

# 2018-2019 Annual Report

Barcoo Shire Council



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## Message from the Mayor



### **The 2018-19 Barcoo Shire Council Annual Report**

The 2018-19 financial year has been a time of continual change for Barcoo Shire Council.

Firstly, I must thank Chief Executive Officer, Mr Michael Parker, the council staff and councillors for providing the environment that enables the council to embrace change and deliver on behalf of the community and our many stakeholders.

To be able to oversee a progressive organisation is a great privilege. And I am always grateful for those in an organisation that have the passion, vision and drive to always serve in the public's best interests. This includes going about our day-to-day business being aware of minimising public waste and growing a culture of completing tasks using the most efficient planning and execution processes.

In a time of higher levels of public accountability and transparency, higher levels of scrutiny on long-term sustainability, higher accounting standards and lower guaranteed revenue streams - we need to have an organisation that is more agile and more responsive to change than ever before.

Understanding and identifying organisational risk across all of Councils corporate function areas and areas of public safety, is a critical part of a modern public or private sector corporations' ethical, financial and legislative responsibilities. Identifying areas of organisational risks, and mitigating any real or perceived threats and applying risk minimisation measures will become one of the major tasks of a responsible local government. I am focused on making sure that this area of Barcoo Shire Council's responsibilities receives due attention in the 2019-20 fiscal year.

Knowing the whole-of-life costs of an asset renewal project or building new infrastructure assets has become a key focus of Council. The use of the Queensland Treasury and Queensland Treasury Corporations' Project Development Framework principles has changed Council's decision making processes, and has empowered both the council senior staff and councillors to make better and more informed and long-term sustainable decisions.

This year has been a busy year for the construction of new assets, as well as the renewal of existing infrastructure. The construction on the new Jundah Roadhouse and General Store, an additional executive house and the self-contained cabin accommodation will add to the liveability of the shire, increase the attraction and retention of employees, and encourage more visitors to the shire.

The Australian Government's Drought Communities Program and the Queensland Government's Works for Queensland programs have been a shot in the arm for drought affected regional and remote communities. There are many social betterment projects completed, assets renewed and local jobs maintained as a result of these funding programs. These programs have also maintained, and in many cases, improved the economic activity and gross output of the shires' towns.

The Drought Communities Program does have guidelines that do not allow for the use of council staff in the delivery of projects. As a result, does not address the job creation or job retention in small remote communities, where councils are the major employer, and have minimal local contractors. Council has discussed this problem with the minister responsible, and are hopeful of a favourable outcome in future programs.

The above is in addition to the other generous funding and competitive grants programs administered by the state and federal governments. While some of these funding opportunities are very supportive of local government, the small remote local governments do struggle to meet the funding criteria – particularly if it requires a substantial cash commitment from local government.

This inability to access these programs has been amplified as more and more regional and remote local governments have been refused the ability to borrow by the Department of Local Government, Racing and Multicultural Affairs, and as a result of the Queensland Treasury Corporation's long-term sustainability ratings. This outcome is despite the fact that many of these councils have substantial cash reserves.

A review of the Barcoo Shire Asset Management Plan for the roads asset class, and the development of a road hierarchy and annual maintenance treatment plan was a big outcome this year for council's Works and Services and engineering personnel. Over the 2019-20 financial year, the Council will continue to develop asset management plans for the water and building asset classes, which will complete this requirement to have current asset management plans for all asset classes.

Having current and informing asset management plans will greatly assist in the forward budgeting processes and the setting of appropriate depreciation rates for the various asset in these classes. This will also assist in taking into account the using up of the asset, and setting the residual values for making decisions on either the renewal or replacement or the writing off of an asset.

Local government in regional and remote Queensland is still struggling with sustainability issues, as this level of government is required to financially report at a continually higher standard, and revenue streams decline in real terms.

The introduction of the international accounting standards into local government reporting have impacted, as more and more activities or latent liabilities are being required to be provisioned on the balance sheet. And considering that there has been no physical or real growth in Financial Assistance Grants, and the once reasonably reliable revenue streams have been replaced with funding uncertainty and more demanding competition from the more urbanised areas.

Our traditional revenue sources are not considered as 'own sourced revenue', which has caused a paper based decline in our operating capability and financial indicator ratios.

The rules that Emergency Management Australia (EMA) and the Queensland Reconstruction Authority (QRA) impose on local government for completing reclamation works under the Disaster Relief Funding Arrangements (DRFA), has had an enormous impact of remote local governments' sustainability and is adding to job security and population decline.

It is totally unfair that the EMA DRFA arrangements, that are imposed by QRA, require local governments' plant costs and hourly rates for completing works under DRFA to be audited at a level which are not required by the private sector. This has caused Barcoo Shire Council to shed 12 full time equivalent employees over the past 12 months, which has had a dramatic social impact on our communities.

The Queensland Government's Western Roads Upgrade Program has enabled Council to mitigate some loss of road construction employees and contractors, and has added to the liveability and economic opportunity of the shire and state.

To have nation building assets as a result of public sector investment is responsible government policy. Using road construction to keep the economy and social fabric of regional and remote areas stable and going forward makes good business and fiscal sense.

I congratulate the Queensland Government for this investment in regional transport infrastructure, and encourage the continual investment in similar programs.

The provision of an adequate standard of housing continues to be an area of concern for Council. The need for better social and public sector housing is one of the high risk areas for Council and the state government.

Our remote communities have a low standard of housing, and it is one area where, with clever and considered public sector investment, could really improve community stability, grow home ownership and seriously assist in the attraction and retention of critical personnel such as police officers, nurses, school teachers and executive council staff.

The 2018-19 financial year has been a challenging time for Council, and it has had to make some difficult but responsible decisions that will help to ensure the long-term sustainability of Barcoo Shire Council. The Council have concentrated on making financial and infrastructure spending decisions using objective data and solid financial information to inform its processes and final resolutions for expenditure.

I believe that remote local governments have an important and critical place in the provision of local governance processes, public infrastructure and safety, transport and communications connectivity, community stability, social wellbeing and provide economic opportunity.

These small population local governments, that administer geographic areas larger than many countries are major contributors to the overall social fabric and identity of our country. They also provide many of the products that are economic drivers for the broader state and national economy – but are never given due recognition for their contributions.

Instead of governments seemingly to working against regional and remote local governments by applying very academic accounting standards and reactive regressive policies, they should be seeking and applying practical ways of providing the needs of the community and general population of the state and nation.

Governments could be trying to understand better the importance of having people in the inland of Australia, who generally provide the raw product that drives the value adding jobs and export income of the broader national economy.

In closing, Barcoo Shire Council has made a significant contribution on behalf of its communities during this reporting period, and I am confident that the Council is genuinely working hard to deliver on the principles of good local government governance, is fiscally responsible, and respects the democratic rights of the people it serves.

Bruce Scott  
Mayor



## Message from the Chief Executive Officer



A year of contrasts was 2018/2019. With the region remaining in the grips of drought, two events did bring welcome rain to mainly the northern portion of the shire and provided restoration work for Council day-labour crews over the following two years.

Continuity of employment for Council employees has been the focus of Council during the financial year. Council was successful in obtaining funding for a Transport and Main Roads permanent works job, which provided some 20 weeks for a construction crew. During the year, natural attrition also alleviated the position, and by financial years end some 12 positions had been lost.

Employment security is the ongoing issue for Council as time progresses, with the use of Council day-labour on what is termed 'flood-damage' reinstatement works appearing to be not the preferred option by the Federal Government, who provide 75% of the funding. Historically, this funding has made up about 50% of Council's road works funding.

This directly affects the communities in the shire. However, the shire also benefited from two rounds of Federal Government assistance in Drought Communities funding which provided employment for local and regional contract tradespersons. These resources were engaged on augmentation and maintenance works on community facilities and generated some 25 jobs. The end of the financial year also saw the completion, or near completion, of two large projects that the council has carried over from previous years. These being the Jundah Roadhouse and the new staff house. The Roadhouse was completed through use of Council trades and contractors and is a credit to those involved.

Also completed at year's end was the Asset Management Plan for transport assets. This engineering document provides a plan for the maintenance and reinstatement of roads and associated transport assets over the next ten years. It allows the long term financial plan to be populated with accurate data for the care of an asset base that amounts to approximately 80% of the value of community assets in council's care.

Financially, Council finished the year in an improved position to budget expectations, which is pleasing. This allowed Council to formulate a budget for the 2019-2020 financial year that will continue to consolidate the improved position.

I do appreciate the contributions made by staff that has assisted in delivering a significant construction schedule and I thank the Mayor and Councilor's for providing the direction that Council is taking for the long term benefit of the community.

## **Introduction**

Welcome to the Barcoo Shire Council Annual Report 2018/19, which provides a summary of Council's operations from 1 July 2018 to 30 June 2019.

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](mailto: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

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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](http://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 and values**

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

#### **Our Vision**

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

#### **Our Mission**

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

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

#### **Our Priorities**

In carrying out our mission, our priorities are:

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

#### **Our Core values**

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

**Quality service** We value integrity and transparency.

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

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

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

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

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

## **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 21 years as a councillor, with 15 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 18 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.



### **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.

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 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.



**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.

## **Council**

### **Council meetings**

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

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

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

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

### Councillors' remuneration

Name	Councillor allowance	Car km allowance	Totals
Peter Batt	\$55,894.15	\$525.00	\$56,419.15
Jill Fitzgerald	\$50,245.15	\$1,551.00	\$51,796.15
Dianne Pidgeon	\$52,975.15	\$1,030.50	\$54,005.65
Michael Pratt	\$59,887.53	\$1,455.00	\$61,342.53
Bruce Scott	\$103,118.13	\$0.00	\$103,118.13
<b>Totals</b>	<b>\$322,120.11</b>	<b>\$4,561.50</b>	<b>\$326,681.61</b>

No overseas travel was made by a Councillor or employee in an official capacity during 2018/19.

### 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	14	4
Diane Pidgeon	14	4
Peter Batt	12	3
Michael Pratt	12	4
Bruce Scott	14	4

## 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 made under section 150I(2) of the <i>Local Government Act 2009</i> ('the Act').	0
The total number of orders made under section 150AH(1) of the Act.	0
Any decisions, orders and recommendations made under section 150AR(1) of the Act; and the name of each councillor for whom a decision, order or recommendation mentioned was made.	0
Number of complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government.	0
The number of matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission.	0
The number of notices given under section 150R(2) of the Act.	0
The number of notices given under section 150S(2)(a) of the Act.	0
The number of decisions made under section 150W(a), (b) and (d) of the Act.	0
The number of referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act.	0
The number of occasions information was given under section 150AF(4)(a) of the Act.	0
The number of occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor.	0
The number of applications heard by the conduct tribunal about the alleged misconduct of a councillor.	0

## Expenses reimbursement & provisions of facilities for Mayor and Councillors

### 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.

### 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.

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

## Executive Staff



### **Chief Executive Officer - Michael Parker**

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 resident's 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.

## **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 2018/19, 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
Internal	\$539,532.68	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)

## 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 2018/19

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 2018/19, external funding through grants and subsidies included:

CAPITAL REVENUE		
Provider	Program	\$
Department of Communities, Disability Services and Seniors (Queensland Government)	FNQ & NQ Monsoon Trough Flexible Funding Grant	48,000
Department of State Development, Manufacturing, Infrastructure & Planning (Queensland Government)	Jundah Roadhouse Capital Grant	150,000
Department of Infrastructure, Transport, Regional Development and Communications (Australian Government)	Drought Communities Program (DCP) Funding	927,976
Department of Local Government, Racing and Multicultural Affairs (Queensland Government)	Works 4 Queensland Grants	510,000
Department of Infrastructure, Transport, Regional Development and Communications (Australian Government)	Roads 2 Recovery Grants	492,975
Department of Transport and Main Roads (Queensland Government)	Road Maintenance Performance Contract (RMPC)	2,325,501
Department of Infrastructure, Transport, Regional Development and Communications (Australian Government)	Aerodrome Grants	289,788
Department of Infrastructure, Transport, Regional Development and Communications (Australian Government)	Windorah Water Reticulation Project	68,828
<b>Total Amount of all Grants and Subsidies Received</b>		<b>4,856,511</b>

OPERATING REVENUE			
	Provider	Program	\$
	Queensland Fire and Emergency Services	Emergency services – SES Grant	17,140
		Non-Specific Grants & Subsidies	2,792,461
	State Library of Queensland	Community Libraries Subsidies	2,736
	Energex Queensland	Solar Energy Scheme	45,423
	Arts Queensland - Regional Arts Development Fund	Arts & Culture-Arts RADF Grant	10,000
	Department of Infrastructure and Regional Development (Australian Government)	Federal Assistance Grants - Roads	999,514
	Department of Agriculture, Water and Environment (Australian Government)	Communities Combating Pest and Weeds Impacts During Drought Program	980,000
	Department of Agriculture and Fisheries (Queensland Government)	Queensland Feral Pest Initiative (QFPI) Grant	63,000
	<b>Total Amount of all Grants and Subsidies Received</b>		<b>5,065,267</b>

## 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.
- CEO Michael Parker completed his second year with Council and continues to build on organisational initiatives.
- Council also undertook a business process and compliance improvement implementations in the following areas:
  - Procurement
  - Information technology
- 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.
- The runway lighting at the Jundah and Windorah Airport was upgraded.
- SES training was conducted in Jundah, Windorah and Stonehenge.
- Applications for funding for SES equipment upgrades continue to factor into Councils regular business.
- Applications for funding for SES equipment and facility 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 senior management position for Director Corporate Services and Director Works and Services were in place for the 2018/19 year.
- Council continued to undertake business process improvements and compliance, customer service 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 updated

- Council agreed to upgrade the internal phone network to Telstra

**Priority: Staff management**

**Objective: To have a workforce with a competitive advantage**

**Outcome highlights:**

- Council continues to review vacancies in line with organisational strategic direction
- 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 External Auditors.

## **Land, Water and Animal Management**

**Priority: Land use management**

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

**Outcome highlights:**

- We continued 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.
- Council continues to progress the Barcoo Shire's 'Weed Free by 2022' program.
- We were successful in obtaining funding for the region to support the building of exclusion zone fencing. The fencing projects are to be completed in the 2019/20 year.

**Priority: Stock routes and rural lands**

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

**Outcome highlights:**

- Council continues to maintain its 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.
- Council continued 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 231 wild dog scalps to the Barcoo Shire Council, and Council employed trapper’s collected 33 scalps for the year.
- Council facilitated the following programs:
  - aerial baiting program in November 2018 with 90% participation rate by landholders.
  - ground baiting program throughout the year with a 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.
- Town common musters were completed in all three towns:

Town	Number of town common musters
Windorah	2
Jundah	5
Stonehenge	4

**Community Development**

**Priority: Community spirit**

**Objective: To have vibrant, positive and sustainable communities**

**Outcome highlights:**

- 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	2018/19
Windorah Rodeo	\$3,000	\$3,000	\$3,000
Stonehenge Rodeo	\$3,000	\$3,000	\$3,000
Jundah Races	\$3,000	\$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.

**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.

Visitor statistics collected at the Visitor Information Centres for the 2018/19 financial year:

- Jundah – 2,335
- Stonehenge – 3,033
- Windorah – 6,430

- Income trends at our caravan parks are tabled below:

	2014/15	2015/16	2016/17	2017/18	2018/19
Revenue	\$73,099	\$126,099	\$131,073	\$124,557	\$118,286
Expenditure	\$86,804	\$138,847	\$188,047	\$185,857	\$180,359

**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 and 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.

## **Libraries and Information Centres**

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### **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.

### **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.

Council continues to make progress towards the goals set out in The Sport and Recreation Plan 2018-2028. The Sport and Recreation Plan was 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 Theatrette, with a fresh coat of paint and equipment purchased. Stonehenge Action Group in partnership with Council installed the air-conditioners and lighting. Once a few more 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.

**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 2018/19.

**Appointments of Councillors as shareholder's delegates**

This section of Local Government Act 2009 did not apply with respect to Barcoo Shire Council for 2018/19.

### **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 wiliness to do so; these decisions will be made in regard to Council's obligations under Queensland Anti- Discrimination Act 1991 and the Industrial Relations Act 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 9.83% a year.

### **Pensioner remissions**

#### **Discount**

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

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

#### **Remissions – pensioner**

Eligible pensioners who submit an application as required will be granted a 50% remission on all rates and charges. Remissions will only apply to categories 1, 2 and 3. This provision does not apply to anyone except pensioners. Council processed 16 applications for pensioners' rebates in 2019/20.

## 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 \$0.025c/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 2019, Council had one ratepayer subject to these arrangements:
- Property number (assessment): 00315.00000.000



### **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:

<b>Section</b>	<b>Description</b>	<b>Resolution</b>
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 2018/19 were as follows:

Administrative Action Complaints received 2018/19	1
Resolved Administrative Action Complaints under Council's Complaints Management Process	1
Number of unresolved Administrative Action Complaints	0
Number of unresolved Administrative Action Complaints received 2018/19	0

## **Overseas Travel**

Pursuant to section 188 of the *Local Government Regulation 2012*, it is reported that no overseas travel occurred during 2018/19.

## **Works and Services**

### **Priority: Works operations**

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

### **Outcome highlights:**

In 2018/19, the following items were purchased in line with Council's budgeted plant replacement:

- 4WD Wagon – Mayor
- 4WD Wagon – Chief Executive Officer
- 4WD Single Cab – Rural Lands
- 2WD Single Cab – Windorah
- CAT Grader 140M
- CAT Grader 120M
- CAT Loader
- Kenworth x 2
- Smartfill Technology – Camps
- Vemeer Vac Trailer
- 34KL Fuel Tanker
- 26KL Portable Water Tanker
- Tarago People Mover – Stonehenge
- Bogie Dolly
- Genset x 2 – Maintenance Graders
- Kerb Making Machine
- Tractor Slasher
- Cox Mower – Stonehenge
- Toro Mower – Windorah
- Side by Side – Jundah

**Priority: Road infrastructure****Objective: To have road infrastructure that meets community needs****Outcome highlights:**

- In 2018/19, considerable work was undertaken on shire roads, including regular maintenance grading.
- 11.6km of gravel re-sheet was completed on the Jundah Winton Rd, \$536k
- 9km of re-seal on the Yaraka Retreat Rd, \$250k
- Re-seals on various bitumen floodways between Stonehenge and Warbreccan, \$100k
- Work on main roads continued during the year:
- 6.6km of pave and seal works was completed on a section of the Jundah-Quilpie Rd from ch 15.68 – 22.28, funded by Western Roads upgrade \$2.4 million
- Culvert replacements on Windorah Bedourie Rd and Jundah Longreach Rd
- Reseal prep works for TMR
- 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)
Bimerah Isisford Rd	Gravel re-sheet (100 -150mm)	185
Bimerah Isisford Rd	Gravel re-sheet (50 -75mm)	250
Bimerah Isisford Rd	Heavy Formation Grading	815
Bimerah Isisford Rd	Medium formation grading	13,340
Bimerah Yaraka Rd	Bulk Fill	380
Bimerah Yaraka Rd	Gravel re-sheet (100 -150mm)	685
Bimerah Yaraka Rd	Gravel re-sheet (50 -75mm)	530
Bimerah Yaraka Rd	Heavy Formation Grading	1,190
Bimerah Yaraka Rd	Medium Formation Grading	3,875
Bimerah Yaraka Rd	Reshape Table Drain	550
Carella Rd	Gravel re-sheet (100 -150mm)	440
Carella Rd	Heavy Formation Grading	7,824
Carella Rd	Medium Formation Grading	3,875
Depot Glen Rd	Gravel re-sheet (100 – 150mm)	720
Depot Glen Rd	Gravel re-sheet (50 – 75mm)	1,555
Depot Glen Rd	Heavy Formation Grading	60
Depot Glen Rd	Medium Formation Grading	305
Depot Glen Rd	Reshape Table Drain	80
Hillview Rd	Gravel re-sheet (50 – 75mm)	6,710
Hillview Rd	Heavy Formation Grading	115
Hillview Rd	Medium Formation Grading	1,305
Hillview Rd	Re-shape Table Drain	75
Ski Rd (East)	Gravel re-sheet (100 – 150mm)	80
Ski Rd (East)	Gravel re-sheet (50-75mm)	9,790
Ski Rd (East)	Medium Formation Grading	1,430
Stonehenge Racecourse Rd	Medium Formation Grading	815
Thurles Park Rd	Gravel re-sheet (50-75mm)	6,635

Thurles Park Rd	Heavy Formation Grading	100
Thurles Park Rd	Medium Formation Grading	15,505
Warbreccan Rd	Bulk Fill	535
Warbreccan Rd	Gravel re-sheet (100 – 150mm)	2,220
Warbreccan Rd	Gravel re-sheet (50-75mm)	13,540
Warbreccan Rd	Heavy Formation Grading	730
Warbreccan Rd	Medium Formation Grading	2,210
Windorah River Rd	Bulk Fill	20
Yaraka Retreat Rd	Heavy Formation Grading	7,527

**Priority: Community infrastructure**

**Objective: To have community infrastructure that meets community needs**

**Outcome highlights:**

- Constructed the Jundah Roadhouse and General Store, funded by Building our Regions (BoR) and Drought Communities Programme (DCP)
- Air-conditioned the supper room at the Jundah Hall, funded by Works for Queensland (W4Q)
- Upgrade to the Jundah Hall kitchen, funded by Works for Queensland (W4Q)
- Air-conditioned the kitchen at the Stonehenge Hall, funded by Works for Queensland (W4Q)
- Upgrade to the Stonehenge hall kitchen, funded by Works for Queensland (W4Q)
- Upgrade to the Jundah Recreational Reserve amenities building and racecourse facilities, funded by Drought Communities Programme (DCP)
- Constructed cattle yards for the Jundah rodeo grounds arena, funded by Drought Communities Programme (DCP)
- Installed troughs on the Stonehenge and Jundah commons, funded by Drought Communities Programme (DCP)
- Constructed a new building at the Jundah aerodrome, funded by Drought Communities Programme (DCP)
- Completed fencing at the Stonehenge and Windorah rodeo grounds, funded by Drought Communities Programme (DCP)
- Upgraded lighting to the Stonehenge rodeo arena, funded by Drought Communities Programme (DCP)
- Provided additional water reticulation to the Stonehenge rodeo grounds, funded by Drought Communities Programme (DCP)
- Upgraded the kitchen at the Windorah rodeo grounds amenities, funded by Drought Communities Programme (DCP)
- Completed the Windorah wash down bay facility, funded by Drought Communities Programme (DCP)
- Completed the Windorah aerodrome hanger, funded by Local Government Grants & subsidies Programme (LGGSP)
- Constructed a new QFES and RFS shed in Windorah, funded by QFES and RFS
- Installed solar lights at the Windorah Cemetery, funded by Anzac Centenary Grants.

**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 installed a 100mm blue brut raw and treated water main to the industrial blocks and rodeo grounds in Windorah, funded by Drought Communities Programme (DCP).

Jundah Roadhouse and General Store



Windorah cricket pitch



Stonehenge fencing project

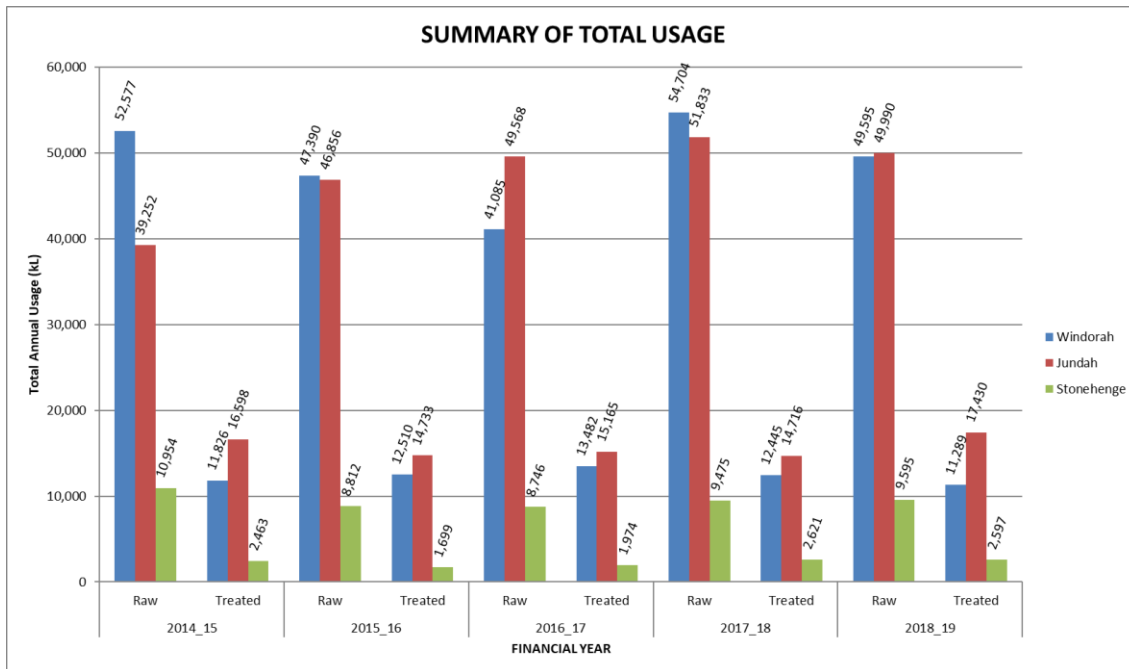


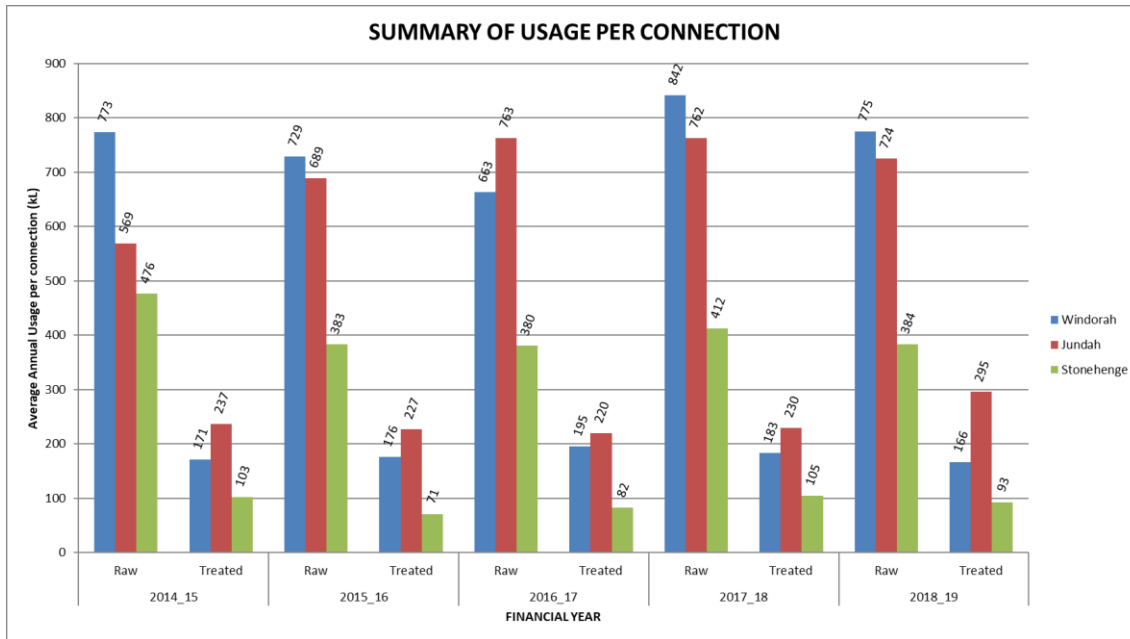


Jundah Recreation Reserve kitchen upgrade

### 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 2019/20.





**Community Financial Report**





## About the Community Financial Report

The formal financial statements included in this annual report explain what happened in financial terms during the year and what Council's financial position was at the end of the financial year, 30 June 2019. 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.

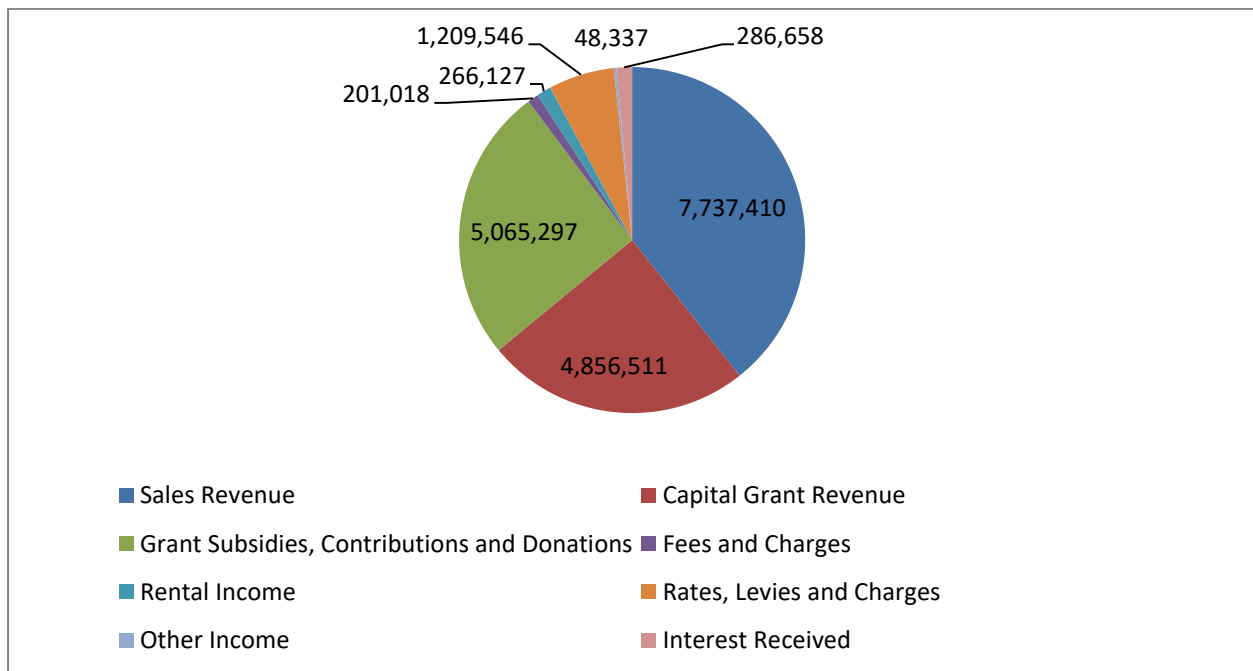
### S179 – Local Government Regulation 2012

The community financial report for a financial year must:

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

### Revenue: where does our money come from?

Total income for the year was \$19.7m, up from \$19.3m last year. The graph below provides an analysis of this income received by Council.

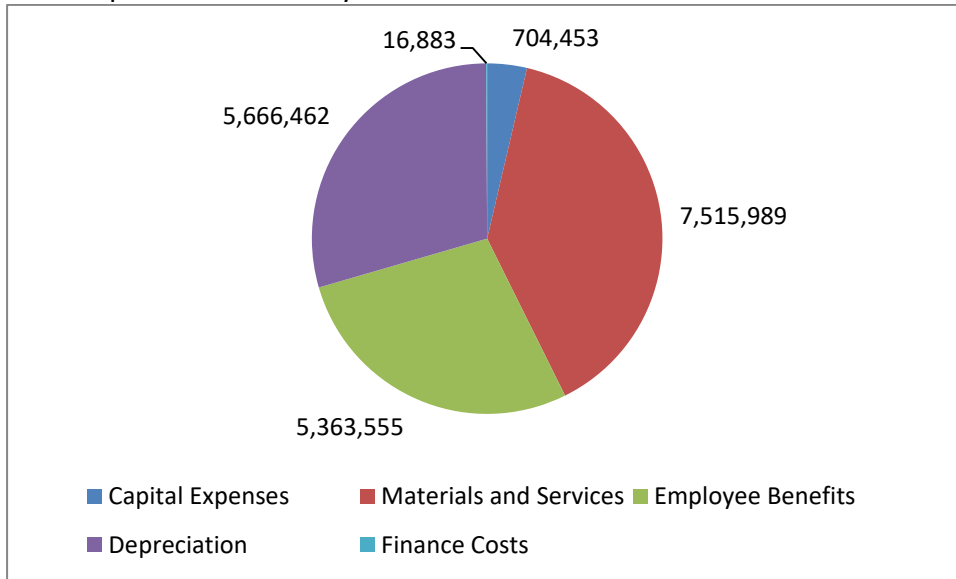


This graph demonstrates that approximately \$4.8m (25%) of income came from capital funding.

Additionally, \$5m (26%) was from general purpose and other operating grants, which were significantly reduced from the previous year by \$6.7m. The other main sources of income were Council rates, contributing \$1.2m (6%) of the overall revenue, and sales (contract works), which contributed to \$7.7m (39%).

**Expenditure: where does the money go?**

Total expenses for the year were \$17.3m, down from \$17.9m last year. The graph below provides an analysis of this expenses incurred by Council.



Employee costs associated with running Council made up 27% (\$5.3m) 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 59 employees by head count.

Expenditure on materials and services decreased from \$7.6m (2018) to \$7.5m (2019) and contributed to 39% of the overall operating expenditure. These materials and services also included general operation expenses and repairs and maintenance to the shire’s assets (including community facilities, houses and other infrastructure).

There was also an increase in capital works from \$3.2m (2018) to \$9.3m (2019). This includes the expenditure for roads, as well as Council and community assets. Depreciation of Council’s assets totalled \$5.7m (29%), which was an increase from the previous year (\$4.2m). 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**

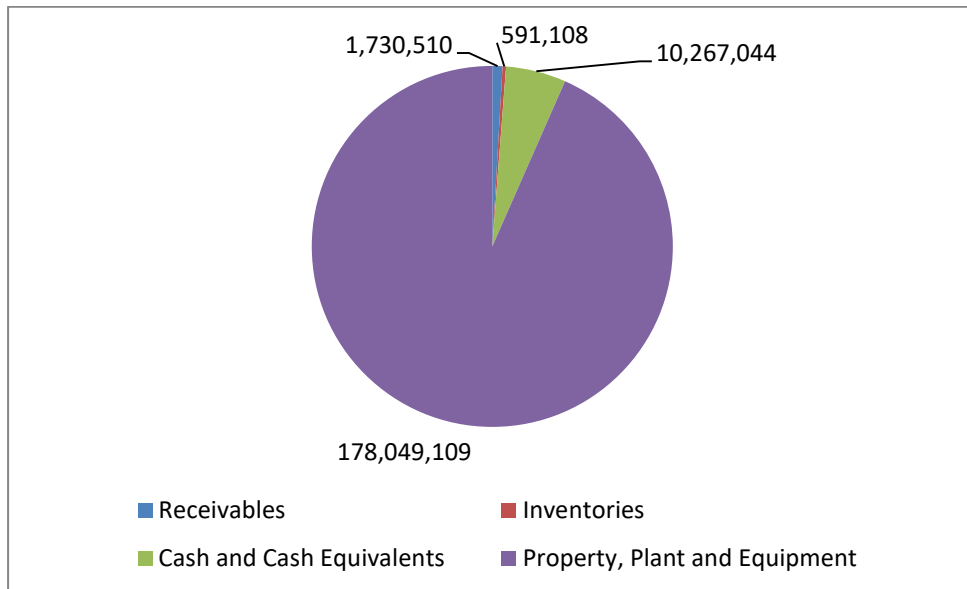
Our total income of \$19,670,904 less total expenses of \$19,267,383 and provided us with an overall surplus of \$403,521. Council depreciation of \$5,666,462 is funded by Council’s general operation,

which Council considers a good overall result. Capital income was \$4,856,511 which was put towards 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. A full valuation was conducted on all of Council’s road assets. An index adjustment was applied to revalue council’s land, buildings, water and other assets along with adjustments for major plant disposals the net result was a decrease of \$11,103,265 to asset revaluation reserve. This figure is included in Council’s total comprehensive income for the year of \$10,699,744. 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.

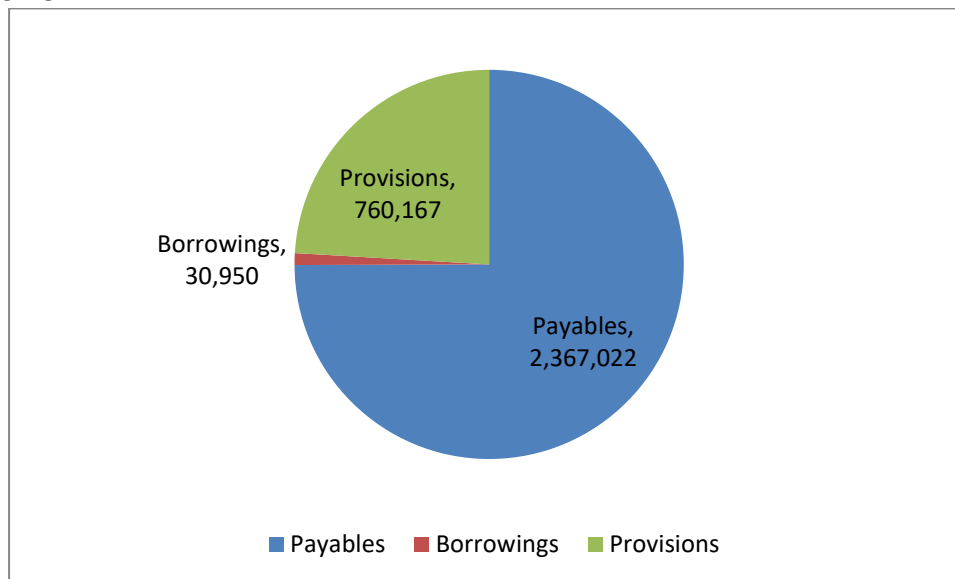
**Our position at year end**

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 \$190,637,171 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 \$3,158,139 comprise of employee provisions, sundry creditors and Queensland Treasury Corporation loans.

The financial position (total community equity) is \$187,479,632 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.

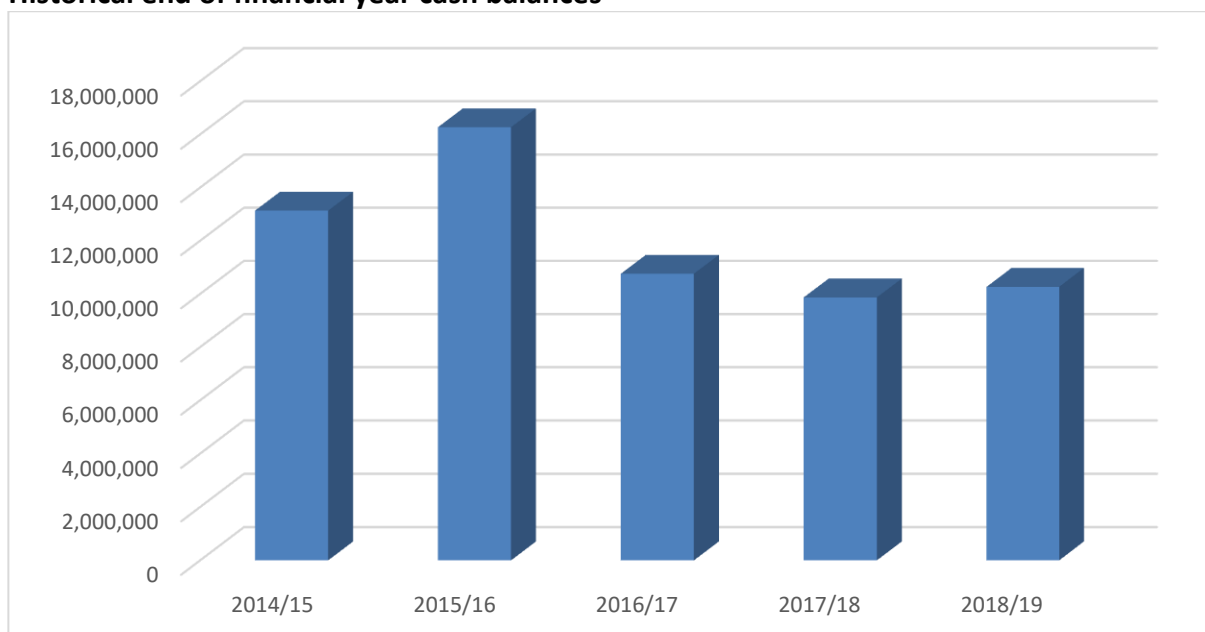
The following statement, however, only reports on and shows:

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

	2018/19	2017/18	2016/17	2015/16	2014/15
	\$	\$	\$	\$	\$
Opening cash balance	9,867,891	10,757,461	16,268,704	13,131,381	11,798,682
Net cash flow from operating activities	4,158,072	2,692,046	-4,235,330	4,182,052	2,873,417
Net cash flow from investing activities (capital purchases)	-3,747,597	-3,570,877	-1,265,656	-1,035,477	-1,513,866
Net cash flow from financial activities (loan repayments)	-11,322	-10,761	-10,237	-9,252	-26,832
Closing cash balance	10,267,044	9,867,869	10,757,481	16,268,704	13,131,381

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 near or over \$10m for the past 5 years.

#### 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 4.73 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 8.2%.

**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 -25.30%.

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 118.06%.

**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 -63.48%.

**Overall financial summary**

As at 30 June 2019 Council's Cash balance is \$10,267,044 and Total Community Equity is \$187,479,632.

## Annual Financial Statements for 2018/19



Jundah Roadhouse and General Store

# **BARCOO SHIRE COUNCIL**

## **Financial statements**

### For the year ended 30 June 2019

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Management Certificate

Independent Auditor's Report

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

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

Long-Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement



**Barcoo Shire Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	1,209,546	1,107,112
Fees and charges	3(b)	201,018	155,828
Rental income	3(c)	266,127	316,642
Interest received	3(d)	286,658	252,035
Sales revenue	3(e)	7,737,410	8,308,079
Other income		48,337	58,520
Grants, subsidies, contributions and donations	4(a)	5,065,297	5,650,554
		<u>14,814,393</u>	<u>15,848,770</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	4,856,511	3,433,294
		<u>4,856,511</u>	<u>3,433,294</u>
<b>Total capital revenue</b>		<u>4,856,511</u>	<u>3,433,294</u>
<b>Total Income</b>		<u>19,670,904</u>	<u>19,282,064</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(5,363,596)	(5,659,768)
Materials and services	6	(7,515,989)	(7,645,220)
Finance costs		(16,883)	(6,738)
Depreciation	11	(5,666,462)	(4,213,997)
<b>Total recurrent expenses</b>		<u>(18,562,930)</u>	<u>(17,525,723)</u>
<b>Capital expenses</b>			
Capital expenses	7	(704,453)	(431,507)
<b>Total expenses</b>		<u>(19,267,383)</u>	<u>(17,957,230)</u>
<b>Net result</b>		<u>403,521</u>	<u>1,324,834</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	15	(11,103,265)	(1,141,501)
<b>Total other comprehensive income for the year</b>		<u>(11,103,265)</u>	<u>(1,141,501)</u>
<b>Total comprehensive income for the year</b>		<u>(10,699,744)</u>	<u>183,333</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 2019**

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	8	10,267,044	9,867,891
Receivables	9	1,704,511	2,707,691
Inventories	10	591,108	884,089
<b>Total current assets</b>		<u>12,562,663</u>	<u>13,459,671</u>
<b>Non-current assets</b>			
Receivables	9	25,999	40,885
Property, plant and equipment	11	178,049,109	186,690,946
<b>Total non-current assets</b>		<u>178,075,108</u>	<u>186,731,831</u>
<b>Total assets</b>		<u>190,637,771</u>	<u>200,191,502</u>
<b>Current liabilities</b>			
Payables	12	2,367,022	1,488,568
Borrowings	13	11,951	11,387
Provisions	14	279,529	283,071
<b>Total current liabilities</b>		<u>2,658,502</u>	<u>1,783,026</u>
<b>Non-current liabilities</b>			
Borrowings	13	18,999	30,885
Provisions	14	480,638	198,215
<b>Total non-current liabilities</b>		<u>499,637</u>	<u>229,100</u>
<b>Total liabilities</b>		<u>3,158,139</u>	<u>2,012,126</u>
<b>Net community assets</b>		<u>187,479,632</u>	<u>198,179,376</u>
<b>Community equity</b>			
Asset revaluation surplus	15	137,141,544	148,244,809
Retained surplus		50,338,088	49,934,567
<b>Total community equity</b>		<u>187,479,632</u>	<u>198,179,376</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 2019**

		Asset revaluation surplus	Retained Surplus	Total
	Note	15 \$	\$	\$
<b>Balance as at 1 July 2018</b>		148,244,809	49,934,567	198,179,376
Adjustment on initial applications of AASB 9	1.C	-	-	-
Net results	19	-	403,521	403,521
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		(11,103,265)	-	(11,103,265)
<b>Total comprehensive income for the year</b>		(11,103,265)	403,521	(10,699,744)
<b>Balance as at 30 June 2019</b>		<u>137,141,544</u>	<u>50,338,088</u>	<u>187,479,632</u>
<b>Balance as at 1 July 2017</b>		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)
<b>Total comprehensive income for the year</b>		(1,141,501)	1,324,834	183,333
<b>Balance as at 30 June 2018</b>		<u>148,244,809</u>	<u>49,934,567</u>	<u>198,179,376</u>

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

**Barcoo Shire Council  
Statement of Cash Flows  
For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		16,988,516	17,251,176
Payments to suppliers and employees		<u>(13,366,346)</u>	<u>(15,121,067)</u>
		3,622,170	2,130,109
Interest received		286,658	252,035
Rental income		266,127	316,642
Borrowing costs		<u>(16,883)</u>	<u>(6,738)</u>
<b>Net cash Inflow (outflow) from operating activities</b>	19	<u>4,158,072</u>	<u>2,692,048</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(9,338,537)	(8,203,431)
Proceeds from sale of property plant and equipment		734,429	1,199,260
Grants, subsidies, contributions and donations		4,856,511	3,433,294
<b>Net cash inflow (outflow) from investing activities</b>		<u>(3,747,597)</u>	<u>(3,570,877)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	13	<u>(11,322)</u>	<u>(10,761)</u>
<b>Net cash Inflow (outflow) from financing activities</b>		<u>(11,322)</u>	<u>(10,761)</u>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<u>399,153</u>	<u>(889,590)</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		9,867,891	10,757,481
<b>Cash and cash equivalents at end of the financial year</b>	8	<u>10,267,044</u>	<u>9,867,891</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 2019**

**1 Significant accounting policies**

**1a) Basis of preparation**

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 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) New and revised accounting standards**

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), Council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged. By using the new methodology the result has had no material impact on the statement of financial position. In addition there was no impairment in respect of the movement of trade receivables.

Financial asset/liability	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Borrowings	Amortised cost

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 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 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*. 1 July 2019

Identifiable impacts at the date of this report are:

An estimate of \$550,000 grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**1 Significant accounting policies (continued)**  
**1c) New and revised accounting standards**

**Standard and Impact**

**Date Council will  
apply the standard**

**Transition method**

The council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 *Accounting Policies, Changed in Accounting Estimates and Errors*.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/2019), these also do not require restatement.

**AASB 16 Leases**

The council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

1 July 2019

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

**Leases in which the Council is a lessee**

The council will recognise new assets and liabilities for its operating leases of graders & rollers (see Note 16). The nature of expenses related to those leases will now change because the Council will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impacts:

- lease assets and financial liabilities on the balance sheet will increase by \$334,816 and \$394,151 respectively (based on the facts available to Council at the date of assessment).
- there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- net result will be lower on initial application as depreciation and the lease liability interest will be initially higher than operating lease expenses previously recorded.

**Leases in which the Council is a lessor**

No Significant impact is expected for other leases in which the Council is a lessor.

**Transition method**

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019, with no restatement of comparative information.

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

**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:

- Provision for impairment of receivables – Note 9 and 20
- Valuation and depreciation of property, plant and equipment - Note 11
- Provisions - Note 14
- Contingent liabilities - Note 17
- Financial instruments and financial liabilities - Note 20

**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.

## **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 2019**

- 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 2019 Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital		2019	2019		2019	2019				
	Grants	Other	Grants	Other									
Corporate services	2,827,506	1,338,226	48,000	-	4,213,732	1,984,058	-	2,229,674	19,105,796	2,229,674	19,105,796		
Executive	-	-	-	-	-	880,581	-	(880,581)	-	(880,581)	-		
Works and services	1,135,851	7,088,284	3,721,579	-	11,945,714	12,536,249	704,453	(1,294,988)	155,354,092	(1,294,988)	155,354,092		
Land and animal management	1,043,000	156,215	213,233	-	1,412,448	467,801	-	944,647	-	944,647	-		
Community and development	58,940	1,166,371	873,699	-	2,099,010	2,694,241	-	(595,231)	16,177,883	(595,231)	16,177,883		
Total Council	5,065,297	9,749,096	4,856,511	-	19,670,904	18,562,930	704,453	403,521	190,637,771	(3,748,537)	190,637,771		

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		2018	2018		2018	2018				
	Grants	Other	Grants	Other									
Corporate services	2,793,058	1,198,773	-	-	3,991,831	1,839,708	-	2,152,123	19,599,237	2,152,123	19,599,237		
Executive	-	-	-	-	-	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	(1,448,674)	166,392,885	(1,448,674)	166,392,885		
Land and animal management	73,000	131,058	-	-	204,058	329,455	-	(125,397)	-	(125,397)	-		
Community and development	1,638,005	1,427,458	1,135,493	-	4,200,956	2,921,140	-	1,279,816	14,199,380	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	1,324,834	200,191,502	(1,676,953)	200,191,502		



**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

	<u>Note</u>	<u>2019</u>	<u>2018</u>
		\$	\$
<b>3 Revenue</b>			
Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.			
<b>(a) Rates, levies and charges</b>			
Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.			
General rates		1,075,408	985,705
Water		213,574	195,944
Garbage charges		40,145	37,156
Total rates and utility charge revenue		<u>1,329,127</u>	<u>1,218,805</u>
Less: Discounts		(108,549)	(101,500)
Less: Pensioner remissions		(11,032)	(10,193)
Total rates, levies and charges		<u><u>1,209,546</u></u>	<u><u>1,107,112</u></u>
<b>(b) Fees and charges</b>			
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>201,018</u>	<u>155,828</u>
		<u><u>201,018</u></u>	<u><u>155,828</u></u>
<b>(c) Rental income</b>			
Rent from council housing is recognised as income on a periodic straight line basis over the lease term.			
Housing rent		<u>266,127</u>	<u>316,642</u>
		<u><u>266,127</u></u>	<u><u>316,642</u></u>
<b>(d) Interest received</b>			
Interest received from cash funds is accrued over the term of the investment.			
Interest received from cash funds		276,402	242,934
Interest from overdue rates and utility charges		10,256	9,101
		<u>286,658</u>	<u>252,035</u>
<b>(e) Sales revenue</b>			
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.			
<b>Sale of goods and services</b>			
Contract and recoverable works		7,005,809	7,548,214
Jundah general store sales		731,601	759,865
Total sales revenue		<u><u>7,737,410</u></u>	<u><u>8,308,079</u></u>

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
<b>4 Grants, subsidies, contributions and donations</b>			
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.			
<b>(a) Recurrent</b>			
General purpose grants		3,791,975	3,762,265
State government subsidies and grants		1,273,322	1,888,289
		<u>5,065,297</u>	<u>5,650,554</u>
<b>(b) Capital</b>			
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		1,850,498	2,802,612
Flood damage grants		2,325,501	630,682
Commonwealth government subsidies and grants		680,512	-
		<u>4,856,511</u>	<u>3,433,294</u>
<b>5 Employee benefits</b>			
Total staff wages and salaries		4,208,055	4,432,483
Councillors' remuneration		322,120	193,922
Annual, sick and long service leave expenses		587,676	471,178
Superannuation		493,424	550,307
		<u>5,611,275</u>	<u>5,647,890</u>
Other employee related expenses		96,636	251,062
		<u>5,707,911</u>	<u>5,898,952</u>
Less: Capitalised employee expenses		<u>(344,315)</u>	<u>(239,184)</u>
		<u>5,363,596</u>	<u>5,659,768</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at the reporting date:		<u>2019</u>	<u>2018</u>
Elected members		5	5
Administration staff		22	22
Depot and outdoors staff		31	42
Total full time equivalent employees		<u>58</u>	<u>69</u>
<b>6 Materials and services</b>			
Advertising and marketing		80,303	134,106
Administration supplies and consumables		676,613	863,023
Audit of financial statements by the Auditor General of Queensland		74,827	41,941
Communications and IT		481,245	253,389
Rates (Council Housing)		37,258	37,882
Insurance		205,830	310,298
Parks & Gardens		108,501	165,129
Plant operating expenses and recoverable works		1,831,661	2,414,960
Repairs and maintenance		1,062,252	1,298,997
Retail Store operating expenses		697,461	740,887
Other materials and services		2,260,038	1,384,608
		<u>7,515,989</u>	<u>7,645,220</u>

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

	2019	2018
Note	\$	\$
<b>7 Capital expenses</b>		
<b>Loss on disposal of non-current assets</b>		
Proceeds from the sale of property, plant and equipment	(734,429)	(1,199,260)
Less: Book value of property, plant and equipment disposed of	997,015	1,630,767
Total loss on disposal of non-current assets	<u>262,586</u>	<u>431,507</u>
<b>Loss on impairment</b>		
Property, plant and equipment impairment loss treated as an expense	213,632	-
Total impairment losses	<u>213,632</u>	<u>-</u>
<b>Provision for refuse restoration</b>		
Recognition of provision	228,235	-
	<u>228,235</u>	<u>-</u>
<b>Total capital expenses</b>	<u><u>704,453</u></u>	<u><u>431,507</u></u>

**8 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques received 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	1,935,135	65,773
Deposits at call	8,331,909	9,802,118
Balance per Statement of Cash Flows	<u>10,267,044</u>	<u>9,867,891</u>

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

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies

Advance Financial Assistance Grant payment, unrestricted \$1,422,675 (\$1,435,972 - 2018)

and others.

1,972,675	<u>1,435,972</u>
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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

12,732

31,859

Security deposits

862

931

13,594

32,790

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

	<u>Note</u>	<u>2019</u>	<u>2018</u>
		\$	\$
<b>9 Receivables</b>			
<p>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.</p> <p>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.</p> <p>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.</p> <p>Loans and advances are recognised in the same way as other receivables.</p>			
<b>Current</b>			
Rateable revenue and utility charges		139,184	101,278
Other debtors		1,484,885	2,540,030
Less impairment		(12,800)	(17,900)
Loans and advances		14,951	16,387
Prepayments		78,291	67,896
		<u>1,704,511</u>	<u>2,707,691</u>
<b>Non-current</b>			
Loans and advances		25,999	40,885
		<u>25,999</u>	<u>40,885</u>

Interest is charged on outstanding rates at a rate of 9.83% 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.

Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The opening balance of impairment, as at 1 July 2018, has been recalculated using this new methodology and resulting in an immaterial impact on the balance sheet. Further details of Council's expected credit loss assessment are contained in note 20.

**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.

<b>Inventories held for sale</b>			
Jundah general store trading stock		71,455	27,286
		<u>71,455</u>	<u>27,286</u>
<b>Inventories held for distribution</b>			
Stores and raw materials		519,653	856,803
		<u>519,653</u>	<u>856,803</u>
<b>Total inventories</b>		<u>591,108</u>	<u>884,089</u>

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**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	fair value	cost	fair value	cost	fair value	cost	fair value	cost	fair value	cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	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								
	49,933	1,079,589	-	1,992,407	2,773,443	388,914	55,369	1,350,588	1,648,294	9,338,537								
	(11,000)	(614,129)	(1,320,363)	(572,569)	-	-	-	-	-	(2,518,061)								
7	-	587,030	-	-	(10,743,886)	287,873	-	679,808	-	(9,189,175)								
15	-	-	-	-	-	-	-	(221,132)	-	(221,132)								
7	-	(154,915)	-	-	(8,454,400)	-	-	8,609,315	-	(221,132)								
	933,777	35,118,193	2,965,000	9,846,686	187,054,929	9,574,109	691,221	15,177,151	2,832,255	264,193,321								

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2018

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Impairment

Transfers between classes

**Closing gross value as at 30 June 2019**

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2018

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Impairment

Transfers between classes

**Accumulated depreciation as at 30 June 2019**

**Total written down value as at 30 June 2019**

Residual value

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

-	13,689,827	2,230,363	3,887,153	54,232,586	3,640,594	466,112	1,945,571	-	80,092,206
-	875,253	58,775	677,817	3,449,421	209,891	27,454	367,851	-	5,666,462
-	(298,046)	(759,433)	(463,567)	-	-	-	-	-	(1,521,046)
-	241,143	-	-	890,088	119,365	-	663,494	-	1,914,090
-	-	-	-	-	-	-	(7,500)	-	(7,500)
-	(82,158)	-	-	(2,696,079)	-	-	2,778,237	-	-
-	14,426,019	1,529,705	4,101,403	55,876,016	3,969,850	493,566	5,747,653	-	86,144,212

933,777	20,692,174	1,435,295	5,745,283	131,178,913	5,604,259	197,655	9,429,498	2,832,255	178,049,109
-	-	1,091,000	1,398,031	-	-	-	-	-	2,489,031
Land: Not depreciated.	18 - 100	12	2 - 20	10 - 200	20 - 80	20 - 60	20 - 40	WIP: Not depreciated.	

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	317,196	-	1,992,407	2,773,443	84,487	-	964,393	1,648,294	7,780,220
49,933	762,393	-	-	-	304,427	55,369	386,195	-	1,558,317
49,933	1,079,589	-	1,992,407	2,773,443	388,914	55,369	1,350,588	1,648,294	9,338,537

**Barcoo Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	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
	-	-	-	-	-	-	-	-	8,203,431	8,203,431
7	-	-	(1,958,981)	(1,187,022)	-	-	-	-	-	(3,146,003)
	-	901,531	5,000	-	(623,819)	282,857	-	104,801	-	670,370
15	44,094	1,121,560	-	2,017,418	3,898,588	43,035	-	910,875	(8,035,570)	-
	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	286,783,152
<b>Accumulated depreciation and impairment</b>										
	-	12,395,403	1,454,136	4,214,818	52,019,497	3,307,627	442,093	1,748,000	-	75,581,574
	-	853,211	263,949	577,420	2,160,778	200,783	24,019	133,837	-	4,213,997
7	-	-	(610,151)	(905,085)	-	-	-	-	-	(1,515,236)
15	-	441,213	1,122,429	-	52,311	132,184	-	63,734	-	1,811,871
	-	-	-	-	-	-	-	-	-	-
	-	13,689,827	2,230,363	3,887,153	54,232,586	3,640,594	466,112	1,945,571	-	80,092,206
<b>Total written down value as at 30 June 2018</b>										
	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
<b>Range of estimated useful life in years</b>										
	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 2019**

**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).

**Key judgements and estimates:**

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the Council.

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Judgements and estimates used in determining remaining useful lives of roads and water infrastructure assets can be found later in this note.

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**11 Property, plant and equipment (continued)**

**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**

**Key judgements and estimates:**

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the Council uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Council engages third party qualified valuers to perform the valuation. The Council works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed within this note.

**(i) Valuation process**

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets every 3 - 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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 June 2019 and determined that there was no indexation required. This was determined by AssetVal via an analysis of Queensland property market data.

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.

	2019	2018
	\$	\$
Land (Level 2)	777,527	738,594
Land (Level 3)	156,250	156,250
	<u>933,777</u>	<u>894,844</u>



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**11 Property, plant and equipment (continued)**  
**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 June 2019 and applied an index adjustment of 1.7% with reference to market data from Rawlinsons Australian Construction Handbook 2019, Costweb 2019 and the Australian Bureau of Statistics. Building fair values have been assessed on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived by reference to market data for recent projects and costings guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth of market can be identified, the net value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

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

	2019	2018
	\$	\$
Buildings (level 3)	20,692,174	20,530,791
Other structures (level 3)	9,429,498	2,813,001
	<u>30,121,672</u>	<u>23,343,792</u>

**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.

As at 30 June 2019, Council's Management made an assessment in regards to the accuracy of current fair values. As a result of this assessment, there were no material changes made.

**Infrastructure assets (level 3)**

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

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

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

**Roads 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 roads 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 road. Council also assumes The full length of the road is designed and constructed to the same standard and uses a consistent amount of labour and materials.

Council undertook a full valuation of road infrastructure effective 30 June 2019 performed by independent valuers - Savills. CRC at 30 June 2019 was determine by Savills. Savills assessed the condition of the road assets and applied relevant useful lives and unit rates.

**Barcoo Shire Council**  
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**11 Property, plant and equipment (continued)**

CRC is based on actual costs derived from Barcoo Shire Council records and their consultants Site & Civil Consulting.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs and service costs. All direct costs were allocated to assets at standard usage quantities according to recently completed projects. Where construction is outsourced, CRC was based on the average of completed similar projects over recent years.

*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 Council has not provided a date of acquisition, Savills have adopted the below percentages over the useful life based on the condition of the asset:

Condition	Percentage
Poor	40%
Average	60%
Good	80%

Where a significant variance between the acquisition date and the condition of the asset, Savills have adopted the condition assessment in place of the date acquired. The formation assets were primarily covered and therefore Savills have proceeded on the basis these assets would be in good condition (adopted an acquisition date of 1995). Savills identified eight formation assets, which presented to an average standard (60% condition assessment).

The significant decline in the fair value of shire roads in the 2018/2019 year is attributable to a combination of the following:

1. A reduction in fair value resulting from the assessed monetary impact of the March 2019 flood events.
2. The commencement of the application of depreciation to Formation Assets in the 2018/2019 for the first time has resulted in a decline in the fair value of these assets.

**Water infrastructure – Calculation of written down current replacement cost**

**Water infrastructure**

*Current replacement cost*

Water infrastructure fair values as at 30 June 2015 were assessed by AssetVal. Management in conjunction with AssetVal, have reviewed the carrying values as at 30 June 2019 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. 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.

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.

The valuation as at 30 June 2015 utilised the following sources to determine CRC.

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 used in the 30 June 2015 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 in the 30 June 2015 valuation, 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:

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**11 Property, plant and equipment (continued)**

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.

**Barcoo Shire Council**  
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	<u>Note</u>	<u>2019</u>	<u>2018</u>
		\$	\$
<b>12 Payables</b>			
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.			
<b>Current</b>			
Creditors and accruals		1,742,421	841,360
Annual leave		379,395	460,339
Sick leave		245,206	186,869
		<u>2,367,022</u>	<u>1,488,568</u>

**13 Borrowings**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made semi annually.

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		11,951	11,387
		<u>11,951</u>	<u>11,387</u>

**Non-current**

Loans - Queensland Treasury Corporation		18,999	30,885
		<u>18,999</u>	<u>30,885</u>

**Loans - Queensland Treasury Corporation**

Opening balance at beginning of financial year		42,272	53,033
Principal repayments		(11,322)	(10,761)
Book value at end of financial year		<u>30,950</u>	<u>42,272</u>

The QTC loan market value at the reporting date was \$32,623 (2018: \$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.

**Barcoo Shire Council**  
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	<u>Note</u>	<u>2019</u>	<u>2018</u>
		\$	\$
<b>14 Provisions</b>			
<i>Long service leave</i>			
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.			
<i>Refuse dump restoration</i>			
Council recognises provisions for the estimated cost of restoration in respect of refuse dumps (landfills) where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities.			
Council engineers have estimated the amount of expected restoration work based on current known restoration costs inflated using relevant cost inflation indices and then discounted to current day values.			
<b>Current</b>			
Long service leave		279,529	283,071
		<u>279,529</u>	<u>283,071</u>
<b>Non-current</b>			
Long service leave		252,403	198,215
Refuse restoration		228,235	-
		<u>480,638</u>	<u>198,215</u>
<b>Long service leave</b>			
Balance at beginning of financial year		481,286	511,942
Long service leave entitlement arising		121,251	97,785
Long service entitlement paid		(70,605)	(128,441)
Balance at end of financial year		<u>531,932</u>	<u>481,286</u>
<b>Refuse restoration</b>			
Balance at beginning of financial year		-	-
Initial recognition of provision		228,235	-
Balance at end of financial year		<u>228,235</u>	<u>-</u>

**Barcoo Shire Council**  
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	Note	2019 \$	2018 \$
<b>15 Asset revaluation surplus</b>			
<p>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 property, plant and equipment since their initial recognition are accumulated in the asset revaluation surplus.</p> <p>Increases and decreases on revaluation are offset within a class of assets.</p> <p>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.</p> <p>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.</p>			
<b>Movements in the asset revaluation surplus were as follows:</b>			
Balance at beginning of financial year		148,244,809	149,386,310
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		-	-
Buildings		345,887	460,318
Major plant & equipment		-	(1,117,429)
Roads, drainage and bridge network		(11,633,974)	(676,130)
Water infrastructure		168,508	150,673
Other structures		16,314	41,067
Total movement in the financial year		<u>(11,103,265)</u>	<u>(1,141,501)</u>
Balance at end of financial year		<u>137,141,544</u>	<u>148,244,809</u>
<b>Asset revaluation surplus analysis</b>			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land		351,850	351,850
Buildings		9,250,651	8,904,764
Major plant & equipment		754,907	754,907
Roads, drainage and bridge network		119,197,138	130,831,112
Water infrastructure		3,400,907	3,232,399
Other structures		4,186,091	4,169,777
		<u>137,141,544</u>	<u>148,244,809</u>
<b>16 Commitments for expenditure</b>			
<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>			
<b>Operating leases</b>			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		396,000	523,932
One to five years		24,000	108,000
Later than five years		-	-
		<u>420,000</u>	<u>631,932</u>
<p>The operating leases are for items of plant and equipment (graders and rollers) and have lease terms ranging from 2 to 3 years. Lease premiums are paid monthly in advance.</p>			
<b>Contractual commitments</b>			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
New IT system		90,469	164,523
		<u>90,469</u>	<u>164,523</u>

**Barcoo Shire Council**  
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**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 2018 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 \$175,437 (2018: \$191,299).

**18 Events after the balance date**

There were no material adjusting events after the balance date.

	Note	2019 \$	2018 \$
<b>19 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
Net result		403,521	1,324,834
Non-cash items:			
Depreciation and amortisation		5,666,462	4,213,997
Net (profit)/loss on disposal of property, plant and equipment		262,586	431,507
Loss on impairment		213,632	-
Capital grants and contributions		(4,856,511)	(3,433,294)
		1,286,169	1,212,210
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		1,018,066	585,249
(Increase)/decrease in inventory		292,981	(126,272)
Increase/(decrease) in payables		878,454	(273,317)
Increase/(decrease) in provisions		278,881	(30,656)
		2,468,382	155,004
Net cash inflow from operating activities		4,158,072	2,692,048

**Barcoo Shire Council**  
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**20 Financial instruments and financial risk management**  
**Financial assets and financial liabilities**

The effect of initially applying AASB 9 on the Council's financial instruments is described in Note 1.c. Comparative information has not been restated to reflect the requirements.

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

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.

Council's Finance, Risk & Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. This committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the committee.

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 carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the 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	2019	2018
<b>Financial assets</b>		\$	\$
Cash and cash equivalents	8	10,267,044	9,867,891
Receivables - rates	9	139,184	101,278
Receivables - other	9	1,513,035	2,579,402
		<u>11,919,263</u>	<u>12,548,571</u>
<b>Other credit exposures</b>			
Bank Guarantee	17	(175,437)	(191,299)
		<u>(175,437)</u>	<u>(191,299)</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. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having the capacity to meet its financial commitments is strong.

*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 respect of freehold and leasehold properties. This is not necessarily the case in respect of mining leases.

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.



**Barcoo Shire Council**  
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**21 Financial instruments and financial risk management (continued)**

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

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	Council	
	2019	2018
Property Charges	139,184	101,278
State & Commonwealth Government	1,019,270	2,329,512
Community organisations	3,572	10,164
Other	490,193	239,726
<b>Total</b>	<b>1,652,219</b>	<b>2,680,680</b>

A summary of the Council's exposure to credit risk for trade receivables is as follows:

	Council		
	2019		2018
	Not credit- impaired	Credit-impaired	
	\$	\$	\$
Not past due	1,277,233	-	1,988,422
Past due 31-60 days	8,801	-	361,409
Past due 61-90 days	493	-	1,194
More than 90 days	365,692	8,285	347,555
<b>Total gross carrying amount</b>	<b>1,652,219</b>	<b>8,285</b>	<b>2,698,580</b>
Loss allowance	-	(12,800)	(17,900)
	<b>1,652,219</b>	<b>(4,515)</b>	<b>2,680,680</b>

*Expected credit loss assessment as at 1 July 2018 and 30 June 2019*

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

**(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.

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

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. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements.

Liabilities	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2019</b>					
Trade and other payables	2,367,022	-	-	2,367,022	2,367,022
Loans - QTC	13,323	19,984	-	33,307	30,950
	<b>2,380,345</b>	<b>19,984</b>	<b>-</b>	<b>2,400,329</b>	<b>2,397,972</b>
<b>2018</b>					
Trade and other payables	1,488,568	-	-	1,488,568	1,488,568
Loans - QTC	13,323	33,305	-	46,628	42,272
	<b>1,501,891</b>	<b>33,305</b>	<b>-</b>	<b>1,535,196</b>	<b>1,530,840</b>

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**21 Financial instruments and financial risk management (continued)**

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.

**(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 council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Council has conducted an interest rate sensitivity analysis calculating the impact of a 1% change in interest rates. Council has however elected not to separately disclose this table as its overall impact has been determined not to be material in amount.

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.

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**21 Transactions with related parties**

**(a) Transactions with other related parties**

2019	\$
<b>Other related parties</b>	
Engineering services	-
IT services	4,790
Tourism and promotion services	1,424
Purchase of electrical and maintenance services	246,896
	253,110
2018	\$
<b>Other related parties</b>	
Consultancy services - finance	112,411
Engineering services	379,862
IT services	1,666
Purchase of electrical and maintenance services	153,594
	647,533

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 above.

1. Council purchased materials and service from entities controlled by Key Management Personnel or other related parties. These transactions were on an arm's length basis and were in the course of normal council operations.
2. The fees and charges charged by Key Management Personnel and their controlled entities were on an arm's length basis in accordance with schedule of fees and charges adopted by Council.
3. Sales to other related parties in the 2019 year were \$22,924 (2018 - \$562) which related to private works and store purchases.
4. During the 2018 year, Mr Greg Clark ceased as director of works for Council. Through his company Site & Civil Pty Ltd, Mr Greg Clark has continued to provide engineering and associated advisory services to Council through a local buy arrangement. Due to Mr Clark's company being on an arms length contract during the whole of the 2019 year, he is no longer considered to qualify as a key management person for related party disclosure purposes.
5. As at 30 June 2019 the amount of \$3,853 was owing to Council from related parties
6. As at 30 June 2019 the amount of \$82,966 was owing by Council by related parties

**(b) 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:

	2019	2018
	\$	\$
Short-term employee benefits	806,037	708,829
Post-employment benefits	52,041	57,547
Long-term benefits	8,136	4,926
Termination benefits	-	96,311
<b>Total</b>	<b>866,214</b>	<b>867,613</b>

Detailed remuneration disclosures are provided in the annual report.

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

Most of the entities and people that are related parties of council live and operate within the 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.

**(d) Other**

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 58 staff (69 in 2018) of which only 3 (2 in 2018) are close family members of key management personnel. Total remuneration paid to these close family members was \$ 220,078.

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.

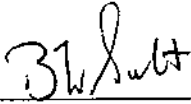
**Barcoo Shire Council  
Financial statements  
For the year ended 30 June 2019**

**Management Certificate  
For the year ended 30 June 2019**

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 27, 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 / 01 / 2020



\_\_\_\_\_  
Chief Executive Officer  
Paul Hockings

Date: 30 / 01 / 2020

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Barcoo Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Barcoo Shire Council (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 2019, 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 2019, 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 Barcoo Shire Council's annual report for the year ended 30 June 2019, 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.

### **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 2019:

- 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 January 2020

Queensland Audit Office  
Brisbane

**Barcoo Shire Council  
Current-year Financial Sustainability Statement  
For the year ended 30 June 2019**

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2019 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-25.30%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	118.06%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-63.48%	not greater than 60%

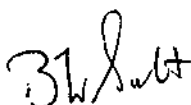
**Note 1 - Basis of Preparation**

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 2019.

**Certificate of Accuracy**  
For the year ended 30 June 2019

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 / 01 / 2020



\_\_\_\_\_  
Chief Executive Officer  
Paul Hockings

Date: 30 / 01 / 2020



## 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 (the council) for the year ended 30 June 2019 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 2019 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 2019, 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 January 2020

Queensland Audit Office  
Brisbane

**Barcoo Shire Council  
Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2019**

Measures of Financial Sustainability	Measure	Target	Projected for the years ended									
			Actuals at 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	30 June 2028
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-25.30%	-31.00%	-27.80%	-31.30%	-30.50%	-30.30%	-27.90%	-26.20%	-29.00%	-30.00%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	118.06%	192.70%	133.70%	138.80%	53.40%	100.20%	68.10%	127.50%	61.90%	110.70%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-63.48%	-55.90%	-31.40%	-10.20%	3.10%	18.80%	35.70%	54.10%	72.20%	90.50%

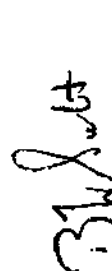
**Barcoo Shire Council's Financial Management Strategy**

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.

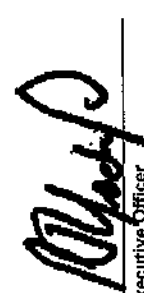
**Certificate of Accuracy  
For the long-term financial sustainability statement prepared as at 30 June 2019**

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

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

  
\_\_\_\_\_  
Mayor  
Cr Bruce Scott

Date: 30 / 01 / 2020

  
\_\_\_\_\_  
Chief Executive Officer  
Paul Hockings

Date: 30 / 01 / 2020 \*