



ANNUAL REPORT

2015-2016



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

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2015-2016 highlights included completion of the new Council Works Depot (front cover) and the opening of road access to Hell Hole Gorge National Park (above).

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Adoption

In accordance with the Queensland Local Government Act 2009 and Local Government Regulation 2012, the 2015-2016 Annual Report was adopted at the Quilpie Shire Council Ordinary Meeting held on Tuesday 08 November 2016.

Questions about the Report?

If you would like any further information about the Quilpie Shire Council 2015-2016 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.

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Our Foundations



*We cherish our lifestyle and the uniqueness of our community.
We value inclusion and meaningful participation in the community and are committed to strengthening all we value to ensure our future is sustainable.*

Communication Objectives

Quilpie Shire Council is pleased to present its 2015-2016 Annual Report and has taken this opportunity to reflect on the year. Whilst the production of the Annual Report is a legislative requirement of the Local Government Regulation 2012, it is also the opportunity to highlight our performance and achievements as well as outline our strategic direction and plans for the future.

Copies of this Annual Report are available free of charge electronically on the Council's website at www.quilpie.qld.gov.au.

Mayor's Review

2015-16 has been an exciting year for the Quilpie Shire, a year of change. A new Council depot, new major tourist attractions opening, a local government election and the election of a new Council has seen a level of change rarely experienced in this rural shire. Rain has also started to fall across the shire and some areas are having their best season for four or five years. Some areas, however, are still experiencing a continuation of the very dry period that has impacted so heavily on our agricultural sector for so long. The resource sector, such an important industry for us, has also seen one of the toughest years in its history.

Against the backdrop of the drought of 2012-15 and the major decline in resource industry activity the Council has managed to implement one of the most ambitious capital works programs ever seen in the shire. This was done within budget and with minimal delays and provided critical economic activity in a period when this was difficult to cultivate. The councillors and staff of the 2012-16 Council should be congratulated for their foresight and fortitude in planning and completing this program.

The new 2016-20 Council is now going through the corporate planning process which will hopefully see similar progressive steps taken over the next four years.

The construction of the new Council depot and workshop was the highlight of the year. The whole process went extremely well, was on budget and the change over from the old depot went seamlessly. This is a project that will set the operations of council up for generations. It was built with that in mind, with no obvious future needs for future upgrades or expansion. It was done once and it was done right.

The other highlights were the opening of two new major tourist attractions, the Eromanga Natural History Museum and Hell Hole National Park. Both of these projects had been identified as critical tourism drivers for many years, Hell Hole in the late 1990's and the Natural History Museum in 2004. Significant projects generally take many years to incubate.

Our road program continued successfully, with the 2014 flood damage program completed in early 2016 and another section of the Kyabra Road upgraded to a sealed standard. The sealing of the entire road, another long term project, is nearing completion. Other smaller projects like the sealing of the Adavale Black Road from Quilpie to the Lake Houdraman turn-off were also completed.

Despite the extensive capital works program, the Quilpie Shire is still in a very strong financial position, with forward financial planning forecasting that we should be able to maintain that position over the forecast period. Even so, we will continue to maintain our due diligence in all that we do and continue to look for efficiencies across our operations.

There are positive signs that the season is turning for our rural producers and that the cyclic downturn in the resource sector may have bottomed. Tourism should only be on an upward trajectory from here so all of these factors certainly point to an optimistic future for the Quilpie Shire.

I would like to congratulate and thank our council staff for delivering another progressive and productive year. They have prospered under the senior staff, a strong leadership group. I would also like to congratulate and thank all our community who have stood firm over the last few challenging years and sincerely hope that brighter times are ahead of us.

Kind Regards,

Cr Stuart Mackenzie
Mayor

Chief Executive Officer's Report

The main highlight of 2015-2016 was undoubtedly the opening of Council's new Works Depot. On the 'drawing board' for many years, planning commenced in earnest in 2014-15 with the modern facility officially opening in May this year. The successful implementation of this project must be attributed to the strong team effort across the entire organisation. Led by the elected members' commitment to achieve a quality project, thanks also go to the large number of employees that contributed to the development, from detailed planning to the construction and fit out phases, to the massive task of the physical relocation from, and clean-up of the old site.

A key achievement of our operations was the completion of the 2014 flood damage works. With an expenditure of almost \$9M in 2015-16, the total value of the works following the 2014 flood event was \$17M. Project managed by Proterra, local contractors were awarded significant works under this Natural Disaster Relief & Recovery (NDRRA) program and the local economy, suffering from the prolonged drought conditions, benefitted significantly.

The sealing of Kyabra Road continued and there is now only 8km of road remaining unsealed. Council aims to complete this project in 2016-17 and 2017-18. This will be a very significant milestone for our rural road network.

Originally deemed ineligible by the Federal Government, significant lobbying by Council finally saw Quilpie Shire awarded \$1.5M under the Drought Communities Programme. As a result of the longer term planning initiated by Council the previous year, this funding allowed the commencement of the Bulloo Park Redevelopment to become a reality far sooner than anyone thought would be possible. The new facility will be open in 2016-17.

As tourism and economic development priorities increase, the opening of the Eromanga Natural History Museum and the Hell Hole National Park were other significant achievements during the year, with momentum in the interest and visitation of these two unique attractions steadily building.

The local government elections held in March saw the departure of three councillors and we thank Milan Milosevic, Stewart Sargent and Tony Lilburne for their contributions over the past term of Council. Councillors Bob Hall, Bruce Paulsen and Roger Volz joined continuing Mayor Stuart Mackenzie and Deputy Mayor Jenny Hewson in April. Council staff worked to develop a comprehensive series of workshops and information sessions to ensure a smooth transition and I look forward to continuing to work with the new Council over the next four years.

As we continued implementation of our current Corporate Plan, the new Council has commenced a renewal period to identify and develop objectives for our 2017-2022 Plan. An assessment of our progress in implementing our Corporate and Operational Plans can be found later in this Annual Report. Council have achieved a number of significant outcomes this year and remains in a strong financial position.

A significant focus of 2015-2016 was on 'organisational development'. With contributions from all Council staff we were pleased to develop our cultural values and are embedding these within all we do, including our recruitment processes. It was particularly pleasing to note the outcomes of our annual staff survey, which indicated the vast majority of employees are happy working for the organisation and are supportive of the direction in which we are heading. Management has taken on board many issues raised and I look forward to this process maturing further in coming years.

Our training program for all employees is working well with all staff being afforded the opportunity to develop an annual training and development program to further their skills and knowledge. From plant operator tickets to diplomas and degrees, this program is now embedded in our organisational objectives and I thank both the former and recently elected Council for their support and increased financial commitment to the ongoing development of our staff.

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

Councillors



Cr Stuart Mackenzie
Mayor (July 2015-June 2016)



Cr Jenny Hewson
Deputy Mayor (July 2015-June 2016)



Cr Milan Milosevic
(July 2015 - April 2016)



Cr Stewart Sargent
(July 2015 - April 2016)



Cr Tony Lilburne
(July 2015 - April 2016)



Cr Bruce Paulsen
(April 2016 - June 2016)



Cr Bob Hall
(April 2016 - June 2016)



Cr Roger Volz
(April 2016 - June 2016)

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.

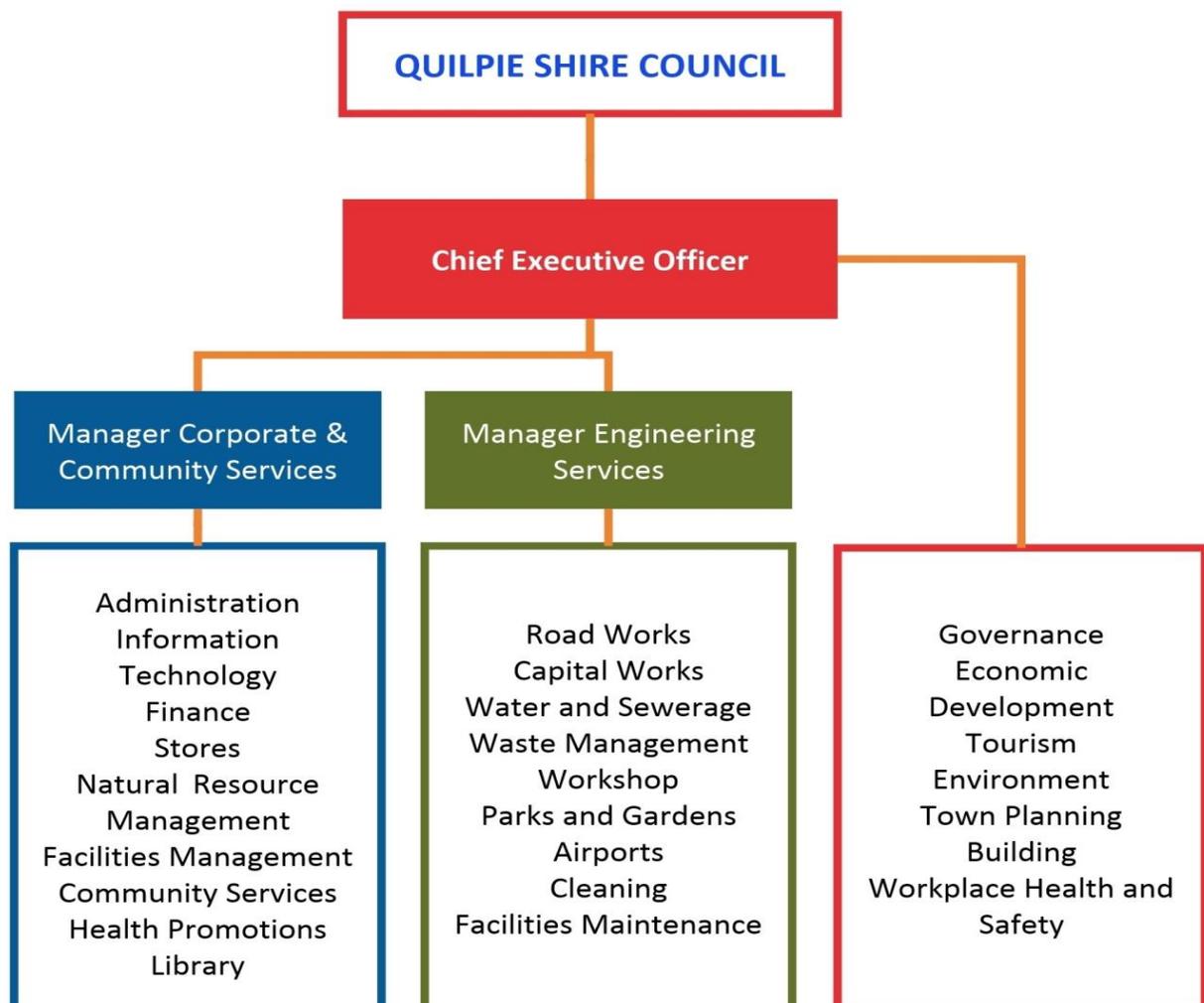
The dates and times of meetings other than special meetings are fixed in accordance with the Local Government Act and Regulations.

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
- 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.

Organisational Structure



Councillor Remuneration

Councillors attend various committee meetings or training workshops routinely throughout the year. The Council is governed by the *Local Government Act 2009*, *Local Government Regulation 2012* and by a Councillor Code of Conduct.

Councillor Remuneration and Superannuation

Councillor	Gross Payment	Travel Expenses	Superannuation	Total Remuneration (\$)
Cr Stuart Mackenzie	\$86,789.00	\$11,614.99 ¹	\$9,872.25	\$108,276.24
Cr Jenny Hewson	\$37,194.00		\$4,230.81	\$41,424.81
Cr Tony Lilburne (July 2015 to April 2016)	\$23,270.00		\$2,792.43	\$26,062.43
Cr Milan Milosevic (July 2015 to April 2016)	\$23,270.00		\$2,792.43	\$26,062.43
Cr Stewart Sargent (July 2015 to April 2016)	\$23,270.00	\$1,339.00	\$2,792.43	\$27,401.43
Cr Bob Hall (April 2016 to June 2016)	\$7,756.00		\$736.89	\$8,492.89
Cr Bruce Paulsen (April 2016 to June 2016)	\$7,756.00		\$736.89	\$8,492.89
Cr Roger Volz (April 2016 to June 2016)	\$7,756.00		\$736.89	\$8,492.89
			TOTAL	\$254,706.01

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.

¹ Includes reimbursement of airfares for work related purposes - \$1,134.99

Councillor Expenses Reimbursement Policy

In accordance with section 250(1) of the Local Government Regulation 2012, Council adopted the Councillor Expenses Reimbursement Policy (G.05) at the Ordinary Meeting of Council held on 10 June 2016.

Resolution No: (14-06-16)

Moved by: Cr Roger Volz

Seconded by: Cr Jenny Hewson

That Council adopt the following policies:

- C.01 Community Grant Policy*
- C.02 Art & Cultural Development Policy*
- C.03 Caravan & Camping Policy*
- C.05 Hire of Community Equipment Policy*
- CS.01 Housing Policy*
- E.01 Grid Policy*
- E.02 Register of Roads Policy*
- E.03 Private Use of Council Plant & Equipment Policy*
- E.04 Road Network Standard Policy*
- EP.01 Depasturage Policy*
- G.01 Asset Management Policy*
- G.01-A Asset Management Strategy*
- G.02 Project Decision Framework Policy*
- G.03 Administrative Action Complaints Policy*
- G.04 Councillor Code of Conduct Policy*
- G.05 Councillor Expenses Reimbursement Policy*
- G.06 Councillor Recognition of Service Policy*
- G.07 Standing Orders Policy*
- G.08 Acceptable Requests Guidelines Policy*
- G.09 Entertainment & Hospitality Policy*
- G.10 Advertising Spending Policy*
- G.11 Enterprise Risk Management Policy*
- G.12 Personal Information Privacy Policy*
- G.13 Website & Social Media Policy*
- G.14 Student Cadetship Policy*
- G.15 Community Engagement Policy*
- G.16 Councillor Confidentiality Policy*
- G.18 Public Interest Disclosure Policy*
- G.19 Drug & Alcohol Policy*

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COUNCILLOR EXPENSES REIMBURSEMENT POLICY

Date Adopted by Council | 10 June 2016

Council Resolution No. | 14-06-16

OBJECTIVE

The objective of this policy is to authorise the payment of reasonable expenses incurred, or to be incurred, by Councillors, and provision of facilities to assist Councillors in discharging their duties and responsibilities.

This policy will ensure that Councillors, including the Mayor, can receive reimbursement of reasonable expenses and be provided with necessary facilities in performance of their role.

SCOPE

This policy applies to the Mayor, Deputy Mayor and Councillors. This policy deals with reimbursement of expenses or provision of a facility to Councillors, but does not apply to the conduct of civic functions or the remuneration of Councillors.

It is the responsibility of Council to use its discretion and decide what is required by Councillors in carrying out their civic responsibilities taking into account the role of the Councillor, Council's annual budget and community expectations.

Council must be mindful of the Local Government principles and the legislative requirements of the Local Government Act 2009 (*the Act*) when determining legitimate types of expenses and facilities for Councillors.

STATEMENT

PRINCIPLES

This policy has been written to be compliant with the Local Government principles set out in *the Act* and the following five underpinning principles.

Reasonable Expenses Reimbursement to Councillors

Council has considered what is reasonable and fair, given the size and population of the Council and the responsibilities of Councillors. Councillors should not be financially disadvantaged when carrying out the requirements of the role of Councillor and should be fairly and reasonably compensated in this regard in accordance with community expectations. Councils should take into account considerations of economy and efficiency when developing their policies. Expenses are not designed to be used to supplement the remuneration levels determined by the Local Government Remuneration Tribunal and where practicable will only cover actual costs.

Public Accountability and Transparency

This policy and the process of approval ensure there is accountability and transparency in the reimbursement of expenses incurred, or to be incurred, by Councillors. The policy covers the specific expenses for which Councillors are entitled to receive reimbursement and is sufficiently clear in scope and easily understood by communities. Councillors can only receive the reimbursement for expenses included in the policy.

Public Perceptions and Community Expectations

Council has considered public perceptions and community expectations when developing this policy. It is believed that the detail and range of expenses paid and facilities provided to Councillors by Council has been clearly and specifically stated, fully transparent and acceptable to the local community. The Council is confident that it has considered the community's needs and expectations in determining this policy.

No Private Benefit to be Derived

Councillors incurring expenses should not gain personal funds as a result of their role servicing the community. All reimbursement of expenses or provision of facilities must be for legitimate business use only i.e. to enable Councillors to effectively and efficiently carry out their civic duties. Furthermore, facilities and resources provided to Councillors are for the sole use of Councillors in undertaking their duties and should be used responsibly and appropriately. Spouses, partners and family members of Councillors are not entitled to receive any reimbursement of expenses or provision of Council facilities.

Equity and Participation

Council's policy is non-discriminatory and provides an opportunity for full participation by all Councillors from a diverse range of backgrounds. The policy accounts for individual differences and is sufficiently inclusive to ensure participation of underrepresented groups. Council has considered issues such as access and equity and have taken account of any barriers to participation for Councillors. This includes consideration of the needs of Councillors with disabilities and caring responsibilities.

BACKGROUND

Part 1 Chapter 8 Division 2 of the Local Government Regulation 2012 requires Council to have an expense reimbursement policy. Such policy is to provide for the following:

- Payment of reasonable expenses incurred, or to be incurred, by Councillors, for discharging their duties and responsibilities as Councillors; and
- Provision of facilities to the Councillors for that purpose.

Section 250 of the Regulation requires Council to adopt such a policy, by resolution.

Section 251 of the Regulation requires Council to give public notice of the adoption of such a policy. The public notice must be published in a newspaper circulating generally in the local government area and on the local government website.

Section 252 provides that a meeting at which a proposed expense reimbursement policy is discussed cannot be closed to the public.

PAYMENT OF EXPENSES

Expenses will be paid to a Councillor through administrative processes approved by Council's Chief Executive Officer subject to:-

- The limits outlined in this policy;
- Council endorsement by resolution, where required;
- In the case of reimbursement of expenses production of receipts and tax invoices or evidence that such expenses have been paid is required prior to reimbursement; and
- Expense reimbursement must be claimed within two (2) months of such expense having been paid by the Councillor and claims for reimbursements outside of this period will not be accepted.

EXPENSE CATEGORIES

Expense Category	Details
<i>Council Business</i>	<p>Council will reimburse expenses incurred in undertaking Council business which includes:-</p> <ul style="list-style-type: none"> - attendance at Council meetings, committee meetings, Councillor Information Sessions and approved workshops, strategic briefings and deputations; - attendance at pre-arranged meetings with the Chief Executive Officer; - attendance at seminars and conferences where Councillors are required to either deliver a paper and/or attend as a delegate of Council as per resolution, - attendance outside the shire at public meetings and other community events such as presentation dinners and meetings with community groups where a formal invitation has been received inviting the Councillor in their official capacity to perform official duties or as an official Council representative as per resolution or with the prior approval of the Mayor; - attendance outside the shire at civic functions and ceremonies on behalf of the Mayor as delegated by the Mayor. <p>Section 12(4)(i) of the <i>Local Government Act 2009</i> states that the Mayor has the extra responsibility of representing the local government at ceremonial or civic functions.</p> <p>Section 12(5) of the <i>Local Government Act 2009</i> states that a Councillor who is not the Mayor may perform the Mayor's extra responsibilities only if the Mayor delegates the responsibility to the Councillor.</p>
<i>Conferences and Training</i>	<p>Council will reimburse expenses incurred for:-</p> <ul style="list-style-type: none"> - attendance at Regional, State or National Local Government associated conferences, subject to attendance approved by Council; - attendance at Regional meetings and workshops associated with a Councillor's responsibilities; - professional development and training as approved by Council.
<i>Travel Costs</i>	<p>Council will reimburse travel expenses deemed necessary to achieve the business of Council where:-</p> <ul style="list-style-type: none"> - a Councillor is an official representative of Council; and - the activity / event and travel have been endorsed by resolution of Council. <p>Council will reimburse travel costs for attendance at Council meetings and Council business where a Council vehicle is not available for use and the distance travelled is more than 5km.</p> <p>Councillors are required to travel the most direct route, using the most economical and efficient mode of transport.</p> <p>Any fines incurred while travelling in Council owned vehicles or privately owned vehicles when attending to Council business, will be the responsibility of the Councillor incurring the fine.</p> <p>All Councillor travel approved by Council resolution will be booked and paid for by Council.</p>

	<p>Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed.</p> <p>Councillor's private vehicle usage will be reimbursed at the Australian Taxation Office cents per kilometre rate if the:-</p> <ul style="list-style-type: none"> - travel has been endorsed by Council resolution or no Council vehicle is available; and - claim for mileage is substantiated with log book details; and - total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers. <p>Any travel/transfer expenses associated with Councillors travelling for Council approved business will be reimbursed. Example: Trains, taxis, buses and ferry fees, toll fees.</p> <p>Cab charge vouchers may also be used if approved by Council where Councillors are undertaking duties relating to the business of Council. Council will provide reimbursement for parking costs paid by Councillors while attending to official Council business.</p> <p>All Councillor travel approved by Council will be booked and paid for by Council. Economy class is to be used where possible although Council may approve business class in certain circumstances. Airline tickets are not transferable and can only be procured for the Councillor's travel on Council business. They cannot be used to offset other unapproved expenses (eg cost of partner or spouse accompanying the Councillor).</p>
<i>Accommodation</i>	<p>All Councillor accommodation for Council business will be booked and paid for by Council where possible. Council will pay for the most economical deal available where possible. Where possible the minimum standards for Councillor accommodation will be four star rating.</p> <p>Where particular accommodation is recommended by conference organisers, Council will take advantage of the package deal that is the most economical and convenient to the event.</p>
<i>Meals</i>	<p>Council will reimburse costs of meals for a Councillor when:-</p> <ul style="list-style-type: none"> - the Councillor incurs the cost personally; and - the meal was not provided within the registration costs of the approved activity/event; and - a copy of a tax invoice is provided. <p>Council reimbursement for meal expenses shall be interpreted as reasonable expenses incurred for the purchase of breakfast, lunch, dinner where these are not provided at the event. Any meal reimbursements shall not be more than \$40 per meal or more than \$100 per day. No alcohol will be reimbursed by Council.</p>
<i>Hospitality and Entertainment Expenses</i>	<p>The Mayor may have occasion to incur hospitality expenses while conducting official Council business. Hospitality expenses incurred will typically take the form of meals and beverages. The maximum amount of hospitality expenses that may be reimbursed is \$1000 / annum for the Mayor. The Mayor will be issued with a corporate credit card which may be used for this purpose or alternatively a copy of a tax invoice is required for reimbursement.</p>

PROVISION OF FACILITIES

Councillors will be provided facilities as detailed in the table below and have been based on the principle that no private benefit is to be gained from the facilities provided. All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

Council will be responsible for the ongoing maintenance and reasonable wear and tear costs of Council owned equipment that is supplied to Councillors for official business use. This includes the replacement of any facilities which fall under Council's asset replacement program.

<i>Administrative Tools</i>	<p>Council will provide access to the following office equipment in the Council office to enable Councillors to carry out their role effectively:</p> <ul style="list-style-type: none"> - Laptop or computer or Ipad - Printer - Fax - Stationery - Office space and meeting rooms - Photocopier - Publications - Landline telephones and internet access - Secretarial support
<i>Mobile Phone</i>	Council will provide a mobile telephone or alternative communication device to the Mayor with all costs payable by Council.
<i>Credit Card</i>	The Mayor will be provided with a corporate credit card for use in charging costs and expenses associated with the duties of Mayor.
<i>Corporate Uniform and Ancillaries</i>	<p>Council will provide Councillors with the following corporate equipment:-</p> <ul style="list-style-type: none"> - Name badge - Necessary safety equipment for use on official business e.g. safety helmet/boots - Business Cards
<i>Vehicles</i>	<p>Council may provide the Mayor with a suitable 4WD or SUV sedan vehicle for use during official Council business including travel to and from home to Council's place of business. Councillors may access a Council vehicle for use on official Council business.</p> <p>Private use of Council owned vehicles is permitted if prior approval has been granted by resolution of Council. Council will, in its resolution authorising private use, set out the terms for the Councillor to reimburse Council for such private use.</p> <p>The Mayor is authorised to use the Council owned vehicle for private use.</p>
<i>Fuel Costs</i>	All fuel used in a Council owned vehicle on official Council business will be provided or paid for by Council. Fuel used in private use of a Council vehicle, including the Mayor's vehicle, will be paid for by the Councillor.
<i>Insurance Cover</i>	Council will insure Councillors in the event of injury sustained while discharging their duties. Council will pay the excess for injury claims made by a Councillor resulting from conducting official Council business.

CLAIMS FOR REIMBURSEMENT

All claims for reimbursement of expenses will be made on the approved form and submitted with original receipts to the Chief Executive Officer for approval. Failure to comply with this policy, falsifying claims or logbooks or the misuse of facilities may breach the Councillors' Code of Conduct and/or represent an offence under the Criminal Code and may be referred to the Crime and Misconduct Commission.

DEFINITIONS

Chief Executive of the Department: The Director-General of the Department of Infrastructure, Local Government & Planning.

Council Business: Activities conducted on behalf of Council where a Councillor is required to undertake certain tasks to satisfy legislative requirements, perform ceremonial activities, or achieve business objectives of the Council. Council business should result in a benefit being achieved either for the local government and/or the local community. This includes:-

- Preparing for, attending and participating in Council meetings, committee meetings, workshops, deputations and inspections;
- Attending conferences of local government industry associations or professional bodies (ie LGAQ, UDIA, LGMA, etc);
- Attending civic ceremonies and community events such as representing Council at Anzac Day ceremonies or opening a school fete, where they have been formally invited in their capacity as Councillor to undertake the official duty;
- Attending public meetings, annual meetings or presentation dinners where invited as a Councillor;
- Attending meetings of community groups (Scout Associations, Progress Associations, etc) where invited to speak about Council Programs or initiatives.

Attending or participating in a community event, community group, private meetings or inspection with constituents, or being a representative on a board as a community member is not regarded as 'Official Council Business.'

Councillors: Includes the Mayor, Deputy Mayor and other Councillors, unless specifically identified.

Expenses: Expenses are payments reasonably incurred, or to be incurred, in connection with Councillors discharging their duties. The expenses may be either reimbursed to Councillors or paid direct by Council for something that is deemed a necessary cost or charge. Expenses are not included as remuneration.

Facility: Facilities provided to Councillors that are the "tools of trade" and required to enable them to perform their duties with relative ease and at a standard appropriate to fulfill the community expectation for their role.

Reasonable: Councils must make sound judgments and consider what is prudent, responsible and acceptable to the community when determining appropriate levels of facilities and expenditure.

RELATED POLICIES | LEGISLATION | OTHER DOCUMENTS

Local Government Regulation 2012

IX #	Details
91112	F.05 Procurement Policy
86421	F.05-A Procurement (Credit Card and Credit Device) Procedure
91123	F.05-B Procurement (Tenders and Quotes) Procedure

Councillor Meeting Attendance

	Ordinary Meeting	Special Meeting	Council Workshop	Other	Total
Cr SA Mackenzie	12	2	7	60	81
Cr JC Hewson	12	2	5	29	48
Cr SC Sargent	9	-	1	15	25
Cr AM Lilburne	9	-	1	5	15
Cr MS Milosevic	9	-	1	5	15
Cr Bruce Paulsen	3	2	6	4	15
Cr Bob Hall	3	2	6	8	19
Cr Roger Volz	3	2	6	7	18

Councillor Complaints, Orders and Recommendations

In accordance with section 186 of the Local Government Regulation 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;	One
Complaints referred to the department's chief executive under section 176C(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

Remuneration – Senior Management

During the 2015-2016 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 - \$299,000 per annum
- 2 senior management employees with a total remuneration package in the range of \$100,000 to \$199,999 per annum

Public Sector Ethics Act 1994

Section 23 of the Public Sector Ethics Act 1994 requires that each annual report of the entity includes an implementation statement giving details of the action taken during the reporting period to comply with the following sections—

- section 15 (Preparation of codes of conduct)
- section 21 (Education and training)
- section 22 (Procedures and practices of public sector entities).

- Section 15 – Preparation of codes of conduct

Council has developed a code of conduct for Councillors and a code of conduct for staff.

- Section 21 – Education and training

Council ensures all staff members are aware of and understand their rights and obligations under the Code of Conduct through its induction program.

- Section 22 – Procedures and practices of public sector entities

All of Council's procedures and practices demonstrate Council's commitment to the ethical principles and obligations of the Public Sector Ethics Act 1994.

Beneficial Enterprises

Council did not conduct any beneficial enterprises during the 2015-2016 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 2015-2016 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.

Overseas Travel

During the 2015-2016 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. 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	One
Number of administrative action complaints resolved by Council (Under complaints management process)	One
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

Invitations for Changes to Tenders

During the 2015-16 financial year there was one (1) instance where tenderers were invited to change their tenders, namely Tender T13 15-16 – Bulloo Park Redevelopment Project. In addition, at its Ordinary Meeting held on 10 June 2016, Council resolved not to accept any submission for Tender T14 15-16 – Eromanga Natural History Museum Stage 1B, with tenderers to be invited to change their tenders following a review of the project design. This invitation occurred during the 2016-17 financial year.

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 2015-16 financial year Council provided the following grants or in-kind support to organisations:

Grants	Value (\$)
Scholarship/Bursary Program	\$3,000.00
Community Grants Program (Cash contributions)	\$19,120.00
Community Grants Program (In kind contributions)	\$8,546.96
Business Support Program	\$5,352.90
Sponsorship	\$5,000.00
TOTAL	\$41,019.86

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:

During the 2015/2016 year Internal Audit work was undertaken and reported on for the following areas of Council activities:

A Review of Policies, Procedures and Controls with respect to the levying of Rates and Charges by Council was undertaken with recommendations for improvements in this area being made.

Policies and Procedures concerning Council's management of the Accounts Payable process, adequacy of credit management and compliance with Council Procurement Policy were reviewed with associated recommendations for improvement being made where appropriate.

Council's payroll procedures, controls and oversight in the payroll preparation process were examined as well as security aspects around personnel data. This function was considered to be of a high standard and no recommendations for improvement were made.

A review of personnel management procedures and compliance with relevant legislation encompassing induction and termination procedures, documented HR policies and procedures and general legal compliance was undertaken. The audit process did not indicate any areas of deficiency in this area.

Council's Community Services involving aged care accommodation and libraries were reviewed with respect to policies and procedures, asset management and maintenance of facilities. Recommendations for improvement were made in relation to some administrative procedures for aged care accommodation facilities.

In addition a detailed response to the Management Report issued by the External Auditor with respect to the 2014-2015 year was prepared addressing all issues raised in that report for Council consideration.

During the 2015-2016 year Audit Committee meetings were held by teleconference on 10 June 2016 to consider various interim audit reports and accounts and 24 June 2016 to consider the 2016-2017 budget. In addition, an onsite Audit Committee meeting was held on 16 September 2016 to consider Audit Reports and other matters.

Non-Current Physical Assets

Council made no resolution in accordance with section 206(2) of the Local Government Regulation 2012 in the 2015-16 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 1.0 of the financial statements.

Assessment of Performance in Corporate & 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 is nearing its completion and development of the 2017-2022 is underway. The Plan sets the overall direction of the organisation and acts as a primary guide in decision making.

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.

Operational Plan 2015-16

Implementation of the 2015/16 Operational Plan was generally on track. Some capital works projects were delayed, however the completion rate remained very high and satisfactory.

The following capital works projects will be carried forward to the 2016/17 budget:

- Rail museum (\$60K)
- Quilpie sewerage treatment plant repairs (\$100K)
- Raise sewer manholes (\$50K)
- Rest area Rick's Jump Up (\$40K)
- Approximately 50% of the numerous painting projects
- Approximately 50% of the JW Park lighting project
- Approximately 50% of Sommerfield Road widening (final works and bitumen seal)

Provision has also been made in the draft 2016/17 budget for the completion of the new depot carports. The carport kits have been supplied and paid for.

One small project of concern is the Adavale historical signage project. Little progress has been made on this due to the nature of the project and the complexities involved. Council needs to consider if this project should remain or the 2016/17 funds be utilised for another purpose or we run the risk of being in the same position this time next year.

Table 1 provides a summary of the 2015/16 program.

Activity	Capital works completion rate in terms of the budgeted value of the works
Tourism	37%
Administration (IT)	100%
Housing and Buildings	62%
Public Services	100%
Depots and Camps	100%
Roads	94%
Parks	50%
Fleet	100%
Water Supply	100%

Activity	Capital works completion rate in terms of the budgeted value of the works
Sewerage	6%
Community Development	74%
Shire Halls	100%
Swimming Pools	100%
Total	95%

Corporate Plan 2012-17

Quilpie Shire Council continued to make strong progress towards implementing its 5-year (2012-2017) Corporate Plan.

Corporate Plan Activity	Review Comments	Status
With funding assistance employ a sport and Rec coordinator to build capacity and cohesion	Funding withdrawn 2013 and position lapsed	
Provide funding for each community for community generated projects and initiatives	Provided each year (Adavale \$25K, Eromanga \$35K, Quilpie \$50K, Toompine \$15K)	
Develop a master plan for Bulloo Park and the Council depot land	Plan complete	
Implement Bulloo Park Master Plan	Stage 1 commenced	
Fund and implement a community grants program	Program funded and implemented annually	
Implement a rolling program of streetscape improvements, parks improvements, street tree plantings etc	Various activities completed including landscaping projects parks improvements, Quilpie Hall streetscape, Broilga Street median strip features	
Implement an incentive for ratepayers to plant trees through a free-tree initiative	Program funded and implemented annually	
Develop community master plans for Eromanga and Quilpie	Not commenced	
Manage the RADF program	Program funded and implemented annually	
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	
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	
Publish details of all community activities and events in the Community Bi-monthly newsletter	Published and advertised regularly – community newsletter now monthly	
Complete the Chipu Street residential subdivision	Subdivision completed and allotments for sale	

Corporate Plan Activity	Review Comments	Status
Implement a program for the construction of new houses	6 new houses constructed	
Buy out the Community Housing	Community housing buyout completed	
Plan, design and construct a rural residential subdivision	Land secured and subdivision designed. Construction deferred due to other land availability	
With funding assistance, employ a health promotions officer to build capacity and cohesion in the area of community health	HPO employed and programs implemented	
Parks and open spaces enhanced	Numerous enhancements undertaken including plantings to median in Broilga Street, cemetery landscaping, new depot highway frontage landscaping, street tree program	
Provide a funding contribution to the Outback Eromanga Natural History Museum project	Funding contributions made for stage 1a (\$150K) and stage 1b (\$100K)	
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.	
Fund a wild dog control officer in conjunction with other pest management initiatives	Funding provided and external funding sourced. Position retained	
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	
Implement identified waste management improvement strategies	Improvements made at Quilpie landfill (structured pit arrangement, tip and cover with drott. Other landfill sites managed to a basic level	
Prepare and adopt a water quality management plan	Plan completed	
Stock routes managed in accordance with legislation	Very little action required due to routes not being used	
ERA Facilities licensed	Water treatment plants, sewerage treatment plants and landfill licences maintained	
Continue sealing Quilpie Adavale Road in sections	Three sections sealed	
Widen Quilpie Windorah Road in sections	Road widened when funds provided by TMR. Major projects planned for 2016/2017	
Undertake drainage improvements to Napoleon Road	Various drainage improvements completed	
Improve flood immunity Napoleon Road	Gravel re-sheeting undertaken to several sections. Project briefs being prepared for future TIDS funding.	
Continue sealing Kyabra Road in sections	Major sections upgraded to sealed standard. Additional works planned in 2016/2017	
Plan for the upgrading of the Quilpie Airport circa 2020	New terminal currently scheduled for 2020/2021	

Corporate Plan Activity	Review Comments	Status
Implement a rolling plant replacement program	Replacement program budgeted for and delivered in all financial years	
Develop and implement an Infrastructure Charges Schedule	Schedule developed and adopted. Now redundant due to changes in planning legislation	
Adequately maintain Council community facilities, houses and buildings	Maintenance and improvements to community facilities funded and delivered annually	
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	
Undertake various road and drainage improvements to shire roads and local streets	Various improvements undertaken.	
Undertake gravel resheeting to Shire Roads	Gravel re-sheeting programs completed annually.	
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 and mains replaced in Eromanga and Quilpie.	
Asset management Plans reviewed annually	Asset management plans not as advanced as desired	
Whole of life costs considered in infrastructure provision decision making	Considered for major projects only	
% of capital works program completed	Capital works programs generally completed well	
% of capital invested in existing infrastructure renewal versus new infrastructure	Determined when setting the annual budget	
Priority Infrastructure Plan adopted	Plan adopted but now made redundant by new planning legislation	
Plan, design and construct a new industrial subdivision	Stage 1 constructed and allotments for sale	
Plan, design and construct a new light industrial / mixed use subdivision	Deferred until available land uptake increases	
Plan, design and construct a new Works Depot	Completed	
Obtain public access to Hell Hole Gorge national Park	Road constructed and opened	
Prepare and action an Economic Development Strategy	Strategy prepared and adopted. Review undertaken in May 2016	
Review and upgrade tourism attraction facilities to ensure they remain relevant and appealing	Annual reviews of facilities undertaken	
Investigate and implement as decided additional tourism attractions	Additional attractions implemented include Military History Museum, Rail Museum (in progress) Hell Hole Gorge, Eromanga Natural History Museum, Powerhouse Museum	

Corporate Plan Activity	Review Comments	Status
Investigate additional tourist routes that can be developed within the Shire and the Region	Hell Hole Gorge opened, Natural Sciences Loop revisited through SWRED and initiatives planned. Eromanga Natural History Museum open and operating	
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 an Outback Fringe Festival planned for 2016	
Partnerships established with government and private enterprise	Numerous partnerships established	
Elected member professional development program implemented	Program prepared and implemented. Elected member updates undertaken bi-annually (LGAQ). Various internal and external training courses undertaken	
Community development and scholarship program implemented	Program funded and implemented. Changed in 2015	
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, InfoXpert records management system etc.	
Ensure the organisation complies with relevant legislation	Legislative compliance system implemented, policies reviewed annually or biannually as required, delegations reviewed as legislation is amended	
Community Engagement policy adopted	Policy adopted and reviewed. Further comprehensive review with the aim of simplifying the policy scheduled for May 2016	
Community engagement strategies developed and implemented	Strategies developed and reviewed. Report taken to April 2016 council meeting.	
Regional forums and meetings attended	Numerous regional forums and meetings attended. Regular forums include SWRED, SWLGA, SWRRTG, SWRRTG TC, LGAQ annual conference.	
Long term financial plan adopted, reviewed and monitored	LTFP adopted and regularly reviewed	
Staff training plan developed	Plan developed and implemented. Rolling program and plan reviews implemented.	
Customer Service Charter implemented and reported on	Implemented. Reporting not being undertaken regularly.	
Monitor and act on the community survey results	Limited action required as most results were very satisfactory.	
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*.

2015/16 SNAPSHOT

Key highlights of the 2015/16 financial year include:

- Construction of the new Council Depot West of Quilpie at a total cost of \$6,368,537;
- Upgrade to Kyabra Road valued at \$1,589,716;
- Replacement of Plant costing \$875,177 after trade ins; and
- 2014 flood damage reinstatement completed.

ABOUT 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 2016.

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 2015/2016 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2016 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 Broilga 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 2015/16

Council's headline "profit/loss" result for the 2015-2016 year was a \$3,151,308 surplus. This included the following key financial performance highlights:

- Federal Government's Financial assistance grant totalling \$4,815,936;
- Funding for the 2014 flood damage totalling \$7,651,079;
- Advance payment for 2016 flood damage works of \$899,711;
- Roads to recovery funding of \$1,719,052; and
- Expenditure on 2014 flood restoration works of \$8,885,614.

Council's Result

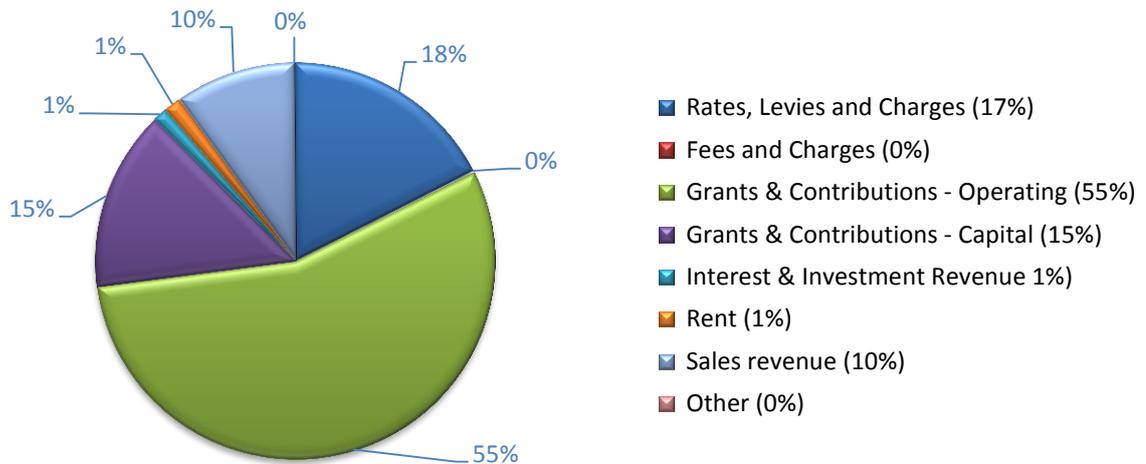
\$ '000	Actual 2016	Budget 2016	Actual 2015
Expenditure	22,525	22,253	19,721
Revenues (excluding income for capital purposes)	22,219	23,165	26,037
Net Result before Capital Grants & Contributions	- 306	912	6,316
Capital Grants & Contributions	3,820	3,759	2,433
Net Result	3,514	4,671	8,749

The budgeted "profit/loss" for 2015/16 was \$4,671,000 - meaning Council came in slightly worse than was budgeted. The main reasons relating to this difference between the actual result and the budgeted performance was due to an outstanding payment from the Queensland Reconstruction Authority for 2014 Flood damage reinstatement works (a payment for around \$360,000 was received in September 2016).

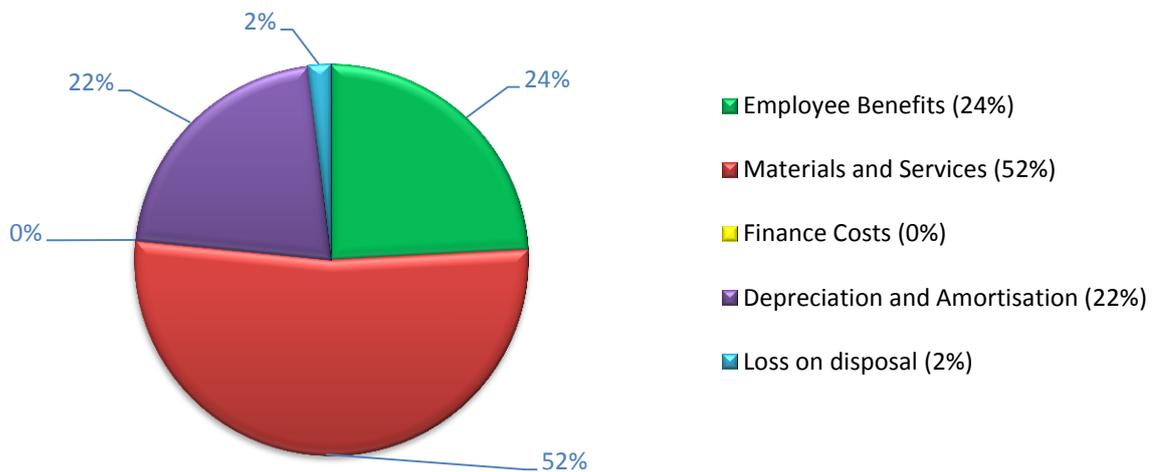
Overall Council and management believe the financial result for 2015-2016 to be satisfactory.

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

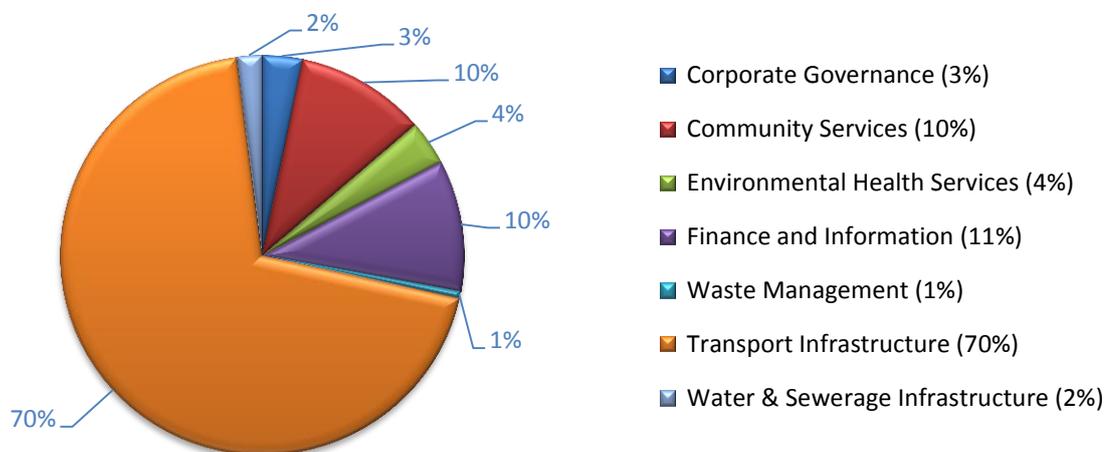
Council's Revenue Sources for 2015-2016



Council's Total Expenditure (by type) 2015-2016



Council's total expenditures (operating & capital) covered the following activities/functions:



Councils Statement of Financial Position (Balance Sheet) for 2015-2016

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 2016	Actual 2015
The major items that make up Council's wealth include the following assets:		
Available Cash & Investments	11,101	14,610
Cash & Investments "restricted" for future funding purposes	1,416	353
Debtors	1,114	776
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	1,229	978
- Land and Improvements	3,054	2,231
- Buildings	22,375	14,957
- Plant and Equipment	4,211	4,100
- Road, Drainage and Bridge Network	136,133	123,714
- Water	3,642	3,753
- Sewerage	2,871	2,920
- Other Infrastructure Assets	1,606	6,958
- Furniture & Fittings	406	493
Liabilities	- 1,664	- 2,759
Net Community Equity	187,937	173,552

Council's Capital Expenditure for 2015-2016

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

Furniture & Fittings	\$259,000
Buildings	\$5,811,000
Plant	\$1,007,000
Roads	\$2,653,000
Sewers	- \$14,000
Water	\$20,000
Land	\$65,000
Other Assets	\$377,000

Council's Major Projects for 2015-2016 included the following:

New Council Depot	\$6,369,000
Sealing of Kyabra Road	\$1,590,000

These expenditures were funded by:

Grants and Contributions	\$3,820,000
General Revenue	\$6,358,000

Council's Key Financial Figures - A Snapshot

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

Financial Performance Figures (\$'000)	2016	2015	2014	2013	2012	average
Inflows:						
Rates, Levies & Charges	4,548	3,981	3,350	2,789	2,610	3,456
Fees & Charges	38	101	38	33	30	48
Rental Income	353	394	363	208	220	308
Interest Received	309	387	377	795	632	500
Sales Revenue	2,170	3,561	10,185	29,958	6,859	10,547
Grants, Subsidies, Contributions & Donations - Operating & Capital	18,224	19,935	18,860	8,740	13,430	15,838
Total Income from Continuing Operations	25,677	28,470	33,231	42,552	23,795	30,745
Sale Proceeds from PP&E	371	185	185	58	91	178
New Loan Borrowings & Advances	0	0	0	0	0	0
Outflows:						
Employee Benefits	5,444	5,096	5,299	5,179	4,916	5,187
Materials & Services	11,803	11,464	27,317	35,316	13,953	19,971
Finance Costs	5	6	6	3	4	5
Total Expenses from Continuing Operations	22,101	19,308	35,155	42,412	20,780	27,951
Total Cash purchases of PP&E	10,179	6,472	6,472	4,921	3,780	6,365
Total Loan Repayments (including Finance Leases)	0	0	0	0	0	0
Operating Surplus/(Deficit) (excluding Capital Income and Expenditure)	(669)	6,316	(3,183)	(828)	1,210	569
Current Assets	13,649	16,138	11,440	14,990	16,636	14,571
Current Liabilities	1,549	2,666	3,459	3,038	1,644	2,471
Net Current Assets	12,100	13,472	7,981	11,952	14,992	12,099

Financial Performance Figures (\$'000)	2016	2015	2014	2013	2012	average
Cash & Cash Equivalents	12,517	14,963	9,738	11,107	15,999	12,865
Total Borrowings Outstanding (excluding any overdraft) (Loans, Advances & Finance Leases)	0	0	0	0	0	0
Total Value of PP&E (excluding Land & Improvements)	227,637	217,295	204,272	174,123	130,959	190,857
Total Accumulated Depreciation	56,394	60,400	52,333	50,217	39,505	51,770
Indicative Remaining Useful Life (as a % of GBV)	75%	72%	74%	71%	70%	73%

Source: Published audited financial statements of Council (current year & 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 these 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.

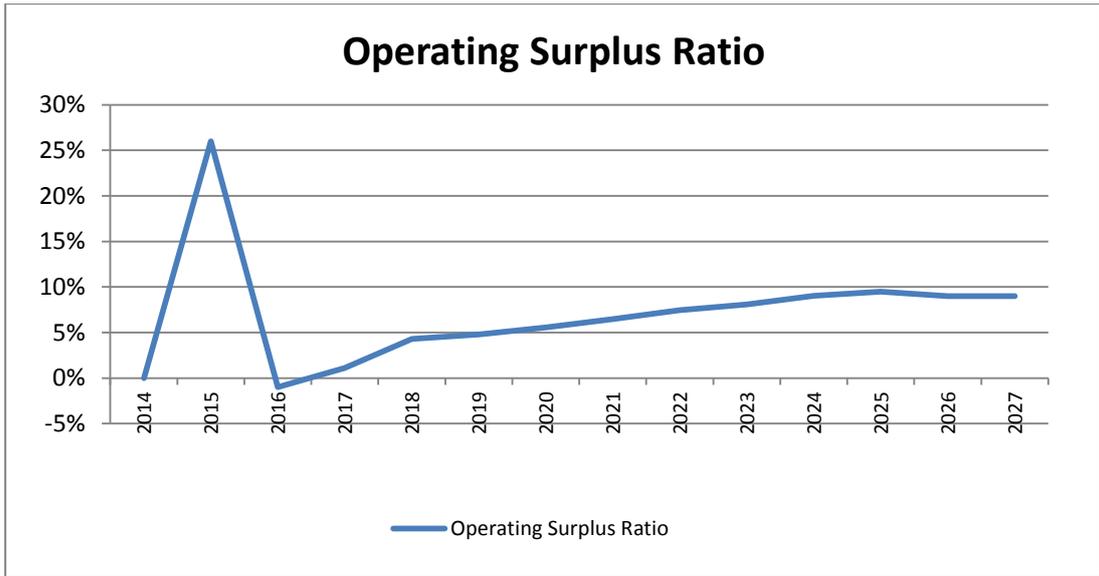
Net Financial Liabilities Ratio

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 2016

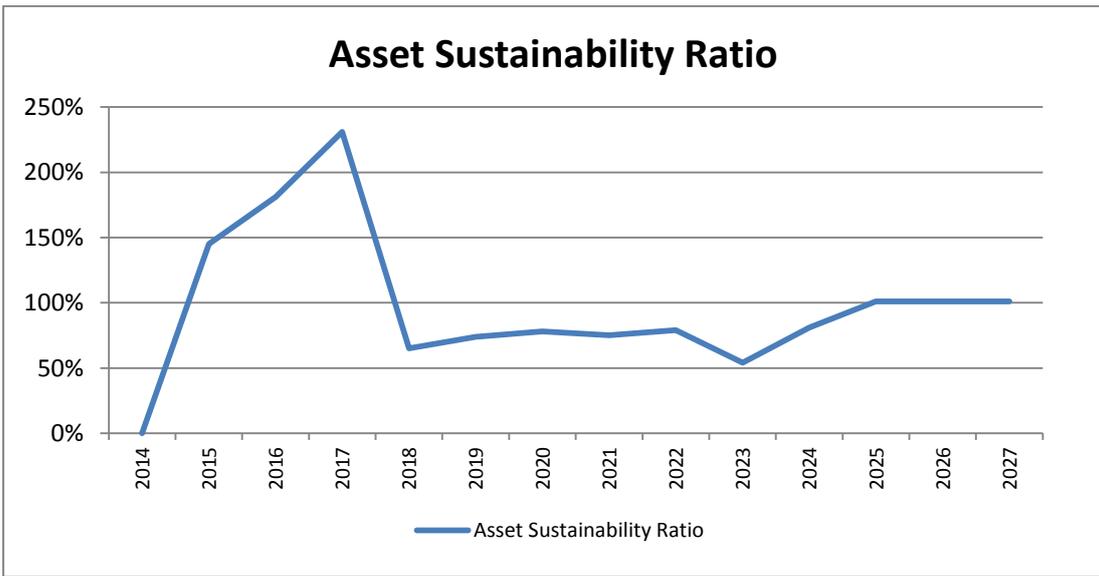
	Operating Surplus Ratio	Asset Sustainability Ratio	Net Financial Liabilities Ratio
Target	0 – 10%	> 90%	< 60%
Actual 2014*	0%	0%	0%
Actual 2015	26%	145%	-51%
Actual 2016	-1%	181%	-55%
Budget 2017	1%	231%	-28%
Long Term Financial Plan Projections			
Year 1, 2018	4%	65%	-40%
Year 2, 2019	5%	74%	-42%
Year 3, 2020	6%	78%	-52%
Year 4, 2021	6%	75%	-58%
Year 5, 2022	7%	79%	-72%
Year 6, 2023	8%	54%	-88%
Year 7, 2024	9%	81%	-107%
Year 8, 2025	9%	101%	-93%
Year 9, 2026	9%	101%	-93%
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 2015/2016 we reported a negative result but after allowing for the very substantial surplus in 2014/2015 this is considered acceptable.
- 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.
- *Ratios were not calculated until 2014/2015.



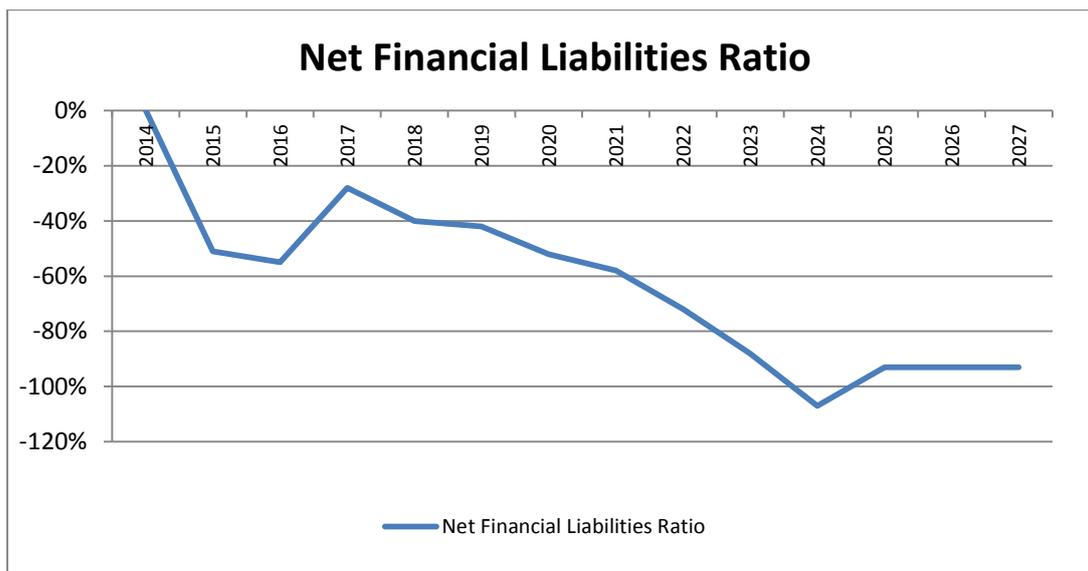
Operating Surplus Ratio

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.

Questions & Answers relating to Council's Financial Statements & Financial Position

Q. *The net result is about \$1 Million less than the budget amount. Why?*

A. Council anticipated payments for flood damage of well over \$1million but the authorities in Canberra decided that they would not pay for plant hire at our normal rates. We eventually received about \$360,000 in September 2016.

Q. *Nearly one quarter of the expenses is depreciation. What is this and why is it so much?*

A. Depreciation is the recognition of the consumption of assets (wear and tear). It is calculated on the cost of replacing those assets and that figure is constantly rising (inflation).

Q. *Why doesn't Council recognise the receipt for flood damage in the same year as it is expensed?*

A. Basic book-keeping in an accrual environment requires that, as much as is possible, revenues and expenditures should be matched. Councils however, are grouped as "not-for-profits" along with charities and the like. Currently Australian accounting standards, in particular AASB 1004, require that we recognise grants (which is what the receipt for flood damage is) when they are received regardless of when the money was spent. There is an amendment coming which will allow Council to better match revenue and expense in the future.

Q. *Given the current low interest environment why doesn't Council have any borrowings?*

A. Even in a low interest environment there is a cost to borrowings. Council does not need to borrow at this stage but the situation is constantly monitored.

QUILPIE SHIRE COUNCIL

Financial statements

For the year ended 30 June 2016

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QUILPIE SHIRE COUNCIL
Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	4,547,553	3,980,736
Fees and charges		37,715	100,791
Rental income		353,314	394,161
Interest received	3(b)	308,969	386,540
Sales revenue	3(c)	2,169,841	3,560,927
Other income		34,974	112,561
Grants, subsidies, contributions and donations	4(a)	14,404,307	17,501,483
Total revenue		<u>21,856,673</u>	<u>26,037,198</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(5,443,522)	(5,095,780)
Materials and services	7	(11,803,021)	(11,463,899)
Finance costs		(5,164)	(5,834)
Depreciation and amortisation	10	(4,849,636)	(2,742,382)
Total recurrent expenses		<u>(22,101,343)</u>	<u>(19,307,895)</u>
Net Recurrent Income	2(b)	<u>(244,668)</u>	<u>6,729,303</u>
Capital Income			
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	3,819,956	2,433,065
Capital expenses			
Loss on disposal of assets	5	(423,977)	(357,274)
Loss on revaluation	10	-	(56,478)
Net Capital Income		<u>3,395,979</u>	<u>2,019,313</u>
Net result		<u>3,151,308</u>	<u>8,748,616</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	14,21	10,871,322	29,971,614
Total other comprehensive income for the year		<u>10,871,322</u>	<u>29,971,614</u>
Total comprehensive income for the year		<u>14,022,630</u>	<u>38,720,230</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 2016

	Note	2016 \$	2015 \$ Restated
Current assets			
Cash and cash equivalents	8	12,517,016	14,963,260
Trade and other receivables	9	688,001	708,349
Inventories		389,893	399,405
Prepaid expenses		53,934	67,261
Total current assets		<u>13,648,845</u>	<u>16,138,275</u>
Non-current assets			
Trade and other receivables	9	63,750	67,500
Property, plant and equipment	10,21	175,526,144	160,104,707
Total non-current assets		<u>175,589,894</u>	<u>160,172,207</u>
Total assets		<u>189,238,737</u>	<u>176,310,482</u>
Current liabilities			
Trade and other payables	12	1,155,064	2,393,094
Provisions	13	394,156	273,740
Total current liabilities		<u>1,549,220</u>	<u>2,666,834</u>
Non-current liabilities			
Provisions	13	115,010	91,774
Total non-current liabilities		<u>115,010</u>	<u>91,774</u>
Total liabilities		<u>1,664,230</u>	<u>2,758,608</u>
Net community assets		<u>187,574,507</u>	<u>173,551,875</u>
Community equity			
Asset revaluation surplus	14,21	104,030,430	93,159,107
Retained surplus		83,544,077	80,392,769
Total community equity		<u>187,574,507</u>	<u>173,551,875</u>

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 2016

	Asset revaluation surplus 14,21 \$	Retained Surplus \$	Total \$
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			
Increase in asset revaluation surplus	10,871,322	-	10,871,322
Total comprehensive income for the year	10,871,322	3,151,308	14,022,630
Balance as at 30 June 2016	104,030,429	83,544,077	187,574,506
Balance as at 1 July 2014	63,187,493	71,644,153	134,831,646
Net operating surplus	-	8,748,616	8,748,616
Other comprehensive income for the year			
Increase in asset reval surplus (note 21)	29,971,614	-	29,971,614
Total comprehensive income for the year	29,971,614	8,748,616	38,720,230
Balance as at 30 June 2015	93,159,107	80,392,769	173,551,876

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 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		6,799,922	8,253,337
Payments to suppliers and employees		(18,312,737)	(17,386,126)
		(11,512,815)	(9,132,789)
Interest received		308,969	386,540
Rental income		353,314	394,161
Non capital grants and contributions		14,404,307	17,501,483
Net cash inflow from operating activities	18	3,553,775	9,149,395
Cash flows from investing activities			
Payments for property, plant and equipment		(10,178,633)	(6,471,826)
Net movement in loans and advances		3,750	(71,250)
Asset not previously recognised		(16,000)	-
Proceeds from sale of property plant and equipment		370,907	185,639
Grants, subsidies, contributions and donations		3,819,956	2,433,065
Net cash (outflow) from investing activities		(6,000,020)	(3,924,373)
Net increase (decrease) in cash		(2,446,245)	5,225,022
Cash and cash equivalents at the beginning of the financial year		14,963,260	9,738,238
Cash and cash equivalents at end of the financial year	8	12,517,016	14,963,260

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

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention, except for the following:

- financial assets and liabilities, certain classes of property, plant and equipment which are measured at fair value;

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

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.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- revaluations of property, plant and equipment.

All other revenue and expenses have been classified as "recurrent".

1.B Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the 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), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.C Constitution

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

1.D Date of authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

1.E Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Council also decided to early adopt the amendments to AASB 13 *Fair Value Measurement* as issued by AASB 2015-7 *Amendments to AAS - Fair Value Disclosures of Not for Profit Public Sector Entities*.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting standards - Extending Related Party Disclosures to Not for profit Public Sector Entities* are the only new accounting standard with a future application date that is expected to have a material impact on council's financial statements.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met. As a result, Council will be required to measure its financial assets at fair value. As Council has always measured financial assets at fair value, there would be no change had this requirement been adopted at 30 June 2016.

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

1.F Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - Note 1.L and Note 11
Provisions - Note 1.O and Note 13

1.G Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates and levies

Where material amounts of rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

Rental income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest

Interest received from term deposits is accrued over the term of the investment.

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The council generates revenues from a number of services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. 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.

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

1.H Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Quilpie Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 8)
Receivables - measured at amortised cost (Note 1.I)
Other financial assets - measured at cost (Note 1.J)

Financial liabilities

Payables - measured at amortised cost (Note 1.N)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 20.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

1.I Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

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.

1.J Other financial assets

Other financial assets are recognised at cost.

1.K Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2016 Council did not have any term deposits in excess of three months.

1.L Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of 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.

The classes of property, plant and equipment recognised by the Council are:

- Land
- Buildings
- Furniture and fittings
- Plant and Equipment
- Infrastructure
 - Road, drainage and bridge network
 - Water
 - Sewerage
- Other assets

Acquisition of assets

Acquisitions of assets are initially recorded at cost. 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.

Capital and operating expenditure

Direct labour and materials and an appropriate proportion of oncosts incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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.

Valuation

Land and improvements, buildings, and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Other assets, plant and work in progress are measured at cost.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

1.L Property, plant and equipment *continued*

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 are disclosed in Note 11.

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.

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour oncosts.

Depreciation

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 where appropriate, progressively over its estimated useful life to the Council. Management believes that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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.

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 10.

1.M Impairment of non-current assets

Each non-current physical and intangible asset and group of assets 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

1.N Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

1.O Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 12 as a payable.

As council does not have an unconditional right to defer this liability beyond 12 months all annual leave is classified as a current liability.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 16.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 13 as a provision.

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.

1.P 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.

1.Q Rounding and comparatives

The financial statements have been rounded to the nearest \$1.

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

1.R Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST').

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

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.

Finance and information

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 2016

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 2016

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							
	2016	2016	2016	2016		2016	2016				
\$	\$	\$	\$	\$	\$						
Corporate Governance	33,000	7,920	-	-	40,920	723,643	-	723,643	(682,723)	(682,723)	-
Finance and Information	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)	-
Environmental Health Services	172,955	14,642	-	-	187,597	811,457	-	811,457	(623,660)	(623,660)	-
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 & Sewerage	-	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	189,238,738

Year ended 30 June 2015

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							
	2015	2015	2015	2015		2015	2015				
\$	\$	\$	\$	\$	\$						
Corporate Governance	19,400	-	-	-	19,400	496,590	-	496,590	(477,190)	(477,190)	-
Administration & Finance	4,731,225	3,956,139	-	-	8,687,364	1,572,219	75,038	1,647,257	7,115,145	7,040,107	34,833,889
Community Services	605,331	287,718	272,424	-	1,165,473	3,178,990	-	3,178,990	(2,286,941)	(2,013,517)	-
Environment and Health Services	80,000	77,044	-	-	157,044	935,722	-	935,722	(778,678)	(778,678)	-
Engineering & Works	12,065,527	3,570,615	2,079,882	-	17,716,024	12,509,290	338,714	12,848,004	3,126,852	4,868,020	134,772,034
Waste Management	-	194,874	-	-	194,874	155,906	-	155,906	38,968	38,968	-
Water & Sewerage	-	449,325	80,759	-	530,084	459,178	-	459,178	(9,653)	70,906	6,704,559
Total Council	17,501,483	8,535,715	2,433,065	-	28,470,263	19,307,895	413,752	19,721,647	6,729,303	8,748,616	176,310,482

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QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
3 Revenue analysis			
(a) Rates, levies and charges			
General rates		4,379,579	3,755,051
Water		249,276	241,746
Sewerage		188,561	183,484
Garbage charges		217,791	210,763
Total rates and utility charge revenue		5,035,207	4,391,044
Less: Discounts		(470,688)	(393,460)
Less: Pensioner remissions		(16,966)	(16,848)
		<u>4,547,553</u>	<u>3,980,736</u>
(b) Interest received			
Interest received from investments		279,417	359,261
Interest from overdue rates and utility charges		29,552	27,279
		<u>308,969</u>	<u>386,540</u>
(c) Sales revenue			
Sale of services			
Contract and recoverable works		2,169,841	3,560,927
		<u>2,169,841</u>	<u>3,560,927</u>
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period.			
4 Grants, subsidies, contributions and donations			
(a) Recurrent			
General purpose grants		5,177,428	8,791,079
State government subsidies and grants		9,226,779	8,560,404
Contributions		100	150,000
		<u>14,404,307</u>	<u>17,501,483</u>
(b) Capital			
State government subsidies and grants		3,819,956	2,433,065
		<u>3,819,956</u>	<u>2,433,065</u>
5 Capital income/(expense)			
Gain / loss on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		370,907	184,936
Less: Book value of property, plant and equipment disposed		(794,884)	(542,210)
Total capital income		<u>(423,977)</u>	<u>(357,274)</u>
6 Employee benefits			
Total staff wages and salaries		3,941,984	3,921,385
Councillors' remuneration		283,461	245,172
Annual, sick and long service leave entitlements		801,836	640,074
Superannuation	16	515,812	507,404
		5,543,093	5,314,035
Other employee related expenses		151,492	247,099
		5,694,585	5,561,134
Less: Capitalised employee expenses		(251,062)	(465,355)
		<u>5,443,522</u>	<u>5,095,780</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total FTE employees at the reporting date:		2016	2015
Elected members		5	5
Administration staff		17	20
Depot and outdoors staff		47	46
Total full time equivalent employees		<u>69</u>	<u>71</u>

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
7 Materials and services			
Advertising and marketing		4,156	8,115
Administration services		365,982	244,637
Audit services			
Audit of annual financial statements by the QAO		45,460	43,150
Internal audit services provided by O'Regan & Partners		10,220	22,276
Other audit costs		1,519	-
Communications and IT		237,511	162,336
Consultants/contractors		1,099	58,017
Community Housing payout		-	211,302
Community & Recreational Services		1,439,996	1,487,059
Rentals - operating expenses		213,536	229,483
Recoverable Works		1,153,674	1,084,119
Road repair & reinstatement		7,445,943	7,023,261
Town planning		39,340	62,591
Rural Services		442,877	400,715
Water Supply		129,957	122,021
Sewerage Treatment		72,327	87,938
Waste Management		199,423	216,881
		<u>11,803,021</u>	<u>11,463,899</u>
8 Cash and cash equivalents			
Cash at bank and on hand		1,856,801	4,514,818
Term deposits & short term investments		10,660,216	10,448,442
Balance per Statement of Cash Flows		<u>12,517,016</u>	<u>14,963,260</u>
Cash and cash equivalents includes cash on hand, all cash and cheques received but not banked at the year end, Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:			
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	352,831
Cash and deposits are held in the Queensland Treasury Corporation, National Australia Bank (NAB) & Rural Bank in normal term deposits and business cheque accounts. The NAB currently has a short term credit rating of A1+ and long term rating of AA- while Rural Bank has a short term rating of A2 and long term rating of A-.			
9 Trade and other receivables			
Current			
Rateable revenue and utility charges		92,168	385,248
Other debtors		582,708	256,028
Less impairment		(812)	(1,842)
GST recoverable		-	-
Accrued Revenue		10,188	65,166
		<u>688,001</u>	<u>708,349</u>
Non-current			
Loans and advances to community organisations		63,750	67,500
		<u>63,750</u>	<u>67,500</u>
Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to			
Movement in accumulated impairment losses (other debtors) is as follows:			
Opening balance at 1 July		1,842	1,842
Impaired Debts written off during the year		(1,030)	-
Closing Balance at 30 June		<u>812</u>	<u>1,842</u>

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

10 Property, plant and equipment

30 June 2016

Note	Furniture & Fittings	Buildings	Plant and 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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement									
Asset values									
Opening gross value as at 1 July 2015	857,500	24,666,628	9,016,556	162,752,995	4,078,030	6,169,634	2,231,296	9,753,564	219,526,203
Additions	259,414	6,139,500	1,007,450	2,312,849	5,787	-	-	203,223	9,928,223
Disposals	(323,375)	(205,991)	(546,037)	-	-	-	(186,698)	(70,966)	(1,333,067)
Revaluation adjustment to asset revaluation surplus	-	149,194	-	3,481,798	-	-	1,010,581	-	4,641,573
Asset not previously recognised	16,000	-	-	-	-	-	-	-	16,000
Assets with zero WDV written off	(185,521)	-	(592,495)	-	-	-	-	(1,309,695)	(2,087,711)
Transfers between classes	-	2,926,238	(271,712)	3,057,576	-	-	(1,245)	(5,710,857)	-
Closing gross value as at 30 June 2016	624,018	33,675,569	8,613,763	171,605,218	4,083,817	6,169,634	3,053,934	2,865,269	230,691,220

Accumulated depreciation and impairment

Opening balance as at 1 July 2015	364,071	9,710,041	4,916,599	39,038,563	1,158,062	2,416,611	-	2,795,919	60,399,866
Depreciation provided in period	74,638	868,273	698,225	2,857,494	54,986	110,760	-	185,260	4,849,636
Depreciation on disposals	(34,818)	(113,829)	(389,536)	-	-	-	-	-	(538,183)
Revaluation adjustment to asset revaluation surplus	-	15,339	-	(7,255,643)	-	-	-	1,010,554	(6,229,750)
Assets with zero WDV written off	(185,521)	-	(592,495)	-	-	-	-	(1,309,695)	(2,087,711)
Transfers between classes	-	820,375	(229,687)	831,913	-	-	-	(1,422,601)	-
Accumulated depreciation as at 30 June 2016	218,370	11,300,199	4,403,108	35,472,327	1,213,048	2,527,371	-	1,259,437	56,393,857

Total written down value as at 30 June 2016

	405,647	22,375,371	4,210,657	136,132,891	2,870,769	3,642,263	3,053,934	1,605,832	174,297,364
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Range of estimated useful life in years

2-20	10-75	2-20	5-250	20-100	25-110	unlimited	2-50		
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Work in progress

Opening balance 1 July 2015	-	728,850	-	-	31,568	-	217,952	-	978,370
Expenditure in year	259,414	5,810,986	1,007,450	2,653,105	(13,500)	19,724	64,593	376,861	10,178,633
Transferred to Asset Register	(259,414)	(6,139,500)	(1,007,450)	(2,312,849)	(5,787)	-	-	(203,223)	(9,928,223)
Closing Balance 30th June 2016	-	400,336	-	340,256	12,281	19,724	282,545	173,638	1,228,780

Total PPE	405,647	22,775,707	4,210,657	136,473,147	2,883,050	3,661,987	3,336,479	1,779,470	175,526,144
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Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	259,414	5,639,687	1,007,450	1,406,708	-	-	-	331,577	8,644,836
Other additions	-	171,299	-	1,246,397	(13,500)	19,724	64,593	45,284	1,533,797
Total additions	259,414	5,810,986	1,007,450	2,653,105	(13,500)	19,724	64,593	376,861	10,178,633

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QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

30 June 2015

Note	Furniture & Fittings	Buildings	Plant and equipment	Road, drainage and bridge network	Sewerage	Water	Land	Other Assets	Total
	Cost	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	917,444	29,785,475	10,829,701	123,647,126	5,601,718	5,625,262	1,490,631	-	177,897,357
	72,095	914,616	1,076,133	2,648,522	-	908,392	71,596	1,240,447	6,931,800
	(3,445)	-	(1,287,083)	-	-	-	-	(6,166)	(1,296,694)
	-	(2,039,121)	-	40,168,242	(1,530,997)	(370,141)	669,069	-	36,897,052
	-	-	-	-	(56,478)	-	-	-	(56,478)
	(128,594)	(3,994,342)	(1,602,195)	(3,710,895)	63,787	6,121	-	8,519,283	(846,833)
	857,500	24,666,628	9,016,556	162,752,995	4,078,030	6,169,634	2,231,296	9,753,564	219,526,203
	226,859	10,915,767	6,375,426	31,031,985	1,464,325	2,318,284	-	-	52,332,646
	98,036	713,296	605,378	956,294	80,562	80,021	-	208,775	2,742,382
	(2,745)	-	(744,873)	-	-	-	-	(6,166)	(753,784)
	-	(712,928)	-	8,067,208	(390,164)	17,800	-	-	6,981,916
	41,921	(1,206,094)	(1,319,332)	(1,016,924)	3,319	506	-	2,593,310	(903,294)
	364,071	9,710,041	4,916,599	39,038,563	1,158,062	2,416,611	-	2,795,919	60,399,866
	493,429	14,956,587	4,099,957	123,714,432	2,919,968	3,753,023	2,231,296	6,957,645	159,126,337
	2-20	10-75	2-20	5-100	20-100	25-110	unlimited	2-50	
	-	167,155	-	2,811	-	914,072	354,307	-	1,438,345
	72,095	1,476,311	1,076,133	2,645,711	31,568	(5,680)	(64,759)	1,240,447	6,471,825
	(72,095)	(914,616)	(1,076,133)	(2,648,522)	-	(908,392)	(71,596)	(1,240,447)	(6,931,800)
	-	728,850	-	-	31,568	-	217,952	-	978,370
	493,429	15,685,437	4,099,957	123,714,432	2,951,536	3,753,023	2,449,248	6,957,645	160,104,707

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	147,943	899,106	2,636,755	-	-	-	293,924	3,977,728
Other additions	72,095	1,328,368	177,027	8,956	31,568	(5,680)	(64,759)	946,523	2,494,097
Total additions	72,095	1,476,311	1,076,133	2,645,711	31,568	(5,680)	(64,759)	1,240,447	6,471,825

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

11 Fair Value Measurements

(I) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

- Property, plant and equipment
 - Council Land
 - Buildings
 - Road, drainage and bridge network
 - Water Infrastructure
 - Sewerage Infrastructure

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

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

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2016.

At 30 June 2016	Note	Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		\$		\$		\$	
		2016	2015	2016	2015	2016	2015
Recurring fair value measurements							
Land	10	3,053,934	2,231,296	-	-	3,053,934	2,231,296
Buildings	10	-	-	22,375,371	14,956,587	22,375,371	14,956,587
Road, drainage and bridge netw	10	-	-	136,132,891	123,714,432	136,132,891	123,714,432
Water	10	-	-	3,642,263	3,753,023	3,642,263	3,753,023
Sewerage	10	-	-	2,870,769	2,919,968	2,870,769	2,919,968
		3,053,934	2,231,296	165,021,294	145,344,010	168,075,228	147,575,306

There were no transfers between levels during the year.

Industrial subdivision in Anzac Ave valued at \$1,009,336 was transferred from "OTHER" to "LAND". Airports assets such as runways were previously reported as part of "OTHER" but have now been included in "ROADS".

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

Council's land, buildings and infrastructure assets other than roads were valued at fair value with effect from 30 June 2015 by independent valuers Assetval.

Roads have been revalued as at June 30th 2016 by Council Engineering staff in consultation with Consulting Engineers, Proterra.

Council staff assessed the movement in relevant costs for 2015/2016 and determined that there had been an increase of approximately 1.5%. It was considered that this was immaterial and no revaluation of assets, other than roads and some houses was considered necessary.

Five houses that were not revalued in 2014/2015 were revalued by approximately 11% which was the rate by which similar houses were revalued in that year.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

11 Fair Value Measurements *continued*

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

Specific valuation techniques used to value Council assets comprise:

Valuation Processes - Land Assets (level 2)

Land fair values were determined by independent valuer, AssetVal, effective 30 June 2015. 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.

Valuation Processes – Building Assets (level 3)

Where there is an active and liquid market as evidenced by sales transactions of similar property types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Direct Comparison method involves the analysis of sales evidence and comparisons with the subject taking into account matters such as method of construction, size, condition and age.

Due to the predominantly specialised nature of Local Government Assets, all infrastructure valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost) to valuation, an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

Where there is no depth of market as determined for the Council assets, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of residual value, useful life, and asset condition) were also required (level 3).

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgments that have been made in the determination of fair values.

Infrastructure (level 3)

Calculation of Current Replacement Cost

Infrastructure assets were componentised where required with unit rates applied to the individual components in order to determine the replacement cost.

The unit rates applied are based on Greenfield project costs and include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, direct quotations from suppliers, unit rate databases, indices and Rawlinson's Construction Handbook.

Percentage of Assets Inspected

All accessible and identifiable surface water and sewer infrastructure were inspected. All sewer and water pipes and underground assets were not able to be visually inspected, as such these assets were valued purely off the data supplied to AssetVal by Council. In addition a sample of roads was visually inspected to verify the data provided by Council. This data was prepared by Proterra, the civil engineering firm engaged by QSC to manage flood damage works, and reviewed by Council engineering staff.

Accumulated Depreciation

An assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, build date, evidence of recent repairs or capital works and the surrounding environmental factors. Where necessary, further guidance on remaining life was sought from QSC operations staff. Some components of road infrastructure were assessed and determined to be non-depreciable such as road formation.

The accumulated depreciation values calculated using the depreciated replacement cost model were cross referenced and correlated with publicly available advertised sale prices of assets of a similar age and condition.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

11 Fair Value Measurements *continued*

(iii) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Finance Manager and Director of Corporate Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in note 1L. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

	2016	2015
	\$	\$

12 Trade and other payables

Current

Creditors and accruals	730,056	2,045,809
Annual leave	422,641	347,285
Drought Vouchers	2,367	-
	1,155,064	2,393,094

13 Provisions

Current

Long service leave	394,156	273,740
	394,156	273,740

Non-current

Long service leave	115,010	91,774
	115,010	91,774

In previous years the liability was reported without on costs. In 2015/2016 a rate of 30% has been applied.

Details of movements in provisions:

Long service leave

Balance at beginning of financial year	365,514	489,417
Long service leave entitlement arising	200,938	106,135
Long Service entitlement extinguished	-	(60,941)
Long Service entitlement paid	(57,286)	(169,097)
Balance at end of financial year	509,166	365,514

14 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	93,159,108	63,187,493
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	669,069
Buildings	133,882	(1,326,192)
Road, drainage and bridge network (note 21)	10,737,441	32,101,034
Water	-	(387,941)
Sewer	-	(1,084,355)
Balance at end of financial year	104,030,430	93,159,108

Asset revaluation surplus analysis

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

Land	1,205,352	1,205,352
Buildings	7,835,799	7,701,918
Road, drainage and bridge network	93,941,132	83,203,691
Water	1,048,147	1,048,147
	104,030,430	93,159,108

15 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.

The latest audited financial statements for LGM are as at 30 June 2015 and show accumulated member funds (equity) of \$41,971,699.

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 as at June 30th 2016 is \$71,576.01.

The latest audited financial statements for LGW are as at 30 June 2015 and show accumulated member funds (equity) of \$33,510,366.

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

16 Superannuation *continued*

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 2015-16 financial year.

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

	2016	2015
	\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	515,812	507,404

17 Trust funds

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	1,351	2,740
Security deposits	156,822	2,645
	158,173	5,385

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

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

Net result	3,151,308	8,748,616
Non-cash items:		
Depreciation and amortisation	4,849,636	2,742,382
Revaluation adjustments	-	56,478
	4,849,636	2,798,860
Investing and development activities:		
Net loss on disposal of non-current assets	423,977	357,274
Capital grants and contributions	(3,819,956)	(2,433,065)
	(3,395,979)	(2,075,791)
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	20,348	514,736
(Increase)/decrease in inventory	9,512	79,452
Increase/(decrease) in payables	(1,238,030)	(729,064)
Increase/(decrease) in other assets	13,327	(63,511)
Increase/(decrease) in other provisions	143,652	(123,903)
	(1,051,191)	(322,290)
Net cash inflow from operating activities	3,553,775	9,149,395

19 Events after the reporting period

There were no material adjusting events after the balance date.

On the 20th September 2016, Council received \$362,460 being the final payment for the 2014 Flood event. As this is a grant it is only recognised when received.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

20 Financial instruments

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

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial risk management

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.

Quilpie Shire Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally 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	2016 \$	2015 \$
Financial assets			
Cash and cash equivalent	8	12,517,016	14,963,260
Receivables - rates	9	92,168	385,248
Receivables - other	9	649,395	325,435
Total financial assets		13,258,579	15,673,943

Cash and cash equivalents

The Council may be exposed to credit risk through its investments with NAB and Rural Bank. The likelihood of the counterparty having capacity to meet its financial commitments is strong.

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.

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 with a large oil & gas industry, there is also a concentration in the agricultural & mining sector.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

20 Financial Instruments *continued*

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

	2016	2015
	\$	\$
Not past due	674,932	695,979
Past due 31-60 days	24,760	13,456
Past due 61-90 days	600	1,248
More than 90 days	39,812	0
Impaired	1,459	0
Total	741,563	710,683

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, both short and long term, 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.

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2016					
Trade and other payables	1,155,064	0	0	1,155,064	1,155,064
	<u>1,155,064</u>	<u>0</u>	<u>0</u>	<u>1,155,064</u>	<u>1,155,064</u>
2015					
Trade and other payables	2,393,094	0	0	2,393,094	2,393,094
	<u>2,393,094</u>	<u>0</u>	<u>0</u>	<u>2,393,094</u>	<u>2,393,094</u>

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 with NAB and Rural Bank.

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.

QUILPIE SHIRE COUNCIL
Notes to the financial statements
For the year ended 30 June 2016

20 Financial Instruments continued

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the Net Result and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

Council	Net carrying amount \$	Effect on Net Result		Effect on Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
2016					
NAB Deposits	2,889,002	28,890	(28,890)	28,890	(28,890)
Rural Bank	2,166,119	21,661	(21,661)	21,661	(21,661)
QTC	7,461,595	74,616	(74,616)	74,616	(74,616)
Net total	12,516,716	125,167	(125,167)	125,167	(125,167)
2015					
NAB Deposits	12,839,316	128,393	(128,393)	128,393	(128,393)
Rural Bank	2,123,644	21,236	(21,236)	21,236	(21,236)
Net total	14,962,960	149,630	(149,630)	149,630	(149,630)

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

21 Correction of error: Asset valuations

In the process of revaluing the assets for 2015-2016 it was found that three rural airstrips had never been included in the asset register and the 2014-2015 roads valuation which was done with effect from 30th June 2015 contained an error. The air strips had replacement value of \$5,017,881 and accumulated depreciation of \$2,105,718. The roads error, caused by using a unit rate for gravel of \$8 which should have been \$16, was \$8,005,550 replacement and \$2,746,686 accumulated depreciation.

These errors were corrected in the 2015-2016 revaluation and balances as detailed below: were restated for 2014-2015.

	As at 30/6/15	Change	Restated
<u>Statement of Comprehensive Income</u>			
Increase in asset revaluation surplus	21,800,580	8,171,034	29,971,614
<u>Statement of Financial Position</u>			
Property, plant and equipment	151,933,674	8,171,034	160,104,707
Asset revaluation surplus	84,988,073	8,171,034	93,159,107

QUILPIE SHIRE COUNCIL
Financial statements
For the year ended 30 June 2016

Management Certificate
For the year ended 30 June 2016

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 23, 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
13 October 2016


Chief Executive Officer
Dave Burges
13 October 2016

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Quilpie Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Quilpie Shire Council, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility 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 prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

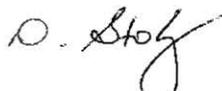
Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Quilpie Shire Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D A STOLZ FCPA
(As delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

QUILPIE SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2016

Measures of Financial Sustainability

	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2016 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-1%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense.	181%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-55%	not greater than 60%

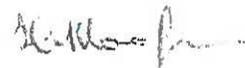
Note 1 - Basis of Preparation

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 2015.

Certificate of Accuracy

For

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
Stuart Mackenzie



Chief Executive Officer
Dave Burges

Date: 13 October 2016

Date: 13 October 2016



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Quilpie Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Quilpie Shire Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility 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 Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

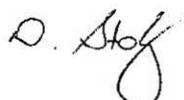
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Quilpie Shire Council, for the year ended 30 June 2016, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn 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.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D A STOLZ FCPA
(as delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

QUILPIE SHIRE COUNCIL
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2016

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2016	Projected for the years ended								
				30 June 2017	31 June 2018	31 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Council												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-1%	1.12%	4.32%	4.80%	5.56%	6.46%	7.47%	8.09%	8.05%	9.48%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 60%	181%	231%	65%	74%	78%	75%	79%	54%	81%	101%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-55%	-28%	-40%	-42%	-52%	-56%	-72%	-88%	-107%	-83%

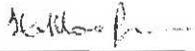
Quilpie Shire Council's Financial Management Strategy

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 2016

This long-term financial sustainability statement has been prepared pursuant to Section 176 of the *Local Government Regulation 2012* (the regulation).

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



Cr Stuart Mackenzie
Mayor



Dave Burges
Chief Executive Officer

Date: 13 October 2016

Date: 13 October 2016