



Reflections by Tess Patterson

BARCOO SHIRE COUNCIL
ANNUAL REPORT
2017 – 2018



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Introduction

Welcome to the Barcoo Shire Council Annual Report 2017/18, which provides a summary of Council's operations from 1 July 2017 to 30 June 2018.

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:

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.

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 267 people (Australia Bureau of Statistics 2016 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, and spectacular wildflowers, the unique water labyrinths of the Channel Country in flood and, above all, the wonderful hospitality of the people who live here.

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



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 & 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

In reflecting on the 2017-18 Financial Year, I believe that this reporting period can only be described as a year of evaluation, reassessment, planning and consolidation in the way Barcoo Shire Council funds, delivers and accounts for its community responsibility, its statutory requirements and long-term sustainability.

The first half of this financial year was a difficult time for the organisation as Council transitioned between chief executive officers, with the retirement of Mr Robert O'Brien and the appointment of Mr Michael Parker. Council is grateful for the support of Mr Lew Rojahn who acted in the role of the chief executive officer over this transitional time.

From an accountability and transparency perspective, Council has now appointed a Finance Risk and Audit Committee (FRAC) to review and advise on matters of finance, policy review, audit matters and areas of risk management. This committee has three external members, who collectively bring a very high level of experience and knowledge to the table, which in turn gives councillors, governments and the community a level of confidence that the public interests and governance responsibilities of Council are being served and are above question.

The Queensland Government's Works for Queensland (W4Q) programs have provided an incredible funding opportunity and a financial capacity boost for local government. This program has enabled the Council to renew some assets, bring forward many social and community enhancing projects, as well as upgrading of general infrastructure, that will allow Council to be a more effective and efficient administrator.

Similarly to the W4Q program, the Australian Government Drought Communities Program (DCP) has provided additional capability to Council's finances, and a grateful boost to the budget bottom line. This program has provided for new and renewed sporting, recreation and community facilities to our three towns. On top of new and renewed infrastructure and public facilities upgrade, the program also provides a much needed economic stimulus to the shire and region during the current extended drought conditions.

With the funding assistance from the Queensland Government, and community consultation completed by Ms Chris Capel, Council has adopted a Sport and Recreation Infrastructure Plan. This plan is a direct reflection of the three communities' thoughts and ideas when it comes to future sporting and recreation requirements. Council is already using this document in guiding the planning, writing funding applications and the delivery of community social and sporting infrastructure.

Under assistance and guidance from the Queensland Treasury Corporation (QTC) and implementation by CEO Michael Parker, Council has adopted the QTC Project Decision Framework (PDF) into all of its decision making processes. The PDF is a reflection of the Queensland Treasury Project Assessment Framework (PAF), which is used to assess major projects in Queensland. As a result, the PDF provides a rigorous and consistent process for the delivery of infrastructure projects or equipment acquisition from the initial idea, to planning the concept stage, providing for funding solutions and whole-of-life financial costs, and the eventual project delivery. The use of the PDF will force both councillors and the operational side of the business to be far more aware of the short-term and long-term financial, administrative and reputational risks in taking forward a project or item of equipment from an idea, want or need, to reality.

The Land Water and Animal Management Advisory Committee of Council have achieved a significant milestone this year by accomplishing 100% participation by Barcoo Shire landholders signing up for and producing an enforceable Individual Property Pest Management Plan. This achievement has been held up as a model for other local governments and landholders to strive for so collectively we can abide by the general biosecurity obligation requirements of the Department of Agriculture and Fisheries, Biosecurity Queensland, and the Queensland Biosecurity Act 2014.

Tourism continues to be a significant contributor to the Barcoo Shire economy. The tourism market continues to grow, and visitor numbers are on a steady increase, year on year. There is a growing need to develop tourism products that will keep visitors in the region longer, and encourage them to spend more while



visiting. The major events like the Big Red Bash and Birdsville Races continue to place a strain on Council's town and emergency services resources during these short periods, and Council will continue to seek the support of Queensland Fire and Emergency Services (QFES) to keep people as safe as possible during these times. The Tourism and Community Advisory Committee is continually providing advice to Council on growing our presence and relevance as an outback tourism destination.

The lack of continuity in funding for civil works projects that have the potential to greatly improve our local and state transport network and economy has Council very concerned. Apart from the network improvements that support business and social outcomes, these projects also sustain our workforce and ensure our communities are viable places to live and invest. In addition to this issue, Council is at continued and heightened discussions with Queensland Reconstruction Authority (QRA) regarding our costs and charges for reclamation works under the National Disaster Relief and Recovery Arrangements (NDRRA).

The approach by QRA, under the direction of the NDRRA guidelines, has seen Council's ability to recover its costs in delivering works under this program as near impossible. The losses of hundreds of thousands of dollars in delivering NDRRA works is forcing Council to consider the size and sustainability of its workforce and is vastly decreasing Council's ability to replace plant and equipment and recoup general administrative overheads, which, if these issues cannot be resolved, will see a profound impact on the size and shape of many small remote communities.

I have a real fear for how remote local government is being assessed and generally criticised by financial reporting agencies and government regarding their perceived long-term sustainability, the net cost of providing services against population size, and their ability to fund asset renewal and the useful life of assets from own-sourced revenue.

These remote local government areas are what they are. They are shires that have incredibly large geographical areas (larger than some Australian states and territories and many sovereign countries) and are situated in the remotest corners of the state. These councils have small populations, dispersed across small

communities, large agricultural properties, and isolated mining installations or exploration camps.

At the same time, these shires have a huge responsibility to provide social services, a safe environment for people, adequate transport infrastructure for many differing users, and all for many users who do not contribute directly to the financial provisions that fund these services and activities.

The remote local governments in Queensland are naturally big contributors to the state and national economy by providing raw agricultural and natural resources products (oil, gas, rare earth, gems, beef, wool and sheep meat, renewable energy, etc.), all of which are value-added in larger population areas for domestic and export markets.

These shires' industries provide raw products to secondary industries to value-add or for export, create an enormous amount of employment and associated commerce, which is never recognised, or brought to account, in any publications and reports regarding these local governments' sustainability.

By their very nature, remote local governments are increasingly becoming the provider of last resort when it comes to the provision services. Many of these services are, or were historically, the responsibility of the other levels of governments. These non-traditional activities tend to end up as a cost-shifting exercise to local government, and because of the above situation, these local governments have had to bear the additional cost of these increasing responsibilities which were never its core business.

Some of these examples include the Australian Government's handing their airports to local government; the provision of postal services as a result of these services being corporatised and privatised by the Australian Government; the handling of long lengths of the Queensland state road network to local governments; the construction of telecommunications infrastructure where the cost-benefit analysis fails; to name just a few. Add to this list the general expectation that remote councils will provide private sector infrastructure such as general stores, commercial accommodation, caravan and camping facilities, tourism products, postal services, social and education transport, and social housing. As a result, local governments in remote locations become the



provider of last resort whenever there is market or government failure.

There is a specific need to develop and keep our communities in a liveable state based on the expectations of modern society. If we do not focus on this, these small communities will not attract the people who provide the essential services to these populations and the large transient populations who frequent and use services. The need to attract and retain school teachers, community nurses / paramedics, police officers, and council employees is incredibly important. These communities play a serious role in providing safe transport networks, law and order, emergency services, health services, and general commercial services (food and accommodation). Without councils, these services will just not exist across vast areas of inland Australia.

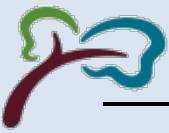
The learning from this financial year is that grants and funding opportunities have become more ad hoc over time, and have shorter announcement and response periods. These narrow funding cycles require Council to have pre-planned and shovel-ready projects virtually ready to start as the funding rounds or grants programs open for applications. In addition to this, some of the

onerous rules around the inability for the use of local government workforces to acquit some funding are proving to be a growing problem for workforce sustainability. This requirement dramatically reduces the economic multiplier effect to the local economy when contractors from other locations are required to complete the works.

As a consequence, the Council needs to be very adaptable and agile in its ability to tool-up and wind down its workforce and resources at relatively short notice. While Barcoo Shire Council has a healthy cash position, it will not take too many shocks to deplete cash reserves.

I believe that during the 2017-18 reporting period, the Council has responsibly delivered on its financial obligations and statutory responsibilities. However, there is still room for improvement in some areas of reporting and governance, and Council is very confident that under the guidance of CEO Michael Parker, and his administrative team, we will overcome any identified deficiencies.

Bruce Scott



Message from the Chief Executive Officer

The 2017-18 year was a mixed year for Council. Long-serving CEO, Bob O'Brien finished with Council in November, 2017, with former CEO, Michael Parker returning in December, 2017.

Continuing drought conditions did restrict some roadworks during the year, through lack of water, but the cooperation of landowners has been welcomed by Council.

During the year, Council outlaid considerable funds to upgrade its road plant and fleet vehicles, which was aging. The expenditure has paid dividends with a reduction in fleet maintenance expense. Council intends to maintain a fleet of modern equipment.

The 2017-18 annual budget contained considerable expenditure in capital works. Various factors delayed the commencement of large

projects such as the Jundah Roadhouse and employee housing. These particular projects were carried forward to the 2018-2019 financial year.

Employee training and skilling was a focus during the year and that has produced benefits for Council.

Long term financial stability is essential in the modern age of local government, and this is the focus of Council. Its decision-making process is now based on whole-of-life costing and options analysis information being researched and presented in a format that Councillors have confidence in.

I would like to thank the elected members for their continued cooperation and leadership, and the staff of Council for their dedication, often in adverse conditions to get the job done.



Jundah Races by Doreen Pitman



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.

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.

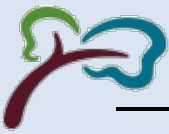
Meeting attendance

Name	General Meeting (12-meetings)	Special Meetings (Budget & Annual Report (2-meetings))
Jill Fitzgerald	12	2
Diane Pidgeon	12	2
Peter Batt	8	2
Michael Pratt	10	2
Bruce Scott	12	2

Councillors' remuneration

Name	Councillor allowance	Car km allowance	Totals
Jill Fitzgerald	\$34,335.81	\$1,337.25	\$35,673.06
Dianne Pidgeon	\$31,546.81	\$2,409.00	\$33,955.81
Peter Batt	\$28,627.81	\$840.00	\$29,467.81
Michael Pratt	\$35,385.47	\$3,988.50	\$39,373.97
Bruce Scott	\$99,074.95	\$0.00	\$99,074.95
Totals	\$228,970.85	\$8,574.75	\$237,545.60

No overseas travel was made by a Councillor or employee in an official capacity during 2017/18.



Elected Council following the 19 March 2016 Local Government Elections

The current Barcoo Shire Councillors were 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

Cr Scott has had many years of community service which includes 20 years as a councillor, with 14 of those years as Barcoo Shire mayor. He has served on numerous government and public sector not-for-profit boards, local, state and federal government committees, as well as committees in his local community.

During a break from local government between 2012-16, he was a director of the Central West Hospital and Health Service, chair of Desert Channels Queensland and a director of the Regional NRM Groups Collective, and is currently a member of many regional and council committees as Mayor.

Cr Scott has been self-employed and an employer for more than 35 years in his own businesses. His wide and varying experiences have enabled an extensive understanding of the challenges of living and working in and with very remote communities, and particularly understand their unique social needs.

Through his various local government roles and board memberships, he has extensive knowledge in probity and governance standards, financial monitoring and budgeting, in both cash and accrual standards, asset management, and capital depreciation.

Over the last 17 years, Cr Scott has had significant involvement in the planning and funding of telecommunications services to remote communities, as well as the commissioning of transmission networks, fixed and mobile communications services to these communities.

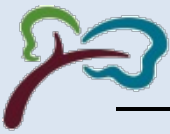
Memberships: Remote Area Planning and Development Board (RAPAD) Director and Deputy Chair, Foundation for Rural and Regional Renewal (FRRR), Red Ridge (Interior Queensland) Ltd, Rural Financial Counselling Service North Queensland (RFCSNQ) Project Management Committee, Outback Regional Road and Transport Group (ORRTG) Chair, RAPAD Water and Sewerage Alliance (RAPADWSA), Barcoo Shire Council Finance Risk and Audit Committee (FRAC), Corporate Services Advisory Committee and Works and Services Committee.



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.

Memberships: Agforce Wild Dog Advisory Committee, Director of Agforce Sheep and Wool Board, Director Desert Channels Group, Stonehenge Action Group, the Stonehenge Rodeo & Campdraft Association, Longreach Show Society, Chair of Barcoo Shire Council Land Water and Animal Management Advisory Committee, and Barcoo Shire Council Finance Risk and Audit Committee (FRAC).



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.

Membership: Stonehenge Rodeo & Campdraft Association (President), Stonehenge Action Group, Agforce, Royal Flying Doctors Service – Jundah Auxiliary, Barcoo Shire Council Corporate Services Advisory Committee.



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 and purchased 'Carella' from her parents in June 2005, where she started running Santa Gertrudis cattle.

Memberships: Jundah Community Bronco Branding and Team Penning Association, Jundah Race Club, Jundah Progress Association, Jundah Social Sports Club, Barcoo Shire Council Land, Water and Animal Management Advisory Committee, Barcoo Shire Council Tourism and Community Advisory Committee (Chair).

Cr Dianne Pidgeon - Councillor

Dianne resides with her family at 'Glenroy' north of Stonehenge. She has 3 children and her interests include her community and rural life.



Memberships: Stonehenge Royal Flying Doctor Service Auxiliary (Secretary), Stonehenge Rodeo Committee, Stonehenge Action Group, Stonehenge P & C Association, Barcoo Shire Council Works & Services Advisory Committee, Barcoo Shire Council Regional Arts Development Fund (RADF) Committee.



Sheep Shenanigans Competition by Doreen Pitman



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 *Local Government Act 2009* ('the Act') 0

The total number of orders made under section 181 of the Act 0

The number of complaints for which no further action was taken under section 176C(2) of the Act 0

The number of complaints referred to the Chief Executive Officer under section 176C(3)(a)(i) of the Act 0

The number of complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act 0

The number of complaints referred to the Chief Executive Officer under section 176C(4)(a) of the Act 0

The number of complaints assessed by the Chief Executive Officer as being about official misconduct 0

The number of complaints heard by a regional conduct review panel 0

The number of complaints heard by the Local Government Remuneration and Discipline Tribunal 0

The number of complaints to which Section 176C (6) of the Act applied 0

Expenses reimbursement & 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

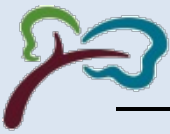
3. Policy reference (for example, legislation, related documents)

- *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 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 required facilities enabling 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.

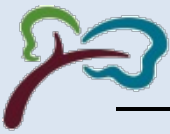
'Discretionary training' is any training that is not determined by Council as 'mandatory'.

'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



Current Executive staff



Michael Parker, Chief Executive Officer

Michael Parker joined Barcoo Shire Council in December 2017 following an extensive and varied career in local government.

Michael has previously been CEO in central Queensland and southern Queensland councils over the past twenty years. Most recently, Michael was employed at Central Highlands Regional Council, filling various management positions in the Infrastructure Department there, and also provided eight months service as CEO at Balonne Shire Council to transition the Council over the 2016 local government election period.

Michael enjoys the west, and looks forward to attending the country race meetings in the region.



Director of Works - Sally O'Neil

Sally O'Neil started with Barcoo Shire Council in October 2017 and had a successful career on various civil construction projects in South East Queensland and mining infrastructure projects in the Moranbah district as a project engineer with a civil engineering construction company.

Sally's passion is to finalise some key projects e.g. upgrade sports recreational facilities in each of the towns which is desired by the community to improve ratepayers and residents quality of life.



Greg Clark – Consultant 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.

Director of Corporate Services - Cherie Campbell

Cherie Campbell joined Barcoo Shire Council in May 2018 with experience in excess of 20 years in finance roles in the private sector and various public sector agencies, with her most recent placement as Business Manager at Royal Brisbane Women's Hospital.



Cherie holds a post graduate qualification of Master of Commerce (Financial Planning) and memberships with the Institute of Public Accountants (Australia) and Institute of Financial Accountants (UK).

Cherie brings a strong accounting focus to the DCS role, including aspects such as

- budget, project management and reporting
- investment management
- organisation wide process reviews for alignment with overall strategic direction of the organisation
- regular and consistent advice, analysis and direction to promote good governance, alignment with strategic direction, and the achievement of realistic goals

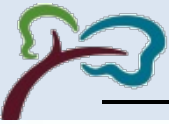
Cherie's passion is to promote outback tourism and encourage financial governance and transparency.

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 2017/18, Barcoo Shire Council employed a Chief Executive Officer and an acting Director Corporate Services; in addition, council employed other senior management staff through an agency.

	Remuneration	Number of employees
Agency	\$96,694.47	2
Internal	\$630,067.71	3



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)

Sunset at the old Jundah Rodeo Grounds by Jaymee Matheson



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 2017/18, which we reported on quarterly. It was reviewed (as it is every year) in preparation of our 2018/19 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 2017/18

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 2017/18, external funding through grants and subsidies included:

CAPITAL REVENUE		
Provider	Program	\$
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Works 4 Queensland Water	30,000
Department Infrastructure and Regional Development (Australian Government)	River, rain and flood gauge - Natural Disaster Relief and Recovering Arrangements - disaster mitigation	47,457
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Works 4 Queensland communities	50,000
Department of Transport and Main Roads (Queensland Government)	Warrego Way Signage	120,000
Department Infrastructure and Regional Development (Australian Government)	Aerodrome Grants	170,850
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Works 4 Queensland Depot	236,354
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Works 4 Queensland housing	250,000
Department of State Development, Manufacturing, Infrastructure & Planning (Queensland Government)	Jundah Roadhouse Milestone 1	250,000
Queensland Reconstruction Authority (Queensland Government)	Shire Flood damage	630,682
Department of Infrastructure, regional development and Cities (Australian Government)	Roads to Recovery	1,119,395
		\$2,904,738

OPERATING REVENUE		
Provider	Program	\$
State Library of Queensland	Library subsidy	1,805
Australian Wool Innovation Ltd	Baiting and meat storage	5,000
Department Education and Training (Queensland Government)	Training subsidies	7,864
Queensland Fire and Rescue Services (Queensland Government)	SES operating grant	17,000
Remote Area Planning and Development	Hardship funds	32,500
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Jundah Amenities	32,699
Energex Limited	Solar Energy Scheme	32,762
Department of National Parks, Sport and Racing (Queensland Government)	10 year Sports and Recreation Plan	44,993
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Jundah Pool	48,646
Department of Agriculture and Fisheries (Queensland Government)	QFPI Grant	63,000
Remote Area Planning and Development	Drought funding for distribution	75,000
Department of Local Government, Community Recovery & Resilience (Queensland Government)	Resilience Road Grants	106,851
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Windorah Amenities	124,155
Australian Taxation Office (Australian Government)	Fuel Subsidies	152,420
Outback Regional Road Group (Queensland Government)	Regional Local Government Alliance	165,576
Department Infrastructure and Regional Development (Australian Government)	Financial Assistance Grants-roads	1,412,138
Department Infrastructure and Regional Development (Australian Government)	Optic fibre project	1,487,500
Department Infrastructure and Regional Development (Australian Government)	Financial Assistance Grants-general	2,785,194
Department of Transport and Main Roads (Queensland Government)	RMPC Program	6,122,586
		\$12,717,689



Executive Services

Priority: Governance

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

Outcome highlights:

- The Finance Risk and Audit Committee membership was reviewed, with membership now comprising two Councillors, an independent chair, Council's Internal Auditor and two independent members. The Chief Executive Officer and Director Corporate Services attend as invitees.
- The organisational review implementation was operationalised with the recruitment of the two previously identified senior management positions (Director Corporate Services and Director Works and Services).
- Council undertook recruitment of a new CEO after the retirement of Mr Bob O'Brien. The new CEO continues to focus on more strategic issues alongside Councillors.
- Council also undertook a business process and compliance improvement implementations in the following areas:
 - stores
 - customer requests and defect management
 - private works
 - workshop.
- Council continues to review and update policies to promote good governance and ensure continued compliance with legislative requirements
- Council continues to maintain governance tasks required by legislation, and ensured all reports, plans etc. were remain current with 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.

- Council's Town Plan and simplified processes 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.
- Council undertook an expression of interest process to sell council properties and is in the process of reviewing the submissions received.

Priority: Emergency services

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

Outcome highlights:

- Our disaster management plan, additional sub-plans continued to be updated to ensure relevance and inclusion of shire-specific disasters and responses.
- The capabilities of local disaster groups continue to be updated to ensure appropriateness and readiness for response to potential disasters.
- Airport upgrades and enhancement continue to be undertaken and improvements planned for in years to come.
- Continued SES training was conducted in Jundah, Windorah and Stonehenge in the 2017/18 year.
- Applications for funding for SES equipment upgrades continue to factor into Councils regular business
- 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:

- The organisational review implementation was operationalised with the recruitment of the two previously identified senior management positions (Director Corporate Services and Director Works and Services) to manage the two streams.
- Council also undertook business process improvement and compliance enhancements across a number of areas to improve legislative compliance, customer services and governance procedures.

Priority: Information management

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

Outcome highlights:

- The in-house EDRMS system Infoexpert software was highlighted as requiring an update and this has been planned for the 2018/19 year.
- Council also identified some shortcomings in its Enterprise system and has undertaken a process to identify potential improvements for implementation in the 2018/19 year.

Priority: Staff management

Objective: To have a workforce with a competitive advantage

Outcome highlights:

- Council had a number of staff completing their formal study courses undertaken in the 2016/17 year.
- Following the organisation review council continues to review vacancies in line with organisational strategic direction
- The leadership program updates and new entrants were undertaken in the 2017/18 year.
- Council continued its training program to help upskill staff with appropriate qualifications.

Priority: Council financial sustainability

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

Outcome highlights:

- Council continues to improve Internet and Telecommunications services and infrastructure in the region.
- We continued our strong cash position finishing the year with significant cash reserves for a small council.
- Asset management planning was further developed to improve our standing with Internal and External Auditors.



Welford Goanna by Jaymee Matheson



Land, Water and Animal Management

Priority: Land use management

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

Outcome highlights:

- Council continued a collaborative relationship with its neighbouring shires, while occupying the chair position on the Shire Rural Lands Officer Group. The aforementioned group meets several times each year throughout the region.
- We continued to work with the 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 animals throughout the shire using coordinated spraying and baiting programs.
- The Land, Water and Animal Management Advisory Committee continues to update and implement new and existing policies in line with legislative and community requirements. The committee conducted a successful feral animal and pest plant field day in Jundah to introduce the Barcoo Shire's "Weed Free by 2022" program.
- We were successful in obtaining funding for a three year program to deliver outcome for the Queensland Feral Pest Initiative (QFPI). The QFPI funding provided three year funding to employ a second Rural Lands Officer.

Priority: Stock routes and rural lands

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

Outcome highlights:

- The Australian Wool Innovation funding was utilised for new meat racks were a success and a great assistance for the drying of meat baits.
- The Shire now boast three 1080 accredited officers.
- We did ongoing treatment of pest plants, such as parkinsonia and prickly acacia using the herbicide Access, combined with diesel, and Graslant pellets where required.

- The Barcoo Shire hosted a Shire Rural Lands Officers Group meeting in Jundah.
- Council received funding from the Queensland State Government Stock Route Department to upgrade the Stock Route network.
- Regular surveys conducted to gauge the amount of pest plants in the shire.
- Feral pig numbers have remained relatively low within the shire.
- Landholders presented 93 dingo scalps to the Barcoo Shire Council, and Council employed trapper's collected 123 scalps for the year.
- Council facilitated the following programs:
 - aerial baiting program in November 2017 with 90% participation rate by landholders.
 - ground baiting program in April 2018 with 60% 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:

- Council continues its commitment for one ground baiting and one aerial baiting campaign per calendar year.
- In the 2017/18 financial year, 150 wild dog scalps were collected.
- Town common musters were completed in all three towns:

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



Barcoo River Crossing at Retreat by Jaymee Matheson



Works and Services

Priority: Works operations

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

Outcome highlights:

- In 2017/18, the following items were purchased in line with Council's budgeted plant replacement:
 - Kenworth T659 Prime Mover
 - Kenworth T659 Prime Mover
 - Caterpillar 246D Skid Steer
 - Honda Side By Side Buggy
 - Cox Ride on Mower
 - Tandem Box Trailer Plumbing
 - Tandem Box Trailer Stonehenge
 - Tandem Box Tip Trailer Windorah

Priority: Road infrastructure

Objective: To have road infrastructure that meets community needs

Outcome highlights:

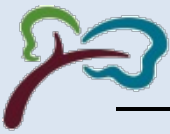
- In 2017/18, considerable work was undertaken on shire roads, including regular maintenance grading.
- 5km of gravel resheet was completed on the Yaraka Retreat Rd, funded by R2R \$250k
- Works on main roads continued during the year:
- 7.64 km of the Windorah-Bedourie Rd from Chainage 122.48 – 130.12 was paved and sealed, funded through TIDS funding. \$2.4 million
- 10.6km of pave and seal works was completed on a section of the Jundah-Quilpie Rd from ch 91.6 - 102.2, funded by TMR/R2R \$2.7 million
- Signage installation for Warrego Way funded by TMR.
- Replacement of one grid on Morney-Birdsville Rd ch 53.26.
- Council remained the banker for the Outback Regional Roads and Transport Group.

- In addition to our regular main roads work schedule, we completed the following flood damage work:

Road	Treatment type	Length (m)
Tanbar Rd	Gravel resheet	3204
Tanbar Rd	Heavy formation grading	13891
Windorah River Rd	Gravel resheet	4896
Windorah River Rd	Medium formation grading	203
Hammond Downs Rd	Heavy formation grading	13356
Hammond Downs Rd	Medium formation grading	1308
Hammond Downs Rd	Gravel resheet	611
Tenham Rd	Heavy formation grading	379
Tenham Rd	Gravel resheet	7606
Lina Glen Rd	Heavy formation grading	272
Lina Glen Rd	Medium formation grading	208
Lina Glen Rd	Gravel resheet	1800
Lochiel Rd	Heavy formation grading	7796
Lochiel Rd	Medium formation grading	3085
Lochiel Rd	Gravel resheet	625
Connemarra Rd	Gravel resheet	558
Connemarra Rd	Heavy formation grading	19459
Tonkoro Rd	Gravel resheet	830
Tonkoro Rd	Heavy formation grading	1574
Eldwick Rd	Medium formation grading	4551
Jundah Winton Rd	Heavy formation grading	6015
Jundah Winton Rd	Medium formation grading	2982
Jundah Winton Rd	Gravel resheet	4296



Windorah Bedourie Rd Works by Sally O'Neil



Priority: Community infrastructure

Objective: To have community infrastructure that meets community needs

Outcome highlights:

- Completed a new BBQ/kitchen area at the Windorah caravan park, funded by Works for Queensland. (W4Q)
- Constructed fencing, landscaping and concrete paths at the Windorah caravan park, funded by (W4Q)
- Built the Jundah depot trades shed to accommodate trades, funded by (W4Q)
- Completed the upgrade to the Jundah Swimming Pool, funded by (W4Q).
- Completed the Jundah depot sign storage facility, funded by (W4Q).
- Constructed an awning at the Stonehenge information centre for RFDS parking, funded by (W4Q).
- Constructed an amenities building at the Windorah rodeo grounds, funded by LGGSP
- Flood gauges were installed at Vergemont Channel and Cooper Ck at Windorah, funded by LGGSP

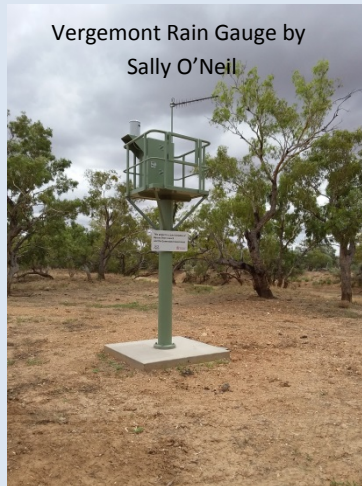
- Emergency flood road was constructed at Jundah, funded by LGGSP
- Resurfacing at Windorah sports complex and various game markings were painted on the undercover court at the Jundah sports complex, funded by LGGSP.

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 (RAPADSWA), which provides a united approach to regulation, water management and funding submissions across the seven local government areas of Barcoo, Barcaldine, Blackall-Tambo, Boulia, Diamantina, Longreach and Winton.
- We improved the access to the water intake at the Stonehenge off stream storage facility, funded by (W4Q)
- Purchased a new pump for the Jundah bore as part of an upgrade to the RO plant, funded by (W4Q).



Vergemont Rain Gauge by Sally O'Neil



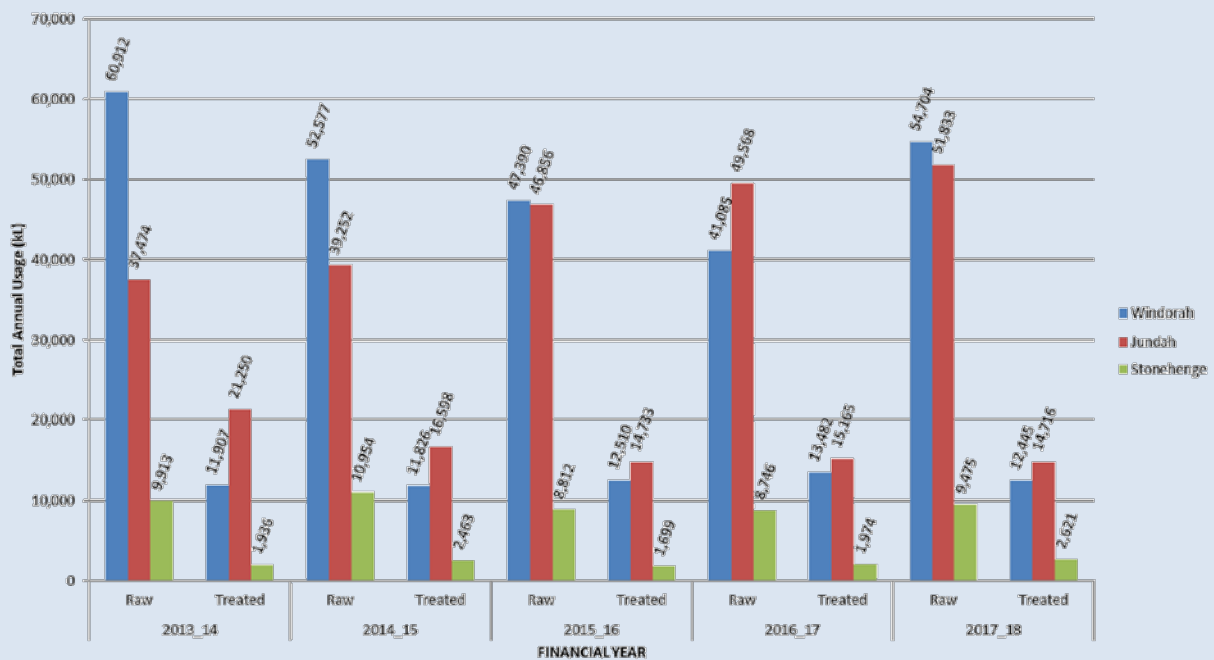
Barcoo Shire Swimming Pool by MJ Bell



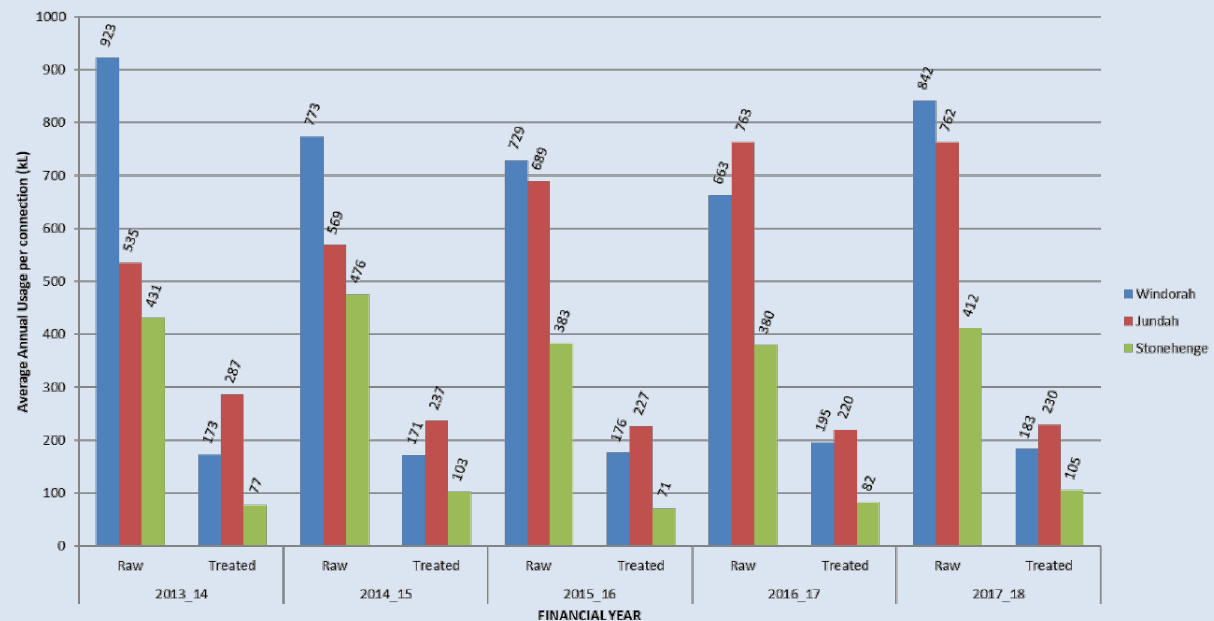
WATER USAGE

- The graphs below provide an illustration of 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.
- Investigations of unmetered and illegal connections to the treated water reticulation system will continue to be a focus in 2018/19.

SUMMARY OF TOTAL USAGE



SUMMARY OF USAGE PER CONNECTION





Priority: Parks and gardens

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

Outcome highlights:

- Kerb & Channel was in Cecil St, Mary St, Victoria St, Edward St, Virtue St Windorah, funded by R2R \$300k

Jundah Town Park by MJ Bell



Community Development

Priority: Community spirit

Objective: To have vibrant, positive and sustainable communities

Outcome highlights:

- Council the first milestone payment of the \$1,020,000 funding from the Queensland Government, through the Department of Infrastructure, Planning and Local Government under Works for Queensland (W4Q).
- The Queensland Government, through the Department of Infrastructure, Planning and Local Government, continues to provide funding under the Local Government Grants and Subsidies Program

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	2016/17	2017/18
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, continues to provide Community Drought Support Package. The funding is facilitated by the Remote Area Planning and Development Board (RAPAD). We appreciate the assistance of both the Queensland Government and RAPAD.



Sheep Shenanigans by Jundah Progress Association

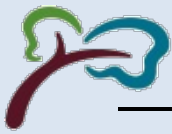
Organisation	Event or activity	Amount
Windorah Development Board	Windorah Yabby Races	\$5,000
Jundah Progress Association	Barcoo Shire Beef Challenge	\$8,000
Windorah State School	Live entertainment for Yellow Belly Fishing Comp	\$2,500
Jundah Community Bronco Branding & Team Penning Association	Training Workshop	\$7,500
Red Ridge Channel Country Ladies Day	Channel Country ladies Day	\$10,000
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 Golf Club Inc	Annual Golf Open Prizes & BBQ	\$7,000
Barcoo Shire Council	Big Party	12,000
Total		\$82,500

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:

- Townscape enhancements for the three towns continue to be factored into council's town planning and the utilisation of local workforce for the implementation of these plans.

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:

Tourism plays a major part in the economics of the shire and as Council realises this they support the industry through improved infrastructure and promotion of our unique attractions 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 that unique experience they crave. Initiatives from these groups are supported by Council, and communities are encouraged to identify and promote their individuality.

The Shire's Tourism and Community Advisory Committee continue to assist the local communities and businesses along with the Visitor Information Centres in their quest to raise awareness of our tourism industry.

The Barcoo Way has come to fruition with the financial help of three Councils, Longreach, Blackall/Tambo and Barcoo. The Barcoo Way now has a digital presence and gaining momentum. The website is an ongoing project where further routes and information can be added.

The Barcoo App went live in March. At present the Tourism and Advisory Committee are looking at putting a voice overlay along the present route loaded.

- Visitor statistics collected at the Visitor Information Centres for the 2017/18 financial year:
 - Jundah – 2,690
 - Stonehenge – 3,662
 - Windorah – 6,716
- Income trends at our caravan parks are tabled below:

	2014/15	2015/16	2016/17	2017/18
Revenue	\$73,099	\$126,099	\$131,073	\$124,557
Expenditure	\$86,804	\$138,847	\$188,047	\$185,857

Priority: Electricity, services and infrastructure

Objective: To have infrastructure that meets community needs

Outcome highlights:

- Council continues to advocate for improved electricity infrastructure across the shire, meeting with Ergon Energy to discuss fluctuating power supplies in the local network.

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 are a one-stop venue, and continue to provide essential services to our communities. The Information Centres are an important part of the overall tourism sector within the shire, with local knowledgeable staff providing information on numerous subjects across the three communities. These centres also house the internet cafes, free WIFI, provide computer training to the general public as 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 any local artist or craft person to sell their creations.



Priority: Education

Objective: To develop skills from within the community

Outcome highlights:

Council continues to support education in various ways through training initiatives for staff in administration and/or construction, and/or to Barcoo Shire residents who can apply for the Barcoo Shire Bursary. The Bursary Program offers an opportunity for interested persons to undertake further educational studies in their chosen field.

State Schools in Jundah, Stonehenge and Windorah benefit through in-kind support for athletics and swim carnivals held in the shire, or through the use of the Community Vehicles allowing the schools to take part in extra curriculum outside the shire.

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 control was conducted.
- An Expression of Interest process was 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	2017/18
Repairs and maintenance	\$110,253	\$226,269	\$250,057
Housing revenue	\$298,644	\$296,252	\$316,642
Housing maintenance, insurances, depreciation	\$388,090	\$556,122	\$556,122

Priority: Sport and recreation

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

Outcome highlights:

With three communities to consider Council provides significant support to sporting and community groups to assist in the provision of sporting and recreational activities throughout the year.

Council support is given through a wide range of activities, which include in-kind support with plant and machinery for preparation of recreation reserves, community tables and chairs, rubbish collection bins and free use of venues for local committees. Council provides financial support through their ongoing "Community Grant Support" scheme.

Chris Capel Consultancy was engaged to prepare the Sport and Recreation Plan for 2018-2028. Chris consulted with the 3 separate communities and worked with the Sport and Recreation Steering Committee to have the final plan adopted by Council in June 2018.

Priority: Cultural heritage

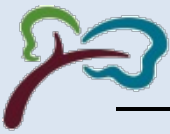
Objective: To acknowledge and conserve the diverse cultural heritage of Barcoo Shire Council

Outcome highlights:

BARCOO SHIRE MUSEUM

Council in partnership with the Barcoo Shire Historical Society Inc. volunteer committee endeavours to preserve the shire's history. These volunteers continue to maintain the past and present displays and the day to day running of the centre, whilst Council provides financial support with the ongoing electricity and maintenance costs of the building.

The Barcoo Shire Historical Society Inc was successful in receiving a grant through RADF to engage a professional Museum Development Officer to scan and digitise a section of the museums historical materials. Shire residents were invited to take part to learn the necessary skills required to continue with the digitisation of the society's historic materials.



STONEHENGE SCHOOL & GAOL MUSEUM

A work in progress, the old school room is one step closer to its new life as a Theatre, with a fresh coat of paint and equipment purchased. Stonehenge Action Group in partnership with Council is yet to install the air-conditioners and lighting. Once these last items have been installed its full steam ahead with local "Movie Nights".

REGIONAL ARTS DEVELOPMENT FUND (RADF)

In partnership with Arts Queensland, Council continues to support the RADF program. Individual artists, shire residents and cultural enthusiasts are encouraged to utilize the program to upskill and enhance our communities.

Council supports all opportunities to expand and diversify Art & Culture throughout the shire.

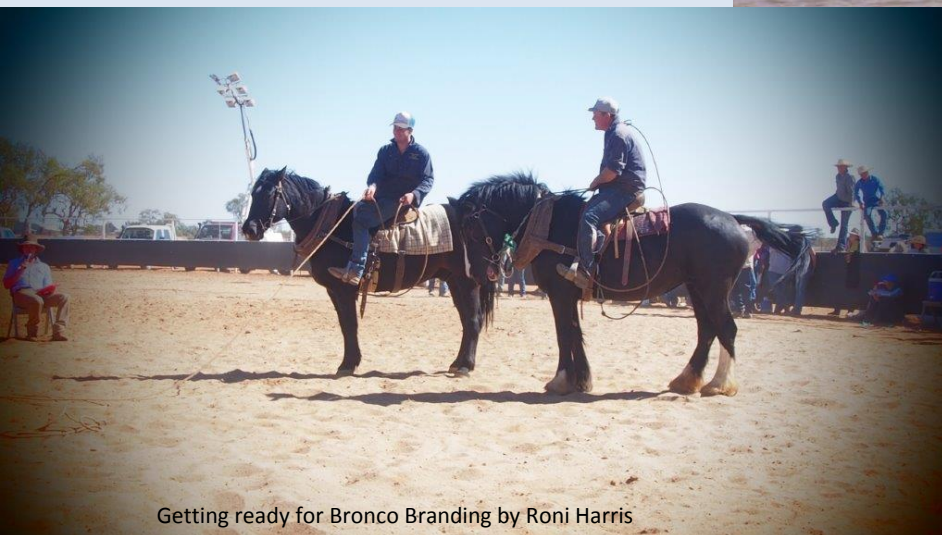
The continuing drought has taken its toll on the individual community members, both town and rural, who usually engage in the program. Volunteers are time poor as they battle their own issues which leave little time for socialising and community projects.

Funding has been available to fund activities or projects during the 2017/18 financial year, but unfortunately due to the demands of the drought, funds early in the year were not utilised. Three workshops were funded through the 2017/18 program with the biggest being of a cultural nature whereby the program was used to engage a professional Museum Development Officer to scan and digitise a section of the Barcoo Shire Historical Society's historic materials. Volunteers individually attended over a two week period, where they learnt the skills, knowledge and procedure's required to digitally catalogue the materials scanned. Cooper Arts & Craft also benefited with an application to Preserve Historic Photographs. Individual upskilling came in the form of a 2 day Silver-smithing workshop. By taking part not only did the individuals upskill themselves but our communities have been enriched with the individual recognising themselves as amateur artists. ArTour was engaged to present a performance to the shire residents giving much needed respite and socialising for our drought affected communities.

Without the assistance of the RADF program, residents would not have the opportunity to upskill in their own communities, nor would there be the social interaction this program offers in remote areas like ours.



Kayaking by Doreen Pitman



Getting ready for Bronco Branding by Roni Harris



Local Government Act 2009 – Compliance Report

Changes to tenders

This section of the Local Government Act 2009 was not applicable to Barcoo Shire Council in 2017/18.

Appointments of Councillors as shareholder's delegates

This section of Local Government Act 2009 did not apply with respect to Barcoo Shire Council for 2017/18.

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 2016
- 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 decision will be made in regard to Council's obligations under Queensland Anti- Discrimination Act 1991 and the Industrial Relations Act 2016
- 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 2016.

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

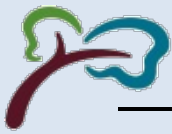
In accordance with the Act, Council may allow a discount on all rates and charges if paid by the full date determined. Council allows a 10% discount on rates that are paid by the due date as stated on the rates notice.

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 Government 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 16 applications for pensioners' rebates in 2017/18.

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 2018, Council had one ratepayer subject to these arrangements:
- Property number (assessment): 00315.00000.000

Services rendered by a consultant for 2017/18

Type	Amount
Tourism and community	27,481
Financial	97,855
Corporate services	231,665
Town planning/surveying	10,559
Engineering	280,043
Legal costs	32,745
Human Resources	16,512
Building certification and compliance	6,940



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.

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 2017/18 were as follows:

Administrative Action Complaints received 2017/18	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 2017/18	0

Overseas Travel

Pursuant to section 188 of the Local Government Regulation 2012, it is reported that no overseas travel occurred during 2017/18.



Council Chambers Jundah by Jaymee Matheson



Community Financial Report

Swanvale lookout by Jaymee Matheson



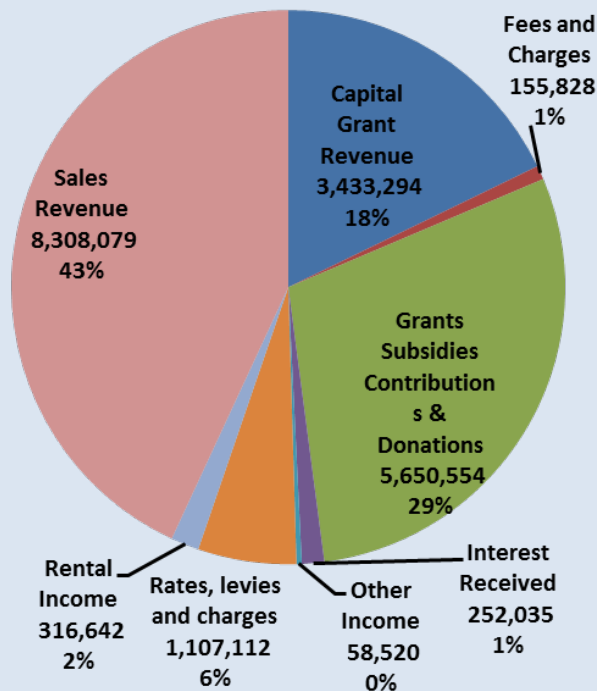
About the Community Financial Report

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 2018. 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.

Revenue: where does our money come from?

Total income for the year was \$19.3m, down from \$29.2m last year. The graph below provides an analysis of this income received by Council.



This graph demonstrates that approximately \$3.4m (18%) of income came from capital funding. Additionally, \$5.6m (29%) was from general purpose and other operating grants, which were significantly reduced from the previous year by \$6.7m. A majority of this decrease represents amounts received for

Council's telecommunications project and is offset by the reduced expenses.

The other main sources of income were Council rates, contributing \$1.1m (6%) of the overall revenue, and sales (contract works), which contributed to \$8.3m (43%).

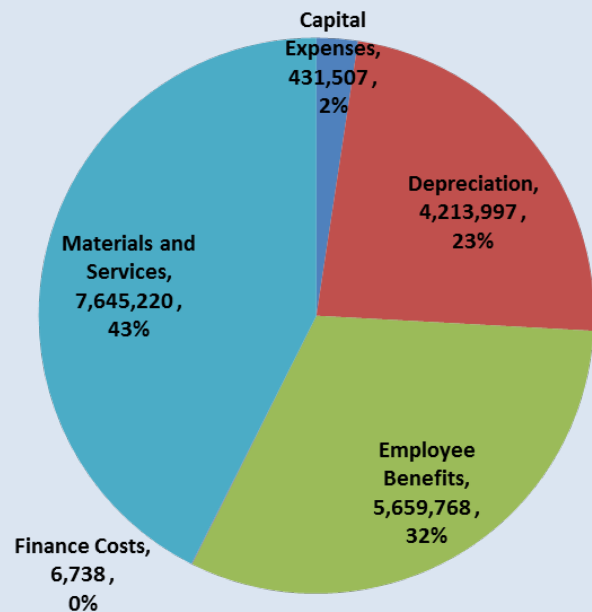
S179 – Local Government Regulation 2012

The community financial report for a financial year must:

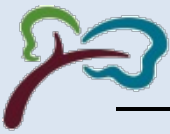
- contain a summary and an analysis of the local government's financial performance and position for the financial year
- be consistent with the general purpose financial statement for the financial year
- include the relevant measures of financial sustainability for the financial year
- be written in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

Expenditure: where does the money go?

Total expenses for the year were \$17.9m, down from \$26.9m last year. The graph below provides an analysis of this expenses incurred by Council.



Employee costs associated with running Council made up 32% (\$5.6m) 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 and are inclusive of staff at



tourism and information centres, parks & gardens, general store, post office and cleaning staff,. At the end of the financial year, Council had 69 full- time equivalent (FTE) employees.

Expenditure on materials and services decreased from \$17.5m (2017) to \$7.6m (2018) and contributed to 43% of the overall operating expenditure. Most of the decrease 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 \$6.6m (2017) to \$8.2m (2018). This includes the expenditure for roads, as well as Council and community assets.

Depreciation of Council’s assets totalled \$4.2m (23%), which was a slight increase from the previous year (\$3.9m). 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.

Overall performance

Our total income of \$19,282,064 less total expenses of \$17,957,230 and provided us with an overall surplus of \$1,324,834. Council depreciation of \$4,213,997 is funded by Council’s general operation, which Council considers a good overall result. Capital income was \$3,433,294 which was put towards the \$8,203,431 spent on purchasing and constructing new council assets and upgrades to old council assets. Expenses were also incurred for rectification work for flood damage on shire roads.

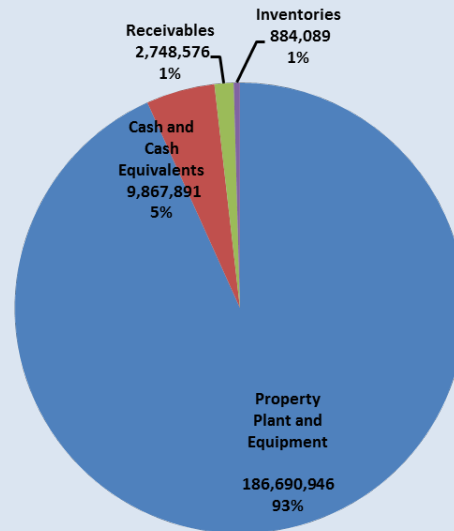
An index adjustment was applied to revalue council’s assets along with adjustments for major plant disposals the net result was a decrease of \$1,141,501 to asset revaluation reserve. This figure is included in Council’s total comprehensive income for the year of \$183,333.

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.

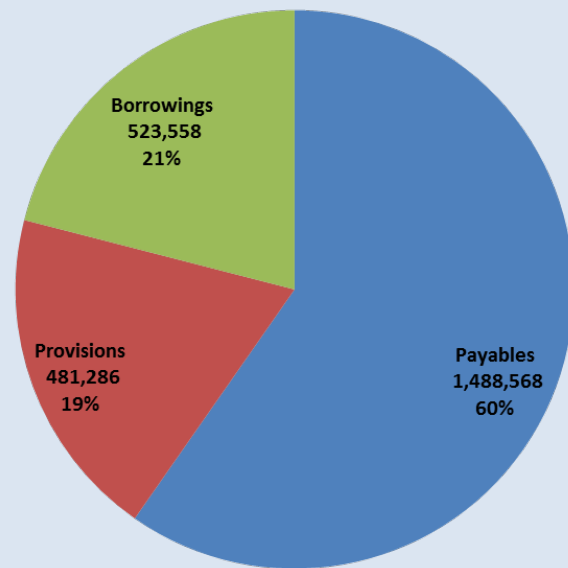
Our position at year end

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

What we own



What we owe



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 \$200,191,502 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 \$2,012,126 comprise of employee provisions, sundry creditors and Queensland Treasury Corporation loans.

The financial position (total community equity) is \$198,179,376 which is made up by the value of what we own, less the value of what we owe.

Statement of cash flows

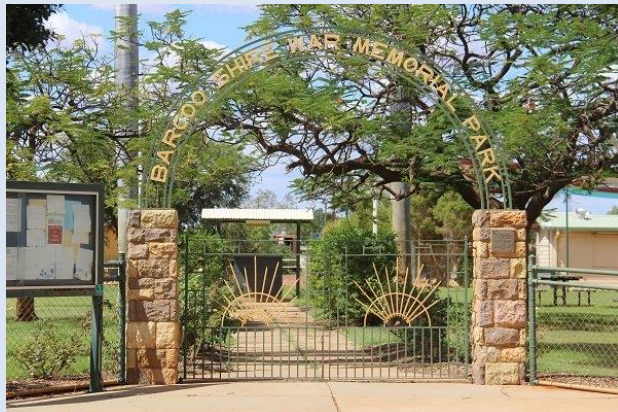
The cash flow statement is like your bank statement. If you did a summary of your statements for 12 months, it would be a cash flow statement.

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.

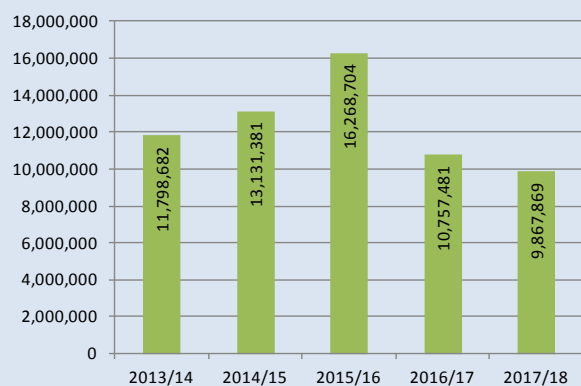
	2017/18 \$	2016/17 \$	2015/16 \$	2014/15 \$	2013/14 \$
Opening cash balance	10,757,461	16,268,704	13,131,381	11,798,682	10,139,093
Net cash flow from operating activities	2,692,046	-4,235,330	4,182,052	2,873,417	5,619,792
Net cash flow from investing activities (capital purchases)	-3,570,877	-1,265,656	-1,035,477	-1,513,866	-3,932,992
Net cash flow from financial activities (loan repayments)	-10,761	-10,237	-9,252	-26,832	-27,210
Closing cash balance	9,867,869	10,757,481	16,268,704	13,131,381	11,798,682

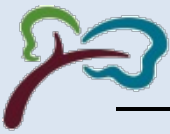
To reach a strong financial position, Council must not only have enough cash for its day – to – day operations but must also be able to fund purchases of property, plant and equipment and repay interest and principal payments on loans. It must therefore manage its cash to have the capacity to meet its 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.



Jundah Memorial Park by Jaymee Matheson

Historical end of financial year cash balances





Current ratio

The current 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 rates revenue ratio is 5.6%.

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 operating surplus ratio is -10.58%. Council considers this ratio low however, with close monitoring and reviews of budget variances, this ratio is expected to improve.

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 asset sustainability ratio is 129.68%.

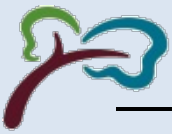
Net financial liabilities ratio

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 net financial liabilities ratio is -72.23%.

Overall financial summary

As at 30 June 2018 Council's Cash balance is \$9,867,891 and Total Community Equity is \$198,179,376.



Annual Financial Statements

Melonhole by Kerri Pidgeon

BARCOO SHIRE COUNCIL

Financial statements

For the year ended 30 June 2018

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Barcoo Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2018

	2018	2017
Note	\$	\$
Income		
Revenue		
Recurrent revenue		
Rates, levies and charges	3(a) 1,107,112	1,072,562
Fees and charges	3(b) 155,828	116,886
Rental income	3(c) 316,642	296,253
Interest received	3(d) 252,035	272,155
Sales revenue	3(e) 8,308,079	7,957,881
Other income	58,520	468,309
Grants, subsidies, contributions and donations	4(a) 5,650,554	14,018,057
	<u>15,848,770</u>	<u>24,202,103</u>
Capital revenue		
Grants, subsidies, contributions and donations	4(b) 3,433,294	4,994,328
Total capital revenue	<u>3,433,294</u>	<u>4,994,328</u>
Total income	<u>19,282,064</u>	<u>29,196,431</u>
Expenses		
Recurrent expenses		
Employee benefits	5 (5,659,768)	(5,448,050)
Materials and services	6 (7,645,220)	(17,498,791)
Finance costs	(6,738)	(10,868)
Depreciation	11 (4,213,997)	(3,895,673)
Total recurrent expenses	<u>(17,525,723)</u>	<u>(26,853,382)</u>
Capital expenses		
Capital expenses	7 (431,507)	(85,232)
Total expenses	<u>(17,957,230)</u>	<u>(26,938,614)</u>
Net result	<u>1,324,834</u>	<u>2,257,817</u>
Other comprehensive income		
Items that will not be reclassified to net result		
Increase / (decrease) in asset revaluation surplus	15 (1,141,501)	4,250,151
Total other comprehensive income for the year	<u>(1,141,501)</u>	<u>4,250,151</u>
Total comprehensive income for the year	<u>183,333</u>	<u>6,507,968</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 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
Current assets			
Cash and cash equivalents	8	9,867,891	10,757,481
Receivables	9	2,707,691	3,278,642
Inventories	10	884,089	757,817
Total current assets		<u>13,459,671</u>	<u>14,793,940</u>
Non-current assets			
Receivables	9	40,885	55,183
Property, plant and equipment	11	186,690,946	185,473,780
Total non-current assets		<u>186,731,831</u>	<u>185,528,963</u>
Total assets		<u>200,191,502</u>	<u>200,322,903</u>
Current liabilities			
Payables	12	1,488,568	1,761,885
Borrowings	13	11,387	10,850
Provisions	14	283,071	292,190
Total current liabilities		<u>1,783,026</u>	<u>2,064,925</u>
Non-current liabilities			
Borrowings	13	30,885	42,183
Provisions	14	198,215	219,752
Total non-current liabilities		<u>229,100</u>	<u>261,935</u>
Total liabilities		<u>2,012,126</u>	<u>2,326,860</u>
Net community assets		<u>198,179,376</u>	<u>197,996,043</u>
Community equity			
Asset revaluation surplus	15	148,244,809	149,386,310
Retained surplus		49,934,567	48,609,733
Total community equity		<u>198,179,376</u>	<u>197,996,043</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 2018**

	Asset revaluation surplus	Retained Surplus	Total
Note	15		
	\$	\$	\$
Balance as at 1 July 2017	149,386,310	48,609,733	197,996,043
Net results	-	1,324,834	1,324,834
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	(1,141,501)	-	(1,141,501)
Total comprehensive income for the year	(1,141,501)	1,324,834	183,333
Balance as at 30 June 2018	148,244,809	49,934,567	198,179,376
Balance as at 1 July 2016	145,136,159	46,351,916	191,488,075
Net results	-	2,257,817	2,257,817
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	4,250,151	-	4,250,151
Total comprehensive income for the year	4,250,151	2,257,817	6,507,968
Balance as at 30 June 2017	149,386,310	48,609,733	197,996,043

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 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		17,251,176	24,332,224
Payments to suppliers and employees		(15,121,067)	(29,125,094)
		<u>2,130,109</u>	<u>(4,792,870)</u>
Interest received		252,035	272,155
Rental income		316,642	296,253
Borrowing costs		(6,738)	(10,868)
Net cash inflow (outflow) from operating activities	20	<u>2,692,048</u>	<u>(4,235,330)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(8,203,431)	(6,623,784)
Proceeds from sale of property plant and equipment		1,199,260	363,800
Grants, subsidies, contributions and donations		3,433,294	4,994,328
Net cash inflow (outflow) from investing activities		<u>(3,570,877)</u>	<u>(1,265,656)</u>
Cash flows from financing activities			
Repayment of borrowings	13	(10,761)	(10,237)
Net cash inflow (outflow) from financing activities		<u>(10,761)</u>	<u>(10,237)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(889,590)</u>	<u>(5,511,223)</u>
Cash and cash equivalents at the beginning of the financial year		10,757,481	16,268,704
Cash and cash equivalents at end of the financial year	8	<u>9,867,891</u>	<u>10,757,481</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 2018

1 Significant accounting policies

1a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 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.

1b) Constitution

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

1c) Adoption of new and revised accounting standards

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. This amendment results in Councils having to disclose more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). However as Council's financing activities for the year ended 2018 are not of material value, these have not been disclosed.

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

AASB 9 Financial Instruments

This replaces AASB 139 *Financial Instruments*: Recognition and Measurement, and will change the classification, measurement and disclosures of financial assets.

1-Jul-18

As a result, Council will include impairment provisions based on expected credit losses, rather than incurred credit losses.

The impact of this new standard is yet to be quantified.

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

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* 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 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

1-Jul-19

Council is reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

AASB 16 Leases

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. If this requirement had been adopted at 30 June 2018, management estimate that this will not have had a material impact on net assets. This estimate is based on council's current obligations and various market and other assumptions.

1-Jul-19

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.

1d) 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

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

1e) 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.

1f) 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 2018

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 includes revenue to fund the operating activities and supervision as well as provide general administration support.

Executive

Includes councillor and executive costs, town planning, building development and general emergency management.

Works and services

Includes construction and maintenance of roads and engineering, water operations and management, waste disposal, plant maintenance, airports, communications network and parks.

Land and Animal Management

Includes land management, animal control, pest control including weeds.

Community and Development

Includes libraries, museums, art and cultural events, halls, housing, 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 2018

2 Analysis of results by function

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

Year ended 30 June 2018

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2018	2018	2018	2018		2018	2018				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate services	2,793,058	1,198,773	-	-	3,991,831	1,839,708	-	1,839,708	2,152,123	2,152,123	19,599,237
Executive	-	-	-	-	-	533,034	-	533,034	(533,034)	(533,034)	-
Works and services	1,146,491	7,440,927	2,297,801	-	10,885,219	11,902,386	431,507	12,333,893	(3,314,968)	(1,448,674)	166,392,885
Land and animal management	73,000	131,058	-	-	204,058	329,455	-	329,455	(125,397)	(125,397)	-
Community and development	1,638,005	1,427,458	1,135,493	-	4,200,956	2,921,140	-	2,921,140	144,323	1,279,816	14,199,380
Total Council	5,650,554	10,198,216	3,433,294	-	19,282,064	17,525,723	431,507	17,957,230	(1,676,953)	1,324,834	200,191,502

Year ended 30 June 2017

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2017	2017	2017	2017		2017	2017				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Corporate services	4,197,480	1,183,736	-	-	5,381,216	1,965,846	-	1,965,846	3,415,370	3,415,370	20,974,265
Executive	177	220	-	-	397	578,197	-	578,197	(577,800)	(577,800)	-
Works and services	1,539,963	7,597,764	4,481,063	-	13,618,790	9,983,822	85,232	10,069,054	(846,095)	3,549,736	165,713,117
Land and animal management	61,000	135,380	-	-	196,380	352,364	-	352,364	(155,984)	(155,984)	5,053
Community and development	8,219,437	1,266,946	513,265	-	9,999,648	13,973,153	-	13,973,153	(4,486,770)	(3,973,505)	13,630,468
Total Council	14,018,057	10,184,046	4,994,328	-	29,196,431	26,853,382	85,232	26,938,614	(2,651,279)	2,257,817	200,322,903

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
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		985,705	958,050
Water		195,944	191,738
Garbage charges		37,156	35,608
Total rates and utility charge revenue		<u>1,218,805</u>	<u>1,185,396</u>
Less: Discounts		(101,500)	(101,556)
Less: Pensioner remissions		(10,193)	(11,278)
Total rates, levies and charges		<u><u>1,107,112</u></u>	<u><u>1,072,562</u></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>155,828</u>	<u>116,886</u>
		<u><u>155,828</u></u>	<u><u>116,886</u></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>316,642</u>	<u>296,253</u>
		<u><u>316,642</u></u>	<u><u>296,253</u></u>
(d) Interest received			
Interest received from cash funds is accrued over the term of the investment.			
Interest received from cash funds		242,934	262,105
Interest from overdue rates and utility charges		9,101	10,050
		<u>252,035</u>	<u>272,155</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		7,548,214	7,197,854
Jundah Store sales		759,865	760,027
Total sales revenue		<u><u>8,308,079</u></u>	<u><u>7,957,881</u></u>

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
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		3,762,265	5,563,118
State government subsidies and grants		1,888,289	8,454,939
		<u>5,650,554</u>	<u>14,018,057</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		2,802,612	3,084,733
Flood damage grants		630,682	1,909,595
		<u>3,433,294</u>	<u>4,994,328</u>
5 Employee benefits			
Total staff wages and salaries		4,432,483	4,605,414
Councillors' remuneration		193,922	223,814
Annual, sick and long service leave expenses		471,178	642,341
Superannuation	19	550,307	538,023
		<u>5,647,890</u>	<u>6,009,592</u>
Other employee related expenses		251,062	176,340
		<u>5,898,952</u>	<u>6,185,932</u>
Less: Capitalised employee expenses		(239,184)	(737,882)
		<u>5,659,768</u>	<u>5,448,050</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:		<u>2018</u>	<u>2017</u>
Elected members		5	5
Administration staff		22	22
Depot and outdoors staff		42	42
Total full time equivalent employees		<u>69</u>	<u>69</u>
6 Materials and services			
Advertising and marketing		134,106	312,481
Administration supplies and consumables		1,046,480	1,015,200
Audit of financial statements by the Auditor General of Queensland		41,941	39,630
Communications and IT		253,389	263,266
Rates (Council Housing)		37,882	36,798
Insurance		126,841	90,857
Parks & Gardens		165,129	116,261
Plant operating expenses and recoverable works		2,414,960	1,941,463
Repairs and maintenance		1,298,997	1,354,760
Retail Store operating expenses		740,887	697,572
Other materials and services		1,384,608	674,855
Telecommunications fibre project		-	10,955,648
		<u>7,645,220</u>	<u>17,498,791</u>

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

7	Capital expenses	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
	Loss on disposal of non-current assets			
	Proceeds from the sale of property, plant and equipment		1,199,260	363,800
	Less: Book value of property, plant and equipment disposed of		<u>(1,630,767)</u>	<u>(449,032)</u>
	Total capital expenses		<u><u>(431,507)</u></u>	<u><u>(85,232)</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	65,773	851,722
Deposits at call	<u>9,802,118</u>	<u>9,905,759</u>
Balance per Statement of Cash Flows	<u><u>9,867,891</u></u>	<u><u>10,757,481</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 key deposits, social clubs and monies held on behalf of other organisations. 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 behalf of those entities	31,859	64,460
Security deposits	<u>931</u>	<u>630</u>
	<u><u>32,790</u></u>	<u><u>65,090</u></u>

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
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.			
Loans and advances are recognised in the same way as other receivables.			
Current			
Rateable revenue and utility charges		101,278	93,033
Other debtors		2,540,030	3,160,797
Less impairment		(17,900)	(25,500)
Loans and advances		16,387	13,850
Prepayments		67,896	36,462
		<u>2,707,691</u>	<u>3,278,642</u>
Non-current			
Loans and advances		40,885	55,183
		<u>40,885</u>	<u>55,183</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		25,500	22,700
Debts written off during the year		(446)	(2,612)
Impairments reversed		(7,154)	5,412
Closing Balance at 30 June		<u>17,900</u>	<u>25,500</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		27,286	56,387
		<u>27,286</u>	<u>56,387</u>
Inventories held for distribution			
Stores and raw materials		856,803	701,430
		<u>856,803</u>	<u>701,430</u>
Total inventories		<u>884,089</u>	<u>757,817</u>

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

11 (a) Property, plant and equipment

Note	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	fair value	fair value	cost	fair value	fair value	cost	fair value	cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement										
Asset values										
Opening gross value as at 1 July 2017	850,750	32,197,527	6,239,344	7,596,452	200,205,003	8,571,430	635,852	3,742,896	1,016,100	261,055,354
Additions	-	-	-	-	-	-	-	-	8,203,431	8,203,431
Disposals	-	-	(1,958,981)	(1,187,022)	-	-	-	-	-	(3,146,003)
Revaluation adjustment to asset revaluation surplus	-	901,531	5,000	-	(623,819)	282,857	-	104,801	-	670,370
Transfers between classes	44,094	1,121,560	-	2,017,418	3,898,588	43,035	-	910,875	(8,035,570)	-
Closing gross value as at 30 June 2018	894,844	34,220,618	4,285,363	8,426,848	203,479,772	8,897,322	635,852	4,758,572	1,183,961	266,783,152

Accumulated depreciation and impairment

Opening balance as at 1 July 2017	-	12,395,403	1,454,136	4,214,818	52,019,497	3,307,627	442,093	1,748,000	-	75,581,574
Depreciation provided in period	-	853,211	263,949	577,420	2,160,778	200,783	24,019	133,837	-	4,213,997
Depreciation on disposals	-	-	(610,151)	(905,085)	-	-	-	-	-	(1,515,236)
Revaluation adjustment to asset revaluation surplus	-	441,213	1,122,429	-	52,311	132,184	-	63,734	-	1,811,871
Transfers between classes	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2018	-	13,689,827	2,230,363	3,887,153	54,232,586	3,640,594	466,112	1,945,571	-	80,092,206

Total written down value as at 30 June 2018

	894,844	20,530,791	2,055,000	4,539,695	149,247,186	5,256,728	169,740	2,813,001	1,183,961	186,690,946
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	-	1,119,879	-	2,005,144	3,123,413	43,035	-	87,332	-	6,378,803
Other additions	31,039	646,043	-	122,964	672,967	-	-	351,615	-	1,824,628
Total additions	31,039	1,765,922	-	2,128,108	3,796,380	43,035	-	438,947	-	8,203,431

Barcoo Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

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	fair value	fair value	cost	fair value	fair value	cost	fair value	cost	
	\$	\$	\$	\$	\$	\$	\$	\$		\$
	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
	-	-	-	-	-	-	-	-	6,623,784	6,623,784
7	-	-	-	(866,032)	-	-	(23,782)	-	-	(889,814)
15	(50,666)	1,201,996	-	-	4,564,300	164,863	-	140,913	-	6,021,406
	-	1,300,893	-	1,080,983	4,653,725	171,767	30,914	516,838	(7,755,120)	-
	850,750	32,197,527	6,239,344	7,596,452	200,205,003	8,571,430	635,852	3,742,896	1,016,100	261,055,354
Accumulated depreciation and impairment										
	-	11,102,501	1,226,444	4,012,939	48,934,155	3,055,817	441,241	1,582,331	-	70,355,428
	-	809,070	325,285	521,287	1,922,209	187,002	22,484	108,336	-	3,895,673
7	-	-	-	(417,001)	-	-	(23,781)	-	-	(440,782)
15	-	476,163	-	-	1,163,133	64,808	-	67,151	-	1,771,255
	-	7,669	(97,593)	97,593	-	-	2,149	(9,818)	-	-
	-	12,395,403	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
	Land: Not depreciated.	18 - 100	12	2 - 20	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 2018

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(a).

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 corporate services advisory committee. They are reviewed regularly taking into consideration an analysis of movements in fair value and other relevant information.

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

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.

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. Management in conjunction with AssetVal, have reviewed the carrying values as at 30 April 2018 and determined that there was no indexation required. This was determined by AssetVal via an analysis of Queensland property market data. Management again assessed the carrying values as at 30 June 2018 and determined them to be at fair value.

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.

	2018	2017
	\$	\$
Land (Level 2)	738,594	694,500
Land (Level 3)	156,250	156,250
	<u>894,844</u>	<u>850,750</u>

Buildings & other structures (level 3)

The fair values of buildings & other structures were determined by independent valuer, AssetVal as at 30 June 2015. Management in conjunction with AssetVal, have reviewed the carrying values as at 30 April 2018 and applied an index adjustment as determined by AssetVal. Management again assessed the carrying values as at 30 June 2018 and determined them to be at fair value. 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 from Rawlinsons Australian Construction Handbook 2018, Costweb 2018 and the Australian Bureau of Statistics. 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.

	2018	2017
	\$	\$
Buildings (level 3)	20,530,791	19,802,124
Other structures (level 3)	2,813,001	1,994,896
	<u>23,343,792</u>	<u>21,797,020</u>

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Major plant & equipment (Level 2)

The fair value of major plant & equipment was determined by management and supported by external values as at 30 June 2018. Fair value assessments were 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.

Management approached consultants, Nasco Auctioneers and Pickles Auctions to provide auction valuations at 30 June 2018. These auction valuations were used to support the basis for management determined valuations.

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 in conjunction with AssetVal, have reviewed the carrying values as at 30 April 2018 and applied an index adjustment as determined by AssetVal. This indexation was determined by AssetVal with reference to Australian Bureau of Statistics producer price index data. Management again assessed the carrying values as at 30 June 2018 and determined them to be at fair value.

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

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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.

Bridges

Current replacement cost

A full valuation of bridges assets was undertaken by independent valuers, AssetVal, effective 30 June 2015. Management in conjunction with AssetVal, have reviewed the carrying values as at 30 April 2018 and applied an index adjustment as determined by AssetVal. This indexation was determined by AssetVal with reference to Australian Bureau of Statistics producer price index data. Management again assessed the carrying values as at 30 June 2018 and determined them to be at fair value. 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:

<u>Condition rating</u>	<u>Assessment</u>
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(a).

Drainage infrastructure

Current replacement cost

A full valuation of drainage infrastructure was undertaken by independent valuers, AssetVal as at 30 June 2015. Management in conjunction with AssetVal, have reviewed the carrying values as at 30 April 2018 and applied an index adjustment as determined by AssetVal. Management again assessed the carrying values as at 30 June 2018 and determined them to be at fair value.

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(a).

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 in conjunction with AssetVal, have reviewed the carrying values as at 30 April 2018 and applied an index adjustment as determined by AssetVal. This indexation was determined by AssetVal with reference to a composite utilities index combining the Electrical Equipment Manufacturing Index, the Engineering Design and Management Index, the Metal Product Manufacturing Index and the Concrete Product Manufacturing Index from the ABS Producer Price Index. Management again assessed the carrying values as at 30 June 2018 and determined them to be at fair value. 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.

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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

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>2018</u> \$	<u>2017</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		841,360	917,305
Annual leave		460,339	615,917
Sick leave		186,869	228,663
		<u>1,488,568</u>	<u>1,761,885</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	11,387	10,850
	<u>11,387</u>	<u>10,850</u>

Non-current

Loans - Queensland Treasury Corporation	30,885	42,183
	<u>30,885</u>	<u>42,183</u>

Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	53,033	63,270
Loans raised	-	-
Principal repayments	(10,761)	(10,237)
Book value at end of financial year	<u>42,272</u>	<u>53,033</u>

The QTC loan market value at the reporting date was \$44,431. 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>2018</u> \$	<u>2017</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		283,071	292,190
		<u>283,071</u>	<u>292,190</u>
Non-current			
Long service leave		198,215	219,752
		<u>198,215</u>	<u>219,752</u>
Long service leave			
Balance at beginning of financial year		511,942	467,992
Long service leave entitlement arising		97,785	91,220
Long service entitlement paid		(128,441)	(47,270)
Balance at end of financial year		<u>481,286</u>	<u>511,942</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		149,386,310	145,136,159
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		-	(50,666)
Buildings		460,318	725,833
Major plant & equipment		(1,117,429)	-
Roads, drainage and bridge network		(676,130)	3,401,167
Water infrastructure		150,673	100,055
Other structures		41,067	73,762
Total movement in the financial year		<u>(1,141,501)</u>	<u>4,250,151</u>
Balance at end of financial year		<u>148,244,809</u>	<u>149,386,310</u>

Asset revaluation surplus analysis

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

Land		351,850	351,850
Buildings		8,904,764	8,444,446
Major plant & equipment		754,907	1,872,336
Roads, drainage and bridge network		130,831,112	131,507,242
Water infrastructure		3,232,399	3,081,726
Other structures		4,169,777	4,128,710
		<u>148,244,809</u>	<u>149,386,310</u>

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	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
16 Commitments for expenditure			
<p>Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.</p>			
Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		523,932	-
One to five years		108,000	-
Later than five years		-	-
		<u>631,932</u>	<u>-</u>
<p>The operating leases are for items of plant and equipment (graders and rollers) and have lease terms ranging from 6 months to 2 years. Lease premiums are paid monthly in advance.</p>			
Contractual commitments			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
New IT system		164,523	234,622
Plant fleet upgrade		-	1,640,313
		<u>164,523</u>	<u>1,874,935</u>

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 2017 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 \$191,299 (2017: \$182,156).

Remediation of Landfills

Council operates three (3) landfills, namely Jundah landfill, Windorah landfill and Stonehenge landfill. It is possible that Council would need to undertake works at a future date at one or more of these sites to ensure that waste deposited at these sites does not contaminate the surrounding environment. At this point, it is not known whether any of the sites will require any work to be carried out, and if required, the extent of the work required or when it will be required. Council is in the process of identifying a suitable party to carry out a comprehensive assessment of the risks associated with each site and based on that risk assessment, identify what is likely to be required at each site (if any), and when such activities are likely to be required to ensure that Council conforms to its legal and social obligations. Council expects that it would be in a position to quantify any contingent liabilities associated with its landfill sites, by the end of the financial year 2018/19 including the need to establish a landfill restoration provision.

18 Events after the balance date

There were no material adjusting events after the balance date.

19 Superannuation

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

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIAsuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

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Technically Barcoo Shire Council can be liable to the scheme for the portion of another local government's obligation should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIAsuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 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'. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

The most significant risk that may result in LGIAsuper increasing the contribution rate on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 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 2017-18 financial year.

	Note	2018 \$	2017 \$
Superannuation contributions made to the Regional Defined Benefits Fund		-	-
Other superannuation contributions for employees		550,307	538,023
	5	<u>550,307</u>	<u>538,023</u>
20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		1,324,834	2,257,817
Non-cash items:			
Depreciation and amortisation		4,213,997	3,895,673
Net (profit)/loss on disposal of property, plant and equipment		431,507	85,232
Capital grants and contributions		(3,433,294)	(4,994,328)
		<u>1,212,210</u>	<u>(1,013,423)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		585,249	(716,013)
(Increase)/decrease in inventory		(126,272)	4,541
Increase/(decrease) in payables		(273,317)	(4,812,202)
Increase/(decrease) in provisions		(30,656)	43,950
		<u>155,004</u>	<u>(5,479,724)</u>
Net cash inflow from operating activities		<u>2,692,048</u>	<u>(4,235,330)</u>

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21 Correction of prior period error

It has been discovered that the prior year treatment for recognising the cost of flood damage occurring to council road assets was incorrect. The original treatment to write off the flood damaged road assets was incorrect as these roads still possessed an economic benefit to Council. Instead an adjustment to the fair value of the roads should have occurred. To correct the treatment of this error, adjustments have been made to the 2017 comparative figures shown in the Statement of Profit or Loss and Other Comprehensive and the Statement of Financial Position as

	30 June 2017		
	As reported in the previous year's financial statements	Identified error	Corrected value
Statement of Profit or Loss and Other Comprehensive income			
Capital expenses	(1,071,326)	986,094	(85,232)
Net results	<u>1,271,723</u>	<u>986,094</u>	<u>2,257,817</u>
Other comprehensive income			
Increase/(decrease) in asset revaluation surplus	5,236,245	(986,094)	4,250,151
Total comprehensive income for the year	<u><u>6,507,968</u></u>	<u><u>-</u></u>	<u><u>6,507,968</u></u>
Statement of Financial Position			
Asset revaluation surplus	150,372,404	(986,094)	149,386,310
Retained surplus	47,623,639	986,094	48,609,733
Total equity	<u><u>197,996,043</u></u>	<u><u>-</u></u>	<u><u>197,996,043</u></u>

The identified error did not impact on Council's net assets and total equity.
The identified error did not impact on the financial sustainability ratios previous reported.

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22 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.

(a) 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	2018	2017
		\$	\$
Financial assets			
Cash and cash equivalents	8	9,867,891	10,757,481
Receivables - rates	9	101,278	93,033
Receivables - other	9	2,579,402	3,204,330
		<u>12,548,571</u>	<u>14,054,844</u>
Other Credit exposures			
Bank Guarantee	17	(191,299)	(182,156)
		<u>(191,299)</u>	<u>(182,156)</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	Less than 30	30-60 days	61-90 days	Over 90 days	Total
2018	\$	\$	\$	\$	\$
Receivables	1,988,421	361,409	1,194	347,555	2,698,579
Less impairment	-	-	-	(17,900)	(17,900)
Net receivables	1,988,421	361,409	1,194	329,655	2,680,679
2017	Less than 30	30-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
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

(b) 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
	\$	\$	\$	\$	\$
2018					
Trade and other payables	1,488,568	-	-	1,488,568	1,488,568
Loans - QTC	13,323	33,305	-	46,628	42,272
	1,501,891	33,305	-	1,535,196	1,530,840
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

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.

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

(c) 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.

(d) Interest rate risk

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

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

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.

Council	Net carrying amount \$	Effect on Net Result		Effect on Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
2018					
QTC cash fund	9,802,118	98,021	(98,021)	98,021	(98,021)
Other investments	65,773	658	(658)	658	(658)
Loans - QTC*	42,272	-	-	-	-
Net total		98,679	(98,679)	98,679	(98,679)
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)

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.

(e) 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 2018

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 comprises:

	2018	2017
	\$	\$
Short-term employee benefits	708,829	525,810
Post-employment benefits	57,547	37,045
Long-term benefits	4,926	8,386
Termination benefits	96,311	-
Total	867,613	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	2018	2017
		\$	\$
Payments charged by entities controlled by key management personnel	23(b)(i)	647,533	520,540
Payments charged by Council to entities controlled by key management personnel	23(b)(ii)	562	595
Employee expenses for close family members of key management personnel	23(b)(iii)	162,091	171,558

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

(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	2018 \$	2017 \$
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.	153,594	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. In the 2017 financial year, Council 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. Greg Clark finished up as Director of Works in October 2017.	379,862	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 was engaged on commercial terms by Council to undertake local government consultancy projects and services. Each project was awarded in accordance with Council's relevant procurement policy. In the 2017 financial year, Council 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. Lew finished up his Director's role in December 2017. Total compensation paid to Mead Perry for Lew's KMP services in the 2018 financial year was \$75,854 and amounts paid for other services were \$36,557.	112,411	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
Purchase of materials and services from entities controlled by key management personnel	Willats, Carly Elizabeth is a sole proprietorship owned by a close family member of Chief Executive Officer Michael Parker. The sole proprietorship has been engaged on commercial terms by Council to provide website services throughout the year. Service agreements were awarded in accordance with Council's relevant procurement policy. Where applicable, Michael Parker declared his conflict of interest in this matter and did not participate in any decisions related to any agreements where applicable.	1,666	-
Total		647,533	520,540

Barcoo Shire Council
Notes to the financial statements
For the year ended 30 June 2018

(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	2018 \$	2017 \$
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.	192	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 Robert 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.	277	255
Supply of materials and services to entities controlled by key management personnel	Michael Pratt is a councillor of Barcoo Shire Council. Council has completed private works throughout the year for Michael Pratt on commercial terms.	93	-
Total		562	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 72 staff of which only 2 are close family members of key management personnel. The total amount paid to such close family members was \$162,091 (2017: \$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 this year and in the prior year.

(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
- Use of public facilities (swimming pools and sporting facilities)

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 2018**

**Management Certificate
For the year ended 30 June 2018**

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 29, 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: 30 / 10 / 2018



Chief Executive Officer
Michael Parker

Date: 30 / 10 / 2018

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Barcoo Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Barcoo Shire Council (the Council).

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, 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 2018, 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 management certificate given by the Mayor and the 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 the Barcoo Shire Council's annual report for the year ended 30 June 2018, 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 the 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 of the Council.

Auditor's responsibilities for the audit of the financial report

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

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

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

- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- 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.



Carolyn Dougherty
as delegate of the Auditor-General

31 October 2018
Queensland Audit Office
Brisbane

**Barcoo Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2018**

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2018 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-10.58%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	129.68%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-72.23%	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 2018.

Certificate of Accuracy
For the year ended 30 June 2018


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

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



Mayor
Cr Bruce Scott

Date: 30 / 10 / 2018



Chief Executive Officer
Michael Parker

Date: 30 / 10 / 2018

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 2018 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 2018 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 2018, 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 the 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.



Carolyn Dougherty
as delegate of the Auditor-General

31 October 2018
Queensland Audit Office
Brisbane

**Barcoo Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2018**

Measures of Financial Sustainability Council	Measure	Target	Projected for the years ended									
			Actuals at 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	30 June 2027
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-10.58%	-48.50%	-15.60%	-15.30%	-17.00%	-18.20%	-19.00%	-19.80%	-20.70%	-21.60%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	129.68%	248.60%	132.40%	42.40%	116.90%	56.90%	100.80%	59.80%	96.20%	53.30%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-72.23%	-29.00%	-8.30%	-0.40%	6.90%	12.30%	15.30%	22.00%	24.80%	28.40%

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 2018

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.

B. Scott

Mayor
Cr Bruce Scott

Date: 30 / 10 / 2018

Michael Parker

Chief Executive Officer
Michael Parker

Date: 30 / 10 / 2018



This annual report has been collated and printed by the staff of Barcoo Shire Council.

Photos have been provided by Barcoo Shire Council staff.