



ANNUAL REPORT

2016-2017



We Value: **Respect** | **Communication** | **Fun & Humour** | **Pride** | **Trust** | **Teamwork**

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2016-2017 highlights included the Quilpie Centenary Celebrations (front cover) and completion of the Bulloo Park Function Centre (above)

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Adoption

In accordance with the Queensland Local Government Act 2009 and Local Government Regulation 2012, the 2016-2017 Annual Report was adopted at the Quilpie Shire Council Ordinary Meeting held on 17 November 2017.

Questions about the Report?

If you would like any further information about the Quilpie Shire Council 2016-2017 Annual Report please contact Council on 07 4656 0500 or email admin@quilpie.qld.gov.au.

Legislative Requirements

The administrative practices of Quilpie Shire Council are primarily governed by the Queensland Local Government Act 2009 and Local Government Regulation 2012. Under this legislation, Council is required to prepare and adopt an Annual Report for each financial year, reporting against the Shire's progress with reference to its Corporate and Operational plans.

Table of Contents

Mayor's Review.....	1
Chief Executive Officer's Report	2
Councillors.....	3
Organisational Structure	3
Council Meetings	4
Councillor Remuneration	4
Councillor Meeting Attendances	4
Councillor Expenses Reimbursement Policy	5
Councillor Complaints, Orders and Recommendations.....	5
Overseas Travel.....	6
Administrative Action Complaints	6
Registers.....	7
Non Current Physical Assets	7
Invitations for Changes to Tenders	8
Rating Concessions	8
Grants to Community Organisations	8
Discretionary Funds	8
Internal Audit	8
Remuneration – Senior Management	9
Beneficial Enterprises.....	9
Business Activities	9
Public Sector Ethics Act 1994.....	10
Assessment of Performance in Corporate and Operational Plans	10
Community Financial Report	16
Financial Statements.....	25

Mayor's Review

The last twelve months has seen a very mixed season for our agriculture sector. Some areas in the west and north of the shire have had a good year while properties in the south and east saw their dry run continue. This improved season for some coupled with record high wool prices and near record cattle and sheep markets has seen renewed optimism in the sector. Most properties in the shire, however, are still struggling to maintain or increase stock numbers to be able to take full advantage of the positive commodity markets. The summer wet season was disappointing with only patchy storms at best and only isolated flooding. There is the feeling, though, that it is only the lack of rain holding back a real resurrection in our rural industry.

Our resources sector is still struggling and the fallout from the collapse in oil prices is still being felt across the region. A buoyant oil and gas industry really is a very important driver for this shire's economic performance and we should never take it for granted. There are some initial signs that exploration activity may be starting to pick up albeit from a very low base.

It has been a solid year in tourism with the highlight being the very successful Quilpie town's centenary celebration in April. It was very well supported by locals, ex-pats and more visitors than anticipated. The grand parade down Brolga Street was spectacular and won't be forgotten by those who were there. It capped off a terrific four days of events and activities. The Eromanga Natural History Museum is finding its feet, trading for seven days a week right through the year and, I believe, will prove to be a valuable asset in future years as this shire realises, more and more, the importance of our awakening tourism industry. It is great to see private investment in this area with a new camping and caravanning site being developed, appropriately named "The Lake", on the shores of the picturesque Lake Houdraman. The newly opened Hell Hole Gorge national park also beckons locals and visitors alike with its promise of true wilderness discovery.

The Quilpie Shire Council has had a very successful and productive year. An extensive road building program was undertaken and completed under cost and on time. The first Main Roads upgrade contract work for many years was completed in excellent fashion despite extra work being asked of our crews with little warning. These extra jobs saw a new Rest Stop constructed and a further road widening and culvert upgrade project completed west of Quilpie.

It was also great to see the completion of the full seal of the Kyabra Road linking the Cooper Development Road at Eromanga to the Diamantina Development Road at Thylungra. The sealing of this 85 km stretch has taken 15 years and it is great to see it completed. Again our workforce has performed well completing this project ahead of schedule and well within the budget forecast.

The focused, efficient effort by our entire council staff over the full 12 months has culminated in an excellent financial performance by Council, recording a substantial operating surplus for the year. We also completed the construction of the new Bulloo Park bar and canteen complex and this was duly opened in May at the Centenary Race meeting. Once again, the builder, Peter Holling must be commended for the great work done here.

On a sad note we should reflect on the passing of two of our ex-mayors this year, Walter "Boy" Speedy and John Murray. Both served as mayor in the 1990's and their contribution to the Quilpie shire should be duly acknowledged.

In closing I would like to congratulate and thank all our staff for another great year. They continue to provide excellent service to the shire and perform their work diligently. That solid and consistent performance of our staff really is critical in maintaining the services and infrastructure that provides this community with the quality of life that we enjoy and the confidence to believe it will only continue to improve.

Kind Regards,

Stuart Mackenzie

Mayor

Chief Executive Officer's Report

There were a number of major highlights in 2016-2017 including the completion and opening of the magnificent Bulloo Park complex, the celebration of the Quilpie Centenary and the completion of the sealing of Kyabra Road. Other major projects that have commenced and will be completed in 2017/18 include the John Waugh Park All-Sports complex and a new airport terminal building and refuelling facility.

The combined impact of these projects cannot be underestimated in terms of economic development and the social progress of the Shire.

As tourism and economic development priorities increase, the first full year of operation of the Eromanga Natural History Museum and the additional promotion of Hell Hole Gorge National Park were of significance during the year. It is anticipated the momentum in the interest and visitation of these two unique attractions will build steadily in future years and will significantly impact on our tourism visitation.

Council's Corporate Plan is the principle guiding strategic document that provides a framework for Council to plan and undertake its business and service delivery. The expiration of the 2012-2017 Corporate Plan at 30 June 2016 saw a number of workshops and significant consultation held throughout the year to prepare and adopt the 2017-2022 Corporate Plan.

Council continued to support a significant training and development program for staff throughout the year. A large number of staff completed a variety of Certificate and Diploma courses and I congratulate them on their efforts to achieve these qualifications. In addition, Quilpie Shire Council were delighted to be announced the 2016 winners of the Local Government Managers Australia southern Queensland Rural Management Challenge, facing stiff opposition from a number of other larger councils including Southern Downs and Toowoomba to bring home the title. Council was also winner in the 'Doing More with Less' category in the Local Government Excellence Awards for the commitment of staff to the inaugural Challenge Cup Fundraiser for 'Friends in Isolation'.

While employee turnover continues to remain a challenge for most rural and remote Councils, staff numbers remained stable throughout the year. While all staff workloads have been high, the road construction and concrete crews experienced a very hectic capital works program with additional Main Roads works (Western Roads Package 1 and 2) and a truck parking facility at 27 Mile being awarded and completed during the year.

Council have achieved a number of significant outcomes this year and we continue to remain in a strong financial position.

I thank Mayor Mackenzie and all elected members for their ongoing commitment and support and also thank and congratulate our workforce for another successful year.

Mr Dave Burges,

Chief Executive Officer

Right: 2016 Southern Queensland Rural Management Challenge Winners (L-R): Melissa Koutavas, Hollie McCarthy, Ethan Crumblin, Maree Radnedge.



Councillors

Quilpie Shire Council comprises five (5) councillors including the Mayor.



Mayor - Cr Stuart Mackenzie



Deputy Mayor - Cr Jenny Hewson
Portfolios – Health and Community Services



Cr Roger Volz
Portfolios – Arts, Culture and Tourism

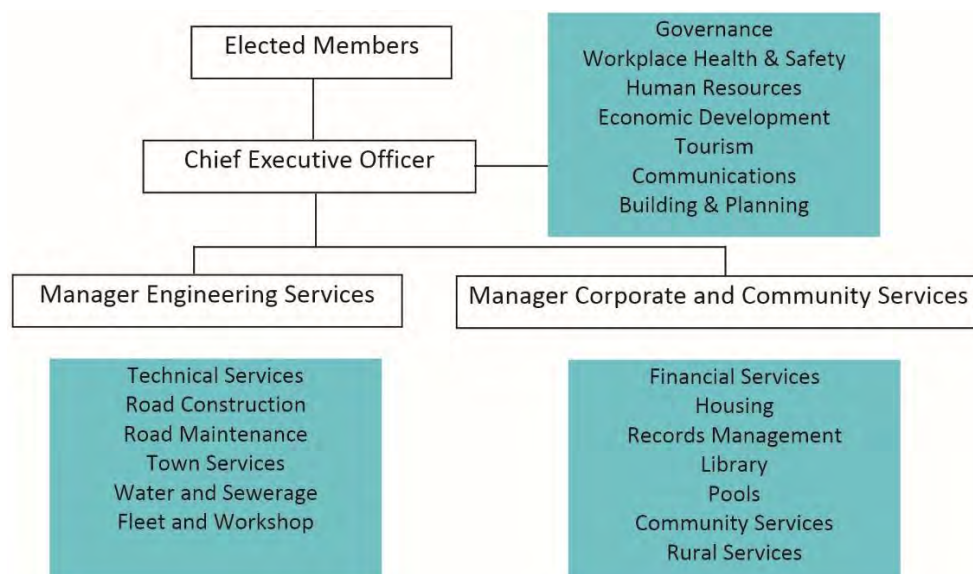


Cr Bob Hall
Portfolios – Business Development and Indigenous Affairs



Cr Bruce Paulsen
Portfolios – Sport, Recreation and Youth

Organisational Structure



Council Meetings

Ordinary Meetings of the Quilpie Shire Council are held the second Friday of each month in the Quilpie Shire Boardroom, commencing at 9:30am.

The dates and times of meetings other than special meetings are fixed in accordance with the Local Government Act and Regulations.

The Chief Executive Officer must call a special meeting if:

- There is a prior Council resolution specifying that the meeting will be held;
- The Chief Executive Officer has identified an urgent matter that needs to be decided before the next scheduled Ordinary Council meeting; or
- A written request has been received by the Chief Executive Officer which has been signed by the Mayor and two other Councillors and states a particular matter(s) to be discussed.

All meetings are open to the public, unless Council resolves, under Section 274 of the Local Government Regulation 2012, that the meeting be closed whilst discussion takes place “in confidence” regarding specific issues such as staff, legal, contractual or industrial proceedings.

Councillor Remuneration

Section 247 of the Local Government Regulation 2012 requires councils to pay each elected representative as per the annual schedule determined by the *Local Government Remuneration and Discipline Tribunal* unless by resolution they resolve to adopt a lesser amount.

Councillor remuneration for the 2016-2017 financial year is shown in the following table:

Councillor	Gross Payment	Superannuation	Total Remuneration
Cr Stuart Mackenzie	\$88,525	\$8,409.84	\$106,865.83
Cr Jenny Hewson	\$37,938	\$3,604.08	\$41,542.08
Cr Bob Hall	\$30,768	\$2,922.97	\$33,690.97
Cr Bruce Paulsen	\$31,647	\$3,006.48	\$34,653.48
Cr Roger Volz	\$31,647	\$3,006.48	\$34,653.48

Councillor Meeting Attendances

	Ordinary Meeting	Special Meeting	Workshop	Other	Total
Cr Stuart Mackenzie	12	3	11	58	84
Cr Jenny Hewson	12	3	10	26	51
Cr Bruce Paulsen	12	3	9	8	32
Cr Bob Hall	11	2	7	17	37
Cr Roger Volz	12	3	10	22	47

Councillor Expenses Reimbursement Policy

In accordance with section 250(1) of the Local Government Regulation 2012, Council is required to have a Councillor Expenses Reimbursement Policy. Version 4 (amendment) of the Policy was adopted at the Ordinary Meeting of Council held on 12 May 2017.

Resolution No: (05-05-17)

Moved by: Cr Roger Volz

Seconded by: Cr Bruce Paulsen

That Council adopt policy G.05 Councillor Expenses Reimbursement Policy as presented.

5/0

Expenses Reimbursement

Under the expenses reimbursement policy, Cr Mackenzie was reimbursed travel expenses of \$9,930.99.

Facilities Provided to Councillors

Each Councillor is issued with an iPad and internet access for the purpose of conducting local government business. Councillors also have access to a Council vehicle for approved work purposes.

Councillor Complaints, Orders and Recommendations

In accordance with section 186 of the Local Government Regulation 2012 the following information is provided in relation to Councillor complaints, orders and recommendations:

Orders and recommendations made under section 180(2) or (4) of the Act	Nil
Orders made under section 181 of the Act	Nil
Complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act	Nil
Complaints referred to the Department's Chief Executive under section 165C(3)(a)(i) of the Act	Nil
Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	Nil
Complaints referred to the Department's Chief Executive under section 176C(4)(a) of the Act	Nil

Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the Crime and Corruption Act	Nil
Complaints heard by a regional conduct review panel	Nil
Complaints heard by the Tribunal	Nil
Complaints to which section 176C(6) of the Act applied	Nil

Overseas Travel

During the 2016-17 financial year no Councillor or Council employee travelled overseas in an official capacity.

Administrative Action Complaints

The complaints management process is established with the following objectives:

- The fair, efficient and consistent treatment of complaints about decisions and other administrative actions of the Council;
- A complaints management process that is easy to understand and is readily accessible to all;
- Detection and rectification, where appropriate, of administrative errors;
- Identification of areas for improvement in the Council's administrative practices;
- Increase in awareness of the complaints management process for the Council's staff and the community;
- Enhancement of the community's confidence in the complaints management process and the reputation of the Council as being accountable and transparent;
- Building the capacity of staff to effectively manage complaints in an environment of continuous improvement;
- Complaints will be acknowledged and resolved in a timely manner;
- Council will manage complaints confidentially and ensure that complainants do not suffer any form of reprisal for making a complaint; and
- Council will abide by the principles of natural justice and procedural fairness when dealing with complaints.

Council's implementation of its Complaints Management Process and Assessment

Council is committed to dealing with administrative action complaints fairly and has reviewed and adopted the amended policy on 10 June 2016. This policy will again be reviewed in June 2018. Council's Complaints Management policy and process is available on Council's website and at the Administration office.

Number of Administrative Complaints made, resolved by Council, not resolved by Council and complaints not resolved in the previous year.

Number of administrative action complaints made to Council	Two
Number of administrative action complaints resolved by Council (under complaints management process)	Two

Number of administrative action complaints not resolved by Council (under complaints management process)	Nil
Number of administrative action complaints not resolved by Council in the previous year	Nil

Registers

Council is required to keep and make available for public inspection certain documents. These documents are available from the Quilpie Shire Council Office and include:

- Investment Register
- Register of Local Planning Policies
- Register of Delegations of Authority Council to CEO
- Register of Delegations of Authority by the CEO to employee / contractor
- Register of Policies
- Register of Roads
- Contract Register
- Register of Legal Documents
- Register of Fees and Charges
- Building Application Register
- Development Application Register
- Cemetery Register
- Register of Interest of Councillors
- Register of Disclosure of Electoral Gifts and Loans
- Local Laws and Subordinate Local Laws Register
- Register of Burials
- Register of Lands
- Register of Related Parties Disclosures

Non Current Physical Assets

Council made no resolution in accordance with section 206(2) of the Local Government Regulation 2012 in the 2016-17 financial year. The following amounts for each different type of non-current asset below which the value of an asset of the same type will be treated as an expense (the recognition threshold) remain as:

Type of Assets	Value
Furniture and Fittings	\$ 5,000.00
Plant and Equipment	\$ 5,000.00
Buildings and other structures	\$10,000.00
Infrastructure assets	\$10,000.00
Land	\$ 1.00

These amounts are disclosed in Note 11(a) of the financial statements.

Invitations for Changes to Tenders

During the 2016-17 financial year there was one (1) instance where tenderers were invited to change their tenders, namely Tender T14 15-16 – Eromanga Natural History Museum Stage 1B. The invitation was issued following a review of the project design.

Rating Concessions

In accordance with Sections 119 and 120 of the Local Government Regulation 2012 Council offers a concession of 50% up to \$450 on rates and utility charges (excluding the State Fire Levy) to recipients of Aged, Disability and Widows Pensions and holders of Veteran Affairs cards in accordance with Council's Pensioner Rate Concession Policy.

Grants to Community Organisations

During the 2016-17 financial year Council provided the following grants or in-kind support under its Community Assistance Policy:

Financial contribution	\$25,100.00
In Kind contribution	\$9,010.84
Sponsorship	\$1,500.00

Discretionary Funds

Councillors do not have any discretionary funds.

Internal Audit

Council engaged the services of O'Regan and Partners to perform the internal audit activities for the 2015-16 financial year. The internal auditor works with management to identify and implement recommended improvements to Council's operations, systems and processes and ensure compliance with adopted procedures.

In accordance with section 190(h) of the Local Government Regulation 2009, the internal audit report for 2015-16 is presented:

Internal Audit Commentary – 2017 Annual Report

During the 2016/2017 year two onsite internal audit visits were undertaken.

The following areas of Council operations were reviewed:

- *Water Operations – including controls, procedures and policies for levying water charges and cost recovery considerations.*
- *Council Garbage Tips administration, operation and compliance with environmental legislation*
- *Insurance – on Council fleet and all infrastructure assets.*
- *Community Grants – including policy and controls and procedures in grant allocation and accountability by recipient.*

During the year all statutory obligations regarding the holding of Audit Committee meetings were exceeded with three such meetings being held, Financial Statements were reviewed before audit and the Budget was reviewed for compliance with statutory requirements.

A detailed review of Plant Hire Rates and Plant Utilisation has been started and progressed with projected completion now deferred until the next site visit as a result of tying this review in with the QRA plant hire rates consideration.

During the year there were a number of other miscellaneous matters attended to including:

- *Advice to store person regarding issues with procurement processes*
- *Sundry advice on GST matters as applicable to certain aspects of Council operations, assistance in drafting responses to external audit reports and other accounting and assistance as needed during the year.*

Remuneration – Senior Management

During the 2016-2017 financial year Quilpie Shire Council had three (3) senior management positions.

- 1 senior management employee with a total remuneration package in the range of \$200,000 – under \$300,000 per annum; and
- 2 senior management employees with a total remuneration package in the range of \$100,000 to under \$200,000 per annum

In accordance with section 201 (1) of the Local Government Act 2009, the total of all remuneration packages payable to senior management in 2016-17 was \$497,636.91

Beneficial Enterprises

Council did not conduct any beneficial enterprises during the 2016-17 financial year.

Business Activities

Council did not conduct any **significant business activities** as defined in section 19 of the Local Government Regulation 2012. Council is involved in a wide range of business activities that involve ‘trading goods and services’ as defined by the Local Government Act 2009. In 2016-17 these included:

- Plumbing services;
- Minor housing maintenance (State Government properties);
- Accommodation services;
- Water and sewerage supply services;
- Waste and regulated waste management services;
- Provision of museums and art gallery;
- Facility, venue and equipment hire;
- Provision of sporting facilities;
- Land borne amusement equipment hire;
- Bus hire;
- Airport maintenance;
- Administrative services such as photocopying;
- Building certification activities;
- Visitor information services and sales;

- Library services including internet and computer access; and
- Road contracting services.

Public Sector Ethics Act 1994

Council adopted a Code of Conduct in December 2015. The Code reflects and incorporates the four (4) public service ethics principles:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency

Education and training with respect to the ethics principles and the Code of Conduct has been provided progressively to Council staff during the year, both in targeted sessions and as part of the induction process for all new employees. In addition, toolbox talks also reinforce Code of Conduct principles on a regular basis.

As part of Council's governance processes, all policies, procedures and practices have regard to the ethics obligations of public officials and Council's Code of Conduct. All employees are encouraged to act in ways which give commitment to a high standard of ethics and which ensures the highest standards of public administration. The same principles have been applied by Council in the review and preparation of Corporate and Operational Plans, and compliance with the Code of Conduct is assessed through the performance management process, with reasonable management action taken where there is a suspected breach.







Assessment of Performance in Corporate and Operational Plans

In accordance with section 190(1)(a) of the Local Government Regulation 2012 the annual report must contain an assessment by the Chief Executive Officer of the local government's progress towards implementing its 5-year Corporate Plan and annual Operational Plan.

Council's Corporate Plan is the primary strategic business and organisational planning document and forms the basis of Council's annual Operational Plan. The 2012-2017 Corporate Plan expired on 30 June 2017.

The Operational Plan sets out Council's work program for the financial year including costs, timelines and outcomes. The Operational Plan is reviewed quarterly and at all times remains consistent with the Corporate Plan.

Implementation of the 2016-17 Operational Plan was generally on track. Ten year renewal and maintenance plans were not finalised due to time constraints. A number of council housing projects were not completed. The development of the Biosecurity Plan and Stock Route Management Plan will be undertaken in 2017-18.

KPIs – BY THEME			
KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	SCORECARD
Achievement of Outcomes - Our Communities	100%	100%	25  1  0 
Achievement of Outcomes - Our Wellbeing	100%	65%	19  1  11 

Achievement of Outcomes - Our Natural Environment	100%	77%	8	2	3
Achievement of Outcomes - Our Infrastructure	100%	92%	42	2	4
Achievement of Outcomes - Our Economy	100%	96%	20	4	1
Achievement of Outcomes - Our Governance	100%	89%	20	4	3


















KPIs – BY DEPARTMENT			
KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	SCORECARD
Achievement of Outcomes – Governance	100%	96%	65 7 3
Achievement of Outcomes – Corporate & Community Services	100%	72%	30 6 14
Achievement of Outcomes – Engineering Services	100%	89%	39 1 5

















Corporate Plan 2012-2017












As can be seen below, Council completed the vast majority of activities outlined in the 2012-2017 Corporate Plan, at the Plan's conclusion at 30 June 2017.

CORPORATE PLAN ACTIVITY	REVIEW COMMENTS	
C.5.i With funding assistance from the state government employ a sport and rec coordinator to build capacity and cohesion in the area of community sports, activities and recreational endeavours	Funding withdrawn 2013 and position lapsed	
C.5.ii Provide funding for each community for community generated projects and initiatives (Adavale \$25K, Eromanga \$35K, Quilpie \$50K, Toompine \$15K)	Provided each year	
C.5.iii Develop a master plan for Bulloo Park and the Council depot land	Plan complete	
C.5.iv Implement Bulloo Park Master Plan	Stage 1 commenced	
C.5.v Fund and implement a community grants program	Program funded and implemented annually	
C.5.vi Implement a rolling program of streetscape improvements, parks improvements, street tree plantings etc	Various activities completed including landscaping projects parks improvements, Quilpie Hall streetscape, Brolga Street median strip features	
C.5.vii Implement an incentive for ratepayers to plant trees through a free-tree initiative	Program funded and implemented annually	

CORPORATE PLAN ACTIVITY	REVIEW COMMENTS	
C.5.viii Develop community master plans for Eromanga and Quilpie	Not commenced	
C.5.ix Manage the RADF program	Program funded and implemented annually	
C.5.x Funding programs clearly identified in budgets and monitored and acquitted as required	All grants and funding programs budgeted for and acquitted in accordance with funding agreements	
C.5.xi The number of activities, programs and events that Council supports	2 x Art Tour events each year, local races, rodeos and shows, Channel Country Ladies Day	
C.5.xii Publish details of all community activities and events in the Community Bi-monthly newsletter	Published and advertised regularly	
W.5.i Complete the Chipu Street residential subdivision	Subdivision completed and allotments for sale	
W.5.ii Implement a program for the construction of new houses	6 new houses constructed	
W.5.iii Buy out the Community Housing	Community housing buyout completed	
W.5.iv Plan, design and construct a rural residential subdivision	Land secured and subdivision designed. Construction deferred due to other land availability	
W.5.v With funding assistance from Medicare Local, employ a health promotions officer to build capacity and cohesion in the area of community health	HPO employed and programs implemented	
W.5.vi Parks and open spaces enhanced	Numerous enhancements undertaken including plantings to median in Brolga Street, cemetery landscaping, new depot highway frontage landscaping, street tree program	
N.5.i Provide a funding contribution to the Outback Eromanga Natural History Museum project	Funding contributions made for stage 1a (\$150K) and stage 1b (\$100K)	
N.5.ii Review Council's Planning Scheme to ensure resource sector activity and impact on the environment is adequately managed	Scheme reviewed and amendments made as required. New planning scheme being prepared.	
N.5.iii Fund a wild dog control officer in conjunction with other pest management initiatives	Funding provided and external funding sourced. Position retained	
N.5.iv Prepare Site Based Waste Management Plans and Stormwater Management Plans for all landfills	Regional Waste Management Plan prepared in conjunction with surrounding Councils but site specific plans not prepared	
N.5.v Implement identified waste management improvement strategies	Improvements made at Quilpie landfill (structured pit arrangement, tip and cover with drot). Other landfill sites managed to a basic level	

CORPORATE PLAN ACTIVITY	REVIEW COMMENTS	
N.5.vi Prepare and adopt a water quality management plan	Plan completed	
N.5.vi Stock routes managed in accordance with legislation	Very little action required due to routes not being used	
N.5.vii Management Plans prepared	Biosecurity Plan and Stock Route Management Plan not developed as per legislative requirements.	
N.5.viii ERA Facilities licensed	Water treatment plants, sewerage treatment plants and landfill licences maintained	
I.4.i Continue sealing Quilpie Adavale Road in sections	Three sections sealed	
I.4.ii Widen Quilpie Windorah Road in sections	Road widened when funds provided by TMR. Major projects undertaken in 2016/2017	
I.4.iii Undertake drainage improvements to Napoleon Road	Various drainage improvements completed	
I.4.iv Improve flood immunity Napoleon Road	Gravel re-sheeting undertaken to several sections. Project briefs being prepared for future TIDS funding.	
I.4.v Continue sealing Kyabra Road in sections	Sealing of Kyabra Road completed 2016/2017	
I.4.vi Plan for the upgrading of the Quilpie Airport circa 2020	New terminal construction underway. Completion due November 2017	
I.4.vii Implement a rolling plant replacement program	Replacement program budgeted for and delivered in all financial years	
I.4.viii Develop and implement an Infrastructure Charges Schedule	Schedule developed and adopted. Now redundant due to changes in planning legislation	
I.4.ix Adequately maintain Council community facilities, houses and buildings	Maintenance and improvements to community facilities funded and delivered annually	
I.4.x Maintain Shire and State roads to a safe and serviceable standard	Shire roads maintained, NDRRA works completed and RMPC contract delivered annually. Reseal program budgeted for and delivered annually	
I.4.xi Undertake various road and drainage improvements to shire roads and local streets	Various improvements undertaken annually	
I.4.xii Undertake gravel resheeting to Shire Roads	Gravel re-sheeting programs completed annually.	
I.4.xiii Maintain and upgrade as necessary all necessary service infrastructure such as water and sewerage services	Water and sewerage infrastructure maintained and upgraded annually. Eromanga WTP upgraded Mains replaced in Eromanga and Quilpie	

CORPORATE PLAN ACTIVITY	REVIEW COMMENTS	
I.4.xiv Asset management Plans reviewed annually	Asset management plans not as advanced as desired	
I.4.xv Whole of life costs considered in infrastructure provision decision making	Considered for major projects only	
I.4.xvi % of capital works program completed	Capital works programs generally completed well	
I.4.xvii % of capital invested in existing infrastructure renewal versus new infrastructure	Determined when setting the annual budget	
I.4.xviii Priority Infrastructure Plan adopted	Plan adopted but now made redundant by new planning legislation	
E.4.i Plan, design and construct a new industrial subdivision	Stage 1 constructed and allotments for sale	
E.4.ii Plan, design and construct a new light industrial / mixed use subdivision	Deferred until available land uptake increases	
E.4.iii Plan, design and construct a new Works Depot	Completed	
E.4.iv Obtain public access to Hell Hole Gorge National Park	Road constructed and opened. Hell Hole Gorge open to public	
E.4.v Prepare and action an Economic Development Strategy	Strategy prepared and adopted. Review undertaken in May 2016	
E.4.vi Review and upgrade tourism attraction facilities to ensure they remain relevant and appealing	Annual reviews of facilities undertaken. Tourism Development Plan completed	
E.4.vii Investigate and implement as decided additional tourism attractions	Additional attractions implemented include Military History Museum, Rail Museum, Hell Hole Gorge, Eromanga Natural History Museum, Powerhouse Museum	
E.4.viii Investigate additional tourist routes that can be developed within the Shire and the Region	Hell Hole Gorge opened Natural Sciences Loop revisited and redeveloped. SWRED and initiatives planned Eromanga Natural History Museum open and operating	
E.4.ix Undertake and promote a key annual event to attract tourists	Art and Cultural Plan adopted identifying this issue. Various events being reviewed / initiated included the May and September races and Outback Fringe Festival	
E.4.x Partnerships established with government and private enterprise	Numerous partnerships established	
G.8.i Elected member professional development program implemented	Program prepared and implemented. Elected member updates undertaken bi-annually (LGAQ) Various internal and external training courses undertaken	

CORPORATE PLAN ACTIVITY	REVIEW COMMENTS	
G.8.ii Community development / scholarship program implemented	Program funded and implemented annually. Changed in 2015	
G.8.iii Use technology to ensure Council operates efficiently	Technology innovations adopted include use of iPads for staff and councillors, Asset Edge Reflect system for road defect and maintenance, Magiq records management system	
G.8.iv Ensure the organisation complies with relevant legislation	Legislative compliance system implemented Policies reviewed annually or biannually as required Delegations reviewed as legislation is amended	
G.8.v Community Engagement policy adopted	Policy adopted and regularly reviewed.	
G.8.vi Community engagement strategies developed and implemented	Strategies developed and implemented including monthly newsletter, online surveys etc.	
G.8.vii Regional forums and meetings attended	Numerous regional forums and meetings attended. Regular forums include SWRED, SWLGA, SWRRTG, SWRRTG TC, LGAQ annual conference.	
G.8.viii Long term financial plan adopted, reviewed and monitored	LTFP adopted and regularly reviewed	
G.8.x Staff training plan developed	Plan developed and implemented. Rolling program and plan reviews implemented.	
G.8.xi Customer Service Charter implemented and reported on	Implemented and reviewed in 2017. Reporting not being undertaken regularly.	
G.8.xii Monitor and act on the community survey results	Limited action required as most results were very satisfactory.	
G.8.xiii Meet legislative requirements of the Work Health & Safety Act 2011	WHS SafePlan implemented and operating	

Community Financial Report

The Community Financial Report is a 'plain English' summary of Council's Financial Statements prepared in accordance with Section 179 of the Local Government Regulation 2012.

2016/17 SNAPSHOT

Key highlights of the 2016/17 financial year include:

- Construction of the Bulloo Park redevelopment at a total cost of \$1,668,590;
- Upgrade to Kyabra Road valued at \$1,730,593; and
- Replacement of Plant costing \$997,990 after trade ins.

COUNCIL'S END OF YEAR FINANCIAL STATEMENTS

What you will find in the Financial Statements

The Audited Financial Statements of Council set out the financial performance, financial position, cash flows and the net wealth of Council for the financial year ended 30 June 2017.

About the Management Certificate

The Financial Statements must be certified by both the Mayor and the Chief Executive Officer as "presenting fairly" the Council's financial results for the year and are required to be adopted by Council - ensuring both responsibility for, and ownership of, the Financial Statements by management and elected representatives.

About the Financial Statements

The Financial Statements incorporate four (4) "primary" financial statements and accompanying notes:

Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing both regular income, expenses and other comprehensive income which records items such as changes in the fair values of Council's assets and investments.

Balance Sheet

A 30 June snapshot of Council's Financial Position including its assets and liabilities.

Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

Notes to the Financial Statements

Provides greater detail to the line numbers of the four (4) "primary" financial statements.

About the Auditor's Report

Council's Financial Statements are required to be audited by the Queensland Audit Office. The audit of many Queensland Councils is contracted to audit firms that specialise in Local Government. The

Auditor provides an audit report which gives an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

Where to find a complete version of Council's 2016/2017 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2017 can be found on our website, www.quilpie.qld.gov.au (About Council / Corporate Documents / Annual Budget and Financial Documents), or at Council's administration office at 50 Brolga Street Quilpie during business hours.

AN OVERVIEW OF THIS YEAR'S FINANCIAL RESULT AND FINANCIAL POSITION

Council's Statement of Comprehensive Income (Profit & Loss) for 2016/17

Council's headline "profit/loss" result for the 2016-2017 year was a \$7,575,228 surplus. This included the following key financial performance highlights:

- Federal Government's Financial assistance grant totaling \$7,555,852 (This included \$2,495,462 advance on 2017/2018 grant);
- Funding for the 2014 flood damage totaling \$1,287,632;
- Payment for 2016 flood damage works of \$917,161;
- Roads to recovery funding of \$1,985,375; and
- Expenditure on 2016 flood restoration works of \$2,283,085.

COUNCIL'S RESULT

\$ '000	Actual 2017	Budget 2017	Actual 2016
Expenditure	17,259	19,816	22,101
Revenue (excluding income for capital purposes)	19,925	16,993	21,857
Net Result before Capital Grants and Contributions	2,666	-2,823	-244
Capital Grants and Contributions	5,154	5,480	3,820
Net Result	7,820	2,657	3,576

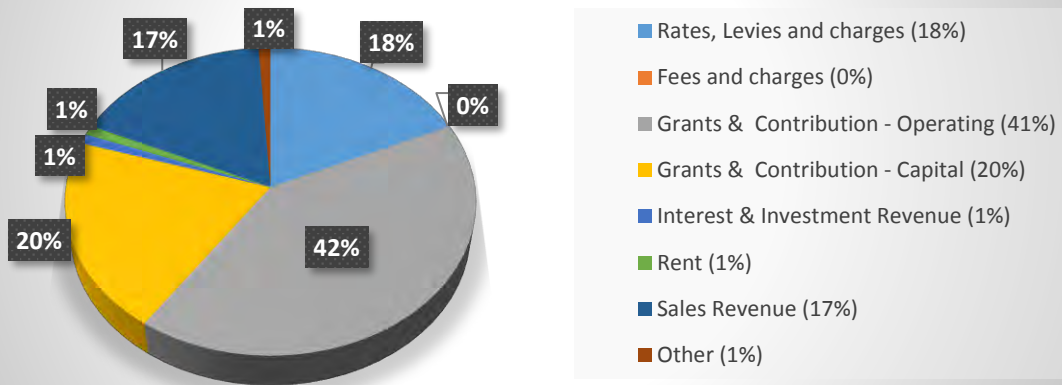
The budgeted "profit/loss" for 2016/17 was \$2,657,079 - meaning Council came in much better than was budgeted. The main reasons relating to this difference between the actual result and the budgeted performance was due to outstanding payments from the Queensland Reconstruction Authority for the 2014 event.

The above result included Flood damage reinstatement works (payments totalling \$1,287,632 were received in 2016/2017) and advance payment of the Financial Assistance Grant (FAGs) of \$2,495,462.

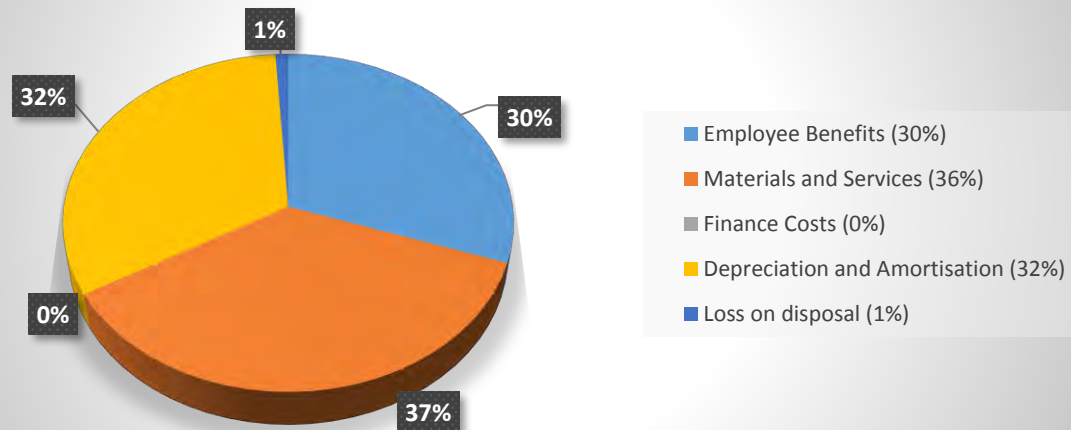
Overall Council and management believe the financial result for 2016-2017 to be satisfactory.

The following charts summarise where Council's revenue and expense came from:

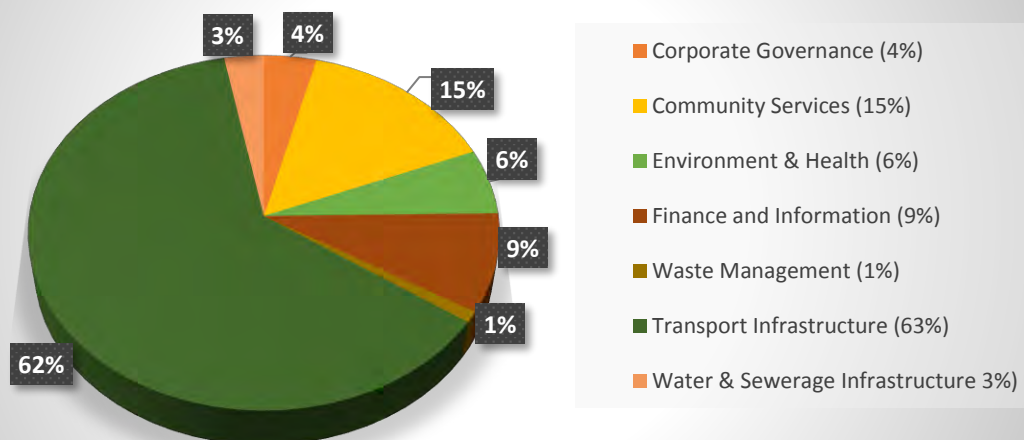
Council's Revenue Sources for 2016-2017



Council's Total Expenditure (by type) 2016-2017



Total Expenditure by Function / Activity



Councils Statement of Financial Position (Balance Sheet) for 2016-2017

Council's Net Wealth

The Balance Sheet "bottom line" discloses the Net Community Equity of Council, which represents its wealth as measured by a dollar value of its assets less liabilities.

Council's Wealth

\$ '000	Actual 2017	Actual 2016
The major items that make up Council's wealth include the following assets:		
Available Cash and Investments	16,304	11,101
Cash & Investments "restricted" for future funding purposes		1,416
Receivables	3,498	684
Other current assets	441	444
Infrastructure, Property, Plant & Equipment		
- Land and Improvements	2,933	3,336
- Buildings	24,492	22,775
- Plant and Equipment	4,467	4,211
- Road, Drainage and Bridge Network	138,316	136,473
- Water	3,664	3,662
- Sewerage	2,880	2,883
- Other Infrastructure Assets	3,177	1,779
- Furniture and Fittings	372	406
- Liabilities	-1,743	-1,664
Net Community Equity	198,865	187,574

Council's Capital Expenditure for 2016-2017

Council's Capital Expenditure by Asset Class was as follows:

Furniture & Fittings	\$0
Buildings	\$2,928,000
Plant	\$1,122,000
Roads	\$2,939,000
Sewers	\$4,000

Water	\$46,000
Land	-\$4,000
Other Assets	\$339,000

Council's Major Projects for 2016-2017 included the following:

Bulloo Park	\$1,668,000
Sealing of Kyabra Road	\$1,731,000

These expenditures were funded by:

Grants and Contributions	\$5,106,000
General Revenue	\$2,270,000

Council's Key Financial Figures – A Snapshot

A summary of some key financial figures over the past five (5) years lets you see some overall trends.

Financial Performance Figures (\$'000)	2017	2016	2015	2014	2013
Inflows:					
Rates, Levies & Charges	4,624	4,548	3,981	3,350	2,789
Fees & Charges	48	38	101	38	33
Rental Income	301	353	394	363	208
Interest Received	265	309	387	377	795
Sales Revenue	4,344	2,170	3,561	10,185	29,958
Grants, Subsidies, Contributions & Donations					
- Operating & Capital	15,290	18,224	19,935	18,860	8,740
Total Income from Continuing Operations	24,872	25,677	28,470	33,231	42,552
Sale Proceeds from PP&E	449	371	185	185	58
New Loan Borrowings & Advances	0	0	0	0	0
Outflows:					
Employee Benefits	5,324	5,444	5,096	5,299	5,179
Materials & Services	6,259	11,803	11,464	27,317	35,316
Finance Costs	6	5	6	6	3
Depreciation	5,670	4,850	2,742	2,533	1,914
Total Expenses from Continuing Operations	17,259	22,102	35,155	42,412	20,780
Total Cash purchases of PP&E	7,375	10,179	6,472	4,859	4,921
Total Loan Repayments (including finance leases)	0	0	0	0	0

Operating Surplus / (Deficit) (excluding Capital Income and Expenditure)	2,666	-245	6,316	-3,813	-828
Current Assets	20,243	13,645	16,138	11,440	14,990
Current Liabilities	1,743	1,664	2,666	3,459	3,038
Net Current Assets	18,500	11,981	13,472	7,981	11,952
Cash and Cash Equivalents	16,304	12,517	14,963	9,738	11,107
Total Borrowings Outstanding (Loans, advances and finance leases excluding any overdraft)	0	0	0	0	0
Total Value of PP&E (excluding land and improvements)	233,715	227,637	217,295	204,272	174,123
Total Accumulated Depreciation	57,469	56,394	60,400	52,333	50,217
Indicative Remaining Useful Life (as a % of GBV)	75%	72%	74%	71%	70%
Source: Published audited financial statements of Council (current year and prior year annual financial statements).					

FINANCIAL SUSTAINABILITY MEASURES

The Financial Sustainability of Councils is now a cornerstone of the Local Government Act and a core responsibility of individual Councils across Queensland. Financial Sustainability is defined as when a *"Local Government is able to maintain its financial capital and infrastructure capital over the long term"* [source: Local Government Act 2009 section 102(2)].

The Financial Sustainability indicators (in accordance with the Local Government Regulation 2012) that Council must publish are as follows:

Operating Surplus Ratio

This is calculated as the **Net Result divided by Total Operating Revenue**.

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

Asset Sustainability Ratio

This is calculated as the **Capital Expenditure on the Replacement of Assets (Renewals) divided by Depreciation Expense**.

This is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as they reach the end of their useful lives.

Depreciation expense represents an estimate of the extent to which the infrastructure assets have been consumed in a period.

Capital expenditure on renewals (replacing assets that the local government already has) is an indicator of the extent to which the infrastructure assets are being replaced.

This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out.

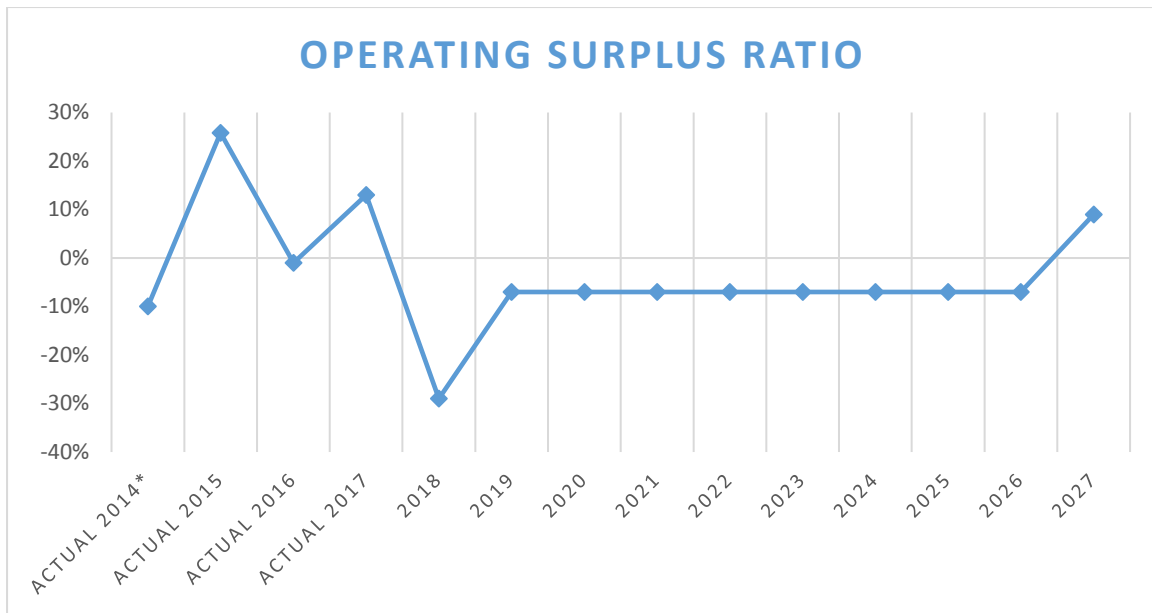
Net Financial Liabilities Ratio

Calculated as **Total Liabilities less Current Assets divided by Total Operating Revenue**, this is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues. Council has reported a negative ratio as we do not have any borrowings.

Financial Sustainability Indicators at year ended 30 June 2017

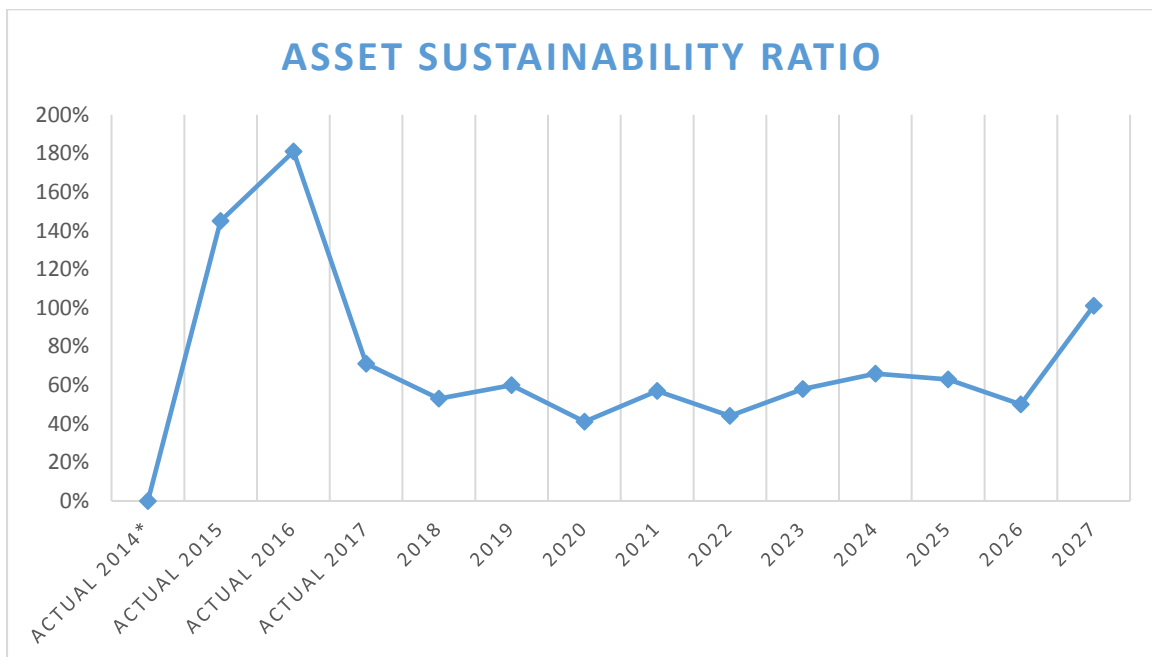
	Operating Surplus Ratio	Asset Sustainability Ratio	Net Financial Liabilities Ratio
Target	0-10%	>90%	<60%
Actual 2014*	-10%	0%	-24.5%
Actual 2015	25.8%	145%	-51%
Actual 2016	-1%	181%	-55%
Actual 2017	13%	71%	-93%
Long Term Financial Plan Projections			
Year 1, 2018	-29%	53%	-104%
Year 2, 2019	-7%	60%	-104%
Year 3, 2020	-7%	41%	-101%
Year 4, 2021	-7%	57%	-99%
Year 5, 2022	-7%	44%	-96%
Year 6, 2023	-7%	58%	-94%
Year 7, 2024	-7%	66%	-78%
Year 8, 2025	-7%	63%	-78%
Year 9, 2026	-7%	50%	-79%
Year 10, 2027	9%	101%	-93%

- Council aims to have a positive Operating surplus ratio every year but occasionally this is not possible due to the timing of receipts. In 2017/2018 Council is budgeting for a deficit. This is caused by the advance payment of FAGS. Had this been paid in the “correct” year, the budget would show a surplus.
- The asset sustainability ratio should, ideally, be more than 90% but given that we have spent in excess of this for the past two years a rate in excess of 70% is considered adequate.
- The liabilities ratio will continue to rise in the negatives until 2025 when Council plans to borrow for sewer treatment plant replacement works when the ratio will decline slightly although it should remain negative.
- *Ratios were not calculated until 2014/2015.



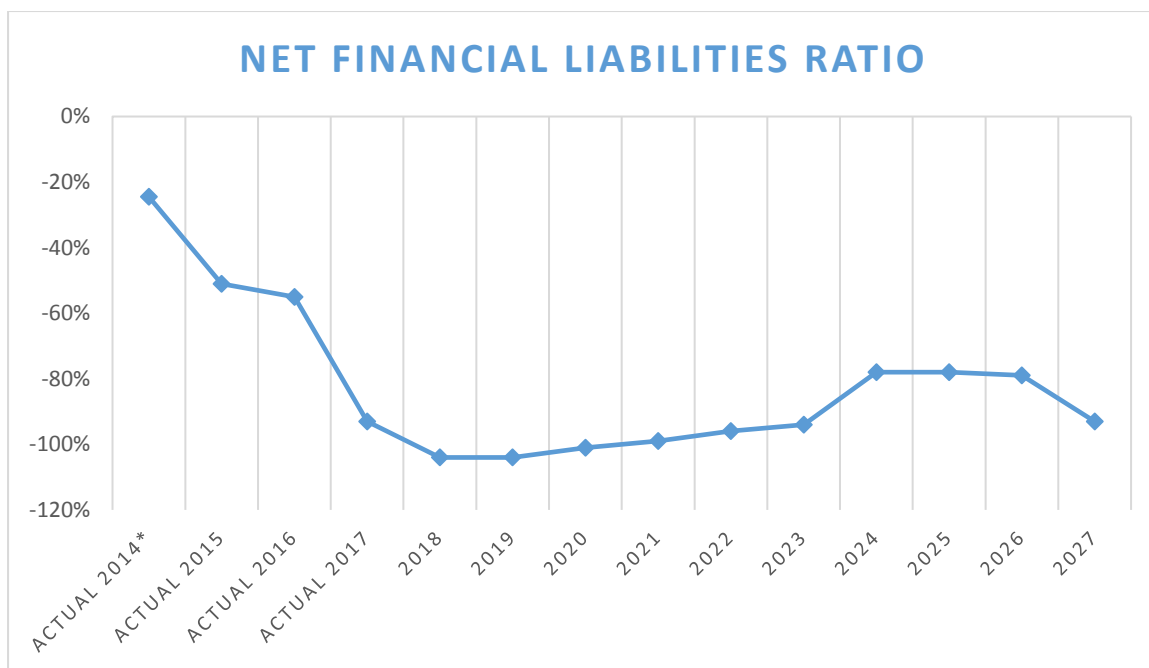
Operating Surplus Ratio

The large surplus in 2014-2015 was largely a result of an advance payment for flood damage while the related expenditure was recorded in 2015-2016.



Asset Sustainability Ratio

The capital expenditure in 2014-2015 and 2015-2016 was high due to works on Kyabra Road and the new depot. Going forward these will not be repeated to the same extent so the ratio will even out over time.



Net Financial Liabilities Ratio

In 2025-2026 Council is planning to borrow for sewerage treatment plant works but even then the liability ratio will remain very much in negative territory.

QUILPIE SHIRE COUNCIL

Financial statements

For the year ended 30 June 2017

Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the financial statements	6
1 Significant accounting policies	6
2 Analysis of results by function	8
3 Revenue	9
4 Grants, subsidies, contributions and donations	10
5 Employee benefits	10
6 Materials and services	11
7 Capital expenses	11
8 Cash and cash equivalents	11
9 Receivables	12
10 Asset values	13
11 Property, plant and equipment	15
12 Payables	19
13 Leases	19
14 Provisions	19
15 Asset revaluation surplus	20
16 Contingent liabilities	21
17 Superannuation	21
18 Reconciliation of net result for the year to net cash flow from operating activities	22
19 Events after the reporting period	22
20 Financial instruments and financial risk management	23
21 Transactions with related parties	25
Management Certificate	26
Independent Auditor's Report (General Purpose Financial Statements)	I
Current Year Financial Sustainability Statement	lii
Certificate of Accuracy - for the Current Year Financial Sustainability Statement	lii
Independent Auditor's Report (Current Year Financial Sustainability Statement)	lv
Long Term Financial Sustainability Statement	v
Certificate of Accuracy - for the Long Term Financial Sustainability Statement	v

QUILPIE SHIRE COUNCIL
Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Income			
Recurrent revenue			
Rates, levies and charges	3(a)	4,624,422	4,547,553
Fees and charges		47,757	37,715
Rental income		300,516	353,314
Interest received	3(b)	265,432	308,969
Sales revenue		4,343,741	2,169,841
Other income	4(a)	159,074	34,974
Grants, subsidies, contributions and donations		10,184,015	14,404,307
Total recurrent revenue		<u>19,924,957</u>	<u>21,856,673</u>
Recurrent expenses			
Employee benefits	5	(5,324,074)	(5,443,522)
Materials and services	6	(6,258,816)	(11,803,020)
Finance costs		(6,048)	(5,164)
Depreciation	10	(5,669,703)	(4,849,636)
Total recurrent expenses		<u>(17,258,641)</u>	<u>(22,101,342)</u>
Net recurrent income		<u>2,666,316</u>	<u>(244,668)</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	5,105,798	3,819,956
Other capital income	15	47,867	
Total capital revenue		<u>5,153,665</u>	<u>3,819,956</u>
Capital expenses	7	(244,753)	(423,977)
Net capital income		<u>4,908,912</u>	<u>3,395,979</u>
Net result		<u>7,575,228</u>	<u>3,151,308</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	15	3,714,829	10,871,322
Total comprehensive income for the year		<u>11,290,057</u>	<u>14,022,630</u>

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

QUILPIE SHIRE COUNCIL
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	8	16,304,228	12,517,016
Receivables	9	3,498,220	684,251
Inventories		365,838	389,893
Prepayments		74,852	53,934
Total current assets		20,243,138	13,645,095
Non-current assets			
Receivables	9	63,750	67,500
Property, plant and equipment	10	180,300,757	175,526,144
Total non-current assets		180,364,507	175,593,644
Total assets		200,607,645	189,238,737
Current liabilities			
Payables	12	1,190,457	1,155,064
Provisions	14	507,716	394,156
Total current liabilities		1,698,173	1,549,220
Non-current liabilities			
Provisions	14	44,908	115,010
Total non-current liabilities		44,908	115,010
Total liabilities		1,743,081	1,664,230
Net community assets		198,864,565	187,574,507
Community equity			
Asset revaluation surplus	15	107,745,259	104,030,430
Retained surplus/(deficiency)		91,119,306	83,544,077
Total community equity		198,864,565	187,574,507

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

QUILPIE SHIRE COUNCIL
Statement of Changes in Equity
For the year ended 30 June 2017

		Asset revaluation surplus	Retained Surplus	Total
	Note	\$	\$	\$
Balance as at 1 July 2016		104,030,430	83,544,077	187,574,507
Net operating surplus		-	7,575,228	7,575,228
Other comprehensive income for the year		3,714,829	-	3,714,829
Increase in asset revaluation surplus	10,15	3,714,829	7,575,228	11,290,057
Total comprehensive income for the year				
Balance as at 30 June 2017		107,745,260	91,119,306	198,864,565
Balance as at 1 July 2015		93,159,107	80,392,769	173,551,877
Net operating surplus		-	3,151,308	3,151,308
Other comprehensive income for the year		10,871,322	-	10,871,322
Increase in asset revaluation surplus	10,15	10,871,322	3,151,308	14,022,630
Total comprehensive income for the year				
Balance as at 30 June 2016		104,030,430	83,544,077	187,574,507

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

QUILPIE SHIRE COUNCIL

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		6,341,242	6,799,922
Payments to suppliers and employees		(11,487,166)	(18,312,737)
		<u>(5,145,924)</u>	<u>(11,512,815)</u>
Interest received		265,432	308,969
Rental income		300,516	353,314
Non capital grants and contributions	4(a)	10,184,015	14,404,307
Net cash inflow from operating activities	18	<u>5,604,039</u>	<u>3,553,775</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(7,375,523)	(10,178,633)
Net movement in loans and advances		3,750	3,750
Proceeds from sale of property plant and equipment	7	449,149	370,907
Assets not previously recognised			(16,000)
Grants, subsidies, contributions and donations	4(b)	5,105,798	3,819,956
Net cash (outflow) from investing activities		<u>(1,816,826)</u>	<u>(6,000,020)</u>
Net increase (decrease) in cash and cash equivalent held		<u>3,787,211</u>	<u>(2,446,245)</u>
Cash and cash equivalents at the beginning of the financial year		<u>12,517,016</u>	<u>14,963,260</u>
Cash and cash equivalents at end of the financial year	8	<u>16,304,228</u>	<u>12,517,016</u>

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

For the year ended 30 June 2017

1 Significant accounting policies

1A Basis of preparation

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

They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

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

1B Constitution

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

1C New and revised Accounting Standards

This year Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with them. This information is presented in note 21.

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

Effective for annual reporting periods beginning on or after 1 January 2017

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 107

AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-cash generating specialised assets of Not for Profit Entities.

AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-profit Entities.

Effective for annual reporting periods beginning on or after 1 January 2018

AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15

Effective for annual reporting periods beginning on or after 1 January 2019

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not for Profit Entities.

Effective for annual reporting periods beginning on or after 1 January 2018

AASB 9 Financial Instruments - This replaces AASB 139 Financial Instruments Recognition and Measurement and could change the classification and disclosures of financial assets. It is not anticipated that the measurement criteria will have a material impact.

1D Estimates and judgements

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

Valuation and depreciation of property, plant and equipment (Note 11)

Provisions (Note 14)

1E Rounding and comparatives

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

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

1F Taxation

The income of local government and public authorities 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.

QUILPIE SHIRE COUNCIL

Notes to the financial statements

For the year ended 30 June 2017

2. Analysis of Results by Function

2(a) Components of council functions

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

Corporate governance

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes. This function includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

Administration & Finance

Finance and information provides professional finance and information services across all of council. This function includes internal audit, budget support, financial accounting, indirect taxation and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

Community services

The goal of community services is to ensure Quilpie Shire is a healthy, vibrant, contemporary and connected community. Community services provides well managed and maintained community facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

This function includes:

- Libraries
- Entertainment venues
- Public health services
- Sporting venues
- Planning and development

Environmental Health Services

This program ensures that the community's environment is protected and maintained to acceptable levels.

Engineering and Works

The objective of the engineering and works program is to ensure the community is serviced by a high quality, appropriate and effective road network. The function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network.

Waste management

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services.

Water infrastructure

The goal of this program is to support a healthy, safe community through sustainable water services. This function includes all activities relating to water reticulation, treatment and plumbing.

Sewerage infrastructure

This function protects and supports the health of our community by sustainably managing sewerage infrastructure.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

2 Analysis of results by function

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

Year ended 30 June 2017

Functions

Year ended 30 June 2017

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							
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$
Corporate governance	8,950	-	-	-	8,950	717,186	-	717,186	(708,236)	(708,236)	-
Administration & Finance	7,325,898	4,269,531	-	47,867	11,643,296	1,438,916	168,540	1,607,456	10,156,513	10,035,840	46,408,771
Community services	422,165	433,384	1,460,961	-	2,316,510	2,629,410	-	2,629,410	(1,773,861)	(312,900)	-
Environment & Health	158,636	81,235	-	-	239,871	1,001,563	-	1,001,563	(761,692)	(761,692)	-
Engineering & Works	2,268,366	4,322,543	3,644,837	-	10,235,746	10,882,919	76,213	10,959,132	(4,292,010)	(723,386)	147,829,198
Waste management	-	205,080	-	-	205,080	126,041	-	126,041	79,039	79,039	-
Water & Sewer	-	429,168	-	-	429,168	462,606	-	462,606	(33,438)	(33,438)	6,369,676
Total Council	10,184,015	9,740,942	5,105,798	47,867	25,078,620	17,258,640	244,753	17,503,393	2,666,316	7,575,229	200,607,644

Year ended 30 June 2016

Functions

Year ended 30 June 2019

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$		\$	\$	\$	\$	\$	
Corporate governance	33,000	7,920	-	-	40,920	723,643	-	723,643	(682,723)	(682,723)	-
Administration & Finance	4,815,936	4,399,228	-	-	9,215,164	1,956,476	418,768	2,375,244	7,258,688	6,839,920	40,230,428
Community services	697,603	284,875	1,006,311	-	1,988,789	2,359,143	-	2,359,143	(1,376,665)	(370,354)	-
Environment & Health	172,955	14,642	-	-	187,597	811,457	-	811,457	(623,860)	(623,860)	-
Engineering & Works	8,684,813	2,143,174	2,813,645	-	13,641,631	15,662,141	5,209	15,667,350	(4,834,154)	(2,025,719)	142,463,274
Waste management	-	200,090	-	-	200,090	136,430	-	136,430	63,660	63,660	-
Water & Sewer	-	402,438	-	-	402,438	452,054	-	452,054	(49,616)	(49,616)	6,545,037
Total Council	14,404,307	7,452,367	3,819,956	-	25,676,629	22,101,344	423,977	22,525,321	(244,668)	3,151,308	189,238,739

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
3 Revenue			
Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.			
(a) Rates, levies and charges			
Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.			
General rates		4,377,532	4,379,579
Water		253,294	249,276
Sewerage		193,427	188,561
Garbage charges		222,728	217,791
Wild dog levy		64,220	
Total rates and utility charge revenue		5,111,201	5,035,207
Less: Discounts		(470,122)	(470,688)
Less: Pensioner remissions		(16,657)	(16,966)
		<u>4,624,422</u>	<u>4,547,553</u>

(b) Sales revenue

The sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Contract works for MRD	4,277,055	2,083,894
Other private works	31,789	56,551
Sale of surplus stores stock	34,897	29,396
Total sales revenue	<u>4,343,741</u>	<u>2,169,841</u>

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
4 Grants, subsidies, contributions and donations			
Grants, subsidies, contributions and donations that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.			
Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.			
a) Recurrent			
General purpose grants		7,555,852	5,177,428
State government subsidies and grants		2,522,911	9,226,779
Commonwealth government subsidies and grants		105,253	-
Donations		-	100
		<u>10,184,015</u>	<u>14,404,307</u>
On June 29th Council received a payment of \$2,495,462 which is half of the estimated FAGS grant for 2017/2018.			
(b) Capital			
Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.			
State government subsidies and grants		3,120,426	2,100,904
Commonwealth		1,985,372	1,719,052
		<u>5,105,798</u>	<u>3,819,956</u>
5 Employee benefits			
Employee benefits		4,011,651	3,941,984
Employee wages and salaries		246,035	283,461
Councillors' remuneration		702,868	801,836
Annual, sick and long service leave entitlements		504,544	515,812
Superannuation	17	<u>5,465,098</u>	<u>5,543,093</u>
Other employee related expenses Less:		169,593	151,492
		<u>5,634,691</u>	<u>5,694,585</u>
Capitalised employee expenses		<u>(310,617)</u>	<u>(251,062)</u>
		<u>5,324,074</u>	<u>5,443,522</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees (FTE) at the reporting date:			
Elected members		5	5
Administration staff		17	17
Depot and outdoors staff		50	47
Total full time equivalent employees		<u>72</u>	<u>69</u>

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
6 Materials and services			
Advertising and marketing		1,532	3,596
Administration supplies and consumables		854,424	1,008,819
Audit services			
Audit of AFS by QAO		68,038	45,460
Internal audit by O'Regan & Partners		-	10,220
Other audit services		-	1,519
Communications and IT		149,743	205,497
Consultants/contractors		2,970	951
Community & Recreational Services		1,269,364	1,245,898
Rental Operating Expenses		179,327	184,753
Recoverable Works		1,555,904	1,171,211
Road repair & reinstatement		1,392,291	7,160,317
Town Plan		31,234	34,037
Rural Services		459,224	383,181
Water Supply		116,862	112,440
Sewerage Treatment		46,336	62,578
Waste Management		131,568	172,543
		<u>6,258,816</u>	<u>11,803,020</u>

Comparatives for 2016 have been recalculated so that distribution of recoveries is consistent with 2016/2017

7 Capital expenses

Loss on disposal of non-current assets

Proceeds from the sale of property, plant and equipment		449,149	370,907
Less: Carrying value of property, plant and equipment disposed	10	(693,902)	(794,884)
Total capital expenses		<u>(244,753)</u>	<u>(423,977)</u>

8 Cash and cash equivalents

Cash and cash equivalents include 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 cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash at bank and on hand	<u>1,169,624</u>	1,856,801
Deposits at call and term deposits	<u>15,134,603</u>	10,660,216
Balance per Statement of Cash Flows	<u>16,304,228</u>	<u>12,517,016</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.

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

Unspent government grants and subsidies		
Advance payment for Bulloo Park	-	516,000
Advance on 2016 flood damage	-	899,711
Total unspent restricted cash	<u>-</u>	<u>1,415,711</u>

Cash and deposits at call are held in the National Australia Bank in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-. There is also one term deposit with Rural Bank which has a rating of A2. The balance of funds are deposited with Queensland Treasury Corporation in their cash management account at call.

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). The Council performs only a custodial 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.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
9 Receivables			
Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.			
Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.			
Because Council is empowered under the provisions of the <i>Local Government Act 2009</i> to sell an owner's property to recover outstanding rate debts, Council does not impair rate receivables other than in relation to mining claims.			
Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.			
Current		125,473	92,168
Rateable revenue and utility charges		3,366,932	582,708
Debtors		(812)	(812)
Less impairment		3,750	-
Loans and advances to community organisations		2,877	10,188
Accrued revenue		3,498,220	684,251
Non-current		63,750	67,500
Loans and advances to community organisations		63,750	67,500

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable other than Main Roads \$2.46million.

Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

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

Opening balance at 1 July	812	1,842
Impairment Debts written off during the year	-	(1,030)
Additional impairments recognised	-	-
Closing Balance at 30 June	812	812

QUILPIE SHIRE COUNCIL
Notes to the financial statements For the year
ended 30 June 2017

10 Asset Values 30 June 2017 Note

Basis of measurement

Asset values

Opening gross value as at 1 July 2016

Additions

Disposals

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Previous loss on reval reversed

Transfers between classes

Closing gross value as at 30 June 2017

Accumulated depreciation and impairment

Opening balance as at 1 July 2016

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Previous loss on reval reversed

Transfers between classes

Accumulated depreciation as at 30 June 2017

Total written down value as at 30 June 2017

Range of estimated useful life in years

Work in Progress

Opening Balance 1 July 2016

Expenditure in year

Transferred to asset register

Closing Balance 30 June 2017

Total PPE

Additions comprise:

Renewals

Other additions

Total additions

	Furniture & Fittings	Buildings	Plant & Equipment	Road, drainage and bridge network	Sewerage	Water	Land	Other assets	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	624,017	33,675,569	8,613,763	171,605,218	4,083,817	6,169,634	3,053,934	2,865,269	230,691,221
	-	2,667,664	1,121,778	3,279,655	-	-	-	134,734	7,203,831
7	-	(800,049)	(778,455)	-	-	-	(35,960)	-	(1,614,464)
15		1,826,099		(1,548,043)	-	104,884	(363,952)	-	18,988
15					69,425				69,425
		(2,075,378)	(1)					2,075,379	-
	624,017	35,293,905	8,957,085	173,336,830	4,153,242	6,274,518	2,654,022	5,075,382	236,369,001
	218,369	11,300,199	4,403,106	35,472,327	1,213,048	2,527,371	-	1,259,437	56,393,857
	33,631	865,943	508,465	3,937,949	55,083	104,452	-	164,179	5,669,703
7	-	(499,541)	(419,026)	-	-	-	-	-	(918,567)
15		648,572	(1,994)	(4,389,153)		44,741	-		(3,697,834)
15			-		21,558				21,558
	1	(852,869)	(1)	-	-	-	-	852,869	-
	252,001	11,462,304	4,490,550	35,021,123	1,289,689	2,676,564	-	2,276,485	57,468,716
	372,016	23,831,601	4,466,535	138,315,707	2,863,553	3,597,954	2,654,022	2,798,897	178,900,286
	2-20	10-75	2-20	5-250	20-100	25-110	unlimited	2-50	
	-	400,336	-	340,256	12,281	19,724	282,545	173,638	1,228,780
	-	2,928,224	1,121,778	2,939,473	4,319	46,155	(3,688)	339,262	7,375,523
	-	(2,667,664)	(1,121,778)	(3,279,655)	-	-	-	(134,734)	(7,203,831)
	-	660,896	-	74	16,600	65,879	278,857	378,166	1,400,472
	372,016	24,492,497	4,466,535	138,315,781	2,880,153	3,663,833	2,932,879	3,177,063	180,300,757
		1,058,302	1,067,972	1,799,389				118,718	4,044,381
	-	1,869,922	53,806	1,140,084	4,319	46,155	(3,688)	220,544	3,331,142
	-	2,928,224	1,121,778	2,939,473	4,319	46,155	(3,688)	339,262	7,375,523

30 June 2016

Basis of measurement

Asset values

Opening gross value as at 1 July 2015

Additions

Disposals

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Asset not previously recognised

Assets with zero WDV written off

Transfers between classes

Closing gross value as at 30 June 2016

Accumulated depreciation and impairment

Opening balance as at 1 July 2015 Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Assets with zero WDV written off

Transfers between classes

Accumulated depreciation as at 30 June 2016

Total written down value as at 30 June 2016

Range of estimated useful life in years

Work in Progress

Opening Balance 1 July 2015

Expenditure in year Transferred to asset register Closing Balance 30 June 2016

Total PPE

Additions comprise:

Renewals Other

additions Total

additions

Note

	Furniture & Fittings	Buildings	Plant & Equipment	Road, drainage and bridge network	Sewerage	Water	Land	Other assets
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost
	\$	\$	\$	\$	\$	\$	\$	\$
	857,500	24,666,628	9,016,556	162,752,995	4,078,030	6,169,634	2,231,296	9,753,564
	259,414	6,139,500	1,007,450	2,312,849	5,787	-	-	203,223
	(323,375)	(205,991)	(546,037)	-	-	-	(186,698)	(70,966)
	-	149,194	-	3,481,798	-	-	1,010,581	-
	16,000	-	-	-	-	-	-	-
	(185,521)	-	(592,495)	-	-	-	-	(1,309,695)
	-	2,926,238	(271,712)	3,057,576	-	-	(1,245)	(5,710,857)
	624,018	33,675,569	8,613,763	171,605,218	4,083,817	6,169,634	3,053,934	2,865,269
	364,071	9,710,041	4,916,599	39,038,563	1,158,062	2,416,611	-	2,795,919
	74,638	868,273	698,225	2,857,494	54,986	110,760	-	185,260
	(34,818)	(113,829)	(389,536)	-	-	-	-	-
	-	15,339	-	(7,255,643)	-	-	-	1,010,554
	(185,521)	-	(592,495)	-	-	-	-	(1,309,695)
	-	820,375	(229,687)	831,913	-	-	-	(1,422,601)
	218,370	11,300,199	4,403,106	35,472,327	1,213,048	2,527,371	-	1,259,437
	405,647	22,375,371	4,210,657	136,132,891	2,870,769	3,642,263	3,053,934	1,605,832
	2-20	10-75	2-20	5-250	20-100	25-110	unlimited	2-50
	-	728,850	-	-	31,568	-	217,952	-
	259,414	5,810,986	1,007,450	2,653,105	(13,500)	19,724	64,593	376,861
	(259,414)	(6,139,500)	(1,007,450)	(2,312,849)	(5,787)	-	-	(203,223)
	-	400,336	-	340,256	12,281	19,724	282,545	173,638
	405,647	22,775,707	4,210,657	136,473,147	2,883,050	3,661,987	3,336,479	1,779,470
	\$	\$	\$	\$	\$	\$	\$	\$
	259,414	5,639,687	1,007,450	1,406,708	-	-	-	331,577
	-	171,299	-	1,246,397	(13,500)	19,724	64,593	45,284
	259,414	5,810,986	1,007,450	2,653,105	(13,500)	19,724	64,593	376,861

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

11 Property, plant and equipment

11 (a) Recognition

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

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure 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 the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government pursuant to the relevant legislation. This land is not recognised in these financial statements.

11(b) 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 note 12 table above) 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 incurred in the acquisition or construction of assets are also included in their cost.

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

11(c) Depreciation

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

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

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

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

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.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

11(d) Impairment

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

11(e) Valuation

(i) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Director of Corporate Services, Chief Finance Officer and Director of Engineering. They are reviewed annually 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 once every 3 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 internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, 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. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used in valuing each different asset class are disclosed below.

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 identified 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, such as prices for similar assets, for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

(ii) Valuation techniques used to derive fair values

Land (level 2)

Land fair values were determined by independent valuer, AssetVal effective 30 June 2017. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Buildings (level 2 and 3)

The fair value of buildings were also determined by independent valuer, AssetVal effective 30 June 2017. Where there is a market for Council building assets, they are categorised as non-specialised buildings and fair value is derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size (level 2). The most significant inputs into this valuation approach were price per square metre.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

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

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

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.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

Roads

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 managed in segments which vary in length depending upon changes in size or form. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs and services costs. For internal construction estimates, material and services prices were based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.

The last full valuation of road infrastructure was undertaken effective 30 June 2016. CRC at 30 June 2017 was determined by Council's consulting engineers Proterra using data collected during flood damage works over the past three years. A full valuation of sealed roads and associated infrastructure is planned again in 2018.

Accumulated depreciation

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

A condition assessment was undertaken and expressed as a value from 1 (new road) to 5 (no longer serviceable) and incorporated into the data collected by Proterra to provide an estimate of current health, the proportion of health remaining and the remaining useful lives of the assets.

Water and Sewerage

Current replacement cost

Water and sewerage infrastructure fair values were determined by independent valuers, AssetVal effective 30 June 2016 and updated by indexation. 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.

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

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

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

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

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

12 Payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

	2017 \$	2016 \$
Current		
Creditors and accruals	622,308	732,423
Annual leave	414,682	422,641
GST payable	153,467	-
	<u>1,190,457</u>	<u>1,155,064</u>

13 Leases

(a) Finance leases

Council does not have any finance leases as lessor or lessee.

(b) Operating Leases

	Value of lease receipts	
	Next year	Years 2-5
ENHM	undecided	
Houses leased to:		
Ergon	37,180	148,720
Dept Health	13,000	52,000
Total expected revenue	<u>50,180</u>	<u>200,720</u>

Quilpie Shire Council provides the building for the Eromanga Natural History Museum. At the reporting date an amount of rent has not been confirmed.

Council also makes available a house for Doctors employed by Queensland Health and two houses for Ergon. These houses are leased on commercial terms and standard REIQ contracts.

The above table assumes ongoing occupation and no increase in the present rent.

14 Provisions

Long Service Leave

The provision for long service leave represents 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 liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

Refuse dump restoration and quarry rehabilitation

No provision is made for the cost of restoring refuse dumps even where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.

Council has determined that the likely cost of restoration will be insignificant.

The process of restoration will involve covering the already compacted waste. The land will then return to its former use as part of the "town common". Toxic and hazardous waste was removed as it was identified and there is no known detriment to the environment.

	2017 \$	2016 \$
Current		
Long service leave	507,716	394,156
	<u>507,716</u>	<u>394,156</u>
Non-current		
Long service leave	44,908	115,010
	<u>44,908</u>	<u>115,010</u>

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Long service leave			
Balance at beginning of financial year		509,166	365,514
Long service leave entitlement arising		93,940	200,938
Long Service entitlement extinguished		2,502	-
Long Service entitlement paid		(52,984)	(57,286)
Balance at end of financial year		<u>552,624</u>	<u>509,166</u>

15 Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus. Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

Movements in the asset revaluation surplus were as follows:	104,030,430	93,159,108
Balance at beginning of financial year		
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and improvements	(363,952)	-
Buildings	1,177,500	133,882
Road, drainage and bridge network	2,841,138	10,737,441
Water	60,143	-
Sewer	-	-
Balance at end of financial year	<u>107,745,259</u>	<u>104,030,430</u>

Asset revaluation surplus analysis

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

Land and improvements	841,400	1,205,352
Buildings	9,013,299	7,835,799
Road, drainage and bridge network	96,782,270	93,941,132
Water	1,108,290	1,048,147
Sewerage	-	-
	<u>107,745,259</u>	<u>104,030,430</u>

In 2014/2015 Sewer assets were devalued by \$56,478 more than the balance of the asset revaluation reserve for that class. This was reported as a capital expense.

In 2016/2017 Sewer assets were revalued by \$47,647

Accordingly the revaluation is treated as a reversal of the 14/15 amount leaving a balance of \$8,831 to be offset against future revaluations.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

16 Contingent liabilities

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

Local Government Mutual

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

As at 30 June 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$120,000.

17 Superannuation

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

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

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

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

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

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

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which the scheme is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

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

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

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

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

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

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

	Note	2017 \$	2016 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5	504,544	515,812

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

18 Reconciliation of net result for the year to net cash flow from operating activities

	2017	2016
	\$	\$
Net result	7,575,228	3,151,308
Non-cash items:		
Depreciation and amortisation	5,669,703	4,849,636
Revaluation adjustments	(47,867)	-
	5,621,836	4,849,636
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	244,753	423,977
Capital grants and contributions	(5,105,798)	(3,819,956)
	(4,861,045)	(3,395,979)
Financing activities:		
	(3,750)	-
	(3,750)	-
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	(2,810,219)	20,348
(Increase)/decrease in inventory	24,055	9,512
(Increase)/decrease in other assets	(20,918)	
Increase/(decrease) in payables	35,393	(1,238,030)
Increase/(decrease) in liabilities	43,458	13,327
Increase/(decrease) in other provisions	-	143,652
	(2,728,231)	(1,051,191)
Net cash inflow from operating activities	5,604,039	3,553,775

19 Events after the reporting period

There were no material adjusting events after the balance date.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

20 Financial instruments and financial risk management
Financial assets and financial liabilities

Quilpie Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

Council's management 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 limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

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 from the Council's investments and receivables from customers.

Exposure 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 state/ 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 Quilpie Shire Council.

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

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	8	16,304,228	12,517,016
Receivables - rates	9	125,473	92,168
Receivables - other	9	3,372,747	595,461
Prepayments		74,852	53,934
Total financial assets		19,877,300	13,258,579

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Other financial assets

Other investments are held with financial institutions, which are rated Aa2 to A2 based on rating agency Moody's ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Trade and other receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

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

QUILPIE SHIRE COUNCIL

Notes to the financial statements

For the year ended 30 June 2017

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

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	2017 \$	2016 \$
Not past due	3,236,244	620,998
Past due 31-60 days	975	24,760
Past due 61-90 days	249,925	600
More than 90 days	11,076	39,812
Impaired	0	1,459
Total	3,498,220	687,629

Liquidity risk

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

Quilpie Shire Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year \$	1 to 5 years \$	Total contractual cash flows \$	Carrying amount \$
2017				
Trade and other payables	1,190,457	-	1,190,457	1,190,457
	1,190,457	0	1,190,457	1,190,457
2016				
Trade and other payables	1,155,064	-	1,155,064	1,155,064
	1,155,064	0	1,155,064	1,155,064

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

Market risk

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

Interest rate risk

Quilpie Shire Council is exposed to interest rate risk through investments and borrowings with QTC and other financial institutions.

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

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

Calculation shows that if interest rates were to rise or fall by 1% the impact on net result and equity would be +/- \$163,000 (2016: +/- \$125,000)

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2017

21 Transactions with related parties

(a) Transactions with key management personnel (KMP)

KMP include the Mayor, councillors, council's Chief Executive Officer and some executive management. The compensation paid to KMP for 2016/17 comprises

	2017
	\$
Short-term employee benefits	628,289
Post-employment benefits	60,025
Long-term benefits	51,089
Total	739,403

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2017 \$
Employee expenses for close family members of key management personnel	39(e)(iii)	110,933
Purchase of materials and services from entities controlled by key management personnel	39(e)(iv)	23,115
		134,048

(ii) Transactions with entities controlled by key management personnel were on an arm's length basis in accordance with the purchasing policy adopted by council. The total disclosed includes the following:

	Details of related party	\$
The Mayor, Cr McKenzie is chair of the Outback Gondwana Foundation which controls the Eromanga Natural History Museum (ENHM). Any time that Council dealings with ENHM arise, Cr McKenzie declares a conflict and leaves the meeting. He is not paid for his service nor does he participate in any profitsharing.	The Mayor's wife is employed by the ENHM to run the museum. She is paid a salary which is commensurate with that which would be paid to an un-related party.	no cost to Council
Deputy Mayor, Cr Hewson, owns a retail electrical store in Quilpie.	Council purchases various household goods at commercial prices in accordance with its purchasing policy.	11,709
Cr Paulsen is part owner of a supermarket in Quilpie.	Council purchases items from that store at commercial rates in accordance with its purchasing policy.	6,511
Total		18,220

(iii) All close family members of key management personnel were employed through an arm's length process with the relevant KMP recusing themselves. They are paid in accordance with the Award for the job they perform.

The council employs 75 staff (not FTE) of which only 2 are close family members of key management personnel.

(iv) The Quilpie Shire Council purchased the following services from entities that are controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of council operations:

Preparation of report and update of Council website	\$ 4,895
Total	\$ 4,895

(a) The above are consultancy services purchased from ACA Associates during 2016-17. During this time Manager, Engineering Services, Mr Casey De Pereira was the part owner of this business. All purchases were at arm's length, on normal terms and conditions and were in the normal course of council's operations. As at 30 June 2017 there were no amounts owed by council to the company.

(b) Payments totalling \$53,468.15 were made to Lickiss Consulting Engineers Pty Ltd for the services of Mr Tony Lickiss who acted in the Manager, Engineering Services position during the period 1 September 2016 to 16 December 2016.

(c) Outstanding balances

There are no outstanding balances

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

Council has neither made nor received any commitments with KMP or related parties.

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

- Payment of Rates
- Dog registration
- Borrowing books from a council library

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

QUILPIE SHIRE COUNCIL

Financial statements

For the year ended 30 June 2017

Management Certificate

For the year ended 30 June 2017

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

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

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

Date: 13, 10, 17



Chief Executive Officer
Dave Burges

Date: 13, 10, 17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Quilpie Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Quilpie Shire Council.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

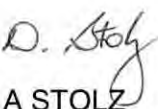
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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


D A STOLZ

as delegate of the Auditor-General



Queensland Audit Office
Brisbane

QUILPIE SHIRE COUNCIL**Current-year Financial Sustainability Statement****For the year ended 30 June 2017**

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2017 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	13%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	71%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-93%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

Certificate of Accuracy**For the year ended 30 June 2017**

This current-year financial sustainability statement has been prepared pursuant to Section 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

Name Stuart Mackenzie

Date: 13/10/17

Chief Executive Officer

Name DAVID BURGES

Date: 13/10/17

QUILPIE SHIRE COUNCIL
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2017

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2017	30 June 2018	30 June 2019	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
Council												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	13%	-29%	-7%	-7%	-7%	-7%	-7%	-7%	-7%	-7%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	71%	53%	60%	41%	57%	44%	58%	66%	63%	50
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-93%	-104%	-104%	-101%	-99%	-96%	-94%	-78%	-78%	-79%

Quilpie Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

Certificate of Accuracy	
For the long-term financial sustainability statement prepared as at 30 June 2017	
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the <i>Local Government Regulation 2012</i> (the regulation).	
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.	
<p>Mayor </p> <p>Name <u>Stuart Mackenzie</u></p> <p>Date: <u>13/10/17</u></p>	<p>Chief Executive Officer </p> <p>Name <u>DAVID BURGESS</u></p> <p>Date: <u>13/10/17</u></p>

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Quilpie Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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


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

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

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

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

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


D A STOLZ
as delegate of the Auditor-General



Queensland Audit Office
Brisbane