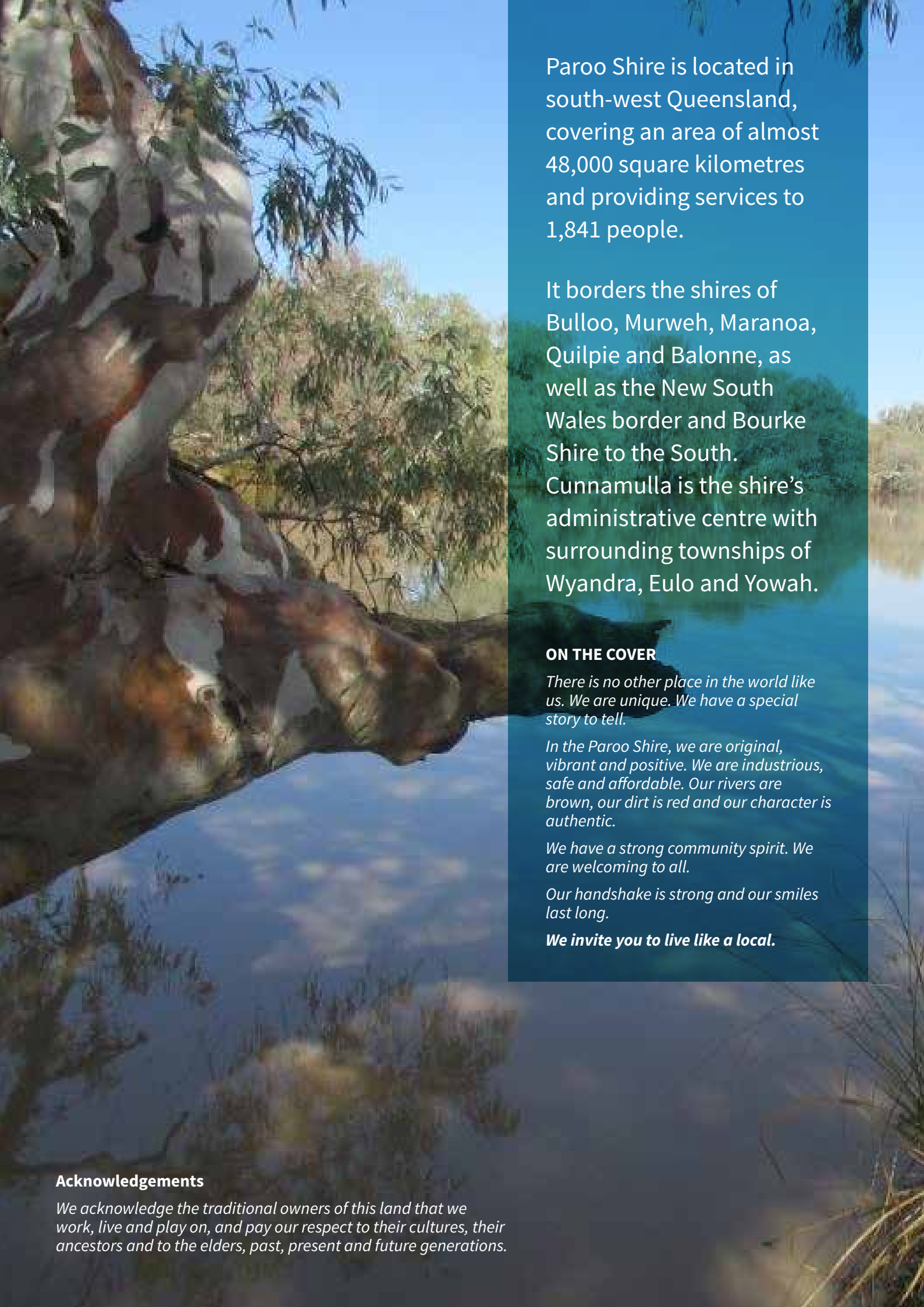


*live like
a local*

PAROO SHIRE COUNCIL
2016/2017
ANNUAL REPORT





Paroo Shire is located in south-west Queensland, covering an area of almost 48,000 square kilometres and providing services to 1,841 people.

It borders the shires of Bulloo, Murweh, Maranoa, Quilpie and Balonne, as well as the New South Wales border and Bourke Shire to the South. Cunnamulla is the shire's administrative centre with surrounding townships of Wyandra, Eulo and Yowah.

ON THE COVER

There is no other place in the world like us. We are unique. We have a special story to tell.

In the Paroo Shire, we are original, vibrant and positive. We are industrious, safe and affordable. Our rivers are brown, our dirt is red and our character is authentic.

We have a strong community spirit. We are welcoming to all.

Our handshake is strong and our smiles last long.

We invite you to live like a local.

Acknowledgements

We acknowledge the traditional owners of this land that we work, live and play on, and pay our respect to their cultures, their ancestors and to the elders, past, present and future generations.

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INTRODUCTION TO OUR ANNUAL REPORT

The first section of the Paroo Shire Council 2016/2017 Annual Report introduces our organisation and the shire, summarises our operational and financial performance for the 2016/2017 financial year and provides insights from our Mayor and Chief Executive Officer.



Living like a local: our airports provide important connections for residents and visitors alike.



Introduction

Local government today provides a range of community services and facilities that not that long ago were considered outside the bounds of our responsibilities. Council is now expected to be involved in much wider fields than just ‘roads, rates and rubbish’, with our roles and obligations now extending to social, economic, cultural and environmental issues at both a local and regional level. Our shire profile shows we have a relatively high degree of social and economic disadvantage that impacts on our ability to generate revenue and increases the reliance on Council as a service provider.

Yet, we proudly provide more than 40 programs and services to the communities and residents within our shire.

We are transparent and accountable to our stakeholders, and we demonstrate this by showing our achievements and challenges from the past 12 months in this 2016/2017 Annual Report.

The report shows how we performed as an organisation to meet the strategic priorities listed in our Corporate Plan 2012-2017, and previews our priorities in the 2017-2022 Corporate Plan as well as our long-term financial planning.

Through this report, we are:

- communicating our vision and commitments to the community
- reporting on our performance
- instilling community confidence in our ability to lead the community and deliver on our promises
- illustrating our commitment to accountable and transparent governance
- promoting the Paroo Shire Council to potential investors for economic development
- building upon the partnerships that are created with community groups, local authorities and industry leaders
- recognising the achievements of our staff
- meeting statutory requirements under the *Local Government Act 2009* and *Local Government Regulation 2012*.

Whether you are a resident or ratepayer of Paroo Shire, a local business owner, potential investor, community group member, government agency, funding body or staff member, we are sure you will find interesting and relevant information in this report.



Message from the Mayor



On behalf of my fellow Councillors, I am pleased to submit this report for the 12 months ending 30 June 2017. The financial year has been a period of progress

and change, providing our shire with reliable services and improved maintenance of essential infrastructure and existing assets.

We will continue to lobby the State and Commonwealth Governments for improved regional services and remain committed to our core work of providing outstanding customer service, improving local roads and being financially responsible.

In May 2017, Oliver Simon was appointed as Chief Executive Officer. With Oliver at the helm, the shire will continue to grow and prosper into 2018 and beyond.

I would like to thank all my fellow Councillors, the Chief Executive Officer and Council staff for their dedication throughout the past 12 months.

Cr Lindsay Godfrey
Mayor

The Paroo River, that runs through Paroo Shire, is the seventh-longest river of Australia.

Message from the Chief Executive Officer



The 2016/2017 financial year delivered many challenges, which council met and overcame with a renewed focus on providing cost effective and efficient services to our community.

These changes resulted in a shift in thinking by many of our staff and a willingness to try new methods and ideas.

As we look back on the past 12 months and look forward to the new financial year, the theme Progress and Prosperity will define the journey our staff have embarked on in their concerted effort to lay the foundations to deliver responsive, efficient and cost-effective services to our community. Some of the results may not be visible immediately, but I can assure our residents that they will provide a lasting legacy.

Staff participated in the development of our new values, which defined a clear purpose and goals that will determine how we do business into the future. This model will deliver a modern, efficient service to our community by continuing to challenge and improve what we do and how we do it.

Our staff have embraced the team philosophy and we realise that our priority is to ensure our people are providing the most cost effective services for the people of the community.

During the year, a number of key technical management positions including the CEO position became vacant and were filled on a temporary basis. It is with much pleasure that I can announce that these positions have now been filled and our Executive Management Team is proactively working beside our councillors and staff in this exciting new era moving forward.

A sustainable future remains a key strategic imperative for our region, as we face the challenges of the current economic climate in our shire. Like any organisation, Council has to respond to change, and to do this, has consulted with the community to develop an Economic Development Vision of what we want the future to look like for the Paroo Shire and its residents.

Prudent long-term financial planning continues to be a focus in our journey, and while we are taking steps toward getting more out of our existing assets, this delays the need for further capital investment and reduces the rate burden on our community.

It is heartening to see the professionalism and dedication shown by staff. The way they have responded to the challenges is encouraging and satisfying. We will continue the hard work to provide value for money for our community and look for more efficient ways of delivering the functions and services that we provide.

I'd like to thank the Mayor and Councillors for their strategic direction and guidance.

Thank you also to the staff for their contribution throughout the year.

Oliver Simon
Chief Executive Officer

A snapshot of our shire

ABOUT PAROO SHIRE

We are blessed with strong community pride. Our citizens are spirited and determined, welcoming and friendly. Our strength is our people.

Located in south-west Queensland, the Paroo Shire covers an area of almost 48,000 square kilometres and encompasses the towns of Cunnamulla, Eulo, Yowah, Wyandra and their surrounds.

Industries within the region include the production of wool, meat sheep, cattle, goats, grapes and cotton as well as macropod harvesting, opals and honey production. As with most outback shires, tourism is a growing industry that injects welcomed cash flow and provides employment during the cooler months.

This is an area rich in history, pride, flora and fauna and where the locals are waiting to welcome you into their lives to share this unique part of Australia.

QUICK FACTS

Population: **1,841 people** (1.4% decline from the previous five years)

31% of the population is indigenous

Median age is **39 years**, increasing to 45 years in the next 20 years

4% born overseas

64% in the most disadvantaged socio-economic quintile

Median household income is **80%** of the Queensland average

30.2% employed in agriculture

Tourism is the **fastest growing sector**, but currently contributes less than 5% of jobs.

QUEENSLAND

Charleville

CUNNAMULLA

St George

Brisbane

YOWAH

EULO

WYANDRA

CUNNAMULLA

PAROO SHIRE



CUNNAMULLA

Nestled on the banks of the Warrego River is where you will discover this western gem. Cunnamulla, meaning “long stretch of water” is located at the crossroads of the Mitchell Highway (Matilda Highway) and the Adventure Way and is home to characters from all backgrounds. The Cunnamulla Fella sits proudly on his pedestal overlooking the rose lined streets and welcomes visitors to our town.



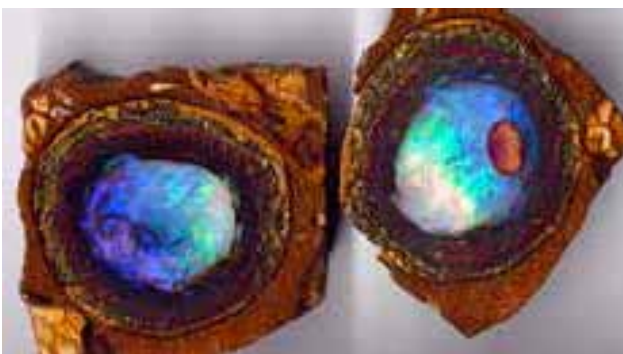
WYANDRA

Wyandra, an agricultural town, is located 98 kilometres north of Cunnamulla on the Matilda Highway. Artesian water, which is a naturally alkaline mineral water, is bottled from the bore in Wyandra and sold at health food shops in Sydney and Brisbane.



EULO

Situated 68 kilometres west of Cunnamulla, Eulo has been said to be the Montville of the south-west. Businesses in the town sell local crafts and produce, and Eulo also features the fabulous Artesian Mud Baths. Unique to the shire and just west of Eulo is the natural phenomenon known as the Mud Springs, which are release valves for the Great Artesian Basin.



YOWAH

Located 159 kilometres north-west of Cunnamulla, Yowah is a living opal gallery, with 90 per cent of residents being small-scale miners. The opals of Yowah are world renowned for their beautiful colours and magnificent patterns – all created by nature, with water playing a large part of the formation. All forms of opal can be found in Yowah, however, one major difference is the “Distinctive Yowah Nut”.

2016/2017 performance highlights

ACHIEVEMENTS

- We completed approximately 280 kilometres of shire roadworks, including resheeting, shoulder reconstruction and culvert replacement.
- The Bulloo Development Rd was sealed to Shay St, Eulo.
- We constructed a truck parking bay on Mitchell Highway, south of Cunnamulla.
- We replaced 1.897 kilometres of water mains in Cunnamulla and rehabilitated three sewage pumping stations in Cunnamulla.
- An Asset Management Plan was developed and implemented.
- We obtained \$3,913,566 in grant funding for projects throughout the shire.
- We developed an Economic Development Plan for our shire's future sustainability through community consultation conducted by Professor Jim Cavaye from University of Southern Queensland.
- The shire's destination brand was developed and implemented.
- Our visitor numbers to the shire increased by approximately 5,000 from the previous year.
- We hosted another successful Cunnamulla Fella Festival in August 2016.

CHALLENGES

- The remoteness of the shire incurs additional living costs, due to the tyranny of distance it is more expensive to access goods and services.
- There are limited public transport services: no trains, a plane service just two days per week and no local bus service.
- Depopulation is continuing, with fewer people on properties, loss of services, parents not attracted to the local schools, and the effect of drought. This limits investment and economic activity, volunteering, community organisations and community events. Our current decline is at approximately 1.04 per cent per year.
- The unemployment rate is more than 10 per cent, with 64.3 per cent of people in the most disadvantaged one fifth of the population (quintile 1).
- We face difficulty filling specialist technical roles with appropriately qualified staff. Likewise, we have difficulty finding specialist contractors who are able to start and complete projects within the timeframes specified by funding bodies.
- The shire has been in drought since 2012, delivering temperatures in the high 40s for days and weeks on end through December, January and February affecting the shire outdoor workforce.
- We were unsuccessful in our application for funding to complete the stage 1 development of John Kerr Park sporting precinct, which would have provided a substantial injection of income into the community.

Introduction to our planning and performance measurement

OUR PURPOSE, OUR GOALS AND OUR VALUES



OUR CORPORATE PLAN

A corporate plan is a legislative requirement under the *Local Government Act 2009* (section 104) and the *Local Government Regulation 2012* (section 165), and details the direction for Council over a five-year period.

Our 2017-2022 Corporate Plan is a key long-term planning document that guides the elected members in the allocation of resources and delivery of services to the community, and is the principal document from which other plans and strategic documents are developed.

In developing the Corporate Plan, we incorporated the content and community consultation that took place for the 2008-2012 Corporate Plan, the 2012-2022 Community Plan and the current local and regional issues that the shire is facing.

Just like in every small community, the elected members of Paroo remain closely in touch with the community so the engagement process never ends.

The Corporate Plan 2017-2022 will be implemented annually through our operational plans and budgets, which details specific actions and their associated costs to meet the current and future needs of the community.

We report on the implementation and performance of short and long-term objectives through quarterly reporting to Council. Furthermore, we will conduct statutory annual reviews of Corporate Plan performance and report the result in the Annual Report.

The key strategic areas addressed by the Corporate Plan are:

- infrastructure
- health, building and planning
- community
- governance
- tourism and economic development
- regional issues.

Issues affecting Paroo Shire Council cannot always be addressed at a local level, requiring attention across shire boundaries to adequately fulfil community needs. In addition to local action, we consider the following aspects of our operations to have regional implications:

- disaster management
- economic development
- environmental management
- provision, maintenance, restoration or replacement of infrastructure
- community development
- housing.

We actively cooperate with neighbouring councils and participate in many regional organisations to address community needs in these areas.

You can view our Corporate Plan online at www.paroo.qld.gov.au/reports-and-publications

Alan Tannock Weir, Cunnamulla.



Looking ahead to the next 12 months

The 2017/2018 Operational Plan has been developed for implementation. The following activities are planned for the next 12 months. We will:

- further develop the 10-year asset management plan, including identification of levels of service to the community.
- continue a program of maintenance of town sewerage systems.
- ensure the provision of appropriate burial and cemetery services.
- provide operational, cost-effective and fit for purpose plant and equipment.
- continue to develop and maintain town water reticulation systems to meet community needs.
- develop and implement the building maintenance and capital renewal schedule for Council-owned buildings and structures.
- review, develop and enforce regulations and local laws (including domestic pets and house yards).
- develop a new planning scheme to reflect new state legislation.
- facilitate disaster management planning and implementation and provide support for local SES groups.
- We will continue to provide effective waste management services.
- facilitate the provision of appropriate aged care facilities and services.
- facilitate the provision of appropriate and adequate community housing.
- facilitate the provision of appropriate sport and recreational facilities and services.
- implement sound business and financial management practices.
- source external grant funding for renewals and assets that boost the economy and enhance the shire's image as a tourist destination.
- continue to support community groups to access grant funding as required.
- develop and implement an internal and external communications strategy.
- continue our program of organisational realignment.
- continue with the implementation of the Human Services Quality Framework compliance for Department Communities and Child Safety.
- continue to recruit, support and develop our people.
- implement the risk register, ensuring it is reviewed by the audit committee.
- develop a comprehensive environmental management plan in partnership with Department of Agriculture and Fisheries. This plan will be implemented, monitored and reported on as required.
- conduct a review of our records management systems and processes.
- facilitate the development of our tourism infrastructure.
- investigate options for the provision of land for economic development opportunities.
- facilitate business and economic development in the shire.

OUR ELECTED COUNCIL

This section demonstrates the activities of our elected members, including meeting attendance, remuneration and complaints, as well as resolutions relating to policies adopted by Paroo Shire Council.



Living like a local: The Warrego River offers many recreational opportunities.

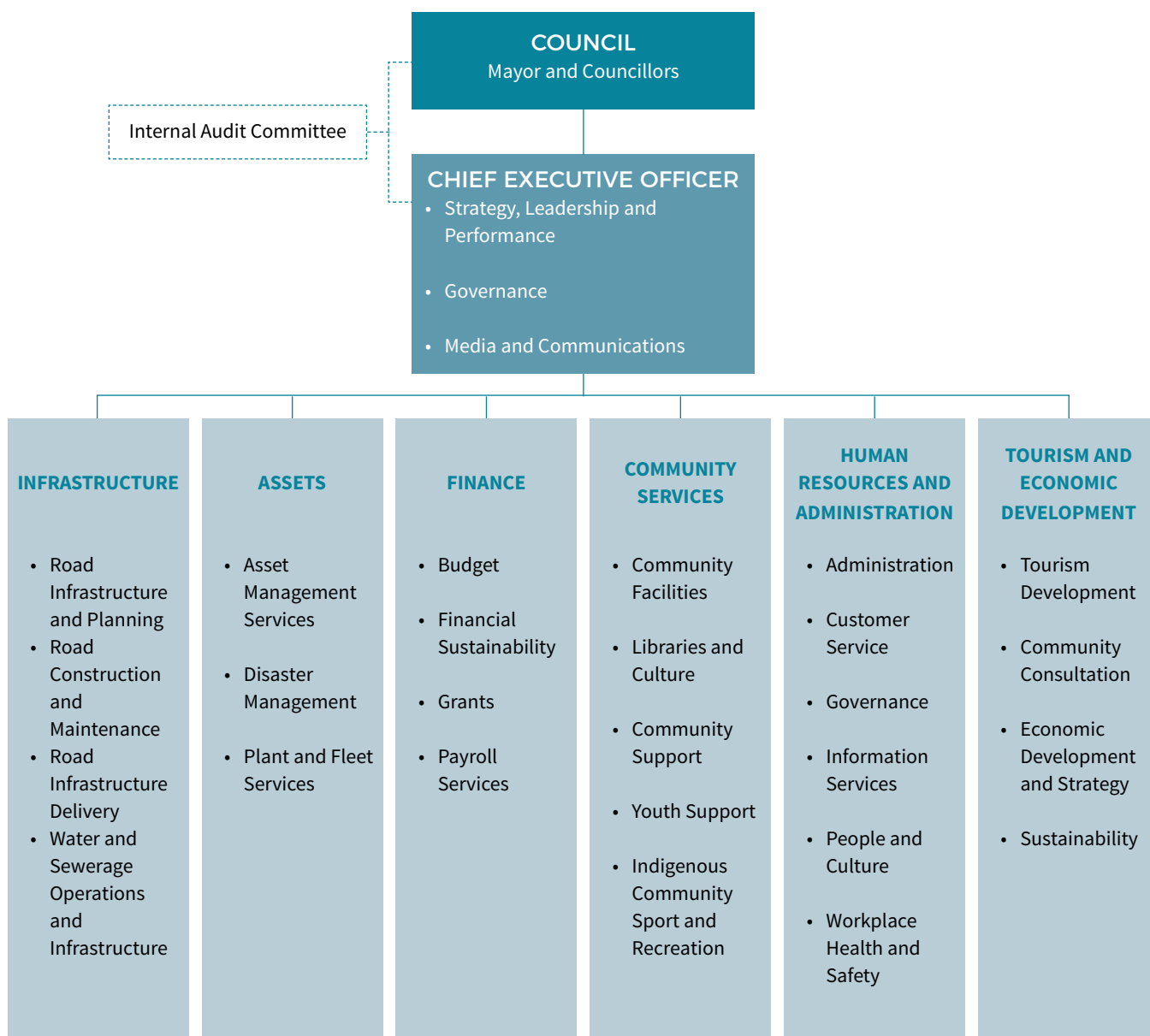
Our governance and decision making structure

As an organisation, Paroo Shire Council has two roles under the *Local Government Act 2009*: law-making as well as an executive role. This means we can make local laws while also adopting and implementing policy, administering local government and enforcing our local laws.

The operational arm of a local government authority consists of the Chief Executive Officer and other staff. They are responsible for implementing the elected council's resolutions (decisions) and reporting on the outcomes of those resolutions.

The Chief Executive Officer provides executive leadership to the organisation.

The diagram below illustrates how the council organisation receives its authority from the community through the elected members. Council's administration is headed up by the Chief Executive Officer and the Executive Management Team as our leadership team, delivering services through the six streams. The internal audit committee acts as an objective reviewer of our operations.



Elected members 2016/2017



MAYOR – LINDSAY GODFREY

lindsay.godfrey@paroo.qld.gov.au
0428 551 767



DEPUTY MAYOR – NEIL HATCHMAN

(passed away July 2017, by-election due to be held in mid-2017)



COUNCILLOR DON DUNSDON

don.dunsdon@paroo.qld.gov.au
0427 744 551



COUNCILLOR RICHARD BRAIN

rick.brain@paroo.qld.gov.au
0400 088 013



COUNCILLOR JOANNE WOODCROFT

joann.woodcroft@paroo.qld.gov.au
0427 551 230

Statutory information: councillors

COUNCIL MEETING ATTENDANCE

As required by *Local Government Regulation 2012* (S186)

COUNCILLOR	19 JULY 2016	18 AUGUST 2016	20 SEPTEMBER 2016	12 OCTOBER 2016	15 NOVEMBER 2016	13 DECEMBER 2016	17 JANUARY 2017	28 FEBRUARY 2017	21 MARCH 2017	18 APRIL 2017	16 MAY 2 017	20 JUNE 2017	TOTAL MEETINGS ATTENDED
Cr L Godfrey	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	11 of 12
Cr N Hatchman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12 of 12
Cr R Brain	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12 of 12
Cr D Dunsdon	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	11 of 12
Cr J Woodcroft	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12 of 12

The elected members of Paroo Shire Council.



COUNCILLOR REMUNERATION

As required by *Local Government Regulation 2012* (S186)

COUNCILLOR	PERIOD COVERED	EXPENSES INCURRED IN ACCORDANCE WITH THE COUNCILLOR REIMBURSEMENT POLICY	TOTAL REMUNERATION	SUPERANNUATION
Cr Lindsay Godfrey	Full year	\$18,000.00 (included in total remuneration)	\$94,707.96	N/A
Cr Neil Hatchman	Full year	Nil	\$32,874.96	N/A
Cr Richard Brain	Full year	Nil	\$23,376.96	N/A
Cr Don Dunsdon	Full year	Nil	\$23,376.96	N/A
Cr Joanne Woodcroft	Full year	Nil	\$23,376.96	N/A

COUNCILLOR COMPLAINTS AND RECOMMENDATIONS

As required by *Local Government 2012* (S186)

SECTION OF THE ACT	NUMBER OF EACH DURING 2016/2017	DESCRIPTION OF THE MISCONDUCT OR INAPPROPRIATE CONDUCT ENGAGED IN BY EACH COUNCILLOR	A SUMMARY OF THE ORDER OR RECOMMENDATION MADE FOR EACH COUNCILLOR
Complaints about the conduct or performance of Councillors for which no further action was taken under S176C (2) of the Act	Nil	N/A	N/A
Complaints referred to the Department's Chief Executive under S176C(3) (a) (i) of the Act	Nil	N/A	
Complaints referred to the Mayor under S176C(3)(a) (ii) or (b) (i) of the Act	Nil	N/A	N/A
Complaints referred the Department's Chief Executive under S176C(4)(a) of the Act	Nil	N/A	N/A
Orders and recommendations made under S180(2) or (4)	Nil	N/A	N/A
Orders made under S181	Nil	N/A	N/A
The name of each Councillor for whom an order or recommendation was made under S180 of the Act or an order was made under S181 of the Act	Nil	N/A	N/A
Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the Crime and Conduct Act	1	N/A	N/A
Complaints heard by a regional conduct review panel	Nil	N/A	N/A
Complaints heard by the tribunal	Nil	N/A	N/A
Complaints to which S176C(96) of the Act applied	Nil	N/A	N/A

RESOLUTIONS RELATING TO NON-CURRENT ASSET THRESHOLDS

As required by *Local Government Regulation 2012* (S206 [2])

Resolution: M14/080

Moved Cr Hatchman Seconded Cr Brain

That Council resolves to adopt:

- GP - 008 Recruitment, Selection & Employment Policy
- GP - 029 Asset Financial Management Policy
- GP - 046 Staff Housing Policy

CARRIED

Council has resolved to apply the following thresholds in recognising non-current assets:

CLASSIFICATION	THRESHOLD (\$)
Roads	10,000
Water	10,000
Sewerage	10,000
Waste management	5,000
Land	1
Airports	10,000
IT and communications	5,000
Buildings	10,000
Major plant – greater than 4.5 tonne GVM	5,000
Light vehicles	5,000
Minor plant	5,000
Parks and recreational	5,000

PARTICULAR RESOLUTIONS

As required by *Local Government Regulation 2012* (S250(1))

Resolution: M16/49 - Review of Councillor Reimbursement Policy GP-028

Consideration of a review of the Councillor Reimbursement Policy GP-028, which comes about by Organisational Policy Review Process.

Moved Cr Brain Seconded Cr Hatchman

Resolution: M16/49

That Council:

1. adopt the following policies to apply from the date specified in the policy:

GP-021 Debt Policy

GP-022 Investment Policy

GP-023 Revenue Policy

GP-028 Councillor Reimbursement Policy

GP-042 Community Grants Policy

2. adopt the GP-030 Rates and Charges Debt Collection and Recovery Policy amending the applicable interest rate from 11% to 9%.

CARRIED

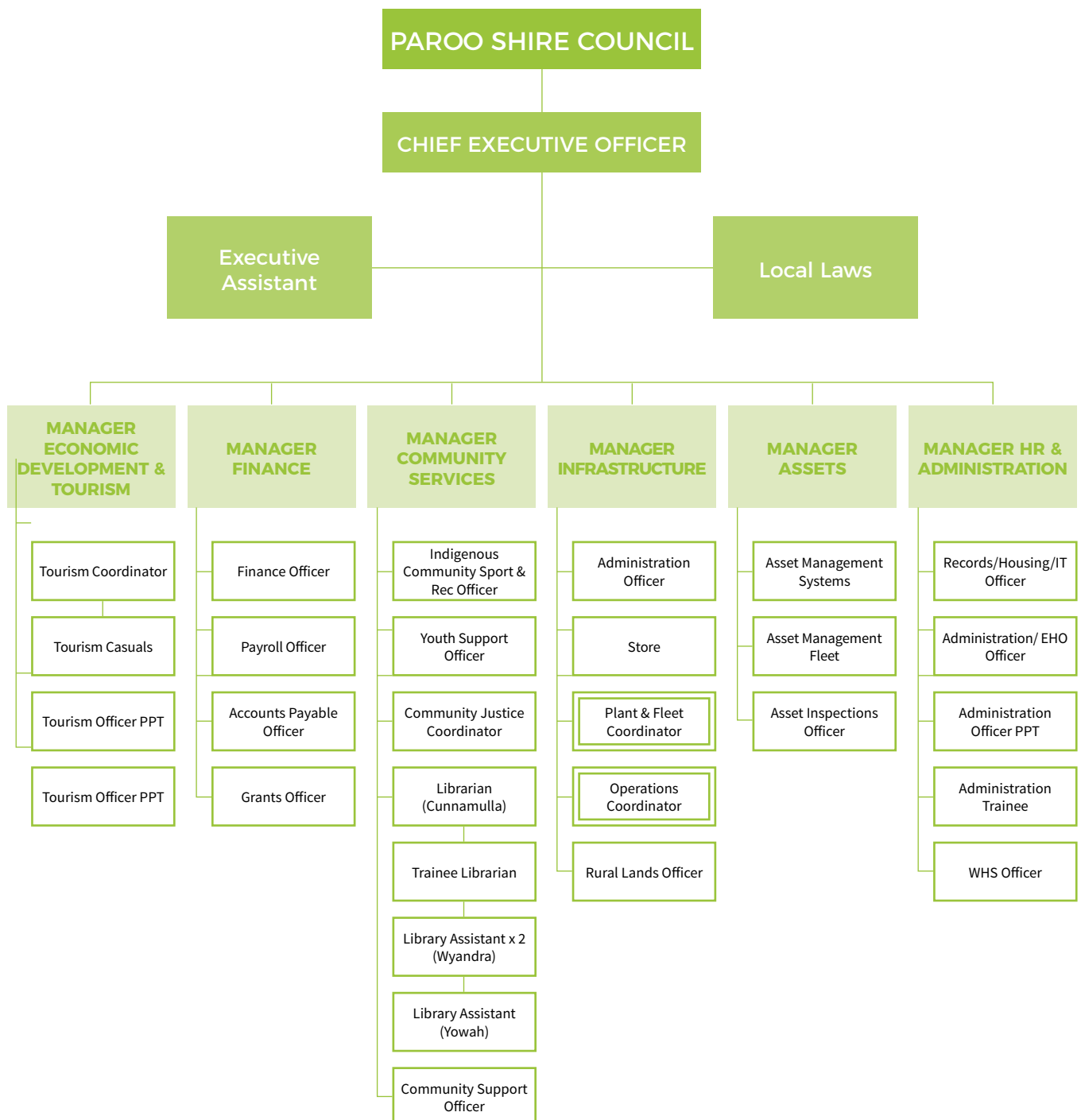
OUR ORGANISATION


This section explains how our organisation functions, including key staff and volunteers, our processes and legislative requirements for our operations.



Living like a local: our bores are a vital source of water for our communities.

Executive structure



 Denotes a staff member with multiple subsequent positions.
Go to www.paroo.qld.gov.au/council-structure to see a full listing.

CHIEF EXECUTIVE OFFICER: OLIVER SIMON



Oliver Simon joined Paroo Shire Council in May 2017 after 16 years as a Deputy Chief Executive Officer at Logan City Council, located in south-east Queensland. Previously, he had worked at Caboolture Shire Council as Community Services Manager, and as a senior executive manager with the State

Government. He has a Bachelor of Applied Science in Planning and a Graduate Diploma in Urban and Regional Planning. He is a Fellow Member of the Australian Institute of Company Directors.

Oliver.Simon@paroo.qld.gov.au
07 4655 8400

EXECUTIVE MANAGEMENT TEAM

MANAGER ASSETS: TANNAS GODFREY

Tannas.Godfrey@paroo.qld.gov.au
07 4655 8427

MANAGER COMMUNITY SERVICES: PENNY PYKE

Penny.Pyke@paroo.qld.gov.au
07 4655 8419

MANAGER FINANCE: PATRICIA JORDAN

Patricia.Jordan@paroo.qld.gov.au
07 4655 8413

ACTING MANAGER HUMAN RESOURCES AND ADMINISTRATION: CARRYN FRIZZELL

Carryn.Frizzell@paroo.qld.gov.au
07 4655 8435

DIRECTOR OF INFRASTRUCTURE: CONTRACTORS

Engineering.Consultant@paroo.qld.gov.au
07 4655 8464

MANAGER TOURISM AND ECONOMIC DEVELOPMENT: VACANT

07 4655 8483



Significant business activities

As required under *Local Government Act 2009* (S45)

For the 2016/2017 financial year, Council resolved that no significant business activities were conducted, therefore the competitive neutrality principle was not applied to any activities.

Senior management remuneration

As required under *Local Government Act 2009* (S201)

Remuneration levels for Council executives take many factors into account, including work value, the complexity of jobs and external independent and market-related benchmarks.

This ensures remuneration levels for executives are appropriate and that Council is well-placed to retain and attract executives with the skills necessary to help deliver value-for-money services to the community.

The following remuneration was paid to senior employees during the year:

NUMBER OF EMPLOYEES	REMUNERATION BAND (\$)
Three senior management employees with a total remuneration package in the range	100,001 - 200,000
One employee	200,001 - 300,000
Nil	300,001 >
Total remuneration paid to four senior management employees	\$560,279.27

Council staff

We recognise the many staff within the Paroo Shire Council teams who routinely go 'above and beyond' the roles they were employed to do, for the benefit of our community and organisation, helping us to continue to improve each and every year.

STAFF RECRUITMENT AND DEVELOPMENT

Throughout the year Council staff have taken part in code of conduct, first aid, mental health, domestic violence, authorised persons and industrial relations training as well as various other role/team specific information sessions and certificate courses.

Online training modules were rolled out and included workplace relations, workplace health and safety and some IT modules. Modules are aimed at employee, supervisor and management levels.

Training planned for 2017/2018 will focus on:

- new and updated policies and procedures,
- training identified through the Verification of Current Competencies (VOCC) process and
- other regulatory compliance requirements.

Volunteers

We acknowledge the many volunteers within our community who so generously give of their own time and energy to enrich the lives of those around them, and make our region a great place to live and visit.



Our residents volunteer their time for our shire's benefit.

Internal audit report

As required under *Local Government Regulation 2012* (S190)

Council established an audit committee with the Mayor Lindsay Godfrey (Chairperson), Councillor Rick Brain and a community member, Ms Suzette Beresford as members. Council appointed Arabon Audit and Assurance Pty Ltd as its provider of internal audit services from 1 November 2016 for a period of two years.

During the financial year, an internal audit for the procurement function was completed and the asset management and other capital works related activities has begun, and is due to be finalised after 30 June 2017.

The Audit Committee met three times during this financial year.

Administrative action complaints

As required under *Local Government Regulation* (S187)

STATEMENT OF COMMITMENT TO DEALING FAIRLY

Paroo Shire Council has implemented a complaints management process and has adopted an Administrative Action Complaints Policy 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 of 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
- Council will abide by the principles of natural justice/procedural fairness when dealing with complaints.

HOW THE COMPLAINTS MANAGEMENT PROCESS IS IMPLEMENTED

Council has a formal complaints management process detailed in the Administrative Action Complaints Policy.

Resolution: M16/114

That Council adopt the following policies:

- GP-008 - Recruitment Selection and Employment Policy - CEO Directive
- GP-042a - Community Grants Procedure
- GP-045 - Administrative Action Complaints Policy
- GP-049 - Public Interest Disclosure Policy
- HR-002 - Performance and Misconduct Policy
- GP-049a - Public Interest Disclosure (PID) Management Plan and Procedure

Moved Cr Woodcroft
CARRIED

Seconded Cr Dunsdon

Details of the policy are on Council's website and can be obtained from the Council offices.

ASSESSMENT OF PERFORMANCE IN DEALING WITH COMPLAINTS

DETAILS	NUMBER
Number of complaints received in the year	9
Number of complaints resolved in the year	9
Number of complaints not resolved at the end of the year	0
Number of complaints made in prior years and still not resolved	0

Registers kept by Council

As required under *Local Government Regulation 2012* (S190)

To allow the community to inspect decisions and disclosures made by Council and Councillors, the following registers are open for inspection:

- Local Laws Register
- Road Maps Register
- Register of Cost-recovery fees
- Asset Register
- Delegations Register
- Tender Register
- Register of Interests – Councillors (available on Council's website)
- Record of Taking of Declaration of Office – Councillor
- Record of Declaration of Material Personal Interest (recorded in meeting minutes available on Council's website)
- Record of Conflict of Interest (recorded in meeting minutes available on Council's website)
- Land Record
- Record of Financial Management Risks and Control Measures – Risk Register
- Council Meeting Minutes (available on Council's website)
- Council Policies (available on Council's website)

Overseas travel

As required under *Local Government Regulation 2012* (S188)

DETAILS	OUTCOME
For a Councillor – the name of the Councillor	N/A
For a local government employee – the name of, and position held by, the local government employee	N/A
The destination of overseas travel	N/A
The purpose of the overseas travel	N/A
The cost of the overseas travel	N/A

Commercial business units

As required under *Local Government Regulation 2012 (S190)*

DETAILS	OUTCOME
Number of commercial business units in operation during the financial year	Nil
Annual operations report for each commercial business unit	N/A
Details of any action taken for, and expenditure on, a services, facility or activity:	N/A
supplied by another local government under an agreement for conduction a joint government activity for which the local government levied special rates or charges for the financial year	N/A N/A
Information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan	N/A
Particulars of any changes made to the unit's annual performance plans for the financial year	N/A
Particulars of the impact the changes had on the unit's:	
financial position	N/A
operating surplus or deficit	N/A
prospects	N/A
Particulars of any directions the local government gave the unit	N/A

Ethical Framework – Code of Conduct

A the Code of Conduct policy has been reviewed and adopted by Council. The Code of Conduct provides a framework for behaviour, actions and decisions and promote the five ethical principles (identified in the Public Sector Ethics Act 1994): respect for persons, respect for the law and system of government, integrity, diligence, and economy and efficiency.

The Code of Conduct applies to all Councillors, employees, consultants and subcontractors. Council employees attended Code of Conduct training in January 2016.

Summary of all concessions for rates and charges granted

As required under *Local Government Regulation 2012 (S190)*

PENSIONER REMISSIONS

(Section 119 of the *Local Government Regulation 2012*)

Council grants a remission of 20 per cent of the general rates only to pensioners who own and reside on their property

within the Paroo Shire, providing the applicant meets the criteria set down in the state government pensioner subsidy scheme. This remission is in addition to the state government remission of 20 per cent. This excludes water usage charges, interest and other charges on land and is limited to \$1,000 per annum.

We provided concessions to pensioners to a total value of \$8,874.30.

Our works program is an important service offered to the community.



Investigation notices for competitive neutrality complaints

As required under *Local Government Regulation 2012* (S190)

A competitive neutrality complaint can be made if a person thinks that the organisation fails to comply with the competitive neutrality principle in conducting business activities.

A person who wants to make a competitive neutrality complaint must make the complaint in writing to the relevant local government or the Queensland Productivity Commission (QPC).

The QPC must investigate and report on a competitive neutrality complaint received under the regulation.

DETAILS	OUTCOME
Summary of investigation notices given in the financial year under S49 for competitive neutrality complaints	Nil
Local government's responses in the financial year on QCA's recommendations on any competitive neutrality complaints under S52(3)	Nil

Invitations to change tender

As required under *Local Government Regulation 2012* (S228 [7])

We did not issue any invitations to change a tender as result of a change in tender specifications.



We work with many other businesses and organisations to deliver services to the community.

Grants

Paroo Shire Council received \$2,713,000.00 in grant funding in 2016/2017. This funding was used for many projects throughout the shire, including:

- Library coding and robotics program
- Library ANZAC Bursary
- RADF funding program
- Community drought support program
- RACQ Get Ready Program (upgrade of shire hall facilities for disaster management)
- Eulo airport fence and runway widening
- Queensland Day celebrations
- NAIDOC celebrations
- Works for Queensland (22 projects across the shire)
- Bluegrass Rd realignment and culvert replacement
- Eulo water supply upgrade
- Safer Queensland community grants
- Passenger transport facilities program.

Thirty-nine community organisations and individuals received support relating to funding opportunities for projects or proposals, completing funding applications or general information.



Our library coding and robotics program was made possible by grant funding.



Our community events are an important part of our shire's story.

COMMUNITY GRANTS EXPENDITURE

As required under *Local Government Regulation 2012* (S189)

Council made grants and provided the following assistance to community organisations during the year:

DESCRIPTION	DETAILS	AMOUNT (\$)
Expenditure on grants to community organisations	N/A	48,095.89
Mayors Discretionary Fund:		
Cunnamulla Primary Health Care Centre	Car hire for locum doctor	590.39
Cunnamulla State School	Request for assistance	1000.00
Australia Day Mayor's Challenge	Prize money	1395.00
Warrego Watchman	Request for assistance	200.00
Total		\$51,281.28



OUR PERFORMANCE

This section looks at how well we completed what we said we would do in our 2016/2017 operational plan and highlights our key achievements for the year.

Living like a local: our stunning sunsets are a wonderful part of life in Paroo Shire.

Measuring against our Operational Plan

CHIEF EXECUTIVE OFFICER'S ASSESSMENT OF PROGRESS TOWARD IMPLEMENTING THE FIVE-YEAR CORPORATE PLAN AND ANNUAL OPERATIONAL PLAN

As required under *Local Government Regulation 2012* (S190)

A corporate plan is a legislative requirement under the Local Government Act 2009 Section 104 and the Local Government Regulation 2012 section 165, and details the direction for councils over a five year period.

The Paroo Shire Corporate Plan 2017-2022 was endorsed by resolution M17/110 on 16 May 2017.

The Corporate Plan 2017-2022 is our key long-term planning document, which will guide the allocation of resources and delivery of services to the community, and is the principal document from which other plans and strategic documents are developed.

It will be implemented annually through operational plans and budgets, which detail specific actions and their associated costs to meet the current and future needs of the community.

Our Economic Development Strategy will be developed using key information from the corporate plan in 2017/2018. This will ensure the shire's long-term sustainability.

OUTCOMES OF THE 2016/2017 OPERATIONAL PLAN

- Our Services and Asset Management Plan was completed and adopted in June 2017.
- We completed the refurbishment of three sewerage pump stations and are continuing further works.
- We are working through the process of compulsory acquisition to extinguish native title on land identified to extend the Cunnamulla Cemetery.
- We have replaced plant in line with current adopted service and asset levels.
- We replaced 1.897 kilometres of water mains in Cunnamulla, and will complete further works as funding becomes available in accordance with the Total Water Management Plan.
- We completed an energy audit inspection in May 2017 to optimise electricity use and savings options.
- We completed and evaluated two disaster management planning exercises.
- We began operating a new waste compactor.
- We completed bathroom upgrades and fire safety works at Yapunyah Lodge as well as upgrades to community housing.
- We recruited for the Grants Officer position in January 2017. The Grants Officer presents a monthly report detailing grant applications submitted on behalf of Council and assistance provided to community organisations.
- We redeveloped our website, which was online in May 2017.
- We implemented our Risk Register in April 2017, and will develop a Risk Management Policy and Framework to support it.
- We designed new entrance signage for our towns and will install it in the new financial year.
- Professor Jim Cavaye conducted community consultation for our Economic Development Plan.

Highlights from our programs and services

INFRASTRUCTURE

The Infrastructure Department has delivered routine road, water, sewerage and waste management maintenance under the current works program during 2016/2017.

These works included grading, resheeting, pavement widening, resealing, culvert upgrades and the installation of a highway truck parking bay, upgrade of water mains and rehabilitation of sewerage pump stations.

This year, we recognised that we were struggling to deliver some of our maintenance operations due to a lack of direct supervision and support to delivery teams. We reviewed the structure and established a new position of Chief Operations Officer, which will be implemented in 2017/2018.

Works completed during 2016/2017 include:

ROAD MAINTENANCE PERFORMANCE CONTRACTS (STATE GOVERNMENT FUNDED)

- medium formation grading: 145 kilometres
- shoulder grading: 150 kilometres
- resheeting 10 kilometres of shoulders
- resheeting of formation: 12 kilometres

WESTERN ROADS UPGRADE PROGRAM (STATE GOVERNMENT FUNDED)

- 9.5 kilometres of pavement widening
- Construction of Mitchell Hwy truck bay

TRANSPORT INFRASTRUCTURE DEVELOPMENT SCHEME (STATE GOVERNMENT FUNDED)

- 3.5 kilometres resheeting of formation
- 4 kilometres of pavement widening
- 70 kilometres of shoulder grading

ROADS TO RECOVERY (FEDERAL GOVERNMENT FUNDED)

- medium formation grading: 344 kilometres
- pavement resheeting: 10 kilometres
- rehabilitation: 3.5 kilometres



Staff Ray Hartley
and John Bomford
on the job.

MAINTENANCE WORKS (COUNCIL FUNDED)

- road medium grading: 30 kilometres
- shire roads resealing: 25 kilometres
- resealing of two airport aprons
- 17 culverts widened or installed

WATER MAIN UPGRADE PROJECT (STATE GOVERNMENT AND COUNCIL FUNDED)

We modernised our water main network by replacing old asbestos cement water mains and installing new valves and hydrants. This has improved Cunnamulla's fire fighting capabilities, improved pressure and supply flow capacity and catered for future development and growing tourist numbers. As part of the project, the following components were installed:

- 1.897 kilometres of new uPVC water main laid
- 15 new fire hydrants and boxes
- 21 new stop valves and boxes
- 32 new property connections
- 5 new bends
- 13 new Ts

SEWERAGE REPLACEMENT PROJECT (STATE GOVERNMENT AND COUNCIL FUNDED)

We upgraded three pumping stations and ancillary works to new industry standards, including the construction of new sludge drying beds. This project will improve flow efficiency.

ASSET MANAGEMENT

We have focused on asset identification, data improvement and planning during 2016/2017 after the Queensland Audit Office released *Forecasting long-term sustainability of local government Report 2: 2016-17* in October 2016.

This report highlighted the importance of councils being able to sustainably provide roads, water, sewerage, buildings, public open space, cultural, cleaning, museums, libraries and many other services. It also indicated the substantial costs incurred by councils when providing complex, long-lived assets to deliver a variety of services over many generations and locations.

We have been working to define our existing asset base and determine what it costs to maintain and sustain this asset base or 'whole-of-life' costing.

Across Australia, there are concerns about the ability of local governments to generate sufficient revenues to recover capital, maintenance, and operating costs over the lifetime of their assets. As a result, we focused on 'knowing what we don't know' to accurately cost and ascertain the sustainability of our assets into the future.

This year we have completed:

- 100 per cent of our geospatial (GPS) mapping, attribute measurement and condition rating of our urban and rural road network (more than 2,300 kilometres of road network)
- 100 per cent of our inspections on Council buildings and houses and 50 per cent of Council structures and determined capital and maintenance budgets
- geospatial (GPS) conversion of our water, sewerage and stormwater networks
- implementation of a new asset management system with geospatial (GIS) capability
- an update of the Water and Sewerage Total Asset Management Plan including long-term financial plan
- an update of the Service and Asset Management Plan across all asset classes
- procurement of heavy plant and light fleet as per the budget.

The collection of this information and the ability to identify and plan our capital and maintenance expenditure has put Paroo Shire in an excellent position for grant funding as we have been able to identify, define and target state and federal grant funding based on our asset management plan data.

Council has been successful in:

- completing the Building Our Regions round one water main upgrade
- completing the Building Our Regions round one sewerage pump station and treatment pond upgrade
- completing the Regional Aviation Access Program (RAAP) Eulo Airport runway widening and exclusion safety fencing upgrade
- starting the Works for Queensland round one building and asset maintenance grant, which will provide \$1.2 million worth of maintenance to Council assets based on the service and asset management plan
- awarding the Building our Regions round three sewerage CCTV and pipe replacement project (to occur in 2017/2018)
- awarding the Building our Regions round three Eulo, Yowah and Wyandra town water supply bore replacement project (to occur in 2017/2018).

We are dedicated to providing information on the extent of works necessary to bring our assets to an acceptable condition as defined by the community and legislation. The costs of these works are detailed and then considered by elected members to determine sustainability in asset management in the long term.



Staff Rodney Jones and Greg Ticehurst use our plant equipment each day.

TOURISM

The number of people visiting Paroo Shire has almost doubled over the past five years.

More than 18,000 visitors came through the shire's visitor information centre during the 2016/2017 financial year, visiting our Artesian Time Tunnel, buying souvenirs and enquiring about the various businesses, attractions and events we have on offer throughout the year.

In June 2017, the Cunnamulla Fella Centre received a Certificate of Excellence from Tripadvisor for the continuous high standard of reviews and also the prompt responses to these reviews.

This financial year also saw the new destination branding '*Paroo Shire- live like a local*' come into its own, with a wonderful response from both travellers and locals. This tagline managed to catch the attention of several other businesses and marketing specialists throughout outback Queensland, leading to us trademarking this to ensure the integrity of our branding.

As with previous years, adventure tourism is still a major drawcard, with numbers through the centre spiking around

the times of events both within our shire and also as a gateway to other major events within the outback.

As Cunnamulla is a pivotal point on the Matilda Way and Adventure Way drive routes, the renewed enthusiasm for self-drive tourism has no doubt enhanced our visitor numbers over the past 12 months and will continue to grow over the coming seasons.

The local drive route of the Natural Science Loop has started to regain traction after the four involved shires took ownership of this project leading to better marketing, redevelopment and greater consumer knowledge of the products that we have on offer. This drive route has also provided the opportunity for all involved to network and familiarise ourselves with surrounding product to create a comprehensive outcome for visitors to the region as a whole.

As a whole, tourism within the shire has seen a positive growth, helping to increase the economic viability of the businesses within the four towns that make up our unique shire.



Artesian Mud Baths, Eulo.

COMMUNITY SUPPORT

We deliver community programs to the community, including youth support, Indigenous sport and recreation, community justice support and the Cunnamulla swimming pool.

JUNIOR COUNCIL

We also support the Junior Council, which is made up of students from local schools who want to learn how Council works. We have continued to improve the Junior Council program and will continue to look after the interests of the younger members of our community.

In 2017/2018, the Junior Council will be fundraising to put on a Junior Bull Riding School and an event/competition at the skate park.



Key projects for the Junior Council in 2016/2017 include:

- providing extra rubbish bins at the skate park and John Kerr Park
- installing bench seats in Cunnamulla CBD
- installing water bubblers at Centenary Park
- extending the skate park (due for completion in October 2017)

COMMUNITY CEREMONIES AND EVENTS

We facilitated and participated in the Australia Day, Anzac Day and Remembrance Day community ceremonies.

We also were involved with these events:

- Welcome to Cunnamulla
- Clean up Australia
- Australia Day Mayor's Challenge
- NAIDOC celebrations
- school holiday programs
- Western Rivers Cup
- Astronomical Road Show
- Walk for Autism
- Seniors' Week
- Queensland Week
- movie nights
- pool parties
- after school activities
- Bach to the Bush
- RADF activities
- Laughter is the Best Medicine.

We received Community Drought Support funding from the Department of Communities, Child Safety and Disability Services and delivered and/or assisted with the following programs and events within the shire:

- Low Stress Stock Handling
- Cunnamulla and District Annual Show
- ICPA Ladies Day Luncheon
- Paroo Education Group
- Cunnamulla Fella Festival entertainment
- Yowah Opal Festival
- Wyandra and District Progress Association movie nights
- Noorama Races catering and entertainment
- Eulo Easter Weekend entertainment
- quilting workshops
- agriculture chemical certification.

LOCAL LAWS

We have developed a number of local laws, which provide a legal and procedural framework for the administration, implementation and enforcement.

Our local laws include:

- administration
- animal management
- community and environmental management
- local government controlled areas, facilities and roads
- parking.

One of the most contentious issues for any local government is the control of animals in public places. The owner or responsible person for an animal must ensure that the animal is not in a public place. The person who keeps an animal must maintain a proper enclosure to prevent the animal from wandering or escaping from the person's land.

LAND MANAGEMENT

Land management encompasses many areas of the shire including stock routes, wild dog control, environmental management including water lettuce and prickly pear control, and other feral pests.

We have a Pest Management Plan to ensure a targeted approach is taken across the shire.

We have seen an increasing spread of water lettuce in the Warrego River and it is one of the worst infestations of this type in Queensland. We developed a management plan to reduce this infestation and formed a steering committee to implement it. In addition to the steering committee, the Department of Agriculture and Fisheries has also provided specialist assistance, including community education within the shire.

Another important service that we provide is maintaining and managing the shire's stock routes so they are available for use when required. We need to balance the need for areas to be rested when necessary to maintain effective vegetation levels and prevent erosion.

In 2017/2018, we will have funding to replace four water points on the stock routes in the shire. These works will provide improved access to water for livestock and native animals.



The water lettuce management committee is determined to minimise the pest's impact on the Paroo Shire.

PARKS AND GARDENS

Our parks and gardens crew and town orderlies have had a very busy year maintaining the shire parks and gardens and public facilities to ensuring that they are available for use by our residents and visitors.

The following projects were completed this year:

- We planted 100 trees and installed dripper systems in the main street of Wyandra.
- We upgraded the Wyandra playground sand soft fall and surrounds.
- We upgraded the Eulo playground sand soft fall and surrounds.
- We planted trees at the Charleville and Bollon entrance of Cunnamulla.
- We installed barbecue areas at Centenary Park.
- We upgraded the rubber soft fall at Centenary and Apex parks.
- We installed new rubbish bin holders in main street of Cunnamulla.
- We installed new park benches in Cunnamulla.
- We installed metal kangaroos, emus and brolga and surrounding gardens in Cunnamulla (*see inside back cover*).
- We set up John Kerr Park and other community areas for the Cunnamulla Festival Bull Ride events and provided ongoing support during the event.



Stockyard St, Cunnamulla

DISASTER MANAGEMENT

We continue to play a pivotal role in the Local Disaster Management Group (LDMG).

The new Cunnamulla Queensland Fire and Rescue Station, a fantastic resource and significant achievement for our local brigade, was opened this year.

The LDMG completes a physical and desktop exercise program each year. This year the group completed a Guardian software training exercise and Queensland Fire and Rescue statutory training.

As part of our new website, a Disaster Alert Dashboard has been established, providing real time access to all shire road, weather and power outage alerts in a single place. There are also handy maps and copies of the Local Disaster Management Plan available for easy download.

We completed the following projects this year:

- procurement of new 60KVA generator on a trailer for use in disasters
- procurement of additional emergency light towers for use in emergency and community events as safety lighting
- installation of upgraded electricity and a generator change over switch to the Shire Evacuation Centre (Shire Hall, Cunnamulla)
- installation of a generator change over switch to the Local Disaster Management Coordination Centre (Council Civic Centre)
- procurement of Red Cross Evacuation Centre 'go bags' with all required documentation, resources and requirements to set up and run an evacuation centre for 200 people for 48 hours
- procurement of electronic charging stations for community use at the evacuation centre (these available at the Tourist Centre, Supper Room and Cunnamulla Library otherwise)
- implementation of the Disaster Management Dashboard on our website.



QUALITY AND SAFETY MANAGEMENT SYSTEMS

We began reviewing and updating our safety management system to ensure we are meeting the current legislative requirements for workplace health and safety.

This has included redeveloping policies and procedures as well as information and education sessions for management and staff.

We were audited twice this year. Jardine, Lloyd, Thompson Pty Ltd conducted an audit in relation to our temporary Road Maintenance Performance contract (RMPC) accreditation and we were able to maintain temporary accreditation and achieved bronze status (more than 70% compliance). The second audit was by Work Health and Safety Qld regarding our overall workplace health and safety and electrical compliance. We were proudly able to meet the compliance requirements of both audits.

We will continue focus in this area with further work on systems and processes in 2017/2018.

AIRPORT

We continued to upgrade and maintain all of our airports.

The Wyandra and Eulo airstrips received apron reseals in this financial year, while all airports continued to receive a high level of maintenance and annual grading.

We were successful in securing a 50 per cent contribution towards the Eulo Airstrip safety improvement project. This involved installing animal-proof fencing and runway strip widening, as well as:

- earthworks to clear old broken and insecure fencing and preparing the surface for new fence construction
- earthworks to increase the runway strip's width from 77 metres to 80 metres to improve overall aerodrome safety in accordance with CASA guidelines.
- the purchase and erection of 1.8 metre-high animal exclusion fencing incorporating three barb, steel posts and end assemblies
- the installation of gates to allow vehicle access without compromising integrity of the fencing
- water upgrade works and trenching of town water supply to Airstrip and Eulo Sportsground.

All works were completed using local suppliers and contractors, ensuring maximum public benefit to the Eulo community.



ECONOMIC DEVELOPMENT STRATEGY

We contracted the services of Professor Jim Cavaye from the University of Southern Queensland to conduct community consultation throughout the shire to help us develop an Economic Development Plan to ensure the future sustainability of the shire.

The community consultation events were generally well attended in each community.

Cunnamulla	23
Eulo	4
Wyandra	11
Yowah	19

From this community consultation, a shire vision has been developed which will be used to inform the Shire's Economic Development Strategy. A project plan and terms of reference have been developed with the assistance of Department of State Development (DSD).

A steering committee made up of members from each town in the shire, representatives from the rural sector, Councillors and a representative from DSD will be established to progress the Economic Development Strategy document.

We expect to complete this work and implement the plan by June 2018.



The opinions of our residents are important when we are developing plans for the shire's future.

OUR FINANCES

This section shows how we have managed our financial performance and our financial standing. There are two parts to this section: a community financial report, which gives a visual representation of our financial statements, and the audited financial statements.

Living like a local: Bruce Campbell, a visitor to Paroo from Tinonee, NSW., captured this image while travelling through the region.

Community financial report

As required by *Local Government Regulation 2012* (S184)

ABOUT THE COMMUNITY FINANCIAL REPORT

The community financial report aims to simplify our official financial statements by providing a visual representation of our financial performance for the period 1 July 2016 to 30 June 2017.

Each report in the financial statements provides information on a specific aspect of our financial performance, with the statements collectively providing a profile of the financial performance and wealth of our organisation.

This community financial report consists of four key statements:

- The **statement of comprehensive income** measures how we performed in relation to income and expenses during the financial year. This statement illustrates how money received from our operations is spent.
- The **statement of financial position** measures what we own (our assets), what we owe (our debts) and our net worth at the end of the financial year (30 June 2017).
- The **statement of changes in equity** measures the changes in our net wealth and shows the movements in our retained earnings and asset revaluation reserves.
- The **statement of cash flows** outlines how much cash we received and spent throughout the year. The closing balance reflects how much cash we had at year-end.

STATEMENT OF COMPREHENSIVE INCOME

The positive net result for 2016/2017 was \$439,000 (we had a negative result of \$1.643 million in 2015/2016). The positive result is attributed to the increase in grant funding, in particular the advance payment of the financial assistance grant 2017/2018.

REVENUE AND EXPENSES FOR THE PAST TWO FINANCIAL YEARS

	2016/2017	2015/2016
	\$'000	\$'000
Revenue		
Rates, levies and charges	3,611	3,589
Fees and charges	232	279
Interest and investment revenue	153	206
Grants and contributions (operating)	12,073	6,623
Grants and contributions (capital)	2,317	2,730
Other	3,388	3,619
Total revenue	21,774	17,046
Expenses		
Employee benefits	5,822	5,656
Materials and services	8,282	6,194
Finance costs	152	188
Depreciation and amortisation	6,895	6,322
Capital expenses	184	329
Total expenses	21,335	18,689
NET RESULT	439	(1,643)

OUR REVENUE SOURCES: WHERE OUR MONEY COMES FROM

We earned \$21.7 million in operating and capital revenues throughout the 2016/2017 financial year.

The most significant contributors to revenue include:

- operational grants, subsidies contributions and donations (\$12 million)
- rates, levies and utility charges (\$3.6 million)
- capital grants, subsidies contributions and donations (\$2.3 million)

More than half (55 per cent) of total revenue comes from operating grants and subsidies, which includes the financial assistance grants of \$7.4 million. Most of the capital grants we receive relate to road work, including the Transport Infrastructure Development Scheme, Roads to Recovery, Drought Communities Funding and Works 4 Queensland Funding.

OUR EXPENDITURE: WHERE OUR MONEY GOES

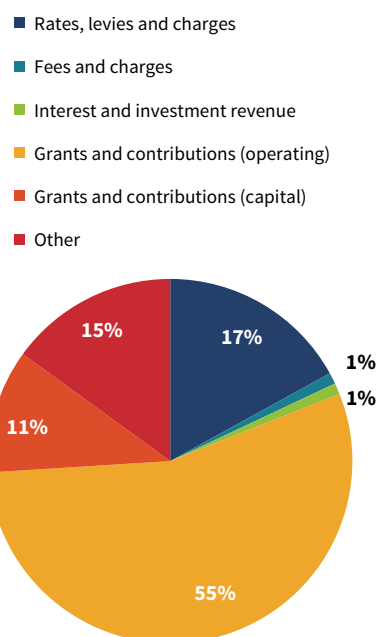
We incur operating expenses when we provide goods and services to our community.

Operating expenses during the 2016-2017 financial year were:

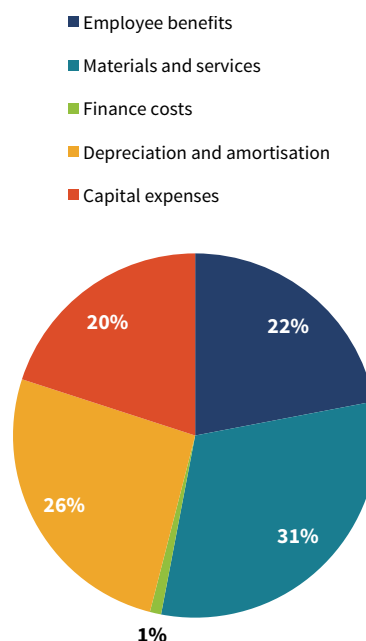
- employee benefits (\$5.8 million)
- materials and services (\$8.3 million)

Capital expenditure on plant, property and equipment was 20 per cent of our total expenditure for the year (\$5.2 million). Road construction works were the major expense.

Revenue sources breakdown



Expense breakdown



STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS: WHAT WE OWN

The major components of our assets include:

- property, plant and equipment (\$233 million)
- cash (\$6.1 million)
- trade and other receivables (\$4.2 million)

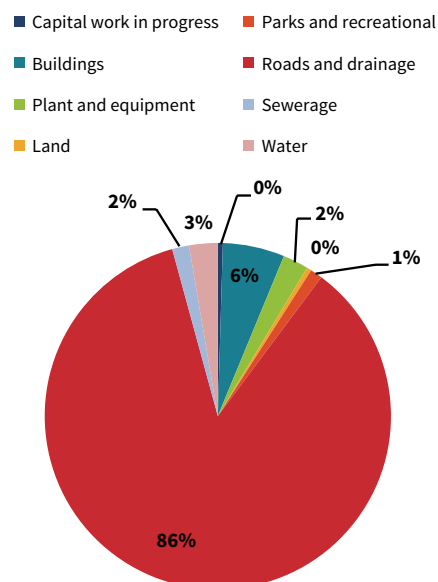
TOTAL LIABILITIES: WHAT WE OWE

The major components of our liabilities include:

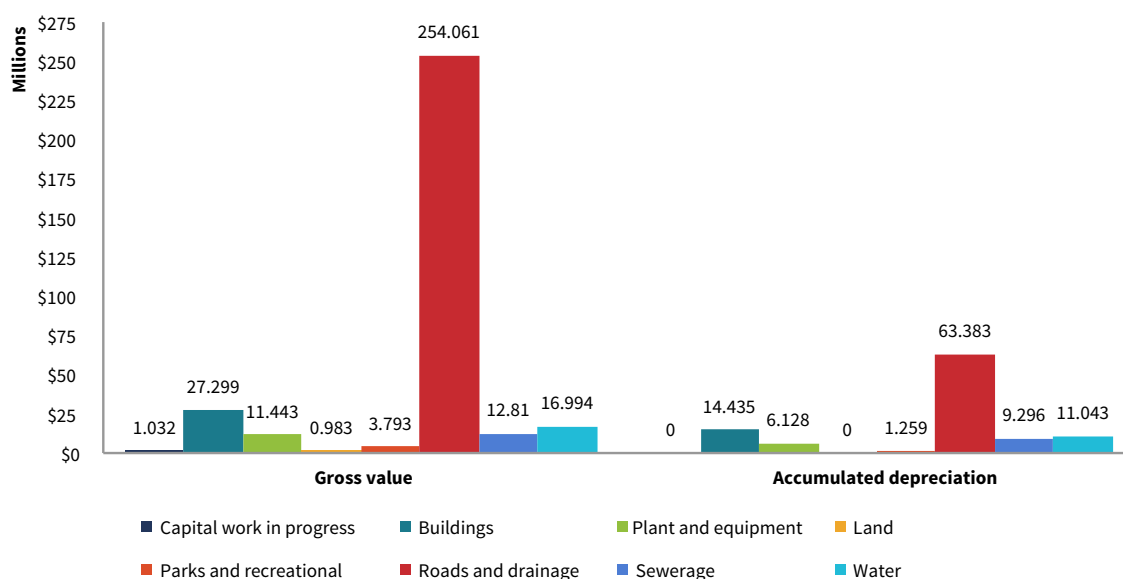
- loans (\$1.85 million)
- trade and other payables (\$2.3 million)

Our loans went down by \$150,000 during the financial year, while roads and drainage infrastructure assets represent 85 per cent of our total non-current assets.

Plant, property and equipment by asset class and percentage of total



Gross value and accumulated depreciation



STATEMENT OF CHANGES IN EQUITY

Our net worth increased by \$19 million this year. This is predominantly as a result of roads valuation conducted in 2016/2017.

STATEMENT OF CASH FLOWS

The table below shows a comparison of how much we received and paid in each type of activities between 2016/2017 and 2015/2016 financial years.

The increase in cash held was due to the prepayment of the Financial Assistance Grant 2017/2018.

CASHFLOW SUMMARY	2016/2017	2015/2016
	\$'000	\$'000
Opening cash balance	5,453	4,004
Net cashflow from operating activities	3,596	2,679
Net cashflow from investing activities	2,720	1,113
Net cashflow from financing activities	150	117
Closing cash balance	6,179	5,453

Financial statements for the year ended 30 June 2017

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	3,611	3,589
Fees and Charges	3b	232	279
Rental Income		122	133
Interest and Investment Revenue		153	206
Sales Revenue	3c	3,198	3,270
Other Income		68	216
Grants, Subsidies, Contributions and Donations	4a	12,073	6,623
Total Recurrent Revenue		19,457	14,316
Capital Revenue			
Grants, Subsidies and Contributions	4b	2,317	2,730
Total Revenue		21,774	17,046
Total Income		21,774	17,046
Expenses			
Recurrent Expenses			
Employee Benefits	5	5,822	5,656
Materials and Services	6	8,282	6,194
Finance Costs		152	188
Depreciation and Amortisation	7	6,895	6,322
Total Recurrent Expenses		21,151	18,360
Capital Expenses		184	329
Total Expenses		21,335	18,689
Net Result		439	(1,643)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to the Net Result</i>			
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	15	18,648	(4,556)
Total Other Comprehensive Income		18,648	(4,556)
Total Comprehensive Income		19,087	(6,199)

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

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	8	6,179	5,453
Trade and Other Receivables	9	4,182	1,357
Inventories		624	830
Total Current Assets		10,985	7,640
Non-Current Assets			
Property, Plant and Equipment	10	222,871	206,256
Intangible Assets		24	33
Total Non-Current Assets		222,895	206,289
TOTAL ASSETS		233,880	213,929
LIABILITIES			
Current Liabilities			
Trade and Other Payables	12	2,267	1,262
Borrowings	13	159	156
Provisions	14	433	447
Total Current Liabilities		2,859	1,865
Non-Current Liabilities			
Borrowings	13	1,700	1,848
Provisions	14	208	190
Total Non-Current Liabilities		1,908	2,038
TOTAL LIABILITIES		4,767	3,903
Net Community Assets		229,113	210,026
COMMUNITY EQUITY			
Asset Revaluation Reserve	15	112,936	94,288
Retained Surplus		116,177	115,738
Total Community Equity		229,113	210,026

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2017				
Opening Balance		94,288	115,738	210,026
a. Net Operating Loss for the Year		-	439	439
b. Other Comprehensive Income				
- Revaluations : Property, Plant and Equip. Asset Revaluation Surplus	17	18,648	-	18,648
Other Comprehensive Income		18,648	-	18,648
Total Comprehensive Income		18,648	439	19,087
Equity Balance as at 30 June, 2017		112,936	116,177	229,113
2016				
Opening Balance		98,844	117,381	216,225
a. Net Operating Surplus for the Year		-	(1,643)	(1,643)
b. Other Comprehensive Income				
- Revaluations : Property, Plant and Equip. Asset Revaluation Surplus	17	(4,556)	-	(4,556)
Other Comprehensive Income		(4,556)	-	(4,556)
Total Comprehensive Income		(4,556)	(1,643)	(6,199)
Equity Balance as at 30 June, 2016		94,288	115,738	210,026

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		6,997	7,045
Payments to Suppliers and Employees		(12,880)	(11,634)
		(5,883)	(4,589)
Receipts:			
Investment and Interest Revenue Received		153	206
Rental Income		122	133
Non Capital Grants and Contributions		12,073	6,623
Other		(2,810)	481
Payments:			
Borrowing Costs		(152)	(188)
Other		93	13
Net Cash - Operating Activities	22	3,596	2,679
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		175	142
Grants, Subsidies, Contributions and Donations		2,317	2,730
Payments:			
Purchase of Property, Plant and Equipment		(5,212)	(3,953)
Payments for Intangible Assets		-	(32)
Net Cash - Investing Activities		(2,720)	(1,113)
Cash Flows from Financing Activities			
Payments:			
Repayment of Borrowings		(150)	(117)
Net Cash Flow - Financing Activities		(150)	(117)
Net Increase for the year		726	1,449
plus: Cash and Cash Equivalents - beginning		5,453	4,004
Total Cash and Cash Equivalents - closing	10	6,179	5,453

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Significant Accounting Policies

(1.a) Basis of preparation

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

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

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

(1.b) Constitution

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

(1.c) Estimates and judgements

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

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

- Valuation and depreciation of Property, Plant & Equipment - Note 1.h and Note 11.
- Impairment of Property, Plant and Equipment - Note 1.i
- Provisions – Note 14
- Contingent liabilities – Note 16

(1.d) Revenue

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

Rates and levies

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

Grants and subsidies

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

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Sales revenue

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

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

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally, this is upon lodgement of the relevant applications or documents,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Summary of Significant Accounting Policies (continued)

issuing of the infringement notice or when the service is provided.

(1.e) Financial assets and financial liabilities

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

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

Financial assets

- Cash and cash equivalents (Note 1.f)
- Receivables - measured at amortised cost (Note 1.g)

Financial liabilities

- Payables - measured at amortised cost (Note 1.j)
- Borrowings - measured at amortised cost (Note 1.l)

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

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

(1.f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, cash at bank and deposits held at call Queensland Treasury Corporation (QTC).

(1.g) Receivables

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

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

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.

(1.h) Property, Plant & Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

Direct labour and materials expenditure that are directly attributable to the acquisition incurred for the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Summary of Significant Accounting Policies (continued)

from work in progress to the appropriate property, plant and equipment class.

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

Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB13 *Fair Value Measurement*. Other plant and equipment and work in progress are measured at cost.

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

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the Road and Bridge Construction index for Queensland, published by Australian Bureau of Statistics and the Council Cost Index published by the Queensland Local Government Association. Together these are used as the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then

determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 11.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Details of valuers and methods of valuations are disclosed in Note 11.

Capital work in progress

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

Depreciation

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

Road formation and earthworks are considered to be a non-depreciable asset under AASB Interpretation 1055 – *Accounting for Road Earthworks*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Summary of Significant Accounting Policies (continued)

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

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

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

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

(1.i) Impairment of Non-Current Assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the net result, 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 asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

(1.j) Payables

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

(1.k) Liabilities - Employee Benefits

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

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 12 as a payable.

Annual leave

A liability for Annual Leave is recognised and is calculated on current wage and salary levels and includes related on costs. The liability is reported in Note 12 as Trade and Other Payables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Summary of Significant Accounting Policies (continued)

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 17.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 14 as a provision.

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

(1.l) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

(1.m) Asset Revaluation Surplus

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

Increases and decreases on revaluation are offset within a class of assets.

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

When an asset is disposed of, the amount reported in the asset revaluation surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

(1.n) Rounding and Comparatives

The financial statements are in Australian dollars that have been rounded to the nearest \$1,000 unless otherwise indicated.

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

(1.o) 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.p) Adoption of New and Revised Accounting Standards

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result, Council has disclosed more information about related

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Summary of Significant Accounting Policies (continued)

parties and transactions with those related parties. This information is presented in note 21.

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

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

- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

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

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

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

- AASB 16 *Leases*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Nor-for-Profit Entities*

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

- AASB 9 *Financial Instruments*

This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and will change the classification, measurement and disclosures of financial assets.

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

- AASB 15 *Revenue from Contracts with Customers*, AASB1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*.

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of interpretations. AASB 2016-18 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 2(a). Council Functions - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:

CORPORATE SERVICES

This function comprises:

- Support functions for the Mayor and Councillors, Council and committee meeting and statutory requirements
- Administration
- Information Technology
- Staff resources and employment creation
- Finance
- Stores

ECONOMIC DEVELOPMENT

Management of tourism and economic development of the Shire.

COMMUNITY SERVICES

This function includes:

- Community facilities and services (libraries, swimming pool, cemeteries, celebrations and functions, housing and day care).

ENVIRONMENTAL AND DEVELOPMENT SERVICES

This function comprises:

- Public order and safety
- Waste management and refuse tips
- Environmental health
- Management of the development of the Shire
- Approval processes for development and building

INFRASTRUCTURE SERVICES

Providing and maintaining:

- Workplace health and safety
- Employment creation
- Disaster management
- Council buildings
- Airport
- Parks and gardens
- Depot, workshop and plant operations
- Roads and drainage
- Private works
- Flood damage

WATER AND SEWERAGE

Providing water supply and sewerage services.

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital		Recurring	Capital							
	Grants	Other	Grants	Other									
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate Services	5,564	2,187		655	-	(3,026)	-	(3,026)	4,725	5,380	11,367		
Economic Development	-	87		-	-	(501)	-	(501)	(414)	(414)	14		
Community Services	937	375		4	-	(1,749)	-	(1,749)	(437)	(433)	473		
Env & Dev Services	55	594		-	-	(1,074)	-	(1,074)	(425)	(425)	8		
Infrastructure Services	5,516	3,079		1,428	-	(13,895)	(184)	(14,079)	(5,300)	(4,056)	212,346		
Water & Sewerage	-	1,061		399	-	(1,073)	-	(1,073)	(12)	387	9,671		
Total	12,072	7,383		2,486	-	(21,318)	(184)	(21,502)	(1,863)	439	233,879		

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other		Grants	Other								
2016	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate Services	3,577	2,330		-	-		(2,466)	(7)	(2,473)	3,441	3,434	8,942	
Economic Development	-	96		-	-		(463)	-	(463)	(367)	(367)	36	
Community Services	626	322		13	-		(1,673)	-	(1,673)	(725)	(712)	-	
Env & Dev Services	86	617		-	-		(1,045)	-	(1,045)	(342)	(342)	-	
Infrastructure Services	2,387	3,234		2,717	-		(11,715)	(322)	(12,037)	(6,094)	(3,699)	195,569	
Water & Sewerage	-	1,041		-	-		(998)	-	(998)	43	43	9,382	
Total	6,676	7,640		2,730	-		(18,360)	(329)	(18,689)	(4,044)	(1,643)	213,929	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 3. Revenue Analysis

	Notes	2017 \$'000	2016 \$'000
(a). Rates, Levies and Charges			
General Rates		2,208	2,195
Separate Rates		227	228
Water		652	646
Sewerage		378	370
Waste Management		339	351
Total rates and utility charge revenue		3,804	3,790
Less: Discounts		(193)	(201)
<u>TOTAL RATES, LEVIES AND CHARGES</u>		<u>3,611</u>	<u>3,589</u>
(b). Fees and Charges			
Infringements		5	8
Other Fees and Charges		227	271
<u>TOTAL FEES AND CHARGES</u>		<u>232</u>	<u>279</u>
(c). Sales Revenue			
Road Construction and Recoverable Works		2,189	1,888
Function Sales		144	104
Other Sales		865	1,278
<u>TOTAL SALES REVENUE</u>		<u>3,198</u>	<u>3,270</u>

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 4. Grants, Subsidies and Contributions

	Notes	2017 \$'000	2016 \$'000
(a) Recurrent			
General Purpose Grants		7,454	4,823
State Government Subsidies and Grants		2,944	530
Commonwealth Government Subsidies and Grants		1,578	1,136
Contributions		97	134
<u>TOTAL RECURRENT GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>		<u>12,073</u>	<u>6,623</u>

Council received an amount equivalent to 6 months of Financial Assistance Grant 2017/18 in June 2017.

(b) Capital

State Government Subsidies and Grants		1,302	1,022
Commonwealth Government Subsidies and Grants		1,015	1,708
<u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>		<u>2,317</u>	<u>2,730</u>

Note 5. Employee Benefits

Wages and Salaries		4,617	4,514
Annual, Sick and Long Service Leave Entitlements		747	853
Superannuation	20	522	514
Councillors Remuneration		198	179
		6,084	6,060
Less: Capitalised Employee Expenses		(262)	(404)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u>5,822</u>	<u>5,656</u>

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

Additional information:

Total Employees at year end:

Administration Staff	54	42
Depot and Outdoors Staff	42	58
Total full time equivalent employees	96	100
Total Elected members	5	5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 6. Materials and Services

	Notes	2017 \$'000	2016 \$'000
Advertising and Marketing		37	53
Administration Supplies and Consumables		109	99
Audit of Annual Financial Statements by the Auditor-General of Queensland		44	44
Building Expenses		326	294
Communications and IT		264	277
Consultants		327	325
Contractors		59	32
Cost of Goods Sold		199	203
Cost of Road Construction and Recoverable Works		2,422	1,901
Councillors' Expenses (incl. Mayor) - Other		9	6
Donations Paid		155	307
Employee Related Costs		207	251
Entertainment		11	-
Festivals and Celebrations		168	4
Insurance		76	86
Legal Expenses		69	9
Power		40	35
Programs Funded		347	372
Repairs and Maintenance		105	90
Road Repairs and Maintenance		1,723	987
Subscriptions and Registrations		59	50
Valuations		53	171
Work Health and Safety		118	93
Other Materials and Services		1,355	505
TOTAL MATERIALS AND SERVICES		8,282	6,194

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 7. Depreciation and Amortisation

	Notes	2017 \$'000	2016 \$'000
Depreciation/Amortisation of Non Current Assets			
Airports		-	32
Buildings		496	479
IT and Communications		1	41
Light Vehicles		180	107
Major Plant		493	417
Minor Plant		97	51
Parks and Recreational		171	53
Roads & Drainage		5,011	4,772
Sewerage		186	117
Water		251	244
Total Depreciation of Non Current Assets	12	6,886	6,313
Amortisation of Intangible Assets			
Software		9	9
Total Amortisation of Intangible Assets		9	9
TOTAL DEPRECIATION AND AMORTISATION		6,895	6,322

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 8. Cash, Cash Equivalents and Investments

	2017	2016
Notes	\$'000	\$'000
Cash and Cash Equivalents		
Cash at Bank and on Hand	334	258
Deposits at Call	5,845	5,195
Total Cash and Cash Equivalents	6,179	5,453
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	6,179	5,453

Council performs a custodian role in respect of trust fund monies amounting to \$88,000. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

Note 9. Trade and Other Receivables

Current		
Rateable Revenue and Utility Charges	444	400
Other Debtors	1,420	474
GST Recoverable	153	33
Accrued Revenues	2,044	245
Prepayments	125	212
Total	4,186	1,364
less: Provision for Impairment		
Other Debtors	(4)	(7)
Total Provision for Impairment - Receivables	(4)	(7)
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	4,182	1,357

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 10. Property, Plant and Equipment

30 June 2017																	
	Capital Work in Progress		Airports	Buildings	IT and Communications	Land	Light Vehicles	Major Plant	Minor Plant	Parks and Recreational	Roads & Drainage	Sewerage	Water	Other	Total		
	\$'000	Cost													\$'000	\$'000	
Measurement Basis			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening Gross Balance - at Fair Value	178	-	1,678	-	1,009	-	1,078	-	1,275	6,757	-	-	-	155	-	12,130	
	178	-	1,678	20,008	-	828	-	6,315	-	-	231,343	12,464	16,715	-	287,673		
	5,211	-	-	20,008	1,009	828	1,078	6,315	1,275	6,757	231,343	12,464	16,715	155	299,803		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,211		
	-	-	-	-	-	-	(182)	(320)	-	-	-	-	-	-	(502)		
	-	-	-	2,004	-	-	-	-	-	-	-	-	-	-	-		
	(4,357)	-	-	243	10	-	357	637	111	139	2,235	346	279	-	22,487		
	-	-	(1,678)	5,044	51	155	171	361	570	(3,103)	-	-	-	(155)	1,416		
	1,032	-	-	-	1,070	-	1,424	-	1,956	3,793	-	-	-	-	-	9,275	
	-	-	-	27,299	-	983	-	-	6,993	-	-	254,061	12,810	16,994	-	319,140	
1,032	-	-	27,299	1,070	983	1,424	6,993	1,956	3,793	254,061	12,810	16,994	-	-	328,415		
Depreciation Expense	-	-	796	9,834	639	-	441	2,792	922	2,618	55,602	9,110	10,792	-	-	93,546	
	-	-	-	496	1	-	180	493	97	171	5,011	186	251	-	-	6,886	
	-	-	-	-	-	-	(73)	(70)	-	-	-	-	-	-	-	(143)	
	-	-	-	1,069	-	-	-	-	-	-	2,770	-	-	-	-	3,839	
	-	-	(796)	3,036	75	-	9	432	190	(1,530)	-	-	-	-	-	1,416	
Total Accumulated Depreciation of Property, Plant and Equipment	-	-	-	14,435	715	-	557	3,647	1,209	1,259	63,383	9,296	11,043	-	-	105,544	
	1,032	-	-	12,864	355	983	867	3,346	747	2,534	190,678	3,514	5,951	-	-	222,871	
Total Net Book Value of Property, Plant and Equipment																	
Other Information																	
Range of Estimated Useful Life (years)		20 to 80		8 to 50		3 to 10		5 to 8		10 to 20		10 to 50		10 to 100		10 to 50	
*Asset Additions Comprise																	
Asset Renewals		3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	3,801	
Other Additions		1,410	-	-	-	-	-	-	-	-	-	-	-	-	-	1,410	
Total Asset Additions		5,211	-	-	-	-	-	-	-	-	-	-	-	-	-	5,211	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 10. Property, Plant and Equipment (continued)

30 June 2016	Measurement Basis	Capital Work in Progress	Airports	Buildings	IT and Communications	Land	Light Vehicles	Major Plant	Minor Plant	Parks and Recreational	Roads & Drainage	Sewerage	Water	Other	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Cost	Cost	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Cost	
Opening Gross Balance - at Cost	1,374	1,678	-	19,865	976	766	1,470	-	1,357	6,787	-	-	-	155	13,797
Opening Gross Balance - at Fair Value	-	-	-	19,865	976	766	1,470	6,119	1,357	6,787	228,562	8,303	11,432	-	275,047
Opening Gross Balance	1,374	1,678	-	19,865	976	766	1,470	6,119	1,357	6,787	228,562	8,303	11,432	155	288,844
Additions*	3,943	-	-	-	-	-	-	-	-	-	-	-	-	-	3,943
Disposals	-	-	-	-	(45)	-	(392)	(150)	(102)	(30)	-	-	-	-	(719)
Impairment Loss (recognised in P/L)	-	-	-	-	-	-	-	-	-	-	(296)	-	-	-	(296)
Revaluation Decrements to Equity (ARR)	-	-	-	-	-	-	-	-	-	-	(1,396)	-	-	-	(1,396)
Revaluation Increments to Equity (ARR)	-	-	-	-	-	-	-	-	-	-	-	4,144	5,283	-	9,427
Work in Progress Transfers	(5,138)	-	-	143	78	62	-	346	20	-	4,472	17	-	-	-
Total Gross Value of Property, Plant and Equipment - at Cost	178	1,678	-	-	1,009	-	1,078	-	1,275	6,757	-	-	-	155	12,130
Total Gross Value of Property, Plant and Equipment - at Fair Value	-	-	-	20,008	-	828	-	6,315	-	-	231,343	12,464	16,715	-	287,674
Total Gross Value of Property, Plant and Equipment	178	1,678	-	20,008	1,009	828	1,078	6,315	1,275	6,757	231,343	12,464	16,715	155	299,804
Opening Accumulated Depreciation	-	764	-	9,356	633	-	529	2,511	950	2,595	47,487	4,991	5,374	-	75,190
Depreciation Expense	-	32	-	479	41	-	107	417	51	53	4,772	117	244	-	6,313
Disposals	-	-	-	-	(36)	-	(196)	(136)	(79)	(30)	-	-	-	-	(477)
Impairment Loss (recognised in P/L)	-	-	-	-	-	-	-	-	-	-	(67)	-	-	-	(67)
Revaluation Decrements to Equity (ARR)	-	-	-	-	-	-	-	-	-	-	3,410	4,002	5,175	-	12,587
Total Accumulated Depreciation of Property, Plant and Equipment	-	796	-	9,835	638	-	440	2,792	922	2,518	55,602	9,110	10,793	-	93,548
Total Accumulated Depreciation and Impairment Property, Plant and Equipment	-	796	-	9,835	638	-	440	2,792	922	2,518	55,602	9,110	10,793	-	93,548
Total Net Book Value of Property, Plant and Equipment	178	882	-	10,173	371	828	638	3,523	353	4,139	175,741	3,354	5,922	155	206,256
Other Information															
Range of Estimated Useful Life (years)	-	20 to 80	8 to 50	3 to 10	5 to 8	8 to 10	10 to 20	10 to 50	10 to 100	10 to 50	10 to 50	10 to 50	10 to 50	-	-
*Asset Additions Comprise															
Asset Renewals	2,798	-	-	-	-	-	-	-	-	-	-	-	-	-	2,798
Other Additions	1,145	-	-	-	-	-	-	-	-	-	-	-	-	-	1,145
Total Asset Additions	3,943	-	-	-	-	-	-	-	-	-	-	-	-	-	3,943

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 11. Fair Value Measurements

(i) Recognised fair value measurements

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

Property, plant and equipment:

- Land and improvements
- Buildings
- Major plant
- Road, drainage and bridge network
- Water Infrastructure
- Sewerage Infrastructure

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

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

Council borrowings are measured at amortised cost with interest recognised in the net result when incurred. The fair value of borrowings disclosed in Note 15 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2).

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

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

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

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

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

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

Council applied AASB 13 *Fair Value Measurement* for the valuation of Land, Buildings, Roads and Drainage and Water and Sewerage Infrastructure. Council obtains independent comprehensive external valuations on a rolling basis as per the Asset Financial Management Policy.

Specific valuation techniques used to value Council assets comprise:

1. Building Assets

An assessment of cost movements on the Building asset class was undertaken by Council's independent valuer, Cardno for July 2014 to June 2017. Council applied the recommended index of 8% of its building assets for the financial year ending 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 11. Fair Value Measurement (continued)

Due to their predominantly specialised nature, the fair value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

Under this approach, the following process is adopted:

- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. The conditions assessed are considered a Level 3 input.
- In determining the level of accumulated depreciation, in some instances residual values have been factored into our calculations, which is the value expected to be realised upon disposal at the end of the assets economic life. The residual values applied are considered a Level 3 input.

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

Where identified, all assets provided within the asset register under the various categories have been inspected as part of the valuation process with the exception of the dwelling units, in which a sample has been inspected internally and the balance externally.

The last comprehensive valuation of buildings was undertaken effective 30 June 2014. A full valuation of buildings is planned in 2017-18.

2. Roads, Bridges & Drainage Infrastructure

Current replacement cost

Council categorises its road infrastructure into urban and rural roads and the further sub-categories into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable).

Roads, bridges and drainage comprehensive valuation was undertaken by Council's independent valuer, Cardno during 2016-17.

Condition assessments and asset inspections were undertaken by the valuers and contracted engineers for Paroo Shire Council (PSC) during 2016-17. This information has been summarised and provided to Cardno.

The increase in valuation resulted from more accurate asset specification data. Previously roads had been measured at standard widths. Assumptions had also previously been made as to the depths of drains, materials used and construction methods utilised. Some re-componentisation of the drainage network was also undertaken as a result of the inspections.

There was no material change to unit rates or overheads utilised in the valuation compared to the desktop valuation conducted at 30 June 2016. As a result management has decided to record the valuation in its systems as at 1 July 2016. The resulting impact to depreciation expenses was immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 11. Fair Value Measurement (continued)

Accumulated depreciation

In determining the level of accumulated depreciation, roads, bridges and drainage were disaggregated into significant components which exhibited different useful lives. The condition assessments were made using a five-point scale with 0 being the highest and 5 being the lowest. A 5-condition assessment indicates an asset with a very high level of remaining service potential. 0 represents an asset at the end of its useful life.

Roads, bridges and drainage Infrastructure assets have no market due to their specialised nature. As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data it has been determined that the overall data level applying to the valuation of road, bridges and drainage assets is Level 3.

3. Water and Sewerage Infrastructure

The full revaluation of water and sewerage assets was undertaken by Council's independent valuer, Cardno at 30 June 2016.

Current replacement costs were calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life. Asset data were updated with condition ratings collected. Additional attributes collected on site were recorded against the relevant assets. The remaining useful life of each asset category was calculated based on condition (for the inspected assets) and on age (for the uninspected assets). Paroo has long-lived infrastructure which is considered to have zero residual value.

All water and sewerage infrastructure assets were valued using level 3 valuation inputs.

Cardno's cost models were derived from the following sources:

- Cardno database
- Scheduled rates for construction of asset or similar assets
- Cost curves derived by Cardno
- Building Price Index tables
- Recent contract and tender data
- Rawlinson's Rates for Building and Construction

In determining accumulated depreciation, assets were either inspected onsite or an assessment to determine remaining useful life. Current replacement costs at 30 June 2017 was determined using the range between 1.74% to 1.9% which represents council cost index and roads construction index respectively. As the movement between 30 June 2016 and 30 June 2017 is not material, Council did not perform a comprehensive valuation of its water and sewerage assets for the financial year ended 30 June 2017.

Where site inspections were conducted, the assets were allocated a consumption assessment, which was used to estimate remaining useful life as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 11. Fair Value Measurement (continued)

Consumption Rating Scores		
Consumption Score	Description	% Remaining Life
1.00	As New / Excellent Condition	95% of Useful Life
2.00	Very Good Condition Asset is reliable. Asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75% of Useful Life
3.00	Fair Condition Asset is reliable and operates as intended but shows deterioration in its appearance and structural integrity is questionable	50% of Useful Life
4.00	Poor Condition Asset still operates but does not meet intended duty or does not appear structurally sound.	25% of Useful Life
5.00	Unserviceable Asset not functioning/ needs immediate attention.	5% of Useful Life

4. Land (level 2)

The last comprehensive revaluation of land assets was undertaken on 30 June 2014.

Where there is a market for Council assets, fair value has been derived from sales prices of comparable properties. Where a depth in market can be identified we have assessed the fair value of an asset, as the best estimate of price reasonably obtained in the market at the date of valuation.

Land fair values were determined by using Council index and Consumer price index as a guide. This is because land is attached to specialised and residential Council buildings. As the indexation movement (Australian Bureau of Statistics) between 30 June 2016 and 30 June 2017 rose by only 1.9%, Council did not perform a comprehensive valuation of its land assets for the financial year ended 30 June 2017.

5. Specified Major Plant & Equipment Assets

Council did not perform a comprehensive valuation on its major plant and equipment assets at 30 June 2017.

For these assets, there is an active and liquid market as evidenced by sales transactions of similar asset types and the Market Approach therefore can be utilised and the valuation is deemed to be a Level 2 input. The key assumptions used in assessing the condition included site condition, machine hours, and major mechanical component condition. Where site inspections were not conducted, the remaining useful life was calculated on asset age and estimated useful life.

The last valuation of major plant was conducted at 30 June 2014. 70% of the Major Plant & Equipment assets were inspected as part of the valuation process.

(ii) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Manager of Finance, Manager of Infrastructure and Manager Assets. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment is set out in note 1h.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 12. Trade and Other Payables

	2017	2016
Notes	\$'000	\$'000
Current		
Creditors and Accruals	1,655	646
Payments Received in Advance	111	121
Employee Payables	478	476
FBT Liability	3	3
Urban Fire Levy	20	16
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>2,267</u>	<u>1,262</u>

Note 13. Borrowings

Current		
Loans - Queensland Treasury Corporation	159	156
<u>TOTAL CURRENT BORROWINGS</u>	<u>159</u>	<u>156</u>
Non-current		
Loans - Queensland Treasury Corporation	1,700	1,848
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>1,700</u>	<u>1,848</u>
Reconciliation of Loan Movements for the year		
Loans - Queensland Treasury Corporation		
Opening Balance at Beginning of Financial Year	2,004	2,121
Accrued Interest	5	6
Principal Repayments	(150)	(123)
Book value at end of financial year	<u>1,859</u>	<u>2,004</u>

The QTC loan market value at the reporting date was \$2,204,501. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 13. Borrowings (continued)

Loan Disclosures

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 December 2024 to 15 December 2031.

There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

Note 14. Provisions

	Notes	2017 \$'000	2016 \$'000
Current			
Long Service Leave		433	447
<u>TOTAL CURRENT PROVISIONS</u>		<u>433</u>	<u>447</u>
Non-current			
Long Service Leave		208	190
<u>TOTAL NON-CURRENT PROVISIONS</u>		<u>208</u>	<u>190</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 15. Asset Revaluation Surplus

	Notes	2017 \$'000	2016 \$'000
Movements in the asset revaluation surplus:			
Balance at beginning of financial year		94,288	98,844
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings		935	-
Roads & Drainage		17,713	(4,806)
Sewerage		-	142
Water		-	108
		18,648	(4,556)
Balance at end of financial year		112,936	94,288

In 2016-17, Council conducted a comprehensive revaluation of its road infrastructure assets which included physical inspection and condition rating assessment. This approach gave Council a complete set of reliable data of its road assets. As a result, current replacement costs have increased by \$17 million (net of accumulated depreciation).

Asset revaluation surplus analysis

The closing balance of the Asset Revaluation Reserve comprises the following asset categories:

Buildings	10,374	9,439
Land	797	797
Major Plant	101	101
Roads & Drainage	95,104	77,391
Water and Sewerage	6,560	6,560
Balance at end of financial year	112,936	94,288

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 16. Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2016 the financial statements reported an accumulated surplus of \$60,234,042 and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$165,577.93

Note 17. Superannuation

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

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

The Scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 17. Superannuation (continued)

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

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

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

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

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

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

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

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

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

		2017	2016
	Notes	\$'000	\$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	5	522	514

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 18. Reconciliation of Net Result for the year to Net Cash Inflow from Operating Activities

	Notes	2017 \$'000	2016 \$'000
Net operating result from Income Statement		439	(1,643)
Non-cash items			
Depreciation and Amortisation		6,895	6,322
Impairment Losses Recognition - Property, Plant and Equipment		-	229
		<u>6,895</u>	<u>6,551</u>
Net Losses/(Gains) on Disposal of Assets		184	100
Capital Grants and Contributions		<u>(2,317)</u>	<u>(2,730)</u>
		<u>(2,133)</u>	<u>(2,630)</u>
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		(2,822)	89
Increase/(Decrease) in Provision for Doubtful Debts		(3)	(7)
(Increase)/Decrease in Inventories		206	25
Increase/(Decrease) in Payables and Accruals		1,009	71
Increase/(Decrease) in Accrued Interest Payable		5	-
Increase/(Decrease) in Other Liabilities		(4)	103
Increase/(Decrease) in Employee Leave Entitlements		4	120
		<u>(1,605)</u>	<u>401</u>
Net cash provided from Operating Activities		<u>3,596</u>	<u>2,679</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 19. Events Occurring After Balance Sheet Date

Events that occur after the reporting date of 30 June 2017, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 18/10/17.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2017.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

Council is unaware of any material or significant "non adjusting events" that should be disclosed, except for the death of one councillor on 25 July 2017.

Note 20. Financial Instruments

Council has exposure to the following risks arising from financial instruments; (i) market risk, (ii) credit risk, and (iii) liquidity risk.

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

Financial Risk Management

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

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 20. Financial Instruments (continued)

Credit Risk Exposure

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State/Commonwealth bodies or financial institutions in Australia, in line with the requirements of the Statutory Bodies Financial Arrangements Act 1982.

No collateral is held as security relating to the financial assets held by the Council.

	Notes	2017 \$'000	2016 \$'000
The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:			
Financial Assets			
Cash and Cash Equivalents	8	6,179	5,453
Receivables - Rates	9	444	400
Receivables - Other	9	3,738	957
		<u>10,361</u>	<u>6,810</u>
Other Credit Exposures			
Local Government Workcare		166	169
		<u>166</u>	<u>169</u>
Total		<u>10,527</u>	<u>6,979</u>

Cash and Cash Equivalents

The Council may be 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 that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 20. Financial Instruments (continued)

Trade and Other Receivables

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

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

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

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

	Notes	2017 \$'000	2016 \$'000
Receivables			
Fully Performing		3,716	1,276
Past due:			
- Less than 30 days overdue		129	28
- 31 to 60 days overdue		1	7
- 61 to 90 days overdue		340	53
- Impaired		(4)	(7)
Total	9	<u>4,182</u>	<u>1,357</u>

Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, both short and long term, to cater for unexpected volatility in cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 20. Financial Instruments (continued)

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

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2017					
Trade and Other Payables	2,266	-	-	2,266	2,267
Loans - QTC	279	1,116	1,138	2,533	1,859
	<u>2,545</u>	<u>1,116</u>	<u>1,138</u>	<u>4,799</u>	<u>4,126</u>
2016					
Trade and Other Payables	1,262	-	-	1,262	1,262
Loans - QTC	279	1,116	1,417	2,812	2,004
	<u>1,541</u>	<u>1,116</u>	<u>1,417</u>	<u>4,074</u>	<u>3,266</u>

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

Market Risk

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

Interest Rate Risk

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury and/or other financial institutions.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 20. Financial Instruments (continued)

The impact of the result which is estimated to be \$19,000 (2016: \$31,000) is not material to Council's financial performance or position.

Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed below and disclosed in Note 13.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

Fair Value is determined as follows:

- **Cash and Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates fair value.
- **Borrowings** are based on fair value and is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 21. Transactions with Related Parties

(a) Associates

Transactions with Associates

	Details	Amount of transactions during year
2017		<u>\$'000</u>
Associates Total	#	<u>22</u>

Annual contribution to Regional Economic Development Association. All payments were at arm's length.

(b) Other Related Parties

Transactions with Other Related Parties

	Details	Amount of transactions during year
2017		<u>\$'000</u>
Purchase of materials & services from entities controlled by KMP	#	717
Payments to non-profit organisations a KMP is a controlling member	##	17
		<u>734</u>

Paroo Shire Council purchased fuel and oils, funeral services, postage and other miscellaneous materials and services from entities controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of council operations.

Community donations were made to non-profit community organisations of which key management personnel are committee members.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 21. Transactions with Related Parties (continued)

(c) Key Management Personnel

Transactions with Key Management Personnel

Key Management Personnel (KMP) are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. At Paroo Shire Council, KMP's are considered to include the Mayor and Councillors, Chief Executive Officer and Managers.

The compensation paid to Key Management Personnel comprises:

	2017 \$'000
Short-Term Employee Benefits	1,776
Post-Employment Benefits	107
Long-Term Benefits	131
Total	2,014

Transactions with Related Parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the Paroo Shire Council. Therefore, on a regular basis ordinary citizen transactions occur between council and its related parties. Some examples include:

- Payment of rates
- Dog registration
- Borrowing books from a council library, etc

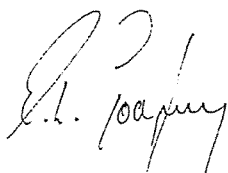
Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

MANAGEMENT CERTIFICATE FOR THE YEAR ENDED 30 JUNE 2017

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

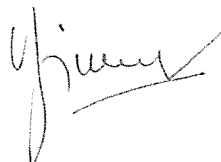
- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 1 to 36, present a true 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.



E L Godfrey

MAYOR

19 October 2017



Oliver Simon

CHIEF EXECUTIVE OFFICER

19 October 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Paroo Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Paroo Shire Council.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

Report on other legal and regulatory requirements

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

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


D A STOLZ
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Actual 2017	Target 2017
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Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾

Total Operating Revenue (excluding capital items)

-8.71% 0 - 10%

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

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

55.13% more than
90%

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

-31.96% less than
60%

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Note 1 - Basis of Preparation

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

Notes

⁽¹⁾ Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties, and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Community Recovery and Resilience.

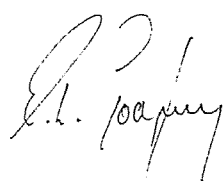
CERTIFICATE OF ACCURACY FOR THE YEAR ENDED 30 JUNE 2017

Certificate of Accuracy

for the year ended 30 June 2017

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

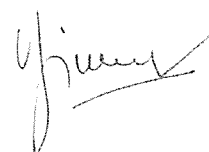
In accordance with Section 212 (5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.



E L Godfrey

MAYOR

19 October 2017



Oliver Simon

CHIEF EXECUTIVE OFFICER

19 October 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Paroo Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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


D A STOLZ
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT PREPARED AS AT 30 JUNE 2017

Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)

Total Operating Revenue (excluding capital items)

0 - 10%	-8.71%	-17.28%	-17.30%	-17.31%	-17.31%	-17.31%	-17.31%	-17.21%	-16.75%	-16.73%
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An indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

> 90%	55.13%	69.50%	68.70%	67.90%	67.10%	66.30%	65.70%	70.40%	70.48%	70.49%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

< 60%	-31.96%	-23.76%	-27.26%	-31.08%	-35.17%	-39.55%	-44.21%	-47.08%	-50.19%	-50.23%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

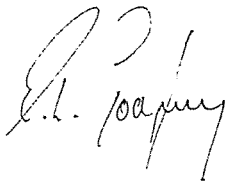
LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT CERTIFICATE OF ACCURACY

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2017

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

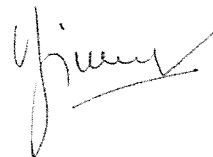
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



E L Godfrey

MAYOR

19 October 2017



Oliver Simon

CHIEF EXECUTIVE OFFICER

19 October 2017



APPENDICES

This includes a list of acronyms used in this report, an index to the relevant legislation this report adheres to and contact information for our organisation.

Living like a local: our regional landscape is a welcome sight to those who live and play here.

Acronyms index

ACRONYM	DETAILS
ANZAC	Australia & New Zealand Army Corps
CAAP	Civil Aviation Advisory Publications
CASA	Civil Aviation Safety Authority
CBD	Central Business District
CCTV	Close Circuit Television
CEO	Chief Executive Officer
CFR	Community Financial Report
COO	Chief Operations Officer
CPA	Certified Practising Accountant
DAF	Department of Agriculture & Fisheries
DSD	Department of State Development
EDS	Economic Development Strategy
EFT	Electronic Funds Transfer
FFU	Fit for Use
FBT	Fringe Benefits Tax
GIS	Geographic Information System
GPS	Global Positioning System
GVM	Gross Vehicle Mass
ICPA	Isolated Children & Parents Association
IT	Information Technology
KPI	Key Performance Indicator
LDMG	Local Disaster Management Group
LGAQ	Local Government Association of Queensland
NAIDOC	National Aboriginal & Islanders Day Observance Committee
OQTA	Outback Queensland Tourism Association
Q1	Quarter 1
QAO	Queensland Audit Office
QPC	Queensland Productivity Commission
QTC	Queensland Treasury Corporation
R1	Round 1
R3	Round 3
R2R	Roads to Recovery
RAAP	Rural Aviation Access Program
RACQ	Royal Automobile Club of Queensland
RADF	Regional Arts Development Fund
RMPC	Road Maintenance Performance contract
RPT	Regular Public Transport
SES	State Emergency Service
SWNRM	South West Natural Resources Management
TMP	Total Management Plan
TIDS	Transport Infrastructure Development Scheme
USQ	University of Southern Queensland
WH&S	Workplace Health & Safety
WLMP	Water Lettuce Management Plan
WRUP	Western Roads Upgrade Program

Legislative compliance index

REQUIREMENTS	DETAILS	PAGE/S
Local Government Act 2009		
	Identifying beneficial enterprises	
Section 41	A local government's annual report for each financial year must contain a list of all the beneficial enterprises that the local government conducted during the financial year.	
	Identifying significant business activities	
	The annual report must—	
	(a) contain a list of all the business activities that the local government conducted during the financial year; and	
Section 45	(b) identify the business activities that are significant business activities; and	26
	(c) state whether or not the code of competitive conduct was applied to the significant business activities, and if the code was not applied, the reason why it was not applied; and	
	(d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities	
	Annual report must detail remuneration	
	The annual report of a local government must state—	
Section 201	(a) the total remuneration packages that are payable (in the year to which the annual report relates) to senior contract employees; and	23
	(b) the number of senior contract employees who are being paid each of the total remuneration packages.	
Local Government Regulation 2012		
	Financial statements	
	The annual report for a financial year must contain —	
	(a) the general purpose financial statement for the financial year, audited by the auditor general;	
Section 183	and	44-89
	(a) the current-year financial sustainability statement for the financial year, audited by the auditor-general; and	
	(b) the long-term financial sustainability statement for the financial year; and	
	(c) the auditor-general's audit reports about the general purpose financial statement and the current-year financial sustainability statement	
	Community financial report	
Section 184	The annual report for a financial year must contain the community financial report for the financial year.	41-43

REQUIREMENTS	DETAILS	PAGE/S
	Particular resolutions	
Section 185	<p>The annual report for a financial year must contain—</p> <p>(a) a copy of the resolutions made during the financial year under section 250(1); and</p> <p>(b) a list of any resolutions made during the financial year under section 206(2)</p>	19
	Councillors	
	(a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; and	18
	(b) the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government's expenses reimbursement policy; and	18
	(c) the number of local government meetings that each councillor attended during the financial year; and	17
	(d) the total number of the following during the financial year	18
	(i) orders and recommendations made under section 180(2) or (4) of the Act;	
	(ii) orders made under section 181 of the Act; and	
	(e) each of the following during the financial year—	
	(i) the name of each councillor for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act;	
	(ii) a description of the misconduct or inappropriate conduct engaged in by each of the councillors;	
	(iii) a summary of the order or recommendation made for each councillor; and	
	(f) the number of each of the following during the financial year—	
	(i) complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act;	18
	(ii) complaints referred to the department's chief executive under section 176C(3)(a) (i) of the Act;	
	(iii) complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Act;	
	(iv) complaints referred to the department's chief executive under section 176C(4)(a) of the Act;	
	(v) complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act;	
	(vi) complaints heard by a regional conduct review panel;	
	(vii) complaints heard by the tribunal;	
	(viii) complaints to which section 176C(6) of the Act applied	
Section 186		

REQUIREMENTS	DETAILS	PAGE/S
	Administrative action complaints <p>(1) The annual report for a financial year must contain —</p> <p>(a) a statement about the local government’s commitment to dealing fairly with administrative action complaints; and</p> <p>(b) a statement about how the local government has implemented its complaints management process, including an assessment of the local government’s performance in resolving complaints under the process</p> <p>(2) The annual report must also contain particulars of —</p> <p>(a) the number of the following during the financial year—</p> <p>(i) administrative action complaints made to the local government;</p> <p>(ii) administrative action complaints resolved by the local government under the complaints management process;</p> <p>(iii) administrative action complaints not resolved by the local government under the complaints management process; and</p> <p>(b) the number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year</p>	24
Section 187		
	Overseas travel <p>The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year—</p> <p>(a) for a councillor—the name of the councillor;</p> <p>(b) for a local government employee—the name of, and position held by, the local government employee;</p> <p>(c) the destination of the overseas travel; (d) the purpose of the overseas travel; (e) the cost of the overseas travel</p> <p>The annual report may also contain any other information about the overseas travel the local government considers relevant.</p>	25
Section 188		
	Expenditure on grants to community organisations <p>The annual report for a financial year must contain a summary of —</p> <p>(a) the local government’s expenditure for the financial year on grants to community organisations; and</p> <p>(b) expenditure from each councillor’s discretionary fund, including —</p> <p>(c) the name of each community organisation to which an amount was allocated from the fund; and</p> <p>(d) the amount and purpose of the allocation</p>	29
Section 189		
	Other contents <p>The annual report for a financial year must contain the following information –</p> <p>(a) the chief executive officer’s assessment of the local government’s progress towards implementing its 5-year corporate plan and annual operational plan</p> <p>(b) particulars of other issues relevant to making an informed assessment of the local government’s operations and performance in the financial year;</p> <p>(c) an annual operations report for each commercial business unit</p>	31 31-39 26
Section 190		

REQUIREMENTS	DETAILS	PAGE/S
	Other contents – joint local government activity The annual report for the financial year must contain the following information – (a) details of any action taken for, and expenditure on, a service, facility or activity – (i) supplied by another local government under an agreement for conducting a joint government activity; and (ii) for which the local government levied special rates or charges for the financial year	
Section 190 (d)(i)		
Section 190 (e)	Other contents – number of invitations to changes tenders The annual report must contain the number of invitations to change tenders under section 228(7) during the financial year.	28
Section 190 (f)	Other contents – list of registers The annual report must contain a list of the registers kept by the local government.	25
Section 190 (g)	Other contents – summary of all concessions for rates and charges granted The annual report must contain a summary of all concessions for rates and charges granted during the year.	26
Section 190 (h)	Other contents – report on internal audit The annual report must contain the report in the internal audit for the financial year.	24
Section 190 (i)	Other contents – summary of investigation notices under section 49 The annual report must contain a summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints.	28
Section 190 (j)	Other contents – responses to QCA's recommendations The annual report must contain the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3).	28

Council contact information

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Servicing the communities of Cunnamulla, Eulo, Wyandra and Yowah.

Metal kangaroos, emus and brolga sculptures were installed in Cunnamulla.



PAROO SHIRE.

live like a local



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