



# PAROO SHIRE COUNCIL

## ANNUAL REPORT 2017/2018





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# INTRODUCTION

## TO OUR ANNUAL REPORT

This Annual Report, for the financial year 1 July 2017 to 30 June 2018, describes Paroo Shire Council's achievements in providing services to the communities we serve.

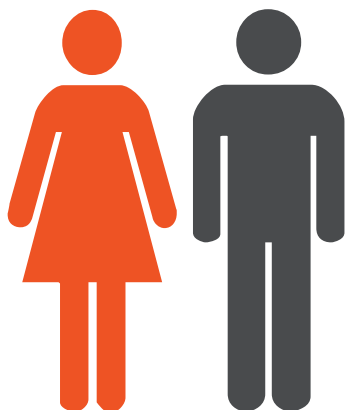
It displays our progress in delivering the actions in our Corporate and Operational Plans, along with statutory reporting requirements, providing a culmination of our regular reports to community and stakeholders.

The Annual Report also provides the community with operational and financial information about Council's performance against the outcomes and service delivery commitments set out in the Corporate and Operational Plans.

Council's 2018-2023 Corporate Plan provided the focus and direction for Council over the twelve month period to 30 June 2018.



# A SNAPSHOT OF OUR SHIRE

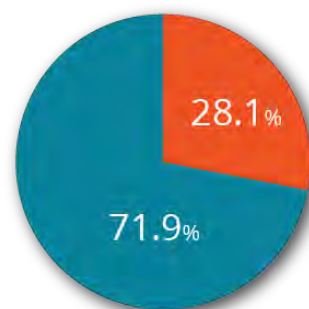


Total population of  
**1,686** (ABS, 2016)  
(12.9% decline from the previous five years)



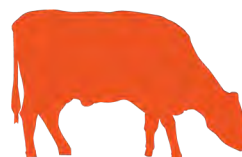
Median  
age of  
**46**  
years

**28.1%**  
of the  
population  
are indigenous



Drought  
declared  
since  
**1 April**  
**2013**

**29.7%**  
employed in  
agriculture



Median  
household  
income is  
**62.9%**  
of the  
Queensland  
average

**3.3%**  
of residents  
are born  
overseas





# 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.

# EULO

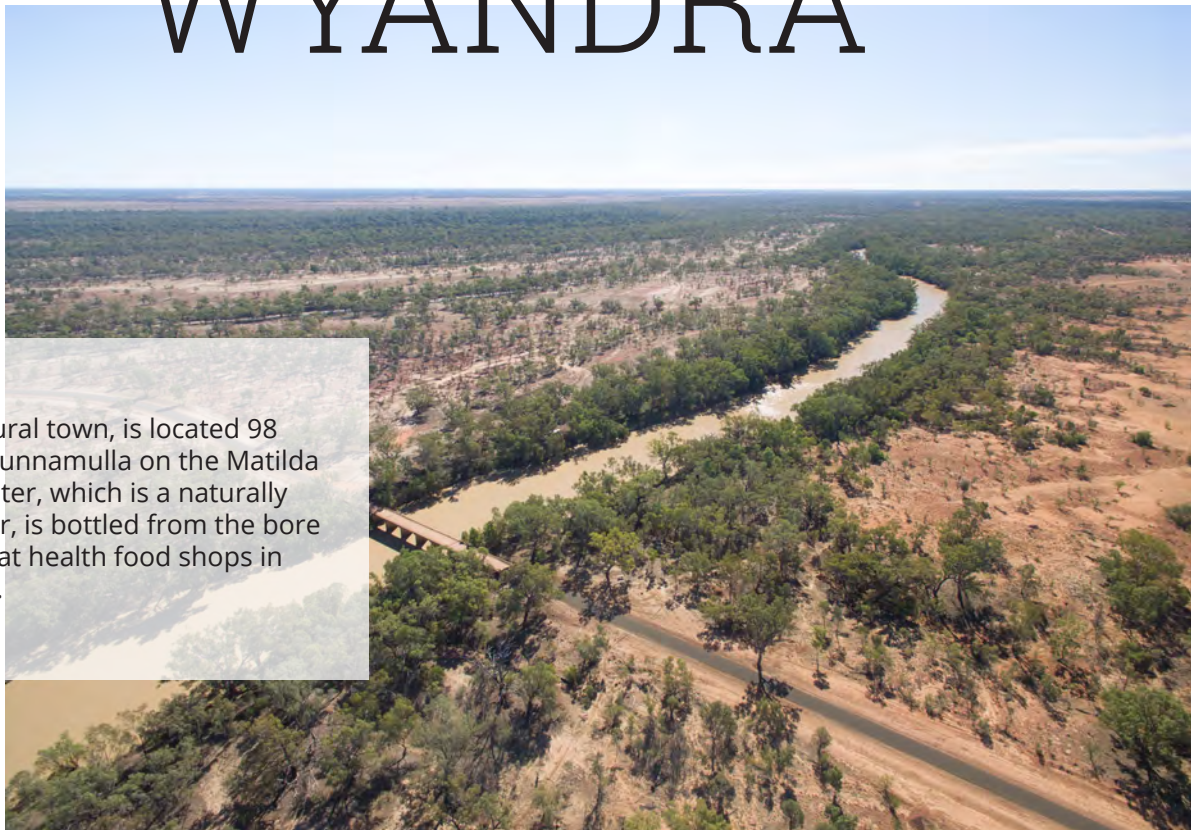


Situated 68 kilometres west of Cunnamulla, Eulo has been said to be the Montville of the south-west. Businesses in the town sell local crafts and produce, and Eulo also features the fabulous Artesian Mud Baths. Unique to the shire and just west of Eulo is the natural phenomenon known as the Mud Springs,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



# 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.



# 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”.









# MESSAGE

## FROM THE MAYOR



On behalf of my fellow Councillors, I am pleased to submit this report for the 12 months ending 30 June 2018. 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.

The ongoing drought has caused substantial financial hardship for many residents within the shire and this has impacted the sustainability of the shire as graziers struggle to feed livestock and maintain families and residents and businesses in townships within the shire are faced with reduced income due to spending on essential items only.

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

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

A handwritten signature in black ink, which appears to read 'L. Godfrey'.

**Cr Lindsay Godfrey**  
Mayor, Paroo Shire



# MESSAGE

## FROM THE CEO



The 2017/2018 financial year delivered many opportunities and challenges, which Council met with a renewed focus on providing cost effective and efficient services to our community.

These changes resulted in a shift in thinking in our organisation and a willingness to develop solution. 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. Our positive culture is certainly driving performance. Some of the results may not be visible immediately, but I can assure our residents that they will provide a lasting legacy.

During the year, a number of key technical management positions including the Chief Corporate Officer and Chief Operations Officer were identified as part of a whole of Council realignment. It is with much pleasure that I can announce that these positions have now been filled permanently and our Executive Leadership 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 responding to change and to do this, Council has consulted with the community to develop an Economic Development Strategy (EDS) of what we want the future to look like for the Paroo Shire and its residents. To facilitate the development of the EDS, an Economic Development Officer (EDO) was appointed. The EDO has established an Economic Development Advisory Committee (EDAC) made up of community representative from within the shire. The purpose of the EDAC is to develop the EDS.

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

A key strategy will be to put Paroo Shire on the agenda at a political level during the budget and corporate plan development process.

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

A handwritten signature in black ink, appearing to read 'Oliver Simon'.

**Oliver Simon**

CEO, Paroo Shire Council







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# ELECTED MEMBERS

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2017/2018



Mayor, Lindsay Godfrey  
0428 551 767  
lindsay.godfrey@paroo.qld.gov.au

Deputy Mayor, Neil Hatchman  
Passed away 25 July 2017



Deputy Mayor, Cr Suzette Beresford  
0427 551 191  
suzette.beresford@paroo.qld.gov.au

Councillor, Rick Brain  
0400 088 013  
rick.brain@paroo.qld.gov.au



Councillor, Don Dunsdon  
0427 744 551  
don.dunsdon@paroo.qld.gov.au

Councillor, Joann Woodcroft  
0427 551 230  
joann.woodcroft@paroo.qld.gov.au





# COUNCIL'S STRATEGIC PLANNING FRAMEWORK





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# PAROO SHIRE COUNCIL

OUR PURPOSE, OUR GOALS AND OUR VALUES

## Our Purpose

Is to make a positive difference in people's lives through the quality of services we provide.

## Our Values

## Our Twin Goals

Are to be an organisation where our staff pursue excellence in all that they do and enjoy high levels of personal job satisfaction.



## PROGRESS AND PROSPERITY

### Our People

Teamwork  
Mateship  
Fun

Family  
Strength  
Loyalty

Staff  
Recognition  
Professional  
Development

### Our Community

Pride

Dedication

Environment

### Our Leaders

Communication  
Continuous  
Improvement

Value for Money  
Financial  
Sustainability

### Our Integrity

Respect  
Honesty  
Trust

Ownership  
Confidentiality  
Workmanship

### Our Safety

Safe Work  
Practices

Quality  
Production

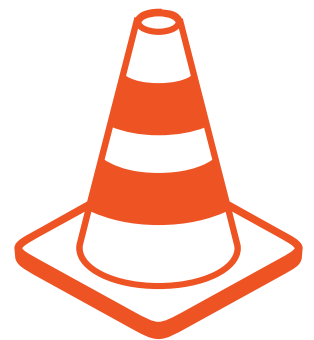
Health & Safety

2017/2018

# PERFORMANCE HIGHLIGHTS



\$4.399 million  
capital Grant Funding approved



34 applications  
for grant funding  
submitted to Federal  
and State governments



\$6.625 million

Delivering capital works projects  
on roads, drains and bridge  
infrastructure, council buildings  
and facilities, plant and equipment,  
waste management, parks  
and IT systems



\$60,000  
spent on upgrades to the Cunnamulla  
and Yowah Libraries

11,156 people participated in  
663 programs held at the libraries

\$400,000

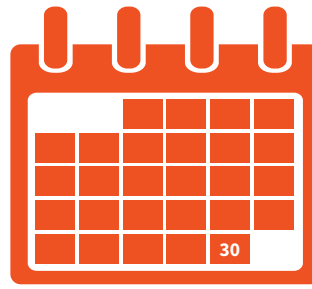
of footpath  
and kerb and  
channel upgrades  
in Cunnamulla

Rest area  
on Mitchell Highway  
40kms south of  
Cunnamulla completed





A total of  
**15,623** people  
participated in **217**  
free community events and  
activities across the shire



**\$58,000**  
RADF funding approvals for community projects

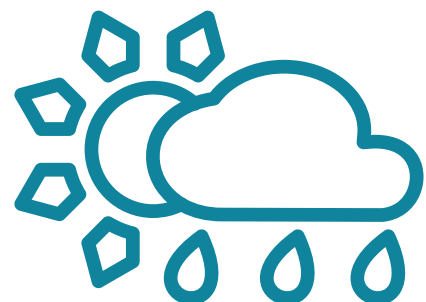


**\$108,000**  
spent on Cunnamulla  
swimming pool  
upgrades



**\$106,000**  
Centenary Park playground updates  
**5**  
community playgrounds  
received soft fall upgrades

**\$120,000**  
Community Drought funding on programs,  
activities, workshops and events that improve  
the social and emotional well being of  
farmers and graziers



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# LOOKING AHEAD

## TO THE NEXT 12 MONTHS

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### MANAGING COUNCIL AS A BUSINESS

- Develop a Workforce Plan to guide the development of the culture of the organisation and its people
- Review, document and improve people management processes and protocols, including recruitment and induction, and remuneration and payroll
- Continue enhancement of Council's Workplace Health & Safety Framework
- Undertake sustainability reviews of Council's Service Areas and recommend opportunities for sustainability improvements
- Identify additional grant funding opportunities to support Council's current service programs
- Enhance financial performance reporting of services areas, programs and projects
- Review Council's methodology and recommend sustainable improvements
- Embed better practice procurement framework and controls, in line with Council's Procurement Policy
- Further improve Council's Control Framework, in conjunction with the Audit Committee and Council
- Embed better practice risk management protocols in line with Council's Risk Management Policy & Framework
- Embed better practice protocols for the management of policies, local laws and directives
- Implement better practice information management and security framework as well as system upgrade to meet business needs and legal obligations
- Review customer service processes, identify and implement service improvement



## BUILDING OUR COMMUNITY

- Further embed the Human Services Quality Framework into community service areas
- Review and implement an identified better practice for the identification, approval and remittance of community grants and donations
- Improve asset management outcomes of services to deliver community outcomes
- Introduce a new Planning Scheme for Paroo Shire
- Implement the Bio-Security Plan 2018-2022
- Review and update Council's Local Laws and protocols to achieve a higher level of understanding of service areas for enforcement
- Creation and adoption of Economic Development Strategy in conjunction with the Paroo Shire Economic Development Advisory Committee (EDAC)
- Review and continuous improvement of Local Disaster Management (PPRR) capability and capacity
- Promotion and enhancement of Council's brand through implementation of high quality communications, marketing and media
- Identify, develop and implement opportunities to enhance the tourism asset portfolio for Paroo, including a health spa, heritage trails and informative signage

## MANAGING OUR ASSETS

- Planning and design of an upgraded WWTP facilities (subject to funding)
- Investigation of long-term options for waste management and recycling within Paroo Shire
- Develop a Shire Road Maintenance Plan with annual program of works based on road hierarchy
- Develop and deliver program of works across all infrastructure and assets to maintain agreed levels of service
- Revaluation of roads (sealed and unsealed) network
- Review and embed better practice asset management practices and systems through further enhancing asset management planning
- Review and enhance program and project management practices, processes and systems

## EXTERNAL WORKS

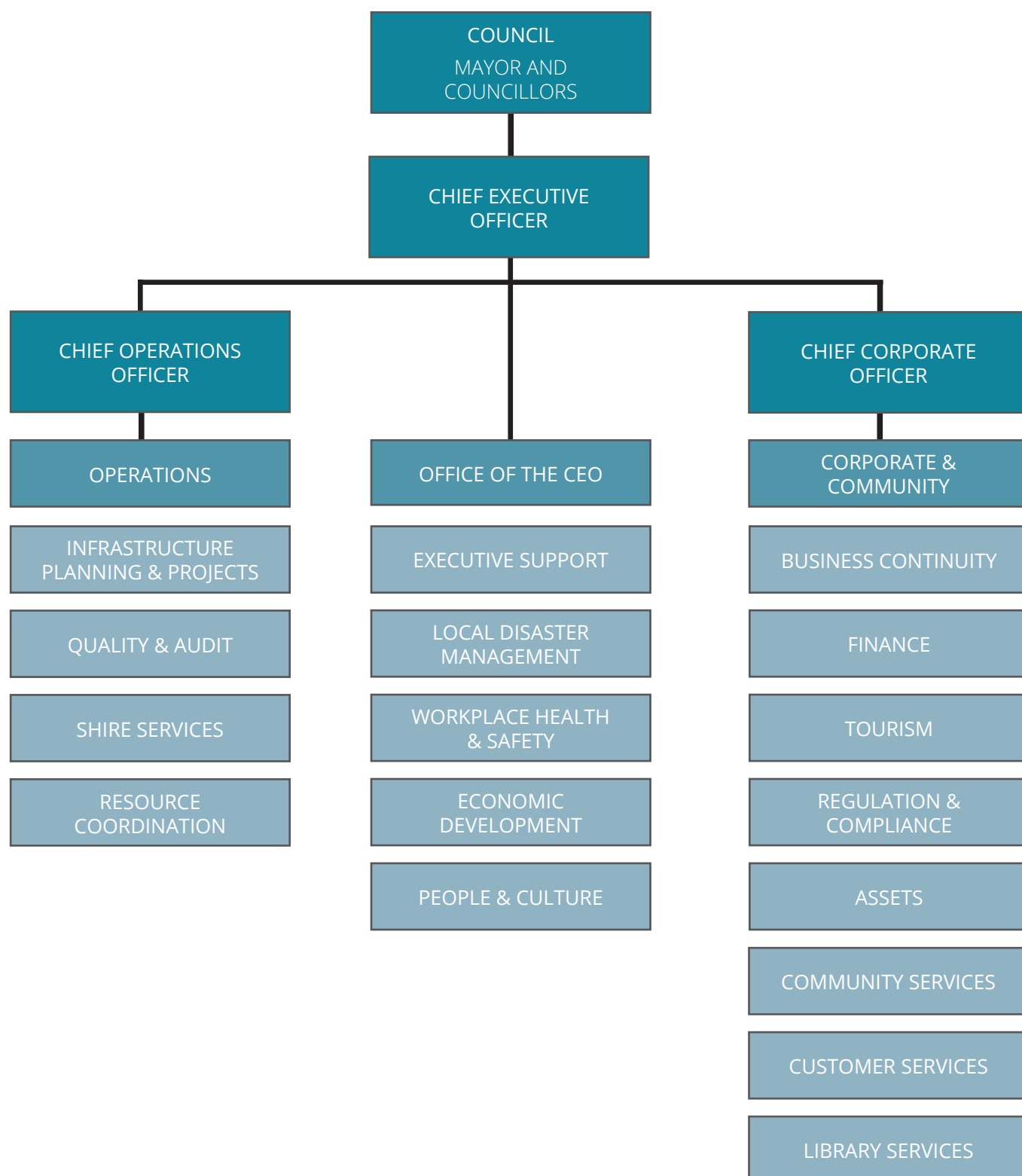
- Review and improve contract management and compliance practices for external works

## RENEWAL, UPGRADE AND CREATION OF OUR ASSETS

- Review and benchmarking of current valuation and useful life methodology to identify any potential financial opportunities and to reduce the level of depreciation



# OUR ORGANISATION





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# EXECUTIVE MANAGEMENT

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TEAM



Oliver Simon  
Chief Executive Officer  
[oliver.simon@paroo.qld.gov.au](mailto:oliver.simon@paroo.qld.gov.au)



Tony Trace  
Chief Corporate Officer (*employed from January 2018*)  
[tony.trace@paroo.qld.gov.au](mailto:tony.trace@paroo.qld.gov.au)



Peter See  
Chief Operations Officer (*employed from April 2018*)  
[chief.operations@paroo.qld.gov.au](mailto:chief.operations@paroo.qld.gov.au)



# COUNCIL STAFF

## STAFF RECRUITMENT AND DEVELOPMENT

Throughout the year Council staff have participated in various role/team specific training and information sessions with various online modules continuing to be available to staff.

Training for the 2018/2019 year will focus on:

- Authorised Persons
- Compliance Officer
- Code of Conduct
- Updated Policy/Procedure
- Other Regulatory and Legislative Training as required



## SAFETY AND WELLBEING

Council strongly promotes a Safety Culture throughout our workforce and has an Employee Assistance Program that is available to all staff and their families.

## 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.

## ETHICAL FRAMEWORK - CODE OF CONDUCT

Council's Code of Conduct provides a framework for behaviour, actions and decisions and promotes 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.

## EMPLOYEES AT A GLANCE

EMPLOYMENT TYPE	NUMBER OF POSITIONS
Full-time	71
Part-time	9
Casual	32

# OUR PERFORMANCE

## CEO'S ASSESSMENT OF PROGRESS

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.

The Paroo Shire Corporate Plan 2018-2023 was adopted as 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 is being developed using key information from the Corporate Plan and Economic Development plan and will be completed in 2018-2019. This will enhance future economic viability of the shire.





## OUTCOMES OF THE 2017-18 OPERATIONAL PLAN

### MANAGING COUNCIL AS A BUSINESS

OFFICE OF THE CEO			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Organisational realignment of Council resources to reflect the Shire vision.			
Shire vision developed and realignment developed for approval by Council for implementation.	<input checked="" type="checkbox"/>		
Shire vision developed.	<input checked="" type="checkbox"/>		
Organisational realignment developed to reflect Council's strategic intent.	<input checked="" type="checkbox"/>		
Council to approve shire vision and organisational realignment.	<input checked="" type="checkbox"/>		
Regular performance updates provided to Council.		Ongoing	
Recruit, support and develop our people.			
Develop and implement a Workforce Plan to: <ul style="list-style-type: none"> <li>Recruit appropriately skilled, qualified and experienced staff.</li> <li>Promote effective leadership and implement a leadership development and succession planning process.</li> <li>Ensure staff and management are responsible for and accountable for their performance outcomes.</li> <li>Undertake performance reviews on a regular basis and link to operational priorities.</li> <li>Create an environment that encourages productivity, innovation and engagement.</li> <li>Develop strong relationships through regular communication with stakeholders.</li> </ul>		<input checked="" type="checkbox"/>	



## FINANCIAL MANAGEMENT

STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Implement sound business and financial management practises.			
Establish internal budget processes and deliver outputs.		<input checked="" type="checkbox"/>	
Quarterly budget reviews presented to Council.		Ongoing	
Maintain external oversight of finances.		Ongoing	
Source external grant funding for renewals and assets that enhance the shire's image as an economic driver and tourist destination.			
Number of types of grant applications submitted that meet Councils Corporate Plan Objectives.	<input checked="" type="checkbox"/>		

## CORPORATE GOVERNANCE

STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Risk Register in place and reviewed by the Audit Committee.			
Minimum of two audit committee meetings held each year.	<input checked="" type="checkbox"/>		
Risk register developed and implemented revised annually or sooner as required.		<input checked="" type="checkbox"/>	
Review of records management systems and processes.			
Records are stored in a manner that is in line with contemporary RM practices and legislation while also aligning with Council business activities.		<input checked="" type="checkbox"/>	



## BUILDING OUR COMMUNITY

LIVEABILITY OF THE COMMUNITY			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Support community groups to access grant funding as required.			
Number and types of community groups supported by Grants Officer to access information regarding funding and complete funding applications.		Ongoing	
Implement Human Services Quality Framework (HSQF) compliance for Department Communities and Child Safety.			
Complete self assessment.	<input checked="" type="checkbox"/>		
Implement the Continuous Improvement Plan (CIP).	<input checked="" type="checkbox"/>		
Maintain the living document.		<input checked="" type="checkbox"/>	
Facilitate the provision of appropriate sport and recreational facilities and services.			
Investigate facility requirements at John Kerr Park and continue to pursue grants for the upgrade.		<input checked="" type="checkbox"/>	
Complete Racing Safety Audit and address compliance issues at Cunnamulla Racecourse.		<input checked="" type="checkbox"/>	

COMMUNITY ASSETS AND SERVICES			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Provision of appropriate burial and cemetery services.			
Negotiate agreement with preferred contract Funeral Undertaker.	<input checked="" type="checkbox"/>		
Identify, apply and finalise extension of Lawn Cemetery.		<input checked="" type="checkbox"/>	
Fencing completed under Works for Queensland.		<input checked="" type="checkbox"/>	
Facilitate the provision of appropriate aged people facilities and services.			
Completion of works to bring into line with all safety and aged care standards at Yapunya lodge.	<input checked="" type="checkbox"/>		
Facilitate the provision of appropriate and adequate community housing.			
Works completed as per agreed services standards.	<input checked="" type="checkbox"/>		
Investigate disposal of Council-owned houses.		<input checked="" type="checkbox"/>	

REGULATING OUR COMMUNITY			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Review, develop and enforce regulations and local laws (including domestic pets and house yards).			
A customer service and education program to be conducted.		<input checked="" type="checkbox"/>	
Develop a new Planning Scheme.			
New planning scheme developed in collaboration with the Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP).		<input checked="" type="checkbox"/>	
In accordance with new Environmental Act requirements, develop a Comprehensive Environmental Management Plan in partnership with Department of Agriculture and Fisheries (DAF) ensuring that all environmental issues affecting the shire are captured and an appropriate management plan is implemented, monitored and reported on as required.			
Wild Dog Committee Meeting reports to Council.	<input checked="" type="checkbox"/>		
Identification and management of grant opportunities including baiting.		<input checked="" type="checkbox"/>	
Complete stock route management and maintenance as per Government agreement.	<input checked="" type="checkbox"/>		
Water Lettuce Management Plan to be implemented by September 2017.	<input checked="" type="checkbox"/>		
Weed and Pest control/eradication on track in accordance with Paroo Shire Council Pest Management Plan 2015-18.		<input checked="" type="checkbox"/>	
Biosecurity Plan developed in consultation with relevant stakeholders.	<input checked="" type="checkbox"/>		

COMMUNITY BRAND AND RESILIENCE			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Facilitate disaster management planning and implementation and provide support for local SES groups.			
Disaster management planning exercises conducted.	<input checked="" type="checkbox"/>		
Develop and implement an internal and external communications strategy.			
Website content all current.		<input checked="" type="checkbox"/>	
Develop and implement communications strategy for Council and community.			<input checked="" type="checkbox"/>
Media strategy agreed by Council.			<input checked="" type="checkbox"/>
Upgrade connectivity to Visitor Information Centre and CJG Office.		<input checked="" type="checkbox"/>	
Installation of WiFi ports at Civic Centre for internal and external data connectivity.		<input checked="" type="checkbox"/>	



COMMUNITY BRAND AND RESILIENCE			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Facilitate the development of the Shire's tourism infrastructure.			
Complete shire signage audit and have endorsed by CEO and ELT.			<input checked="" type="checkbox"/>
Rest areas on all four major roads in consultation with TMR.			<input checked="" type="checkbox"/>
Investigate the options for provision of land for economic development opportunities.			
Report options to Council.	<input checked="" type="checkbox"/>		
Facilitate business and economic development of the shire.			
Transform the draft Economic Development Strategy into a Shire Vision.	<input checked="" type="checkbox"/>		
Work with DSDMIP to set up an Economic and Development Project Plan, Terms of Reference and Steering Committee and develop an Economic Development Strategy (EDS) which meets Council's Corporate and Operational goals.	<input checked="" type="checkbox"/>		
EDS ready for implementation 01/07/18 completed by 30/06/2018 per project plan.			<input checked="" type="checkbox"/>

## MANAGING OUR ASSETS

ESSENTIAL SERVICES			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Development and maintenance of town water reticulation systems to meet community needs.			
Replacement of water mains as per adopted budget.	<input checked="" type="checkbox"/>		
Provision of effective waste management services.			
Review operations at all townships.		<input checked="" type="checkbox"/>	
Provision of effective Sewerage Treatment Plant (STP) facilities.			
Review of current operations.	<input checked="" type="checkbox"/>		
Source funding to build replacement STP.		<input checked="" type="checkbox"/>	

MAINTAINING AND OPERATING OUR ASSETS AND SERVICES			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Maintenance of town sewerage systems.			
Replacement of water mains as per adopted budget.	<input checked="" type="checkbox"/>		
Sewerage infrastructure needs analysis completed.	<input checked="" type="checkbox"/>		
Renewal of sewerage infrastructure in line with outcomes of needs analysis.		<input checked="" type="checkbox"/>	
Develop and implement Building Maintenance and Capital Renewal Schedule for Council owned buildings and structures.			
Develop and implement planned maintenance schedules.		<input checked="" type="checkbox"/>	
Develop and implement capital replacement schedules.	<input checked="" type="checkbox"/>		
Identify and administer Works for Queensland Grant program.	<input checked="" type="checkbox"/>		

MANAGING DELIVERY OF OUR ASSETS AND SERVICES			
STRATEGY/ACTIVITY	COMPLETED	UNDERWAY	NOT COMPLETED
Provide operational, cost effective and fit for purpose plant and equipment.			
Plant maintained in a functional condition (infrastructure).	<input checked="" type="checkbox"/>		
Plant replaced as per adopted Service and Asset Management Plan.		<input checked="" type="checkbox"/>	
Further develop the 10 year asset management plan, including identification of levels of service to the community.			
Review and provide updated plan to Council.		<input checked="" type="checkbox"/>	





# STATUTORY INFORMATION

## COUNCILLORS

### COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

COUNCILLOR NAME	14/07/2017	31/07/2017	15/08/2017	19/09/2017	24/10/2017	21/11/2017	12/12/2017	16/01/2018	20/02/2018	20/03/2018	17/04/2018	15/05/2018	19/06/2018	26/06/2018	TOTAL MEETINGS ATTENDED
Cr L Godfrey	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	13/14
Cr N Hatchman (passed away 25/07/2017)	Y														1/14
Cr R Brain	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	12/14
Cr D Dunsdon	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	13/14
Cr J Woodcroft	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	14/14
Cr S Beresford					Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	10/14

As required under Section 186(d) of the *Local Government Regulation 2012*, the table below details the number of local government meetings each Councillor attended during the financial year ending 30 June 2018.

### RECORD OF COUNCILLOR CONDUCT AND PERFORMANCE COMPLAINTS

There were no reportable items applicable under the *Local Government Act 2009* or associated Regulations, dealing with complaints made concerning the misconduct of a councillor during the 2017-18 financial year.

### RESOLUTIONS RELATING TO NON-CURRENT ASSET THRESHOLDS

Council adopted the Non Current Assets Financial Management Policy per Resolution Number M18/045 at the meeting held on 20 March 2018. This Policy is to provide structured framework for Council's financial management of non-current assets, initial recognition of assets, measurement of non-current assets, classification of non-current assets, non-current asset recognition thresholds, useful lives and residual values, disposal of assets, impairment assessment, valuation methods and revaluation guidelines, intangible assets, capital works after initial recognition and depreciation.

This policy is established in accordance with the *Local Government Act 2009*, *Local Government Regulation 2012* and Australian Accounting Standards and applies to Paroo Shire Council and all its related business activities.

## COUNCILLOR REMUNERATION AND EXPENSES

COUNCILLOR NAME	PERIOD COVERED	EXPENSES INCURRED IN ACCORDANCE WITH THE COUNCILLOR REIMBURSEMENT POLICY	TOTAL REMUNERATION	SUPERANNUATION	TOTAL
Cr L Godfrey	Full year	\$18,000.00 (included in total remuneration)	\$102,210.00	N/A	\$120,210.00
Cr N Hatchman (passed away 24/07/2017)	Part year	Nil	\$3,426.33	N/A	\$3,426.33
Cr R Brain	Full year	Nil	\$32,277.96	N/A	\$32,277.96
Cr D Dunsdon	Full year	Nil	\$32,277.96	N/A	\$32,277.96
Cr J Woodcroft	Full year	Nil	\$32,277.96	N/A	\$32,277.96
Cr S Beresford	Part year	Nil	\$29,732.23	N/A	\$29,732.23
<b>TOTAL</b>		<b>\$18,000.00</b>	<b>\$232,202.44</b>	<b>N/A</b>	<b>\$250,202.44</b>

Paroo Mayor and Councillors were remunerated in accordance with remuneration increases published by the Local Government Remuneration and Discipline Tribunal.

## PARTICULAR RESOLUTIONS

The proposed budget 2018-19 was presented and adopted by Council at the Special Meeting of Council which was held on 19 June 2018. The following resolutions were passed:

Operational Plan 2018-19 - *Res.M18/118 That Council adopt the Operational Plan 2018/2019 as presented.*

Differential General Rates - *Res.M18/119 That Council approve the Differential General Rates as presented.*

Separate Charge - Environmental Levy - *Res.M18/120 That Council approve the Environmental Levy as presented.*

Separate Charge - Precinct - State Government Levy - *Res.M18/121 That Council approve the Precinct - State Government Levy as presented.*

Separate Charge - Stormwater Levy - *Res.M18/122 That Council approve the Stormwater Levy as presented.*

Separate Charge - Rural Fire Brigade Levy - *Res.M18/123 That Council approve the Rural Fire Brigade Levy as presented.*

Sewerage Utility Charge - *Res.M18/124 That Council approve the Sewerage Utility Charges as presented.*

Water Utility Charge - *Res.M18/125 That Council approve the Water Utility charges as presented.*

Waste Management Utility Charges - *Res.M18/126 That Council approve the Waste Management Utility Charges as presented.*

Discount - *Res.M18/127 That Council approve the Differential General Rates Discount as presented.*

Interest - *Res.M18/128 That Council approve the Compound Interest rate as presented.*

Levy and Payment - *Res.M18/129 That Council approve the Levy Payments as presented.*

Rates Concession - *Res.M18/130 That Council approve the Rates Concessions as presented.*



## PARTICULAR RESOLUTIONS

Statement of Estimated Financial Position - *Res.M18/131 That Council approve the Statement of estimated financial position as presented.*

Adoption of Budget - *Res.M18/132 That Council adopt the 2018/19 Budget as presented.*

## EXECUTIVE MANAGEMENT TEAM REMUNERATION

The total remuneration packages for senior executives including base salary, vehicle allowance and superannuation for 2017-18 were \$352,780.00.

REMUNERATION RANGE	NUMBER OF EXECUTIVE LEADERSHIP TEAM PAID
\$100,001.00 < \$200,000.00	2
\$200,001.00 < \$300,000.00	1
\$300,001.00 < \$400,000.00	0

## SIGNIFICANT BUSINESS ACTIVITIES

Council did not conduct any business activities under section 43 of the *Local Government Act 2009* during the reporting period.

## INTERNAL AUDIT REPORT

The Audit Committee is an advisory committee to Council to assist in the discharge of Council's responsibilities under the Local Government Act 2009. In accordance with best practice guidelines, the committee operates under the Audit Committee Policy, which is published on Council's website, and a supporting Terms of Reference. During 2017 – 2018 the committee has operated with the minimum allowed membership with two Councillors and one external representatives. The Committee continues to review its performance and seeks to continually improve towards better practice.

The members of the Committee (and summarised areas of expertise) in June 2018 were:

Cr Lindsay Godfrey (Chair)      Local government, governance, risk management, planning

Cr Suzette Beresford              Local government, governance, finance, HR management

Lyn Cooper                          Community member, finance, business practices.

Cr Rick Brain was also a member of the Audit Committee until February 2018 when replaced by Cr Suzette Beresford.

Standing invitees of the committee are the Chief Executive Officer, Chief Corporate Officer, Arabon Audit & Assurance (Contracted Internal Auditor), Prosperity Audit Services (Contracted External Auditors) and the Queensland Audit Office.

During 2017 – 2018 the Committee met in September, October, February and May addressing the key areas of responsibility, being; financial management and reporting, conduct and effectiveness of the external audit plan management implementation of recommendations and final audit results; internal audit plans, internal control issues and agreed actions from internal audit reviews; risk management framework; and QAO performance audit reports relevant to local government and opportunities of improvement.

The Queensland Auditor General has completed their annual financial statement audit at Paroo Shire Council and delivered an unqualified audit opinion on the financial statements for 2017-18.

## ADMINISTRATION ACTION COMPLAINTS

### STATEMENT OF COMMITMENT TO DEALING FAIRLY

Council is committed to dealing fairly with administrative action complaints by receiving, enabling, responding and reviewing customer complaints in a professional and cost effective manner. By reviewing, reflecting and learning from the complaints, Council is able to improve services to the community. A number of the administrative action complaints received were in relation to complex planning. A common cause for complaints received is a lack of communication between Council and the complainant on matters. This cause is being addressed via Council's Customer Service Strategy.

### HOW THE COMPLAINTS MANAGEMENT PROCESS IS IMPLEMENTED

Council has a formal complaints management process detailed in the Administrative Action Complaints Policy. Details of the policy are on Council's website or can be obtained from the Council offices.

### ASSESSMENT OF PERFORMANCE IN DEALING WITH COMPLAINTS

DETAILS	NUMBER
Number of complaints received in the year	5
Number of complaints resolved in the year	4
Number of complaints not resolved at the end of the year	1
Number of complaints made in prior years and still not resolved	0

### REGISTERS KEPT BY COUNCIL

- 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)
- Tenders > \$200,000.00 (available on Council's website)

## OVERSEAS TRAVEL

No councillors or council employees travelled overseas in an official capacity during the 2017-18 financial year.

## COMMERCIAL BUSINESS UNITS: BENEFICIAL ENTERPRISES

Council did not have any partnership arrangements, or conduct any business with beneficial enterprises under section 41 of the *Local Government Act 2009* during the 2017-18 financial year.

## SUMMARY OF ALL CONCESSION 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% 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%. This excludes water usage charges, interest and other charges on land and is limited to \$1,000 per annum.

In the 2017-18 financial year Council provided concessions to pensioners to a total value of \$9,472.00.

### PAY ON TIME REMISSIONS

Council grants a remission of 10% of the general rates to those who pay their rates by the designated due date and in the 2017-18 financial year the cost of this initiative was \$194,044.00.

## COMPETITIVE NEUTRALITY COMPLAINTS

Council received no competitive neutrality complaints during the 2017-18 financial year.

## ACTION TAKEN INVOLVING SPECIAL ARRANGEMENTS

Council was not supplied with any services, facilities or activities by another local government under any agreements or joint activities and for which any special rates or charges were levied, during the 2017-18 financial year.

## INVITATIONS TO CHANGE TENDER

Council did not issue invitations to change any tenders under section 228(7) of the *Local Government Regulation 2012* during 2017-18.



## RIGHT TO INFORMATION PRIVACY

The *Right to Information Act 2009* and the *Information Privacy Act 2009* provide the community with access to information balanced by appropriate protection for individuals' privacy. The public can apply for access to documents held by a council, subject to statutory exemptions, unless it is contrary to the public interest to provide that information. The legislation also allows individuals to apply for amendments to be made to documents concerning their personal affairs, where it is believed the information is incomplete, out of date, inaccurate or misleading.

DETAILS	NUMBER
Applications received under the <i>Right to Information Act 2009 (RTI)</i>	0
Applications received under the <i>Right to Information Act 2009 (RTI)</i>	0
Total applications received	0

## COMMUNITY GRANTS EXPENDITURE

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

DESCRIPTION	DETAILS	AMOUNT
Yowah Opal Miner Community Inc	Annual Opal Festival prizes	\$2,400.00
RSL	Assistance with annual costs	\$500.00
Cunnamulla Gun Club Inc	Shotgun shoot workshop	\$827.95
Noorama Picnic Race Club Inc	Annual Race Meeting and maintenance costs	\$3,276.70
Cunnamulla Polo Crosse Inc.	Annual Polo Crosse Carnival	\$693.30
Noorama Sports & Recreation	Assistance with maintenance costs	\$173.07
Yapunyah Craft Group	Assistance with annual costs	\$500.00
Cunnamulla & District Junior Rugby League	Assistance with annual costs	\$2,608.40
Paroo Education Group	Assistance with annual costs	\$1,000.00
Cunnamulla Senior Citizens	Assistance with maintenance costs and annual rates	\$3,773.52
Cunnamulla Show Society Inc	Assistance with annual costs	\$2,178.55
Burrumbuttock Hay Run	Community event coordination, set-up and entertainment	\$8,138.50
Music in the Mulga	Annual Music Festival	\$889.48
Eulo Combined Sporting Association	Annual Motorbike Sports	\$1,814.18
SWIN Western Rivers Cup	Provision of staff for annual Cricket Cup	\$2,563.63
HOPE Project Deadly Recruits	Assistance with annual costs – Deadly Recruits	\$2,194.83
Wyandra Gymkhana	Assistance with preparation of field and prizes for annual Gymkhana	\$5,494.72
Mayors Discretionary fund	N/A	NIL
<b>TOTAL</b>		<b>\$39,026.83</b>

# OUR FINANCES

## COMMUNITY FINANCIAL REPORT

### ABOUT THE COMMUNITY FINANCIAL REPORT

The community financial report aims to simplify Council's official financial statements by providing a visual representation of our financial performance for the period 1 July 2017 to 30 June 2018.

Each report in Council's 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 Council.

This community financial report consists of four key statements:

- the **statement of comprehensive income** which measures how Council performed in relation to income and expenses during the financial year. This statement illustrates how money received from Council operations is spent.
- the **statement of financial position** which measures what we own (our assets), what we owe (our debts) and our net worth at the end of the financial year (30 June 2018).
- the **statement of changes in equity** which measures the changes in our net wealth and shows the movements in our retained earnings and asset revaluation reserves.
- the **statement of cash flows** which outlines how much cash we received and spent throughout the year. The closing balance reflects how much cash Council had at year end.

### STATEMENT OF COMPREHENSIVE INCOME

The negative net result for the 2017-2018 financial year was \$163,000 compared with 2016-2017 of positive \$439,000.

#### REVENUE AND EXPENSES FOR THE PAST TWO FINANCIAL YEARS

	2017/2018	2016/2017
Revenue	\$'000	\$'000
Rates, Levies & Charges	3,904	3,611
Fees & Charges	260	232
Interest & Investment Revenue	167	153
Grants & Contributions (Operating)	6,721	12,073
Grants & Contributions (Capital)	4,399	2,317
Other	3,675	3,388
<b>Total Revenue</b>	<b>19,126</b>	<b>21,774</b>

	2017/2018	2016/2017
Expenses	\$'000	\$'000
Employee Benefits	5,479	5,822
Materials & Services	6,648	8,282
Finance Costs	157	152
Depreciation & Amortisation	7,005	6,895
Capital Expenses	0	184
<b>Total Expenses</b>	<b>19,289</b>	<b>21,335</b>

<b>NET RESULT</b>	<b>(163)</b>	<b>439</b>
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## OUR REVENUE SOURCES: WHERE OUR MONEY COMES FROM

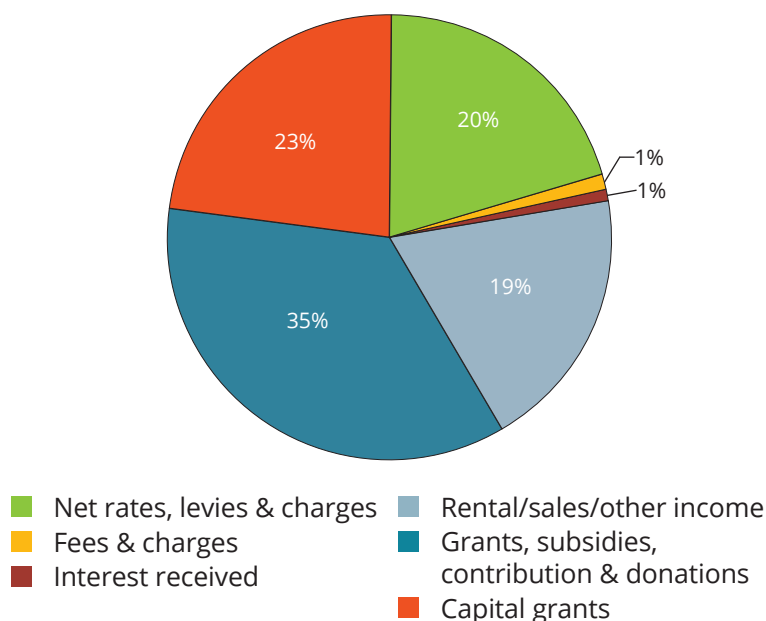
Throughout the 2017-2018 financial year, Council earned \$19.1 million in operating and capital revenues.

The most significant contributors to revenue include:

- Operational grants, subsidies contributions and donations (\$6.7 million)
- Rates, levies and utility charges (\$3.9 million)
- Capital grants, subsidies contributions and donations (\$4.7 million)

Nearly half (35%) of total revenue came from operating grants and subsidies which includes the Financial Assistance Grants of \$5.4 million. The majority of the capital grants received relate to road work, including the Transport Infrastructure Development Scheme, Roads to Recovery, and Works 4 Queensland Funding.

## Revenue sources breakdown



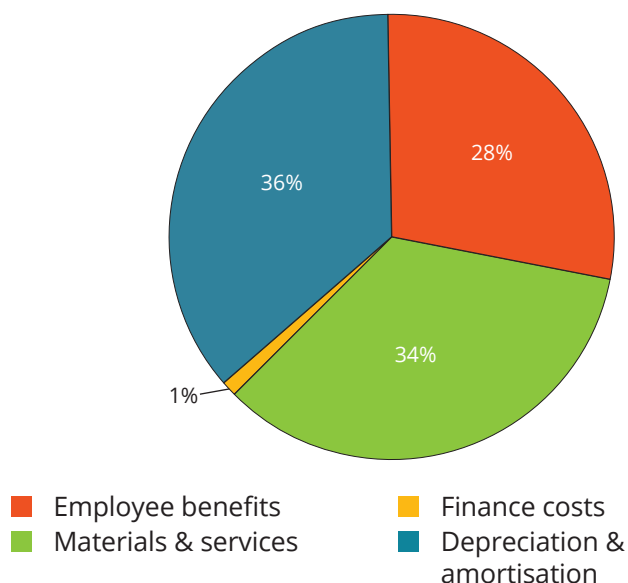
## OUR EXPENDITURE: WHERE OUR MONEY GOES

Council incurs operating expenses in the provision of goods and services to our community.

Operating expenses during the 2017-2018 financial year were:

- Employee benefits (\$5.4 million)
- Materials and services (\$6.6 million)

## Expense breakdown





STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS: WHAT WE OWN

The major components of our assets include:

- Property, plant and equipment (\$239 million)
- Cash (\$7.4 million)
- Trade and other receivables (\$2.7 million)

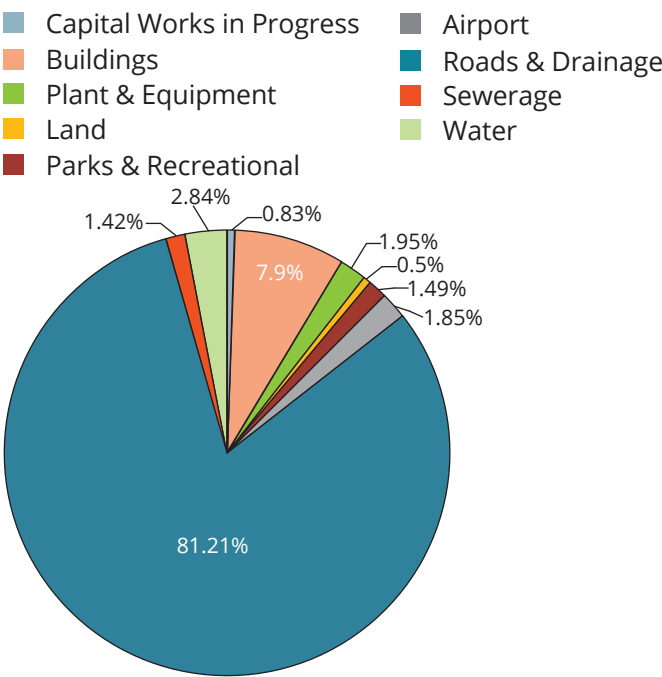
Capital expenditure on plant, property and equipment was \$ 6.6 million for the year, with road construction being the major expense.

TOTAL LIABILITIES: WHAT WE OWE

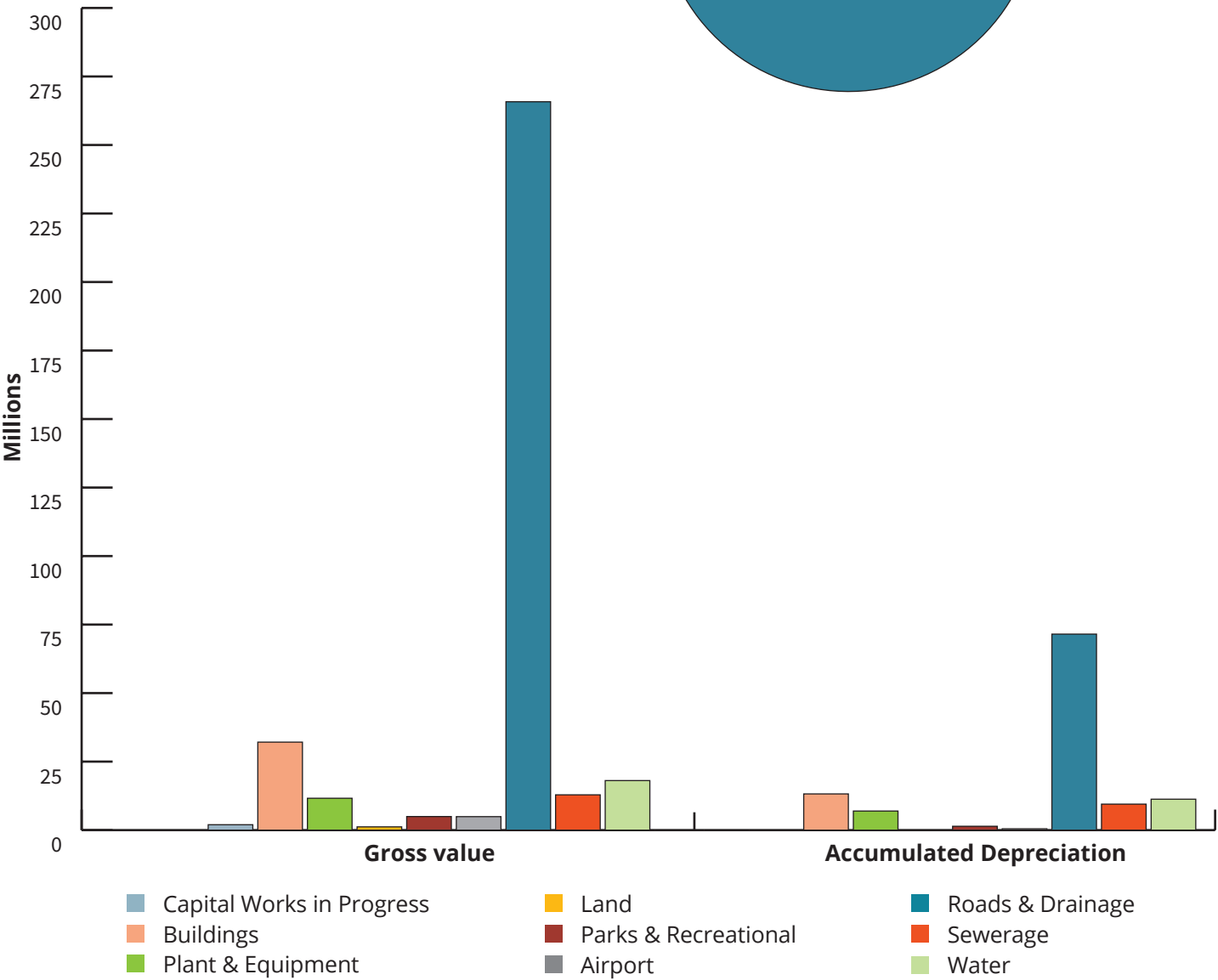
The major components of our liabilities include:

- Loans (\$1.7 million)
- Trade & other payables (\$2 million)

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



Gross value and accumulated depreciation



## STATEMENT OF CHANGES IN EQUITY

In the 2017-2018 financial year our net worth increased by \$16.5 million. The increase is due to the Land & Buildings valuation and the increase of indices since our last full Infrastructure valuation in 2016, netted off by the operating result for the financial year.

## STATEMENT OF CASH FLOWS

The table below shows a comparison of how much we received and paid in each type of activities between 2017/18 and 2016/17 financial years.

CASH FLOW SUMMARY	2017/2018	2016/2017
	\$'000	\$'000
Opening cash balance	6,179	5,453
Net cash flow from operating activities	3,549	3,596
Net cash flow from investing activities	(2,178)	(2,720)
Net cash flow from financing activities	(154)	(150)
<b>Closing cash balance</b>	<b>7,396</b>	<b>6,179</b>



## General Purpose Financial Statements

for the year ended 30 June 2018

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Statement of Comprehensive Income  
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates, Levies and Charges	3a	3,904	3,611
Fees and Charges	3b	260	232
Rental Income		128	122
Interest and Investment Revenue		167	153
Sales Revenue	3c	3,452	3,198
Other Income		76	68
Grants, Subsidies, Contributions and Donations	4a	6,721	12,073
<b>Total Recurrent Revenue</b>		<b>14,708</b>	<b>19,457</b>
<b>Capital Revenue</b>			
Grants, Subsidies and Contributions	4b	4,399	2,317
<b>Total Revenue</b>		<b>19,107</b>	<b>21,774</b>
Capital Income		19	-
<b>Total Income</b>		<b>19,126</b>	<b>21,774</b>
<b>Expenses</b>			
<b>Recurrent Expenses</b>			
Employee Benefits	5	5,479	5,822
Materials and Services	6	6,648	8,282
Finance Costs		157	152
Depreciation and Amortisation	7	7,005	6,895
<b>Total Recurrent Expenses</b>		<b>19,289</b>	<b>21,151</b>
Capital Expenses		-	184
<b>Total Expenses</b>		<b>19,289</b>	<b>21,335</b>
<b>Net Result</b>		<b>(163)</b>	<b>439</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to the Net Result</b>			
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	16	16,706	18,648
<b>Total Other Comprehensive Income</b>		<b>16,706</b>	<b>18,648</b>
<b>Total Comprehensive Income</b>		<b>16,543</b>	<b>19,087</b>

## Paroo Shire Council

### Statement of Financial Position

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	7,395	6,179
Trade and Other Receivables	9	2,758	4,182
Inventories		652	624
<b>Total Current Assets</b>		<b>10,805</b>	<b>10,985</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	239,181	222,871
Intangible Assets		289	24
<b>Total Non-Current Assets</b>		<b>239,470</b>	<b>222,895</b>
<b>TOTAL ASSETS</b>		<b>250,276</b>	<b>233,880</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	2,036	2,267
Borrowings	14	170	159
Provisions	15	565	433
<b>Total Current Liabilities</b>		<b>2,771</b>	<b>2,859</b>
<b>Non-Current Liabilities</b>			
Borrowings	14	1,535	1,700
Provisions	15	314	208
<b>Total Non-Current Liabilities</b>		<b>1,849</b>	<b>1,908</b>
<b>TOTAL LIABILITIES</b>		<b>4,620</b>	<b>4,767</b>
<b>Net Community Assets</b>		<b>245,656</b>	<b>229,113</b>
<b>COMMUNITY EQUITY</b>			
Asset Revaluation Reserve	16	129,642	112,936
Retained Surplus		116,014	116,177
<b>Total Community Equity</b>		<b>245,656</b>	<b>229,113</b>

Statement of Changes in Equity  
for the year ended 30 June 2018

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
<b>2018</b>				
<b>Opening Balance</b>		<b>112,936</b>	<b>116,177</b>	<b>229,113</b>
<b>a. Net Operating Loss for the Year</b>		-	(163)	(163)
<b>b. Other Comprehensive Income</b>				
- Revaluations : Property, Plant and Equip. Asset Revaluation Surplus	16	16,706	-	16,706
<b>Other Comprehensive Income</b>		<b>16,706</b>	<b>-</b>	<b>16,706</b>
<b>Total Comprehensive Income</b>		<b>16,706</b>	<b>(163)</b>	<b>16,543</b>
<b>Equity Balance as at 30 June, 2018</b>		<b>129,642</b>	<b>116,014</b>	<b>245,656</b>

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
<b>2017</b>				
<b>Opening Balance</b>		<b>94,288</b>	<b>115,738</b>	<b>210,026</b>
<b>a. Net Operating Surplus for the Year</b>		-	439	439
<b>b. Other Comprehensive Income</b>				
- Revaluations : Property, Plant and Equip. Asset Revaluation Surplus	16	18,648	-	18,648
<b>Other Comprehensive Income</b>		<b>18,648</b>	<b>-</b>	<b>18,648</b>
<b>Total Comprehensive Income</b>		<b>18,648</b>	<b>439</b>	<b>19,087</b>
<b>Equity Balance as at 30 June, 2017</b>		<b>112,936</b>	<b>116,177</b>	<b>229,113</b>



## Paroo Shire Council

### Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		7,495	6,997
Payments to Suppliers and Employees		(12,382)	(12,880)
		(4,887)	(5,883)
<b>Receipts:</b>			
Investment and Interest Revenue Received		167	153
Rental Income		128	122
Non Capital Grants and Contributions		6,721	12,073
Other		1,656	(2,810)
<b>Payments:</b>			
Borrowing Costs		(157)	(152)
Other		(79)	93
<b>Net Cash - Operating Activities</b>	19	<b>3,549</b>	<b>3,596</b>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts:</b>			
Sale of Property, Plant and Equipment		47	175
Grants, Subsidies, Contributions and Donations		4,399	2,317
<b>Payments:</b>			
Purchase of Property, Plant and Equipment		(6,625)	(5,212)
<b>Net Cash - Investing Activities</b>		<b>(2,178)</b>	<b>(2,720)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Payments:</b>			
Repayment of Borrowings		(154)	(150)
<b>Net Cash Flow - Financing Activities</b>		<b>(154)</b>	<b>(150)</b>
<b>Net Increase for the year</b>		<b>1,217</b>	<b>726</b>
plus: <b>Cash and Cash Equivalents - beginning</b>		<b>6,179</b>	<b>5,453</b>
<b>Total Cash and Cash Equivalents - closing</b>	8	<b>7,395</b>	<b>6,179</b>

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 1. Significant Accounting Policies

##### (1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 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 10.
- Impairment of Property, Plant and Equipment - Note 1.i
- Provisions - Note 15
- Liabilities - Employee Benefits Note 1.k
- Contingent liabilities – Note 17

##### (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,

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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. Trade receivables are inclusive of GST where applicable.

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. Capitalisation threshold for land is \$1.00. 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



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### 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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

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 and are inclusive of GST where applicable.

#### (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 13 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 13 as Trade and Other Payables.

##### 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

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

employees. Details of those arrangements are set out in Note 18.

##### 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 15 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.i) 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**

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.



## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

The Paroo Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 20.

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.

##### Effective for annual reporting periods beginning on or after 1 July 2018

- **AASB 9 *Financial Instruments*** This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

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

- **AASB 15 *Revenue from Contracts with Customers***, **AASB 1058 *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 2016-8 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.

- **AASB 16 *Leases***

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. This standard is not expected to have a material impact upon council's future financial statements.

##### ***The standards are not 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 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15***
- **AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15***
- **AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities***

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

- **AASB 9 *Financial Instruments* (December 2009)**
- **AASB 15 *Revenue from Contracts with Customers***
- **AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)**
- **AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)***

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

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- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></li> <li>• AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></li> <li>• AASB 2016-5 <i>Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions</i></li> <li>• AASB 2016-6 <i>Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts</i></li> <li>• AASB 2017-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 4</i></li> </ul> | <p><b>Effective for annual reporting periods beginning on or after 1 January 2021</b></p> <ul style="list-style-type: none"> <li>• AASB 17 <i>Insurance Contracts</i></li> <li>• AASB 17 <i>Insurance Contracts</i> (Appendix D)</li> </ul> |
|--|---|

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

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 2(a). Council Functions - Component Descriptions

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

##### **CORPORATE SERVICES**

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes.

This function includes strategic and operational planning, risk management, legal, administrative support, information technology, staff resources and employment creation, Finance and Stores. The Mayor, Councillors and Chief Executive Officer are included in corporate services.

##### **ECONOMIC DEVELOPMENT**

This function includes the management of tourism and economic development of the Shire.

##### **COMMUNITY SERVICES**

The goal of community services is to ensure Paroo Shire council is a healthy, vibrant, and connected community.

This function includes:

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

##### **ENVIRONMENTAL AND DEVELOPMENT SERVICES**

This function facilitates the Shire's growth and prosperity through well planned and quality development.

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**

The goal of Infrastructure services is to ensure community is serviced by a high quality and effective road network.

This function provides and maintains:

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

##### **WATER AND SEWERAGE**

The goal of this program is to support a healthy, safe community through sustainable water services and sewerage infrastructure.



## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 2(b). Analysis of Results by Function

Functions	Gross Program Income						Total Income	Gross Program Expenses		Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital			
	Grants	Other	Total	Grants	Other	Total						
2018	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate Services	4,031	2,373		868	-		(2,716)	-	7,272	3,688	4,556	11,135
Economic Development	19	94		-	-		(652)	-	113	(539)	(539)	45
Community Services	1,014	399		7	-		(1,880)	-	1,420	(467)	(460)	502
Env & Dev Services	49	616		-	-		(1,009)	-	665	(344)	(344)	278
Infrastructure Services	1,608	3,312		2,273	19		(11,989)	-	7,212	(7,069)	(4,777)	227,317
Water & Sewerage	-	1,193		1,251	-		(1,043)	-	2,444	150	1,401	10,999
Total	6,721	7,987		4,399	19		(19,289)	-	19,126	(4,581)	(163)	250,276

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													
Corporate Services	5,564	2,187		655	-		8,406	(3,026)	-	(3,026)	4,725	5,380	11,367
Economic Development	-	87		-	-		87	(501)	-	(501)	(414)	(414)	14
Community Services	937	375		4	-		1,316	(1,749)	-	(1,749)	(437)	(433)	473
Env & Dev Services	55	594		-	-		649	(1,074)	-	(1,074)	(425)	(425)	8
Infrastructure Services	5,516	3,079		1,428	-		10,023	(13,895)	(184)	(14,079)	(5,300)	(4,056)	212,346
Water & Sewerage	-	1,061		399	-		1,460	(1,073)	-	(1,073)	(12)	387	9,671
Total	12,072	7,383		2,486	-		21,941	(21,318)	(184)	(21,502)	(1,863)	439	233,879

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 3. Revenue Analysis

	Notes	2018 \$'000	2017 \$'000
<b>(a). Rates, Levies and Charges</b>			
General Rates		2,370	2,208
Separate Rates		225	227
Water		732	652
Sewerage		423	378
Waste Management		358	339
<b>Total rates and utility charge revenue</b>		<b>4,108</b>	<b>3,804</b>
Less: Discounts		(204)	(193)
<b><u>TOTAL RATES, LEVIES AND CHARGES</u></b>		<b><u>3,904</u></b>	<b><u>3,611</u></b>
<b>(b). Fees and Charges</b>			
Infringements		10	5
Other Fees and Charges		250	227
<b><u>TOTAL FEES AND CHARGES</u></b>		<b><u>260</u></b>	<b><u>232</u></b>
<b>(c). Sales Revenue</b>			
Road Construction and Recoverable Works		2,924	2,189
Function Sales		171	144
Other Sales		357	865
<b><u>TOTAL SALES REVENUE</u></b>		<b><u>3,452</u></b>	<b><u>3,198</u></b>

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.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 4. Grants, Subsidies and Contributions

	Notes	2018 \$'000	2017 \$'000
<b>(a) Recurrent</b>			
General Purpose Grants		5,373	7,454
State Government Subsidies and Grants		1,165	2,944
Commonwealth Government Subsidies and Grants		77	1,578
Contributions		106	97
<b><u>TOTAL RECURRENT GRANTS, SUBSIDIES AND CONTRIBUTIONS</u></b>		<b><u>6,721</u></b>	<b><u>12,073</u></b>

#### **(b) Capital**

State Government Subsidies and Grants		2,083	1,302
Commonwealth Government Subsidies and Grants		2,316	1,015
<b><u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u></b>		<b><u>4,399</u></b>	<b><u>2,317</u></b>

#### Note 5. Employee Benefits

Wages and Salaries		4,459	4,617
Annual, Sick and Long Service Leave Entitlements		628	747
Superannuation	18	530	522
Councillors Remuneration		232	198
		<b><u>5,849</u></b>	<b><u>6,084</u></b>
Less: Capitalised Employee Expenses		(370)	(262)
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>		<b><u>5,479</u></b>	<b><u>5,822</u></b>

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

#### **Additional information:**

Total Employees at year end:

Administration Staff	47	54
Depot and Outdoors Staff	58	42
<b>Total full time equivalent employees</b>	<b><u>105</u></b>	<b><u>96</u></b>

<b>Total Elected members</b>	<b><u>5</u></b>	<b><u>5</u></b>
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## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 6. Materials and Services

	Notes	2018 \$'000	2017 \$'000
Advertising and Marketing		149	37
Administration Supplies and Consumables		129	109
Audit of Annual Financial Statements by the Auditor-General of Queensland		33	44
Building Expenses		401	326
Communications and IT		237	264
Consultants		397	327
Contractors		14	59
Cost of Goods Sold		219	199
Cost of Road Construction and Recoverable Works		2,670	2,422
Councillors' Expenses (incl. Mayor) - Other		12	9
Donations Paid		143	155
Employee Related Costs		166	207
Entertainment		1	11
Festivals and Celebrations		186	168
Insurance		231	76
Legal Expenses		20	69
Power		37	40
Programs Funded		308	347
Repairs and Maintenance		122	105
Road Repairs and Maintenance		180	1,723
Subscriptions and Registrations		54	59
Valuations		34	53
Work Health and Safety		218	118
Other Materials and Services		687	1,355
<b><u>TOTAL MATERIALS AND SERVICES</u></b>		<b><u>6,648</u></b>	<b><u>8,282</u></b>



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 7. Depreciation and Amortisation

	Notes	2018 \$'000	2017 \$'000
<b>Depreciation/Amortisation of Non Current Assets</b>			
Airports		81	-
Buildings		526	496
IT and Communications		62	1
Light Vehicles		165	180
Major Plant		542	493
Minor Plant		94	97
Parks and Recreational		117	171
Roads & Drainage		4,952	5,011
Sewerage		198	186
Water		255	251
<b>Total Depreciation of Non Current Assets</b>	10	<b>6,992</b>	<b>6,886</b>
<b>Amortisation of Intangible Assets</b>			
Software		13	9
<b>Total Amortisation of Intangible Assets</b>		<b>13</b>	<b>9</b>
<b><u>TOTAL DEPRECIATION AND AMORTISATION</u></b>		<b><u>7,005</u></b>	<b><u>6,895</u></b>

#### Note 8. Cash, Cash Equivalents and Investments

##### Cash and Cash Equivalents

Cash at Bank and on Hand	2,253	334
Deposits at Call	5,142	5,845
<b>Total Cash and Cash Equivalents</b>	<b>7,395</b>	<b>6,179</b>
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u></b>	<b><u>7,395</u></b>	<b><u>6,179</u></b>

##### Restricted Cash, Cash Equivalents and Investments

Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include:

Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:

Unspent Government Grants and Subsidies	67	190
<b>Total External Restrictions</b>	<b>67</b>	<b>190</b>

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 8. Cash, Cash Equivalents and Investments (continued)

	Notes	2018 \$'000	2017 \$'000
Internally imposed Expenditure Restrictions at the reporting date:			
Future Capital Works		2,293	2,384
Future Recurrent Expenditure		554	463
<b>Total Internal Restrictions</b>		<b>2,847</b>	<b>2,847</b>
<b>Total Unspent Restricted Cash, Cash Equivalents and Investments</b>		<b>2,914</b>	<b>3,037</b>

Council performs a custodian role in respect of trust fund monies amounting to \$110,644. 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	565	444
Other Debtors	1,707	1,420
GST Recoverable	1	153
Accrued Revenues	333	2,044
Prepayments	158	125
<b>Total</b>	<b>2,764</b>	<b>4,186</b>
<b>less: Provision for Impairment</b>		
Other Debtors	(6)	(4)
<b>Total Provision for Impairment - Receivables</b>	<b>(6)</b>	<b>(4)</b>
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>2,758</b>	<b>4,182</b>

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 2018

Note 10. Property, Plant and Equipment

[illegible]

# Paroo Shire Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 10. Property, Plant and Equipment (continued)

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	
Measurement Basis		Note		\$'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		Cost	
178		1,678		-		-		1,009		828		1,078		-		1,275		6,757		-		-		-		155		12,130	
Opening Gross Balance - at Cost		-		-		20,008		1,009		828		1,078		-		1,275		6,757		-		12,464		16,715		-		287,673	
Opening Gross Balance		178		1,678		20,008		1,009		828		1,078		-		1,275		6,757		-		12,464		16,715		155		299,803	
Additions*		5,211		-		-		-		-		-		-		-		-		-		-		-		-		5,211	
Disposals		-		-		-		-		-		(182)		-		-		-		-		-		-		-		-	
Revaluation Increments to Equity (ARR)		-		-		2,004		-		-		-		-		-		-		-		-		-		-		(502)	
Work in Progress Transfers		-		-		243		10		-		357		-		111		139		2,235		346		279		-		22,487	
Adjustments and Other Transfers		-		(1,678)		5,044		51		155		171		-		570		(3,103)		-		-		-		(155)		-	
Total Gross Value of Property, Plant and Equipment - at Cost		1,032		-		-		1,070		-		1,424		-		1,956		3,793		-		-		-		-		9,275	
Total Gross Value of Property, Plant and Equipment - at Fair Value		-		-		27,299		-		983		-		6,993		-		-		12,810		16,994		-		-		319,140	
Total Gross Value of Property, Plant and Equipment		1,032		-		27,299		1,070		983		1,424		6,993		1,956		3,793		12,810		16,994		-		-		328,415	
Opening Accumulated Depreciation		-		796		9,834		639		-		441		2,792		922		2,618		55,602		9,110		10,792		-		93,546	
Depreciation Expense		-		-		496		1		-		180		493		97		171		5,011		186		251		-		6,886	
Disposals		-		-		-		-		-		(73)		(70)		-		-		-		-		-		-		(143)	
Revaluation Increments to Equity (ARR)		-		-		1,069		-		-		-		-		-		-		2,770		-		-		-		3,839	
Adjustments and Other Transfers		-		(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	
Total Net Book Value of Property, Plant and Equipment		1,032		-		12,864		355		983		867		3,346		747		2,534		190,678		3,514		5,951		-		222,871	

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		-		-	
*Asset Additions Comprise		-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Asset Renewals		3,801		-		-		-		-		-		-		-		-		-		-		-		-		3,801	
Other Additions		1,410		-		-		-		-		-		-		-		-		-		-		-		-		1,410	
Total Asset Additions		5,211		-		-		-		-		-		-		-		-		-		-		-		-		5,211	



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 11. Fair Value Measurement

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##### (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 14 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 and Other Structures Assets

A full revaluation of building and other structures assets was undertaken by Council's independent valuer, Australian Pacific Valuer at 30 June 2018.

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.

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Fair Value Measurement (continued)

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, the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, with residual value typically zero at the time the asset is considered to be no longer available for use and the condition of the asset.

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

#### 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).

The comprehensive valuation of roads, bridges and drainage was undertaken by Council's independent valuer, Cardno effective 1 July 2016. The next full valuation will be conducted in 2018-19 financial year.

An assessment of cost movements on the roads infrastructure asset class was undertaken by Council's independent valuer, APV for July 2016 to June 2018. The average index movement was 5.29%. The indexation has been applied at 30 June 2018.

Condition assessments were undertaken as part of the roads and drainage survey carried out by a contractor for Paroo Shire Council (PSC) in 2015-16. This information has been summarised and provided to Cardno.

Cardno's unit rates were updated taking into consideration PSC's recent construction/ rehabilitation costs. It is noted that the costs for unsealed roads in Paroo are cheaper than for councils in South East Queensland because PSC is able to source pavement material from local gravel pits. However, costs for seal (two coat and asphalt) in Paroo are more expensive compared to councils in South East Queensland because the source materials have to be delivered over long distances.

Cardno's rates are derived from the following:

- Cardno databases
- Scheduled rates for construction of asset or similar assets
- Cost curves derived by Cardno
- Building Price Index tables
- Rawlinson's Rates for Building and Construction
- Supplier quotations

Valuation unit rates (replacement costs) were increased to allow for PSC'S project overheads. These costs are for survey, design, supervision and project management. The overhead adopted for levees, stormwater and bridges is 20%. For all other asset types, the overhead adopted is 10%. The lower overhead (10%) is based on the fact that most projects undertaken in Paroo have limited survey, investigation and design costs associated with them.

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Fair Value Measurement (continued)

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

An assessment of cost movements on the water and sewerage infrastructure asset class was undertaken by Council's independent valuer, APV for June 2016 to June 2018. The average index movement for water was 3.78% and sewerage of 3.05%. Fair values were determined by comparing current written down replacement to an indexed amount. The indexed amount was calculated using the index cost movement as provided by APV valuers. The resulting amount was considered immaterial.

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.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 11. Fair Value Measurement (continued)

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

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

#### 4. Land (level 2)

Land fair values were determined by independent valuer, Australian Pacific Valuers (APV) effective 30 June 2018. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

#### 5. Specified Major Plant & Equipment Assets

Council did not perform a comprehensive valuation on its major plant and equipment assets at 30 June 2018. However, management conducted a market value assessment using the information on the internet on major plant with a written down value greater than \$75,000. The result indicates that the overall increase is 2% and this is considered immaterial.

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.

#### (iii) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Chief Corporate Officer, Manager of Finance and Manager of Infrastructure. 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.



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 12. Intangible Assets

	Notes	2018 \$'000	2017 \$'000
Intangible Assets represent identifiable non-monetary asset without physical substance.			
Intangible Assets are as follows:			
<b>Software</b>			
<b>Opening Gross Carrying Value</b>		109	109
Additions		-	-
<b>Closing Gross Carrying Value</b>		109	109
<b>Opening Accumulated Amortisation and Impairment</b>			
Amortisation charges	7	(85)	(76)
<b>Closing Accumulated Amortisation and Impairment</b>		(98)	(9)
<b>Net Book Value</b>		11	(85)
<b>Landfill</b>			
<b>Opening Gross Carrying Value</b>		-	-
Additions		278	-
<b>Closing Gross Carrying Value</b>		278	-
<b>Net Book Value</b>		278	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b>		<b>289</b>	<b>24</b>

<sup>1</sup>. The Net Book Value of Intangible Assets represent:

- Software	11	24
- Landfill	278	-
	<b>289</b>	<b>24</b>

Software assets have a finite life estimated at 10 years.  
Straight line amortisation has been used with no residual value.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 13. Trade and Other Payables

	Notes	2018 \$'000	2017 \$'000
<b>Current</b>			
Creditors and Accruals		1,468	1,655
Payments Received in Advance		113	111
Employee Payables		428	478
FBT Liability		-	3
Urban Fire Levy		27	20
<b><u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u></b>		<b><u>2,036</u></b>	<b><u>2,267</u></b>

#### Note 14. Borrowings

<b>Current</b>			
Loans - Queensland Treasury Corporation		170	159
<b><u>TOTAL CURRENT BORROWINGS</u></b>		<b><u>170</u></b>	<b><u>159</u></b>
<b>Non-current</b>			
Loans - Queensland Treasury Corporation		1,535	1,700
<b><u>TOTAL NON-CURRENT BORROWINGS</u></b>		<b><u>1,535</u></b>	<b><u>1,700</u></b>
<b>Reconciliation of Loan Movements for the year</b>			
<b>Loans - Queensland Treasury Corporation</b>			
Opening Balance at Beginning of Financial Year		1,859	2,004
Accrued Interest		-	5
Principal Repayments		(154)	(150)
<b><u>Book value at end of financial year</u></b>		<b><u>1,705</u></b>	<b><u>1,859</u></b>

The QTC loan market value at the reporting date was \$1,989,241. 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.

#### 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.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 15. Provisions

	Notes	2018 \$'000	2017 \$'000
<b>Current</b>			
Long Service Leave		565	433
<b><u>TOTAL CURRENT PROVISIONS</u></b>		<b><u>565</u></b>	<b><u>433</u></b>
<b>Non-current</b>			
Long Service Leave		36	208
Refuse Restoration		278	-
<b><u>TOTAL NON-CURRENT PROVISIONS</u></b>		<b><u>314</u></b>	<b><u>208</u></b>

#### Details of movements in Provisions:

Class of Provision	Opening Balance as at 01/07/2017 \$'000	Additional Provision \$'000	Decrease due to Payments \$'000	Remeasure- ment due to Discounting \$'000	Unused Amounts Reversed \$'000	Closing Balance as at 30/06/2018 \$'000
Long Service Leave	641	(40)	-	-	-	601
Refuse Restoration	-	278	-	-	-	278
<b>TOTAL</b>	<b>641</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>879</b>

#### Refuse restoration

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$213,104 and this cost is expected to be incurred beginning 2022-23 after closing the site in June 2022 and allowing a period for settlement.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 16. Asset Revaluation Surplus

	Notes	2018 \$'000	2017 \$'000
<b>Movements in the asset revaluation surplus:</b>			
Balance at beginning of financial year		112,936	94,288
<b>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</b>			
Airports		223	-
Buildings		6,071	935
Land		366	-
Parks and Recreational		287	-
Roads & Drainage		9,759	17,713
		16,706	18,648
Balance at end of financial year		<u>129,642</u>	<u>112,936</u>

#### Asset revaluation surplus analysis

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

Airports	223	-
Buildings	16,731	10,374
Land	1,164	797
Major Plant	101	101
Roads & Drainage	104,863	95,104
Water and Sewerage	6,560	6,560
Balance at end of financial year	<u>129,642</u>	<u>112,936</u>



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 17. Contingent Liabilities

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

##### Local Government Mutual

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

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

##### Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$166,187.

#### Note 18. Superannuation

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

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Paroo Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 18. Superannuation (continued)

The last completed 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." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities. Paroo Shire Council made less than 4% of the total contributions to the plan in the 2017-18 financial year.

	Notes	2018 \$'000	2017 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		7	-
Other superannuation contributions for employees		523	522
Total superannuation contributions paid by Council for employees	5	<u>530</u>	<u>522</u>
			2019 \$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2018-19			<u>7</u>

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 19. Reconciliation of Net Result for the year to Net Cash Inflow from Operating Activities

	Notes	2018 \$'000	2017 \$'000
Net operating result from Income Statement		(163)	439
Non-cash items			
Depreciation and Amortisation		7,005	6,895
		<u>7,005</u>	<u>6,895</u>
Net Losses/(Gains) on Disposal of Assets		(19)	184
Capital Grants and Contributions		(4,399)	(2,317)
		<u>(4,418)</u>	<u>(2,133)</u>
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		1,422	(2,822)
Increase/(Decrease) in Provision for Doubtful Debts		2	(3)
(Increase)/Decrease in Inventories		(28)	206
Increase/(Decrease) in Payables and Accruals		(187)	1,009
Increase/(Decrease) in Accrued Interest Payable		-	5
Increase/(Decrease) in Other Liabilities		(44)	(4)
Increase/(Decrease) in Employee Leave Entitlements		(40)	4
		<u>1,125</u>	<u>(1,605)</u>
Net cash provided from Operating Activities		<u>3,549</u>	<u>3,596</u>

#### Note 20. Reconciliation of Liabilities arising from Finance Activities

	As at 30-Jun-17 \$'000	Cashflows \$'000	Non-Cash Changes (New Leases) \$'000	As at 30-Jun-18 \$'000
Loans	1,859	(154)	-	1,705
	<u>1,859</u>	<u>(154)</u>	<u>-</u>	<u>1,705</u>

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 21. Events Occurring After Balance Sheet Date

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Events that occur after the reporting date of 30 June 2018, 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.

The financial statements are authorised for issue by the Mayor and CEO at the date of signing the management certificate.

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 2018.

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

The CEO presented the structural evaluation report of Civic Centre to the council meeting on 7 July 2018. As a result of the report, the staff lunch room and the Council Chambers have been closed off to public access.

All staff occupying the Civic Centre are relocating to the Depot, the Visitor Information Centre and the Neighbourhood centre.

#### Note 22. Financial Instruments

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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.



## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 22. 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	2018 \$'000	2017 \$'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:			
<b>Financial Assets</b>			
Cash and Cash Equivalents	8	7,395	6,179
Receivables - Rates	9	565	444
Receivables - Other	9	2,193	3,738
		<u>10,153</u>	<u>10,361</u>
<b>Other Credit Exposures</b>			
Local Government Workcare		166	166
		<u>166</u>	<u>166</u>
<b>Total</b>		<u>10,319</u>	<u>10,527</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.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 22. 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	2018 \$'000	2017 \$'000
<b>Receivables</b>			
Fully Performing		606	3,716
Past due:			
- Less than 30 days overdue		1,693	129
- 31 to 60 days overdue		8	1
- 61 to 90 days overdue		457	340
- Impaired		(6)	(4)
<b>Total</b>	9	<u>2,758</u>	<u>4,182</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.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 22. 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
<b>2018</b>					
Trade and Other Payables	2,036	-	-	2,036	2,036
Loans - QTC	279	1,116	859	2,254	1,705
	<u>2,315</u>	<u>1,116</u>	<u>859</u>	<u>4,290</u>	<u>3,741</u>
<b>2017</b>					
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>

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.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 22. Financial Instruments (continued)

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The impact of the result which is estimated to be \$56,000 (2017: \$19,000) 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 14.

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 14.



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 23. Transactions with Related Parties

##### (a) Associates

##### Transactions with Associates

	Details	Amount of transactions during year
2018		\$'000
<b>Associates Total</b>	i	<b>20</b>
2017		
<b>Associates Total</b>	i	<b>22</b>

i Annual contribution to Southwest 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
2018		\$'000
Employee expenses for close family members of KMP	ii	495
Purchase of materials & services from entities controlled by KMP	iii	755
Payments to non-profit organisations a KMP is a controlling member	iv	10
		<b>1,260</b>
2017		
Employee expenses for close family members of KMP	ii	519
Purchase of materials & services from entities controlled by KMP	iii	717
Payments to non-profit organisations a KMP is a controlling member	iv	17
		<b>1,253</b>

- ii All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The council employs 105 staff of which 7 were family members of KMP
- iii 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.
- iv Community donations were made to non-profit community organisations of which key management personnel are committee members.

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 23. 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, Chief Operating Officer, Chief Governance Officer and Managers.

The compensation paid to Key Management Personnel comprises:

	2018 \$'000	2017 \$'000
Short-Term Employee Benefits	1,407	1,340
Post-Employment Benefits	72	68
Long-Term Benefits	92	87
<b>Total</b>	<b>1,571</b>	<b>1,495</b>

##### 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.

## Paroo Shire Council

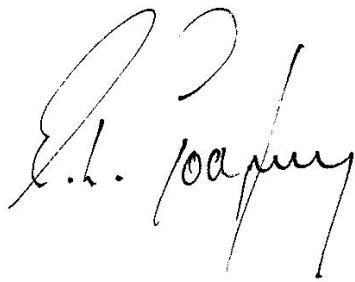
### General Purpose Financial Statements for the year ended 30 June 2018

### Management Certificate for the year ended 30 June 2018

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 38, 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.



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E L Godfrey      10/10/2018  
**MAYOR**



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Oliver Simon      10/10/2018  
**CHIEF EXECUTIVE OFFICER**

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Paroo Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Paroo Shire Council (the Council).

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, 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 2018, 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 management certificate given by the Mayor and the 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 the Paroo Shire Council's annual report for the year ended 30 June 2018, 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 of the Council.

### **Auditor's responsibilities for the audit of the financial report**

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

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

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



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

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

#### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- 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.



Carolyn Dougherty  
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office  
Brisbane

## Current Year Financial Sustainability Statement for the year ended 30 June 2018

	Actual 2018	Target 2018
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### Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

### Performance Indicators

#### 1. Operating Surplus Ratio

Net Result (excluding capital items) <sup>(1)</sup>

-31.15% 0 - 10%

Total Operating Revenue (excluding capital items)

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)

81.61% more than  
90%

Depreciation Expense

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

-42.05% less than  
60%

Total Operating Revenue (excluding capital items)

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 2018.

#### Notes

<sup>(1)</sup> 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.

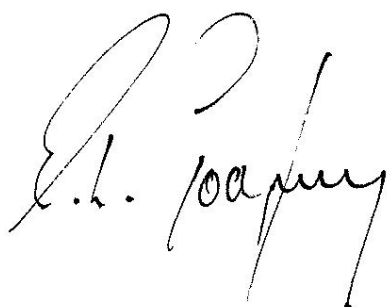
## Paroo Shire Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2018

### Certificate of Accuracy for the year ended 30 June 2018

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.



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E L Godfrey

10/10/2018

MAYOR



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Oliver Simon

10/10/2018

CHIEF EXECUTIVE OFFICER

## 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 statement of financial sustainability of Paroo Shire Council for the year ended 30 June 2018 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 2018 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 2018, 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 the 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.



Carolyn Dougherty  
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office  
Brisbane

Paroo Shire Council

Long-Term Financial Sustainability Statement  
prepared as at 30 June 2018

	Target 2018	Actual 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
							Forecast					

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	0 - 10%	-31.15%	-20.0%	-17.5%	-17.5%	-15.0%	-15.0%	-15.0%	-10.0%	-10.0%	-10.0%	-10.0%
Total Operating Revenue (excluding capital items)												

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)	> 90%	81.61%	90.0%	91.0%	92.0%	92.0%	94.0%	95.0%	94.0%	92.0%	94.0%	95.0%
Depreciation Expense												

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	< 60%	-42.05%	-41.0%	-43.0%	-46.0%	-49.0%	-51.0%	-55.0%	-62.0%	-69.0%	-75.0%	-82.0%
Total Operating Revenue (excluding capital items)												

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

for the long-term financial sustainability statement prepared as at 30 June 2018

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.



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E L Godfrey

10/10/2018

MAYOR



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Oliver Simon

10/10/2018

CHIEF EXECUTIVE OFFICER

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# APPENDICES

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## ACRONYMS INDEX

ACRONYM	DETAILS
AASB	Australian Accounting Standards Board
APES	Accounting Professional and Ethical Standards
APV	Australian Pacific Valuers
ATO	Australian Tax Office
CEO	Chief Executive Officer
CIP	Continuous Improvement Plan
CJG	Community Justice Group
DAF	Department of Agriculture and Fisheries
DSDMIP	Department of State Development, Manufacturing, Infrastructure and Planning
EDAC	Economic Development Advisory Committee
EDO	Economic Development Officer
EDS	Economic Development Strategy
ELT	Executive Leadership Team
GST	Government Services Tax
HOPE Project	Harmony, Opportunity, Pride and Empowerment
KMP	Key Management Personnel
LGM	Local Government Mutual
PSC	Paroo Shire Council
QTC	Queensland Treasury Corporation
RSL	Retired Services League
SES	State Emergency Service
STP	Sewerage Treatment Plant
SWIN	South West Indigenous Network
TMR	Transport and Main Roads
WWTP	Waste Water Treatment Plant



## LEGISLATIVE COMPLIANCE INDEX

REQUIREMENTS	DETAILS	PAGE/S
<b>Local Government Act 2009</b>		
	<b>Identifying beneficial enterprises</b>	
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.	36
	<b>Identifying significant business activities</b>	
Section 45	<p>A local government's annual report for each financial year must:</p> <ol style="list-style-type: none"> <li>contain a list of all the business activities that the local government conducted during the financial year; and</li> <li>identify the business activities that are significant business activities, and</li> <li>state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied, and</li> <li>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</li> </ol>	34
	<b>Annual report must detail remuneration</b>	
Section 201	<ol style="list-style-type: none"> <li>The annual report for a local government must state: <ol style="list-style-type: none"> <li>the total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government; and</li> <li>the number of employees in senior management who are being paid each band of remuneration.</li> </ol> </li> <li>The senior management, of a local government, consists of the chief executive officer and all senior executive employees of the local government.</li> <li>Each band of remuneration is an increment of \$100,000.</li> <li>To remove any doubt, it is declared that nothing in this section requires the exact salary of any employee in senior management to be separately stated in the annual report.</li> </ol>	34
<b>Local Government Regulations 2012</b>		
	<b>Preparation of Annual Report</b>	
Section 182	<p>Adopt Annual Report within one month after the QAO provides certification.</p> <p>Annual Report placed on council website within 2 weeks after Council has adopted it.</p>	<input checked="" type="checkbox"/>
	<b>General Purpose Financial Statements</b>	
Section 183	<p>The annual report for a financial year must contain:</p> <ol style="list-style-type: none"> <li>the general purpose financial statement for the financial year, audited by the auditor-general; and</li> <li>the current-year financial sustainability statement for the financial year, audited by the auditor-general; and</li> <li>the long term financial sustainability statement for the financial year; and</li> <li>the auditor-general's audit reports about the general purpose financial statements and the current year sustainability statement.</li> </ol>	42 - 91



REQUIREMENTS	DETAILS	PAGE/S
<i>Local Government Regulations 2012</i>		
Section 187	<p><b>Administrative Action Complaints</b></p> <ol style="list-style-type: none"> <li>1. The annual report for a financial year must contain: <ol style="list-style-type: none"> <li>a. a statement about the local government's commitment to dealing fairly with administrative action complaints; and</li> <li>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.</li> </ol> </li> <li>2. The annual report must also contain particulars of: <ol style="list-style-type: none"> <li>a. the number of the following during the financial year: <ol style="list-style-type: none"> <li>i. administrative action complaints made to the local government;</li> <li>ii. administrative action complaints resolved by the local government under the complaints management process;</li> <li>iii. administrative action complaints not resolved by the local government under the complaints management process; and</li> </ol> </li> <li>b. the number of administrative action complaints under paragraph (a) (iii) that were made in a previous financial year.</li> </ol> </li> </ol>	35
Section 188	<p><b>Overseas Travel</b></p> <ol style="list-style-type: none"> <li>1. 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: <ol style="list-style-type: none"> <li>a. for a councillor - the name of the councillor;</li> <li>b. for a local government employee - the name of, and position held by, the local government employee;</li> <li>c. the destination of the overseas travel;</li> <li>d. the purpose of the overseas travel;</li> <li>e. the cost of the overseas travel;</li> </ol> </li> <li>2. The annual report may also contain any other information about the overseas travel the local government considers relevant.</li> </ol>	36
Section 189	<p><b>Expenditure on grants to community organisations</b></p> <p>The annual report for a financial year must contain a summary of:</p> <ol style="list-style-type: none"> <li>a. the local government's expenditure for the financial year on grants to community organisations; and</li> <li>b. expenditure from each councillor's discretionary fund, including: <ol style="list-style-type: none"> <li>i. the name of each community organisation to which an amount was allocated from the fund; and</li> <li>ii. the amount and purpose of the allocation.</li> </ol> </li> </ol>	37

REQUIREMENTS	DETAILS	PAGE/S
<i>Local Government Regulations 2012</i>		
Section 190	Other contents	
	1. The annual report for a financial year must contain the following information:	
	a. the chief executive officer's assessment of the local government's progress towards implementing its 5 year corporate plan and annual operational plan;	24
	b. particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year;	24
	c. an annual operations report for each commercial business unit;	N/A
	d. 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	36
	ii. for which the local government levied special rates or charges for the financial year;	N/A
	e. the number of invitations to change tenders under S228(7) during the financial year;	36
	f. a list of the registers kept by the local government;	35
	g. a summary of all concessions for rates and charges granted by the local government;	36
	h. the report on the internal audit for the financial year;	34
	i. a summary of investigation notices given in the financial year under S49 for competitive neutrality complaints;	N/A
	j. the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under S52(3).	36
	2. In this section - annual operations report, for a commercial business unit, means a document that contains the following information for the previous financial year:	
	a. information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan;	N/A
	b. particulars of any changes made to the unit's annual performance plan for the previous financial year;	N/A
	c. particulars of the impact the changes had on the unit's;	N/A
	i. financial position; and	
	ii. operating surplus or deficit; and	
	iii. prospects.	
	d. particulars of any directions the local government gave the unit.	N/A

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# COUNCIL

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## CONTACT INFORMATION

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Visitor Information Centre:	07 4655 8470
Cunnamulla Library:	07 4655 8490
A/H water and sewerage:	0428 764 362
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## **PAROO SHIRE COUNCIL**

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