

Annual Report 2020 - 2021



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Mayor's Review

Although the Covid-19 pandemic has cast a shadow over the world, the Quilpie Shire has experienced a particularly positive twelve months in the 2021 financial year. The pandemic has been a great disrupter but, for our shire, the disruption has brought on more positives than negatives. The continued cessation of international travel has driven more tourists to the shire than ever before, even with the state borders being closed for periods of the year. We are also seeing residents of the major population areas in Australia really challenging their long established vision of city life and exploring the possibility of moving to regional areas like never before. This has brought real opportunities for the shire.

The most exciting development, though, is that our rural industries are experiencing the best commodity trading environment for many decades, whether it is beef, sheep, wool or goats. This has been complemented by a solid, but by no means exceptional, wet season that has provided enough pasture growth to enable stock numbers to stabilise, at worst, and, in some areas of the shire, increase significantly. Nothing stimulates the shire more than good commodity prices coupled with reasonable seasons. The increase in economic activity really does filter through to all corners of the shire and to all industries.

The continued investment in exclusion fences across the shire, fostered by the Quilpie Shire Council's direct subsidy scheme, is really paying dividends and is driving a level of confidence not apparent for many, many years.

As mentioned above the shire has experienced our best ever tourist season with record numbers through our Visitor Centre and our major attractions such as the Eromanga Natural History Museum and Hell Hole Gorge National Park. Our visitor economy businesses are reaping the rewards of this inflow and there is some confidence that we will see this enhanced tourist flow for another year or so yet and, in fact, may see these numbers become the new norm as so many Australians, having

experienced their own country like never before, may now see outback Australia as an authentic destination that is a compulsory addition to their future travel itineraries.

The buoyant world oil price is also driving strong investment in our resource sector and despite the hysterical chest thumping of the climate change evangelists, oil and gas will be essential products required to power our world for many years yet. This industry is a critical driver of our shire's economy and will be almost impossible to replace if it is driven to extinction in the future. It is exciting to see new companies broadening their investment across the Cooper Basin and we wish them every success.

From a Quilpie Shire Council perspective we have had an excellent year. From an operational point of view we have seen a major change with our long term CEO, Dave Burges, and his wife Nina, our Senior Governance Officer, move on to bigger and better challenges after nine years at the helm. Their contribution to the council and shire has been enormous over the term of their employment. Council has found an able replacement in Justin Hancock and he has landed on his feet and is moving the shire forward at good pace and youthful intent. Justin is ably supported by an experienced and very capable senior management team and I would like to congratulate them and all our staff for delivering another productive year, while maintaining our strong financial position.

As Australia appears to be moving back to some sense of normality in a post pandemic world we look forward to the immediate future with some enthusiasm, confident that the essential ingredients required for a prosperous future are firmly in place. As always it will be up to the council, the business sector and the community generally to ensure that opportunities presented to us are fully realised and embraced.

Kind Regards

Stuart Mackenzie

Mayor

Chief Executive Officer's Report

The 2020-2021 financial year saw some significant operational changes, with Council's long term Chief Executive Officer, Dave Burges, moving on from the Shire after 9 years at the helm. After a short tenure by Acting CEO, Tim Rose, I am proud to have commenced in the role in January 2021 to see out the Financial Year and present to the community the Annual Report for the Quilpie Shire Council.

It would be remiss not to mention the ongoing impacts faced due to the Covid—19 Pandemic, having been relatively untouched during this time, the Shire has managed to progress forward and seek to explore some benefits which have helped to drive the community during this testing time. The Shire has seen its largest tourism numbers in recent history, with more Australians visiting their own backyard while State and Federal border restrictions are still imposed. From all accounts, through our Business Development Group meetings, it would seem that no business has gone untouched when it comes to the influx in tourism visitation. Council, through the support of State and Federal Government Funding, has committed to support the tourism sector with the next stage of the Eromanga Natural History Museum opening in April 2021. Since the first tourists walked through the doors, visitation numbers have only increased, attracting more visitors to our region.

Our community services team have also been hard at work ensuring that even during a pandemic, our community can continue to enjoy the events and festivities experienced in a pre-pandemic world. With well over 30 community and Council run events held in the Shire since January alone, the community has been 'exposed' to the likes of Outback Opera and Outback Queensland Golf Masters, alongside the shire's annual events.

Liveability is an important aspect of what makes our Shire home, there has been many projects delivered over the 2020-21 financial year aimed at improving upon this. Some of these highlights include:

- The upgrade of the tennis court facilities in Quilpie, Eromanga, Toompine and Adavale;
- The installation of an access ramp at the Toompine Hall;
- The refurbishment of an ablution block at the Eromanga rodeo grounds;
- Construction commenced on a new Multi-function Centre at Gyrica Gardens;
- The completion of Rick's Memorial, with the official opening postponed to 2022 due to Covid-19; and
- Installation of a Barbeque area at Baldy Top.

Roads will continue to be at the forefront of how we connect as a community. The Shire received a substantial boost from QRA in the 2021-21 financial year with \$16.3M spent on recoverable works for flood damage and an additional \$1.4M on road repairs. Council also spent an additional \$1.18M on capital works to upgrade the existing road network, this included the upgrading of kerb and channel, new footpaths and sealing of roads which saw Council seal Burt Street in Eromanga which see out all of the primary roads now sealed in that town.

The Council ended the financial year with just shy of \$21.2M in cash, with \$756K being cash committed for future works. This is a strong financial position on the back of a large \$9.3M capital works program. The Shire owns and maintains an asset base of \$297M with a strong focus on maintaining and replacing this existing infrastructure into the future.

Council look to advance upon this strong position into the future in terms of service delivery to the community.

The staff also need to be congratulated for their ongoing commitment and support to the Council and the community.

Regards

Justin Hancock

Chief Executive Officer

Councillors

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



Mayor - Cr Stuart Mackenzie



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



*Cr Roger Volz
Portfolios – Arts, Culture and Tourism*



*Cr Bruce Paulsen
Portfolios – Sport, Recreation
and Youth*



*Cr Lyn Barnes
Portfolio – Business Development*

Council Meetings

During 2020-2021 Ordinary Meetings of the Quilpie Shire Council were generally held on the second Friday of each month in the Quilpie Shire Boardroom, commencing at 9:30am.

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

The Chief Executive Officer must call a special meeting if:

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

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

Councillor Remuneration

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

Councillor remuneration for the 2020 - 2021 financial year is shown in the following table:

Councillor	Gross Payment	Superannuation	Total Remuneration
Cr Stuart Mackenzie	\$106,100.00	\$10,079.52	\$116,179.52
Cr Jenny Hewson	\$61,211.04	\$5,815.08	\$67,026.12
Cr Bruce Paulsen	\$53,049.00	\$5,039.64	\$58,088.64
Cr Roger Volz	\$53,049.00	\$5,039.64	\$58,088.64
Cr Lyn Barnes	\$53,049.00	\$5,039.64	\$58,088.64



Councillor Meeting Attendances

	Ordinary Meeting	Special Meeting	Workshop	Other	Total
Cr Stuart Mackenzie	12	1	51	30	94
Cr Jenny Hewson	12	1	28	11	52
Cr Bruce Paulsen	12	1	17	4	34
Cr Roger Volz	12	1	33	15	61
Cr Lyn Barnes	12	1	26	12	51

Councillor Expenses Reimbursement Policy

In accordance with section 250(1) of the Local Government Regulation 2012, Council is required to have a Councillor Expenses Reimbursement Policy. The Policy was reviewed in April 2020 and the amended changes were adopted at the May Ordinary Meeting of Council. Policies are reviewed biennially.

Resolution No: (06-05-20)

Moved by: Cr Jenny Hewson

Seconded by: Cr Lyn Barnes

That Council review the following policies and note that no changes are necessary:

- F.01 Audit Committee Policy;
- F.02 Internal Audit Policy;
- G.03 Administrative Action Complaints Policy;
- G.06 Councillor Recognition of Service Policy;
- G.09 Entertainment and Hospitality Policy; and
- G.10 Advertising Spending Policy.

That Council review the following policies and adopt the amended policy as documented at the workshop held on Friday 24 April 2020:

- G.05 Councillor Expenses Reimbursement Policy; and
- G.08 Acceptable Requests Guidelines Policy.

5/0

Expenses Reimbursement

Under the expenses reimbursement policy, the following payments were made:

Cr Stuart Mackenzie	Travel	\$7,817.04
Cr Jenny Hewson		-
Cr Roger Volz		-
Cr Bruce Paulsen		-
Cr Lyn Barnes		-

Other Meeting Expenses

Other expenses relating to the conduct of Council meetings and conferences totalled \$11,280.40.

Facilities Provided to Councillors

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

Councillor Complaints, Orders and Recommendations

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

Orders made under section 150I(2) of the Local Government Act	Nil
Orders made under section 150AH(1) of the Local Government Act	Nil
Decisions, orders and recommendations made under section 150AR(1) of the Local Government Act	Nil
Complaints referred to the assessor under section 150P(2) of the Local Government Act	Nil
Matters, mentioned in section 150P(3) of the Local Government Act, notified to the Crime and Corruption Commission	Nil
Notices given under section 150R(2) of the Local Government Act	Nil
Notices given under section 150S(2) of the Local Government Act	Nil
Decisions made under section 150W(a), (b) and (d) of the Local Government Act	Nil
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Local Government Act	Nil
Occasions information was given under section 150AF(4)(a) of the Local Government Act	Nil
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Local Government for the local government, the suspected inappropriate conduct of a councillor	Nil
Applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct	Nil

Overseas Travel

During the 2020-2021 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 without prejudice. The Policy was reviewed and adopted on 08 May 2020, and is reviewed biennially. 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	1
Number of administrative action complaints resolved by Council (under complaints management process)	Nil
Number of administrative action complaints not resolved by Council (under complaints management process)	1
Number of administrative action complaints not resolved by Council that were made 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
- Register of Contracts
- Register of Legal Documents
- Register of Fees and Charges
- Register of Building Applications
- Register of Development Applications
- Cemetery Register
- Register of Interest of Councillors
- Register of Disclosure of Electoral Gifts and Loans
- Local Laws and Subordinate Local Laws Register
- Register of Preferred Suppliers
- Register of Burials
- Register of Lands
- Register of Related Parties Disclosures
- Register of Tenders Offered

Non-Current Physical Assets

Council made no resolution in accordance with section 206(2) of the Local Government Regulation 2012 in the 2020-21 financial year. The following amounts for each different type of non-current asset below which the value of an asset of the same type will be treated as an expense (the recognition threshold) remain as:

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

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

Invitations for Changes to Tenders

During the 2020-2021 financial year there was no instances where tenderers were invited to change their tenders.

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 2020-2021 financial year Council provided the following grants or in-kind support under its Community Assistance Policy:

Community Group	Activity / Event	Amount Paid	Comments
Quilpie Sport & Recreation	Cert III Fitness Training	\$2,000.00	
Quilpie Golf Club	Annual Open Weekend	\$2,500.00	
Quilpie Sporting Clays Club	Concrete	\$2,500.00	
QLD Opal Miners Association	Small Scale Miners Television Campaign	\$2,500.00	
Quilpie Bowlers Club	Bowls Carnival	\$2,500.00	
Townsville Rotary Club	Red Socks Project	2,000.00	
Quilpie Motorcyclist Association	Annual Motorbike Gymkhana & Enduro	\$2,500.00	Plus In-Kind Wheelie Bins, Tents, Chairs, Generator & Witches Hats
St Mathews Anglican Church	Jumble Sale	\$0.00	In-Kind only tables & chairs
Eromanga	Swimming Lessons	\$540.00	Travel expenses up to \$540.00 to provide swim coach and lessons.
Carli Horston	Representation SW QLD West State Futsal Team – 2021 National Club Championships	\$1,500.00	
Quilpie Cultural Society	Arts Development Officer	\$2,800.00	
Adavale Sport & Recreation Association	2021 Stockman's Challenge Rodeo, Gymkhana & Bikekhana	\$8,500.00	
Scott Young	Cert IV in Fitness	\$997.50	
Toompine Progress Association	Annual Easter Gun Shoot	\$2,000.00	Plus In-Kind use of Generator
Channel Country Ladies Day	Channel Country Ladies Day	\$0.00	Waivering of Fees – Bulloo Park & Small Bus for October 2021
Quilpie Magpies Rugby League Club	Permanent erection of facility score board & JQ Park sign.	\$3,913.62	Plus In-Kind support for erection of score board

Community Group	Activity / Event	Amount Paid	Comments
Quilpie Polocrosse Club	Annual Polocrosse Carnival	\$1,000.00	Plus In-Kind use of racecourse tractor
		\$37,751.12	

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 2020-2021 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 2012, the internal audit report for 2020-2021 is presented as follows:

During the year internal audit activities concentrated largely around dealing with plant hire rates calculation methodology allowable by the Queensland Reconstruction Authority (QRA) for the undertaking of flood damage repairs and restoration with Council utilising its own plant fleet and workforce.

All Western Queensland Councils had found it financially unattractive to undertake flood damage work controlled by the QRA due to the restrictive methodology used to calculate allowable plant hire rates for Councils undertaking such work. As a result, Councils had little choice other than to utilise outside contractors for such work as Council was only required to test the market before awarding tenders/jobs etc.

Internal audit attended a number of meetings during the year with the QRA CEO and senior technical staff along with Council engineers and some CEOs where the case was put to change the methodology adopted to calculate allowable plant hire rates.

These submissions and discussions resulted in a change in methodology being adopted. When the new plant rate calculations were undertaken it became significantly more financially favourable for Council to undertake flood damage restoration work using its own plant and workforce.

Internal audit then undertook a recalculation of plant hire rates for the major plant items in the Council fleet using the new approved calculation methodology. These calculations were presented to the CEO in a detailed report which then formed the basis of QRA considerations in subsequent flood damage plant rates for Council.

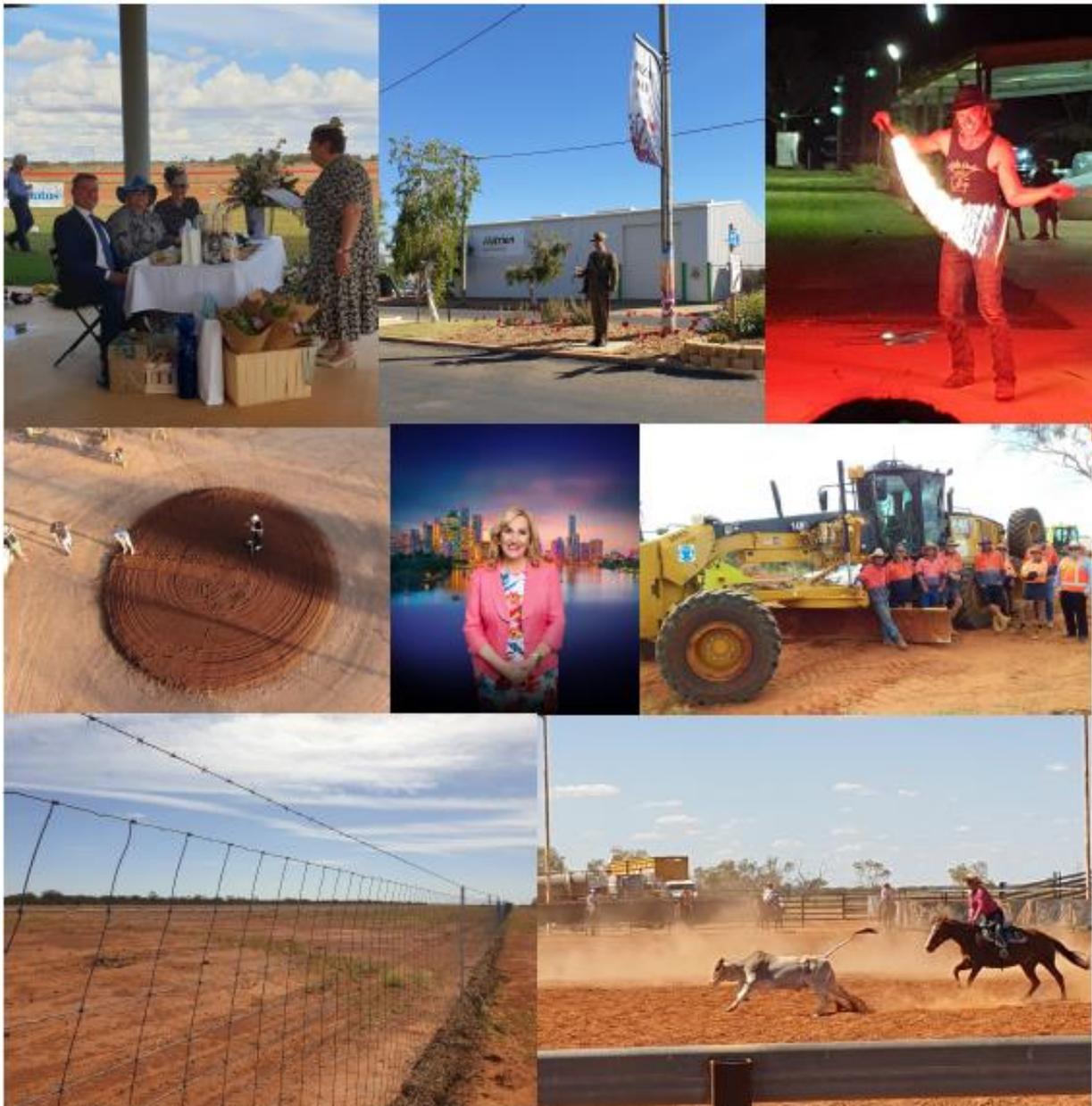
As part of this exercise it became apparent that in order to optimise allowable hourly plant hire rates, major plant would need to be subject to revaluation in order to bring market values, useful lives and residual values into line with prudent replacement policy and in line with those adopted by the Institute of Public Works Engineers Australia (IPWEA).

Whilst discussions have been undertaken with Council engineers and works staff this exercise has still to be completed at the date of this report and will be finalised at the upcoming next internal audit site visit.

In addition, during the year internal audit provided support and advice to council officers on various compliance and finance related matters as requested.

Grant acquittal audits were also undertaken on an as needed basis during the year

Internal audit attended all audit committee meetings held during the year either on site or by teleconference.



Remuneration – Senior Management

During the 2020-2021 financial year Quilpie Shire Council had six (6) senior management positions.

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

In accordance with section 201 (1) of the Local Government Act 2009, the total of all remuneration packages payable to senior management in 2020-21 was \$1,064,874.13.

Beneficial Enterprises

Council did not conduct any beneficial enterprises during the 2020-21 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 2020-21 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;
- 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.



Assessment of Performance in Corporate and Operational Plans

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

Council is required to adopt a Corporate Plan to guide Council's decision making. This document establishes the framework and identifies goals, objectives and strategies to be pursued by Council to meet the aspirations and needs of the community. The plan is developed in consultation with the community and can be revised at any time during the life of the plan to ensure Council is following its strategic direction. Council reviewed and adopted the revised Corporate Plan in May 2019, and is due to expire in 2022. A new Corporate Plan will be developed leading up to that time.

The Operational Plan is prepared annually and outlines Council's work program for the next financial year including costs and completion timelines. This document is subject to quarterly reviews and must be consistent with the Council's Corporate Plan. In accordance with legislative requirements, Council reviewed the operational plan on four occasions relevant to the financial period and on each occasion Council considered an assessment of its progress in the implementation of the operational plan as being satisfactory. Council receives a written assessment of the implementation of the operational plan at the end of each quarter, with the final review of the 2020-2021 Operational Plan undertaken in July 2021.



Community Financial Report

The Community Financial Report is a plain English summary of Council's Financial Statements. It has been prepared as required by Section 179 of the Local Government Regulation 2012 and is designed to provide an easy to understand summary and analysis of Council's financial results and financial position.

For a more detailed understanding of Council's financial results and financial position, refer to the Financial Statements and accompanying notes included in the Appendices section of this annual report.

Financial Performance

The finances of Quilpie Shire Council were again very strong at year end, even though we funded the bulk of capital projects through our cash reserves. Council is and will continually be looking at alternative revenue streams to provide the services our community needs and expects.

Statement of Comprehensive Income

The Statement of Comprehensive Income (often referred to as the Profit and Loss Statement) shows how Council has performed for the past 12-month period. The Income Statement illustrates what we have earned (revenue) and what we have spent (expenses) on maintaining and operating the community services and assets Council provides.

SIMPLIFIED INCOME STATEMENT	\$'000
Operating Revenue	32,440
Less Discounts and Remissions	(472)
Less Expenses	(33,871)
Less Interest and Finance Charges	(19)
Surplus/(deficit) from Operations	(1,922)
Add capital grants and contributed assets	4,681
Less capital expenses	(462)
Net result for the period	2,297

Statement of Financial Position

The Statement of Financial Position, (often referred to as the Balance Sheet) summarises the financial position of Council at the end of the financial year. The statement measures what Council owns (assets) and what Council owes (liabilities) at the end of the financial year, with the difference between these two components being the net community wealth (equity) of Council.

SIMPLIFIED BALANCE SHEET	\$'000
What we have in the bank	21,196
What we own	245,330
What we are owed	1,477
Our total assets	268,004
What we owe our suppliers and employees	2,633
What we have borrowed	0
Our total liabilities	2,633
Net community assets (Wealth)	265,371

Our Operating Revenue

Council achieved an operating income of \$31,968,736 (after discounts and remissions) during the financial year.

How we earned our operating revenues:

OPERATING REVENUE	%	\$'000
General rates and charges	16%	5,237
Fees and charges	<1%	42
Sales Revenue	10%	3,096
Rental Income	1%	329
Other Income	<1%	47
Interest Earned	<1%	165
Grants, Subsidies, Contributions and Donations	72%	23,052
Total	100%	31,968

Council endeavours to maximise its revenue from sources other than rates by actively pursuing grants and subsidies from the Queensland and Australian Governments, and seeking appropriate contributions from the property development sector (where applicable). Fees and charges and utility charges are generally applied on a full cost recovery basis to ensure the user pays for the service they are using as much as possible. These strategies help to minimise the reliance on the general rate to fund Council's operations.

Our Operating Expenses

OPERATING EXPENSES	%	\$'000
Materials and services	66%	22,304
Employee benefits	18%	6,052
Finance and other costs	<1%	19
Depreciation	16%	5,515
Total	100%	33,890

The operating expenses represent the cost to Council of providing services, operating facilities and maintaining assets.

'Materials and services' are the goods and services required for operational and maintenance purposes. These make up 66% of Council's expenses. 'Employee and labour hire costs' are part of the costs Council incurs in operating and maintaining the services and assets of the region. 'Depreciation' represents the true cost of Council's assets over time. These assets include buildings, roads, stormwater drains, and water and sewerage infrastructure.

Community Infrastructure We Manage

Council owns and manages more than \$243 million worth of Infrastructure that provide benefits directly to the community.

Accounting standards require Council to ensure its infrastructure assets are recorded at fair value. Council's progressive approach to asset management ensures our assets are optimised and the community benefits from the greatest value possible.

OUR COMMUNITY INFRASTRUCTURE	%	\$'000
Roads, drainage networks	71%	172,623
Plant and equipment	2%	6,170
Buildings	14%	34,520
Sewerage infrastructure	2%	4,594
Water infrastructure	4%	9,140
Land and improvements	9%	2,226
Furniture and Fittings	<1%	324
Airport Assets	4%	10,677
Other Assets	1%	3,636
Total	100%	243,910

Financial Sustainability Indicators

Council monitors its financial trend and sustainability by using financial ratios. These indicate whether or not Council is on the right track in terms of its financial performance and future. It acts as a guide to assist Councillors and management on the best course for budgeting for the future.

Operating Surplus Ratio

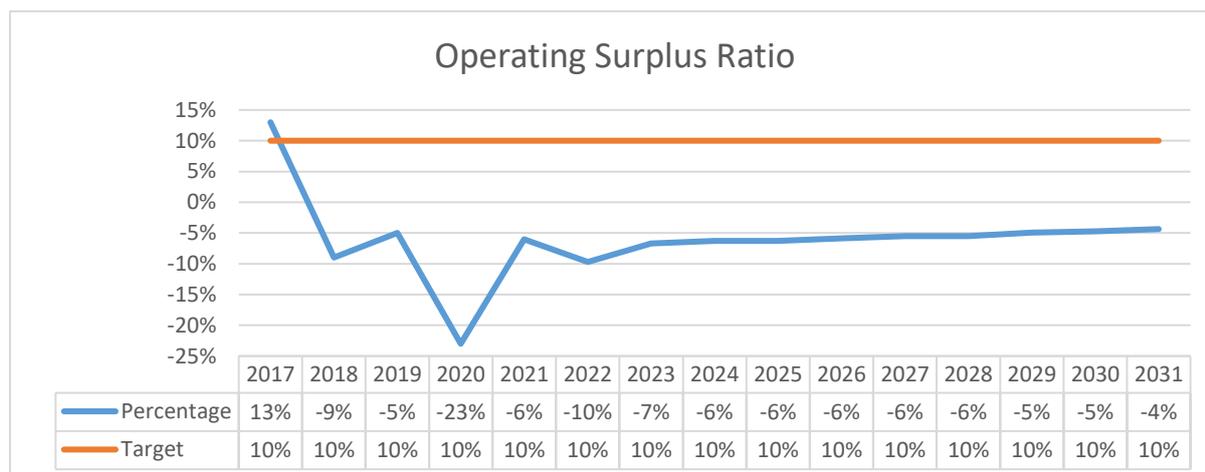
Calculation: net result divided by total operating revenue, expressed as a percentage.

Description: This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding or other purposes. The operating surplus ratio is the operating surplus / deficit expressed as a percentage of operating revenue.

A positive ratio indicates that surplus revenue is available. This may be used to support the funding of capital expenditure or used to offset past or future operating deficits. If the surplus is not required for this purpose in a particular year, it can be held over to support future capital expenditure funding as a financial asset, used to offset past deficit funding, or, where possible, used to reduce current debt levels.

Target: 0-10%

2020/2021 result: -6%. This result indicates that Council's operating revenues are approaching what is expected to cover operating expenditures.



Net Financial Liabilities Ratio

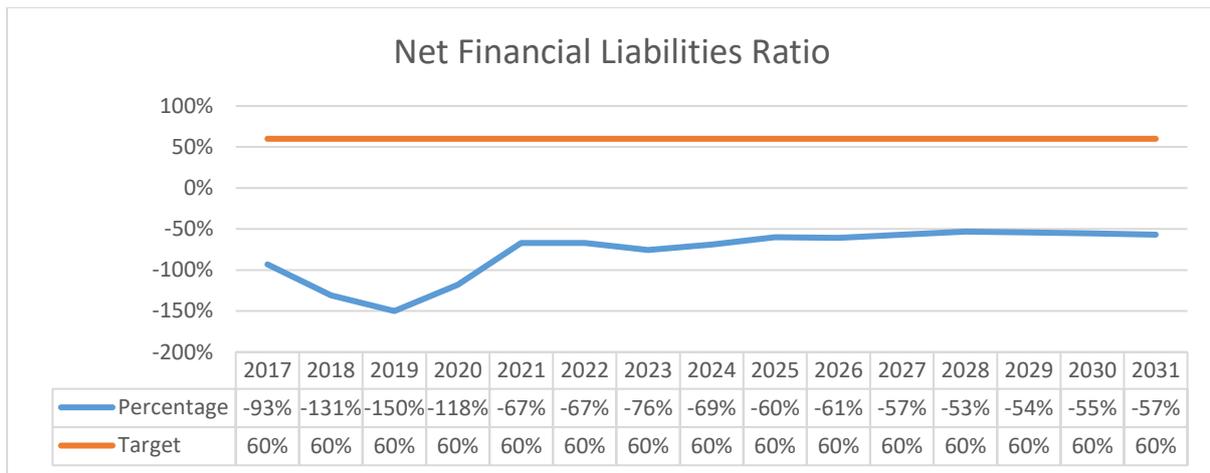
Calculation: Total liabilities (less current assets) divided by total operative revenue, expressed as a percentage.

Description: This is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues. A ratio greater than zero indicates that total financial liabilities exceed current assets. These net financial liabilities must be serviced using available operating revenues. A positive value less than 60% indicates the local government has the capacity to fund the financial liabilities and appears to have the capacity to increase its loan borrowings if required.

A positive value greater than 60% indicates the local government has limited capacity to increase its loan borrowings. A ration less than zero (negative) indicates that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if necessary.

Target: <60%

2020-2021 result: -67%. This result indicates that Council can fund its total liabilities from current assets and has capacity to increase its loan borrowings should it be required.



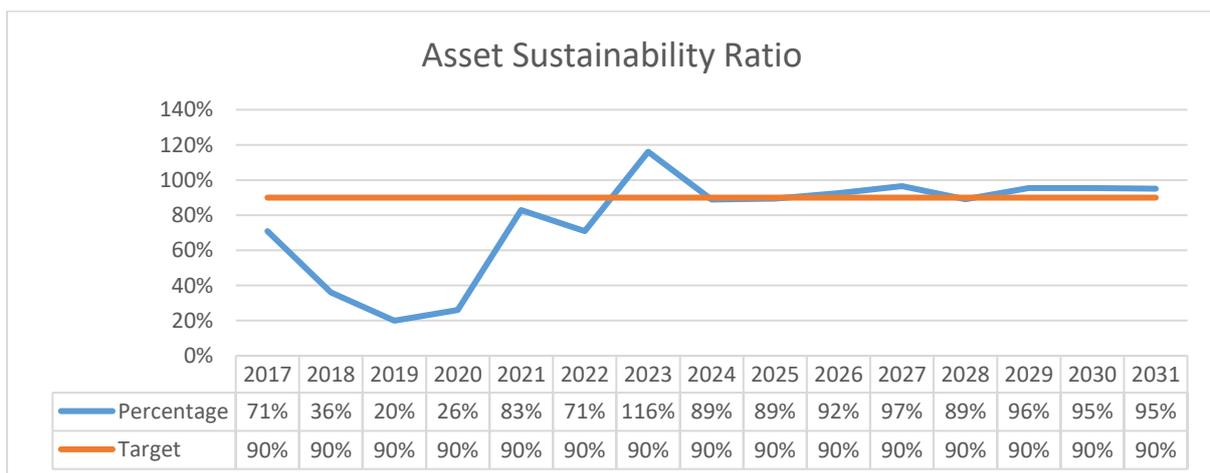
Asset Sustainability Ratio

Calculation: Capital expenditure (on the replacement of assets - renewals) divided by depreciation expense, expressed as a percentage.

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

Target: >90%

2020-2021 result: 83%. This indicates Council is renewing/replacing existing non-financial assets at a similar rate that they are wearing out.



Financial Statements



Financial Statement for Year Ended 30 June 2021

Quilpie Shire Council

Financial Statements

For the Year Ended 30 June 2021

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Quilpie Shire Council
Statement of Comprehensive Income
For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Income		
Revenue		
Operating Revenue		
Rates, Levies and Charges	3(a) 5,236,906	5,074,769
Fees and Charges	3(b) 42,392	72,387
Sales Revenue	3(c) 3,095,710	2,809,588
Rental Income	328,958	285,742
Other Income	47,353	-
Interest Earned	5 164,756	365,993
Grants, Subsidies, Contributions and Donations	4(i) 23,052,662	10,178,543
Total Operating Revenue	<u>31,968,736</u>	<u>18,787,022</u>
Capital Revenue		
Grants, Subsidies, Contributions and Donations	4(ii) 4,681,165	4,489,177
Total Capital Revenue	<u>4,681,165</u>	<u>4,489,177</u>
Total Revenues	<u>36,649,901</u>	<u>23,276,199</u>
Expenses		
Recurrent Expenses		
Employee Benefits	7 (6,052,274)	(6,063,945)
Materials and Services	8 (22,304,550)	(9,793,215)
Finance Costs	9 (19,447)	(21,329)
Depreciation and Amortisation	12 (5,515,322)	(7,235,164)
Total Expenses	<u>(33,891,592)</u>	<u>(23,113,653)</u>
Capital Expenses		
Loss on Disposal of Property, Plant, and Equipment	6 (462,858)	(58,137)
Total Expenses	<u>(34,354,450)</u>	<u>(23,171,790)</u>
NET RESULT	<u>2,295,449</u>	<u>104,409</u>
Net Operating Result	<u>(1,922,856)</u>	<u>(4,326,631)</u>
Other Comprehensive Income		
Items that will not be Reclassified to Net Result		
Increase / (Decrease) in Revaluation Surplus	17 -	34,091,456
Total Comprehensive Income for the Year	<u>2,295,449</u>	<u>34,195,865</u>

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

Quilpie Shire Council
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and Equivalents	10	21,196,165	23,927,799
Receivables	11	1,362,026	711,470
Inventories		587,976	531,597
Contract Assets	13	831,746	117,418
Total Current Assets		<u>23,977,913</u>	<u>25,288,284</u>
Non-Current Assets			
Receivables	11	115,212	70,581
Property, Plant and Equipment	12	243,911,333	240,759,190
Total Non-Current Assets		<u>244,026,545</u>	<u>240,829,771</u>
Total Assets		<u>268,004,458</u>	<u>266,118,055</u>
Current Liabilities			
Payables	15	841,159	1,000,946
Contract Liabilities	13	755,972	421,463
Provisions	16	790,977	1,184,186
Total Current Liabilities		<u>2,388,108</u>	<u>2,606,595</u>
Non-Current Liabilities			
Provisions	16	245,381	435,965
Total Non-Current Liabilities		<u>245,381</u>	<u>435,965</u>
Total Liabilities		<u>2,633,489</u>	<u>3,042,560</u>
Net Community Assets		<u>265,370,969</u>	<u>263,075,495</u>
Community Equity			
Revaluation Surplus	17	160,334,761	160,334,761
Retained Surplus		105,036,208	102,740,734
Total Community Equity		<u>265,370,969</u>	<u>263,075,495</u>

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

Quilpie Shire Council
Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities			
Receipts from Customers		7,423,640	8,624,053
Payments to Suppliers and Employees		<u>(28,911,551)</u>	<u>(14,736,998)</u>
		(21,487,912)	(6,112,945)
Interest Received		164,756	365,993
Rental Income		328,958	285,742
Operating Grants, Subsidies and Contributions		<u>22,691,533</u>	<u>10,178,543</u>
Net Cash Inflow (Outflow) from Operating Activities	21	<u>1,697,335</u>	<u>4,717,333</u>
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment	12	(9,349,031)	(8,950,248)
Net Movement in Loans and Advances		12,605	(20,157)
Proceeds from Sale of Property, Plant and Equipment	6	218,705	127,732
Capital Grants, Subsidies and Contributions		<u>4,688,752</u>	<u>3,407,800</u>
Net Cash Inflow (Outflow) from Investing Activities		<u>(4,428,969)</u>	<u>(5,434,873)</u>
Net Increase / (Decrease) in Cash and Equivalents Held		<u>(2,731,634)</u>	<u>(717,540)</u>
Cash and Equivalents at the Beginning of the Financial Year		23,927,799	24,645,339
Cash and Equivalents at End of the Financial Year	10	<u>21,196,165</u>	<u>23,927,799</u>

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

Quilpie Shire Council
Statement of Changes in Equity
For the Year Ended 30 June 2021

	Revaluation Surplus	Retained Surplus	TOTAL
Note	\$	\$	\$
Balance as at 1 July 2020	160,334,761	102,740,734	263,075,495
Opening Balance Adjustment	-	25	25
Net Result	-	2,295,449	2,295,449
Total Comprehensive Income for the Year	-	2,295,474	2,295,474
Balance as at 30 June 2021	160,334,761	105,036,208	265,370,969
Balance as at 1 July 2019	126,243,305	103,717,702	229,961,007
Adjustment on Initial Application of AASB 15 / AASB 1058	-	(1,081,377)	(1,081,377)
Restated Balance at 1 July 2019	126,243,305	102,636,325	228,879,630
Net Result		104,409	104,409
Increase / (Decrease) in Revaluation Surplus	34,091,456	-	34,091,456
Total Comprehensive Income for the Year	34,091,456	104,409	34,195,865
Balance as at 30 June 2020	160,334,761	102,740,734	263,075,495

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

**Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021**

1 Information about these Financial Statements

1.A Basis of Preparation

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

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.B New and Revised Accounting Standards Adopted During the Year

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020. None of the standards had a material impact on reporting position, performance or cash flows.

1.C Standards Issued by the AASB not Yet Effective

The AASB has issued Australian Accounting Standards and interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

1.D Estimates and Judgements

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

- Revenue Recognition (Note 3)
- Valuation and Depreciation of Property, Plant and Equipment (Note 12)
- Provisions (Note 16)
- Contingent Liabilities (Note 19)

1.E Rounding and Comparatives

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

Comparative information is prepared on the same basis as prior year.

1.F Volunteer Services

Volunteer services are services received by Council from individuals or other entities without charge or for consideration significantly less than the fair value of those services. While the measurement of the revenue is fair value, it is reasonable to assume it is calculated using comparable hourly rate and the annual total of hours of voluntary services provided. They are not recognised in the Statement of Comprehensive Income as they would be purchased if not donated. The quantum of the donated services would not be possible given the constraints on budget and resources.

1.G Taxation

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

1.H Covid-19

The Covid-19 pandemic and the subsequent restrictions put in place to slow its spread impacted securing the supply of materials that are essential to our operational processes. The resulting impact of the virus on the operations and measures taken for the year ended 30 June 2021 has no material impact on the financial statements.

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

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, 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

The objective of Environmental Health Services is to ensure 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 the 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's objective is to protect and support the health of the community by sustainably managing sewerage infrastructure.

**Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021**

- 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 2021 Functions	Gross Programme Income				Total Income	Gross Programme Expenses		Net Result Operations	Net Result	Assets
	Recurrent		Capital			Total Expenses	Net Result Operations			
	Grants	Other	Grants	Other						
	\$	\$	\$	\$		\$	\$			
Corporate Governance	-	18,850	-	-	18,850	893,646	-	(874,796)	\$	-
Finance and Information	4,919,169	4,678,989	-	-	9,598,158	1,495,222	13,228	8,102,936	8,089,708	60,913,508
Community Services	216,074	357,253	1,958,092	-	2,531,419	3,029,513	-	(2,456,186)	(498,094)	-
Environment and Health Services	-	26,732	-	-	26,732	1,835,955	-	(1,809,223)	(1,809,223)	-
Engineering and Works	17,917,419	3,175,750	2,560,640	-	23,653,809	25,855,047	449,632	(4,761,878)	(2,650,870)	193,356,619
Waste Management	-	219,827	-	-	219,827	116,496	-	103,331	103,331	-
Water Infrastructure	-	246,899	162,433	-	409,332	443,872	-	(196,973)	(34,540)	13,734,332
Sewerage Infrastructure	-	191,776	-	-	191,776	221,841	-	(30,065)	(30,065)	-
TOTAL	23,052,662	8,916,076	4,681,165	-	36,649,901	33,891,592	462,858	(1,922,856)	2,295,449	268,004,458

Year Ended 30 June 2020 Functions	Gross Programme Income				Total Income	Gross Programme Expenses		Net Result Operations	Net Result	Assets
	Recurrent		Capital			Total Expenses	Net Result Operations			
	Grants	Other	Grants	Other						
	\$	\$	\$	\$		\$	\$			
Corporate Governance	27,000	260	-	-	27,260	920,593	-	(893,333)	(893,333)	-
Finance and Information	5,266,288	4,835,765	-	-	10,102,053	1,532,214	-	8,569,839	8,569,839	56,599,690
Community Services	1,269,891	298,504	1,396,426	-	2,964,821	2,685,783	-	(1,117,388)	279,038	-
Environment and Health Services	-	20,936	-	-	20,936	1,640,269	-	(1,619,333)	(1,619,333)	-
Engineering and Works	3,615,364	2,791,509	2,655,054	(58,137)	9,003,790	15,540,592	-	(9,133,719)	(6,536,802)	201,131,072
Waste Management	-	206,829	-	-	206,829	102,635	-	104,194	104,194	-
Water Infrastructure	-	238,051	437,696	-	675,747	448,995	-	(210,944)	226,752	8,387,293
Sewerage Infrastructure	-	216,626	-	-	216,626	242,572	-	(25,946)	(25,946)	-
TOTAL	10,178,543	8,608,480	4,489,176	(58,137)	23,218,062	23,113,653	-	(4,326,630)	104,409	266,118,055

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

3 Revenue Recognition

(a) Rates, Levies and Charges

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
General Rates		4,988,433	4,858,118
Water		274,046	260,920
Sewerage		208,536	197,671
Garbage Charges		238,465	224,679
Total Rates and Utility Charge Revenue		<u>5,709,480</u>	<u>5,541,388</u>
less: Discounts		(461,898)	(454,465)
less: Pensioner Remissions		(10,676)	(12,154)
		<u>5,236,906</u>	<u>5,074,769</u>

(b) Fees and Charges

Revenue arising from fees and charges are recognised at the point in time when the performance obligation is completed and the customer received the benefit of the goods / services being provided.

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

Licenses granted by Council are all either short-term or low value and all revenue from licenses is recognised at the time that the license is granted rather than the term of the license. Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

Other Fees and Charges	42,392	72,387
	<u>42,392</u>	<u>72,387</u>

(c) Sales Revenue

The sale of goods is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

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

Rendering of Services

Contract Works for Department of Transport and Main Roads	2,644,255	2,788,547
Other Private Works	451,455	21,041
	<u>3,095,710</u>	<u>2,809,588</u>

4 Grants and Subsidies

Grant Income Under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied

The performance obligations vary in each agreement but include museum, pest animal and pest weed control, local road repairs rehabilitation and upgrades, and watermain replacement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit

Grant Income Under AASB 1058

Capital Grants

Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed, or agreed payment milestones are achieved. For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

Donations and Contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council. Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
(i) Operating			
General Purpose Grants		4,919,169	6,628,868
State Government Subsidies and Grants		1,187,731	3,520,820
Commonwealth Government Subsidies and Grants		84,999	28,855
Flood Damage Restoration		16,860,763	-
		<u>23,052,662</u>	<u>10,178,543</u>
(ii) Capital			
Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and / or investment in new assets.			
State Government Subsidies and Grants		2,291,587	3,151,692
Commonwealth Government Subsidies and Grants		2,389,578	1,337,485
		<u>4,681,165</u>	<u>4,489,177</u>
(iii) Timing of revenue recognition for grants, subsidies contributions and donations		Revenue Recognised at a Point in Time	Revenue Recognised Over Time
		2021	
Grants and Subsidies		5,072,128	22,661,698
		<u>5,072,128</u>	<u>22,661,698</u>
		2020	
Grants and Subsidies		4,039,878	13,586,342
		<u>4,039,878</u>	<u>13,586,342</u>
5 Interest		2021	2020
Interest received from bank and term deposits is accrued over the term of investment.			
Interest Received from Term Deposits		123,155	330,628
Interest Received from Overdue Rates and Utility Charges		41,601	35,365
		<u>164,756</u>	<u>365,993</u>
6 Capital Income	12		
Proceeds from the Sale of Property, Plant and Equipment		197,933	127,732
less: Carrying Value of Disposed Property, Plant and Equipment		(647,563)	(185,869)
Gain / Loss on Disposal of Non-Current Assets		<u>(449,630)</u>	<u>(58,137)</u>
Proceeds from Sale of Land		20,772	-
less: Carrying Value of Disposed Land		(34,000)	-
		<u>(13,228)</u>	<u>-</u>
Total Capital Income / Loss		<u>(462,858)</u>	<u>(58,137)</u>
7 Employee Benefits			
Employee benefit expenses are recorded when the service has been provided by the employee			
Total Staff Wages and Salaries		4,598,470	4,274,422
Councillors' Remuneration		384,043	384,327
Annual, Sick, and Long Service Leave Accruals		732,371	797,498
Superannuation	20	579,225	570,840
		<u>6,294,109</u>	<u>6,027,087</u>
Other Employee Related Expenses		162,454	158,297
		<u>6,456,563</u>	<u>6,185,384</u>
less: Capitalised Employee Expenses		(404,290)	(121,439)
		<u>6,052,274</u>	<u>6,063,945</u>

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

7 Employee Benefits (continued)

Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.

Total Council Employees at the Reporting Date:

Elected Members	5	5
Administration Staff	19	21
Depot and Outdoors Staff	51	53
Total Full-Time Equivalent Employees	<u>75</u>	<u>79</u>

8 Materials and Services

Expenses are recorded on an accruals basis as Council receives the goods or services

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Advertising and Marketing		6,887	5,898
Administration Supplies and Consumables		446,384	293,495
Audit Fees		46,298	52,000
Communications and IT		301,069	197,790
Consultants / Contractors - Asset Consultants		61,863	14,960
Community and Recreational Services		1,515,569	1,170,038
Equipment Hire		262,293	268,096
Recoverable Works		16,333,551	4,768,990
Road Repair and Reinstatement		1,454,851	1,313,564
Town Plan		14,559	95,360
Rural Services		1,399,879	1,101,559
Water Supply		195,540	185,890
Sewerage Treatment		18,783	44,897
Waste Management		247,026	280,678
		<u>22,304,550</u>	<u>9,793,215</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2020/21 financial statement are \$52,750 (2020: \$52,000).

9 Finance Costs

Bank Charges	19,447	21,329
	<u>19,447</u>	<u>21,329</u>

10 Cash and Equivalents

Cash and equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with QTC, and any investments with other financial institutions.

Cash at Bank and on Hand	2,843,325	5,427,460
Deposits at Call and Term Deposits	18,352,840	18,500,339
Balance per Statement of Cash Flows	<u>21,196,165</u>	<u>23,927,799</u>

Council is exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the QTC Cash Funds are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum rating of "A-", the likelihood of the counterparty not having capacity to meet its financial commitment is low.

Cash and Equivalents	21,196,165	23,927,799
less: Externally Imposed Restrictions on Cash	(813,923)	(3,384,571)
Unrestricted Cash	<u>20,382,242</u>	<u>20,543,228</u>

Council's cash and equivalents are subject to a number of external restrictions that limit amounts available for discretionary

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

Unspent Government Grants and Subsidies	755,972	3,308,294
Rates and Housing Rental Received in Advance	57,951	76,277
Total Externally Imposed Restrictions on Cash Assets	<u>813,923</u>	<u>3,384,571</u>

Cash and deposits at call are held in the National Australia Bank in term deposits and business cheque accounts.

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

In accordance with the *Local Government Act 2009* and *Local Government 2012*, a separate trust bank account and separate accounting records is maintained for funds held on behalf of outside parties. Funds held in the trust account include funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). As Council performs only a custodial role in respect of these monies and they cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

Trust Funds Held for Outside Parties

Monies collected or held on behalf of other entities yet to be paid out	27,940	16,613
Security deposits and retention funds	172,453	231,190
	<u>200,393</u>	<u>247,803</u>

There was no funds belonging to Council held in the trust funds of third parties.

<u>2021</u>	<u>2020</u>
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11 Receivables

Receivables, loans, and advances are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after the invoice is issued.

Terms of loans and advances are usually a maximum of five years with interest charged at non-commercial rates. Security is not normally obtained. Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

The loss is recognised in finance costs. The amount of the impairment is the difference between the assets carrying amount and the present value of the estimated cash flows discounted at the effective interest date.

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.

Interest is charged on outstanding rates at a rate of 8% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Current

Rateable Revenue and Utility Charges	756,502	545,179
Other Debtors	266,447	20,094
less: Impairment	(12,485)	6,390
Loans and Advances to Community Organisations	-	6,518
Prepaid Expenses	-	104,326
Accrued Revenue	351,562	28,963
	<u>1,362,026</u>	<u>711,470</u>

Non-Current

Loans and Advances to Community Organisations	115,212	70,581
	<u>115,212</u>	<u>70,581</u>

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk

There is a geographical concentration of risk in the Council's jurisdiction, and since the area is largely agricultural and gas extraction, there is also a concentration of risk in those industries.

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

Opening Balance at 1 July	6,518	6,518
Impairment Debts Written Off During the Year	(6,518)	-
Additional Impairment Recognised	12,485	-
Closing Balance at 30 June	<u>12,485</u>	<u>6,518</u>

Council does not require collateral in respect of trade and other receivables.

**Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021**

**12 Property, Plant and Equipment
30-Jun-21**

Basis of Measurement

Asset Values

Opening Gross Value as at 1 July 2020

Additions

Disposals

Transfers Between Classes / Adjustment

Closing Gross Value as at 30 June 2021

Furniture and Fittings	Buildings and Other Structures	Plant and Equipment	Road Infrastructure	Sewerage	Water	Land	Other Assets	Airport Assets	TOTAL
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
656,086	43,130,327	10,940,259	214,309,420	7,454,171	12,654,654	2,231,368	2,812,605	-	294,188,890
22,920	819,268	1,483,587	2,869,138	-	-	29,202	418,822	194,949	5,837,886
(8,820)	-	(581,717)	-	-	-	(34,000)	(57,026)	-	(681,563)
(180,649)	(870,000)	(1,963,746)	(11,420,052)	-	-	-	(357,095)	12,647,147	(2,144,395)
489,537	43,079,595	9,878,383	205,758,506	7,454,171	12,654,654	2,226,570	2,817,306	12,842,096	297,200,817

Accumulated Depreciation and Impairment

Opening Balance as at 1 July 2020

Depreciation Provided in Period

Transfers Between Classes / Adjustment

Accumulated Depreciation as at 30 June 2021

325,848	16,125,626	5,054,307	32,675,095	2,765,335	4,240,621	-	720,889	-	61,907,721
20,348	1,287,517	617,932	2,873,572	121,904	239,413	-	113,464	241,172	5,515,322
(180,648)	(62,135)	(1,963,746)	(1,828,473)	-	-	-	(32,728)	1,923,337	(2,144,393)
165,548	17,351,008	3,708,494	33,720,194	2,887,239	4,480,034	-	801,625	2,164,509	65,278,650

Total Written Down Value as at 30 June 2021

Range of Estimated Useful Lives in Years

323,889	25,728,587	6,169,889	172,038,312	4,566,932	8,174,620	2,226,570	2,015,681	10,677,587	231,922,168
2 - 20	10 - 75	2 - 20	5 - Unlimited	20 - 100	25 - 110	Unlimited	2 - 50	-	-

Work in Progress

Opening Balance 1 July 2020

Transfers Between Classes

Expenditure in Year

Brought Forward Balance Expensed

Transferred to Asset Register

Closing Balance 30 June 2021

-	4,435,846	80,393	2,277,237	799,743	550,942	-	333,860	-	8,478,021
-	-	-	(2,936)	(799,743)	-	-	802,679	-	-
-	5,198,097	1,483,587	1,184,566	27,104	423,192	29,202	1,279,472	-	9,625,220
-	(381)	-	(5,113)	-	(8,459)	-	(262,236)	-	(276,189)
-	(842,188)	(1,563,980)	(2,869,138)	-	-	(29,202)	(533,378)	-	(5,837,886)
-	8,791,374	-	584,616	27,104	965,675	-	1,620,397	-	11,989,167

Total PPE

323,889	34,519,961	6,169,889	172,622,928	4,594,036	9,140,295	2,226,570	3,636,078	10,677,587	243,911,333
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Additions Comprise:

Renewals

Other Additions

Total Additions

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	1,927,269	1,483,587	1,101,679	27,105	410,422	-	598,172	-	5,548,234
-	3,270,828	-	82,887	-	12,770	29,202	681,300	-	4,076,987
-	5,198,097	1,483,587	1,184,566	27,105	423,192	29,202	1,279,472	-	9,625,220

30-Jun-20

Furniture and Fittings	Buildings and Other Structures	Plant and Equipment	Road Infrastructure	Sewerage		Water		Land		Other Assets	TOTAL
				Fair Value	Cost	Fair Value	Cost	Fair Value	Cost		
Cost	Fair Value	Cost	Fair Value	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
648,086	42,847,480	9,573,719	200,083,878	7,369,857	11,473,349	2,140,529	1,726,310	275,863,208			
8,000	1,093,950	1,518,408	623,998	84,314	1,181,305	124,839	1,086,295	5,721,109			
-	-	(151,868)	-	-	-	(34,000)	-	(185,868)			
-	(811,103)	-	13,601,544	-	-	-	-	12,790,441			
-	-	-	-	-	-	-	-	-			
656,086	43,130,327	10,940,259	214,309,420	7,454,171	12,654,654	2,231,368	2,812,605	294,188,890			

Basis of Measurement

Asset Values

Opening Gross Value as at 1 July 2019
 Additions
 Disposals
 Revaluation Adjustment to Revaluation Surplus
 Transfers Between Classes

Closing Gross Value as at 30 June 2020

Accumulated Depreciation and Impairment

Opening Balance as at 1 July 2019 (restated)
 Depreciation Provided in Period
 Depreciation on Disposals
 Revaluation Adjustment to Revaluation Surplus
 Transfers Between Classes

Accumulated Depreciation as at 30 June 2020

303,724	14,833,639	4,519,692	49,051,481	2,640,936	4,004,294	-	619,806	75,973,572
22,124	1,291,987	534,615	4,924,629	124,399	236,327	-	101,083	7,235,164
-	-	-	-	-	-	-	-	-
-	-	-	(21,301,015)	-	-	-	-	(21,301,015)
325,848	16,125,626	5,054,307	32,675,095	2,765,335	4,240,621	-	720,889	61,907,721

Total Written Down Value as at 30 June 2020

Range of Estimated Useful Lives in Years

330,238	27,004,701	5,885,952	181,634,325	4,688,836	8,414,033	2,231,368	2,091,716	232,281,169
2 - 20	10 - 75	2 - 20	5 - Unlimited	20 - 100	25 - 110	Unlimited	2 - 50	

Work in Progress

Opening Balance 1 July 2019
 Expenditure in Year
 Transferred to Asset Register
 Closing Balance 30 June 2020

-	1,387,184	-	1,188,776	84,314	979,535	-	1,609,073	5,248,882
8,000	4,142,612	1,598,801	1,712,459	799,743	752,712	124,839	(188,918)	8,950,248
(8,000)	(1,093,950)	(1,518,408)	(623,998)	(84,314)	(1,181,305)	(124,839)	(1,086,295)	(5,721,109)
-	4,435,846	80,393	2,277,237	799,743	550,942	-	333,860	8,478,021

Total PPE (restated)

330,238	31,440,548	5,966,345	183,911,562	5,488,579	8,964,975	2,231,368	2,425,576	240,759,190
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Renewals

Other Additions

Total Additions

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	280,000	607,363	623,998	84,314	236,261	-	514,635	2,346,571
8,000	813,950	911,045	-	-	945,044	124,839	571,660	3,374,538
8,000	1,093,950	1,518,408	623,998	84,314	1,181,305	124,839	1,086,295	5,721,109

**Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021**

12 Property, Plant and Equipment

12(a) Recognition

Purchases of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold. 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

Land Under Roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. Quilpie Shire Council currently does not have any such land holdings. Land under the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government pursuant to the relevant legislation. This land is not recognised in these financial statements.

12(b) Measurement

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges, are recognised as assets and revenue at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against revaluation surplus.

12(c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use. Land, work in progress, certain cultural and heritage assets with heritage listing, and reservoirs are not depreciated.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

The useful life of leasehold improvements is the shorter of the useful life of the asset or the remaining life of the lease.

Where assets have separately identifiable components, these components have separately assigned useful lives.

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.

12(d) Impairment

Property, plant and equipment held at cost 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.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the revaluation surplus of the relevant class to the extent available.

12(e) Valuation

(i) Valuation

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Every four years, Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council undertakes:

*a management valuation using internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets and an appropriate cost index for the region.

*A "desktop" valuation for land and improvements, and buildings asset classes which 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.

Revaluation increases are recognised in the revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease. Revaluation decreases are recognised in the revaluation surplus, where there is sufficient amount available in the revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the Statement of Comprehensive Income.

Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the Statement of Comprehensive Income up to the value of the original decrease.

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.

Fare values are classified into three levels as follows:

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

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

There were no transfers between levels during the year.

A severe weather event occurred during February 2021 which caused significant damage to Council's road network. Natural disaster events such as this are common in the Quilpie Shire area and generally occur three to four times per decade. Prior to 30th June, works were undertaken to ensure all damaged roads were trafficable, the full costs of repair work will be funded by the State Government through its Disaster Recovery Funding Arrangements. Works will be completed over the two years ending 30th June 2023.

Council performed a detailed assessment of the road network impacted by the weather event in assessing its funding claim. This assessment included an examination over the road network condition. It also included quantification of planned repair work and an estimate of the capital component or loss in service potential of the road network from the weather event. Certain road network components were damaged, with all roads trafficable, and no road assets were completely destroyed which would require them to be written off at year end. Council's assessment indicates that the majority of the work to be performed is operational and repair work in nature. This includes repair of road surfaces, pot holes, grading and other remedial works that are considered to be expenditure items.

There was no material impact on the carrying value of the infrastructure, property, plant and equipment held by Council. No write down in the depreciated replacement cost of the road network has been recorded at 30 June 2021 as a result. The amount of the funded repairs Council will perform in future periods is all in the main repairs and operating expenditure. The total repairs undertaken in 2020/21 was \$16,246,633

(ii) Valuation Techniques Used to Derive Fair Values

Asset Class and Fair Value Hierarchy	Valuation Approach	Last Comprehensive Valuation Date	Valuer Engaged	Key Assumptions and Estimates (related data sources)	Sample of Indices Assessed this Year	Adjustment Required?
Land and Improvements (level 2)	Market value	30-Jun-19	AssetVal	Current zoning Sales prices per square metre (database of recent sales) of comparable properties, adjusted for difference in key attributes such as property size)	National Resources, Mines and Energy	Movement immaterial - no adjustment required.
Buildings and Other Structures (levels 2 and 3)	Market value and current replacement costs	30-Jun-19	AssetVal	Market Value: Sales prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as condition) CRC: Rawlinson's cost data and cost indices with regional indexations applied which is then subject to review by engineers taking into account site specifics, consideration of building size, material, type, and structure (observable), condition assessment (unobservable / subjective), restrictions associated with each site (unobservable), valuer's professional judgement (unobservable / subjective), and useful life and remaining useful life (unobservable / subjective)	Australia Bureau of Statistics Ref. Catalogues 6427.0 Producer Price Indexes, Australia, Table 17, Index Number 3020, "Non-Residential Construction Queensland"	Movement immaterial - no adjustment required.
Roads, Drainage and Bridge Networks (level 3)	Current replacement costs	30-Jun-20	Shepherd Services	Existing supply contract rates for raw materials appropriate for the asset based on age, size location and condition Labour rates based on Council's EBA Average cost of outsourced projects Remaining life of assets including existing conditions	Australia Bureau of Statistics Ref. Catalogues 6427.0 Producer Price Indexes, Australia, Table 17, Index Number 3101, "Roads and Bridges Construction Queensland"	Movement immaterial - no adjustment required.
Airport Assets	Current replacement costs	30-Jun-20 30-Jun-19	Shepherd Services and AssetVal	Existing supply contract rates for raw materials appropriate for the asset based on age, size location and condition Labour rates based on Council's EBA Average cost of outsourced projects Remaining life of assets including existing conditions	Australia Bureau of Statistics Ref. Catalogues 6427.0 Producer Price Indexes, Australia, Table 17, Index Number 3101, "Roads and Bridges Construction Queensland", Table 17, Index Number 30, "Building Construction Queensland"	Movement immaterial - no adjustment required. NOTE: Two valuation dates due to first year of separately disclosing this category.
Water and Sewerage Asset (level 3)	Current replacement costs	30-Jun-19	AssetVal	Development, soil and depth factors taking into account current condition Gross replacement cost per m2 based on appropriate materials Remaining useful lives and physical obsolescence	Australia Bureau of Statistics Ref. Catalogues 6427.0 Producer Price Indexes, Australia, Table 17, Index Number 30, "Building Construction Queensland"	Movement immaterial - no adjustment required.

**Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021**

13 Contract Balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that Council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

	2021 \$	2020 \$
a Contract Assets	831,746	117,418
b Contract Liabilities		
Funds Received Upfront to Construct Council Controlled Assets	-	378,263
Deposits Received in Advance of Services Provided	755,972	43,200
	<u>755,972</u>	<u>421,463</u>
Current Contract Liabilities	755,972	421,463
Non-Current Contract Liabilities	-	-
	<u>755,972</u>	<u>421,463</u>
c Revenue recognised that was included in the contract liability balance at the beginning of the year Funds Deposits received in advance of services provided or assets constructed	421,463	-
	<u>421,463</u>	<u>-</u>

14 Leases

Council as a Lessee

Council has leases in place over building and equipment. Council has applied the exception to lease accounting for leases of low-value assets and short term leases. Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as single component.

The right-of-use asset is measured using the cost model where costs on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less and lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured where there is lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI)

Where the lease liability is re-measured the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to Lease Accounting

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

Terms and Conditions of Leases

Building: Council leases one building which is used for youth activity centre, the leases are between two years and contains a renewal option which is reasonable certain to be exercised at Council's discretion.

Equipment: Council leases a number of equipment, a number of assets are considered low value and short term leases and are therefore not subject to lease accounting.

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease. If the lease contains lease and non lease components the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight-line basis over the lease term.

Leases at significantly below market value-Concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and building which are used for youth activity centre. The leases are generally between 2 and 50 years and require payments between \$1 and \$10,000 per annum. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases. Council does not believe that any of the leases in place are individually material.

15 Payables

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

Current

Creditors and Accruals	713,502	1,329,390
GST Payable / (Receivable)	127,657	(328,444)
	<u>841,159</u>	<u>1,000,946</u>

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

16 Provisions

Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date. Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Long Service Leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

Refuse Tips Restoration

A provision is made for the cost of restoring refuse dumps and quarries where it is probable Council will have an obligation to rehabilitate the site when the use of the facilities is complete.

The calculation of the provisions use assumptions including application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provisions are reviewed at least annually and updated based on the facts and circumstances available at the time.

Refuse restoration provision represents the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. During 2021, Quilpie Shire's circumstances were reviewed and it was determined that there is no current legal or constructive obligation for the restoration of the refuse tips, so the provision for landfill restoration was reversed.

	2021 \$	2020 \$
Current		
Annual Leave	461,522	597,869
Long Service Leave	329,455	586,317
	<u>790,977</u>	<u>1,184,186</u>
Non-Current		
Long Service Leave	245,381	102,105
Landfill Rehabilitation	-	333,860
	<u>245,381</u>	<u>435,965</u>
Long Service Leave		
Balance at Beginning of Financial Year	688,422	579,720
Long Service Leave Entitlement Arising	86,070	239,608
Long Service Entitlement Extinguished	(64,547)	(73,778)
Long Service Entitlement Paid	(135,109)	(57,128)
Balance at End of Financial Year	<u>574,836</u>	<u>688,422</u>
Landfill Restoration		
Balance at Beginning of Financial Year	333,860	333,860
Provision Reassessments	(333,860)	-
Balance at End of Financial Year	<u>-</u>	<u>333,860</u>

17 Revaluation Surplus

The revaluation surplus comprises revaluation movements on property increases and decreases on revaluation are offset within a class of assets. When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the revaluation surplus and not transferred to retained surplus.

Movements in the Revaluation Surplus were as follows:

Balance at beginning of financial year	160,334,761	126,243,305
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Buildings and Other Structures	-	(811,103)
Road Infrastructure	-	34,902,559
Balance at end of financial year	<u>160,334,761</u>	<u>160,334,761</u>

Revaluation Surplus Analysis

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

Land	276,686	276,686
Buildings and Other Structures	8,724,679	8,724,679
Road Infrastructure	146,935,252	146,935,252
Water and Sewerage	4,398,144	4,398,144
	<u>160,334,761</u>	<u>160,334,761</u>

**Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021**

	2021	2020
	\$	\$
18 Contractual Commitments		
Significant contractual commitments at end of financial year but not recognised in the financial statement are as follows:		
Asset Management - LGGSP	-	12,515
Building and Structure	-	2,464,897
Road Infrastructure	-	1,255,625
Water Infrastructure	-	14,351
	-	3,747,388

Council has no material commitments for expenditure as at 30th June 2021. The only commitments Council has are unfilled purchase orders generated for general Council operations and due for completion in the 2021/22 year. Council changed the disclosure basis for this note in the 2020/21 year and future disclosures will be on this basis.

19 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 they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2020 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

Council is a member of the Queensland local government workers' 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. Council's maximum exposure to the bank guarantee is \$89,846.

20 Superannuation - Regional Defined Benefit Fund

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

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at Council level. Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of Council.

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 2021. The most significant risks that may result in LGIAsuper increasing the contribution rate, on the advice of the actuary are :

- Investment risk - The risk that the scheme's returns will be lower than assumed and additional contributions are needed to fund the shortfall.
- Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed , increasing vested benefits to be funded .

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

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

	Note	2021	2020
		\$	\$
Superannuation contributions made to the Regional Defined Benefits Funds		15,312	15,167
Other superannuation contributions for employees		563,913	555,674
Total superannuation contributions paid by Council for employees:	7	579,225	570,841

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

21 Reconciliation of Net Result for the Year to Net Cash Flows From Operating Activities

	2021	2020
	\$	\$
Net Result	<u>2,295,449</u>	<u>104,409</u>
Non-Cash Items:		
Depreciation and Amortisation	<u>5,515,322</u>	<u>7,235,164</u>
	<u>5,515,322</u>	<u>7,235,164</u>
Investing and Development Activities:		
Net (Profit) / Loss on Disposal of Non-Current Assets	462,858	58,137
Capital Grants, Subsidies, and Contributions	<u>(4,681,165)</u>	<u>(4,489,177)</u>
	<u>(4,218,307)</u>	<u>(4,431,040)</u>
Financing Activities:		
	<u>19,447</u>	<u>20,157</u>
	<u>19,447</u>	<u>20,157</u>
Changes in Operating Assets and Liabilities:		
(Increase) / Decrease in Receivables	(734,798)	638,101
(Increase) / Decrease in Inventory	(56,379)	(162,330)
(Increase) / Decrease in Other Assets	(714,328)	-
Increase / (Decrease) in Payables	(159,787)	1,204,171
Increase / (Decrease) in Contract Liabilities and Provisions	<u>(249,284)</u>	<u>108,702</u>
	<u>(1,914,576)</u>	<u>1,788,644</u>
Net cash inflow from operating activities	<u><u>1,697,335</u></u>	<u><u>4,717,333</u></u>

22 Events After the Reporting Period

There were no material adjusting or non-adjusting events after the balance date.

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

23 Financial Instruments and Financial Risk Management

(a) Financial Assets and Financial Liabilities

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

- credit risk
- liquidity risk
- market risk

Risk Management Framework

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 risk committee and management approve policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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. Council aims to manage volatility to minimise potential adverse effects on the financial performance of Council.

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

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 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 carrying amount of financial assets at the end of the reporting represent the maximum exposure to credit risk for the Council.

Liquidity Risk

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

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

Exposure to Liquidity Risk

Council is exposed to liquidity risk through its normal course of business. Council manages its exposure to liquidity risk by maintaining sufficient cash deposits to cater for unexpected volatility in cash flows.

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

	0 to 1 Year	1 to 5 Years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$
2021				
Trade and Other Payables	841,159	-	841,159	841,159
	841,159	-	841,159	841,159
2020				
Trade and Other Payables	1,000,946	-	1,000,946	1,000,946
	1,000,946	-	1,000,946	1,000,946

Quilpie Shire Council
Notes to the Financial Statements
For the Year Ended 30 June 2021

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 Council's income or the value of its holdings of financial instruments.

Interest Rate Risk

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

**Quilpie Shire Council
Financial Statements
For the Year Ended 30 June 2021**

**Management Certificate
For the Year Ended 30 June 2021**

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.

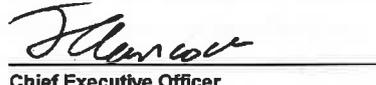
In accordance with section 212(5) of the Regulation we certify that:

- (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
Stuart Mackenzie**

Date: 29/10/2021



**Chief Executive Officer
Justin Hancock**

Date: 29/10/2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Quilpie Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Quilpie Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Quilpie Shire Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Michael Claydon
as delegate of the Auditor-General

29 October 2021

Queensland Audit Office
Brisbane

**Quilpie Shire Council
Current-Year Financial Sustainability Statement
For the Year Ended 30 June 2021**

Measures of Financial Sustainability	How the Measure is Calculated	Actual	Target
Council's performance at 30 June 2021 against key financial ratios and targets:			
Operating Surplus Ratio	Net Operating Result / Total Operating Revenue	-6%	0% to 10%
Asset Sustainability Ratio	Capital Expenditure (Asset Replacements) / Depreciation Expense.	83%	> 90%
Net Financial Liabilities Ratio	Total Liabilities - Current Assets / Total Operating Revenue	-67%	< 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 2021.

**Certificate of Accuracy
For the Year Ended 30 June 2021**

This Current-Year Financial Sustainability Statement has been prepared pursuant to the requirements of section 178 of the *Local Government Regulation 2012*.

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

Date: 29/10/2021



Chief Executive Officer
Justin Hancock

Date: 29/10/2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Quilpie Shire Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Quilpie Shire Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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 2021 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Quilpie Shire Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

Responsibilities of the councillors for the current-year financial sustainability statement

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

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

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

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

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

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

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

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



Michael Claydon
as delegate of the Auditor-General

29 October 2021

Queensland Audit Office
Brisbane

**Quilpie Shire Council
Long-Term Financial
Prepared as at 30 June 2021**

Measures of Financial Sustainability

Measure	Actuals	Projected for the Years Ended									
	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29	30-Jun-30	30-Jun-31
Target											
Net Operating Result / Total Operating Revenue	0% to 10%	-6%	-9.69%	-6.71%	-6.29%	-5.85%	-5.50%	-5.51%	-4.94%	-4.73%	-4.39%
Capital Expenditure (Asset Replacements) / Depreciation Expense	> 90%	83%	70.95%	116.09%	88.96%	92.49%	96.53%	89.17%	95.80%	95.43%	95.07%
Net Financial Liabilities Ratio	< 60%	-67%	-66.95%	-75.71%	-69.09%	-60.90%	-56.98%	-53.15%	-54.17%	-55.43%	-57.04%

Summary of Quilpie Shire Council's Financial Management Strategy

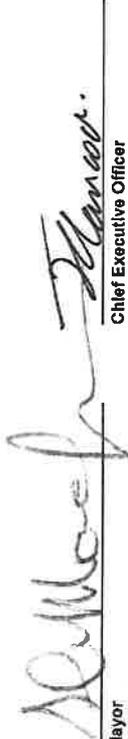
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

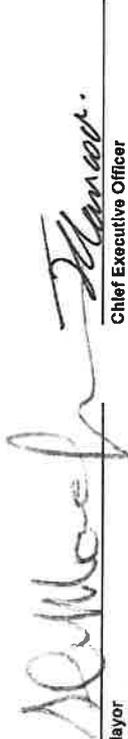
Certificate of Accuracy

For the Long-Term Financial Sustainability Statement prepared as at 30 June 2021

This long-term financial sustainability statement has been prepared pursuant to the requirements of section 178 of the *Local Government Regulation 2012*.

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


 Mayor
 Stuart Mackenzie


 Chief Executive Officer
 Justin Hancock

Date: 29/10/2021

Date: 29/10/2021

