

# 2019-2020 Annual Report

Barcoo Shire Council



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## Message from the Mayor

I appreciate this opportunity to present the 19/20 Financial Year Annual Report. Whilst having been Mayor for only 3 months of the financial year I am certainly aware of the achievements of Council during that period due to my previous role as Director of Works and Services.

I would like to take this opportunity to thank former Mayor Bruce Scott for his contribution to the Shire over the past 24 years and welcome our new Councillors elected in March 2020. Deputy Mayor Dianne Pidgeon, Cr Ingrid Miller, Cr Andrew Miller and Cr Roger Batt, I look forward to working with the new team to help make the Barcoo Shire a better place to live and work.

Who'd have thought the 19/20 Financial Year would have brought a pandemic which shook the world. Fortunately, out here in the Barcoo Shire due to our remoteness, isolation was not an issue though small business did do it tough throughout the first few months of the tourist season. Windorah did have a small windfall with the placement of Queensland Police Service and the Australian Defence Force stationed to be a border check point, this gave some life to the town and businesses the opportunity to provide meals and accommodation. Luckily after the restrictions were eased, we did see a flow of tourists through our towns for the second half of the tourist season. Let's hope the 20/21 Financial Year sees a full and busy tourist season.

Having been the former Director of Works and Services and heavily involved in the execution of many of the projects. It is now rewarding as Mayor to look back at these accomplishments that will make a lasting contribution to our communities.

With the continuing drought we were lucky enough to have a wet weather event, far from drought breaking, in early 2019 that triggered an event and our ability to receive flood damage work. The damage to the roads has covered a large proportion of the road network, securing jobs for our construction crews for the next couple of years. In addition to this we have secured funding for the Morney Stage 2 project, approximately another 5km of pave and seal.

Probably the most significant achievement for the year was the opening of the Jundah Roadhouse, this project has improved the liveability for our community members making it a place to meet and socialise, get a meal, or do some shopping. In addition to this it is another way to improve road safety giving opportunity for travellers, tourists and long-distance haulage trucks to take a rest and refresh.

We have been fortunate enough to secure another round of the Drought Communities Program of \$1M which will see several projects such as McPhellamy's Crossing upgrade, culverts to Perkins St Jundah and an upgrade to the Stonehenge tennis court completed throughout the 20/21 Financial Year.

As a sparsely populated shire, we are per capita huge contributors to the country's economy. As a Council our commitment to the community is to advocate government at all levels to

continue to provide funding, to enable us to continue offering services that would be expected elsewhere hence sustaining jobs and preventing population decline.

Notwithstanding the turbulent times the Council has had another good year, despite being an unsustainable Council we have endeavoured to provide responsible asset management and a high level of service to our community.

I would like to thank all our staff for their commitment and hard work throughout the year. The team has been led in the first part of the year by CEO Michael Parker followed by the appointment of CEO Paul Hockings, thank you for your contributions. Whilst we still have the fear of COVID 19 Pandemic hanging over us I am confident the Barcoo Shire is in as good a position as possible to thrive and survive into the future.

Sally O'Neil  
Mayor

## Message from the Executive Officer (CEO)

It's a pleasure to present this report to you, but note that I can only take credit since I was appointed as Chief Executive Officer (CEO) on 12 September 2019. Many of the achievements listed in this report were commenced during the tenure of my predecessor, Michael Parker who finished his "second tour" as CEO at Barcoo Shire Council and I would like to acknowledge his contribution to the organisation not only during this tenure but during his previous time from 2006 to 2011.

Michael arranged a thorough handover with me and it was an ideal way to begin my tenure. Indeed, the entire organisation has made Michelle and I very welcome and I'm impressed with the enthusiasm and knowhow present in our ranks.

The long list of delivered projects and services illustrated in this report shows me that for the smallest mainstream Council in Queensland we punch above our weight and residents / ratepayers should be proud of our Council's achievements.

2019/20 can be identified as a year of contrasts with the region still drought declared but several rain events have provided some restoration work for Council's day-labour crews. Together with state and federal funding for pave and seal projects on the Diamantina and Birdsville Developmental Roads, with the latter during the height of the COVID-19 Pandemic, will ensure our road crews are busy through until end of 2022.

The main focus of Council during the financial year was finishing the 2018 flood damage works on time and commencing the very large 2019 disaster event programme. This saw our crews operate at 12 hours per day throughout the summer, ably supported by an accomplished group of local contractors. Ensuring Council has a pipeline of road projects to ensure employment security is an ongoing issue as time progresses.

The shire also benefited from another round of Federal Government assistance (\$1M) through the Drought Communities Program – Extension funding which is continuing to provide employment for local contractors.

However, the most exciting project for the year was the opening of the Jundah Roadhouse on 23 September 2019 which was completed through use of Council trades and contractors and is a credit to those involved. This has created an important hub of activity that has brought our communities closer together whilst being an important stopover for tourism and the travelling public.

Like many rural and remote local governments, we face our fair share of challenges particularly financial sustainability. I do not shirk from these responsibilities and look forward to working on timely responses that strike a balance between delivering services efficiently and sustaining our regional economy. I will also, like my predecessor, continue to advocate for broad-scale financial reform of the local government sector.

Whilst Council finished the year with a healthy cash balance financial modelling as part of the 2020/21 budgeting process has shown that Council's cash position will continue to decline as

we spend these prepaid government grants. To this end Council has invited Queensland Treasury Corporation to assist management implement their in-house business improvement program.

I would like to thank Blake Repine, Director of Corporate Services who left Council in July 2020 for his contribution throughout the financial year. Further I would like to note Sally O'Neil's contribution over the past years in the Director of Works and Services role having finished her employment in April 2020 to take on the Mayor's role after her successful election.

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

Paul Hockings  
CEO

## Introduction

Welcome to the Barcoo Shire Council Annual Report 2019/20, which provides a summary of Council's operations from 1 July 2019 to 30 June 2020.

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).

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

The shire's main economic output is beef production and, to a lesser extent, wool production, opal mining, earthmoving works, tourism and hospitality. Recent times have seen the

discovery of reserves of oil and gas within the shire, which has led to considerable development in these industries.

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

Alternatively, you can visit Council's website at [www.barcoo.qld.gov.au](http://www.barcoo.qld.gov.au) to download a copy.

### **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 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 28 March 2020 Local Government Elections

The current Barcoo Shire Councillors were sworn in on 15 April 2020 and is comprised of 4 Councillors and a Mayor, who were elected by eligible voters in the Barcoo Shire.



### Cr Sally O'Neill – Mayor

Mayor Sally O'Neil was born and raised in Longreach before going away for her secondary education. She later returned to the region to learn the art of opal cutting and opened a retail opal shop. After approximately 5 years, she decided it was time to further her education. Sally first completed a Diploma of Fine Arts majoring in Silver Smithing and soon realised the Arts were not going to make a living and went on to complete a Civil Engineering Degree.

Since then, she has worked on projects in the South East corner of Queensland in civil construction and later mining infrastructure. The following is a list of major projects she has worked on.

- Ipswich Motorway Centenary Highway Intersection upgrade
- Port of Brisbane – Captain Bishop Bridge and Port Drive Upgrade
- Springfield – Various subdivisions
- Port of Brisbane – Port of Brisbane Motorway Upgrade
- Moranbah – Daunia and Caval Ridge Mine Coal Infrastructure
- Rolleston – Sections of the Dawson and Carnarvon Highway rehabilitation
- Stanwell Corporation – Black Creek Diversion Channel

In 2016, Sally completed a Graduate Diploma of Secondary Education and returned to Longreach to teach at the Longreach State High School. This opportunity gave Sally's daughter Louise, then 9, the opportunity to experience the freedom of growing up in the bush that both her and her husband Brett had enjoyed. Sally's teaching career was short-lived when she saw an advertisement for the position of Director of Works and Services for the Barcoo Shire Council and applied. Sally was successful and was appointed to the Director role in October 2017. At that time, Sally and her daughter relocated to Jundah. Since then, Sally and her family have thoroughly enjoyed living in the Barcoo Shire. Her love for the Barcoo Shire is what led to her decision to stand for Mayor in the 2020 elections.

Sally looks forward to the challenge of leading the Barcoo Shire Council as they work together as a transparent, ethical and moral Council.

Memberships: Yaraka Isisford Isolated Children's Parents' Association (ICPA), Barcoo Shire Council Works & Services Advisory Committee (Chair), Finance Risk and Audit Committee, Local Disaster Management Group (Chair)



### **Cr Dianne Pidgeon – Deputy Mayor**

Dianne came to Western Queensland in late 1989 and held various rural occupations, before becoming a Wool Classer in the region in the mid-nineties.

She currently resides at 'Glenroy' Station 16km North of Stonehenge with her husband Peter and 3 children.

She served the previous term on Barcoo Shire Council immediately prior to her current election.

Memberships: Stonehenge Royal Flying Doctor Service Auxiliary (Secretary), Stonehenge Rodeo Committee, Stonehenge Action Group, Yaraka Isisford Isolated Children's Parents' Association (ICPA) Branch and Barcoo Shire Council Works & Services Advisory Committee, Local Disaster Management Group (Deputy Chair & Chair of the Local Recovery Group Sub-Committee).



### **Cr Roger Batt – Councillor**

Roger was born in Townsville in 1988 and moved with his parents to Eldwick Station in 1989.

He has lived in the community all his life and his family being wife Steph and 3 daughters Olivia, Bella and Chloe. He will always call the Barcoo Shire home.

Anyone that knows Roger, knows that he is a sports tragic and enjoys watching any and every sport where he can and will also try to involve himself in any local sport.

He also enjoys living and working in the rural sector and has an off farm business with his brother, James Batt as an electrical contractor in the Barcoo Shire.

As a Councillor he hopes to keep the Barcoo Shire going as an excellent place to work, live and for families to grow up and enjoy their time here just as he has and still does.

Memberships: Stonehenge Rodeo Committee, Jundah Racecourse Committee, Barcoo Shire Council Tourism & Community Advisory Committee and Land, Water & Animal Management Advisory Committee.



### **Cr Ingrid Miller – Councillor**

Ingrid was born in Cobar, NSW on the 17 May 1987 and grew up in Longreach.

Married to Jason, they have 2 sons, Jarrod and Rory. Ingrid has been connected to the Barcoo Shire since 2003, starting her first job at 'Retreat' Station.

Now based at 'Warbreccan' Station, she operates her own business in event planning, community development and graphic design.

Ingrid feels very honoured to serve as a Councillor and aims to be an approachable and dedicated advocate for the Shire.

Memberships: Longreach Show Society, Longreach Jockey Club, Paint Horse Association of Australia, Longreach Regional Enterprise, Western Queensland Drought Committee, Central West Equestrian Group, Institute of Community Directors of Australia, Yaraka Isisford Isolated Children's Parents' Association (ICPA) and Tourism & Community Advisory Committee (Chair).



### **Cr Andrew Miller – Councillor**

Andrew was born and raised on a pineapple farm near the Sunshine Coast. He first came to the Barcoo Shire as a 15 year old in 2000 where he spent a few years working and contract mustering in and around the area.

After marrying the girl next door, they spent some time working on grazing and farming properties in Southern Queensland before moving back in 2011 with their young family.

Together with his wife Megan they have generations of family connections to the Barcoo Shire with parents and grandparents having lived here.

He currently manages 'Braidwood' Station outside of Jundah with Megan and his four daughters, Bridie, Alice, Grace and Faith.

He is passionate about the way of life out here and looks forward to being a part of the growth and progression of Barcoo Shire.

Memberships: Jundah Local Ambulance Committee, Barcoo Shire Council Land, Water & Animal Management Advisory Committee (Chair) and the Finance Risk and Audit 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 254J(3) of the *Local Government Regulation 2012*, that a meeting be closed. Council on occasion needs to discuss matters such as industrial, commercial and legal proceedings 'in confidence' and closes that part of the meeting to public.

Public notice of days and times of meetings is set annually and advertised throughout the Community. Copies of the open agenda for each meeting are available on Council's website the next business day after being provided to elected members.

### Councillors' remuneration

| Name            | Councillor Allowance | Car km Allowance | Totals           |
|-----------------|----------------------|------------------|------------------|
| Peter Batt      | \$39,787             | \$405            | \$40,192         |
| Jill Fitzgerald | \$39,787             | \$998            | \$40,785         |
| Dianne Pidgeon  | \$55,090             | \$585            | \$55,675         |
| Michael Pratt   | \$30,605             | \$1,970          | \$32,575         |
| Bruce Scott     | \$88,417             |                  | \$88,417         |
| Sally O'Neil    | \$26,525             |                  | \$26,525         |
| Roger Batt      | \$13,262             |                  | \$13,262         |
| Andrew Miller   | \$13,262             |                  | \$13,262         |
| Ingrid Miller   | \$13,262             | \$758            | \$14,019         |
| <b>Totals</b>   | <b>\$319,997</b>     | <b>\$9,276</b>   | <b>\$324,711</b> |

### Overseas Travel

No overseas travel was made by a Councillor or employee in an official capacity during 2019/20.

## 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, 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 Held | General Meeting Attended | Special Meetings Held | Special Meetings Attended |
|-----------------|----------------------|--------------------------|-----------------------|---------------------------|
| Jill Fitzgerald | 10                   | 10                       | 3                     | 3                         |
| Dianne Pidgeon  | 12                   | 12                       | 5                     | 5                         |
| Peter Batt      | 10                   | 9                        | 3                     | 2                         |
| Michael Pratt   | 6                    | 6                        | 2                     | 2                         |
| Bruce Scott     | 10                   | 10                       | 3                     | 3                         |
| Sally O'Neil    | 3                    | 3                        | 2                     | 2                         |
| Roger Batt      | 3                    | 3                        | 2                     | 2                         |
| Andrew Miller   | 3                    | 3                        | 2                     | 2                         |
| Ingrid Miller   | 3                    | 3                        | 2                     | 2                         |

## 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

### 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          |

## 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

### 1. 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 State Development, Local Government and Planning.

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 Section 186 of the *Local Government Regulation 2012*.

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 Code of Conduct for Councillors in Queensland and/or an offence under *the Criminal Code Act 1899*.

### 2. 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.

### 3. 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.

#### 4. 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.

#### 5. Responsibilities

|                        |   |
|------------------------|---|
| Sponsor                | Chief Executive Officer                       |
| Delegations            | CEO, Mayor, Councillors and others authorised |
| Policy implementations | CEO, Council                                  |

### Executive Staff



#### Chief Executive Officer – Paul Hockings

Paul comes to Barcoo Shire Council following an extensive and varied career across local government, community relations, mining and agribusiness, with 29 years in rural and remote Australia.

Paul is a CPA qualified General Manager who has been a finance consultant in Western Queensland. His most recent employee role was at Longreach

Regional Council where he was the Director of Corporate Services responsible for financial management, commercial services, town planning, land and leasing, local laws and rural lands management, IT, payroll, creditors, rates, debtors and procurement.

Paul enjoys walking, fitness and sporting activities. Paul's family includes Michelle who has also taken on a records/procurement position with Council together with their 3 children, Makaela (studying medicine in Launceston), Darcie (studying business law in Brisbane) and Thomas (Downlands College in Toowoomba).

Paul is looking forward to attending many community events throughout the Channel Country and meeting local residents and ratepayers.



### **Director of Works and Services – Francis Norku**

Francis joined Barcoo Shire Council in July 2020 bringing local government experience from several countries including Australia, New Zealand, United Kingdom, Republic of Ireland and Botswana. In Australia where he has operated in a number of senior leadership roles at Goulburn Mulwaree Council in NSW and Victoria Daly Regional

Council in the NT. Francis has demonstrated ability in managing the delivery of key infrastructure projects including roads, bridge structures, buildings, playgrounds and waste management facilities.

Francis is a Registered Professional Engineer of Queensland, a Chartered Engineer of United Kingdom and New Zealand and a Registered Business Case Practitioner. Francis has a Master of Science degree in Engineering and holds a PRINCE2 Certificate in Project Management, Certificate in Contract & Project Management and Certificate in Procurement Excellence Law.

In 2005, Francis was awarded Who's Who in science and engineering for delivering an outstanding achievement in road infrastructure improvement in the United Kingdom. Francis and wife Matho (a Teacher) have three children including Kojo (a Physiotherapist) and Kwame (Auckland University final year student in Accounting) are both in New Zealand and Emang (IT Access Analyst and pursuing a career in Accounting) in England.



### **Director of Corporate Services – Kerry Whiting**

Kerry joined Barcoo Shire Council in August 2020, bringing over 23 years of local government experience to Council. Prior to arriving in Barcoo, Kerry spent time at Mornington Shire Council, East Arnhem Regional Council and Palmerston City Council in the Northern Territory. Kerry also had 7 years in the Northern Territory Government, at Darwin Port Corporation.

Kerry has qualifications in Business, Accounting, Human Resource Management and Leadership and is a Fellow of CPA Australia, a member of Australian HR Institute (AHRI) and Local Government Managers Australia (LGMA).

Kerry is passionate about ensuring Local Government councils are financially sustainable, able to manage their risks appropriately and an employer of choice.

Kerry is married to Rae (30 years), and they have three children in Bianca (27, she works in Albury, NSW), Mitchell (25, he works in Darwin, NT) & Makaela (20, and she also works in Darwin, NT).

## 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 2019/20, Barcoo Shire Council employed a Chief Executive Officer, Director Corporate Services and a Director of Works and Services.

|          | Remuneration | Number of employees |
|----------|--------------|---------------------|
| Internal | \$487,365.69 | 4                   |

## Council Committees, Affiliations and Memberships

**Council endorses the following community committees:**

- Jundah Progress Association
- Stonehenge Action Group
- Windorah Development Board

**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)
- RAPAD Water and Sewerage Alliance (RAPADWSA)
- Outback Regional Roads and Transport Group (ORRTG)
- Outback Queensland Tourism Association (OQTA)
- Local Disaster Management Group (LDMG)
- Western Queensland Alliance of Councils (WQAC)
- 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 2019/20, which we reported on quarterly. It was reviewed (as it is every year) in preparation of our 2019/20 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 5 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 2019/20

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 2019/20, external funding through grants and subsidies included:

| CAPITAL REVENUE  |                                |           |
|--|--------------------------------|-----------|
| Provider   | Program                        | \$        |
| Department of State Development, Manufacturing, Infrastructure & Planning (Queensland Government)        | Jundah Roadhouse Capital Grant | 14,684    |
| Department of Infrastructure, Transport, Regional Development and Communications (Australian Government) | Roads 2 Recovery Grants        | 1,158,300 |

|  |                                      |                  |
|--|--------------------------------------|------------------|
| Queensland Fire and Emergency Services   | SES Capital Grant                    | 63,455           |
| Department of Infrastructure, Transport, Regional Development and Communications (Australian Government) | Aerodrome Grants                     | 13,315           |
| Department of Infrastructure, Transport, Regional Development and Communications (Australian Government) | Windorah Water Reticulation Project  | 68,828           |
| Department of State Development  | Maturing the Infrastructure Pipeline | 24,500           |
| Jundah Hall Management Committee   | Contribution to upgrade              | 10,958           |
| Department of Local Government   | Works for Queensland                 | 55,299           |
| <b>Total Amount of all Grants and Subsidies Received</b>   |                                      | <b>1,409,339</b> |

| OPERATING REVENUE   |   |                  |
|---|---|------------------|
| Provider  | Program                                       | \$               |
| Queensland Fire and Emergency Services  | Emergency services – SES Grant                | 59,273           |
| Department of Infrastructure and Regional Development (Australian Government) | Federal Assistance Grant – General            | 2,896,634        |
| State Library of Queensland   | Community Libraries Subsidies                 | 2,736            |
| Energex Queensland  | Solar Energy Scheme                           | 49,313           |
| 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             | 1,019,323        |
| Department of Employment, Small Business and Training                         | Trainee and Apprentice Incentive Scheme       | 5,909            |
| Department of Agriculture and Fisheries (Queensland Government)               | Queensland Feral Pest Initiative (QFPI) Grant | 133,711          |
| Queensland Reconstruction Authority   | Disaster Recovery Funding                     | 4,932,759        |
| Local Government Association of Queensland                                    | RAPAD Water & Sewer Alliance                  | 80,727           |
| Australian Taxation Office  | Fuel Tax Subsidy                              | 112,261          |
| LGM Assets  | Telecommunications                            | 2,331            |
| <b>Total Amount of all Grants and Subsidies Received</b>                      |   | <b>9,304,977</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 2 Councillors, an independent chair, Council's Internal Auditor and an independent member. The CEO and Director Corporate Services (DCS) attend as invitees.
- CEO Michael Parker retired from Council on 12 September 2019 and Paul Hockings commenced in the role on the same day continuing 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. will 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:**

- Council discontinued arrangements with Campbell Higginson Town Planners and engaged Reel Planning to support town planning processes in the shire.
- Council worked closely with the Department of State Development, Manufacturing, Infrastructure and Planning to implement a template town planning scheme prior to the local government elections in March 2020.
- 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 RAPAD Water and Sewerage Alliance (RAPADWSA).
- We continued to promote Council's willingness to sell surplus land to encourage people to settle in our communities and to grow our existing facilities.
- Council undertook an expression of interest process to sell council properties in 2018/19 and sold several properties during the financial year.

### **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.
- Pilot activated lighting (PAL) was installed at the Jundah, Windorah and Stonehenge Airports.
- SES training was conducted in Jundah, Windorah and Stonehenge.
- 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 particularly during the onset of the COVID-19 Pandemic.

## **Corporate Services**

### **Priority: Organisational administration**

**Objective: To provide effective administrative services to Council.**

#### **Outcome highlights:**

- The senior management position for Director Corporate Services was in place for the 2019/20 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 Magiq software was updated
- Council agreed to upgrade the internal phone network to Telstra Tippet System
- Council transitioned from Shire Networks to Pinnacle IT for managing the client server network.
- Council continues to improve Internet and Telecommunications services and infrastructure in the region agreeing to partially fund the installation of a 4G mobile repeater on the Glenroy Jump Up Tower near Stonehenge. This should be installed during 2020/21 Financial Year.

### **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:**

- After the end of the financial year and following completion of the 2020/21 Budget in August 2020 Council has recognised that financial sustainability is a key priority.
- Council has engaged Queensland Treasury Corporation (QTC) to commence their BI (Business Improvement) Programme during the 2020/21 Financial Year.
- Asset management planning was further developed to improve our standing with external engineering consultants focusing on our Buildings and Water infrastructure.

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

### **Priority: Land use management**

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

**Outcome highlights:**

- Continued to work with the Central West Regional Pest Management Group, Department of Resources, 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.

- Successful in obtaining \$900K funding for the region to support the building of exclusion fencing. The fencing projects are to be completed in the 2020/21 Financial 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.
- Ongoing treatment of pest plants, such as Parkinsonia and Prickly Acacia using the herbicide Access, combined with diesel, and Graslan 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 33 wild dog scalps to the Barcoo Shire Council, and Council employed trapper's collected 13 scalps for the year.
- Council facilitated the following programs:
  - aerial baiting program in October 2019 with 85% participation rate by landholders.
  - ground baiting program throughout the year with a 45% 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 State Infrastructure, Local Government and Planning, continues to provide funding under the Local Government Grants and Subsidies Program

Provided financial support 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 | 2019/20 |
|--------------------------|---------|---------|---------|---------|
| Windorah Rodeo           | \$3,000 | \$3,000 | \$3,000 | \$11511 |
| Stonehenge Rodeo         | \$3,000 | \$3,000 | \$3,000 | 4,568   |
| Jundah Races             | \$3,000 | \$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. We appreciate the assistance of both the Queensland Government and due to the COVID-19 Pandemic this funding will support a number of events in the Barcoo Shire during 2021 calendar year.

### **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.

- Mayor O’Neil is an active member of the User Panel for the Cooper basin which is reviewing the Geological and Bioregional Assessments.

### **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 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 2019/20 financial year:

- Jundah – 2,200 (approximate)
- Stonehenge – 2,900 (approximate)
- Windorah – 6,293
- Income trends at our caravan parks are tabled below: -

|             | 2015/16   | 2016/17   | 2017/18   | 2018/19   | 2019/20   |
|-------------|-----------|-----------|-----------|-----------|-----------|
| Revenue     | \$126,099 | \$131,073 | \$124,557 | \$118,286 | \$162,701 |
| Expenditure | \$138,847 | \$188,047 | \$185,857 | \$180,359 | \$305,079 |

### **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.
- A Maturing the Infrastructure Pipeline Program (MIPP) externally funded project to investigate extending the 3 Phase powerline from ‘Yuruga’ Station to Stonehenge was completed during the financial year with the assistance from Peak Services. This project

recommended the extension of the powerline was uneconomic and other low cost options were implemented i.e. improve voltage regulation.

### **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.

During 2019/20 Financial Year Council utilised a community transport vehicle to assist the Stonehenge State School operate a School Bus service from 'Wynn Downs' Station to Stonehenge which increased enrolments substantially and ensured the continued viability of the school.

### **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 in 2018/19 regarding the possibility of offering tenants the option of purchasing their house and several houses were sold during the 2019/20 Financial Year.
- Council operated an internal 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 3 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**

**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.

**Stonehenge School & Goal 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.

Subsequent to the end of the financial year Council resolved in August 2020 to incorporate Arts and Culture into the existing Tourism and Community Advisory Committee.

## 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 State Development, Local Government and Planning.

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 8.53% a year from 1 July 2020.

## 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 17 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 |
| 00183-10000-000 | Windorah Development Board           | 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 Categories 4, 5 & 6) within Barcoo Shire, with funding to be used to control pest animals. The special charge is \$0.0205 p/ha.
- No discount will apply. The special rate applies to all rural land rated under Category 4, 5 and 6 in Council's differential rate scheme having an area in excess of 1,000 hectares.
- The Land, Water and Animal Management Advisory Committee continues 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 2020, Council had 1 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 of plant and equipment:

- Barcoo Shire Council Swim Camp
- Jundah Race Club
- Jundah Golf Club
- Jundah Progress Association
- Jundah Sports and Recreation Club
- Jundah RFDS Auxiliary
- Stonehenge State School P & C
- Stonehenge Rodeo Committee
- Windorah Development Board
- Windorah Rodeo Association

### **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 to Officers

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

## Particular Resolutions

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

| Section | Description                              | Resolution |
|---------|--|------------|
| 206(2)  | Valuation of non-current physical assets | Nil        |
| 250(1)  | Expenses reimbursement policy            | April 2020 |
| 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 2019/20 were as follows:

|   |   |
|---|---|
| Administrative Action Complaints received 2019/20                                       | 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 2019/20.

## Works and Services

### Priority: Road infrastructure

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

#### Outcome highlights:

- In 2019/20, considerable work was undertaken on both shire and main roads, including regular maintenance grading.
- Specific projects of note were:
  - Adoption of an Asset Management Plan for Council's Road & Transportation Infrastructure.
  - Gravel Resheeting on Council's higher order roads, in conjunction with flood repair works, as follows:
    - Arrabury Road 12.2km

- Jundah-Winton Road 22.2km (majority funded through the Commonwealth Government's Roads to Recovery program)
- Bitumen Reseals, fully funded through the Commonwealth Government's Roads to Recovery program, on the following Council roads & streets:
  - Yaraka-Retreat Road 7.6km
  - Jundah-Winton Road 3.4km (Emergency airstrip section at Warbreccan)
  - Archer Street, Jundah
  - Dickson Street, Jundah
  - McIlwraith Street, Jundah
  - Perkins Street, Jundah
  - Jundah Emergency Access Road
  - Jundah Racecourse Road

Main Roads work as follows:

- Gravel Resheeting and additional grading on Morney-Birdsville Road
- Bitumen reseal preparation works on Windorah-Jundah and Jundah-Longreach Roads
- Replacement of grid at Ch 81.9km on Windorah-Bedourie Road

Restoration Works due to flood events in March 2018 and March 2019 on the following roads:

A summary of the restoration works involved are shown below:

- Gravel resheeting 100-150mm depth 4.2 km
- Heavy Formation Grading with the addition of gravel 123 km
- Heavy Formation Grading 70 km
- Medium Formation Grading 231 km

In addition to this, Council undertook 229km of complementary grading works on these roads at the same time, funded under its annual road maintenance budget.

|                       |
|-----------------------|
| Arrabury Road         |
| Bimerah Isisford Road |
| Bimerah Yaraka Road   |
| Budgerygar Road       |
| Carella Road          |
| Corrikie Road         |
| Davenport Road        |
| Fraserburgh Road      |
| Glenloch Road         |
| Haddons Corner Road   |
| Hammond Downs Road    |
| Haughton Vale Road    |
| Jundah Cemetery Road  |
| Jundah Refuse Road    |
| Jundah Winton Road    |

|                                |
|--------------------------------|
| Lochiel Road                   |
| Merrigal Road                  |
| Mooraberree Road               |
| Mt Marlow Road                 |
| Mt Remarkable Road             |
| Nappa Merrie Road              |
| Paradise Road                  |
| Ski Road (East)                |
| Tanbar Road                    |
| Tenham Road                    |
| Warbreccan Road                |
| Windorah Airport Road          |
| Windorah Pump Road (Currareva) |
| Windorah Pump Road (Murken)    |
| Windorah Racecourse Road       |
| Windorah River Road            |
| Windorah Tourist Drive         |
| Wuringle Road                  |
| Yaraka Retreat Road            |

### **Priority: Water Supply**

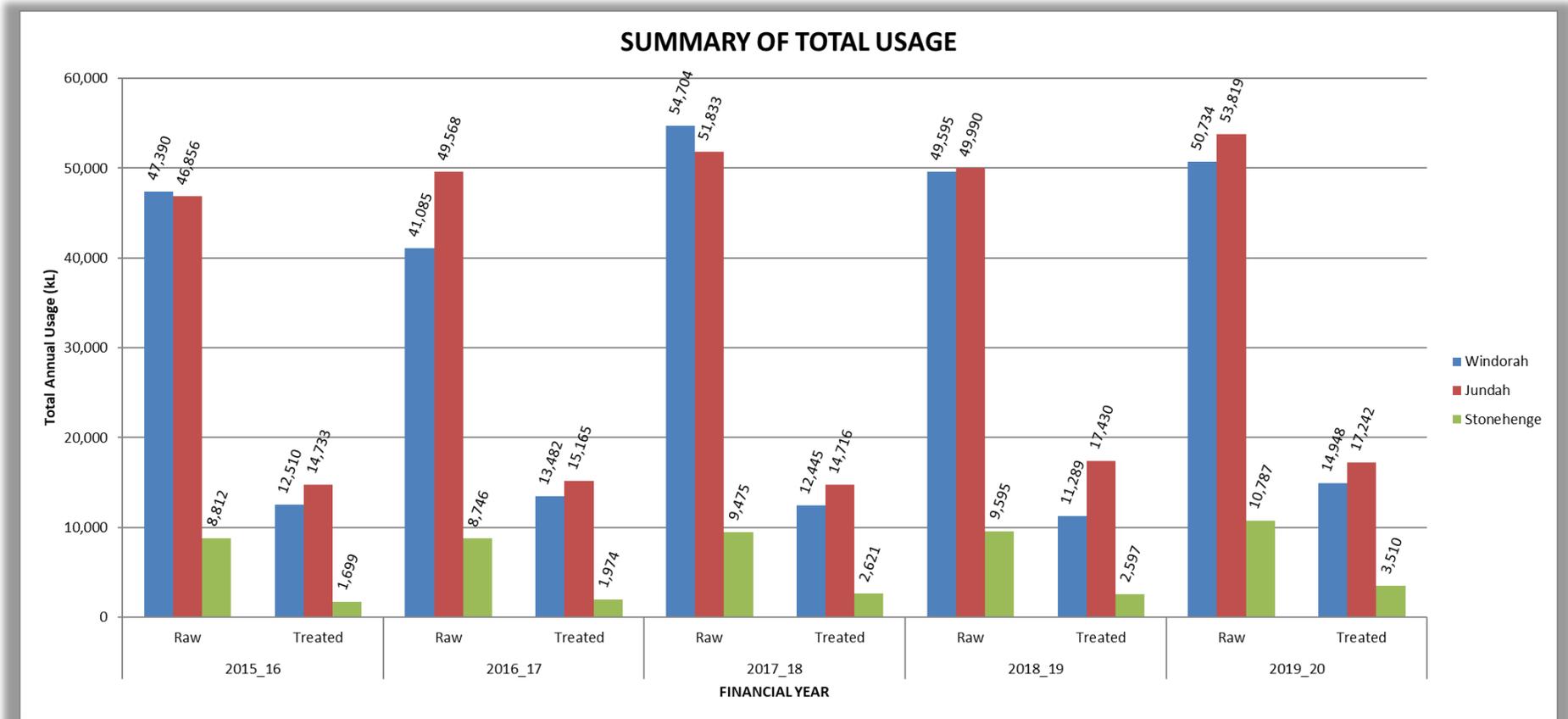
**Objective: To have a safe and reliable water supply in each town**

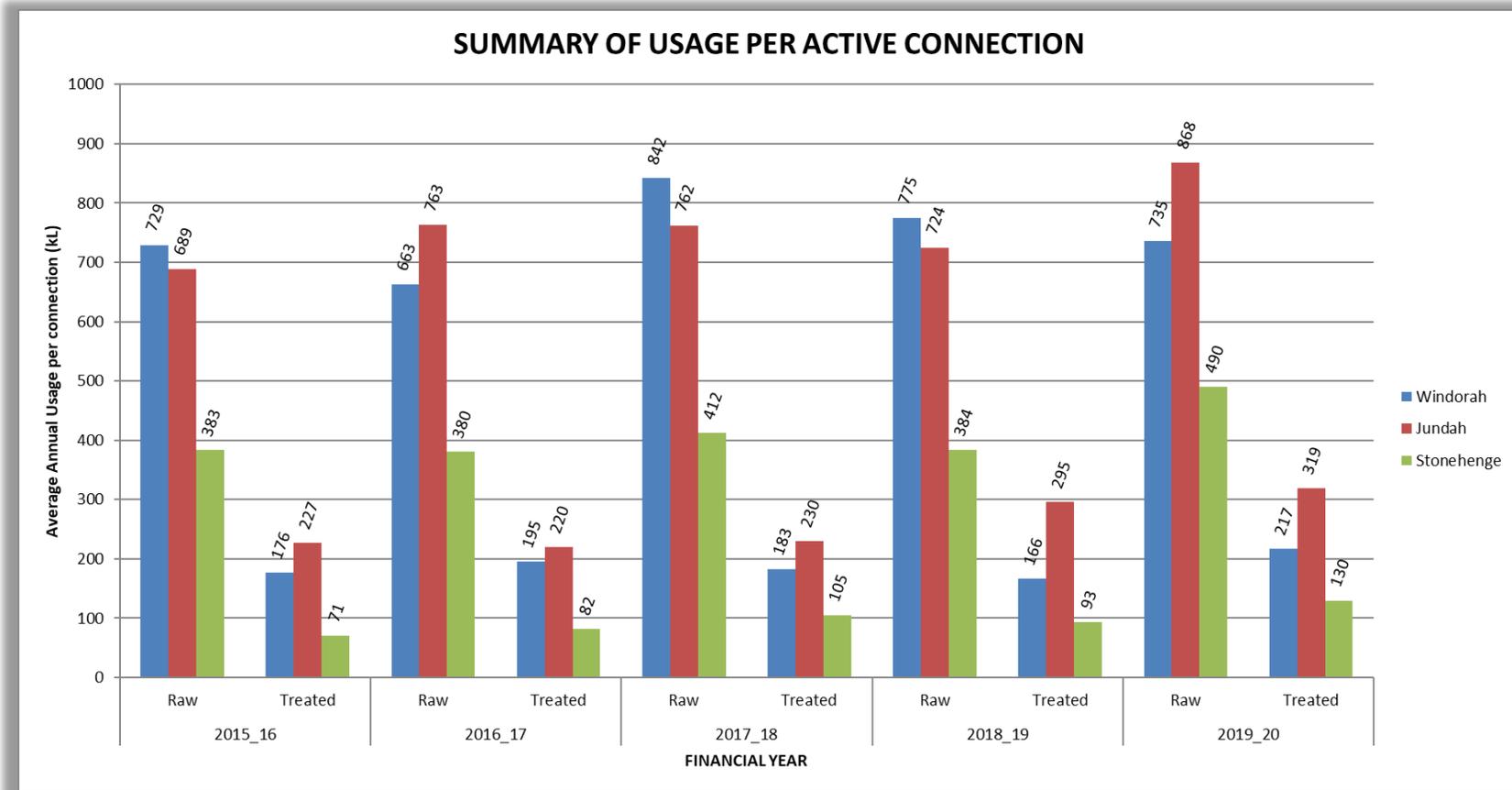
#### **Outcome highlights:**

- Council continued its involvement with the RAPAD Water and Sewerage Alliance (RAPADSWA), which provides a united approach to regulation, water management and funding submissions across the 7 local government areas of Barcoo, Barcaldine, Blackall-Tambo, Boulia, Diamantina, Longreach and Winton.
- Council commissioned an investigation and report into the upgrades required at all 3 Water Treatment Plants to assist in its planning and budget considerations.

#### **Water Usage**

- The graphs below provide an illustration of the water usage of all 3 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) and water taken from standpipes.
- The first graph 'Summary of total usage' shows the total quantities for metered usage in all 3 towns over the past five financial years. The second graph shows the average metered usage in all 3 towns per connection over the past 5 financial years. Please note that connections with zero usage were excluded from the figure.

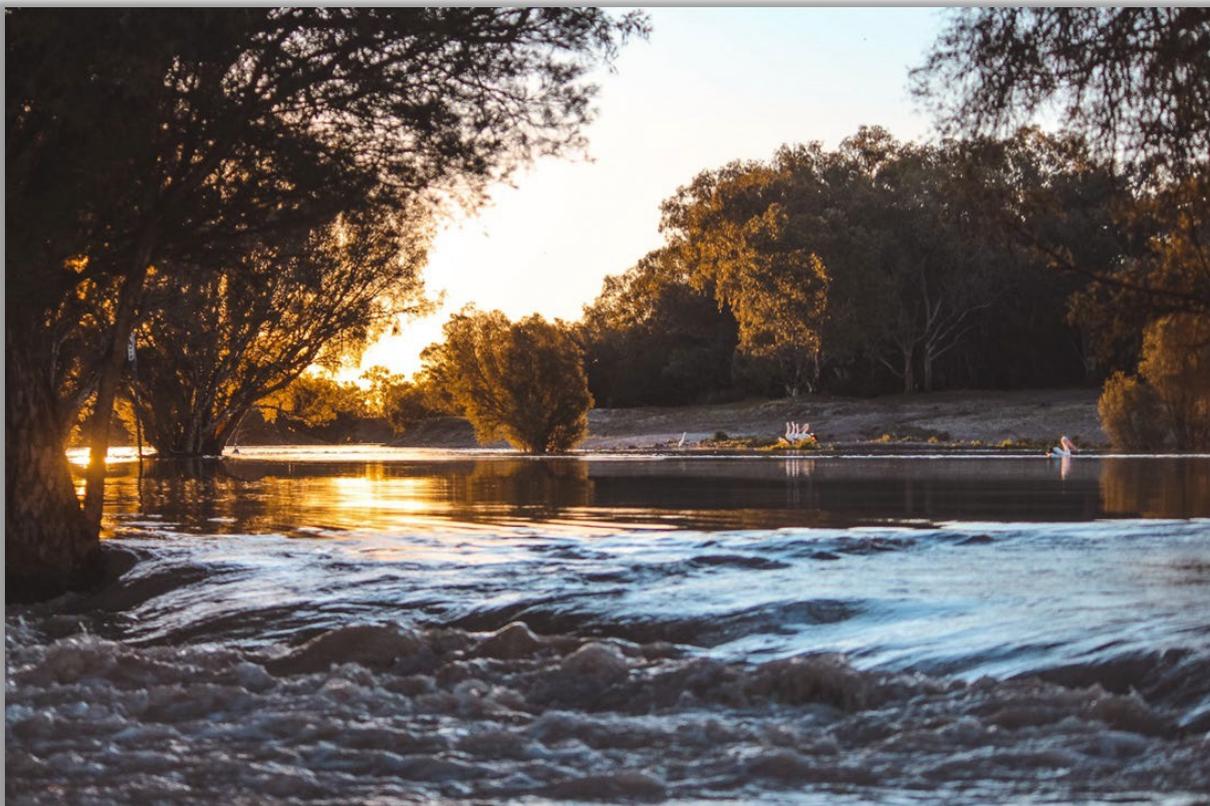




**Priority: Community infrastructure****Objective: To have community infrastructure that meets community needs.****Outcome highlights:**

- Constructed the Jundah Roadhouse and General Store, funded by Building our Regions (BoR), Drought Communities Programme (DCP) and Council
- 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 and bathroom, 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, RFS and Council.
- Installed solar lights at the Windorah Cemetery, funded by Anzac Centenary Grants
- Blue Brute watermain installation to Windorah Rodeo Grounds, funded by Drought Communities Programme (DCP)

## 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 2020. 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.

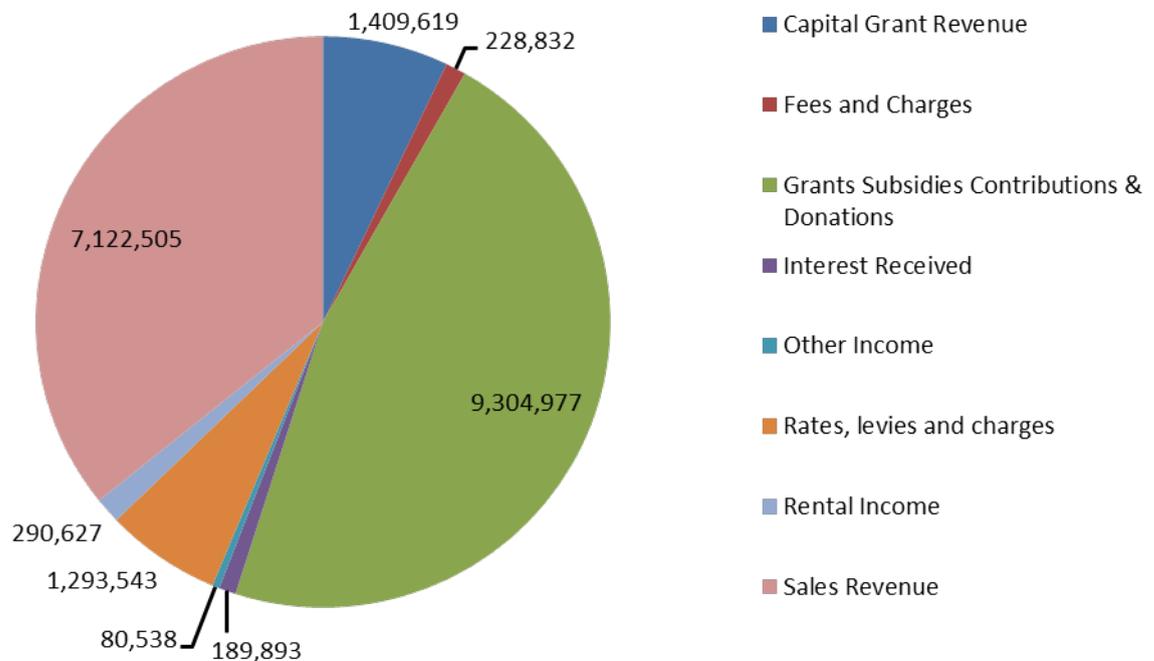
### S179 – Local Government Regulation 2012

The community financial report for a financial year must:

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

## Revenue: where does our money come from?

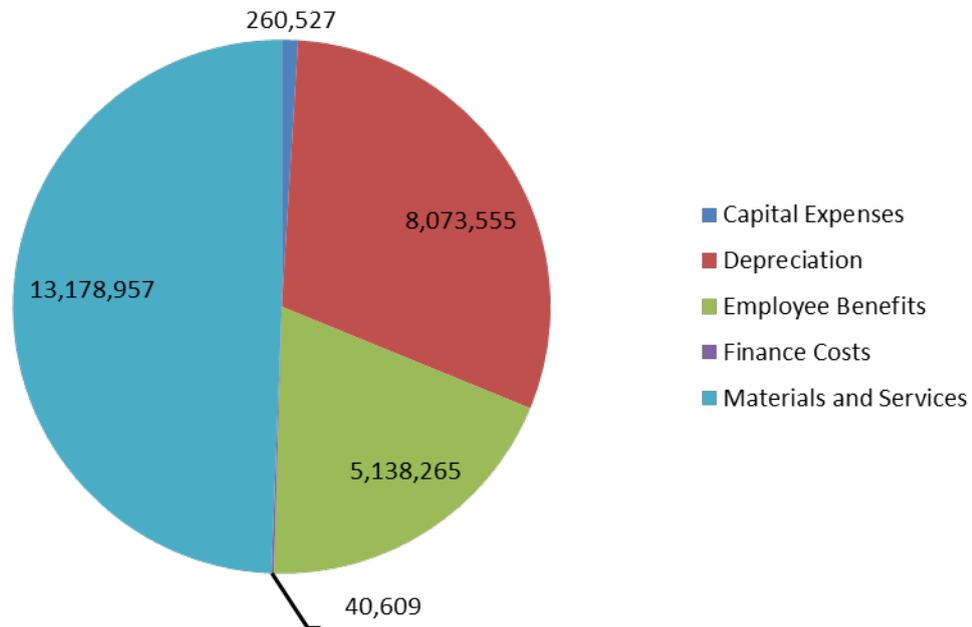
Total income for the year was \$19.9m, up from \$19.7m last year. The graph below provides an analysis of this income received by Council.



This graph demonstrates that approximately \$1.4M (7%) of income came from capital funding. Additionally, \$9.3M (47%) was from general purpose and other operating grants, which were significantly increased from the previous year by \$4.3M. The other main sources of income were Council rates, contributing \$1.3M (6%) of the overall revenue, and sales (contract works), which contributed to \$7.1M (36%).

## Expenditure: where does the money go?

Total expenses for the year were \$26.7M, up from \$19.3M last year. The graph below provides an analysis of this expenses incurred by Council.



Employee costs associated with running Council made up 19% (\$5.1M) 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 58 Full Time Equivalent Employees .

Expenditure on materials and services increased from \$7.5M (2019) to \$13.2M (2020) and contributed to 49% 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).

Depreciation of Council's assets totalled \$8.1M (30%), which was an increase from the previous year (\$5.7M). Depreciation represents the rate our assets – roads, buildings and plant and equipment etc. – deteriorate through normal wear and ageing. Each asset has its own depreciation expense, which is put aside to replace the asset when it is required.

### Overall performance

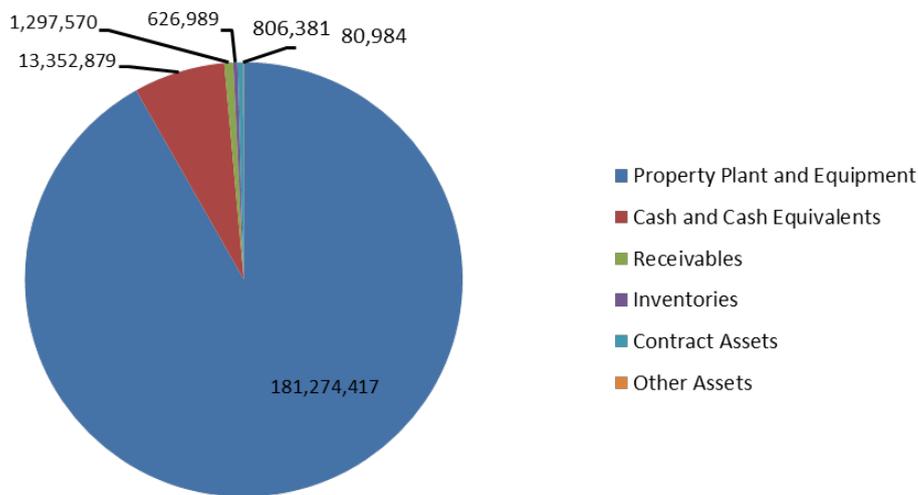
Our total income of \$19,920,534 less total expenses of \$26,691,912 provided us with an overall deficit of \$6,771,378. Council depreciation of \$8,073,555 is funded by Council's general operation. Capital income was \$1,409,619 which was put towards purchasing and constructing new council assets and upgrades to existing 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 buildings, land, water and other assets. An index adjustment was applied to revalue council’s road assets along with adjustments for major plant disposals. The net result was an increase of \$7,436,304 to the asset revaluation reserve. This figure is included in Council’s total comprehensive income for the year of \$664,925.

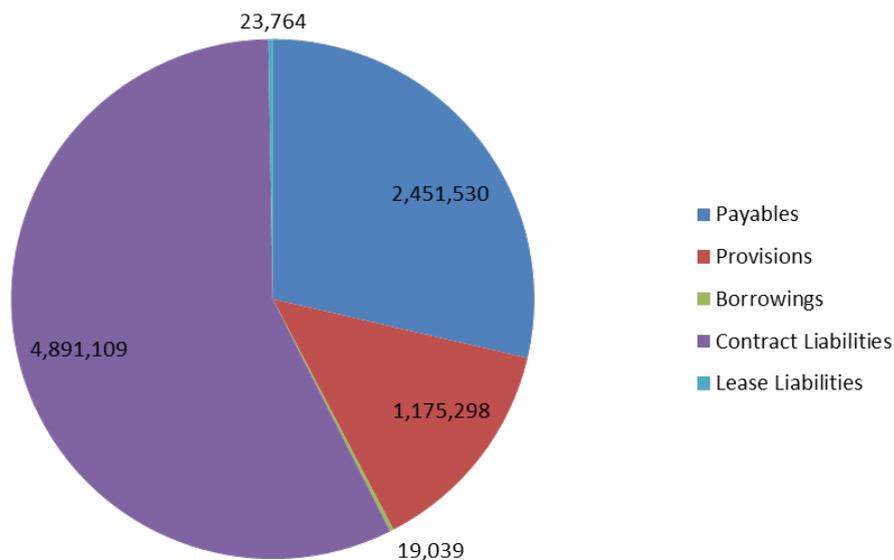
### Our position at year end

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 \$197,439,220 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 \$8,560,740 comprise of employee provisions, sundry creditors, grant funding received in advance of works being completed and Queensland Treasury Corporation loans.

The financial position (total community equity) is \$188,878,480 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:

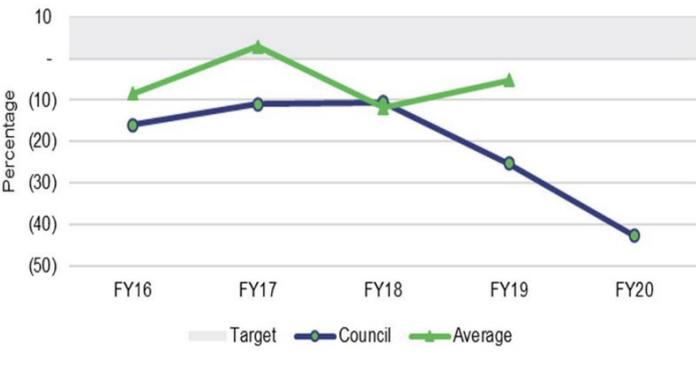
- how much money we started the year with
- where any incoming money came from
- what money was spent on
- how much money we have left at the end of the year.

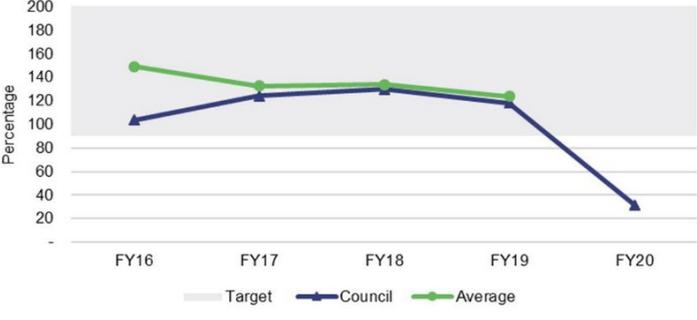
|   | 2015/16    | 2016/17    | 2017/18    | 2018/19    | 2019/20    |
|---|------------|------------|------------|------------|------------|
|   | \$         | \$         | \$         | \$         | \$         |
| Opening cash balance  | 13,131,381 | 16,268,704 | 10,757,481 | 9,867,891  | 10,267,044 |
| Net cash flow from operating activities                     | 4,182,052  | -4,235,330 | 2,692,046  | 9,014,583  | 7,227,166  |
| Net cash flow from investing activities (capital purchases) | -1,035,477 | -1,265,656 | -3,570,877 | -8,604,108 | -3,861,835 |
| Net cash flow from financial activities (loan repayments)   | -9,252     | -10,237    | -10,761    | -11,322    | -279,497   |
| Closing cash balance  | 16,268,704 | 10,757,481 | 9,867,891  | 10,267,044 | 13,352,879 |

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.

## Historical end of financial year cash balances

### Financial Sustainability Ratios

| Operating surplus ratio   | Commentary       |                  |             |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
|---|------------------|------------------|-------------|-------------|------|---------|------|------|------|---------|------|------|------|---------|------|------|------|---------|------|------|------|---------|------|------|---|
| <p data-bbox="304 555 858 613">Operating surplus ratio - Council compared to the average for the segment</p>  <table border="1" data-bbox="236 629 932 994"> <caption>Operating surplus ratio - Council compared to the average for the segment</caption> <thead> <tr> <th>Fiscal Year</th> <th>Target Range (%)</th> <th>Council (%)</th> <th>Average (%)</th> </tr> </thead> <tbody> <tr> <td>FY16</td> <td>0 to 10</td> <td>(15)</td> <td>(10)</td> </tr> <tr> <td>FY17</td> <td>0 to 10</td> <td>(10)</td> <td>(5)</td> </tr> <tr> <td>FY18</td> <td>0 to 10</td> <td>(10)</td> <td>(15)</td> </tr> <tr> <td>FY19</td> <td>0 to 10</td> <td>(25)</td> <td>(8)</td> </tr> <tr> <td>FY20</td> <td>0 to 10</td> <td>(45)</td> <td>(12)</td> </tr> </tbody> </table>                         | Fiscal Year      | Target Range (%) | Council (%) | Average (%) | FY16 | 0 to 10 | (15) | (10) | FY17 | 0 to 10 | (10) | (5)  | FY18 | 0 to 10 | (10) | (15) | FY19 | 0 to 10 | (25) | (8)  | FY20 | 0 to 10 | (45) | (12) | <p data-bbox="975 539 1382 689">Council's five-year <b>average</b> operating ratio is -21.13%. This outside the target range.</p> <p data-bbox="975 696 1382 1346">The average operating surplus ratio indicates that Council is unable to generate enough funding from its own source revenue. There is significant reliance on grants, in the absence of which council may not be able to sustain its ongoing operations. This also indicates that council has no ability to fund any capital projects without capital grants. Council should prioritise looking at options to increase its revenue and reduce its spending levels in the short-term.</p> |
| Fiscal Year   | Target Range (%) | Council (%)      | Average (%) |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY16  | 0 to 10          | (15)             | (10)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY17  | 0 to 10          | (10)             | (5)         |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY18  | 0 to 10          | (10)             | (15)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY19  | 0 to 10          | (25)             | (8)         |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY20  | 0 to 10          | (45)             | (12)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| <p data-bbox="288 1451 868 1496">Net financial liabilities ratio - Council compared to the average for the segment</p>  <table border="1" data-bbox="236 1503 932 1809"> <caption>Net financial liabilities ratio - Council compared to the average for the segment</caption> <thead> <tr> <th>Fiscal Year</th> <th>Target Range (%)</th> <th>Council (%)</th> <th>Average (%)</th> </tr> </thead> <tbody> <tr> <td>FY16</td> <td>0 to 60</td> <td>(80)</td> <td>(55)</td> </tr> <tr> <td>FY17</td> <td>0 to 60</td> <td>(55)</td> <td>(60)</td> </tr> <tr> <td>FY18</td> <td>0 to 60</td> <td>(75)</td> <td>(70)</td> </tr> <tr> <td>FY19</td> <td>0 to 60</td> <td>(65)</td> <td>(65)</td> </tr> <tr> <td>FY20</td> <td>0 to 60</td> <td>(40)</td> <td>(55)</td> </tr> </tbody> </table> | Fiscal Year      | Target Range (%) | Council (%) | Average (%) | FY16 | 0 to 60 | (80) | (55) | FY17 | 0 to 60 | (55) | (60) | FY18 | 0 to 60 | (75) | (70) | FY19 | 0 to 60 | (65) | (65) | FY20 | 0 to 60 | (40) | (55) | <p data-bbox="975 1435 1382 1585">Council's net financial liabilities ratio as at 30 June 2020 is -41.01%. This is within the target range.</p> <p data-bbox="975 1592 1382 1973">The net financial liabilities ratio indicates that Council's capital structure appears adequate for its size. If council intends to obtain debt funding for future capital projects, its negative operating surplus ratio suggests council may experience difficulty in repaying this debt.</p>   |
| Fiscal Year   | Target Range (%) | Council (%)      | Average (%) |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY16  | 0 to 60          | (80)             | (55)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY17  | 0 to 60          | (55)             | (60)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY18  | 0 to 60          | (75)             | (70)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY19  | 0 to 60          | (65)             | (65)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |
| FY20  | 0 to 60          | (40)             | (55)        |             |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |      |         |      |      |   |

| Asset sustainability ratio   | Commentary  |             |             |             |      |     |     |     |      |     |     |     |      |     |     |     |      |     |     |     |      |     |    |   |   |
|--|-------------|-------------|-------------|-------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|------|-----|----|---|---|
| <p data-bbox="309 248 877 293">Asset sustainability ratio - Council compared to the average for the segment</p>  <table border="1" data-bbox="236 309 933 629"> <caption>Asset sustainability ratio - Council compared to the average for the segment</caption> <thead> <tr> <th>Fiscal Year</th> <th>Target (%)</th> <th>Council (%)</th> <th>Average (%)</th> </tr> </thead> <tbody> <tr> <td>FY16</td> <td>100</td> <td>100</td> <td>145</td> </tr> <tr> <td>FY17</td> <td>100</td> <td>125</td> <td>130</td> </tr> <tr> <td>FY18</td> <td>100</td> <td>130</td> <td>135</td> </tr> <tr> <td>FY19</td> <td>100</td> <td>125</td> <td>125</td> </tr> <tr> <td>FY20</td> <td>100</td> <td>30</td> <td>-</td> </tr> </tbody> </table> | Fiscal Year | Target (%)  | Council (%) | Average (%) | FY16 | 100 | 100 | 145 | FY17 | 100 | 125 | 130 | FY18 | 100 | 130 | 135 | FY19 | 100 | 125 | 125 | FY20 | 100 | 30 | - | <p data-bbox="975 237 1388 734">Council's average asset sustainability ratio is 101.51%. This is within the target range. The average assetsustainability ratio indicates that Council has monitored its assets in line with its asset management plan and has adequately replaced its assets as they near the end of their useful life. This suggests that council has managed its asset replacement in line with its service potential.</p> |
| Fiscal Year  | Target (%)  | Council (%) | Average (%) |             |      |     |     |     |      |     |     |     |      |     |     |     |      |     |     |     |      |     |    |   |   |
| FY16   | 100         | 100         | 145         |             |      |     |     |     |      |     |     |     |      |     |     |     |      |     |     |     |      |     |    |   |   |
| FY17   | 100         | 125         | 130         |             |      |     |     |     |      |     |     |     |      |     |     |     |      |     |     |     |      |     |    |   |   |
| FY18   | 100         | 130         | 135         |             |      |     |     |     |      |     |     |     |      |     |     |     |      |     |     |     |      |     |    |   |   |
| FY19   | 100         | 125         | 125         |             |      |     |     |     |      |     |     |     |      |     |     |     |      |     |     |     |      |     |    |   |   |
| FY20   | 100         | 30          | -           |             |      |     |     |     |      |     |     |     |      |     |     |     |      |     |     |     |      |     |    |   |   |



## Internal Audit

During the reporting period, Council's Finance Risk and Audit Committee consisted of 5 persons being Mr Peter Bowler (Chairperson), Mr Don Baartz and Mr Jan Xanthopoulos as external independent members together with Mayor Bruce Scott and Cr Mike Pratt.

The committee changed composition due to the Local Government Elections in April 2020 and 2 independent members not renewing their appointment. The new committee now consists of Mr Peter Bowler (Chairperson), Mr Jared Favero (independent), Mayor Sally O'Neill & Cr Andrew Miller.

This committee met twice during the financial year to review the 2019/20 proforma annual financial statements, review of the draft annual report for 2018/19, review of the external audit plan and an internal audit plan. The Committee also approved 2 internal audit projects to be undertaken during the 19/20 financial year.

Walsh Accounting, conducted internal audit projects on Governance and Legislative Compliance as well as the Stores and Inventory Management function. The Finance, Risk and Audit Committee received these reports at its June 2020 meeting and noted the recommendations from the internal audit contractor.

# BARCOO SHIRE COUNCIL

## Financial statements

### For the year ended 30 June 2020

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**Barcoo Shire Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2020**

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Note   | \$                  | \$                  |
| <b>Income</b>  |                     |                     |
| <b>Revenue</b>   |                     |                     |
| <b>Recurrent revenue</b>                                 |                     |                     |
| Rates, levies and charges                                | 3(a) 1,293,543      | 1,209,546           |
| Fees and charges   | 3(b) 228,832        | 201,017             |
| Sales revenue  | 3(d) 7,122,505      | 7,737,410           |
| Grants, subsidies, contributions and donations           | 3(e)(i) 9,304,977   | 5,065,297           |
|  | <u>17,949,858</u>   | <u>14,213,270</u>   |
| <b>Capital revenue</b>                                   |                     |                     |
| Grants, subsidies, contributions and donations           | 3(e)(ii) 1,409,619  | 4,856,511           |
|  | <u>1,409,619</u>    | <u>4,856,511</u>    |
| Rental income  | 3(c) 290,627        | 266,127             |
| Interest received  | 4 189,893           | 286,658             |
| Other income   | 80,538              | 48,337              |
|  | <u>19,920,534</u>   | <u>19,670,903</u>   |
| <b>Total income</b>                                      |                     |                     |
| <b>Expenses</b>  |                     |                     |
| <b>Recurrent expenses</b>                                |                     |                     |
| Employee benefits  | 5 (5,138,265)       | (5,363,596)         |
| Materials and services                                   | 6 (13,178,957)      | (7,515,989)         |
| Finance costs  | (40,609)            | (16,883)            |
| Depreciation   |                     |                     |
| Property, plant and equipment                            | 11 (7,832,400)      | (5,666,462)         |
| Right of use assets                                      | 13 (241,155)        | -                   |
|  | <u>(26,431,386)</u> | <u>(18,562,930)</u> |
| <b>Capital expenses</b>                                  | 7 (260,527)         | (704,453)           |
|  | <u>(26,691,912)</u> | <u>(19,267,383)</u> |
| <b>Total expenses</b>                                    |                     |                     |
| <b>Net result</b>  | <u>(6,771,378)</u>  | <u>403,520</u>      |
| <b>Other comprehensive income</b>                        |                     |                     |
| <b>Items that will not be reclassified to net result</b> |                     |                     |
| Increase / (decrease) in asset revaluation surplus       | 11 7,436,304        | (11,103,265)        |
| <b>Total other comprehensive income for the year</b>     | <u>7,436,304</u>    | <u>(11,103,265)</u> |
| <b>Total comprehensive income for the year</b>           | <u>664,925</u>      | <u>(10,699,745)</u> |

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

*The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.*

**Barcoo Shire Council**  
**Statement of Financial Position**  
**as at 30 June 2020**

|                                      | 2020               | 2019               |
|--------------------------------------|--------------------|--------------------|
| Note                                 | \$                 | \$                 |
| <b>Current assets</b>                |                    |                    |
| Cash and cash equivalents            | 8 13,352,879       | 10,267,044         |
| Receivables                          | 9 1,285,076        | 1,626,220          |
| Inventories                          | 10 626,989         | 591,108            |
| Contract assets                      | 12 806,381         | -                  |
| Other assets                         | 80,984             | 78,291             |
| <b>Total current assets</b>          | <u>16,152,309</u>  | <u>12,562,663</u>  |
| <b>Non-current assets</b>            |                    |                    |
| Receivables                          | 9 12,494           | 25,999             |
| Property, plant and equipment        | 11 181,254,321     | 178,049,109        |
| Right of use assets                  | 13 20,096          | -                  |
| <b>Total non-current assets</b>      | <u>181,286,911</u> | <u>178,075,108</u> |
| <b>Total assets</b>                  | <u>197,439,220</u> | <u>190,637,771</u> |
| <b>Current liabilities</b>           |                    |                    |
| Payables                             | 14 2,451,530       | 1,987,627          |
| Contract liabilities                 | 12 4,891,109       | -                  |
| Borrowings                           | 15 12,545          | 11,951             |
| Lease liabilities                    | 13 23,764          | -                  |
| Provisions                           | 16 701,694         | 658,924            |
| <b>Total current liabilities</b>     | <u>8,080,642</u>   | <u>2,658,502</u>   |
| <b>Non-current liabilities</b>       |                    |                    |
| Borrowings                           | 15 6,494           | 18,999             |
| Provisions                           | 16 473,604         | 480,638            |
| <b>Total non-current liabilities</b> | <u>480,098</u>     | <u>499,637</u>     |
| <b>Total liabilities</b>             | <u>8,560,740</u>   | <u>3,158,139</u>   |
| <b>Net community assets</b>          | <u>188,878,480</u> | <u>187,479,632</u> |
| <b>Community equity</b>              |                    |                    |
| Asset revaluation surplus            | 17 144,577,848     | 137,141,544        |
| Retained surplus                     | 44,300,633         | 50,338,088         |
| <b>Total community equity</b>        | <u>188,878,480</u> | <u>187,479,632</u> |

*The above statement should be read in conjunction with the accompanying notes and significant accounting policies.*

*The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.*

**Barcoo Shire Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

|   | Asset revaluation<br>surplus | Retained Surplus | Total        |
|---|------------------------------|------------------|--------------|
| Note  | 17                           |                  |              |
|   | \$                           | \$               | \$           |
| <b>Balance as at 1 July 2019</b>                    | 137,141,544                  | 50,338,088       | 187,479,632  |
| Adjustment on initial application of AASB 15 / 1058 | 21                           | 764,020          | 764,020      |
| Adjustment on initial application of AASB 16        | 21                           | (30,097)         | (30,097)     |
| Restated balance at 1 July 2019                     | 137,141,544                  | 51,072,011       | 188,213,555  |
| Net result  | -                            | (6,771,378)      | (6,771,378)  |
| Other comprehensive income for the year             |                              |                  |              |
| Increase / (decrease) in asset revaluation surplus  | 11                           | -                | 7,436,304    |
| <b>Total comprehensive income for the year</b>      | 7,436,304                    | (6,771,378)      | 664,925      |
| <b>Balance as at 30 June 2020</b>                   | 144,577,848                  | 44,300,633       | 188,878,480  |
| <b>Balance as at 1 July 2018</b>                    | 148,244,809                  | 49,934,567       | 198,179,376  |
| Net result  | -                            | 403,521          | 403,521      |
| Other comprehensive income for the year             |                              |                  |              |
| Increase / (decrease) in asset revaluation surplus  | 11                           | -                | (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>                   | 137,141,544                  | 50,338,088       | 187,479,632  |

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

*The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.*

**Barcoo Shire Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

|   | Note | 2020<br>\$         | 2019<br>\$         |
|---|------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                             |      |                    |                    |
| Receipts from customers   |      | 26,507,467         | 21,845,027         |
| Payments to suppliers and employees                                     |      | (19,720,212)       | (13,366,346)       |
|   |      | <u>6,787,255</u>   | <u>8,478,681</u>   |
| Interest received   |      | 189,893            | 286,658            |
| Rental income   |      | 290,627            | 266,127            |
| Borrowing costs   |      | (40,609)           | (16,883)           |
| <b>Net cash inflow (outflow) from operating activities</b>              | 20   | <u>7,227,166</u>   | <u>9,014,583</u>   |
| <b>Cash flows from investing activities</b>                             |      |                    |                    |
| Payments for property, plant and equipment                              | 11   | (4,685,334)        | (9,338,537)        |
| Proceeds from sale of property, plant and equipment                     | 7    | 823,499            | 734,429            |
| <b>Net cash inflow (outflow) from investing activities</b>              |      | <u>(3,861,835)</u> | <u>(8,604,108)</u> |
| <b>Cash flows from financing activities</b>                             |      |                    |                    |
| Repayment of borrowings   | 15   | (11,911)           | (11,322)           |
| Repayment of leases   |      | (267,586)          | -                  |
| <b>Net cash inflow (outflow) from financing activities</b>              |      | <u>(279,497)</u>   | <u>(11,322)</u>    |
| <b>Net increase (decrease) in cash and cash equivalent held</b>         |      | <u>3,085,835</u>   | <u>399,153</u>     |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |      | 10,267,044         | 9,867,891          |
| <b>Cash and cash equivalents at end of the financial year</b>           | 8    | <u>13,352,879</u>  | <u>10,267,044</u>  |

*The above statement should be read in conjunction with the accompanying notes and summary of significant accounting policies.*

*The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.*

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**1 Significant accounting policies**

**1a) Basis of preparation**

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

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain classes of property, plant and equipment.

**1b) New and revised Accounting Standards adopted during the year**

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases.

Refer to the change in accounting policy note 21 for transition disclosures for AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases*.

**1c) Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. The standard expected to have an impact on Council's financial statements is:

AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*. Effective for annual reporting periods beginning on or after 1 January 2020.

**1d) Estimates and judgements**

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

- Revenue - Note 3
- Valuation and depreciation of property, plant and equipment – Note 11
- Impairment of property, plant and equipment - Note 11
- Provisions - Note 16
- Contingent liabilities - Note 19
- Financial instruments and financial assets - Note 23

**1e) Rounding and comparatives**

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

**1f) Taxation**

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**2 Analysis of results by function**

**(a) Components of Council functions**

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

**Corporate Services**

The objective of Corporate Services is to be open, accountable, transparent and to deliver value for money community outcomes. This function includes strategic and operational planning, risk management and legal and administrative support. This will involve the provision of the following services to council: financial and administrative, information technology, human resources and payroll, libraries, entertainment, sporting and recreational venues, roadhouse and post office facilities, provision of engineering and operational support, private works, animal control and rural services, assist with promotion and development of local tourism, provide leadership for growth of local industry and procure Council's plant fleet.

**Executive**

The objective of the Executive function is to provide support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements including disaster management, civic receptions and environmental health services. This function also includes town planning and building development and includes all costs associated with executive salaries and Councillor costs.

**Works and Services**

The objective of Works and Services is to ensure the community is serviced by a high quality, appropriate and effective road network and aerodrome infrastructure, sustainably manage waste disposal and ensure a safe community through sustainable water services. This function also includes activities relating to recoverable works, workplace health and safety and quality assurance.

The above components of Council were consolidated from 5 functions to 3 during the 2020 financial year.

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

**Year ended 30 June 2020**

| Functions          | Gross program income |           |           |       | Total income | Gross program expenses |         | Total expenses | Net result from recurrent operations | Net Result  | Assets      |
|--------------------|----------------------|-----------|-----------|-------|--------------|------------------------|---------|----------------|--------------------------------------|-------------|-------------|
|                    | Recurrent            |           | Capital   |       |              | Recurrent              | Capital |                |                                      |             |             |
|                    | Grants               | Other     | Grants    | Other |              |                        |         |                |                                      |             |             |
|                    | 2020                 | 2020      | 2020      | 2020  |              |                        |         |                |                                      |             |             |
|                    |                      |           |           |       |              |                        |         |                |                                      |             |             |
|                    |                      |           |           |       |              |                        |         |                |                                      |             |             |
|                    |                      |           |           |       |              |                        |         |                |                                      |             |             |
|                    |                      |           |           |       |              |                        |         |                |                                      |             |             |
| Corporate services | 3,098,303            | 3,058,960 | 39,684    | -     | 6,196,946    | 6,629,997              | 210,536 | 6,840,532      | (472,734)                            | (643,586)   | 41,973,077  |
| Executive          | 814                  | 35,019    | 62,500    | -     | 98,333       | 952,629                | -       | 952,629        | (916,796)                            | (854,296)   | -           |
| Works and services | 6,205,860            | 6,111,960 | 1,307,435 | -     | 13,625,255   | 18,848,760             | 49,991  | 18,898,751     | (6,530,940)                          | (5,273,496) | 155,466,143 |
| Total Council      | 9,304,977            | 9,205,939 | 1,409,619 | -     | 19,920,534   | 26,431,386             | 260,527 | 26,691,912     | (7,920,470)                          | (6,771,378) | 197,439,220 |

**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   |       |              | Recurrent              | Capital |                |                                      |             |             |
|                            | Grants               | Other     | Grants    | Other |              |                        |         |                |                                      |             |             |
|                            | 2019                 | 2019      | 2019      | 2019  |              |                        |         |                |                                      |             |             |
|                            |                      |           |           |       |              |                        |         |                |                                      |             |             |
|                            |                      |           |           |       |              |                        |         |                |                                      |             |             |
|                            |                      |           |           |       |              |                        |         |                |                                      |             |             |
|                            |                      |           |           |       |              |                        |         |                |                                      |             |             |
| Corporate services         | 2,827,506            | 1,338,226 | 48,000    | -     | 4,213,732    | 1,984,058              | -       | 1,984,058      | 2,181,674                            | 2,229,674   | 19,105,796  |
| Executive                  | -                    | -         | -         | -     | -            | 880,581                | -       | 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 | 13,240,702     | (4,312,114)                          | (1,294,988) | 155,354,092 |
| Land and animal management | 1,043,000            | 156,215   | 213,233   | -     | 1,412,448    | 467,801                | -       | 467,801        | 731,414                              | 944,647     | -           |
| Community and development  | 58,940               | 1,166,371 | 873,699   | -     | 2,099,010    | 2,694,241              | -       | 2,694,241      | (1,468,930)                          | (595,231)   | 16,177,883  |
| Total Council              | 5,065,297            | 9,749,096 | 4,856,511 | -     | 19,670,904   | 18,562,930             | 704,453 | 19,267,383     | (3,748,537)                          | 403,521     | 190,637,771 |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

|  | <u>Note</u> | <u>AASB 15</u><br><u>\$</u> | <u>AASB1058</u><br><u>\$</u> |
|--|-------------|-----------------------------|------------------------------|
| <b>3 Revenue</b>                               |             |                             |                              |
| <b>Revenue recognised at a point in time</b>   |             |                             |                              |
| Rates, levies and charges                      | 3a          | -                           | 1,293,543                    |
| Fees and charges                               | 3b          | 228,832                     | -                            |
| Sales revenue                                  | 3d          | 7,122,505                   | -                            |
| Grants, subsidies, donations and contributions | 3e          | -                           | 4,372,218                    |
| Other income                                   |             | <u>290,627</u>              | <u>80,538</u>                |
|  |             | <u>7,641,964</u>            | <u>5,746,299</u>             |
| <b>Revenue recognised over time</b>            |             |                             |                              |
| Grants, subsidies, donations and contributions | 3e          | <u>4,932,759</u>            | <u>1,409,619</u>             |
|  |             | <u>4,932,759</u>            | <u>1,409,619</u>             |
| <b>Total revenue</b>                           |             | <u>12,574,724</u>           | <u>7,155,918</u>             |

**(a) Rates, levies and charges**

2020 accounting policy: Rates and annual charges are recognised as revenue when Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

2019 accounting policy: Rates are recognised as revenue at the start of the rating period. If the ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

|  | <u>2020</u><br><u>\$</u> | <u>2019</u><br><u>\$</u> |
|--|--------------------------|--------------------------|
| General rates                          | 1,148,637                | 1,075,408                |
| Water                                  | 228,299                  | 213,574                  |
| Garbage charges                        | 43,688                   | 40,145                   |
| Total rates and utility charge revenue | <u>1,420,625</u>         | <u>1,329,127</u>         |
| Less: Discounts                        | (116,052)                | (108,549)                |
| Less: Pensioner remissions             | (11,030)                 | (11,032)                 |
|  | <u>1,293,543</u>         | <u>1,209,546</u>         |

**(b) Fees and charges**

2020 accounting policy: Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

2019 accounting policy: 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.

|                        |                |                |
|------------------------|----------------|----------------|
| Caravan park fees      | 162,701        | 118,287        |
| Aerodrome fees         | 17,842         | 44,184         |
| Agistment fees         | 31,825         | 19,563         |
| Other fees and charges | 16,464         | 18,983         |
|                        | <u>228,832</u> | <u>201,017</u> |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

|  | <u>Note</u> | <u>2020</u>      | <u>2019</u>      |
|--|-------------|------------------|------------------|
|  |             | <u>\$</u>        | <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>290,627</u>   | <u>266,127</u>   |
|  |             | <u>290,627</u>   | <u>266,127</u>   |
| <b>(d) 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 based on costs incurred 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. The contract work carried out is not subject to retentions. |             |                  |                  |
| <b>Sale of goods and services</b>  |             |                  |                  |
| Contracts and recoverable works  |             | 6,013,773        | 7,005,809        |
| Jundah general store / roadhouse sales   |             | <u>1,108,732</u> | <u>731,601</u>   |
|  |             | <u>7,122,505</u> | <u>7,737,410</u> |
| <b>(e) Grants, subsidies, contributions and donations</b>  |             |                  |                  |
| 2020 accounting policy:  |             |                  |                  |
| <b>Grant income under AASB 15</b>  |             |                  |                  |
| Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.  |             |                  |                  |
| The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.   |             |                  |                  |
| Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.   |             |                  |                  |
| Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.  |             |                  |                  |
| <b>Grant income under AASB 1058</b>  |             |                  |                  |
| Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.  |             |                  |                  |
| Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.   |             |                  |                  |
| <b>Capital Grants</b>  |             |                  |                  |
| Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.   |             |                  |                  |
| For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.  |             |                  |                  |
| Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council.  |             |                  |                  |
| 2019 accounting policy: grants, subsidies, donations and contributions 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 did not have any reciprocal grants as at 30 June 2019.   |             |                  |                  |
| <b>(i) Recurrent</b>   |             |                  |                  |
| General purpose grants   |             | 3,915,957        | 3,791,975        |
| Flood damage grants  |             | 4,932,759        | -                |
| State government subsidies and grants  |             | <u>456,261</u>   | <u>1,273,322</u> |
|  |             | <u>9,304,977</u> | <u>5,065,297</u> |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

|   | <u>Note</u> | <u>2020</u><br>\$ | <u>2019</u><br>\$ |
|---|-------------|-------------------|-------------------|
| <b>(ii) 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   |             | 251,319           | 1,850,498         |
| Flood damage grants   |             | -                 | 2,325,501         |
| Commonwealth government subsidies and grants  |             | 1,158,300         | 680,512           |
|   |             | <u>1,409,619</u>  | <u>4,856,511</u>  |
| <b>4 Interest received</b>  |             |                   |                   |
| Interest received from cash funds is accrued over the term of the investment.   |             |                   |                   |
| Interest received from cash funds   |             | 178,290           | 276,402           |
| Interest from overdue rates and utility charges   |             | 11,603            | 10,256            |
|   |             | <u>189,893</u>    | <u>286,658</u>    |
| <b>5 Employee benefits</b>  |             |                   |                   |
| Total staff wages and salaries  |             | 4,314,956         | 4,208,055         |
| Councillors' remuneration   |             | 324,774           | 322,120           |
| Annual, sick and long service leave expenses  |             | 715,362           | 587,676           |
| Superannuation  |             | 501,243           | 493,424           |
|   |             | <u>5,856,336</u>  | <u>5,611,275</u>  |
| Other employee related expenses   |             | 147,689           | 96,636            |
|   |             | <u>6,004,025</u>  | <u>5,707,911</u>  |
| Less: Capitalised employee expenses   |             | <u>(865,760)</u>  | <u>(344,315)</u>  |
|   |             | <u>5,138,265</u>  | <u>5,363,596</u>  |
| Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.   |             |                   |                   |
| Council does not contribute to a defined benefits fund on behalf of their employees, and is not exposed to the obligations, assets or costs associated with these funds.                  |             |                   |                   |
| Total Council employees at the reporting date:  |             |                   |                   |
| Elected members   |             | 5                 | 5                 |
| Administration staff  |             | 21                | 22                |
| Depot and outdoors staff  |             | 32                | 31                |
| Total full time equivalent employees  |             | <u>58</u>         | <u>58</u>         |
| <b>6 Materials and services</b>   |             |                   |                   |
| Advertising and marketing   |             | 108,316           | 80,303            |
| Administration supplies and consumables   |             | 871,989           | 676,613           |
| Audit of financial statements by the Auditor General of Queensland  |             | 66,180            | 74,827            |
| Communications and IT   |             | 452,976           | 481,245           |
| Rates (Council Housing)   |             | 37,605            | 37,258            |
| Insurance   |             | 271,585           | 205,830           |
| Parks and gardens   |             | 203,063           | 108,501           |
| Plant operating expenses and recoverable works  |             | 842,939           | 1,831,661         |
| Repairs and maintenance   |             | 6,656,717         | 1,062,252         |
| Retail store operating expenses   |             | 1,258,962         | 697,461           |
| Other materials and services  |             | 2,408,624         | 2,260,038         |
|   |             | <u>13,178,957</u> | <u>7,515,989</u>  |

\*The audit fees quoted by Queensland Audit Office relating to the 2019-20 financial statements are \$60,200 (2019: \$59,300).

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

|  | <b>Note</b> | <b>2020</b><br><b>\$</b> | <b>2019</b><br><b>\$</b> |
|--|-------------|--------------------------|--------------------------|
| <b>7 Capital expenses</b>  |             |                          |                          |
| <b>Loss on disposal of non-current assets</b>  |             |                          |                          |
| Proceeds from the sale of property, plant and equipment  |             | (823,499)                | (734,429)                |
| Less: Book value of property, plant and equipment disposed of  | 11          | <u>1,084,026</u>         | <u>997,015</u>           |
|  |             | <u>260,527</u>           | <u>262,586</u>           |
| <b>Loss on impairment</b>  |             |                          |                          |
| Property, plant and equipment impairment loss treated as an expense  | 11          | <u>-</u>                 | <u>213,632</u>           |
|  |             | <u>-</u>                 | <u>213,632</u>           |
| <b>Provision for refuse restoration</b>  |             |                          |                          |
| Recognition of provision   | 16          | <u>-</u>                 | <u>228,235</u>           |
|  |             | <u>-</u>                 | <u>228,235</u>           |
| Total capital expenses   |             | <u>260,527</u>           | <u>704,453</u>           |
| <b>8 Cash and cash equivalents</b>   |             |                          |                          |
| Cash and cash equivalents in the Statement of Cash Flows includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.  |             |                          |                          |
| Cash at bank and on hand   |             | 3,360,067                | 1,935,135                |
| Deposits at call   |             | <u>9,992,812</u>         | <u>8,331,909</u>         |
| Balance per Statement of Cash Flows  |             | <u>13,352,879</u>        | <u>10,267,044</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:   |             |                          |                          |
| <b>Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:</b>  |             |                          |                          |
| Unspent government grants and subsidies  |             |                          |                          |
| Advance Financial Assistance Grant   |             | 1,493,993                | 1,422,675                |
| Flood damage grants  |             | 3,868,636                | -                        |
| Other grants   |             | <u>1,022,473</u>         | <u>550,000</u>           |
| Total unspent restricted cash  |             | <u>6,385,102</u>         | <u>1,972,675</u>         |
| Cash and deposits at call are held with the Queensland Treasury Corporation and Westpac Bank in normal cash funds and business cheque accounts. QTC has a rating of AA+; Westpac currently has a short term credit rating of A-1+ and a long term rating of AA-.   |             |                          |                          |
| In accordance with the <i>Local Government Act 2009</i> and the <i>Local Government Regulation 2012</i> , 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 since Council has no control over the assets. |             |                          |                          |
| <b>Trust funds held for outside parties</b>  |             |                          |                          |
| Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities  |             | 4,950                    | 12,732                   |
| Security deposits  |             | <u>1,022</u>             | <u>862</u>               |
|  |             | <u>5,972</u>             | <u>13,594</u>            |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

|  | <u>Note</u> | <u>2020</u><br>\$ | <u>2019</u><br>\$ |
|--|-------------|-------------------|-------------------|
| <b>9 Receivables</b>   |             |                   |                   |
| Receivables, loans and advances are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after the invoice is issued.   |             |                   |                   |
| Debts are regularly assessed for collectability and allowance is made, where appropriate for expected credit losses. All known bad debts were written off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.  |             |                   |                   |
| Because Council is empowered under the provisions of the <i>Local Government Act 2009</i> to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables for freehold and leasehold properties. Where rates have been raised in respect of mining leases, these are assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. |             |                   |                   |
| <b>Receivables</b>   |             |                   |                   |
| <b>Current</b>   |             |                   |                   |
| Rateable revenue and utility charges   |             | 123,983           | 139,184           |
| Other debtors  |             | 1,153,248         | 1,484,885         |
| Less expected credit losses  |             | (7,700)           | (12,800)          |
| Loans and advances   |             | 15,545            | 14,951            |
|  |             | <u>1,285,076</u>  | <u>1,626,220</u>  |
| <b>Non-current</b>   |             |                   |                   |
| Loans and advances   |             | 12,494            | 25,999            |
|  |             | <u>12,494</u>     | <u>25,999</u>     |

Interest is charged on outstanding rates at a rate of 9.83% per annum. No interest is charged on other debtors. There is a concentration of credit risk for rates and utility charges, fees and other receivables within the agricultural sector.

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.

|  |  |                |                |
|--|--|----------------|----------------|
| <b>10 Inventories</b>  |  |                |                |
| Inventories 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.  |  |                |                |
| <b>Inventories held for sale</b>   |  |                |                |
| Jundah general store / roadhouse trading stock   |  | 83,304         | 71,455         |
|  |  | <u>83,304</u>  | <u>71,455</u>  |
| <b>Inventories held for distribution</b>   |  |                |                |
| Stores and raw materials   |  | 543,684        | 519,653        |
|  |  | <u>543,684</u> | <u>519,653</u> |
| Total inventories  |  | <u>626,989</u> | <u>591,108</u> |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**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              |
|---|----------------|-------------------|-------------------------|-------------------------|------------------------------------|----------------------|----------------------|-------------------|------------------|--------------------|
| Basis of measurement                                | Fair Value     | Fair Value        | Fair Value              | Cost                    | Fair Value                         | Fair Value           | Cost                 | Fair Value        | Cost             |                    |
| Fair value category                                 | Level 2 & 3    | Level 2 & 3       | Level 2                 |                         | Level 3                            | Level 3              |                      | Level 2 & 3       |                  |                    |
| <b>Asset values</b>                                 | \$             | \$                | \$                      | \$                      | \$                                 | \$                   | \$                   | \$                | \$               | \$                 |
| Opening gross value as at 1 July 2019               | 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        |
| Additions   | -              | -                 | -                       | -                       | -                                  | -                    | -                    | -                 | 4,685,334        | 4,685,334          |
| Transfers between classes through capitalisation    | 1              | 2,718,183         | -                       | 2,063,412               | 1,994,622                          | -                    | -                    | -                 | (6,776,219)      | -                  |
| Disposals   | (9,000)        | (585,182)         | (1,075,000)             | (860,311)               | -                                  | -                    | -                    | (34,886)          | -                | (2,564,379)        |
| Revaluation adjustment to asset revaluation surplus | 48,222         | 5,924,560         | -                       | -                       | (402,093)                          | 3,600,831            | -                    | (1,214,762)       | -                | 7,956,758          |
| Transfers between classes through revaluation       | -              | (4,948,154)       | -                       | 114,983                 | (15,482)                           | -                    | (2,091)              | 4,850,744         | -                | -                  |
| <b>Closing gross value as at 30 June 2020</b>       | <b>973,000</b> | <b>38,227,600</b> | <b>1,890,000</b>        | <b>11,164,770</b>       | <b>188,631,976</b>                 | <b>13,174,940</b>    | <b>689,130</b>       | <b>18,778,247</b> | <b>741,370</b>   | <b>274,271,034</b> |

**Accumulated depreciation and impairment**

|   |          |                   |                |                  |                   |                  |                |                  |          |                   |
|---|----------|-------------------|----------------|------------------|-------------------|------------------|----------------|------------------|----------|-------------------|
| Opening balance as at 1 July 2019                   | -        | 14,426,019        | 1,529,705      | 4,101,403        | 55,876,016        | 3,969,850        | 493,566        | 5,747,653        | -        | 86,144,212        |
| Depreciation provided in period                     | -        | 769,172           | 25,045         | 897,696          | 5,393,204         | 223,666          | 30,036         | 493,582          | -        | 7,832,400         |
| Depreciation on disposals                           | -        | (340,217)         | (561,424)      | (551,620)        | -                 | -                | -              | (27,092)         | -        | (1,480,353)       |
| Revaluation adjustment to asset revaluation surplus | -        | 3,044,236         | -              | -                | (519,297)         | 598,950          | -              | (2,603,435)      | -        | 520,454           |
| Transfers between classes                           | -        | (2,758,636)       | -              | 108,720          | (9,314)           | -                | (1,762)        | 2,660,992        | -        | -                 |
| <b>Accumulated depreciation as at 30 June 2020</b>  | <b>-</b> | <b>15,140,574</b> | <b>993,326</b> | <b>4,556,199</b> | <b>60,740,609</b> | <b>4,792,466</b> | <b>521,840</b> | <b>6,271,700</b> | <b>-</b> | <b>93,016,713</b> |

**Total written down value as at 30 June 2020**

|   |                        |            |           |           |             |           |         |            |                       |             |
|---|------------------------|------------|-----------|-----------|-------------|-----------|---------|------------|-----------------------|-------------|
|   | 973,000                | 23,087,026 | 896,674   | 6,608,571 | 127,891,367 | 8,382,474 | 167,290 | 12,506,547 | 741,370               | 181,254,321 |
| Residual value                          | -                      | -          | 1,337,250 | 1,469,031 | -           | -         | -       | -          | -                     | 2,806,281   |
| Range of estimated useful life in years | Land: Not depreciated. | 10 - 120   | 13 - 25   | 2 - 25    | 3 - 200     | 10 - 100  | 3 - 50  | 13 - 100   | WIP: Not depreciated. |             |

Additions comprise:

|                        | \$       | \$             | \$       | \$               | \$               | \$            | \$       | \$             | \$       | \$               |
|------------------------|----------|----------------|----------|------------------|------------------|---------------|----------|----------------|----------|------------------|
| Renewals               | -        | 34,388         | -        | 1,839,871        | 2,094,715        | 5,139         | -        | 50,000         | -        | 4,024,113        |
| Other additions        | -        | 328,536        | -        | -                | -                | 94,705        | -        | 237,980        | -        | 661,222          |
| <b>Total additions</b> | <b>-</b> | <b>362,925</b> | <b>-</b> | <b>1,839,871</b> | <b>2,094,715</b> | <b>99,844</b> | <b>-</b> | <b>287,980</b> | <b>-</b> | <b>4,685,334</b> |

**Barcoo Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

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

| Note | Land   | Buildings         | Major plant & equipment | Plant & Equipment | Roads, drainage and bridge network | Water infrastructure | Furniture & fittings | Other structures  | Work in progress      | Total              |
|------|--|-------------------|-------------------------|-------------------|------------------------------------|----------------------|----------------------|-------------------|-----------------------|--------------------|
|      | Fair Value                                     | Fair Value        | Fair Value              | Cost              | Fair Value                         | Fair Value           | Cost                 | Fair Value        | Cost                  |                    |
|      | Level 2 & 3                                    | Level 3           | Level 2                 |                   | Level 3                            | Level 3              |                      | Level 3           |                       |                    |
|      | \$   | \$                | \$                      | \$                | \$                                 | \$                   | \$                   | \$                | \$                    | \$                 |
|      | 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          |
| 7    | (11,000)                                       | (614,129)         | (1,320,363)             | (572,569)         | -                                  | -                    | -                    | -                 | -                     | (2,518,061)        |
|      | -  | 587,030           | -                       | -                 | (10,743,886)                       | 287,873              | -                    | 679,808           | -                     | (9,189,175)        |
| 7    | -  | -                 | -                       | -                 | -                                  | -                    | -                    | (221,132)         | -                     | (221,132)          |
|      | -  | (154,915)         | -                       | -                 | (8,454,400)                        | -                    | -                    | 8,609,315         | -                     | -                  |
|      | <b>933,777</b>                                 | <b>35,118,193</b> | <b>2,965,000</b>        | <b>9,846,686</b>  | <b>187,054,929</b>                 | <b>9,574,109</b>     | <b>691,221</b>       | <b>15,177,151</b> | <b>2,832,255</b>      | <b>264,193,321</b> |
|      | <b>Accumulated depreciation and impairment</b> |                   |                         |                   |                                    |                      |                      |                   |                       |                    |
|      | -  | 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          |
| 7    | -  | (298,046)         | (759,433)               | (463,567)         | -                                  | -                    | -                    | -                 | -                     | (1,521,046)        |
|      | -  | 241,143           | -                       | -                 | 890,088                            | 119,365              | -                    | 663,494           | -                     | 1,914,090          |
| 7    | -  | -                 | -                       | -                 | -                                  | -                    | -                    | (7,500)           | -                     | (7,500)            |
|      | -  | (82,158)          | -                       | -                 | (2,696,079)                        | -                    | -                    | 2,778,237         | -                     | -                  |
|      | -  | <b>14,426,019</b> | <b>1,529,705</b>        | <b>4,101,403</b>  | <b>55,876,016</b>                  | <b>3,969,850</b>     | <b>493,566</b>       | <b>5,747,653</b>  | -                     | <b>86,144,212</b>  |
|      | <b>933,777</b>                                 | <b>20,692,174</b> | <b>1,435,295</b>        | <b>5,745,283</b>  | <b>131,178,913</b>                 | <b>5,604,259</b>     | <b>197,655</b>       | <b>9,429,498</b>  | <b>2,832,255</b>      | <b>178,049,109</b> |
|      | Land: Not depreciated.                         | 18 - 100          | 12                      | 2 - 20            | 10 - 200                           | 20 - 80              | 20 - 60              | 20 - 40           | WIP: Not depreciated. |                    |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**11 Property, plant and equipment**

**11 (b) Recognition**

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 or for significantly less than fair value are initially recognised at their fair value.

**11 (d) Depreciation**

Property, plant and equipment 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 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 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 written down 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 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 infrastructure assets can be found later in this note.

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**11 (e) Impairment**

Property, plant and equipment are assessed for indicators of impairment annually by internal engineers. If an indicator of possible impairment exists, 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 Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, Council uses market-observable data to the extent it is available and other inputs as necessary.

**(i) Valuation process**

Council's valuation policies and procedures are set by the executive management team and the Finance, 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 at least 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 levels of the hierarchy during the year, however minor transfers were recorded.

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)**

Council undertook a comprehensive valuation of land assets effective 30 June 2020, performed by independent valuers - AssetVal.

Level 2 valuation inputs were used to value land in freehold title where comparable sales data exists. The property is compared to recently sold properties which are of a similar type. This comparison is adjusted to take into consideration the characteristics of the land, such as size, zoning, topography and configuration. The most significant inputs into this valuation approach are price per square metre.

Level 3 valuation 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.

|                | <b>2020</b>    | <b>2019</b>    |
|----------------|----------------|----------------|
|                | <b>\$</b>      | <b>\$</b>      |
| Land (level 2) | 872,500        | 777,527        |
| Land (level 3) | 100,500        | 156,250        |
|                | <b>973,000</b> | <b>933,777</b> |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**Buildings & other structures (level 2 and 3)**

Council undertook a comprehensive valuation of buildings and other structures effective 30 June 2020, performed by independent valuers - AssetVal.

Where there is a market for Council building assets, fair value has been derived using the direct comparison approach, adjusting for differences in key attributes such as property size, zoning, shape and exposure characteristics (level 2).

Specialised buildings, as well as some non-specialised properties without sufficient evidence to support a market approach, were valued using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives, taking into account a range of factors, such as the average cost of construction, pattern of consumption and asset condition.

In determining the level of accumulated depreciation, the asset has been disaggregated into significant components which exhibit useful lives. In assessing the remaining service potential of the asset, a rating scale from 1 - 10 was used, with 1 being near new and 10 being no longer serviceable.

While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using level 3 valuation inputs.

|                            | <b>2020</b>              | <b>2019</b>              |
|----------------------------|--------------------------|--------------------------|
|                            | <b>\$</b>                | <b>\$</b>                |
| Buildings (level 2)        | 531,155                  | -                        |
| Buildings (level 3)        | 22,555,871               | 20,692,174               |
| Other structures (level 2) | 253,125                  | -                        |
| Other structures (level 3) | 12,253,422               | 9,429,498                |
|                            | <b><u>35,593,574</u></b> | <b><u>30,121,672</u></b> |

**Major plant & equipment (level 2)**

The fair value of major plant & equipment was determined by management and supported by external valuers (Nasco Auctioneers and Pickles Auctions) as at 30 June 2018. Management undertook a desktop review as at 30 June 2020 and no material changes in fair value were identified.

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.

**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.

**Barcoo Shire Council**  
**Notes to the financial statements**  
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**Roads, drainage and bridge network**

*Current replacement cost*

Council categorises its road infrastructure into urban and rural roads and then 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 last undertook a comprehensive valuation of road infrastructure effective 30 June 2019 performed by independent valuers - Savills. Savills assessed the condition of the road assets and applied relevant useful lives and unit rates.

Management, in conjunction with AssetVal, have reviewed the carrying values at 30 June 2020, and applied an index adjustment of 0.1%, having referenced the Road and Bridge Construction index issued by the Australian Bureau of Statistics (ABS).

CRC is based on actual costs derived from 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 similar completed projects over recent years.

*Accumulated depreciation*

In determining the level of physical obsolescence, roads were disaggregated into significant components which exhibited different useful lives. Allowance has been made for the typical life cycle and renewal treatments of each component 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.

Condition assessments were made using a three point scale as follows:

| Condition | Percentage |
|-----------|------------|
| Poor      | 40%        |
| Average   | 60%        |
| Good      | 80%        |

**Water infrastructure – calculation of current replacement cost**

**Water infrastructure**

*Current replacement cost*

Council undertook a comprehensive valuation of the water infrastructure effective 30 June 2020, performed by independent valuers - AssetVal. AssetVal assessed the condition of water infrastructure and applied relevant useful lives and unit rates.

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. Unit rates were established through quoted prices directly from suppliers, cost guides such as the Rawlinson's Construction Handbook and through prices supplied by Council. Any intangible costs (such as contingencies) are estimated using industry standards as a starting point, adjusted to suit Council.

*Accumulated depreciation*

In determining accumulated depreciation in the 30 June 2020 valuation, assets were either subject to a site inspection or an assessment to determine remaining useful life.

Where a condition rating could be assigned and the age of the asset is known, these two inputs are used in conjunction to determine the appropriate level of accumulated depreciation.

Where only condition of the asset is known from the valuer's inspection or where detailed condition reports have been prepared, the remaining life is dependent on the recorded condition, using a sliding scale. Where detailed condition is not available the remaining life is estimated using the current age of the assets, adjusted for obsolescence.

Where neither the condition nor the age are known, assumptions are made as to the age and condition of the assets in collaboration with Council staff, in order to obtain a current replacement cost which reasonably reflects the value of the asset.

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

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

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**12 Contract balances**

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

|  | <b>2020</b>      |
|--|------------------|
|  | <b>\$</b>        |
| a) Contract assets   | <u>806,381</u>   |
| b) Contract liabilities  |                  |
| Deposits received in advance of services provided (flood damage repairs)   | 3,868,636        |
| Funds received upfront to construct Council controlled assets  | <u>1,022,473</u> |
|  | <u>4,891,109</u> |
| Revenue recognised that was included in the contract liability balance at the beginning of the year  |                  |
| Funds to construct Council controlled assets   | <u>664,405</u>   |
| c) Significant changes in contract balances  |                  |
| The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the Statement of Financial Position. |                  |

**13 Leases**

**Council as a lessee**

Council has leases over two items of equipment, specifically a loader and a grader. Both arrangements are due to expire in July 2020.

Where Council has assessed that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounting for lease payments as a single component.

The right of use asset is measured using the cost model where cost on initial recognition comprises the lease liability and any prepaid lease payments. The right of use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

**Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (ie. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**Right of use assets**

|   | <b>Plant &amp;<br/>Equipment</b> |
|---|----------------------------------|
|   | <b>\$</b>                        |
| <b>Adoption of AASB 16 at 1 July 2019</b> | 261,251                          |
| Depreciation expense                      | <u>(241,155)</u>                 |
| <b>Balance at 30 June 2020</b>            | <u>20,096</u>                    |

**Lease liabilities**

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the Statement of Financial Position.

| <b>&lt; 1 year</b> | <b>1-5 years</b> | <b>&gt; 5 years</b> | <b>Total</b> | <b>Total per Statement of<br/>Financial Position</b> |
|--------------------|------------------|---------------------|--------------|--|
| <b>\$</b>          | <b>\$</b>        | <b>\$</b>           | <b>\$</b>    | <b>\$</b>  |
| 24,000             | -                | -                   | 24,000       | 23,764   |

**Barcoo Shire Council**  
**Notes to the financial statements**  
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|  | <u>Note</u> | <u>2020</u>             | <u>2019</u>             |
|--|-------------|-------------------------|-------------------------|
|  |             | \$                      | \$                      |
| <b>14 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. |             |                         |                         |
| <b>Current</b>   |             |                         |                         |
| Creditors and accruals   |             | 2,114,539               | 1,689,665               |
| Other entitlements   |             | <u>336,991</u>          | <u>297,962</u>          |
|  |             | <u><u>2,451,530</u></u> | <u><u>1,987,627</u></u> |

**15 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 |  | <u>12,545</u>        | <u>11,951</u>        |
|   |  | <u><u>12,545</u></u> | <u><u>11,951</u></u> |

**Non-current**

|   |  |                     |                      |
|---|--|---------------------|----------------------|
| Loans - Queensland Treasury Corporation |  | <u>6,494</u>        | <u>18,999</u>        |
|   |  | <u><u>6,494</u></u> | <u><u>18,999</u></u> |

**Loans - Queensland Treasury Corporation**

|  |  |                      |                      |
|--|--|----------------------|----------------------|
| Opening balance at beginning of financial year |  | 30,950               | 42,272               |
| Principal repayments                           |  | <u>(11,911)</u>      | <u>(11,322)</u>      |
| Book value at end of financial year            |  | <u><u>19,039</u></u> | <u><u>30,950</u></u> |

The QTC loan market value at the reporting date was \$19,884 (2019: \$32,623). 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. There have been no defaults or breaches of the loan agreement during the 2020 or 2019 financial years.

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

|  | <u>Note</u> | <u>2020</u><br>\$ | <u>2019</u><br>\$ |
|--|-------------|-------------------|-------------------|
| <b>16 Provisions</b>   |             |                   |                   |
| 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.  |             |                   |                   |
| Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.  |             |                   |                   |
| <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 Council's employment or other associated employment which would result in 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.  |             |                   |                   |
| Changes to the value of the provision are reviewed annually with any changes charged as an expense.  |             |                   |                   |
| <b>Current</b>   |             |                   |                   |
| Annual leave   |             | 408,229           | 379,395           |
| Long service leave   |             | 293,465           | 279,529           |
|  |             | <u>701,694</u>    | <u>658,924</u>    |
| <b>Non-current</b>   |             |                   |                   |
| Long service leave   |             | 245,369           | 252,403           |
| Refuse restoration   |             | 228,235           | 228,235           |
|  |             | <u>473,604</u>    | <u>480,638</u>    |
| <b>Refuse restoration</b>  |             |                   |                   |
| Balance at beginning of financial year   |             | 228,235           | -                 |
| Initial recognition of provision   |             | -                 | 228,235           |
| Balance at end of financial year   |             | <u>228,235</u>    | <u>228,235</u>    |

**17 Asset revaluation surplus**

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

**18 Commitments for expenditure**

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.

**Operating leases (2019 only)**

|  | <u>2019</u><br>\$ |
|--|-------------------|
| Minimum lease payments in relation to non-cancellable operating leases are as follows: |                   |
| Within one year  | 396,000           |
| One to five years  | 24,000            |
| Later than five years  | -                 |
|  | <u>420,000</u>    |

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.

Refer to note 13 for information on leases for 2020.

**Contractual commitments**

Contractual commitments at the end of financial year but not recognised in the financial statements are as follows:

|               | <u>2020</u><br>\$ | <u>2019</u><br>\$ |
|---------------|-------------------|-------------------|
| New IT system | 90,469            | 90,469            |
|               | <u>90,469</u>     | <u>90,469</u>     |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

| Note   | 2020<br>\$       | 2019<br>\$       |
|--|------------------|------------------|
| <b>19 Contingent liabilities</b>   |                  |                  |
| Details and estimates of maximum amounts of contingent liabilities are as follows:   |                  |                  |
| <b>Local Government Mutual</b>   |                  |                  |
| 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 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.  |                  |                  |
| <b>Local Government Workcare</b>   |                  |                  |
| The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$191,441 (2019: \$175,437). |                  |                  |
| <b>20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>   |                  |                  |
| Net result   | (6,771,378)      | 403,521          |
| Non-cash items:  |                  |                  |
| Depreciation and amortisation  | 8,073,555        | 5,666,462        |
| Net (profit)/loss on disposal of property, plant and equipment   | 260,527          | 262,586          |
| Loss on impairment   | -                | 213,632          |
|  | <u>8,334,082</u> | <u>6,142,680</u> |
| Changes in operating assets and liabilities:   |                  |                  |
| (Increase) / decrease in receivables   | 354,649          | 1,028,461        |
| (Increase) / decrease in inventory   | (35,881)         | 292,981          |
| (Increase) / decrease in other assets  | (2,693)          | (10,395)         |
| (Increase) / decrease in contract assets   | 1,058,880        | -                |
| Increase / (decrease) in payables  | 463,903          | 901,061          |
| Increase / (decrease) in provisions  | 35,736           | 256,274          |
| Increase / (decrease) in contract liabilities  | 3,789,868        | -                |
|  | <u>5,664,462</u> | <u>2,468,382</u> |
| Net cash inflow from operating activities  | <u>7,227,166</u> | <u>9,014,583</u> |

**21 Changes in accounting policy**

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15, AASB 1058 and AASB 16 have been taken to retained surplus at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

**Revenue standards - AASB 15 and AASB 1058**

The following options have been applied on transition to AASB 15 and AASB 1058:

- Council has adopted the completed contract expedient and therefore has excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements.
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

*Changes in accounting policy on adoption of AASB 15 and AASB 1058*

*Opening contract balances on transition at 1 July 2019*

|                                   | Balance at 1 July 2019<br>\$ |
|-----------------------------------|------------------------------|
| <b>Contract assets</b>            |                              |
| - Under AASB 1058                 | 1,865,261                    |
| <b>Total contract assets</b>      | <u>1,865,261</u>             |
| <b>Contract liabilities</b>       |                              |
| - Under AASB 1058                 | 1,101,241                    |
| <b>Total contract liabilities</b> | <u>1,101,241</u>             |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**  
**21 Changes in accounting policy (continued)**

*Comparison of affected financial statements lines between AASB 15 / 1058 and previous revenue standards*

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

*Statement of Financial Position at 30 June 2020*

|                      | Carrying amount<br>per Statement of<br>Financial Position<br>\$ | Adjustments<br>\$ | Carrying amount<br>if previous<br>standards had<br>been applied |
|----------------------|---|-------------------|---|
| Contract assets      | 806,381   | (806,381)         | -   |
| Contract liabilities | (4,891,109)   | 4,891,109         | -   |
| Retained earnings    | (44,300,633)  | (4,084,728)       | (48,385,361)  |
|                      | <u>(48,385,361)</u>   | <u>-</u>          | <u>(48,385,361)</u>   |

*Statement of Comprehensive Income for the year ended 30 June 2020*

|  | Balance per<br>Statement of<br>Comprehensive<br>Income<br>\$ | Adjustments<br>\$ | Carrying amount<br>if previous<br>standards had<br>been applied |
|--|--|-------------------|---|
| Revenue - operating                            |  |                   |   |
| Grants, subsidies, contributions and donations | 9,304,977  | 2,844,291         | 12,149,268  |
| Revenue - capital                              |  |                   |   |
| Grants, subsidies, contributions and donations | 1,409,619  | 2,004,457         | 3,414,076   |
|  | <u>10,714,596</u>  | <u>4,848,748</u>  | <u>15,563,344</u>   |

The adjustments above relate to the recognition of contract assets and contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

*Statement of Cash Flows for the year ended 30 June 2020*

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

**Lease standard - AASB 16**

*Council as a lessee*

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the Statement of Financial Position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

**Practical expedients used on transition**

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using Council's incremental borrowing rate at 1 July 2019.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**Impact of adopting AASB 16 at 1 July 2019**

Council has recognised right-of-use assets of \$261,251 and lease liabilities of \$291,350 at 1 July 2019 for leases previously classified as operating leases. The difference was adjusted against opening retained surplus of \$30,099.

The incremental borrowing rate applied to lease liabilities at 1 July 2019 was 11.98% per annum for the Grader and 11.85% per annum for the Loader.

|  |                |
|--|----------------|
|  | \$             |
| Operating lease commitment at 30 June per Council financial statements | 420,000        |
| Discounted using the incremental borrowing rate at 1 July 2019         | 394,151        |
| Less:  |                |
| Short-term leases included in commitments note                         | (102,801)      |
| <b>Lease liabilities recognised at 1 July 2019</b>                     | <u>291,350</u> |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**22 Events after the reporting period**

There were no material adjusting events after the balance date.

**23 Financial instruments and financial risk management**  
**Financial assets and financial liabilities**

Council's activities expose it to a variety of financial risks including credit risk, liquidity risk and market 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. Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Council's Finance, Risk and Audit Committee aides management with monitoring compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Council. This committee is assisted in its oversight role by internal audit.

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 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 Council.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for 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:

|                               | <b>Note</b> | <b>2020</b>       | <b>2019</b>       |
|-------------------------------|-------------|-------------------|-------------------|
| <b>Financial assets</b>       |             | <b>\$</b>         | <b>\$</b>         |
| Cash and cash equivalents     | 8           | 13,352,879        | 10,267,044        |
| Receivables - rates           | 9           | 123,983           | 139,184           |
| Receivables - other           | 9           | 1,173,587         | 1,513,035         |
|                               |             | <u>14,650,449</u> | <u>11,919,263</u> |
| <b>Other credit exposures</b> |             |                   |                   |
| Bank guarantee                | 19          | (191,441)         | (175,437)         |
|                               |             | <u>(191,441)</u>  | <u>(175,437)</u>  |

**Cash and cash equivalents**

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 and other receivables**

In the case of rate receivables (excluding mining leases), Council has the power to sell the property to recover any defaulted amounts and therefore generally for rate debtors the credit risk is low.

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

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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

**Financial assets and financial liabilities (continued)**

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

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

At 30 June 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:

|                                 | <b>2020</b>             | <b>2019</b>             |
|---------------------------------|-------------------------|-------------------------|
|                                 | <b>\$</b>               | <b>\$</b>               |
| Property Charges                | 123,983                 | 139,184                 |
| State & Commonwealth Government | 58,132                  | 1,019,270               |
| Community organisations         | 3,723                   | 3,572                   |
| Other                           | 1,111,732               | 490,193                 |
| <b>Total</b>                    | <u><u>1,297,570</u></u> | <u><u>1,652,219</u></u> |

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

|                                    | <b>2020</b>             |                     | <b>2019</b>             |                     |
|------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                    | Not credit-<br>impaired | Credit-impaired     | Not credit-<br>impaired | Credit-<br>impaired |
|                                    | \$                      | \$                  | \$                      | \$                  |
| Not past due                       | 1,027,744               | -                   | 1,277,233               | -                   |
| Past due 31-60 days                | 3,610                   | -                   | 8,801                   | -                   |
| Past due 61-90 days                | 841                     | -                   | 493                     | -                   |
| More than 90 days                  | 265,376                 | 7,700               | 370,207                 | 8,285               |
| <b>Total gross carrying amount</b> | <u><u>1,297,570</u></u> | <u><u>7,700</u></u> | <u><u>1,656,734</u></u> | <u><u>8,285</u></u> |
| Loss allowance                     | -                       | (7,700)             | (4,515)                 | (8,285)             |
|                                    | <u><u>1,297,570</u></u> | <u><u>-</u></u>     | <u><u>1,652,219</u></u> | <u><u>-</u></u>     |

*Expected credit loss assessment as at 1 July 2019 and 30 June 2020*

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

Council's approach to managing liquidity 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 Council's reputation.

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

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 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<br>contractual<br>cash flows | Carrying<br>amount      |
|--------------------------|-------------------------|----------------------|-----------------|------------------------------------|-------------------------|
|                          | \$                      | \$                   | \$              | \$                                 | \$                      |
| <b>2020</b>              |                         |                      |                 |                                    |                         |
| Trade and other payables | 2,114,539               | -                    | -               | 2,114,539                          | 2,114,539               |
| Loans - QTC              | 13,323                  | 6,661                | -               | 19,984                             | 19,039                  |
|                          | <u><u>2,127,861</u></u> | <u><u>6,661</u></u>  | <u><u>-</u></u> | <u><u>2,134,523</u></u>            | <u><u>2,133,578</u></u> |
| <b>2019</b>              |                         |                      |                 |                                    |                         |
| Trade and other payables | 1,689,665               | -                    | -               | 1,689,665                          | 1,689,665               |
| Loans - QTC              | 13,323                  | 19,984               | -               | 33,307                             | 30,950                  |
|                          | <u><u>1,702,988</u></u> | <u><u>19,984</u></u> | <u><u>-</u></u> | <u><u>1,722,972</u></u>            | <u><u>1,720,615</u></u> |

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

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

**Financial assets and financial liabilities (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 indices, such as interest rates will affect Council's income or the value of its holdings of financial instruments.

Council currently has minimal exposure to market risk.

*Interest rate risk*

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

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

Council does not undertake any hedging of interest rate risk.

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.

**Barcoo Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**24 Transactions with related parties**

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

|   | Subnote | 2020<br>\$ | 2019<br>\$ |
|---|---------|------------|------------|
| <b>Purchases from related parties</b>           |         |            |            |
| Bursary awarded                                 | (ii)    | 4,250      | -          |
| Payment of exclusion fencing subsidy            | (iii)   | 296,985    | -          |
| Purchase of electrical and maintenance services | (iv)    | 166,435    | 246,896    |
| Other   |         | 3,325      | 6,214      |
|   |         | 470,995    | 253,110    |
| <b>Sales to related parties</b>                 |         |            |            |
| Workshop stores and materials                   | (v)     | 3,808      | 3,915      |
| Aviation fuel sales                             | (v)     | 7,815      | 10,275     |
| Private works                                   | (v)     | 6,506      | 8,734      |
| Other sales                                     | (v)     | 4,342      | -          |
|   |         | 22,471     | 22,924     |

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.

(i). Council purchased materials and services 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.

(ii). A bursary for education purposes was awarded to the daughter of Councillor Fitzgerald.

(iii). Council made payments to related entities of Councillors P Batt and R Batt for the construction of exclusion fences within the Shire.

(iv). A related entity of Councillor R Batt provided electrical contracting services to Council.

(v). 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.

(vi). As at 30 June 2020 the amount of \$997 (2019: \$3,853) was owing to Council from related parties

(vii). As at 30 June 2020 the amount of \$2,796 (2019: \$82,966) was owing by Council to 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. The compensation paid to KMP comprises:

|                              | 2020<br>\$     | 2019<br>\$     |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 877,982        | 806,037        |
| Post-employment benefits     | 88,584         | 52,041         |
| Long-term benefits           | (2,962)        | 8,136          |
| Termination benefits         | -              | 0              |
| <b>Total</b>                 | <b>963,604</b> | <b>866,214</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/Roadhouse purchases
- Dog registration
- Use of public facilities (swimming pools and sporting facilities)

Council has not included these types of transactions 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 full-time equivalent staff (58 in 2019) of which only 5 (3 in 2019) are close family members of key management personnel. Total remuneration paid to these close family members was \$265,457 (2019: \$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**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**25 Superannuation**

Council contributes to the LGIASuper previously known as the Local Government Superannuation Scheme (Qld) (the scheme). LGIASuper is a Multiemployer Plan as defined in Australian Accounting Standard AASB 119 Employee Benefits. The scheme has a number of elements including defined benefits funds and an accumulated benefits fund. Council does not have any employees who are members of the defined benefits fund and so it is not exposed to the obligations, assets or costs associated with these funds. Council has employees who are members of the accumulated benefits fund.

|   | Note | 2020<br>\$ | 2019<br>\$ |
|---|------|------------|------------|
| Superannuation contributions made to the LGIA Accumulated Benefits Fund |      | 427,883    | 456,328    |
| Superannuation contributions to other Accumulated Benefits Funds        |      | 73,360     | 37,097     |
| Total superannuation contributions paid by Council for employees        | 5    | 501,243    | 493,424    |

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees.

**26 Impact of COVID-19**

Council, along with the majority of Western Queensland council area's have experienced very little impact to its operations as a result of the COVID-19 pandemic.

Council has not had to consider any rates or charges remissions or deferrals as a result of the economic impact of the COVID-19 virus and has not made any changes to its operations over the months since the outbreak.

Council's business operations which would have been impacted by travel restrictions - the Jundah Roadhouse and fuel station and Caravan Park - both in their first full year of operations have exceeded budgeted revenue by 25% and 20% respectively in the 2020 year.

Additionally, the ratepayer base which is largely primary producers, have been experiencing record or near record livestock prices and are not under economic or financial pressure as a result of the COVID-19 pandemic.

**Barcoo Shire Council  
Financial statements  
For the year ended 30 June 2020**

**Management Certificate  
For the year ended 30 June 2020**

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 Sally O'Neil**

Date: 29 / 01 / 2021



\_\_\_\_\_  
**A/Chief Executive Officer  
Kerry Whiting**

Date: 29 / 01 / 2021

## 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 2020, 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 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and the Acting Chief Executive Officer.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Barcoo Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 councillors for the financial report**

The councillors are 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 councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are 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.

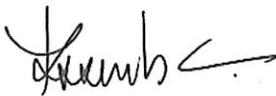
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If 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 2020:

- 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.



Sri Narasimhan  
as delegate of the Auditor-General

29 January 2021

Queensland Audit Office  
Brisbane

**Barcoo Shire Council**  
**Current-year Financial Sustainability Statement**  
**For the year ended 30 June 2020**

| Measures of Financial Sustainability  | How the measure is calculated  | Actual - Council | Target               |
|---|--|------------------|----------------------|
| Council's performance at 30 June 2020 against key financial ratios and targets: |  |                  |                      |
| Operating surplus ratio   | Net result (excluding capital items) divided by total operating revenue (excluding capital items)  | -42.79%          | Between 0% and 10%   |
| Asset sustainability ratio  | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.       | 31.75%           | greater than 90%     |
| Net financial liabilities ratio   | Total liabilities less current assets divided by total operating revenue (excluding capital items) | -41.01%          | 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 2020.

**Certificate of Accuracy**  
For the year ended 30 June 2020

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 Sally O'Neil**

Date: 29 / 01 / 2021



\_\_\_\_\_  
**A/Chief Executive Officer**  
**Kerry Whiting**

Date: 29 / 01 / 2021

## 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 2020 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Acting 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 2020 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Barcoo Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 councillors for the current year financial sustainability statement**

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors' responsibility also includes such internal control as the councillors determine 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.



Sri Narasimhan  
as delegate of the Auditor-General

29 January 2021

Queensland Audit Office  
Brisbane

**Barcoo Shire Council**  
**Unaudited Long-Term Financial Sustainability Statement**  
**Prepared as at 30 June 2020**

| Measures of Financial Sustainability | Measure  | Target               | Actuals at 30 June 2020 | Projected for the years ended |              |              |              |              |              |              |              |              |
|--------------------------------------|--|----------------------|-------------------------|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      |  |                      |                         | 30 June 2021                  | 30 June 2022 | 30 June 2023 | 30 June 2024 | 30 June 2025 | 30 June 2026 | 30 June 2027 | 30 June 2028 | 30 June 2029 |
| Operating surplus ratio              | Net result divided by total operating revenue  | Between 0% and 10%   | -42.79%                 | -56.30%                       | -53.10%      | -81.90%      | -78.80%      | -75.80%      | -72.70%      | -69.60%      | -61.00%      | -54.50%      |
| Asset sustainability ratio           | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense. | greater than 90%     | 31.75%                  | 186.00%                       | 25.50%       | 24.40%       | 24.60%       | 23.60%       | 23.80%       | 22.90%       | 24.90%       | 25.20%       |
| Net financial liabilities ratio      | Total liabilities less current assets divided by total operating revenue                     | not greater than 60% | -41.01%                 | 7.20%                         | 19.50%       | 52.50%       | 58.40%       | 61.00%       | 61.50%       | 59.10%       | 54.60%       | 47.50%       |

**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 2020**

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 Sally O'Neil**

Date: 29 / 01 / 2021



\_\_\_\_\_  
**A/Chief Executive Officer**  
**Kerry Whiting**

Date: 29 / 01 / 2021