the border of South Australia. The shire's primary river systems are the Thomson and Barcoo, which amalgamate above Windorah to become Cooper's Creek. All rivers and creeks within the shire flow southwest towards South Australia, terminating at Lake Eyre.

The shire's main economic output is beef production and, to a lesser extent, wool production, opal mining, earthmoving works, tourism and hospitality. Recent times have seen the discovery of reserves of oil and gas within the shire, which has led to considerable development in these industries.

Our residents say they enjoy living in the shire because of our strong sense of community, the opportunity to stand out from the crowd, low crime, quality lifestyle and wide open spaces. Visitors to our region discover scenic lookouts, red sand dunes, spectacular wildflowers, the unique water labyrinths of the Channel Country in flood and, above all, the wonderful hospitality of the people who live here.



Barcoo Shire Council recognises the traditional owners of the land and maintains strong cooperative relationships with local Indigenous groups including the Mithaka Aboriginal Corporation.

Council overview

Barcoo Shire Council was established on 31 March 1903 after the previous Barcoo Divisional Board was abolished. It administers local government within the shire as required by the *Local Government Act 2009*. Council provides public municipal and rural services, is responsible for local planning and policy, fosters regional social and economic development, and maintains a significant road construction and maintenance business.

Vision, mission, priorities and values

The following vision, mission, priorities and values are those as captured in the Barcoo Shire Council Corporate Plan 2016-2021. They guide our annual budget and operational plan.

OUR VISION

Barcoo Shire: where people, lifestyle, business and the natural environment flourish.

OUR MISSION

To provide quality lifestyles for the people of our shire by:

- committing to the objectives of our corporate plan
- supporting our communities
- embracing innovation
- creating and taking advantage of opportunities
- being a leader in local government and our region.

OUR PRIORITIES

In carrying out our mission, our priorities are:

- our people
- our children's future
- the wellbeing and growth of our communities
- the responsible and sustainable development of our shire
- the uniqueness of our shire and the individuality of our towns
- the integrity of our natural assets
- our cultural, social and natural history
- education and skills development
- responsible governance
- regional cooperation.

OUR CORE VALUES

How we accomplish our mission is as important as our mission itself. Fundamental to achieving success are the following core values:

Quality service

We value integrity and transparency.

Excellence

We value the pursuit of excellence by our management and staff.

Innovation

We value creativity and innovation as a way of improving our service.

Culture

We value maintaining a positive and respectful culture through the way our elected members, staff and community work together.

Accountability

We value the importance of being accountable to our community and to the individuals who access our services, programs and facilities.

Transparency

We value openness in our dealings and consultation with our community.

Message from the Mayor

The 2016/17 financial year has been a year of change and readjustment for Barcoo Shire Council.

This change and readjustment has come in many ways. The biggest change for Council and its communities and visitors was the building, commissioning and switching on of the Barcoo and Diamantina Optic Fibre Project. This project has been 16 years in the planning and delivery, and has been the biggest project ever undertaken by Council and shire. The building of 700 km of optic fibre backhaul through Barcoo and Diamantina Shires, the commissioning of ADSL services in Birdsville, Bedourie, Jundah and Windorah, and the deployment of 3G and 4G mobile base stations at the five communities (including Stonehenge), has changed the way we access services and communicate socially and for business. It has brought the two remote local government areas into the 21st century of communications and has shored up the longevity and sustainability of our communities well into the future.

The project has also added to the efficiency of Council's operations. We can now connect our remote offices directly together using the Telstra GWIP service – making one office, many locations. It will enable our staff to work in all aspects of the business from any of our offices, or to be able to work remotely. This will provide a modern and flexible work environment, and hopefully encourage people to relocate to these remote locations. Having a mobile phone service has made our workforce much more contactable and agile in the workplace, and has enabled our managers to have a mobile office.

The incoming elected Council was very conscious of the need for change to improve some governance and human resources management practices to support the development of a responsible, effective and efficient organisation that has a safe workplace and responsive corporate culture.

We ventured down a path of an organisational review through extensive engagement with all involved: first with Councillors and executive managers, and then the whole workforce. Council recruited the services of the Mead Perry Group, SeeChange and Strategy 2 Action to help with the review. Council and senior management have also been working with the Queensland Treasury Corporation and the Local Government Association of Queensland for guidance, training and support.

It has always been Council's goal to involve all members of the organisation in the review process and to promote a culture of bottom-up as well as top-down decision making processes – and that Council is considerate of everyone's opinion in making the organisation and shire a better place to work and live, respectively. I would like to take the opportunity to thank the Barcoo Shire Council staff and Councillors for their commitment to change through the organisational review process. I acknowledge there have been mistakes along the way, and I am first to say that we could have done certain things better. But Council is now in a much better and more sustainable position to deal with its corporate and community responsibilities, as well as any adverse shocks that may come our way.

Councillors and senior management are continuing to review all of Council's policies and governance processes, to make sure the proper controls are in place for Council to meet its legislative and statutory requirements, and the expectations of the communities it serves. There has been a particular focus on procurement and the stores operation to make sure we are getting best value, have proper controls, and hold appropriate stock levels for the day-to-day activities of Council.

Through the financial year, Council developed committee processes to help guide and enhance function areas. This involved inviting members of the wider staff and community into the process, to hopefully provide a more holistic approach to the path of reform, additional accountability, higher level of oversight, and improved performance.

These committees include Land Water and Animal Management Committee, Corporate Services Committee, Works and Services Committee, Tourism and Community Committee, and Finance Risk and Audit Committee. This approach is really breaking through some of the roadblocks and bureaucracy that can plague governments and organisations of all persuasions. I find that involving everyone concerned with a particular operation of Council in the conversation certainly has a way of delivering positive outcomes.



Mayor Bruce Scott and His Excellency the Honourable Paul de Jersey AC

The Corporate Services Committee and this function area of Council have been responsible for much of the change management processes, policy review, governance management and implementation and the human resources review. This has been a huge task and has increased the workload in this area of management. I would like to thank both the external and internal members of this committee and the staff involved in managing this area, for all of your advice and wise counsel to staff and Council. There has been some hard and laborious work done by those involved, and I would particularly like to mention the diligent and hard work of Manager of Governance and Human Resources, Lisa Russell, and Acting Director of Corporate Services, Lew Rojahn, for all of your efforts in implementing better governance and management process within Council.

Council has had a very busy year in Works and Services, with bitumen sealing and re-sheeting of many kilometres of state and local-controlled roads. There has also been a number of civil projects completed or are in the process of being completed, like the refurbishment of the Jundah Pool and the Windorah and Stonehenge Streetscape projects to name a few. The completion of these projects and the general appearance of our shire make our roads and communities safer and nicer places to live and visit. The professional way in which our construction and maintenance staff carry out their day-to-day responsibilities has enabled Council to access additional state and federal funding. I would like to compliment our engineer and Acting Director of Works and Services, Greg Clark, for his support and leadership to Council and his workforce during this reporting period.

Planning has been completed for the development of a general store and roadhouse in Jundah. This project will deliver many social and economic outcomes for the community and visitors, by providing an outlet for basic food supplies, prepared meals and 24-hour access to fuel. It will also provide the opportunity for greater permanent employment and an increase in jobs in Jundah town.

Tourism is now the biggest activity in the shire and a huge part of our economy. It also supports growth and job opportunities in the three towns. Council regularly receives positive and complimentary comments from visitors to the shire about the friendly and helpful staff in our Visitor Information Centres and those responsible for the maintenance and management of our towns, caravan parks and popular public areas. All of which is very pleasing to hear, and adds to the attraction of the shire to cater for more visitors.

Council is very aware of the need to review the way in which it provides housing to its staff, and, where possible, encourage greater home ownership in our communities. Over the next 12 to 24 months, Council will focus on providing a more community-orientated and sustainable choice and standard of staff housing. Otherwise, it won't be in a position to attract and retain the employees it needs for a fully functioning local authority.

To this end, Council is considering building a number of new houses that are both attractive and comfortable, and constructed of materials that are long lasting and require little maintenance. Council is also considering the sale of many of its older housing stock to our employees who are tenants. This initiative will create the opportunity for more private home ownership for members of our community, and will relieve Council of the ongoing maintenance and ownership costs of these assets.

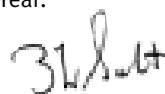
The Land Water and Animal Advisory Committee has provided Council with excellent advice on policy and operational matters in relation to the management of public land, water policy and pest plants and animals. The committee has been very proactive in engaging with the community through weed surveys and annual feral animal control, and planning is under way for educational workshops and field days in the 2017/18 financial year, to encourage and assist landholders in meeting their responsibilities to the landscape and to their neighbours. I would like to acknowledge the committee and the shire Rural Lands Officer, Peter Pidgeon, for your efforts in land management and biosecurity control.

I must thank my fellow Councillors for your trust and support of me and your dedication to Barcoo Shire and your constituency. You are a great Council to work with, and I am proud to be part of your team.

Thank you to CEO, Bob O'Brien, and your staff for the dedication to the task of carrying out of Barcoo Shire's responsibilities both administratively and operationally. You have overseen large projects and a considerable amount of change to the organisation. And I am proud of the fact that we, as a collective organisation, have been looking forward and working toward providing a better performing and more accountable local authority.

In reflection of this reporting period, I am happy to say that Council has met most of its operational objectives, and was in a position to take on considerably more civil projects, which have enabled Council to maintain its current workforce levels. I am of the opinion that Council is very well advanced in implementing better and more sustainable governance, internal control and safety procedures. We have considerable work to do on risk management and asset management, but I can say this has been advanced well since the end of the financial year and me writing this report.

I am looking forward to the challenges of the 2017-18 Financial Year.



Bruce Scott

Message from the Chief Executive Officer

This year has been a year of change and self-examination, with the newly elected Council now having had a full year of management.

Once again the outlook for the financial year has been challenging. The 2016 winter season was pretty much unprecedented, which disrupted the works plan in the initial three months. The summer of 2016/17 was again a very big disappointment for both Council and our rural community.

This year has seen major and ongoing change in our management structure, as we responded to financial and workforce pressures. A comprehensive examination of Council operations and associated senior management structures have given a clear insight into the issues that inhibit our organisation.

Financially, Council has increased the equity on the balance sheet, however, we have struggled to increase operational revenue (revenue earned via rates, charges and recoverable works). Capital grants continued to give significant relief to workforce continuity, and are a major contributor to the increase of equity in the balance sheet.

Council's cash balance has reduced, and this is anticipated to further reduce, as Council is required to match grant funding for some assets. The continuation of operational deficits will also impact on Council's cash balances into the future. Funding associated with the now completed optic fibre project has impacted on Council's bottom line. This was always anticipated, however, the bonus of having high speed internet and a mobile service in all three communities has been a welcome development.

The fibre project was completed well ahead of the original schedule date of November 2017. A big thank you to all the participants in the ground breaking project: the Commonwealth Government, the Queensland Government, Telstra Corporation, Diamantina Shire and all the consultants who helped with the administration and funding applications.

It should be noted that both the Diamantina Shire and Barcoo Shire were recognised for their efforts and contribution to their respective communities by the Local Government Managers Australia (LGMA) by way of a major award in April this year.

Our roads continue to develop, and this is a credit to all concerned: elected members, senior management and construction crews. Senior management over the year paid special attention to planning and design of specific projects, and this resulted in two projects being bought forward thanks to the proactive efforts of staff.

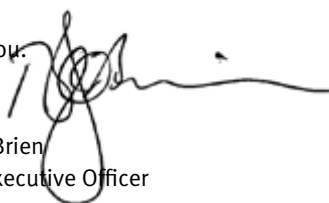
Another area praised both by visitors and residents alike is our current commitment to our parks and gardens. Our staff in these areas have undertaken an excellent piece of work improving and maintaining the grounds and flora.

Our tourist facilities have taken a giant step forward with enhancements to all three towns. This has been significantly assisted by government funding. We have now the foundations to build our visitor numbers and to showcase our uniqueness.

Taking into account the ups and downs, the good and the bad, Barcoo Shire is in a good position to keep our people employed, our communities moving forward and our organisation continuing to improve. Although this has not been our best year, I believe we have strong foundation for the coming years. External government funding will continue, especially for new or replacement of important assets, however, the funds needed to deliver our basic services will continue to be in limited supply – which remains a constant challenge for Council.

Finally, I once again thank everyone who supported Council in 2016/17.

Thankyou.



Bob O'Brien
Chief Executive Officer



Dinner in honour of His Excellency the Honourable Paul de Jersey AC



Council

Council meetings

Elected members form the decision-making body of Council, and matters for consideration are directed through regular Council meetings.

Ordinary Meetings of Council are held on the third Wednesday of every month. Special Meetings are convened where necessary to consider specific items such as budget, major projects and future strategic direction. Like Ordinary Meetings, Special Meetings comprise all members of Council and are called as and when required to attend to any urgent business of Council.

All meetings are open to the public unless Council resolves under Section 275 of the Local Government Regulation 2012, that a meeting be closed. Council, from time to time, needs to discuss matters such as contracts, staff, and industrial and legal proceedings 'in confidence' and closes that part of the meeting to public.

Public notice of days and times of meetings is given each month and copies of the agenda for each meeting are available for public inspection at Council's Administration Centre (6 Perkins Street, Jundah) two days prior to each scheduled meeting.

Councillors' remuneration

Councillor remuneration 2016/2017

Name	Councillor allowance	Car km allowance	Other expenses allowance	Totals
Jill Fitzgerald	\$24,803.66	\$2,305.50	\$0.00	\$27,109.16
Dianne Pidgeon	\$24,803.66	\$3,270.00	\$0.00	\$28,073.66
Peter Batt	\$24,803.66	\$1,020.00	\$0.00	\$25,823.66
Michael Pratt	\$34,882.75	\$1,485.00	\$0.00	\$36,367.75
Bruce Scott	\$81,389.58	\$693.00	\$48.75	\$82,131.33
Totals	\$190,683.31	\$8,773.50	\$48.75	\$199,505.56

No overseas travel was made by a Councillor or employee in an official capacity during 2016/17.

Elected representatives

All Councillors serve the shire as a whole and are required to take a broad view of matters affecting the whole local government area. Councillors are required to represent the overall public interest of the shire and steer growth and development through informed decision-making.

Individually and collectively, Councillors are accountable to the community they serve. This annual report acknowledges the personal dedication and significant time and effort both individual Councillors and their families contribute.

Meeting attendance

Name	General Meeting (12-meetings)	Budget/Special Meetings (2-meetings)
Jill Fitzgerald	12	2
Diane Pidgeon	12	2
Peter Batt	11	1
Michael Pratt	10	1
Bruce Scott	12	2

The elected Council following the 19 March 2016 Local Government Election

The current Barcoo Shire Council was sworn in on 6 April 2016 and is comprised of four Councillors and a Mayor, who were elected by eligible voters in the Barcoo Shire.



Cr Bruce Scott - Mayor

Bruce's community service includes 18 years as Councillor and 12 years as Barcoo Shire Mayor (he retired after deciding not to contest the 2012 election). Bruce was recently again elected as Mayor in the 2016 Queensland

Local Government Elections. He has served on numerous boards as well as local, state and federal government committees and community committees. He was previously director of the Central West Hospital and Health Service and Chair of Desert Channels Queensland until 2016. He is currently director of the Regional Natural Resource Management Groups Collective Board.

Bruce has been self-employed and an employer for more than 30 years in his own businesses. He has extensive experience living and working with very remote communities and understands their unique social needs. He has had experience in probity and governance, financial monitoring and budgeting in cash and accrual standards, as well as asset management and capital depreciation. Bruce brings to the organisation extensive experience in information communication technology consultation, communications infrastructure planning, network development and telecommunications services rollout to regional and remote areas.

Member of: Remote Area Planning and Development Board, Windorah Rodeo Club, Windorah Development Board and Chair of the Digital Strategy Group.



Cr Michael Pratt - Deputy Mayor

Michael has served as a Councillor since being elected in 2005. His goal as a Councillor is to continue to serve the Barcoo Shire with honesty, dignity, impartiality and accountability. He continues to strive for a higher standard of living for all residents living and/or working within the shire.

Member of: Wild Dog Advisory Committee, Agforce, Stonehenge Action Group, and the Stonehenge Rodeo & Campdraft Association.



Cr Peter Batt - Councillor

Peter was first elected in June 2007. His ambition for the Barcoo Shire Council is to continue to maintain good roads and provide good services to the residents of the Barcoo Shire.

Member of: Stonehenge Rodeo & Campdraft Association, Stonehenge Action Group, Agforce, and The Royal Flying Doctors Service.



Cr Jill Fitzgerald - Councillor

Jill was born in Longreach and grew up on Lina Glen and Carella Stations in the Barcoo Shire. She attended Charleville Distance Education and Jundah State School and undertook her secondary schooling at Longreach. Jill moved to 'Carella' Jundah, in March 2000 after purchasing it from her parents in June 2005, where she started running Santa Gertrudis cattle.

Member of: Jundah Bronco Branding



Cr Dianne Pidgeon - Councillor

Dianne and her husband run the cattle station 'Glenroy' north of Stonehenge. Her passions are her family, arts, craft and cattle.

Member of: Stonehenge Royal Flying Doctor Service Auxiliary, Stonehenge Rodeo Committee, STAG, Stonehenge P & C Association.

Conduct and performance of councillors

Section 186 of the Local Government Regulation 2012 states that a local government must include particulars as detailed below:

The total number of orders and recommendations made under section 180(2) or (4) of the <i>Local Government Act 2009</i> ('the Act')	o
The total number of orders made under section 181 of the Act	o
The number of complaints for which no further action was taken under section 176C(2) of the Act	o
The number of complaints referred to the Chief Executive Officer under section 176C(3)(a)(i) of the Act	o
The number of complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	o
The number of complaints referred to the Chief Executive Officer under section 176C(4)(a) of the Act	o
The number of complaints assessed by the Chief Executive Officer as being about official misconduct	o
The number of complaints heard by a regional conduct review panel	o
The number of complaints heard by the Local Government Remuneration and Discipline Tribunal	o
The number of complaints to which Section 176C (6) of the Act applied	o

Expenses reimbursement and provisions of facilities for Mayor and Councillors

1. Policy scope

This policy provides for:

- payment of expenses incurred, or to be incurred, by Councillors in the course of discharging their duties and responsibilities as Councillors
- provision of facilities to Councillors for that purpose.

This policy does not provide for salaries or other form of Councillor remuneration.

2. Policy purpose

The purpose of this policy is to:

- ensure compliance with community expectations and statutory requirements relating to payment or reimbursement of legitimate expenses and provision of facilities for Councillors while carrying out their duties and responsibilities as elected representatives of Barcoo Shire Council
- ensure all Councillors have the facilities and other support necessary to perform their civic duties.

Strategic priority	Leadership and governance
Strategic priority outcome	A sustainable financial position that supports strategic priorities and delivers a high standard of community service
Performance measures	Number of complaints received relating to payment of expenses or the provision of facilities for Councillors

3. Policy reference (for example, legislation, related documents)

- *Local Government Act 2009*
- Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors
- Procurement Policy
- Local Government Regulation 2012
- *Income Tax Assessment Act 1997*
- Taxation rulings issued by the Australian Taxation Office

4. Policy context

The payment and/or reimbursement of expenses and provision of facilities for Councillors must only be for the actual cost of legitimate business use and only in accordance with the *Local Government Act 2009* and the Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors (Guidelines), issued by the Chief Executive of the Department of Local Government, Sport and Recreation. Council is committed to ensuring Councillors are provided with the facilities required to enable them to perform their duties. Councillors should not be financially disadvantaged when carrying out the requirements of their role and should be fairly and reasonably compensated in accordance with statutory requirements and community expectations.

The payment and/or reimbursement of expenses and provision of facilities for Councillors:

- is to be open and transparent, prudent, responsible, acceptable to the community and in accordance with statutory requirements
- based on ensuring economy and efficiency
- subject to budget provisions.

Council's annual report must contain the information as stipulated in the Local Government Regulation 2012, Division 3 Section 186.

Spouses, partners and family members of Councillors are not entitled to reimbursement of expenses or to have access to facilities allocated to Councillors. Failure to comply with this policy or misappropriation of expenses or facilities may be a breach of the Councillor Code of Conduct and/or an offence under the *Criminal Code 1899*.

5. Policy principles

The policy complies with the statement of principles as set out in the Guidelines, which aim to ensure:

- reasonable expenses are reimbursed to Councillors
- public accountability and transparency
- public perceptions and community expectations are met
- no private benefit is derived
- equity and participation
- flexibility of choice for Councillors where appropriate, to ensure facilities meet their particular needs.

6. Policy definitions

'Authorising person' is the person with delegated authority to approve expenditure or reimbursement for Councillor expenses and facilities.

'Council business' means official business conducted on behalf of, and/or approved by, Council, where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for Council. Council business should result in a benefit being achieved either for Council, the local government area or the community. Council business includes functions that are a statutory requirement of the Councillor's role or are officially recorded in minutes or other public records.

This might also include attending an event or function to perform official duties or as an official Council representative, such as:

- ceremonial openings of buildings or facilities
- local school functions, such as sports days and/or carnivals
- annual or presentation dinners
- public meetings
- private meetings arranged through official Council channels (in other words, documented in official records or diary) for the purpose of conducting bona fide discussions of business of Council
- any other meeting or attendance:
 - at the meetings of the local government or its committees that the Councillor is entitled or asked to attend, or at which the Councillor has business for a resident of the local government's area
 - at inspections or deputations, conferences and meetings at which the Councillor's attendance is permitted by the local government
 - at official functions organised for the local government
 - about residents of the area for the purpose of local government business.

Council business also includes a Councillor gathering information necessary to inform him or her of an incident of interest to Council, or which properly falls within the responsibility of Council and a Councillor.

'Councillors' includes Councillors, the Mayor and Deputy Mayor.

'Civic duties' means Council business.

'Discretionary training' is any training that is not determined by Council as 'mandatory'.

'Expenses' refers to expenses described in the Guidelines.

'Facilities' refer to the facilities deemed necessary to assist Councillors in their role as shown in the Guidelines.

'Mandatory training' is any training Council resolves all Councillors must attend.

'Meal allowance' is the daily amount allowed for meals while travelling on Council business.

'Official capacity' refers to activities undertaken while on Council business.

'Public record' is any record created, received or kept in an official capacity.

'Representing Council': A Councillor is representing Council when Council resolves that the Councillor is to attend an event or function as a representative of Council.

'Travel advance' is a cash payment paid in advance for anticipated expenses associated with travelling on Council business. A travel advance may include expenses for meals, accommodation and incidentals.

All expenses must be reconciled at the return of the travel.

7. Policy evaluation process

Barcoo Shire Council must provide for public accountability and transparency by:

- disclosing details of overseas travel in its annual report
- reporting on international travel activities
- disclosing resolutions made during the year authorising the payment or provision of remuneration, including expenses paid or facilities provided to Councillors or members of Council committees
- disclosing particulars of the total remuneration paid or provided, including expenses paid or facilities provided, to each Councillor during the year and total superannuation contributions paid (if any) for each Councillor during the year.

8. Responsibilities

Sponsor	Chief Executive Officer
Delegations	CEO, Mayor, Councillors and others authorised
Policy implementations	CEO, Council, Manager Corporate Services

Executive staff



Bob O'Brien – CEO

Born on the Central Highlands, Bob grew up on his family's sheep, cattle and grain property south of Capella. He started his local government career with the Peak Downs Shire in 1982 as a cadet clerk. In 1994, after completing 12-and-a-half years at Peak Downs, Bob and his wife moved from Capella so he could take up the position of Deputy CEO with the Cloncurry Shire. In 1997, Bob was appointed to the Jericho Shire as CEO.

In May 2000, he replaced Neil Crotty at Longreach Shire and spent five-and-a-half years as Chief Executive. In October 2005, Bob resigned from Longreach to take up a consulting role with Partners in Business (PIB). Bob has worked for a number of councils, specifically in the finance and management section, including Central Highlands Regional Council, Wambo Shire Council, Warroo Shire Council, Cook Shire Council, Mornington Island Shire Council, Barcaldine Regional Council and Mt Isa City Council. Bob has been with the Barcoo Shire since October, 2010.

Bob is married to Gillian (nee Miller, Barcaldine) and they have two sons, Kobie and Hayden. Bob enjoys an active outdoor lifestyle in his spare time, with golf, cricket and tennis as his current passions. In his younger days, Bob represented Central Highlands in rugby league, rugby union, touch football and cricket.



Greg Clark – Shire Engineer

Greg was born at Wellington Point in Queensland. He achieved an Associate Diploma in Civil Engineering at South Brisbane TAFE, graduating 1993.

Greg later achieved the Bachelor of Civil Engineering at QUT, graduating in 2001. He started work at Barcoo Shire Council in March 2010.



Lew Rojahn – Acting Director of Corporate Services

Lew has been working for the Barcoo Shire Council for the past 12 months in a consulting role, serving as Acting Director of Corporate Services and overseeing the governance of Council's administration. Lew has had a career extending over 39 years in local government, starting as a trainee local government clerk with the Laidley Shire Council in 1978.

He was appointed to Mundubbera Shire as CEO in 1985, and then was later appointed as Town Manager with Comalco at its mine site in Weipa. From there, he operated a small tour business in Cairns for the next three years, before recommencing his local government career with Aurukun Shire, an Indigenous council in Cape York. Lew later joined Mareeba Shire as Director of Corporate Services and then joined the Department of Local Government and Planning as a senior advisor in 2007.

He was in this role for five years before taking up a contract for three years with Etheridge Shire southwest of Cairns. Lew currently works as a governance consultant with Mead Perry Group, on assignment at Barcoo Shire.





Senior contract employee remuneration

In accordance with section 201 of the *Local Government Act 2009*, details of senior contract employee remuneration packages are to be detailed within the annual report.

During 2016/17, Barcoo Shire Council employed a Chief Executive Officer and a Deputy Chief Executive Officer, however other senior management staff were employed through an agency.

Senior management remuneration

Remuneration package	Number of employees
\$150,000-\$250,000	2

Council committees, affiliations and memberships

Council endorses the following community committees:

- Jundah Progress Association
- Stonehenge Action Group
- Windorah Development Board
- Regional Arts Development Fund Committee.

Council is an active member of and/or participant in the following bodies:

- Western Queensland Local Government Association (WQLGA)
- Remote Area Planning and Development Board (RAPAD)
- Central West Regional Pest Management Group (CWRPMG)
- Outback Regional Water Alliance (ORWA)
- Outback Regional Roads and Transport Group (ORRTG)
- Outback Queensland Tourism Association (OQTA)
- Local Disaster Management Group (LDMG)
- Far West Alliance
- Inland Queensland Roads Action Plan (IQ-RAP)
- Longreach District Disaster Management Group (DDMG)

Assessment of performance

Overview

The Executive Department of Council is responsible for the administration of Council in accordance with the *Local Government Act 2009*. The primary function of the Executive Department is to provide support to the Mayor and Councillors in delivering corporate governance.

Community Plan

A community plan is no longer required under the *Local Government Act 2009*. Council has, however, adopted the Barcoo Shire Community Plan 2012-2022, following earlier consultation with local communities. This community plan helped guide development of the new Barcoo Shire Council Corporate Plan 2016-2021.



Operational plan

Each year, Council adopts an operational plan. This plan lists goals for the year and a series of actions and operational activities we will undertake in order to achieve those goals. The yearly goals set in the operational plan are derived from the longer-term objectives laid out in the corporate plan. Council adopted the Operational Plan 2016/17, which we reported on quarterly. It was reviewed (as it is every year) in preparation of our 2017/18 budget.



Corporate plan

Under the *Local Government Act 2009*, local governments are required to adopt a corporate plan. It is the overarching strategic document that directs our annual operational activities and budgets. It sets Council's vision and mission, as well our strategic objectives over a five-year period. This annual report measures our achievements against the new Barcoo Shire Council Corporate Plan 2016-2021 developed in consultation with our community.



Annual budget

Each year, Council hands down a budget that outlines how we will deliver services, programs and facilities. The budget is formulated in the context of our corporate and operational plans. This budget allocates financial resources to carry out activities listed in the operational plan so that we can deliver on the goals set for the year.



Measuring our performance in 2016/17

Each year, we report on our activities and achievements against the priorities and objectives of the Barcoo Shire Council Corporate Plan 2016-2021. Our corporate plan, created with input from our communities, underpins our operational plan and our annual budget, and reflects our organisational structure:

- Executive Services
- Corporate Services
- Community Development
- Works and Services
- Land and Animal Management.

External funding from the Queensland Government and Australian Government

Barcoo Shire Council gratefully recognises the investment made by the Queensland Government and Australian Government. In 2016/17, external funding through grants and subsidies included:

Funded project updates		Month		As of June 2017			Commence date	Completion date (estimate)	Project phase
Reference number	Project name	Agreement start	Agreement end	Total project	Total subsidy	Total subsidy paid			
	River rain and flood gauges Bureau of Meteorology	21/10/2016	21/10/2017	\$180,000.00	\$108,000.00	\$32,400.00	26/02/2017	21/10/2017	Procurement
	Windorah Amenities Building	28/11/2016	28/11/2017	\$280,000.00	\$168,000.00	\$50,400.00	14/02/2017	28/11/2017	Design
	Resurfacing of ground surface Windorah and Jundah Sports Recreation Complexes	28/11/2016	28/11/2017	\$147,000.00		\$26,400.00	28/03/2017	31/10/2017	Design
	Emergency road seal Jundah	1/12/2016	1/12/2017	\$400,000.00	\$240,000.00	\$72,000.00	1/06/2017	1/12/2017	Design
BarSC GRQ 16/17 0037	Get Ready Qld 2016/17	1/07/2016	30/06/2017				20/09/2016	30/06/2017	Completed
	Works for Queensland	21/02/2017	30/11/2017				15/03/2017	30/11/2017	Construction

CAPITAL REVENUE		\$
Department of Infrastructure and Regional Development (Australian Government)	Drought Communities Project 2 milestone 1 (fencing)	20,500
Department of Infrastructure and Regional Development (Australian Government)	Windorah Caravan Park	44,800
Department of Infrastructure and Regional Development (Australian Government)	Jundah Stockyards	42,560
	Jundah amenities (llgsp)(27)	45,996
	Jundah amenities (llgsp)(27)	2,723
	Jundah amenities (26)	18,609
	Resurfacing (39)	26,460
	Jundah amenities (27)	8,120
	Works 4 Queensland pool grant (45)	270,000
	Windorah Rodeo Amenities	50,400
Department of Infrastructure and Regional Development (Australian Government)	River, rain and flood gauge - Natural Disaster Relief and Recovering Arrangements - disaster mitigation	32,400
	Works 4 Queensland Council Depot (45)	180,000
	Works 4 Queensland Road Grant (45)	162,000
Transport Infrastructure Development Scheme (Queensland Government)		333,957
		198,399
		151,928
		150,746
Roads to Recovery (Australian Government)		1,119,395
Queensland Reconstruction Authority (Queensland Government)	Shire Flood damage #6	171,242
	#6	383,315
	#6	309,213
	#7	297,915
	#7	747,907
DLGCC Resilliance Road Grants	Emergency road seal Jundah(41)	36,000
	Emergency road seal Jundah	36,000
Department of Infrastructure, Local Government and Planning (Queensland Government)	Stonehenge Main St (28)LLGSP	35,000
	Windorah St beautification LLGSP	89,223
	Windorah St Beautification(29)	29,276
	TOTAL	4,994,093
RECURRENT REVENUE		
Queensland Fire and Rescue Services (Queensland Government)	SES operating grant	16,924
Department Education and Training (Queensland Government)	Training subsidies	46,500
Department Infrastructure and Regional Development (Australian Government)	Financial Assistant Grants - general assistance	4,150,980
State Library of Queensland	Library subsidy	1,805
NEC Australia	Adult learning broadband for seniors	720
Remote Area Planning and Development	Drought funding for distribution	82,500
	Hardship funds	27,500
Department of Infrastructure and Regional Development (Australian Government)	Optic fibre project	8,067,500
Arts Queensland	Regional Arts Development Fund grant	9,000
Department of Infrastructure and Regional Development	Financial Assistance Grants - roads	1,412,138
Australian Wool Innovation Ltd	Baiting and storage racks	4,090,909
Remote Area Planning and Development	Feral animal control	11,000
Desert Channels Queensland	Feral pigs control	9,090
	TOTAL	13,876,566

Executive Services

Priority: Governance

Objective: To have ethical, open, fair and responsible governance.

Outcome highlights:

- The internal audit committee was reviewed and renamed the Finance Risk and Audit Committee. The membership was also reviewed, with membership now comprising two Councillors, an independent chair, Council's Internal Auditor and two independent members. The Chief Executive officer attends as an invitee.
- The organisational review was completed and two additional senior management positions were identified. The positions of Corporate Services Director and Works and Services Director were created to better direct workloads and free the CEO to work on more strategic issues with Councillors.
- Following the organisational review, we reviewed all management contracts to ensure consistency of remuneration and benefits across different levels of staff.
- Council also undertook a business process improvement analysis in the following areas:
 - stores
 - customer requests and defect management
 - private works
 - workshop.
- The analysis aimed to identify inefficiencies, improve process and improve customer service. Council had been highly criticised for losing sight of basic operational imperatives and we sought to improve where possible.
- We also started a review of our policies, which is ongoing. All Council policies are available on our website.
- Council undertook an audit of outstanding governance tasks required by legislation, and ensured all reports, plans etc. were brought up to a current reporting standard.

Priority: Shire planning

Objective: To have a shire planning scheme that meets, and is relevant to, community needs.

Outcome highlights:

- We continued arrangements with Campbell Higginson Town Planners to support town planning processes in the shire. Discussions were held with the Department of Local Government, Infrastructure and Planning to help review Council's Town Plan and simplify the processes, to make the plan more workable in a remote western area.
- We maintained our membership of, and active participation in, the Remote Area Planning and Development Board (RAPAD), the Outback Regional Roads and Transport Group (ORRTG), the Central West Regional Pest Management Group (CWRPMG) and the Outback Regional Water Alliance (ORWA).
- We continued to promote Council's willingness to sell surplus land to encourage young people to settle in our communities and to grow our existing facilities.

Priority: Emergency services

Objective: To protect the community during times of emergency or natural disaster.

Outcome highlights:

- Following an audit of our disaster management plan, additional sub-plans were developed to include shire-specific disasters and responses.
- We hosted a disaster management committee day to consider whole-of-shire departmental responses.
- We held an exercise at Windorah in real-time, with Queensland Fire and Rescue Service and and SES participating in accident/terror scenarios. It provided valuable insight into the capabilities of local disaster groups.
- Airport operations were reviewed and works identified and listed for budget allocation next year.
- A new fire truck was delivered to Jundah Rural Fire Service on the 18 August 2016.
- Emergency Services participated in flood boat and road crash rescue training in Jundah as well as general SES training during 2016/17.
- Local Disaster Management Group continued to meet and plan for and manage disasters and recovery.

Corporate Services

Priority: Organisational administration

Objective: To provide effective administrative services to Council

Outcome highlights:

- Council undertook a review of the organisation's structure, identifying Director positions for Corporate Services and Works and Services to manage the two streams.
- Council also undertook business process improvement studies across a number of areas to improve customer services both internally and externally and instigate better governance procedures.

Priority: Information management

Objective: To ensure best practice in the management of Council's information

Outcome highlights:

- A Business Improvement Process Report identified the need for an accountable customer request process, which was then implemented in the second half of the year. It was introduced in conjunction with the Infoexpert software in-house EDRMS system, which allows Council to manage internal, incoming and outgoing documents.

Priority: Staff management

Objective: To have a workforce with a competitive advantage

Outcome highlights:

- We employed three trainees: two in plant operation and one in administration.
- We have three ongoing apprenticeships: two in boilermaking and one in fitting.
- A building supervisor role was created to support Council projects and maintenance.
- We implemented a leadership program.
- Five staff started Certificate III training in Water operations.
- Council's training program was upgraded to help upskill staff with appropriate qualifications.
- We entered into a partnership with Hasting Deering to train and upskill tradesmen to undertake CAT equipment maintenance.

Priority: Council financial sustainability

Objective: To have responsible financial management directed to growing the wealth and capacity of Council

Outcome highlights:

- A major achievement for the year was the installation of optic fibre in partnership with Telstra. In addition to the multi-million dollar telecommunication investment, Telstra also committed to a fund to improve Council's IT footprint.
- We undertook a budget review as at the end of December 2016 (half year), and we finished the year with significant cash reserves for a small council.
- Asset management planning was further developed to acceptable auditor standards.
- Council also purchased 16 new light vehicles and three executive vehicles to reduce the age of our vehicle fleet and reduce the vehicle maintenance costs.



Land, Water and Animal Management

Priority: Land use management

Objective: To recognise vegetation management, Native Title and pastoral lease management issues

Outcome highlights:

- We continued our collaborative relationship with neighbouring shires, holding the chair position on the Shire Rural Lands Officer Group, which meets several times each year throughout the region.
- We also continued to work with Desert Channels Queensland, Central West Regional Pest management group, Department of Natural Resources and Mines, Department of Transport and Main Roads, Queensland Parks and Wildlife Service and other stakeholders to manage pest plants and feral animal throughout the shire using coordinated spraying and baiting programs.
- This year also saw the implementation on a Land, Water and Animal Advisory Committee within Council. This committee was created to enable community and government members to discuss and recommend actions to Council on relevant issues within the shire. The committee handles anything from animal complaints, stock route issues and water agreements to baiting programs.

Priority: Stock routes and rural lands

Objective: To have stock routes and rural lands that are responsibly and sustainably maintained

Outcome highlights:

- We received funding from Australian Wool Innovation for construction of meat racks and the purchase of 1080 bait meats and funding also from Desert Channels Qld for Feral Pig baiting.
- We did ongoing treatment of pest plants, such as parkinsonia and prickly acacia using the herbicide Access, diesel and grassland pellets where required.
- Regular surveys conducted to gauge the amount of pest plants in the shire.
- Participated in aerial baiting program in December 2016 with 90% participation rate by landholders.
- Participated in a ground baiting program in April 2017 with 55% participation rate by landholders.

Priority: Town commons and reserves

Objective: To have stock routes and rural lands that are responsibly and sustainably maintained

Outcome highlights:

- In 2016/17, we conducted a different style of baiting program to our usual practice. This involved an aerial baiting program in November 2016 and a ground baiting program in April 2017. These helped manage wild dogs and feral pigs in the shire.
- This financial year we collected 150 wild dog scalps to help manage wild cats in the area.
- Town common musters were completed in all three towns, ensuring only approved livestock were agisted on town commons:

Town	Number of town common musters
Windorah	2
Jundah	3
Stonehenge	1



Works and Services

Priority: Works operations

Objective: To have a works operation that has a competitive advantage over other service providers

Outcome highlights:

- In 2016/17, the following items were purchased in line with Council's budgeted plant replacement:
 - 2 x Kohler 60KV generators
 - 3 x portable light units
 - 3 x Ford Everest
 - 16 x utility vehicles

Priority: Road infrastructure

Objective: To have road infrastructure that meets community needs

Outcome highlights:

- In 2016/17, considerable work was undertaken on shire roads, including regular maintenance grading.
- The pave and seal works on a section of Jundah-Winton Rd were completed at Warbreccan, funded through the Australian Government's Roads to Recovery (R2R) program (\$900,000).
- Gravel re-sheeting was undertaken on the following shire roads:
 - 40 km on Davenport Rd (funded through Roads to Recovery Program, Transport Infrastructure Development Scheme and Council)
 - 23 km on Arrabury Rd (funded through Roads to Recovery Program and Transport Infrastructure Development Scheme).
- Works on main roads continued during the year:
 - 5 km of the Jundah-Quilpie Road from Chainage 97.1-102.2 km was paved and sealed.
 - Bitumen reseals on the Windorah-Jundah Road were completed between Chainage 47-53 km and 65-72 km and on Windorah-Bedourie Rd between Chainage 146-151km and 159-163km.
- In addition to our regular main roads work schedule, we completed:
 - 19 km gravel re-sheet on the Morney-Birdsville Road from Chainage 60-79 km
 - 16 km gravel re-sheet on the Windorah-Bedourie Road from Chainage 181-197 km
 - major repairs on the batters on Jundah-Longreach Rd at the Swanvale jump-up
 - major repairs to the bridge abutment on Windorah-Jundah Rd at the Thomson River

- signage upgrade to the Barcoo River crossing on Jundah-Quilpie Rd
 - replacement of two grids, one on Windorah-Bedourie Rd and one on Jundah-Quilpie Rd.
- Council remained the banker for the Outback Regional Roads and Transport Group.

Priority: Community infrastructure

Objective: To have community infrastructure that meets community needs

Outcome highlights:

- We completed new amenities buildings at the Jundah sports reserve and Windorah Caravan Park.
- Concreting to the perimeter of the Windorah Sports complex was completed.
- Works started on the repairs and upgrade to the Jundah Swimming Pool under the Works for Queensland program initiative of the Queensland Government.
- We upgraded town fencing at all three towns. This project was funded through the Australian Government's Drought Communities Programme.
- A new bore water line was installed at Jundah Golf Club and Horse sports reserve, also funded through the Federal Government's Drought Communities Programme.
- We replaced the timber deck at the Jundah Information Centre.
- We completed resurfacing at the Jundah tennis court and replaced fencing.



Works and Services

Priority: Water Supply

Objective: To have a safe and reliable water supply in each town

Outcome highlights:

- We continued our involvement with the Outback Regional Water Alliance (ORWA), which provides a united approach to regulation, water management and funding submissions across the seven local government areas of Barcoo, Barcardine, Blackall-Tambo, Boulia, Diamantina, Longreach and Winton.
- Air scouring of the treated water mains was completed in all three towns. This was a joint project through the ORWA.
- We installed automatic chlorine and turbidity meters at all three water treatment plants.

WATER USAGE

- The graphs on the next page compare the water usage of all three towns. The figures include Council, commercial and residential usage, but exclude the raw water used on irrigation of garden beds and street trees (where metered).
- The first graph 'Summary of total usage' shows the total quantities for metered usage in all three towns over the past five financial years.
- The second graph shows the average metered usage in all three towns per connection over the past five financial years. Please note that connections with zero usage were excluded from the figures.
- Investigating unmetered and illegal connections to the treated water reticulation system will continue to be a focus in 2017/18.

Priority: Parks and gardens

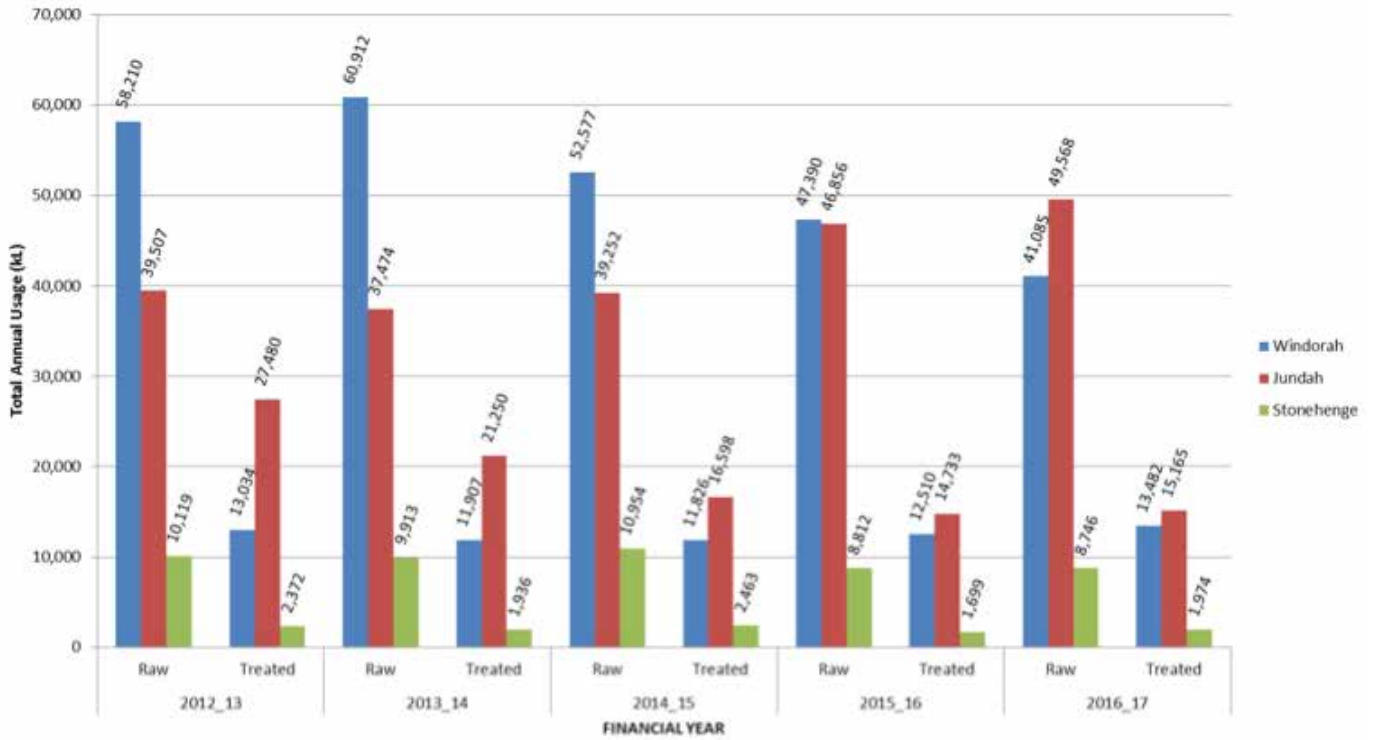
Objective: To have parks, gardens and streetscapes that are well planned and complement the individuality of each community

Outcome highlights:

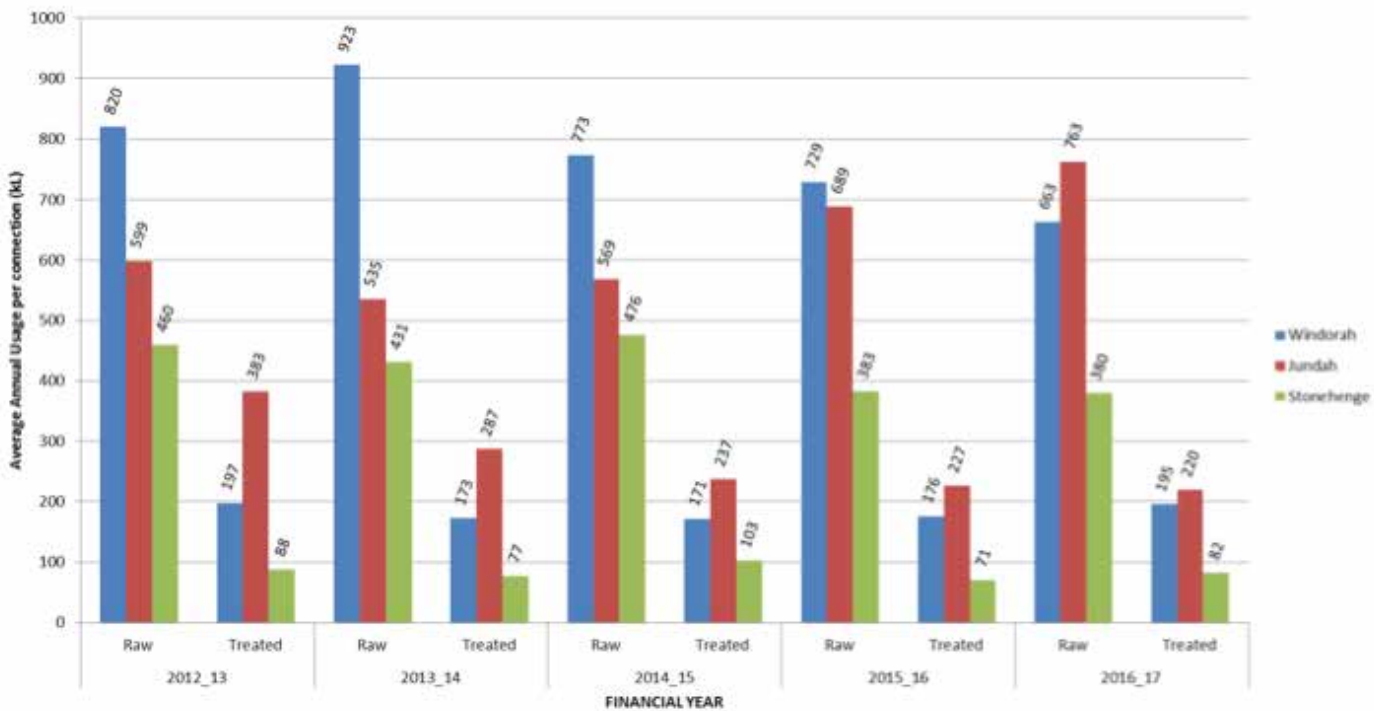
- Street beautification works were completed in both Stonehenge and Windorah. These projects were jointly funded by Council and the Transport Infrastructure Development Scheme (for Stonehenge) and the Local Government Grants and Subsidies program (for Windorah).



SUMMARY OF TOTAL USAGE



SUMMARY OF USAGE PER CONNECTION



Community Development

Priority: Community spirit

Objective: To have vibrant, positive and sustainable communities

Outcome highlights:

- Council received \$1,020,000 from the Queensland Government, through the Department of Infrastructure, Planning and Local Government under Works for Queensland (W4Q), which was allocated to 14 projects across the shire.
- The Queensland Government, through the Department of Infrastructure, Planning and Local Government, provided funding under the Local Government Grants and Subsidies Program for the following projects:
 - River Rain and Flood Gauges Project – \$180,000 (60% subsidy)
 - Windorah Amenities Building – \$280,000 (60% subsidy)
 - Resurfacing of ground surface Windorah and Jundah Sports Recreation Complexes – \$147,000 (60% subsidy)
 - Emergency road seal, Jundah - \$400,000 (60% subsidy).

We again provided financial support to for community events, and sourced subsidy funds to maximise opportunities for locals to engage in shire life.



Community Support Grants	2015/16	2016/17
Windorah Rodeo	\$3,000	\$3,000
Stonehenge Rodeo	\$3,000	\$3,000
Jundah Races	\$3,000	\$3,000

The Queensland Government, through the Department of Communities, Child Safety and Disability Services, established the Community Drought Support Package 2016/17. The funding was facilitated by the Remote Area Planning and Development Board (RAPAD). We appreciate the assistance of both the Queensland Government and RAPAD.

Organisation	Event or activity	Amount
Windorah Development Board	Pre-Big Bash event	\$5,000
Jundah Progress Association	Barcoo Shire Beef Challenge	\$8,000
Jundah Progress Association	POP Up Restaurants	\$5,000
Windorah State School	P&C Live entertainment for Yellowbelly Fishing Comp	\$2,500
Jundah Community Bronco Branding & Team Penning Association	Training Workshop	\$7,500
Red Ridge Channel Country Ladies Day	Ladies event contribution	\$10,000
Jundah Progress Association	Staging of Sheep Shenanigans event and entertainment	\$7,000
Jundah Social Sports Association	Jundah Family fishing Classic – Prizes and entertainment	\$6,500
Stonehenge Campdraft & Rodeo Assoc. Inc.	Annual Rodeo	\$8,500
Cooper Arts & Craft Assoc. Inc.	Windorah Car Rally	\$1,000
Windorah Rodeo Club	Entertainment Annual Rodeo DJ	\$5,000
Jundah Race Club	Annual Races – live entertainment	\$9,500
Jundah Town rural Fire Brigade	Barcoo Brigade Challenge	\$5,000
Jundah Golf Club Inc.	Annual Golf Open Prizes & BBQ	\$7,000
Total		\$87,500

Priority: Development

Objective: To promote and enhance economically viable, environmentally sustainable and socially responsible development in the shire

Outcome highlights:

- We continued to liaise with the Queensland Gas Commission regarding data and activities within the region around natural gas exploration.

Priority: Multiple centres

Objective: To embrace the uniqueness of each town and build on its strengths

Outcome highlights:

- We received grants for beautification programs in Stonehenge (\$50,000 subsidy towards a \$110,000 project) and Windorah (\$165,000 subsidy from a \$330,000 investment). This work will be carried out in 2016/17.
- Planning was undertaken in 2015/16 to roll-out beautification programs in each town, with works carried over to 2016/17 (creating work for our local workforce).

Priority: Shire promotion and tourism

Objective: To promote and develop Barcoo Shire as a unique destination and to manage tourism in a sustainable manner

Outcome highlights:

- Council continues to play the major role in promoting and developing our shire through media advertising and encourages communities to self-promote through the use of social media. Development groups in each community strive to provide visitors with the unique experience they crave. Council encourages each community to identify and promote its uniqueness, and supports all initiatives with in-kind support.
- Council continues to enhance our infrastructure with an upgrade to the Windorah Caravan Park and the completion of the Jundah Caravan Park, both of which have been well received by the travelling public.
- In moving forward in tourism, Council has endorsed a Tourism and Community Advisory Committee to assist with the community needs and a direction plan.

- New projects commenced include 'The Barcoo Way', a route from Tambo in the Blackall-Tambo Regional Council through to Windorah in the Barcoo Shire. A Barcoo Shire "app" is currently being developed, and will be able to be downloaded prior to visiting the shire, to help visitors make the most of our shire's unique attractions. An Opal Trail is also under discussion from Quilpie via Yowah through to Winton.
- Visitor statistics collected at the Visitor Information Centres for the 2016/17 financial year:
 - Jundah – 2107
 - Stonehenge – 3133
 - Windorah – 7341
- Income at our caravan parks increased substantially over the past 12 months:

CARAVAN PARKS

	2014/15	2015/16	2016/17
Revenue	\$73,099.56	\$126,099.09	\$131,073.22
Expenditure	\$86,804.58	\$138,847.82	\$188,047.86

Priority: Electricity, services and infrastructure

Objective: To have infrastructure that meets community needs

Outcome highlights:

- Council continued to advocate for improved electricity infrastructure across the shire, meeting with Ergon Energy to discuss fluctuating power supplies in the local network.
- At Council's expenses, Ergon installed additional supply to the Windorah Caravan Park.
- Council raised concerns with Ergon about the method of notification provided to the community for proposed supply interruptions.

Community Development

Priority: Technology and innovation

Objective: To benefit from advancements in technology and innovation

Outcome highlights:

LIBRARIES/INFORMATION CENTRES

- The Jundah, Stonehenge and Windorah Public Libraries and Information Centres continue to provide essential services to our communities. These centres house internet cafes, provide computer training to the general public when required, town and country library borrowing, photocopying, email and fax services, administration services, meeting rooms and visitor information on our local communities and shire. The centres also provide an outlet for local artists and craft persons to sell their product.
- The Barcoo Shire Library Services, incorporating Stonehenge, Jundah and Windorah, have been updated with new computers, printers, data projectors and screens at each of the centres. This has allowed out-dated computers to be replaced, providing faster and more reliable access to the internet.

Priority: Education

Objective: To develop skills from within the community

Outcome highlights:

- The Barcoo Shire Bursary offers an opportunity for interested people to undertake further educational studies in their chosen field. Two applicants were successful in the January 2017 bursary program, wanting to study in the fields of combined Bachelor of Accounting and Bachelor of Business (a four-year study program), and an apprentice panel beater (three year course). These successful applicants combined bursary was a total of \$5000.
- Council continues to support training initiatives to staff members for both administration and to the outside workforce.

Priority: Housing

Objective: To assist all residents to have access to good quality housing

Outcome highlights:

- Rental and bond arrangements with tenants were reviewed and updated.
- Council undertook a full inspection of housing stock with a view to establishing long-term maintenance priorities.
- A smoke alarm compliance inspection program was conducted in light of new regulations.
- Regular pest was control conducted.
- Initial discussions were undertaken regarding the possibility of offering tenants the option of purchasing their house.
- Council established a specific housing committee, as well as a maintenance program based on set priorities and budget allocations.

	2015/16	2016/17
Repairs and maintenance	\$110,253	\$226,269.96
Housing revenue	\$298,644.50	\$296,252.53
Housing maintenance, insurances, depreciation	\$388,090.86	\$556,122.93



Priority: Sport and recreation

Objective: To expand and diversify sporting and recreational facilities and opportunities in the shire

Outcome highlights:

- Council provides significant support to sporting and community groups to help provide sporting and recreational activities throughout the year. Financial and in-kind support is given through a wide range of activities, including the offer of plant and machinery, tables and chairs, rubbish bins and sponsorship. Council has maintained and looked at ways to upgrade its facilities in all three centres.
- In 2016/17, Council started construction on an ablution block and rodeo and campdraft facility at the Jundah Racing and Sporting Recreation Reserve. The Jundah Race Club was successful in applying for a grant through Gambling Community Benefit Fund to paint the complex and purchase tables and catering equipment.
- Council upgraded the multi-purpose complex in Jundah, resurfacing the tennis courts.
- A grid was installed at the Stonehenge Rodeo Complex, and the Stonehenge Rodeo and Campdraft Association successfully applied for a grant to install a cold room at the grounds. General maintenance was undertaken by the local committee members.
- The interschool sports camp, athletic and swim carnivals hosted by the local schools were again supported financially and in-kind by Council.
- The Barcoo Swim Carnival was held in Longreach this financial year due to the closure of the Barcoo Shire pool for refurbishment. The Barcoo Shire Athletic Carnival was held over to September 2017, due to prior commitments of the schools and staff.
- Council's ongoing support for shire events ensures each community has the opportunity to hold successful social interacting opportunities and deliver economic benefits to our remote communities. Council provides both in-kind and financial support through its Community Support Grants program.

Priority: Cultural heritage

Objective: To acknowledge and conserve the diverse cultural heritage of Barcoo Shire Council

Outcome highlights:

BARCOO SHIRE MUSEUM

- The Barcoo Shire Museum continues to be run by the small group of volunteers under the banner of the Barcoo Shire Historical Society Inc. These volunteers continue to maintain past and present displays and the day-to-day running of the centre, while Council provides financial support with the ongoing electricity and maintenance costs.
- A workshop outlining the need for preservation and digital record keeping was held at the museum in the latter part of the financial year. The workshop was open to all interested parties in the Barcoo Shire. It led to further enquiries into the availability of professional services to help the volunteer group preserve the shire's historical materials.

COOPER ART & CRAFT AND WHITULA GATE MUSEUM

- Local volunteer committee members have vermin-proofed the external storage shed and concreted one bay with the hope to create a Men's Shed. Council, in partnership with Cooper Art & Craft, replaced the flooring at the centre with commercial grade lino and timber underlay.

STONEHENGE SCHOOL & JAIL MUSEUM

- The Stonehenge Action Group engaged BlazeAide to paint the two buildings. The old school room was painted both inside and out, while the old jailhouse was oiled. The Stonehenge Action Group has been successful in applying for a grant through Foundation for Rural and Regional Renewal to air-condition the school room.

REGIONAL ARTS DEVELOPMENT FUND (RADF)

- Council continues its partnership with Arts Queensland, to support, promote and encourage shire residents to use the RADF program, to enhance individual artist skills or to create public art/projects that enrich our communities. Council supports all opportunities to expand and diversify art and culture throughout the shire.
- The ongoing drought has continued to take its effect on residents who would otherwise engage in art and culture and the RADF program. Although funding has been available to fund activities or projects, unfortunately people have been hard pressed to set aside time to indulge creative pursuits during this harsh time.

Local Government Act 2009 - Compliance Report

Changes to tenders

This section of the *Local Government Act 2009* was not applied in 2016/17.

Appointments of Councillors as shareholder's delegates

This section of *Local Government Act 2009* did not apply with respect to Barcoo Shire Council for 2016/17.

Information to be included in the annual report

During the year, Council elected not to apply the principles of competitive neutrality embodied in the Code of Competitive Conduct (National Competition Policy) to the following Council activities:

- shire roads
- state roads
- recreation, sport and tourism
- plant operation and maintenance.

Equal opportunity in employment

Council has an Equal Employment Opportunity Management Plan, which has been accepted by the Department of Local Government, Planning, Sport and Recreation.

Council conducts its operation with a positive awareness of the spirit and intent of anti-discrimination and equal opportunity regulations. Council's policy in this regard is based on the following principles and any mandatory requirements of the position concerned. Council will:

- employ the best person for the position in regard to Council's obligations under *Queensland Anti-Discrimination Act 1991* and the *Industrial relations Act 1999*
- appraise and promote employees on the basis of merit and the potential of the employee to handle greater responsibility, as well as the employee's willingness to do so; these decisions will be made in regard to Council's obligations under *Queensland Anti-Discrimination Act 1991* and the *Industrial Relations Act 1999*
- maintain a workplace free of harassment and victimisation as per Council's obligations under the *Queensland Anti-Discrimination Act 1991* and the *Industrial Relations Act 1999*.

Code of conduct

Council has a code of conduct in accordance with the provisions of Section 23 of the *Public Sector Ethics Act 1994*. The code of conduct was adopted by Council on 17 May 2017, and forms the basis of its induction of all new staff.

Summary of rebates and concessions

Period of notice of objection

In accordance with Section 90 of Local Government Regulation 2012, the period of notice of objection under this section is 30 days.

Discount

In accordance with the Act, Council may allow a discount on all rates and charges if paid by the full date determined. Council allows a 10% discount on rates that are paid by the due date as stated on the rates notice.

Interest on overdue rates

Council may impose interest on rates and charges that remain unpaid after sectional period expires (in other words, 1 July and 1 January each year) and may include assessments making instalment payments for outstanding rates.

For any outstanding amounts as at the above dates, interest will be calculated on a daily basis and charged at the end of the month on a compounding daily interest. Where the amount of interest charged is less than \$10, and the rates have been paid in full in the periods between the close of discount and the end of the month, the interest may be written off following approval from the Chief Executive Officer.

Interest on arrears will be calculated in accordance with section 133 of the Local Government Regulation 2012 and will be set at the rate of 11% a year.

Pensioner remissions

Discount

In accordance with Section 130 of the Local Government Regulation 2012, a discount of 10% is allowed on specified rates and charges if paid in full by the date determined on the rates notice.

If Council is satisfied that a person liable to pay a rate has been prevented, by circumstances beyond the person's control, from paying the rate in time to benefit from a discount under Section 130 of the Local Regulation 2012, then Council, under Section 130(10) of the Local Government Regulation 2012, may still allow the discount following written application by the ratepayer.

Remissions – pensioner

Eligible pensioners who submit an application as required will be granted a 50% remission on all rates and charges. Remissions will only apply to categories 1, 2 and 3. This provision does not apply to anyone except pensioners. Council processed 19 applications for pensioners' rebates in 2016/17.

Local Government Act 2009 - Compliance Report

Remissions – Community organisations

Assessment no	Name	Remission
00035.00000.000	The Corporation of the Synod	General rate not paid
00063.50000.000	The Roman Catholic Trust Corporation	General rate not paid
00067.00000.000	The Corporation of the Synod	General rate not paid
00172.00000.000	St Clair's Anglican Church	General rate not paid
00189.00000.000	Roman Catholic Diocese of Timba	General rate not paid
00272.00000.000	Jundah Golf Club Inc	General rate not paid
00276.00000.000	Jundah Race Club Inc	General rate not paid
00304.00000.000	Windorah Rodeo Club	General rate not paid

Payment of rates by instalments

- Payments in advance by way of lump sum may be accepted, however, interest will not be payable on any credit balances held.
- Council has no specific policy on payment of rates by instalment and any applications received are considered on merit and within the terms of Section 130 of the Local Regulation 2012.

Special charge for pest animal control

- A special charge, in accordance with Section 94 of the Local Government Regulation 2012, will be levied on rural land (Rating Category 4) within Barcoo Shire, with funding to be used to control pest animals. The special charge is \$0.017c/ha.
- No discount will apply. The special rate applies to all rural land rated under Category 4 in Council's differential rate scheme larger than 1,000 ha.
- A panel will continue to manage the process and act as an advisory committee to Council on wild animal control within the shire.

Special charge recovery rural electrification loans

- A schedule of repayments is supplied by the Queensland Treasury Corporation for repayment of principal and interest by rural land owners who enter into contract with Ergon Energy for provision of electricity.
- As at June 30 2016, Council had one ratepayer subject to these arrangements:
 - Property number (assessment): 00315/00000-000

Services rendered by a consultant for 2016/17

	2016/17
Tourism and community	\$11,247.50
Financial	\$102,784.81
Corporate services	\$274,501.59
Town planning/surveying	\$32,034.75
Engineering	\$222,974.61
Water services	
Legal costs	\$19,059.47
Environmental health	\$3,528.88
Building certification and compliance	\$20,650.33(GBA)

In-kind support to community

In-kind support was given to the following community organisations by way plant and equipment:

- Jundah Race Club
- Cooper Arts & Crafts
- Jundah Golf Club
- Jundah Progress Association
- Jundah Sports and Recreation Club
- Jundah State School P&C
- Red Ridge, Channel Country Ladies Day
- Stonehenge Action Group
- Stonehenge State School P&C
- Stonehenge Rodeo Committee
- Windorah Development Board
- Windorah Rodeo Association
- Windorah State School P&C.

Local Government Act 2009 Compliance Report

Registers held by Council

The following registers are kept by Council and may be inspected, subject to approval by the Chief Executive Officer, in accordance with the guidelines set down within Council's Statement of Affairs:

- Delegations by CEO
- Delegations by Council
- Material Personal Interest
- Electoral Gifts
- Road Register
- Subordinate Local Laws
- General Charges
- Complaints about Competitive Neutrality.

Particular Resolutions

Listed pursuant to section 185 and 190 of the Local Government Regulation 2012:

Section	Description	Resolution
206(2)	Valuation of non-current physical assets	Nil
250(1)	Expenses reimbursement policy	Nil
228(7)	Change to tenders	Nil

Administrative Action Complaints

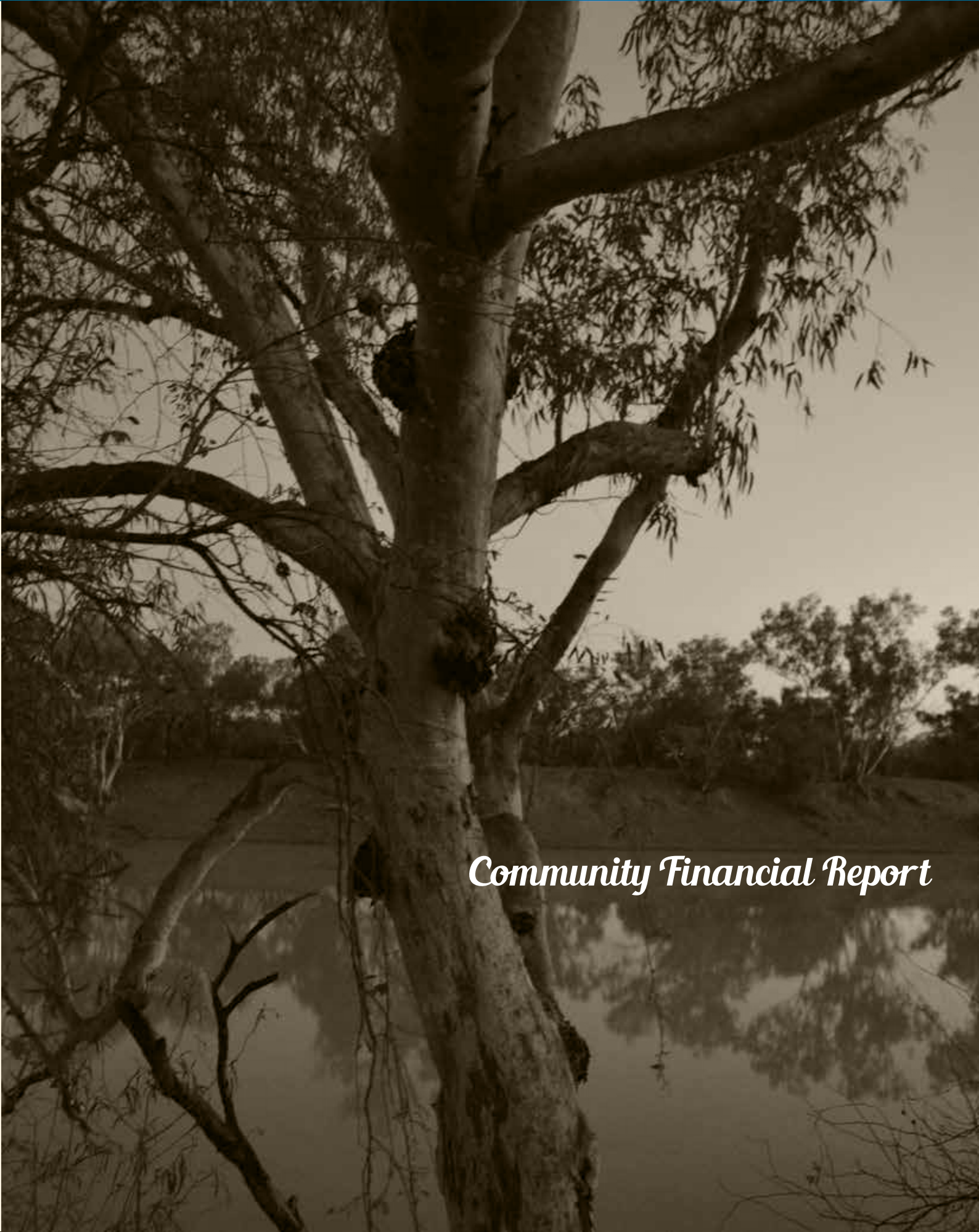
Pursuant to section 187 of the Local Government Regulation 2012, Council continues to promote open and transparent management of Administrative Action Complaints and demonstrates a commitment to dealing fairly with such complaints. Accordingly, Administrative Action complaints received during 2016/17 were as follows:

Administrative Action Complaints received 2016/17	0
Resolved Administrative Action Complaints under Council's Complaints Management Process	0
Number of unresolved Administrative Action Complaints	0
Number of unresolved Administrative Action Complaints received 2015/16	0

Overseas Travel

Pursuant to section 188 of the Local Government Regulation 2012, it is reported that no overseas travel occurred during 2016/17.





Community Financial Report

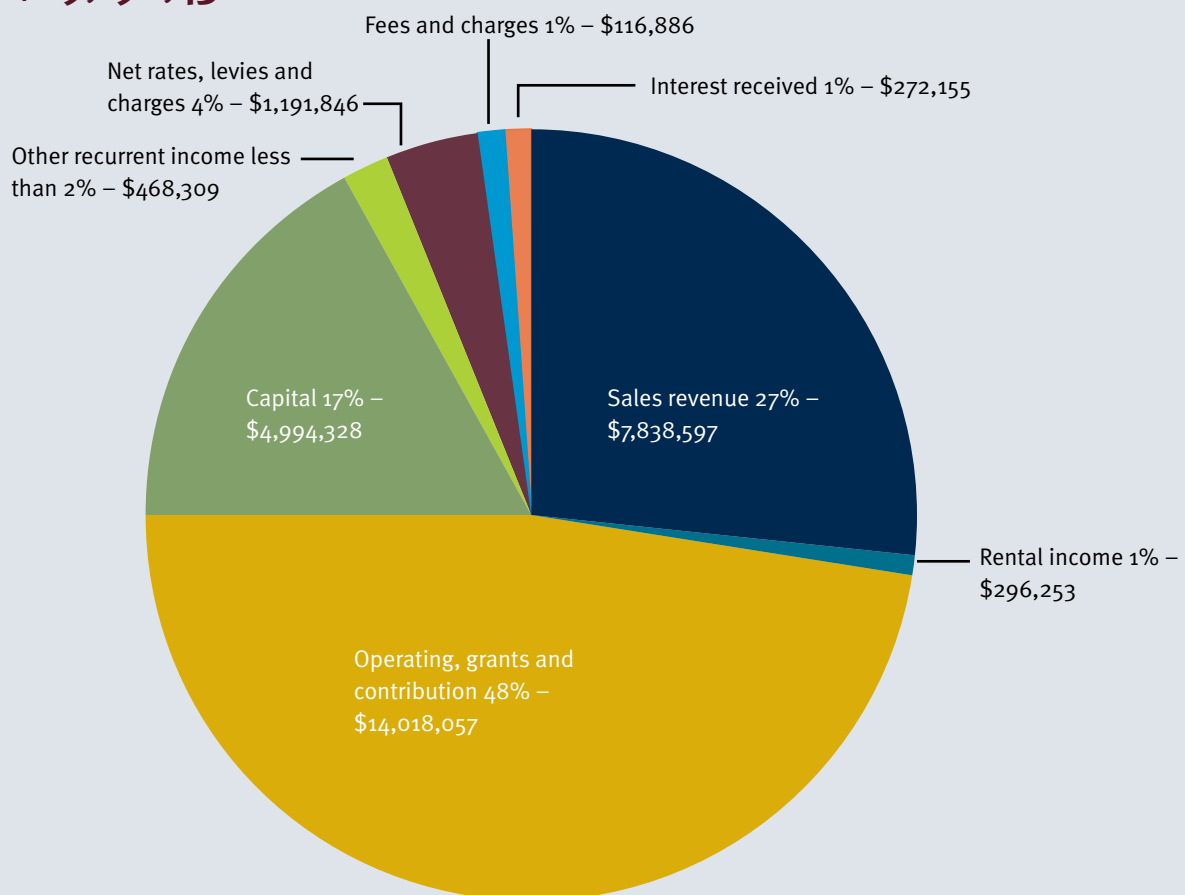


About the Community Financial Report

The formal financial statements included in this annual report explain what happened in financial terms during the year and what Council's financial position was at the end of the financial year, 30 June 2017. They include a wide range of information about Council's operating performance and financial position and are prepared to meet financial reporting and disclosure requirements as prescribed by accounting requirements and legislation.

The purpose of the Community Financial Report is to reduce the complexity of these documents, providing the same information in a format that is less technical, more 'reader friendly' and able to be better understood by the general community.

Income: \$29,196,431



S179 – Local Government Regulation 2012

The community financial report for a financial year must:

- contain a summary and an analysis of the local government's financial performance and position for the financial year
- be consistent with the general purpose financial statement for the financial year
- include the relevant measures of financial sustainability for the financial year
- be written in a way that can be easily understood by the community.

Revenue – where does our money come from?

Total income for the year was \$29.2m, up from \$19.8m last year. The graph below provides an analysis of this income received by Council.

This graph demonstrates that approximately \$5m (17%) of income came from capital funding. Additionally, \$14m (48%) was from general purpose and other operating grants, which were up significantly from the previous year of \$6.7m. A strong majority of this increase represents amounts received for Council's telecommunications project and is offset by the project's expenses.

The other main sources of income were Council rates, contributing \$1.2m (4%) of the overall revenue, and sales (contract works), which contributed to \$7.8m (27%).

Expenditure – where does the money go?

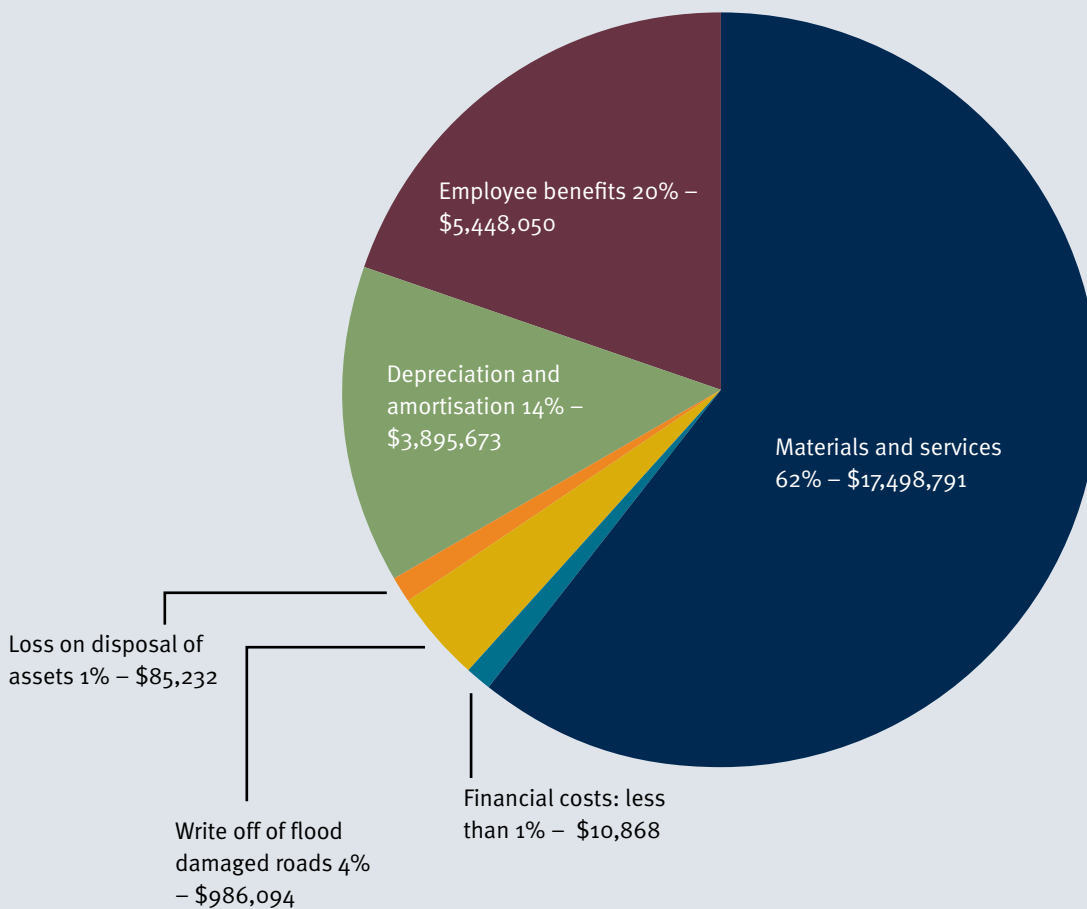
Employee costs associated with running Council made up 20% (\$5.4m) of Council’s operating expenditure for the year. This includes wages and salaries, annual leave, long service leave, allowances and superannuation. Employee costs are paid to Councillors, senior executives, administration and depot/outdoor staff, which includes staff at tourism and information centres, cleaning staff, parks and gardens, general store and post office employees. At the end of the financial year, Council had 69 full-time equivalent (FTE) employees.

Expenditure on materials and services increased from \$10.1m (2016) to \$17.5m (2017) and contributed to 62% of the overall operating expenditure. Most of the increase was due to Council’s telecommunications, as mentioned in the income section of this report. These materials and services also included general operation expenses and repairs and maintenance to the shire’s assets (including community facilities, houses and other infrastructure).

There was also an increase in capital works from \$3.7m (2016) to \$7.8m (2017). This includes the expenditure for roads, as well as Council and community assets.

Depreciation of Council’s assets totalled \$3.9m (14%), which was a slight increase from the previous year (\$3.7m). Depreciation represents the rate our assets – roads, buildings and plant and equipment etc. – deteriorate through normal wear and ageing. Each asset has its own depreciation expense, which is put aside to replace the asset when it is required.

Expenditure: \$27,924,708



Overall performance

Our total income of \$29,196,431 less total expenses of \$27,924,708 and provided us with an overall surplus of \$1,271,723. Council depreciation of \$3,895,673 is funded by Council's general operation, which Council considers a good overall result. Capital income was \$4,994,328 which was put towards the \$7,755,120 spent on purchasing and constructing new council assets and upgrades to old council assets. There were also capital expenses for the effect of flood damage on shire roads as well as loss on the disposal of Council's asset totalling \$1,071,326.

An index adjustment was applied to revalue council's assets which resulted in an increase of \$5,236,245 to asset values. This figure is included in Council's total comprehensive income for the year, to result in a total of \$6,507,968

Overall, Council's financial performance for the year was fair, considering the tough economic climate and drought-stricken environment. On a long term basis, Council's outlook continues to be strong, evident in the trending increase of total community equity.

Our position at year end

The Statement of Financial Position (Balance Sheet) reports on Council's position for the year. It shows the value of what Council owns, for example cash, investments, money owing to Council, inventories and other assets such as land, buildings, roads and water infrastructure. It also shows the value of what Council owes to creditors, employee entitlements and any loans.

Council's assets of \$200,322,903 are made up of investments in community assets such as buildings, water and road infrastructure, as well as cash investments, receivables and inventories. Council's liabilities of \$2,326,860 comprise of employee provisions, sundry creditors and Queensland Treasury Corporation loans.

The financial position (total community equity) is \$197,996,043 which is made up by the value of what we own, less the value of what we owe.

The graphs on the following page summarises what Council owns and what Council owes to others.

Statement of cash flows

The cash flow statement is like your bank statement. If you did a summary of your statements for 12 months, it would be a cash flow statement.

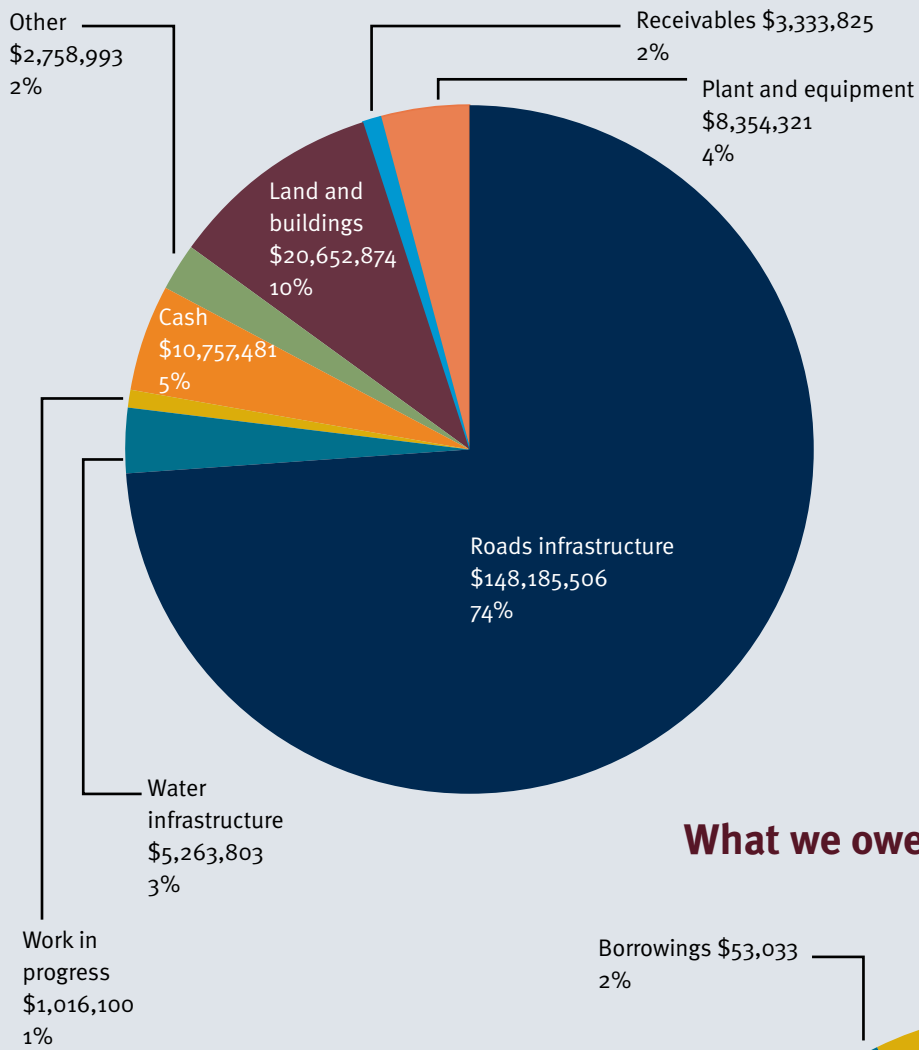
The following statement, however, only reports on and shows:

- how much money we started the year with
- where any incoming money came from
- what money was spend on
- how much money we have left at the end of the year.

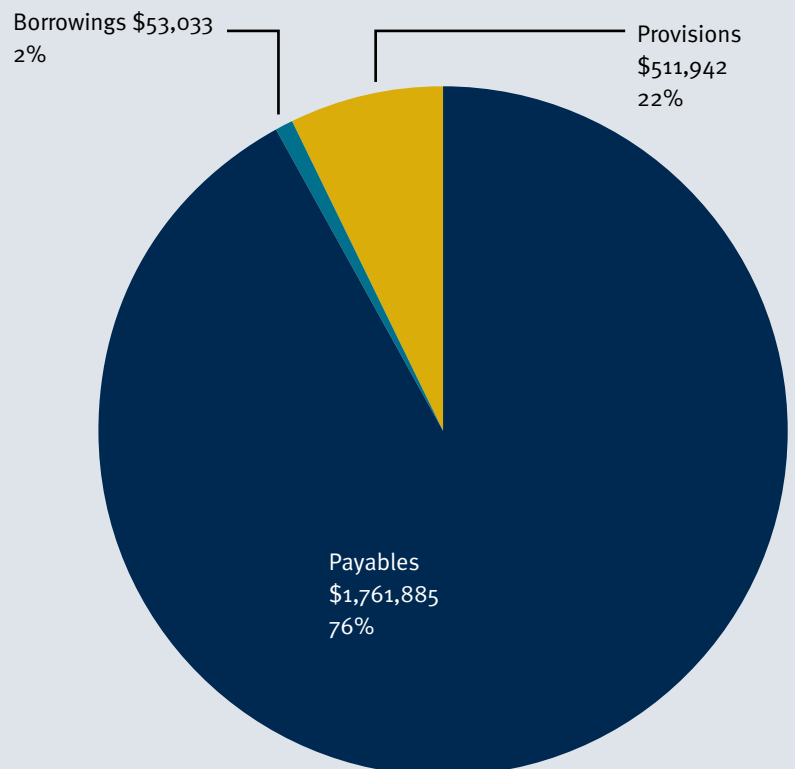
	2016/17 \$	2015/16 \$	2014/15 \$	2013/14 \$	2012/13 \$
Opening cash balance	16,268,704	13,131,381	11,798,682	10,139,093	7,728,264
Net cash flow from operating activities	-4,235,330	4,182,052	2,873,417	5,619,792	6,354,942
Net cash flow from investing activities (capital purchases)	-1,265,656	-1,035,477	-1,513,866	-3,932,992	-3,915,025
Net cash flow from financial activities (loan repayments)	-10,237	-9,252	-26,832	-27,210	-29,088
Closing cash balance	10,757,481	16,268,704	13,131,381	11,798,682	10,139,093

To reach a strong financial position, Council must not only have enough cash for its day – to – day operations but must also be able to fund purchases of property, plant and equipment and repay interest and principal payments on loans. It must therefore manage its cash to have the capacity to meet its financial commitments in the long term. The graph of cash balances on the final page of community financial report, shows that Council's cash balance has been comfortably over \$10m for the past 5 years.

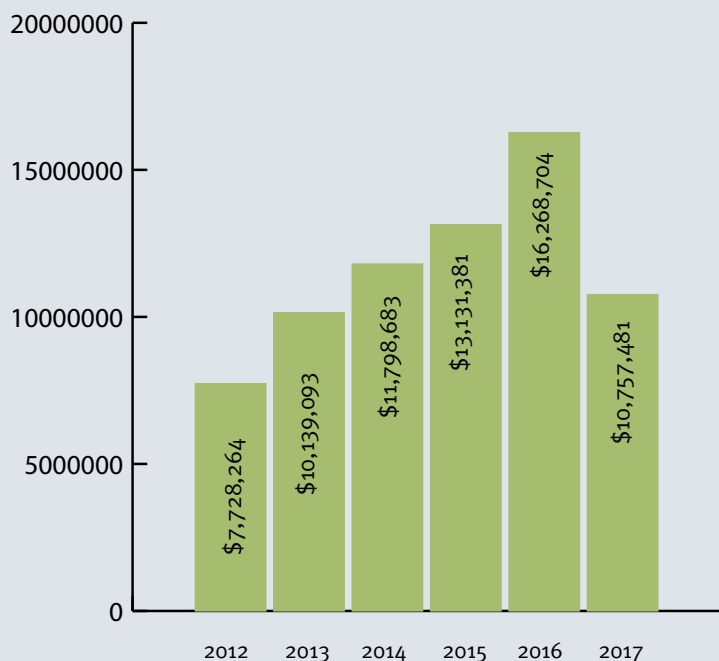
What we own



What we owe



Historical end of financial year cash balances



Working capital ratio

The working capital ratio illustrates Council's ability to pay its bills. The figure measures current assets to current liabilities. The current ratio for Council is 7 to 1.

A generally accepted minimum benchmark across all industries is 2 to 1 and a review of performance over the past five years demonstrated that Council has consistently been above 2 to 1. This demonstrates good cash management practices and a sound liquidity position.

Rates revenue ratio

This ratio measures the percentage of Council's recurrent revenue (which does not include revenue for capital purposes or gain/loss on sale of plant and equipment), made up of rates income.

Council's 2016/17 rates revenue ratio is 4.9%.

Operating surplus ratio

This ratio measures the extent to which revenue raised (excluding capital grants and contributions) covers operational expenses. A generally accepted ratio is between 0 to 10%.

Council's 2016/17 operating surplus ratio is -10.98%. Council considers this ratio to be low however with close monitoring and reviews of budget variances, this ratio is expected to break even within the next 10 years.

Asset sustainability ratio

This ratio measures the amount of capital expenditure on the renewal of existing assets compared to the depreciation expense. The target for this ratio is for it to be greater than 90%.

Council's 2016/17 asset sustainability ratio is 124.26%.

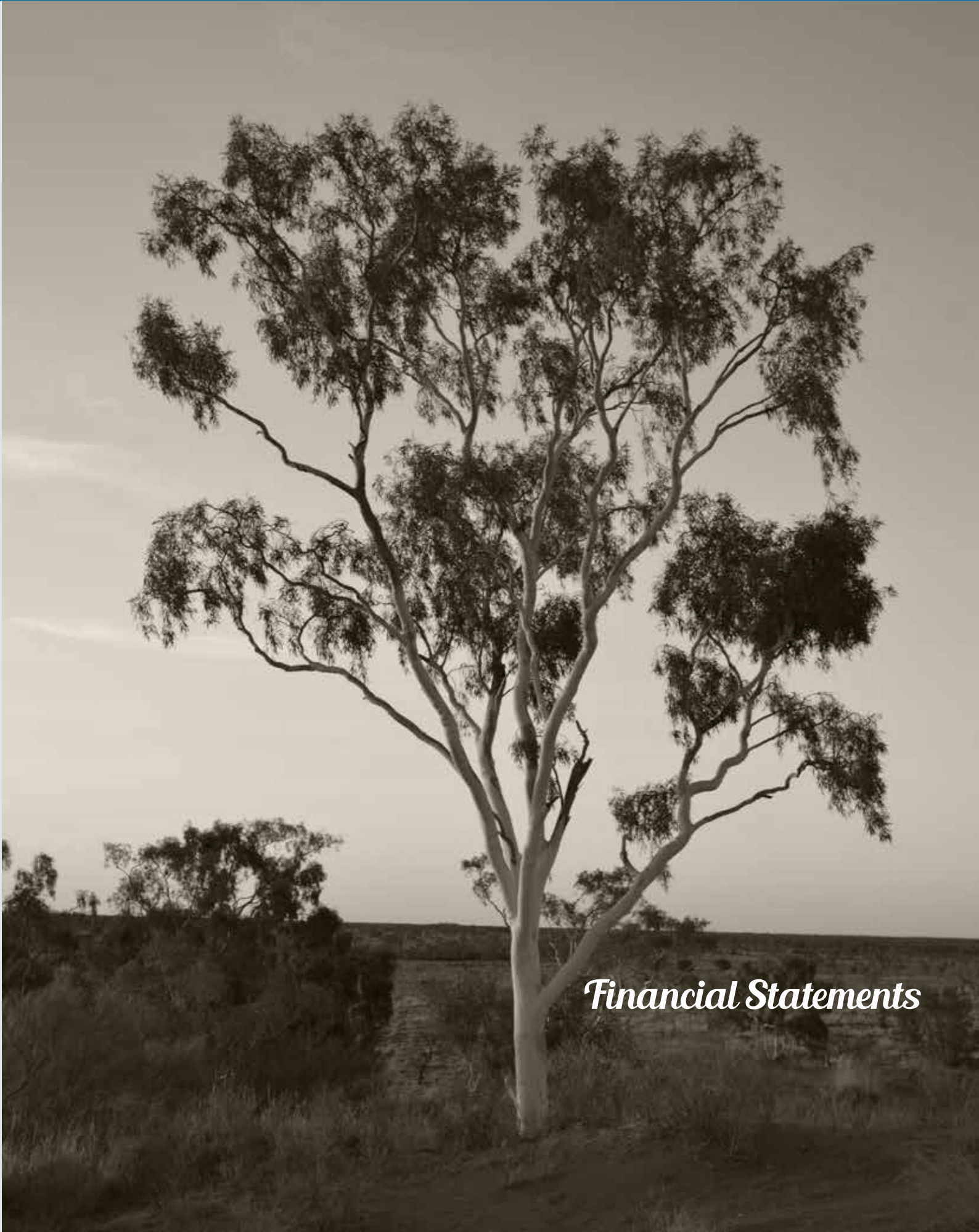
Net financial liabilities ratio

This ratio measures the extent to which Council can fund its liabilities through its operating revenues. The target for the ratio is to be less than 60%.

Council's 2016/17 net financial liabilities ratio is -51.51%.

Overall financial summary

Cash balance as at 30 June 2017: \$10,757,481
 Council's total community equity as at 30 June 2017: \$197,996,043.



Financial Statements



BARCOO SHIRE COUNCIL

Financial statements

For the year ended 30 June 2017

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Management Certificate

Independent Auditor's Report

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

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

Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

Barcoo Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2017

	2017	2016
Note	\$	\$
Income		
Revenue		
Recurrent revenue		
Rates, levies and charges	3(a) 1,191,846	1,146,451
Fees and charges	3(b) 116,886	112,785
Rental income	3(c) 296,253	298,645
Interest received	3(d) 272,155	380,751
Sales revenue	3(e) 7,838,597	7,436,298
Other income	3(f) 468,309	80,067
Grants, subsidies, contributions and donations	4(a) 14,018,057	6,703,223
	<u>24,202,103</u>	<u>16,158,220</u>
Capital revenue		
Grants, subsidies, contributions and donations	4(b) 4,994,328	3,670,828
Total capital revenue	<u>4,994,328</u>	<u>3,670,828</u>
Total income	<u>29,196,431</u>	<u>19,829,048</u>
Expenses		
Recurrent expenses		
Employee benefits	5 (5,448,050)	(4,832,547)
Materials and services	6 (17,498,791)	(10,107,573)
Finance costs	(10,868)	(24,761)
Depreciation	11 (3,895,673)	(3,685,039)
Total recurrent expenses	<u>(26,853,382)</u>	<u>(18,749,920)</u>
Capital expenses		
Write - off of flood damaged roads	7 (986,094)	(2,907,670)
Loss on disposal of assets	7 (85,232)	(610,705)
Total expenses	<u>(27,924,708)</u>	<u>(22,268,295)</u>
Net result	<u>1,271,723</u>	<u>(2,439,247)</u>
Other comprehensive income		
Items that will not be reclassified to net result		
Increase / (decrease) in asset revaluation surplus	15 5,236,245	3,729,878
Total other comprehensive income for the year	<u>5,236,245</u>	<u>3,729,878</u>
Total comprehensive income for the year	<u>6,507,968</u>	<u>1,290,631</u>

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

**Barcoo Shire Council
Statement of Financial Position
as at 30 June 2017**

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	8	10,757,481	16,268,704
Receivables	9	3,278,642	2,548,891
Inventories	10	757,817	762,358
Total current assets		<u>14,793,940</u>	<u>19,579,953</u>
Non-current assets			
Receivables	9	55,183	68,921
Property, plant and equipment	11	185,473,780	178,944,550
Total non-current assets		<u>185,528,963</u>	<u>179,013,471</u>
Total assets		<u>200,322,903</u>	<u>198,593,424</u>
Current liabilities			
Payables	12	1,761,885	6,574,087
Borrowings	13	10,850	10,349
Provisions	14	292,190	272,257
Total current liabilities		<u>2,064,925</u>	<u>6,856,693</u>
Non-current liabilities			
Borrowings	13	42,183	52,921
Provisions	14	219,752	195,735
Total non-current liabilities		<u>261,935</u>	<u>248,656</u>
Total liabilities		<u>2,326,860</u>	<u>7,105,349</u>
Net community assets		<u>197,996,043</u>	<u>191,488,075</u>
Community equity			
Asset revaluation surplus	15	150,372,404	145,136,159
Retained surplus		47,623,639	46,351,916
Total community equity		<u>197,996,043</u>	<u>191,488,075</u>

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

Barcoo Shire Council
Statement of Changes in Equity
For the year ended 30 June 2017

	Asset revaluation surplus	Retained Surplus	Total
Note	15		
	\$	\$	\$
Balance as at 1 July 2016	145,136,159	46,351,916	191,488,075
Net results	-	1,271,723	1,271,723
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	5,236,245	-	5,236,245
Total comprehensive income for the year	<u>5,236,245</u>	<u>1,271,723</u>	<u>6,507,968</u>
Balance as at 30 June 2017	<u>150,372,404</u>	<u>47,623,639</u>	<u>197,996,043</u>
Balance as at 1 July 2015	141,406,281	48,791,163	190,197,444
Net results	-	(2,439,247)	(2,439,247)
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	3,729,878	-	3,729,878
Total comprehensive income for the year	<u>3,729,878</u>	<u>(2,439,247)</u>	<u>1,290,631</u>
Balance as at 30 June 2016	<u>145,136,159</u>	<u>46,351,916</u>	<u>191,488,075</u>

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

Barcoo Shire Council
Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		24,332,224	14,342,347
Payments to suppliers and employees		(29,125,094)	(10,814,930)
		<u>(4,792,870)</u>	<u>3,527,417</u>
Interest received		272,155	380,751
Rental income		296,253	298,645
Borrowing costs		(10,868)	(24,761)
Net cash inflow (outflow) from operating activities	20	<u>(4,235,330)</u>	<u>4,182,052</u>
Cash flows from Investing activities			
Payments for property, plant and equipment		(6,623,784)	(5,132,987)
Proceeds from sale of property plant and equipment		363,800	426,682
Grants, subsidies, contributions and donations		4,994,328	3,670,828
Net cash inflow (outflow) from Investing activities		<u>(1,265,656)</u>	<u>(1,035,477)</u>
Cash flows from financing activities			
Repayment of borrowings	13	(10,237)	(9,252)
Net cash inflow (outflow) from financing activities		<u>(10,237)</u>	<u>(9,252)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(5,511,223)</u>	<u>3,137,323</u>
Cash and cash equivalents at the beginning of the financial year		16,268,704	13,131,381
Cash and cash equivalents at end of the financial year	8	<u>10,757,481</u>	<u>16,268,704</u>

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

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

1 Significant accounting policies

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

They comply with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). 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). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention, except where stated.

1.02 Constitution

The Barcoo Shire Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

1.03 Adoption of new and revised accounting standards

This year Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in note 23.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a material impact upon council's future financial statements are:

Standard and Impact	Date Council Will Apply the Standard
<p><u>AASB 9 Financial Instruments</u> This replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, and will change the classification, measurement and disclosures of financial assets. As a result, Council will measure its financial assets at fair value. The impact of this new standard is yet to be quantified.</p>	1-Jul-18
<p><u>AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</u> AASB 15 will replace AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 <i>Contributions</i>. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards. Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.</p>	1-Jul-19

1.04 Estimates and judgements

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to council's assets or liabilities relate to:

- Valuation of property, plant and equipment - Note 11
- Provisions - Note 14
- Contingent liabilities - Note 17

1.05 Rounding and comparatives

The financial statements are in Australian Dollars that have been rounded to the nearest \$1.

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

1.06 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.

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

2. Analysis of Results by Function

2(a) Components of council functions

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

Corporate Services

Source of council revenue to fund the operating activities and supervision of the general activities of the Council.

Executive

Includes councillor and executive costs, town planning and building development.

Works and services

Includes construction and maintenance of roads and engineering, water operations and management, waste disposal, plant maintenance, state emergency and fire brigade services, airports and communications network.

Land and Animal Management

Includes land management, animal control, pest control.

Community and Development

Includes libraries, museums, art and cultural events, parks and gardens maintenance, caravan parks, tourism development, playgroup, sports and recreation facilities, post office and environmental services.

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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

Functions	Year ended 30 June 2017						Total income	Gross program income		Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets		
	Recurring		Capital		2017	2017		2017	2017	2017	2017						
	Grants	Other	Grants	Other												Recurring	Capital
Corporate services	4,197,480	1,183,736	-	-	1,965,846	3,415,370	3,415,370	1,965,846	3,415,370	578,197	(577,800)	3,415,370	20,974,265				
Executive	177	220	-	-	578,197	397	397	578,197	578,197	11,056,148	(846,095)	(577,800)	-				
Works and services	1,539,963	7,597,764	4,481,063	-	9,983,822	13,618,790	13,618,790	11,056,148	1,071,326	352,364	(155,984)	2,563,642	165,713,117				
Land and animal management	61,000	135,380	-	-	196,380	196,380	196,380	-	-	-	-	(155,984)	5,053				
Community and development	8,219,437	1,266,946	513,265	-	13,973,153	9,999,648	9,999,648	13,973,153	-	-	(4,486,770)	(3,973,505)	13,630,488				
Total Council	14,018,057	10,184,046	4,994,328	-	26,853,382	29,196,431	29,196,431	27,924,708	1,071,326	-	(2,651,279)	1,271,723	200,322,903				

Functions	Year ended 30 June 2016						Total income	Gross program income		Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets		
	Recurring		Capital		2016	2016		2016	2016	2016	2016						
	Grants	Other	Grants	Other												Recurring	Capital
Corporate services	2,820,452	1,334,677	-	-	1,190,401	4,155,129	4,155,129	1,190,401	2,964,728	615,824	(615,524)	2,964,728	25,774,241				
Executive	300	-	-	-	615,824	300	300	615,824	615,824	13,468,788	(611,761)	(615,524)	-				
Works and services	3,708,865	6,853,329	3,484,092	-	9,950,413	14,046,286	14,046,286	13,468,788	3,518,375	484,639	(335,089)	577,498	160,517,051				
Land and animal management	-	149,550	-	-	149,550	149,550	149,550	-	-	-	-	(335,089)	-				
Community and development	173,606	1,117,441	186,736	-	6,508,643	1,477,783	1,477,783	6,508,643	-	-	(5,217,596)	(5,030,860)	12,302,132				
Total Council	6,703,223	9,454,997	3,670,828	-	18,749,920	19,829,048	19,829,048	22,268,295	3,518,375	-	(2,591,700)	(2,439,247)	198,593,424				

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
3 Revenue			
Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.			
(a) Rates, levies and charges			
Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.			
General rates		1,077,334	1,041,363
Water		191,738	183,904
Garbage charges		35,608	34,747
Total rates and utility charge revenue		<u>1,304,680</u>	<u>1,260,014</u>
Less: Discounts		(101,556)	(102,818)
Less: Pensioner remissions		(11,278)	(10,945)
Total rates, levies and charges		<u>1,191,846</u>	<u>1,146,451</u>
(b) Fees and charges			
Fees and charges are recognised when council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.			
Fees and charges		<u>116,886</u>	<u>112,785</u>
		<u>116,886</u>	<u>112,785</u>
(c) Rental income			
Rent from council housing is recognised as income on a periodic straight line basis over the lease term.			
Housing Rent		<u>296,253</u>	<u>298,645</u>
		<u>296,253</u>	<u>298,645</u>
(d) Interest received			
Interest received from cash funds is accrued over the term of the investment.			
Interest received from cash funds		262,105	370,847
Interest from overdue rates and utility charges		<u>10,050</u>	<u>9,904</u>
		<u>272,155</u>	<u>380,751</u>
(e) Sales revenue			
The sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.			
Revenue from contracts and recoverable works generally comprise of the recoupment of material costs together with an hourly charge for the use of equipment and employees. This revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.			
Sale of goods and services			
Contract and recoverable works		7,078,570	6,729,669
Jundah Store sales		760,027	706,629
Total sales revenue		<u>7,838,597</u>	<u>7,436,298</u>
(f) Other income			
Other income		<u>468,309</u>	<u>80,067</u>
		<u>468,309</u>	<u>80,067</u>

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
4 Grants, subsidies, contributions and donations			
Grants, subsidies, contributions and donations that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.			
Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.			
(a) Recurrent			
General purpose grants		5,563,118	3,690,232
State government subsidies and grants		8,454,939	3,012,991
		<u>14,018,057</u>	<u>6,703,223</u>
(b) Capital			
Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.			
State government subsidies and grants		3,084,733	2,775,975
Flood damage grants		1,909,595	894,853
		<u>4,994,328</u>	<u>3,670,828</u>
5 Employee benefits			
Total staff wages and salaries		4,605,414	4,170,977
Councillors' remuneration		223,814	187,871
Annual, sick and long service leave expenses		642,341	535,834
Superannuation	19	538,023	456,666
		6,009,592	5,351,348
Other employee related expenses		176,340	179,826
		6,185,932	5,531,174
Less: Capitalised employee expenses		(737,882)	(598,627)
		<u>5,448,050</u>	<u>4,932,547</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:		2017	2016
Elected members		5	5
Administration staff		22	24
Depot and outdoors staff		42	40
Total full time equivalent employees		<u>69</u>	<u>69</u>
6 Materials and services			
Advertising and marketing		312,481	208,867
Administration supplies and consumables		1,015,200	609,331
Audit of financial statements by the Auditor General of Queensland		39,630	33,464
Communications and IT		263,266	190,438
Rates (Council Housing)		36,798	36,302
Insurance		90,857	129,898
Parks & Gardens		116,261	117,661
Plant operating expenses and recoverable works		1,941,463	2,631,523
Repairs and maintenance		1,354,760	1,522,364
Retail Store operating expenses		697,572	620,655
Other materials and services		674,855	629,175
Telecommunications fibre project		10,955,648	3,377,895
		<u>17,498,791</u>	<u>10,107,573</u>

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

7	Capital expenses	Note	2017	2016
			\$	\$
	Loss on disposal of non-current assets			
	Proceeds from the sale of property, plant and equipment		363,800	426,682
	Less: Book value of property, plant and equipment disposed of		<u>(449,032)</u>	<u>(1,037,387)</u>
			(85,232)	(610,705)
	Book value of flood damaged roads		<u>(986,094)</u>	<u>(2,907,670)</u>
	Total capital expenses		<u><u>(1,071,326)</u></u>	<u><u>(3,518,375)</u></u>

8 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.

Cash at bank and on hand	851,722	2,167,146
Deposits at call	<u>9,905,759</u>	<u>14,101,558</u>
Balance per Statement of Cash Flows	<u><u>10,757,481</u></u>	<u><u>16,268,704</u></u>

Council's 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:

Internally imposed expenditure restrictions at the reporting date:

Future capital works	1,670,596	1,670,596
Future constrained works	21,000	21,000
Future recurrent expenditure	<u>612,000</u>	<u>612,000</u>
Total unspent restricted cash	<u><u>2,303,596</u></u>	<u><u>2,303,596</u></u>

Cash and deposits at call are held with the Queensland Treasury Corporation and Westpac Bank in normal cash funds and business cheque accounts. QTC has a rating of AA+; Westpac currently has a short term credit rating of A-1+ and a long term rating of AA-.

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

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on	64,460	25,822
Security deposits	<u>630</u>	<u>620</u>
	<u><u>65,090</u></u>	<u><u>26,442</u></u>

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
9 Receivables			
Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.			
Debts are regularly assessed for collectability and allowance is made, where appropriate for impairment. All known bad debts were written off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.			
Because Council is empowered under the provisions of the <i>Local Government Act 2009</i> to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables for freehold and leasehold properties. Where rates have been raised in respect of mining leases, these are 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.			
Current			
Rateable revenue and utility charges		93,033	102,182
Other debtors		3,160,797	2,422,361
Less impairment		(25,500)	(22,700)
Loans and advances		13,850	13,349
Prepayments		36,462	33,699
		<u>3,278,642</u>	<u>2,548,891</u>
Non-current			
Loans and advances		55,183	68,921
		<u>55,183</u>	<u>68,921</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 receivables.

Loans relate to advances made to ratepayers under the Rural Electrification Scheme for new solar based generators on their properties. Council reclaims the costs and interest by invoicing the respective ratepayers semi annually.

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

Opening balance at 1 July	22,700	8,500
Debts written off during the year	(2,612)	-
Additional impairments recognised	5,412	14,200
Closing Balance at 30 June	<u>25,500</u>	<u>22,700</u>

10 Inventories

Stores and raw materials 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.

Inventories held for sale

Jundah General Store trading stock	56,387	51,195
	<u>56,387</u>	<u>51,195</u>

Inventories held for distribution

Stores and raw materials	701,430	711,163
	<u>701,430</u>	<u>711,163</u>

Total inventories	<u>757,817</u>	<u>762,358</u>
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**Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017**

11 (a) Property, plant and equipment

Basis of measurement	Land		Buildings		Major plant & equipment		Other Plant & Equipment		Roads, drainage and bridge network		Water infrastructure		Furniture & fittings		Other structures		Work in progress		Total
	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	
Asset values																			
Opening gross value as at 1 July 2016	901,416		29,694,638		6,239,344		7,381,501		190,986,978		8,234,800		628,720		3,085,145		2,147,436		249,299,978
Additions	-		-		-		(866,032)		-		-		(23,782)		-		6,623,784		6,623,784
Disposals	(50,666)		1,201,966		-		-		5,939,582		184,863		-		140,913		-		(889,814)
Revaluation adjustment to asset revaluation surplus	-		-		-		-		(1,375,282)		-		-		-		-		7,396,688
Write off flood damaged roads	-		-		-		-		4,653,725		171,767		-		516,838		(7,755,120)		(1,375,282)
Transfers between classes	-		1,300,893		-		1,080,983		-		-		30,914		-		-		-
Closing gross value as at 30 June 2017	850,750		32,197,527		6,239,344		7,598,452		200,205,003		8,571,430		635,862		3,742,896		1,016,100		261,065,354
Accumulated depreciation and impairment																			
Opening balance as at 1 July 2016	-		11,102,501		1,226,444		4,012,939		48,934,155		3,055,817		441,241		1,582,331		-		70,355,428
Depreciation provided in period	-		809,070		325,285		521,287		1,922,209		187,002		22,484		108,336		-		3,895,673
Depreciation on disposals	-		-		-		(417,001)		-		-		(23,781)		-		-		(440,782)
Write off flood damaged roads	-		-		-		-		(389,188)		-		-		-		-		(389,188)
Revaluation adjustment to asset revaluation surplus	-		476,163		-		-		1,552,321		64,808		-		67,151		-		2,160,443
Transfers between classes	-		7,669		(97,593)		97,593		-		-		2,149		(9,818)		-		-
Accumulated depreciation as at 30 June 2017	-		12,385,403		1,454,136		4,214,818		52,019,497		3,307,627		442,093		1,748,000		-		75,581,574
Total written down value as at 30 June 2017	850,750		19,802,124		4,785,208		3,381,634		148,185,506		5,263,803		193,759		1,994,896		1,016,100		185,473,780
Range of estimated useful life in years	Land: Not depreciated.		18 - 100		12		2 - 20		5 - 100		20 - 80		20 - 60		20 - 40		WIP: Not depreciated.		
Additions comprise:																			
Renewals	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other additions	-		-		-		-		-		-		-		-		4,840,798		4,840,798
Total additions	-		-		-		-		-		-		-		-		1,782,986		1,782,986
	-		-		-		-		-		-		-		-		6,623,784		6,623,784

Barcoo Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

11 (a) Property, plant and equipment

	Note	Land	Buildings		Major plant & equipment		Plant & Equipment		Roads, drainage and bridge network		Water Infrastructure		Furniture & fittings		Other structures		Work in progress		Total	
			fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Basis of measurement																				
Asset values																				
Opening gross value as at 1 July 2015		901,416	28,211,868	6,096,000	7,665,496	184,105,165	8,055,958	638,427	7,791,512	644,385	5,132,987	244,110,227								
Additions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	7	-	-	(1,325,000)	-	-	-	(30,374)	-	-	-	(1,355,374)								
Revaluation adjustment to asset revaluation surplus	15	-	991,326	-	-	3,992,867	178,842	12,162	57,922	-	-	5,233,119								
Write off flood damaged roads		-	-	-	-	(3,820,981)	-	-	-	-	-	(3,820,981)								
Transfers between classes	7	-	491,444	1,468,344	(283,995)	6,709,927	-	8,505	(4,764,289)	(3,629,936)	-	(3,820,981)								
Closing gross value as at 30 June 2016		901,416	29,694,638	6,239,344	7,381,501	190,966,978	8,234,800	628,720	3,085,145	2,147,436	249,299,978									
Accumulated depreciation and Impairment																				
Opening balance as at 1 July 2015		-	10,049,762	963,084	3,720,314	46,131,995	2,818,248	419,739	2,295,301	-	-	66,398,443								
Depreciation provided in period		-	685,012	334,657	508,938	1,837,808	171,203	43,189	104,232	-	-	3,685,039								
Depreciation on disposals	7	-	-	(287,610)	-	-	-	(30,374)	-	-	-	(317,984)								
Write off flood damaged roads	7	-	-	-	-	(913,311)	-	-	-	-	-	(913,311)								
Revaluation adjustment to asset revaluation surplus	15	-	367,727	-	-	1,029,665	66,366	8,687	30,796	-	-	1,503,241								
Transfers between classes		-	-	216,313	(216,313)	847,998	-	-	(847,998)	-	-	-								
Accumulated depreciation as at 30 June 2016		-	11,102,501	1,226,444	4,012,939	48,934,155	3,055,817	441,241	1,582,331	-	-	70,355,428								
Total written down value as at 30 June 2016		901,416	18,592,137	5,012,900	3,368,562	142,052,823	5,178,983	187,479	1,502,814	2,147,436	178,944,550									
Range of estimated useful life in years		Land: Not depreciated.	18 - 100	12		5 - 100	20 - 80	20 - 60	20 - 40	WIP: Not depreciated.										

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

11 Property, plant and equipment

11 (b) Recognition

Plant and equipment with a total value of less than \$5,000 and infrastructure assets with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of plant and equipment are capitalised.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, routine operating maintenance, repair costs and minor renewals to maintain the operating capacity and useful life of the non current asset are expensed as incurred.

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

Land under roads

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.

11 (c) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the previous table) less, where applicable any accumulated depreciation and accumulated impairment loss.

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.

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

11 (d) Depreciation

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

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

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

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 depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date.

Estimated useful lives are disclosed earlier in note 11.

11 (e) Impairment

Property, Plant and Equipment are assessed for indicators of impairment annually by internal engineers. 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.

11 (f) Valuation

(i) Valuation process

Council's valuation policies and procedures are set by the executive management team. They are reviewed regularly taking into consideration an analysis of movements in fair value and other relevant information.

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 every 3 - 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.

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

In the intervening years, Council uses both internal engineers and external valuers to assess the condition and cost assumptions associated with all asset classes, 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. The valuer then determines suitable indices which are applied to each of these asset classes.

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

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

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

There were no material transfers between level 1 and level 2 during the year, nor between level 2 and level 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.

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

Land (level 2 and 3)

The fair value of council land was determined by independent valuer, AssetVal as at 30 June 2017. Level 2 and Level 3 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Level 2 inputs involved the analysis of sales evidence and comparisons taking into account matters such as area, location and other general site characteristics. Level 3 inputs were used only for those assets that were subject to restrictions as to the use and/or sale of the asset or there is no active market. For land valued under Level 3, an unobservable input to the rate per square metre was applied to the asset.

	2017	2016
	\$	\$
Land (Level 2)	694,500	901,416
Land (Level 3)	156,250	-
	<u>850,750</u>	<u>901,416</u>

Buildings & other structures (level 3)

The fair value of buildings & other structures were determined by independent valuer, AssetVal as at 30 June 2015. Management have internally reviewed and assessed these values as at 30 June 2017 and applied an index adjustment as appropriate. Building fair values have been assessed on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived by reference to market data for recent projects and costings guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth of market can be identified, the net value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been 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 was 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, pattern of consumption 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.

	2017	2016
	\$	\$
Buildings (level 3)	19,802,124	18,592,137
Other structures (level 3)	1,994,896	1,502,814
	<u>21,797,020</u>	<u>20,094,951</u>

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Major plant & equipment (Level 2)

The fair value of major plant & equipment was determined by AssetVal as at 30 June 2015. Fair value was derived by reference to market based evidence including observable historical second hand sales data for specialised earth-moving equipment of similar age, condition and specification. The key assumptions used in assessing the condition included site condition; type of usage; major mechanical component condition; and machine hours. The fair value takes into account transport costs to transport the plant to market, but does not include transaction costs. As at 30 June 2017, Council management made an assessment based on current sales prices in regards to the accuracy of current fair values. As a result of this assessment, there were no material changes made.

Infrastructure assets (level 3)

All Council infrastructure assets were fair valued using written down current replacement cost. 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. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was 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 were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected 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 were based on a "Greenfield" assumption meaning that the CRC was 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 was determined using methods relevant to the asset class as described under individual asset categories below.

Road, drainage and bridge network - calculation of current replacement cost

Shire 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 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 was 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 30 cms across the shire road network. Council also assumes that all raw materials can be sourced locally within the shire, with haulage rates per tonne depending on the location of the segment being valued. For internal construction estimates, material and services prices were based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.

The last full valuation of road infrastructure was undertaken effective 30 June 2015 by independent valuers - AssetVal. Management have internally reviewed and assessed these values as at 30 June 2017 and applied an index adjustment as appropriate.

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives and based on that applicable and observable in Western Queensland. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Condition rating	Internal management expanded condition rating	Condition description	Description explanation	Remaining useful life %
1	1 - 2	As new/ excellent	Asset "as new"	95% of useful life
2	3 - 4	Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75% of useful life
3	5 - 6	Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% of useful life
4	7 - 8	Poor	Asset still operates, but does not meet intended duty or does not appear sound.	25% of useful life
5	9 - 10	Unserviceable	Asset is not functioning/ needs immediate attention.	5% of useful life

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

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Bridges

Current replacement cost

A full valuation of bridges assets was undertaken by independent valuers, AssetVal, effective 30 June 2015. Management have internally reviewed and assessed these values as at 30 June 2017 and applied an index adjustment as appropriate. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Condition rating	Assessment
0H/ 0M	Very high level of remaining service potential
1H/ 1M	High level of remaining service potential
2H/ 2M	Adequate level of remaining service potential
3H/ 3M	Adequate level of remaining service potential, but with some issues indicating the need for action in the short to medium term
4H/ 4M	Barely adequate level of remaining service potential requiring action to be taken in the short term
5H/ 5M	Asset is now unacceptable and must be closed or renewed
6H/ 6M	End of life

Estimated useful lives are disclosed earlier in note 11.

Drainage infrastructure

Current replacement cost

A full valuation of drainage infrastructure was undertaken by independent valuers, AssetVal as at 30 June 2015. Management have internally reviewed and assessed these values as at 30 June 2017 and applied an index adjustment as appropriate.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a 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 were determined on a similar basis to roads.

Accumulated depreciation

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed earlier in note 11.

Water infrastructure – Calculation of written down current replacement cost

Water infrastructure

Current replacement cost

Water infrastructure fair values as at 30 June 2015 was assessed by AssetVal. Management have internally reviewed and assessed these values as at 30 June 2017 and applied an index adjustment as appropriate. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Cost models taken into account in determining replacement costs included:
• AssetVal's database
• Schedule rates for construction of asset or similar assets
• Cost curves derived by AssetVal
• Building Price Index tables
• Recent contract and tender data
• Rawlinson's Rates for building and construction, and
• Suppliers' quotations

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Factors taken into account in determining replacement costs included:
• Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).
• Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).
• Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/ trench cage which increases costs and slows production).

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Condition rating	Condition description	Description explanation	Remaining useful life %
1	As new/ excellent	Asset "as new"	95% of useful life
2	Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75% of useful life
3	Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% of useful life
4	Poor	Asset still operates, but does not meet intended duty or does not appear sound.	25% of useful life
5	Unserviceable	Asset is not functioning/ needs immediate attention.	5% of useful life

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

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

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

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

There have been no transfers between level 1, 2 or 3 measurements during the year and prior year.

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	<u>Note</u>	<u>2017</u>	<u>2016</u>
		\$	\$
12 Payables			
Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.			
Liabilities are recognised for employee benefits such as wages and salaries, sick annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.			
As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.			
Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.			
Current			
Creditors and accruals		917,305	5,836,449
Annual leave		615,917	550,822
Sick leave		228,663	186,816
		<u>1,761,885</u>	<u>6,574,087</u>

13 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost.

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. The expected final repayment date will be 15 December 2021. There have been no defaults or breaches of the loan agreement during the period.

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.

Current

Loans - Queensland Treasury Corporation	<u>10,850</u>	<u>10,349</u>
	<u>10,850</u>	<u>10,349</u>

Non-current

Loans - Queensland Treasury Corporation	<u>42,183</u>	<u>52,921</u>
	<u>42,183</u>	<u>52,921</u>

Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	63,270	72,522
Loans raised	-	-
Principal repayments	<u>(10,237)</u>	<u>(9,252)</u>
Book value at end of financial year	<u>53,033</u>	<u>63,270</u>

The QTC loan market value at the reporting date was \$56,509. 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.

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

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	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
14 Provisions			
<u>Long service leave</u>			
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 interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.			
Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.			
Current			
Long service leave		292,190	272,257
		<u>292,190</u>	<u>272,257</u>
Non-current			
Long service leave		219,752	195,735
		<u>219,752</u>	<u>195,735</u>
Long service leave			
Balance at beginning of financial year		467,992	388,193
Long service leave entitlement arising		91,220	109,066
Long service entitlement paid		(47,270)	(29,267)
Balance at end of financial year		<u>511,942</u>	<u>467,992</u>

15 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.

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	145,136,159	141,406,281
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	(50,666)	-
Buildings	725,833	623,599
Major plant & equipment	-	-
Roads, drainage and bridge network	4,387,261	2,963,202
Water infrastructure	100,055	112,476
Other structures	73,762	30,601
Total movement in the financial year	<u>5,236,245</u>	<u>3,729,878</u>
Balance at end of financial year	<u>150,372,404</u>	<u>145,136,159</u>

Asset revaluation surplus analysis

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

Land	351,850	402,516
Buildings	8,444,446	7,718,613
Major plant & equipment	1,872,336	1,872,336
Roads, drainage and bridge network	132,493,336	128,106,075
Water infrastructure	3,081,726	2,981,671
Other structures	4,126,710	4,054,948
	<u>150,372,404</u>	<u>145,136,159</u>

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	Note	2017 \$	2016 \$
16 Commitments for expenditure			
Contractual Commitments			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
New IT System		234,622	-
Plant Fleet Upgrade		1,640,313	-
		1,874,935	-

17 Contingent liabilities

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

Local Government Mutual

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

As at 30 June 2016 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 \$182,156 (2016: \$167,904).

18 Events after the balance date

There were no material adjusting events after the balance date.

19 Superannuation

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

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

The scheme has three elements referred to as:

- (i) The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- (ii) The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments;
- (iii) The Accumulation Benefits Fund (ABF).

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

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

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

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.

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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.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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.

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Barcoo Shire Council made less than 4% of the total contributions to the plan in the 2016-17 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5	538,023	456,666

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

Net result	1,271,723	(2,439,247)
Non-cash items:		
Depreciation and amortisation	3,895,673	3,685,039
Write off of flood damaged roads	986,094	2,907,670
Net (profit)/loss on disposal of property, plant and equipment	85,232	610,705
Capital grants and contributions	(4,994,328)	(3,670,828)
	<u>(27,329)</u>	<u>3,532,586</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(716,013)	(1,705,178)
(Increase)/decrease in inventory	4,541	(139,506)
Increase/(decrease) in payables	(4,812,202)	4,853,596
Increase/(decrease) in provisions	43,950	79,801
	<u>(5,479,724)</u>	<u>3,088,713</u>
Net cash inflow from operating activities	<u>(4,235,330)</u>	<u>4,182,052</u>

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21 Financial Instruments and financial risk management
Financial assets and financial liabilities

Barcoo Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Barcoo Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council 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 these limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the council.

The Barcoo Shire 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 for the Council's investments and receivables from customers.

Exposures 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 commonwealth bodies or financial institutions in Australia, in line with the requirements of the Statutory Bodies Financial Arrangements Act 1982.

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

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

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	8	10,757,481	16,268,704
Receivables - rates	9	93,033	102,182
Receivables - other	9	3,204,330	2,481,931
		<u>14,054,844</u>	<u>18,852,817</u>
Other Credit exposures			
Bank Guarantee	17	(182,156)	(167,904)
		<u>(182,156)</u>	<u>(167,904)</u>

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and deposits held with banks and other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Other investments are held with highly regulated banks and whilst not capital guaranteed the likelihood of failure is remote.

Trade & 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.

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.

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The following represents an analysis of the age of the Council's financial assets that are either fully performing, past due or impaired:

Assets	Fully performing	Less than 30 days	30-60 days	61-90 days	Over 90 days	Total
2017	\$	\$	\$	\$	\$	\$
Receivables	-	3,088,555	20,727	28,969	184,612	3,322,863
Less impairment	-	-	-	-	(25,500)	(25,500)
Net receivables	-	3,088,555	20,727	28,969	159,112	3,297,363
2016	Fully performing	Less than 30 days	30-60 days	61-90 days	61-90 days	Over 90 days
	\$	\$	\$	\$	\$	\$
Receivables	-	2,440,987	67,453	7,562	90,811	2,606,813
Less impairment	-	-	-	-	(22,700)	(22,700)
Net receivables	-	2,440,987	67,453	7,562	68,111	2,584,113

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 other financial asset.

Barcoo Shire 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, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 8.

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

Liabilities	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2017					
Trade and other payables	1,761,885	-	-	1,761,885	1,761,885
Loans - QTC	13,323	46,628	-	59,951	53,033
	1,775,208	46,628	-	1,821,836	1,814,918
2016					
Trade and other payables	6,574,087	-	-	6,574,087	6,574,087
Loans - QTC	13,323	53,290	6,661	73,274	63,270
	6,587,410	53,290	6,661	6,647,361	6,637,357

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

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Market risk

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

Council currently has minimal exposure to market risk.

Interest rate risk

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

The risk in borrowing is effectively managed by borrowing only from the Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount \$	Effect on Net Result		Effect on Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
Council					
2017					
QTC cash fund	9,905,759	99,058	(99,058)	99,058	(99,058)
Other investments	851,722	8,517	(8,517)	8,517	(8,517)
Loans - QTC*	53,033	-	-	-	-
Net total		107,575	(107,575)	107,575	(107,575)
2016					
QTC cash fund	14,101,558	141,016	(141,016)	141,016	(141,016)
Other investments	2,167,146	21,671	(21,671)	21,671	(21,671)
Loans - QTC*	63,270	-	-	-	-
Net total		162,687	(162,687)	162,687	(162,687)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

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 of impairment.

The fair value of borrowings with QTC is based on the market value of the debt outstanding. The market value of the 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 the debt is disclosed in note 13 - borrowings.

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

22 National Competition Policy

Activities to which the code of competitive conduct is applied

A "business activity" of a local government is divided into two categories:

(a) Road business activity

(i) the construction or maintenance of state controlled roads for which the local government submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement.

(ii) Submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

(b) Other business activity, referred to as type three activities, means the following:

(i) trading in goods and services to clients in competition with the private sector; or

(ii) the submission of a competitive tender in the local governments own tendering process in competition with others for the provision of goods and services itself. Excluded activities are (a) library services or (b) an activity or part thereof prescribed by legislation.

Local governments may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

Council notes that it does not currently undertake any activities referred to above. With particular reference to the road building activity, Council notes that it only undertakes construction activity on behalf of the Queensland Department of Main Roads on a sole supplier arrangement. It does not actively seek out such projects nor does it look to competitively submit tenders for projects.

Accordingly Council does not believe there are any further disclosure requirements in this regard.

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

23 Transactions with related parties

(a) Transactions with key management personnel (KMP)

In the context of Barcoo Shire Council, KMP includes the Mayor and Councillors, Chief Executive Officer and some executive management. This section excludes KMPs who are contractors as these amounts are disclosed in Note 23 (b)(i). The compensation paid to KMP for 2016/17 comprises:

	2017
	\$
Short-term employee benefits	525,810
Post-employment benefits	37,045
Long-term benefits	8,386
Termination benefits	0
Total	571,241

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2017
		\$
Payments charged by entities controlled by key management personnel	23(b)(i)	520,540
Payments charged by Council to entities controlled by key management personnel	23(b)(ii)	595
Employee expenses for close family members of key management personnel	23(b)(iii)	171,558

(i) The payments charged by entities controlled by key management personnel were on an arm's length basis in accordance with Council's procurement policies. The total disclosed includes the following:

Payments charged by entities controlled by key management personnel	Details of related party	\$
Purchase of materials and services from entities controlled by key management personnel	James Batt is a sole proprietorship owned by a close family member of Councillor Peter Batt. The sole proprietorship has been engaged on commercial terms by Council to undertake various works throughout the year. Each job was awarded in accordance with Council's relevant procurement policy. Where applicable, Councillor Peter Batt declared his conflict of interest in this matter and did not participate in any decisions related to the relevant jobs where applicable.	112,311
Purchase of materials and services from entities controlled by key management personnel	Clark Business Group Pty Ltd is a company controlled by Greg Clark. The company has provided Council with engineering services and works advisory services throughout the year. Each project was awarded in accordance with Council's relevant procurement policy. Council has appointed Greg Clark the Director of Works and Services position on a contractual basis through Site and Civil Engineering. Greg Clark has declared his conflict of interest in this matter and did not participate in any decisions related to the relevant jobs where applicable.	273,888
Purchase of materials and services from entities related to key management personnel	Mead Perry Group Pty Ltd is a company which currently employs Lew Rojahn as a senior consultant. The company has been engaged on commercial terms by Council to undertake local government consultancy projects and services throughout the financial year. Each project was awarded in accordance with Council's relevant procurement policy. Additionally, council has appointed Lew Rojahn the role of Director of Corporate Services on a temporary contractual basis through Mead Perry Group Pty Ltd. Lew Rojahn declared his conflict of interest in this matter and did not participate in any decisions related to the relevant jobs where applicable. Total compensation paid to Mead Perry for Lew's KMP services was \$93,405 and amounts paid for other services were \$37,936.	131,341
Purchase of materials and services from entities controlled by key management personnel	Carly Scott is a close family member of Councillor Bruce Scott. Carly Scott was awarded bursary payment support from Council to go towards her upcoming studies. All support is provided in accordance with Council's standard community charter.	3,000
Total		520,540

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2017

(ii) The payments charged by Council to entities controlled by key management personnel were on an arm's length basis in accordance with the schedule of fees and charges adopted by council. The total disclosed includes the following:

Payments charged by Council to entities controlled by key management personnel	Details of related party	\$
Supply of materials and services to entities controlled by key management personnel	Bruce Scott is a councillor of Barcoo Shire Council. Council has completed private works throughout the year for Bruce Scott on commercial terms.	180
Supply of materials and services to entities controlled by key management personnel	Robert O'Brien is the chief executive officer of the Barcoo Shire Council. Council has completed private works throughout the year for Bob O'Brien on commercial terms.	160
Supply of materials and services to entities controlled by key management personnel	Peter Pidgeon is a close family member of Councillor Dianne Pidgeon. Council has occasionally provided Peter Pidgeon with advertising within Barcoo's local newsletter as well as some private works which was dealt with on commercial terms.	255
Total		595

(iii) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award or personal contract as applicable for the job they perform.

The council employs 89 staff of which only 3 are close family members of key management personnel. The total amount paid to such close family members was \$171,558.

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

(c) Outstanding balances

There were no outstanding balances for amounts owed by entities controlled by key management personnel.

(d) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

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

Most of the entities and people that are related parties of council live and operate within the Barcoo Shire. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Jundah General Store Purchases
- Dog registration

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

**Barcoo Shire Council
Financial statements
For the year ended 30 June 2017**

**Management Certificate
For the year ended 30 June 2017**

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 28, 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
Cr Bruce Scott

Date: 19, 10, 2017



Acting Chief Executive Officer
Lew Rojahn

Date: 19, 10, 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Barcoo Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Barcoo Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

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

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

Other information

Other information comprises the information included in Barcoo Shire Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current-year financial sustainability statement and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

The council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The council is also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

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

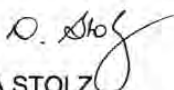
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

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



D A STOLZ
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

**Barcoo Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2017**

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2017 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-10.98%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	124.26%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-51.51%	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 2017.

Certificate of Accuracy
For the year ended 30 June 2017

This current-year financial sustainability statement has been prepared pursuant to Section 17B 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
Cr Bruce Scott

Date: 19, 10, 2017



Acting Chief Executive Officer
Lew Rojahn

Date: 19, 10, 2017

**Barcoo Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2017**

Measures of Financial Sustainability	Actuals at 30 June 2017	Target	Measure	Projected for the years ended										
				30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026		
Operating surplus ratio	-10.96%	Between 0% and 10%	Net result divided by total operating revenue	-47.89%	-15.99%	-13.47%	-11.23%	-8.29%	-5.35%	-2.41%	0.15%	2.65%		
Asset sustainability ratio	124.25%	greater than 90%	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	136.69%	70.40%	72.82%	76.18%	71.37%	72.32%	86.03%	86.12%	86.06%		
Net financial liabilities ratio	-51.51%	not greater than 60%	Total liabilities less current assets divided by total operating revenue	-41.07%	-23.79%	-16.36%	-9.42%	-6.08%	-5.45%	-3.50%	-3.35%	-5.89%		

Barcoo Shire 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 2017

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(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.


 Mayor
 Cr Bruce Scott
 Date: 19.10.2017


 Acting Chief Executive Officer
 Lew Rojahn
 Date: 19.10.2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Barcoo Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Barcoo Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Barcoo Shire Council for the year ended 30 June 2017 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current-year financial sustainability statement* section of my report.

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

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

Emphasis of matter – basis of accounting

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

Other information

Other information comprises the information included in Barcoo Shire Council's annual report for the year ended 30 June 2017, but does not include the current-year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current-year financial sustainability statement

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

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

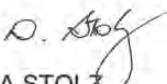
My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance,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

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

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

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

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


D A STOLZ
as delegate of the Auditor-General



Queensland Audit Office
Brisbane



Contact us

Council's Administration Centre in Jundah is open
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