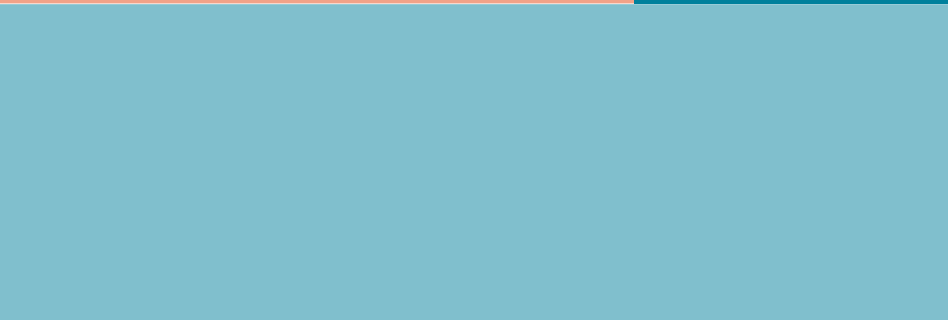




# PAROO SHIRE COUNCIL

ANNUAL REPORT  
2018/2019



# CONTENTS

<b>INTRODUCTION</b>	<b>4</b>
.....	
<b>PAROO SHIRE SNAPSHOT</b>	<b>5</b>
.....	
<b>MESSAGE FROM THE MAYOR</b>	<b>9</b>
.....	
<b>MESSAGE FROM THE CEO</b>	<b>10</b>
.....	
<b>ELECTED MEMBERS 2018-19</b>	<b>12</b>
.....	
<b>COUNCIL'S STRATEGIC PLANNING FRAMEWORK</b>	<b>13</b>
.....	
<b>PURPOSE, GOALS AND VALUES</b>	<b>14</b>
.....	
<b>2018-19 PERFORMANCE HIGHLIGHTS</b>	<b>16</b>
.....	
<b>LOOKING AHEAD TO THE NEXT 12 MONTHS</b>	<b>18</b>
.....	
<b>ORGANISATIONAL STRUCTURE</b>	<b>20</b>
.....	
<b>EXECUTIVE MANAGEMENT TEAM</b>	<b>22</b>
.....	
<b>COUNCIL STAFF</b>	<b>23</b>
.....	
<b>OUR PERFORMANCE</b>	<b>24</b>
.....	
<b>STATUTORY INFORMATION</b>	<b>28</b>
.....	
<b>OUR FINANCES - COMMUNITY FINANCIAL REPORT</b>	<b>36</b>
.....	
<b>OUR FINANCES - FINANCIAL STATEMENTS</b>	<b>40</b>
.....	
<b>APPENDICES</b>	<b>92</b>

*Photo credit for image on front cover, top left:  
'Where are ewe?' by L Beresford 2019 #ParooPride Photography Competition entrant*







# INTRODUCTION

## TO OUR ANNUAL REPORT

This Annual Report, for the financial year 1 July 2018 to 30 June 2019, 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 2019.





# A SNAPSHOT OF OUR SHIRE

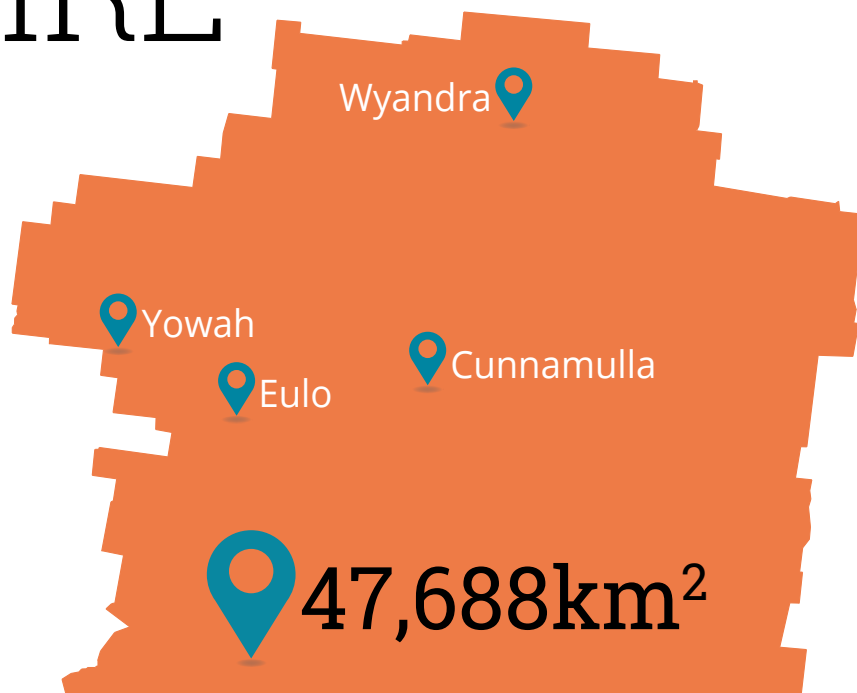
population of  
 **1,586**

**50.3%** females  
**49.7%** males

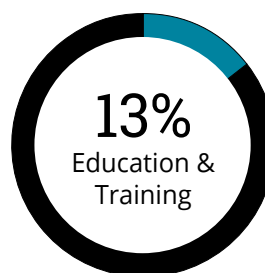
**28.2%**  
identify as indigenous

 **46 years**  
is the median age

**95.8%**  
were born in Australia



## Top 3 Employment Industries



Ongoing drought  
declaration since

**1 April 2013**



**\$875**  
median weekly  
household income



# 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. 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 2019. The financial year has been a period of great change, providing our shire with reliable services and improved maintenance of essential infrastructure and existing assets. Paroo Shire Council has been extremely successful in sourcing external grant funding in the 2018/2019 financial year and this will set us up for a busy and productive 2019/2020.

Although some areas of the shire had some relief in April thanks to the dry flood of the Warrego River, the drought is still not over and continues to cause substantial financial hardship for many residents. It has impacted on the shire's sustainability as graziers struggle to feed livestock and maintain families. Residents and businesses in townships within the shire are also 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 serving the community through providing outstanding customer service, improving local roads and being financially responsible.

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

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

**Cr Lindsay Godfrey**  
Mayor, Paroo Shire



# MESSAGE

## FROM THE CEO



Although I have only been a part of the local population for a short time, I have honour in preparing the Paroo Shire Council Annual Report for the community. The Paroo Shire Council proudly delivers services that affect the lives of our residents and visitors alike. Frequently, this is done without an ability to collect revenue that reflects the true cost of service delivery. Councils are often a provider of last resort of services to remote and regional communities and have many legacy assets to maintain, with limited recurrent financial resources and are often the victim of cost shifting from other levels of government.

This report is an important accountability tool to the community to demonstrate the Council's sustainability. Sustainability involves preparing long term forecasts, setting of rates and charges at the appropriate level, managing the costs of services to support long-term sustainability and strategic asset management. This is particularly important in an environment where there is uncertainty in future revenue sources, such as a reducing population to pay future rates and dependence on grant revenue. Grants received by councils are often short-term or one-off arrangements, but these grants are often used to help finance long-term service commitments.

Councils usually commit to services over the longer term, especially those that use long-life infrastructure assets. For example, investing in a swimming pool today will require maintenance and operation for its life of around 60 years. Councils must manage their costs to ensure that they do not spend more on these services over time than they earn from rates, grants, and fees and charges.

Difficult decisions need to be made in deciding which services and the level of services should be provided within the available revenue. Councils can vary operating hours, assets used, frequency, and the quality of the service to manage their costs. Small savings across many services can improve a council's financial position. This is the big challenge for Council.

Council delivers four essential services to the local community: roads, water, wastewater/sewerage, and waste collection. In addition, Council is also involved in providing services in aged care, airports, animal control, art gallery, cemeteries, disaster management, development control, feral animal and pest control, footpaths, halls and facilities, health services, land protection, levy bank maintenance, local laws enforcement, museum, disaster management, parks and recreation services, stormwater and drainage control, tourism and visitor information.

Councils charge fees for some of their services that are operated as a business, but do not earn sufficient revenue to meet all business costs and a portion of the costs are sourced from rates, grants or other general revenue to provide the services.

This report highlights the achievements and challenges the Council faced in 2018/19, including our success in obtaining external grant funding for a range of needed infrastructure projects. The challenge will be to ensure that the infrastructure generates a return to Council in terms of social and financial measures.

A handwritten signature in black ink, appearing to read 'Norm Garsden', with a stylized flourish at the end.

**Norm Garsden**

Acting CEO, Paroo Shire Council







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# ELECTED MEMBERS

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2018-19



Mayor, Lindsay Godfrey  
0428 551 767  
[lindsay.godfrey@paroo.qld.gov.au](mailto:lindsay.godfrey@paroo.qld.gov.au)

Deputy Mayor, Cr Suzette Beresford  
0427 551 191  
[suzette.beresford@paroo.qld.gov.au](mailto:suzette.beresford@paroo.qld.gov.au)



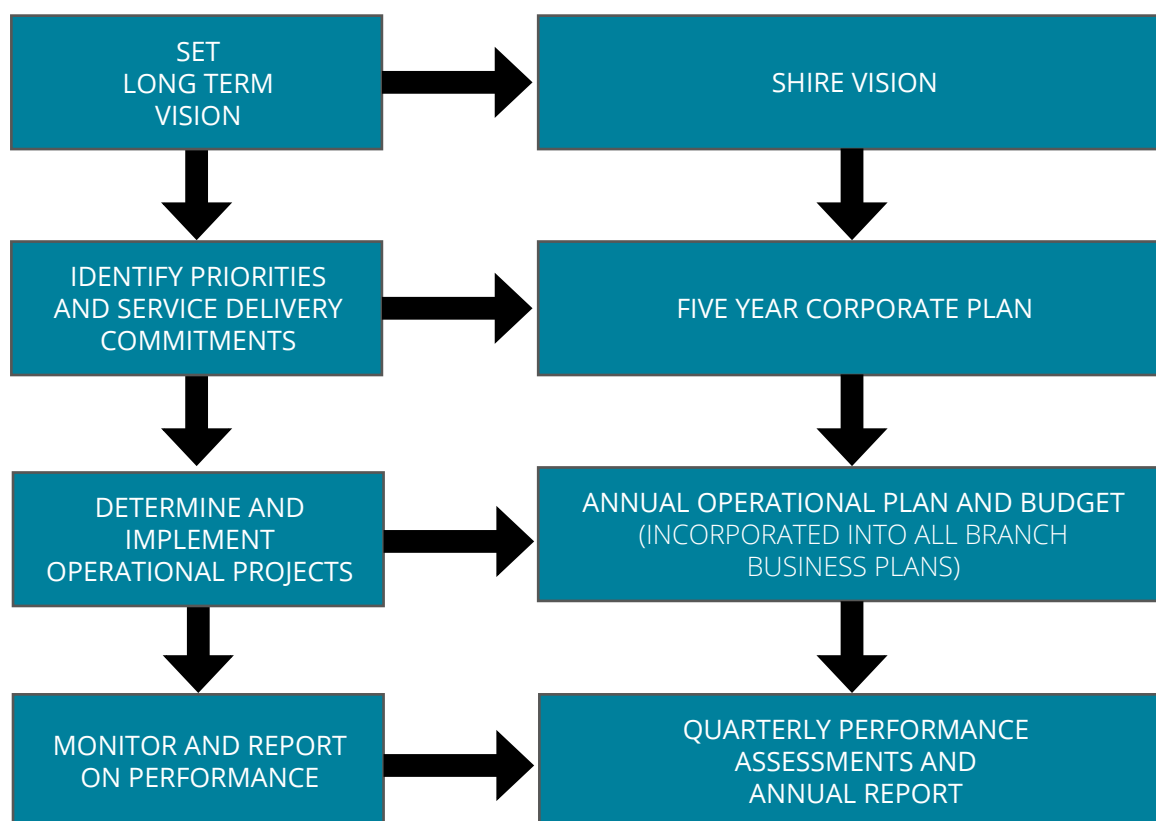
Councillor, Don Dunsdon  
0427 744 551  
[don.dunsdon@paroo.qld.gov.au](mailto:don.dunsdon@paroo.qld.gov.au)

Councillor, Rick Brain  
0400 088 013  
[rick.brain@paroo.qld.gov.au](mailto:rick.brain@paroo.qld.gov.au)



Councillor, Joann Woodcroft  
0427 551 230  
[joann.woodcroft@paroo.qld.gov.au](mailto: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

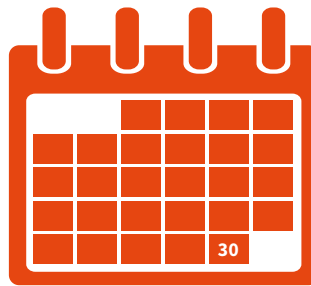
Health & Safety



2018-19

# PERFORMANCE HIGHLIGHTS

A total of 4,567 youths  
participated in 5 holiday programs  
with a total of 150 activities



5 arts and cultural shows  
with 558 attendees

34 applications  
for grant funding  
submitted to Federal  
and State Governments



\$23.245 million

worth of successful external grants including:

\$5.313m for the new Civic and Community Enterprise Centre

\$1m for digital connectivity infrastructure and

\$5m for the Artesian Hot Springs and River Walk project

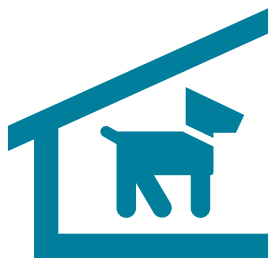


\$210,000

spent on upgrades to the water supply in Cunnamulla, Eulo, Wyandra and Yowah



25,213  
visitors to the  
libraries



85  
puppies and dogs  
re-homed

Council's workforce achieved a



500% reduction in time lost due to injury  
and a 25% reduction in recordable incident rates



\$5.438 million

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

Over 600km  
of roads graded, and over  
600m of footpaths  
repaired/built

\$300,000  
of sporting facility  
upgrades in Cunnamulla

\$270,000  
spent on initial works plus  
design and planning for the  
Sewerage Reticulation Renewal  
and Treatment Plant project

\$293,000  
spent on upgrades to  
footpaths, street signs and  
street lighting

\$100,000  
spent on the new  
Civic and Community  
Enterprise Centre



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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.
- 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.
- Review and further enhance Council's business continuity protocols and practices.
- 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.

## 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.
- 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 Shire, including a health spa, heritage trails and informative signage.
- Increase the footprint and quality of digital connectivity across Paroo Shire.

## 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

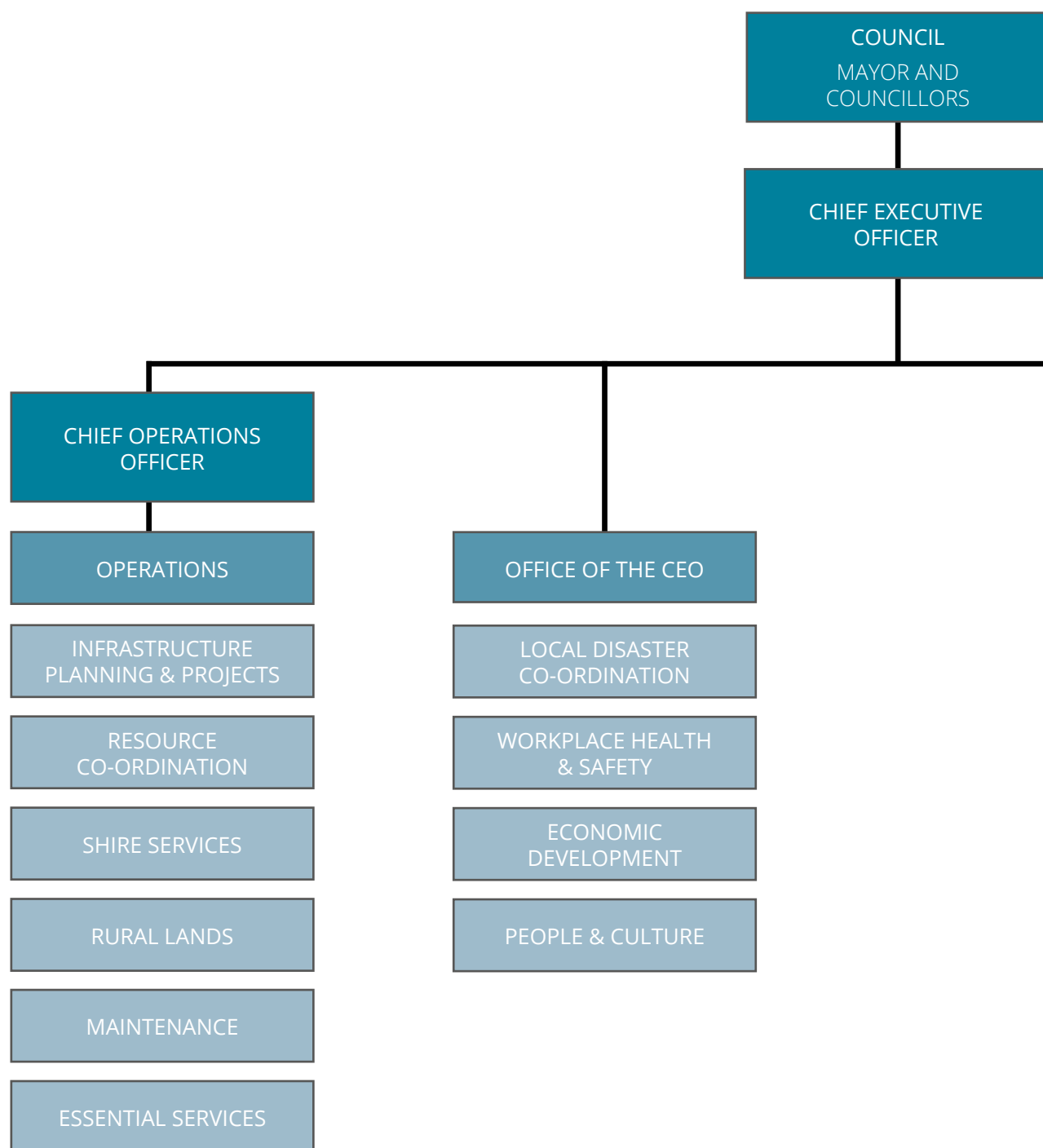
- Review and improve contract management and compliance practices for external works.

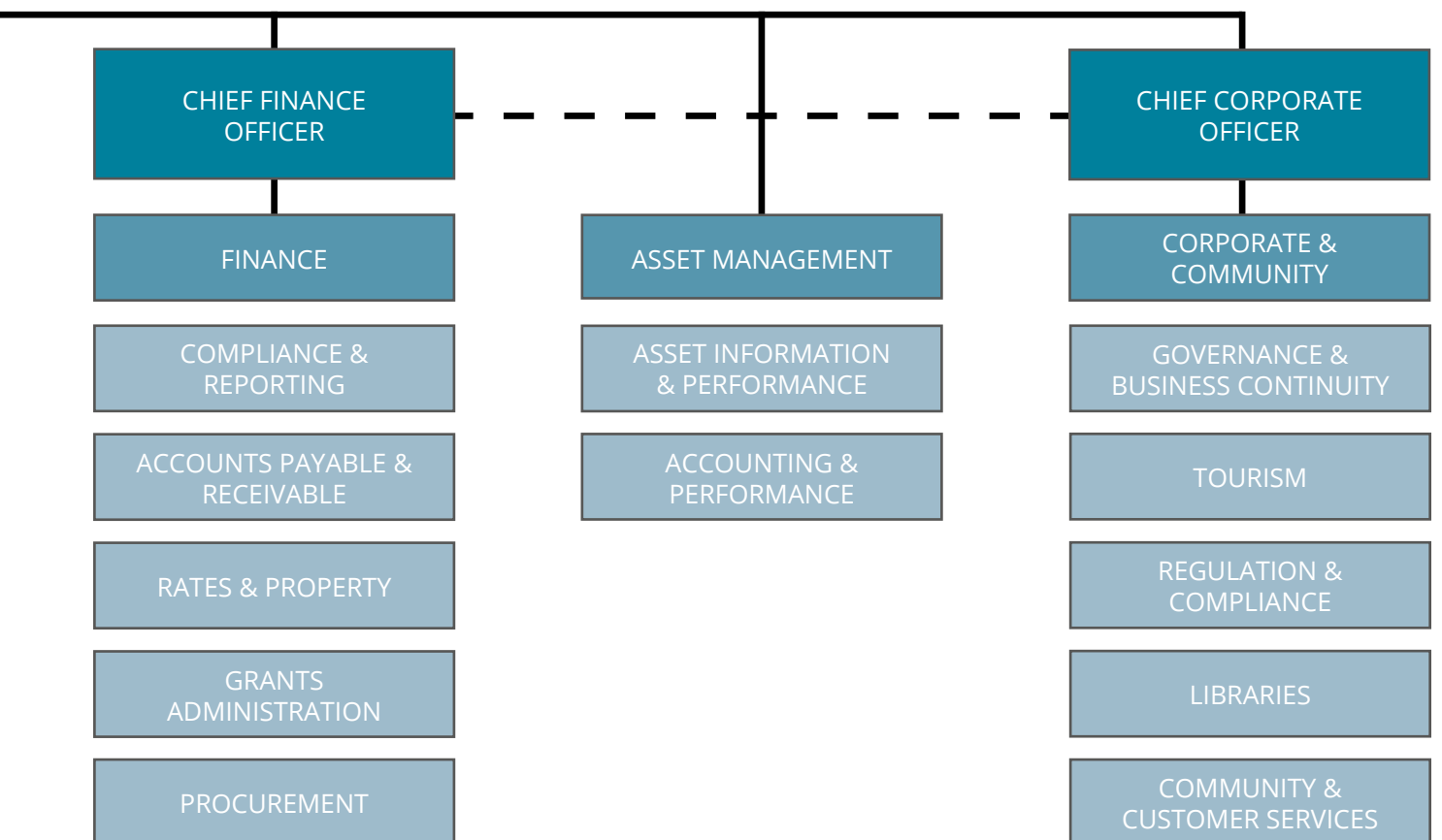
## RENEWAL, UPGRADE AND CREATION OF OUR ASSETS

- Review and benchmarking of current valuation and useful life methodology to identify any potential financial opportunities and to reduce the level of depreciation.
- Renewal and upgrade of John Kerr Park.
- Extension of footpath to connect the Cunnamulla Fella Visitor Centre to the Bushwalk
- Upgrades and renewal of existing sewerage reticulation network based on CCTV condition assessment.
- Delivery of the 2019-2020 Road Plan.
- Design and plan the renewal of the Civic Administration Centre.



# OUR ORGANISATION







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# EXECUTIVE MANAGEMENT

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## TEAM



Oliver Simon  
Chief Executive Officer  
*Resigned June 2019*



Peter See  
Chief Operations Officer

Tony Trace  
Chief Corporate Officer  
*Resigned November 2018*



Stephen Harbort  
Chief Finance Officer (*employed from May 2019*)  
[chief.finance@paroo.qld.gov.au](mailto:chief.finance@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 2019/2020 year will focus on:

- traffic management and other safety training
- policy and procedure
- supervisory, leadership and customer service skills
- IT Skills.



*'Happy Workers' by P Dawson 2019  
#ParooPride Photography Competition entrant*

## 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	55
Part-time	14
Casual	19



# OUR PERFORMANCE

## CEO'S ASSESSMENT OF PROGRESS

As required under Section 186(d) of the *Local Government Regulation 2012*

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 2019-2020. This will enhance future economic viability of the shire.

## OUTCOMES OF THE 2018-19 OPERATIONAL PLAN

### MANAGING COUNCIL AS A BUSINESS

OFFICE OF THE CEO			
INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Develop a Workforce Plan to guide the development of the culture of the organisation and its people.		<input checked="" type="checkbox"/>	
Review, document and improve people management processes and protocols, including recruitment and induction, and remuneration and payroll.		<input checked="" type="checkbox"/>	
Continue enhancement of Council's Workplace Health & Safety Framework.		<input checked="" type="checkbox"/>	

## FINANCIAL MANAGEMENT

INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Undertake sustainability reviews of Council's service areas and recommend opportunities for sustainability improvements.		<input checked="" type="checkbox"/>	
Identify additional grant funding opportunities to support Council's current service programs.		Ongoing	
Enhance financial performance reporting of service areas, programs and projects.		Ongoing	
Embed better practice procurement framework and controls, in line with Council's Procurement Policy.		Ongoing	

## CORPORATE GOVERNANCE

INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Further improve Council's Control Framework, in conjunction with the Audit Committee and Council.		<input checked="" type="checkbox"/>	
Embed better practice risk management protocols in line with Council's Risk Management Policy and Framework.		<input checked="" type="checkbox"/>	
Embed better practice protocols for the management of policies, local laws and directives.		<input checked="" type="checkbox"/>	
Implement better practice information management and security framework as well as system upgrade to meet business needs and legal obligations.		<input checked="" type="checkbox"/>	
Review customer service processes, identify and implement service improvements.	<input checked="" type="checkbox"/>		

## BUILDING OUR COMMUNITY

### LIVEABILITY OF THE COMMUNITY

INITIATIVES	COMPLETED	UNDERWAY	NOT COMPLETED
Further embed the Health Services Quality Framework into community service areas.		Ongoing	
Review and implement any identified better practice for the identification, approval and remittance of community grants and donations.		Ongoing	

### COMMUNITY ASSETS AND SERVICES

INITIATIVES	COMPLETED	UNDERWAY	NOT COMPLETED
Improve asset management outcomes of services to deliver community outcomes.		Ongoing	



## REGULATING OUR COMMUNITY

INITIATIVES	COMPLETED	UNDERWAY	NOT COMPLETED
Introduce a new Planning Scheme for Paroo Shire.	<input checked="" type="checkbox"/>		
Implement the Biosecurity Plan 2018 - 2022.	<input checked="" type="checkbox"/>		
Review and update Council's Local Laws and protocols to achieve a higher level of understanding of service areas for enforcement.		<input checked="" type="checkbox"/>	

## COMMUNITY BRAND AND RESILIENCE

INITIATIVES	COMPLETED	UNDERWAY	NOT COMPLETED
Creation and adoption of Economic Development Strategy, in conjunction with the Paroo Shire Economic Development Advisory Committee (EDAC).		<input checked="" type="checkbox"/>	
Review and continuous improvement of Local Disaster Management PPRR capability and capacity.		Ongoing	
Promotion and enhancement of Council's brand through implementation of high quality communications, marketing and media.		Ongoing	
Identify, develop and implement opportunities to enhance the tourism asset portfolio for the Paroo Shire, including a health spa, heritage trails and informative signage.		<input checked="" type="checkbox"/>	
Increase the footprint and quality of digital connectivity across the Paroo Shire.		<input checked="" type="checkbox"/>	

## MANAGING OUR ASSETS

### ESSENTIAL SERVICES

INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Planning, and design of an upgraded WWTP facilities (subject to funding).		<input checked="" type="checkbox"/>	
Investigation of long-term options for waste management and recycling within Paroo Shire.		<input checked="" type="checkbox"/>	

### MAINTAINING AND OPERATING OUR ASSETS AND SERVICES

INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Develop a Shire Road Maintenance Plan with annual program of works based on a road hierarchy.		<input checked="" type="checkbox"/>	
Develop and deliver programs of works across all infrastructure and assets to maintain agreed levels of service.		<input checked="" type="checkbox"/>	

## MANAGING DELIVERY OF OUR ASSETS AND SERVICES

INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Review and embed better practice asset management practices and systems through further enhancing asset management planning.		Ongoing	
Review and enhance program and project management practices, processes and systems.		Ongoing	

## EXTERNAL WORKS

### RMPC - STATE ROADS

INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Review and improve contract management and compliance practices for external works.		Ongoing	

## RENEWAL, UPGRADE AND CREATION OF OUR ASSETS

### CAPITAL PROGRAMS

INITIATIVE	COMPLETED	UNDERWAY	NOT COMPLETED
Renewal and upgrade of John Kerr Park.		<input checked="" type="checkbox"/>	
Extension of footpath to connect the Cunnamulla Fella Visitor Centre to the Bushwalk.		<input checked="" type="checkbox"/>	
Upgrades and renewal of existing sewerage reticulation network based on CCTV condition assessment.		<input checked="" type="checkbox"/>	
Delivery of the 2019/2020 Road Plan.		<input checked="" type="checkbox"/>	
Design and plan the renewal of the Civic Administration Centre.		<input checked="" type="checkbox"/>	



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# STATUTORY INFORMATION

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## COUNCILLORS

### COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

COUNCILLOR NAME	17/07/2018	21/08/2018	18/09/2018	16/10/2018	20/11/2018	11/12/2018	22/01/2019	19/02/2019	19/03/2019	16/04/2019	21/05/2019	18/06/2019	18/06/2019	TOTAL MEETINGS ATTENDED
Cr L Godfrey	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	13/13
Cr S Beresford	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	13/13
Cr R Brain	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	12/13
Cr D Dunsdon	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	13/13
Cr J Woodcroft	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	13/13

As required under Section 186(c) of the *Local Government Regulation 2012*, the table above details the number of local government meetings each Councillor attended during the financial year ending 30 June 2019.

### COUNCILLOR CONDUCT DISCLOSURES

There were no reportable items applicable under Section 186 (d) (e) (f) of the *Local Government Act 2009* or associated Regulations, dealing with complaints associated with councillor conduct during both periods (i.e. 1 July 2018 - December 2018 and 3 December 2018 - 30 June 2019) of the 2018-19 financial year.

## 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)	\$86,104.80	N/A	\$104,104.80
Cr R Brain	Full year	Nil	\$33,004.20	N/A	\$33,004.20
Cr D Dunsdon	Full year	Nil	\$33,004.20	N/A	\$33,004.20
Cr J Woodcroft	Full year	Nil	\$33,004.20	N/A	\$33,004.20
Cr S Beresford	Full year	Nil	\$40,568.16	N/A	\$40,568.16
<b>TOTAL</b>		<b>\$18,000.00</b>	<b>\$225,685.56</b>	<b>N/A</b>	<b>\$243,685.56</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 2019-20 was presented and adopted by Council at the Special Meeting of Council which was held on 18 June 2019. The following resolutions were passed:

Differential General Rates - *Res.M19/098 That Council approve the Differential General Rates as presented.*

Special Charge - Environmental Levy - *Res.M19/101 That Council approve the Environmental Levy as presented.*

Special Charge - Stormwater Levy - *Res.M19/099 That Council approve the Stormwater Levy as presented.*

Special Charge - Rural Fire Brigade Levy - *Res.M19/100 That Council approve the Rural Fire Brigade Levy as presented.*

Special Charge - Dingo Barrier Fence Levy - *Res.M19/102 That Council approve the Dingo Barrier Fence Levy as presented.*

Sewerage Utility Charge - *Res.M19/103 That Council approve the Sewerage Utility Charges as presented.*

Water Utility Charge - *Res.M19/104 That Council approve the Water Utility charges as presented.*

Garbage Utility Charges - *Res.M19/105 That Council approve the Waste Management Utility Charges as presented.*

Discount - *Res.M19/106 That Council approve the Differential General Rates Discount as presented.*

Interest - *Res.M19/107 That Council approve the Compound Interest rate as presented.*

Levy and Payment - *Res.M19/108 That Council approve the Levy Payments as presented.*

Rates Concession - *Res.M19/109 That Council approve the Rates Concessions as presented.*

Statement of Estimated Financial Position - *Res.M19/110 That Council approve the Statement of estimated financial position as presented.*

Adoption of Budget - *Res.M19/111 That Council adopt the 2019/20 Operational Plan and Budget as presented.*

## EXECUTIVE MANAGEMENT TEAM REMUNERATION

The total remuneration packages for senior executives including base salary, vehicle allowance and superannuation for 2018-19 were \$558,994.00.

REMUNERATION RANGE	NUMBER OF EXECUTIVE LEADERSHIP TEAM PAID
\$100,001.00 < \$200,000.00	4*
\$200,001.00 < \$300,000.00	1
\$300,001.00 < \$400,000.00	0

\*N.B. Two executives resigned and were replaced during the year.

## 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 2018 – 2019 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 2019 were:

Lyn Cooper (Chair)	community member, finance, business practices.
Cr Lindsay Godfrey	local government, governance, risk management, planning
Cr Suzette Beresford	local government, governance, finance, HR management

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

During 2018 – 2019 the Committee met in September, December, March 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 2018-19.



## 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 was 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	1
Number of complaints resolved in the year	1
Number of complaints not resolved at the end of the year	0
Number of complaints made in prior years and still not resolved	0

## REGISTERS KEPT BY COUNCIL

- 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 2018-19 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 2018-19 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 2018-19 financial year Council provided concessions to pensioners to a total value of \$8,988.00.

### PAY ON TIME DISCOUNT

Council grants a discount of 10% of the general rates to those who pay their rates by the designated due date and in the 2018-19 financial year the cost of this initiative was \$183,404.00.

## COMPETITIVE NEUTRALITY COMPLAINTS

Council received no competitive neutrality complaints during the 2018-19 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 2018-19 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 2018-19.

## 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.

GROUP	DETAILS	AMOUNT
Cunnamulla Gun Club Inc.	Annual assistance donation	\$500.00
Cunnamulla RSL	Annual donation – ANZAC day	\$500.00
Cunnamulla Polocrosse Club Inc.	Annual assistance donation	\$500.00
Cunnamulla Bowls Cub Inc.	Annual assistance donation	\$500.00
Cunnamulla Paroo Pony Club	Annual assistance donation	\$500.00
Cunnamulla Senior Citizens	Mowing and ground maintenance for senior citizens, insurance for senior citizens, annual contribution towards Senior Citizens Week and annual payment for rates (Senior Citizens building)	\$5,500.00
Cunnamulla & District Junior Rugby League Club Inc.	Annual assistance donation	\$2,500.00
Cunnamulla Golf Club Inc.	Annual assistance donation	\$500.00
Cunnamulla Amateur Swimming Club	Annual assistance donation	\$500.00
Cunnamulla Show Society Inc.	Annual assistance donation	\$9,000.00
Paroo Education Group Inc.	Provision of scholarships to young school leavers between ages 15 to 21 from Paroo Shire	\$1,000.00
Sacred Heart Parish	Annual Assistance - bar and bins	\$500.00
Paroo Shire Council Bursary	Annual assistance donation	\$300.00
Welcome to Cunnamulla	Assistance with catering	\$500.00
Yapunyah Craft Group Inc.	Annual assistance donation	\$500.00
Eulo Combined Sporting Association	Annual Assistance - water truck	\$1,500.00
Eulo Polocrosse Club Inc.	Annual assistance donation	\$500.00
Noorama Picnic Race Club Inc.	In-kind assistance to prepare track for annual race meeting	\$5,000.00



## COMMUNITY GRANTS EXPENDITURE CONTINUED

GROUP	DETAILS	AMOUNT
Noorama Sports & Recreation Centre Inc	Annual assistance donation	\$500.00
SWIN Western Rivers Cup	Assistance with Sponsorship - 2 teams	\$1,500.00
Yowah Opal Miner Community Inc. (YOMSCI)	Annual sponsorship for jewellery competition as part of the Opal Festival	\$1,200.00
YOMCSI BBQ Area	Provision and delivery of crusher dust to Yowah	\$2,125.00
Music in Mulga	Support of event	\$481.07
Wyandra Tennis Courts	Provision of materials to renewal current community facilities, as well as reconnecting the power to tennis club building. Note: Ergon will need to assess the damage to be able to provide a quote for reconnection	\$1,509.41
Yapunyah Craft Group	Eulo Hall Hire 12 x sessions per year	\$804.00
Railway Station Restoration Project	Provision of garden loan and wet hire of bobcat	\$800.00
Paroo Pony Club	Financial support for saddle cloths and banners	\$1,000.00
150 Years Committee	Provision and support for 50 trees to plant, sand for the 'Sandhill Digging' competition, hire of Council generator for 6 hours and time capsule at the front of the Visitor Information Centre	\$111.00
Burrumbuttock Hay Run	Plant hire	\$223.95
Rapid Relief Hay Run	Plant hire	\$650.58
Wyandra Motorbike Club donation for the 2019 Year	Water truck to minimise dust at the event (hire of a water truck and driver)	\$1,500.00
150 Years Committee	Wavering of hire costs for John Kerr Park, Shire Hall for the 150 Ball and Shire Hall Hire for Junior Ball	\$1,364.00
Eulo State School - supply of rocks and sand	Supply rocks and sand for the Eulo State School's mud pie pit	\$536.35
Eulo State School - End Of Year Concert	Wavering of hire costs for Eulo Hall	\$67.00
Eulo Police Blue Light	Wavering of hire costs for Eulo Hall	\$127.91
Care Outreach - Christmas for the Bush	Wavering of hire costs for Eulo Hall	\$127.91
Wyandra Progress Association	Wavering of hire costs for Wyandra Hall	\$191.55
<b>TOTAL</b>		<b>\$45,119.73</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 2018 to 30 June 2019.

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 2019).
- 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 positive net result for the 2018-19 financial year was \$782,000 compared with 2017-18 of negative \$163,000.

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

	2018/2019	2017/2018
<b>Revenue</b>	<b>\$'000</b>	<b>\$'000</b>
Rates, Levies & Charges	3,934	3,904
Fees & Charges	211	260
Interest & Investment Revenue	199	167
Grants & Contributions (Operating)	7,255	6,721
Grants & Contributions (Capital)	4,133	4,399
Other	3,649	3,675
<b>Total Revenue</b>	<b>21,381</b>	<b>19,126</b>

	2018/2019	2017/2018
<b>Expenses</b>	<b>\$'000</b>	<b>\$'000</b>
Employee Benefits	6,013	5,479
Materials & Services	7,281	6,648
Finance Costs	218	157
Depreciation & Amortisation	7,087	7,005
Capital Expenses	0	0
<b>Total Expenses</b>	<b>20,899</b>	<b>19,289</b>

<b>NET RESULT</b>	<b>782</b>	<b>(163)</b>
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## OUR REVENUE SOURCES: WHERE OUR MONEY COMES FROM

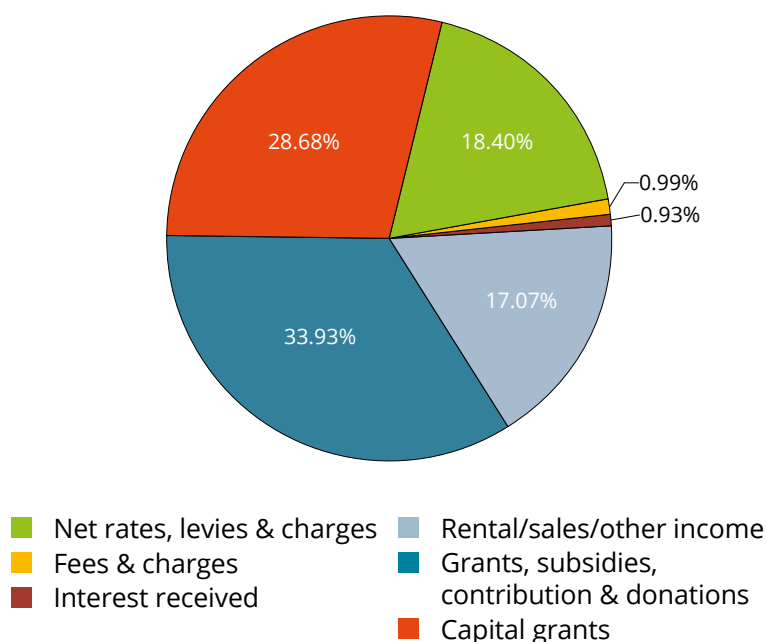
Throughout the 2018-19 financial year, Council earned \$21.4 million in operating and capital revenues.

The most significant contributors to revenue include:

- operational grants, subsidies contributions and donations (\$7.3 million)
- rates, levies and utility charges (\$3.9 million)
- capital grants, subsidies contributions and donations (\$6.1 million).

Nearly half (34%) of total revenue came from operating grants and subsidies which includes the Financial Assistance Grants of \$5.7 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



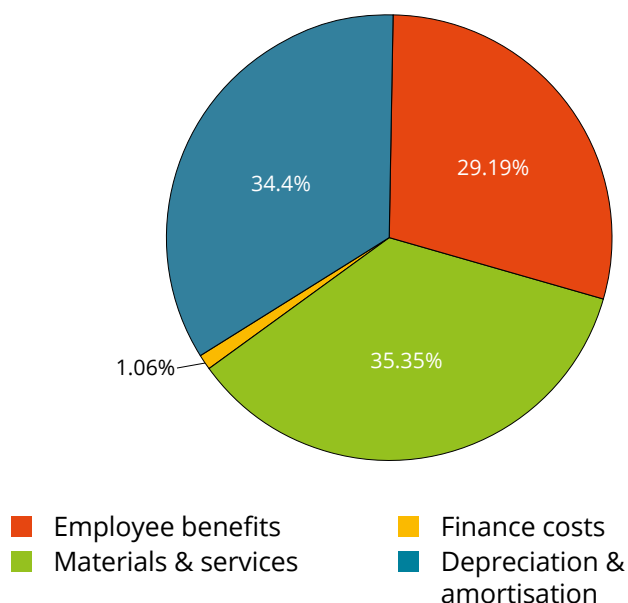
## OUR EXPENDITURE: WHERE OUR MONEY GOES

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

Operating expenses during the 2018-2019 financial year were:

- employee benefits (\$6.0 million)
- materials and services (\$7.3 million).

Expense breakdown



STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS: WHAT WE OWN

The major components of our assets include:

- property, plant and equipment (\$234 million)
- cash (\$10.6 million)
- trade and other receivables (\$1.8 million).

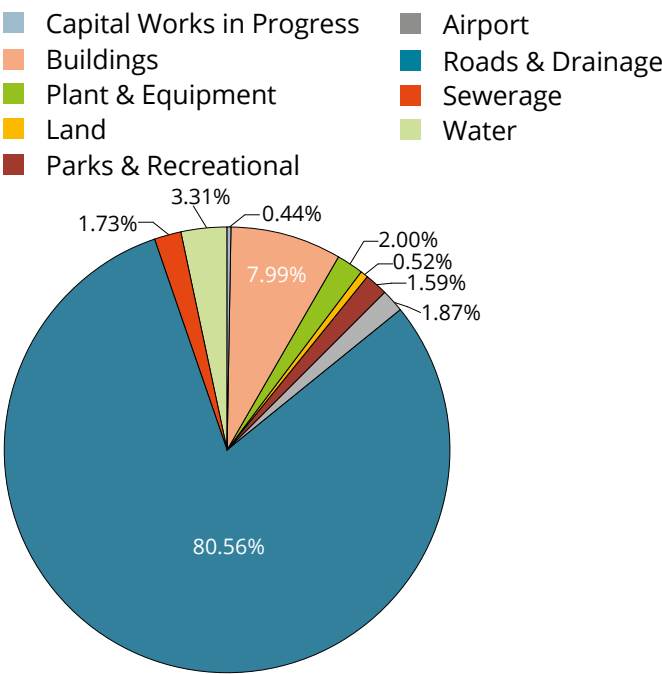
Capital expenditure on plant, property and equipment was \$5.4 million for the year, with road construction being the major expense.

TOTAL LIABILITIES: WHAT WE OWE

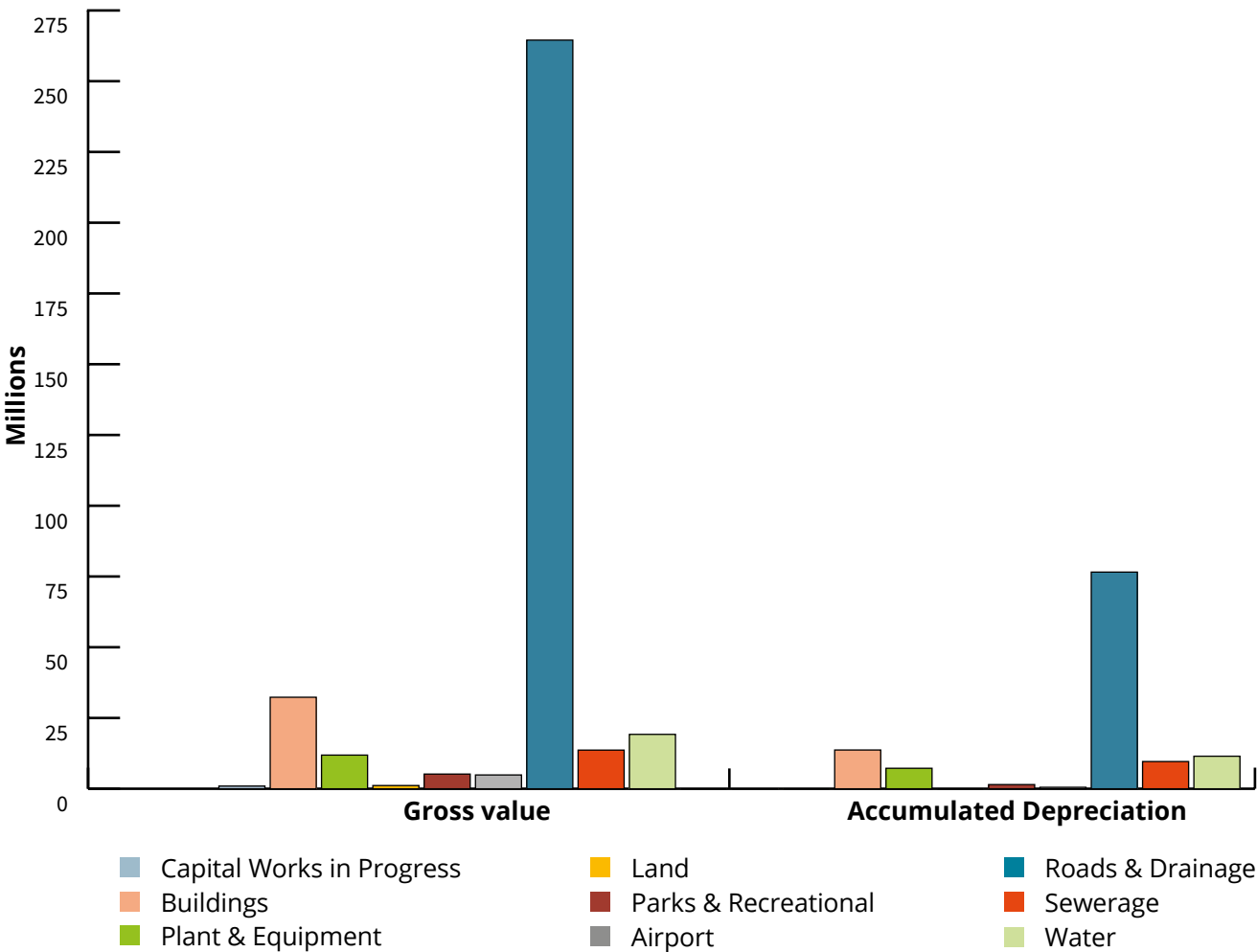
The major components of our liabilities include:

- loans (\$1.5 million)
- trade & other payables (\$1.4 million).

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



Gross value and accumulated depreciation



## STATEMENT OF CHANGES IN EQUITY

In the 2018-2019 financial year our net worth decreased by \$2.8 million.

The decrease was due to an impairment of the Roads and Drainage asset caused by a flood event, netted off by the operating results 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 2018/19 and 2017/18 financial years.

CASH FLOW SUMMARY	2018/2019	2017/2018
	\$'000	\$'000
Opening cash balance	7,395	6,179
Net cash flow from operating activities	2189	3,549
Net cash flow from investing activities	1174	(2,178)
Net cash flow from financing activities	(162)	(154)
<b>Closing cash balance</b>	<b>10,596</b>	<b>7,396</b>



Ewe Mob by L Gilligan 2019 #ParooPride Photography Competition Entrant



General Purpose Financial Statements  
for the year ended 30 June 2019

**Table of Contents**

**1. Primary Financial Statements:**

Statement of Comprehensive Income	41
Statement of Financial Position	42
Statement of Changes in Equity	43
Statement of Cash Flows	44

**2. Notes to the Financial Statements**

1	Summary of Significant Accounting Policies	45
2(a)	Council Functions - Component Descriptions	52
2(b)	Council Functions - Analysis of Results by Function	53
3	Revenue Analysis	54
4	Grants, Subsidies and Contributions	55
5	Employee Benefits	55
6	Materials and Services	56
7	Depreciation and Amortisation	57
8	Cash, Cash Equivalents and Investments	58
9	Trade and Other Receivables	58
10	Property, Plant and Equipment	59
11	Fair Value Measurements	61
12	Intangible Assets	65
13	Trade and Other Payables	66
14	Borrowings	66
15	Provisions	67
16	Asset Revaluation Reserve	68
17	Contingent Liabilities	69
18	Superannuation	69
19	Reconciliation of Net Operating Surplus for the year to Net Cash Inflow from Operating Activities	71
20	Reconciliation of Liabilities arising from Finance Activities	71
21	Events Occurring After Balance Sheet Date	72
22	Financial Instruments	72
23	Transactions with Related Parties	78

**3. Management Certificate** 80

**4. Independent Auditor's Report** 81

**5. Current Year Financial Sustainability Statement** 84

Certificate of Accuracy - Current Year Financial Sustainability Statement	85
Independent Auditor's Report - Current Year Financial Sustainability Statement	86

**6. Long Term Financial Sustainability Statement** 89

Certificate of Accuracy - Long Term Financial Sustainability Statement	90
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# Paroo Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates, Levies and Charges	3a	3,934	3,904
Fees and Charges	3b	211	260
Rental Income		143	128
Interest and Investment Revenue		199	167
Sales Revenue	3c	3,443	3,452
Other Income		81	76
Grants, Subsidies, Contributions and Donations	4a	7,255	6,721
<b>Total Recurrent Revenue</b>		<b>15,266</b>	<b>14,708</b>
<b>Capital Revenue</b>			
Grants, Subsidies and Contributions	4b	6,133	4,399
<b>Total Revenue</b>		<b>21,399</b>	<b>19,107</b>
Capital Income/ (Capital Expense)		(18)	19
<b>Total Income</b>		<b>21,381</b>	<b>19,126</b>
<b>Expenses</b>			
<b>Recurrent Expenses</b>			
Employee Benefits	5	6,013	5,479
Materials and Services	6	7,281	6,648
Finance Costs		218	157
Depreciation and Amortisation	7	7,087	7,005
<b>Total Recurrent Expenses</b>		<b>20,599</b>	<b>19,289</b>
<b>Total Expenses</b>		<b>20,599</b>	<b>19,289</b>
<b>Net Result</b>		<b>782</b>	<b>(163)</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	(3,600)	16,706
<b>Total Other Comprehensive Income</b>		<b>(3,600)</b>	<b>16,706</b>
<b>Total Comprehensive Income</b>		<b>(2,818)</b>	<b>16,543</b>

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

# Paroo Shire Council

## Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	10,596	7,395
Trade and Other Receivables	9	1,790	2,758
Inventories		711	652
<b>Total Current Assets</b>		<b>13,097</b>	<b>10,805</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	233,252	239,181
Intangible Assets		289	289
<b>Total Non-Current Assets</b>		<b>233,541</b>	<b>239,470</b>
<b>TOTAL ASSETS</b>		<b>246,638</b>	<b>250,276</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	1,398	2,036
Borrowings	14	182	170
Provisions	15	554	565
<b>Total Current Liabilities</b>		<b>2,134</b>	<b>2,771</b>
<b>Non-Current Liabilities</b>			
Borrowings	14	1,362	1,535
Provisions	15	304	314
<b>Total Non-Current Liabilities</b>		<b>1,666</b>	<b>1,849</b>
<b>TOTAL LIABILITIES</b>		<b>3,800</b>	<b>4,620</b>
<b>Net Community Assets</b>		<b>242,838</b>	<b>245,656</b>
<b>COMMUNITY EQUITY</b>			
Asset Revaluation Surplus	16	126,042	129,642
Retained Surplus		116,796	116,014
<b>Total Community Equity</b>		<b>242,838</b>	<b>245,656</b>

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



# Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
<b>2019</b>				
<b>Opening Balance</b>		<b>129,642</b>	<b>116,014</b>	<b>245,656</b>
<b>a. Net Operating Loss for the Year</b>		-	782	<b>782</b>
<b>b. Other Comprehensive Income</b>				
- Revaluations : Property, Plant and Equip. Asset Revaluation Surplus	16	(3,600)	-	<b>(3,600)</b>
<b>Other Comprehensive Income</b>		<b>(3,600)</b>	-	<b>(3,600)</b>
<b>Total Comprehensive Income</b>		<b>(3,600)</b>	<b>782</b>	<b>(2,818)</b>
<b>Equity Balance as at 30 June, 2019</b>		<b>126,042</b>	<b>116,796</b>	<b>242,838</b>

	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 Surplus for the Year</b>		-	(163)	<b>(163)</b>
<b>b. Other Comprehensive Income</b>				
- Revaluations : Property, Plant and Equip. Asset Revaluation Surplus	16	16,706	-	<b>16,706</b>
<b>Other Comprehensive Income</b>		<b>16,706</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>

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

# Paroo Shire Council

## Statement of Cash Flows

for the year ended 30 June 2019

		2019 \$'000	2018 \$'000
	Notes		
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		7,598	7,495
Payments to Suppliers and Employees		(13,738)	(12,382)
		(6,140)	(4,887)
<b><u>Receipts:</u></b>			
Investment and Interest Revenue Received		199	167
Rental Income		143	128
Non Capital Grants and Contributions		7,255	6,721
Other		886	1,656
<b><u>Payments:</u></b>			
Borrowing Costs		(218)	(157)
Other		64	(79)
<b>Net Cash - Operating Activities</b>	19	<b>2,189</b>	<b>3,549</b>
<b>Cash Flows from Investing Activities</b>			
<b><u>Receipts:</u></b>			
Sale of Property, Plant and Equipment		(18)	47
Grants, Subsidies, Contributions and Donations		6,133	4,399
<b><u>Payments:</u></b>			
Purchase of Property, Plant and Equipment	10	(4,941)	(6,625)
<b>Net Cash - Investing Activities</b>		<b>1,174</b>	<b>(2,178)</b>
<b>Cash Flows from Financing Activities</b>			
<b><u>Payments:</u></b>			
Repayment of Borrowings		(161)	(154)
<b>Net Cash Flow - Financing Activities</b>		<b>(161)</b>	<b>(154)</b>
<b>Net Increase for the year</b>		<b>3,202</b>	<b>1,217</b>
plus: <b>Cash and Cash Equivalents - beginning</b>		7,395	6,179
<b>Total Cash and Cash Equivalents - closing</b>	8	<b>10,596</b>	<b>7,395</b>

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

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

#### Note 1. Significant Accounting Policies

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

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 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.g and Note 10.
- Impairment of Property, Plant and Equipment - Note 1.h
- Provisions - Note 15
- Liabilities - Employee Benefits Note 1.j
- Contingent liabilities – Note 17
- Financial Instruments and Financial Assets - Note 22.

##### (1.d) 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.e)
- Receivables - measured at amortised cost (Note 1.f)

###### Financial liabilities

- Payables - measured at amortised cost (Note 1.i)
- Borrowings - measured at amortised cost (Note 1.k)

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.e) Cash and Cash Equivalents

Cash and cash equivalents include 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.f) 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

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

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

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.g) 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 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



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

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

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 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.h) 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

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

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

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.i) 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.j) 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.

##### (1.k) 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.l) 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.m) 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.n) 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.o) 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

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

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

current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

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 9 Financial Instruments for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged, due to minimal impairment under the new rules. No corresponding adjustment was made to retained earnings as at 1 July 2018.

Financial asset/liability	Measurement Category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

***The standards are not expected to have a material impact upon Council's future financial statements:***

#### **Effective for annual reporting periods beginning on or after 1 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 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts: - Revenue increase/decrease of \$0.00 due to deferral of grant funding, pre-paid rates, and other

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

sales related revenue (based on the facts available to Council at the date of assessment).

- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.

- Net result would be lower on initial application as a result of decreased revenue. A range of new disclosures will also be required by the new standards in respect of the council's revenue.

#### Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

- **AASB 16 Leases** – The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for

short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Council has elected not to recognise 22 leases under the AASB 16 as they have been assessed as being low-value assets under the standard.

No significant impact is expected for the Council's finance leases.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have no material change.

#### Leases in which the Council is a lessor

No significant impact is expected for other leases in which the Council is a lessor.

#### Peppercorn Leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

#### Transition method

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.



## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

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The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

*The standards are not expected to have a material impact upon Council's future financial statements :*

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

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-Profit Entities

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### 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 2019

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

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other		Grants	Other								
2019	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate Services	4,545	401		-			(518)	-		(518)	4,428	4,428	13,574
Economic Development	113	4		50			(597)	-		(597)	(480)	(430)	59
Community Services	776	1,208		2			(2,867)	-		(2,867)	(883)	(881)	38
Env & Dev Services	26	819		14			(1,008)	-		(1,008)	(163)	(149)	304
Infrastructure Services	1,795	4,724		2,961			(14,477)	-		(14,477)	(7,958)	(4,979)	221,437
Water & Sewerage	-	819		3,106			(1,132)	-		(1,132)	(313)	2,793	11,226
Total	7,255	7,975		6,133	18		(20,599)	-		(20,599)	(5,369)	782	246,638

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

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 3. Revenue Analysis

	2019	2018
Notes	\$'000	\$'000
<b>(a). Rates, Levies and Charges</b>		
General Rates	2,314	2,370
Separate Rates	230	225
Water	771	732
Sewerage	443	423
Waste Management	368	358
<b>Total rates and utility charge revenue</b>	<b>4,126</b>	<b>4,108</b>
Less: Discounts	(192)	(204)
<b><u>TOTAL RATES, LEVIES AND CHARGES</u></b>	<b><u>3,934</u></b>	<b><u>3,904</u></b>

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

#### (b). Fees and Charges

Infringements	4	10
Other Fees and Charges	207	250
<b><u>TOTAL FEES AND CHARGES</u></b>	<b><u>211</u></b>	<b><u>260</u></b>

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

#### (c). Sales Revenue

Road Construction and Recoverable Works	3,040	2,924
Function Sales	109	171
Other Sales	294	357
<b><u>TOTAL SALES REVENUE</u></b>	<b><u>3,443</u></b>	<b><u>3,452</u></b>

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.

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 2019

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

	Notes	2019 \$'000	2018 \$'000
<b>(a) Recurrent</b>			
General Purpose Grants		5,697	5,373
State Government Subsidies and Grants		420	1,165
Commonwealth Government Subsidies and Grants		747	77
Contributions		391	106
<b><u>TOTAL RECURRENT GRANTS, SUBSIDIES AND CONTRIBUTIONS</u></b>		<b><u>7,255</u></b>	<b><u>6,721</u></b>

#### (b) Capital

State Government Subsidies and Grants		3,724	2,083
Commonwealth Government Subsidies and Grants		2,409	2,316
<b><u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u></b>		<b><u>6,133</u></b>	<b><u>4,399</u></b>

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

#### Note 5. Employee Benefits

Wages and Salaries		4,849	4,459
Annual, Sick and Long Service Leave Entitlements		724	628
Superannuation	18	571	530
Councillors Remuneration		247	232
		<b><u>6,391</u></b>	<b><u>5,849</u></b>
Less: Capitalised Employee Expenses		(378)	(370)
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>		<b><u>6,013</u></b>	<b><u>5,479</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	41	47
Depot and Outdoors Staff	46	58
<b>Total employees</b>	<b><u>87</u></b>	<b><u>105</u></b>
<b>Total Elected members</b>	<b><u>5</u></b>	<b><u>5</u></b>

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 6. Materials and Services

	Notes	2019 \$'000	2018 \$'000
Advertising and Marketing		90	149
Administration Supplies and Consumables		127	129
Audit of Annual Financial Statements by the Auditor-General of Queensland		59	33
Building Expenses		390	401
Communications and IT		219	237
Consultants		510	397
Contractors		27	14
Cost of Goods Sold		155	219
Cost of Road Construction and Recoverable Works		1,732	2,670
Councillors' Expenses (incl. Mayor) - Other		3	12
Donations Paid		36	143
Employee Related Costs		259	166
Entertainment		-	1
Festivals and Celebrations		298	186
Insurance		270	231
Legal Expenses		13	20
Power		35	37
Programs Funded		932	308
Repairs and Maintenance		95	122
Road Repairs and Maintenance		385	180
Subscriptions and Registrations		54	54
Valuations		1	34
Work Health and Safety		101	218
Other Materials and Services		1,490	687
<b><u>TOTAL MATERIALS AND SERVICES</u></b>		<b><u>7,281</u></b>	<b><u>6,648</u></b>

Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are \$49,500 (2018: \$45,000).

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 7. Depreciation and Amortisation

	Notes	2019 \$'000	2018 \$'000
<b>Depreciation/Amortisation of Non Current Assets</b>			
Airports		89	81
Buildings		533	526
IT and Communications		62	62
Light Vehicles		191	165
Major Plant		455	542
Minor Plant		112	94
Parks and Recreational		126	117
Roads & Drainage		5,067	4,952
Sewerage		188	198
Water		264	255
<b>Total Depreciation of Non Current Assets</b>	10	<b>7,087</b>	<b>6,992</b>
<b>Amortisation of Intangible Assets</b>			
Software		-	13
<b>Total Amortisation of Intangible Assets</b>		<b>-</b>	<b>13</b>
<b><u>TOTAL DEPRECIATION AND AMORTISATION</u></b>		<b><u>7,087</u></b>	<b><u>7,005</u></b>

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

<b>Cash and Cash Equivalents</b>			
Cash at Bank and on Hand		(45)	2,253
Deposits at Call		10,641	5,142
<b>Total Cash and Cash Equivalents</b>		<b>10,596</b>	<b>7,395</b>
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u></b>		<b><u>10,596</u></b>	<b><u>7,395</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
<b>Total External Restrictions</b>	<b>-</b>	<b>67</b>

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

	Notes	2019 \$'000	2018 \$'000
Internally imposed Expenditure Restrictions at the reporting date:			
Future Capital Works		4,340	2,293
Future Recurrent Expenditure		73	554
<b>Total Internal Restrictions</b>		<b>4,413</b>	<b>2,847</b>
<b>Total Unspent Restricted Cash, Cash Equivalents and Investments</b>		<b>4,413</b>	<b>2,914</b>

Council performs a custodian role in respect of trust fund monies amounting to \$103,697. 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

Rateable Revenue and Utility Charges	555	565
Other Debtors	981	1,707
GST Recoverable	100	1
Accrued Revenues	48	333
Prepayments	118	158
<b>Total</b>	<b>1,802</b>	<b>2,764</b>
<b>less: Provision for Impairment</b>		
Other Debtors	(12)	(6)
<b>Total Provision for Impairment - Receivables</b>	<b>(12)</b>	<b>(6)</b>
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>1,790</b>	<b>2,758</b>

Interest is charged on outstanding rates at a rate of 9% 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.



## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

#### Note 10. Property, Plant and Equipment

30 June 2019		Note	Capital Work in Progress	Airports	Buildings	IT and Communications	Land	Light Vehicles	Major Plant	Minor Plant	Parks and Recreational	Roads & Drainage	Sewerage	Water	Total
Measurement Basis			\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000
Opening Gross Balance - at Cost			1,986	-	-	1,140	-	1,377	7,108	2,017	-	-	-	-	6,520
Opening Gross Balance - at Fair Value			-	4,935	32,120	-	1,205	-	7,108	-	4,972	265,781	12,890	18,091	347,102
Opening Gross Balance			1,986	4,935	32,120	1,140	1,205	1,377	7,108	2,017	4,972	265,781	12,890	18,091	353,622
Additions*			1,038	8	271	229	-	406	182	180	282	2,325	305	212	5,438
Disposals			-	-	-	-	-	(345)	(165)	(172)	-	-	-	-	(682)
Work in Progress Transfers			(2,003)	1	-	-	-	-	-	-	-	-	523	982	(497)
Total Gross Value of Property, Plant and Equipment - at Cost			1,021	4,944	-	1,369	-	1,439	-	2,026	5,254	-	-	-	16,053
Total Gross Value of Property, Plant and Equipment - at Fair Value			-	-	32,391	-	1,205	-	7,125	-	-	264,506	13,718	19,285	338,230
Total Gross Value of Property, Plant and Equipment			1,021	4,944	32,391	1,369	1,205	1,439	7,125	2,026	5,254	264,506	13,718	19,285	354,283
Opening Accumulated Depreciation			-	502	13,223	778	-	705	4,189	1,303	1,417	71,533	9,494	11,297	114,441
Depreciation Expense	7		-	89	533	62	-	191	455	112	126	5,067	188	264	7,087
Disposals			-	-	-	-	-	(198)	(140)	(162)	-	-	-	-	(500)
Adjustments and Other Transfers			-	-	-	5	-	-	-	-	-	-	-	-	5
Total Accumulated Depreciation of Property, Plant and Equipment			-	591	13,756	845	-	698	4,504	1,253	1,543	76,598	9,681	11,562	121,031
Total Net Book Value of Property, Plant and Equipment			1,021	4,353	18,635	524	1,205	741	2,621	773	3,711	187,908	4,037	7,723	233,252
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			1,038	8	271	229	-	406	182	180	282	2,325	305	212	4,670
Other Additions			-	-	-	-	-	-	-	-	-	-	-	-	768
Total Asset Additions			1,038	8	271	229	-	406	182	180	282	2,325	305	212	5,438

Paroo Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 10. Property, Plant and Equipment (continued)

30 June 2018		Capital Work in Progress	Airports	Buildings	IT and Communications	Land	Light Vehicles	Major Plant	Minor Plant	Parks and Recreational	Roads & Drainage	Sewerage	Water	Total
Measurement Basis	Note	\$'000 Cost	\$'000 Cost	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000
Opening Gross Balance - at Cost		1,032	-	-	1,070	-	1,424	-	1,956	3,793	-	-	-	9,275
Opening Gross Balance - at Fair Value		-	-	27,299	-	983	-	6,993	-	-	254,061	12,810	16,994	319,140
Opening Gross Balance		1,032	-	27,299	1,070	983	1,424	6,993	1,956	3,793	254,061	12,810	16,994	328,415
Additions*		6,625	-	-	-	-	-	-	-	-	-	-	-	6,625
Disposals		-	-	-	-	-	(47)	-	-	-	-	-	-	(47)
Revaluation Increments to Equity (ARR)	16	-	248	4,334	-	366	-	-	-	339	13,353	-	-	18,640
Work in Progress Transfers		(5,671)	114	487	70	-	-	115	61	696	2,940	80	1,097	(11)
Adjustments and Other Transfers		-	4,573	-	-	(144)	-	-	-	144	(4,573)	-	-	-
Total Gross Value of Property, Plant and Equipment - at Cost		1,986	-	-	1,140	-	1,377	-	2,017	-	-	-	-	6,520
Total Gross Value of Property, Plant and Equipment - at Fair Value		-	4,935	32,120	-	1,205	-	7,108	-	4,972	265,781	12,890	18,091	347,102
Total Gross Value of Property, Plant and Equipment		1,986	4,935	32,120	1,140	1,205	1,377	7,108	2,017	4,972	265,781	12,890	18,091	353,622
Opening Accumulated Depreciation		-	-	14,434	716	-	558	3,647	1,209	1,259	63,383	9,296	11,042	105,544
Depreciation Expense	7	-	81	526	62	-	165	542	94	117	4,952	198	255	6,992
Disposals		-	-	-	-	-	(18)	-	-	-	-	-	-	(18)
Revaluation Increments to Equity (ARR)	16	-	25	(1,737)	-	-	-	-	-	52	3,594	-	-	1,934
Adjustments and Other Transfers		-	396	-	-	-	-	-	-	(11)	(396)	-	-	(11)
Total Accumulated Depreciation of Property, Plant and Equipment		-	502	13,223	778	-	705	4,189	1,303	1,417	71,533	9,494	11,297	114,441
Total Net Book Value of Property, Plant and Equipment		1,986	4,433	18,897	362	1,205	672	2,919	714	3,555	194,248	3,396	6,794	239,181
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		5,002	-	-	-	-	-	-	-	-	-	-	-	5,002
Other Additions		1,623	-	-	-	-	-	-	-	-	-	-	-	1,623
Total Asset Additions		6,625	-	-	-	-	-	-	-	-	-	-	-	6,625

## Paroo Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

#### 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

Management undertook an internal assessment of building construction costs movement between 2018 to 2019 using the consumer price index of 1.6% at 30 June 2019. The index was calculated against the net written down value of buildings and other structure assets, which resulted to an estimated increase to fair value of \$349,483. As the amount is below the materiality threshold for property plant and equipment, management will not apply the indexation to the building and other structure assets at 30 June 2019. In

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

In addition, comprehensive revaluation of buildings and other structures assets was undertaken by Council's independent valuer, Australian Pacific Valuers at 30 June 2018. The valuation process included physical inspection, condition assessment, review of useful life and remaining useful life.

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

Under this approach, the following process is adopted:

- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. The conditions assessed are considered a Level 3 input.
- In determining the level of accumulated depreciation, 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).

In 2018-19, Management engaged an independent expert Australian Pacific Valuers to provide advice on the construction costs movement on infrastructure assets between 30 June 2018 to 30 June 2019. Costs movement ranges between 0.10% to 3.3%. The index was calculated against the written down value of road infrastructure assets. The calculated estimated increase to fair value is \$3.0 million. As the amount is below the materiality threshold for property, plant and equipment, management will not apply the indexation to the road infrastructure assets at 30 June 2019.

The comprehensive valuation of roads, bridges and drainage was last undertaken by Council's independent valuer, Cardno effective 1 July 2016.

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 was 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



## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

- 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.

In April 2019 a flood event occurred. The council has had an assessment of the damage to the road network carried out by Proterra Group in preparation for a claim to the Queensland Reconstruction Authority. The estimated damage was \$3.6 million. This damage has been recognised in the year ended 30 June 2019.

#### *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

In order to determine fair value at 30 June 2019, Council engaged APV to provide construction costs movement between 30 June 2018 to 30 June 2019. The average index was calculated against the net written down value of water and sewerage infrastructure assets, of which the calculated amount is an increase to fair value by \$173,917. As the amount is below the materiality threshold for property, plant and equipment, management will not apply the indexation to the water and sewerage infrastructure assets at 30 June 2019.

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 was 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 performed to determine the remaining useful life.

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### 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)

Council did not comprehensively value its land assets at 30 June 2019. The Department of Natural Resource and Mines assessed land values on 1 October 2017 and showed Paroo Shire area's land values had decreased by 5.1 per cent overall since the last valuation in 2015. This is an indication that the land values in the Shire doesn't materially change on an annual basis.

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 2019. However, management conducted a market value assessment using publicly available information on major plant with a written down value greater than \$75,000. All newly acquired plant were excluded from the assessment. The result indicates that the overall decrease of \$24,851 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 2019

#### Note 12. Intangible Assets

	Notes	2019 \$'000	2018 \$'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>		(98)	(85)
Amortisation charges	7	-	(13)
<b>Closing Accumulated Amortisation and Impairment</b>		(98)	(98)
<b>Net Book Value</b>		11	11
<b>Landfill</b>			
<b>Opening Gross Carrying Value</b>		278	-
Additions		-	278
<b>Closing Gross Carrying Value</b>		278	278
<b>Net Book Value</b>		278	278
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE <sup>1</sup></u></b>		<b>289</b>	<b>289</b>
<b><sup>1. The Net Book Value of Intangible Assets represent:</sup></b>			
- Software		11	11
- Landfill		278	278
		<b>289</b>	<b>289</b>

Software assets have a finite life estimated at 10 years. No amortisation has been applied in the current year.

Software life has been extended to 11 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 2019

#### Note 13. Trade and Other Payables

	Notes	2019 \$'000	2018 \$'000
Creditors and Accruals		919	1,468
Payments Received in Advance		-	113
Employee Payables		456	428
Urban Fire Levy		23	27
<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>		<b>1,398</b>	<b>2,036</b>

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 as Employee Payables.

#### Note 14. Borrowings

##### Current

Loans - Queensland Treasury Corporation	182	170
<b>TOTAL CURRENT BORROWINGS</b>	<b>182</b>	<b>170</b>

##### Non-current

Loans - Queensland Treasury Corporation	1,362	1,535
<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>1,362</b>	<b>1,535</b>

##### Reconciliation of Loan Movements for the year

<b>Loans - Queensland Treasury Corporation</b>		
Opening Balance at Beginning of Financial Year	1,705	1,859
Principal Repayments	(161)	(154)
<b>Book value at end of financial year</b>	<b>1,544</b>	<b>1,705</b>

The QTC loan market value at the reporting date was \$1,849,042. 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 2019

## Note 15. Provisions

	Notes	2019 \$'000	2018 \$'000
<b>Current</b>			
Long Service Leave		554	565
<b>TOTAL CURRENT PROVISIONS</b>		<b>554</b>	<b>565</b>
<b>Non-current</b>			
Long Service Leave		26	36
Refuse Restoration		278	278
<b>TOTAL NON-CURRENT PROVISIONS</b>		<b>304</b>	<b>314</b>

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.

## Details of movements in Provisions:

Class of Provision	Opening Balance as at 01/07/2018	Additional Provision	Decrease due to Payments	Remeasure- ment due to Discounting	Unused Amounts Reversed	Closing Balance as at 30/06/2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Long Service Leave	601	47	(68)	-	-	580
Refuse Restoration	278	-	-	-	-	278
<b>TOTAL</b>	<b>879</b>	<b>47</b>	<b>(68)</b>	<b>-</b>	<b>-</b>	<b>858</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.

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end.

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 16. Asset Revaluation Surplus

	2019	2018
Notes	\$'000	\$'000

#### Movements in the asset revaluation surplus:

Balance at beginning of financial year	129,642	112,936
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#### Net adjustment to non-current assets at end of period to reflect a change in current fair value:

Airports	-	223
Buildings	-	6,071
Land	-	366
Parks and Recreational	-	287
Roads & Drainage	(3,600)	9,759
	(3,600)	16,706

#### Balance at end of financial year

126,042	129,642
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Reserve reduction in Roads & Drainage relates to road damage from a flood event.

#### Asset revaluation surplus analysis

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

Airports	223	223
Buildings	16,731	16,731
Land	1,164	1,164
Major Plant	101	101
Roads & Drainage	101,263	104,863
Water and Sewerage	6,560	6,560

#### Balance at end of financial year

126,042	129,642
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## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### 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 2019 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 \$0.00.

#### Note 18. Superannuation

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The superannuation expense for the reporting period is the amount of the contribution the Council makes to the the superannuation plan which provides benefits to its employees.

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 LGIA super trust.

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### Note 18. Superannuation (continued)

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2021.

The most significant risk that may result in LGIA super increasing the contribution rate, on 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 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Paroo Shire Council made less than 4% of the total contributions to the plan in the 2018-19 financial year.

	Notes	2019 \$'000	2018 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		7	7
Other superannuation contributions for employees		564	523
Total superannuation contributions paid by Council for employees	5	571	530
			2020 \$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2019-20			7

## Paroo Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2019

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

	Notes	2019 \$'000	2018 \$'000
Net operating result from Income Statement		782	(163)
Non-cash items			
Depreciation and Amortisation		7,087	7,005
		<u>7,087</u>	<u>7,005</u>
Net Losses/(Gains) on Disposal of Assets		18	(19)
Capital Grants and Contributions		(6,133)	(4,399)
		<u>(6,115)</u>	<u>(4,418)</u>
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		962	1,422
Increase/(Decrease) in Provision for Doubtful Debts		6	2
(Increase)/Decrease in Inventories		(36)	(28)
Increase/(Decrease) in Payables and Accruals		(549)	(187)
Increase/(Decrease) in Other Liabilities		73	(44)
Increase/(Decrease) in Employee Leave Entitlements		(21)	(40)
		<u>435</u>	<u>1,125</u>
Net cash provided from Operating Activities		<u>2,189</u>	<u>3,549</u>

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

	As at 30-Jun-18 \$'000	Cashflows \$'000	Non-Cash Changes (New Leases) \$'000	As at 30-Jun-19 \$'000
Loans	1,705	(161)	-	1,544
	<u>1,705</u>	<u>(161)</u>	<u>-</u>	<u>1,544</u>

	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 2019

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

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Events that occur after the reporting date of 30 June 2019, 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 2019.

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

No events have been identified as having arisen after the Reporting Date that impact these financial statements.

#### 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.

The Council's audit committee (or other appropriate oversight body) oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council audit committee (or other appropriate oversight body) is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee (or other appropriate oversight body).

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

#### 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.

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

	Notes	2019 \$'000	2018 \$'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	10,596	7,395
Receivables - Rates	9	555	565
Receivables - Other	9	1,235	2,193
		<u>12,386</u>	<u>10,153</u>
<b>Other Credit Exposures</b>			
Local Government Workcare		-	166
		<u>-</u>	<u>166</u>
<b>Total</b>		<u>12,386</u>	<u>10,319</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 2019

#### 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.

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2019 \$'000	2018 \$'000
Community Organisations	1	-
Sundry Debtors	961	1,701
<b>Total</b>	<b>962</b>	<b>1,701</b>

	2019 Not credit- impaired \$'000	2019 Credit- impaired \$'000	2018 \$'000
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A summary of the Council's exposure to credit risk for trade receivables is as follows:

Not Past Due	949	-	1,693
Past Due 31-60 Days	2	-	9
Past Due 61-90 Days	-	-	-
More than 90 Days	17	6	5
	<b>968</b>	<b>6</b>	<b>1,707</b>
Loss Allowance	(6)	(6)	(6)
<b>Total</b>	<b>962</b>	<b>-</b>	<b>1,701</b>

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

##### *Expected credit loss assessment as at 1 July 2018 and 30 June 2019*

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2019:

	2019 Weighted- average loss rate %	2019 Gross carrying amount \$'000	2019 Loss allowance \$'000	2018 Credit- impaired (Y/N)
Not Past Due	0.00%	949	3	N
Past Due 31-60 Days	0.00%	2	-	N
Past Due 61-90 Days	0.00%	-	-	N
More than 90 Days	0.00%	23	9	N
<b>Total</b>		<b>974</b>	<b>12</b>	

Loss rates are based on actual credit loss experience over the past ten years. These rates are multiplied by escalation factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

The movement in the allowance for impairment in respect of trade receivable during the year was \$6,337.

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

	Notes	2019 \$'000	2018 \$'000
<b>Receivables</b>			
Fully Performing		828	606
Past due:			
- Less than 30 days overdue		949	1,693
- 31 to 60 days overdue		2	8
- 61 to 90 days overdue		23	457
- Impaired		(12)	(6)
<b>Total</b>	9	<b>1,790</b>	<b>2,758</b>

## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

##### 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.

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

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

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. 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>2019</b>					
Trade and Other Payables	1,953	-	-	1,953	1,953
Loans - QTC	279	1,116	451	1,846	1,544
	<u>2,232</u>	<u>1,116</u>	<u>451</u>	<u>3,799</u>	<u>3,497</u>
<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>

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.



## Paroo Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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.

The impact of the result which is estimated to be \$92,000 (2018: \$56,000) 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 2019

#### Note 23. Transactions with Related Parties

##### (a) Associates

###### Transactions with Associates

	Details	Amount of transactions during year
		\$'000
<b>2019</b>		
<b>Associates Total</b>	i	-
<b>2018</b>		
<b>Associates Total</b>	i	20

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
		\$'000
<b>2019</b>		
Employee expenses for close family members of KMP	ii	216
Purchase of materials & services from entities controlled by KMP	iii	83
Payments to non-profit organisations a KMP is a controlling member	iv	15
		314
<b>2018</b>		
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
		1,260

- 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 87 staff of which 3 were family members of KMP.
- iii Paroo Shire Council purchased funeral services, postage, work wear 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 2019

#### 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 Corporate Officer, Chief Finance Officer, and Managers.

The compensation paid to Key Management Personnel comprises:

	2019 \$'000	2018 \$'000
Short-Term Employee Benefits	1,142	1,407
Post-Employment Benefits	78	72
Long-Term Benefits	94	92
<b>Total</b>	<b>1,314</b>	<b>1,571</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 2019

### Management Certificate

for the year ended 30 June 2019

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 39, 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

**MAYOR**

11 October 2019



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Emil Moul

**CHIEF EXECUTIVE OFFICER**

11 October 2019

## 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 2019, 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 2019, 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 Paroo Shire Council's annual report for the year ended 30 June 2019, 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 2019:

- 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.



14 October 2019

Carolyn Dougherty  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## Current Year Financial Sustainability Statement for the year ended 30 June 2019

	Actual 2019	Target 2019
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### Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets.

### Performance Indicators

#### 1. Operating Surplus Ratio

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

Total Operating Revenue (excluding capital items)

**-34.93%**    **0 - 10%**

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

#### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

**70.86%**    **more than 90%**

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

#### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

**-60.90%**    **less than 60%**

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

### Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2019.

#### 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 2019

### Certificate of Accuracy for the year ended 30 June 2019

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

**MAYOR**

11 October 2019



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Emil Moul

**CHIEF EXECUTIVE OFFICER**

11 October 2019

## 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 (the council) for the year ended 30 June 2019 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 2019 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 2019, 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.



14 October 2019

Carolyn Dougherty  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## Paroo Shire Council

### Long-Term Financial Sustainability Statement

prepared as at 30 June 2019

	Target 2019	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
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#### Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets.

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items)

Total Operating Revenue (excluding capital items)

0 - 10%	-34.93%	-25.0%	-24.9%	-23.7%	-22.2%	-20.7%	-19.0%	-17.6%	-16.1%	-14.6%	-10.0%
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An indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

##### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

> 90%	70.86%	196.6%	76.2%	77.2%	79.9%	81.1%	80.2%	72.8%	71.7%	74.3%	95.0%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

##### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

< 60%	-60.90%	-38.2%	-42.8%	-47.4%	-51.4%	-55.4%	-61.0%	-71.2%	-82.8%	-93.2%	-82.0%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

## Long-Term Financial Sustainability Statement

### Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2019

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

**MAYOR**

11 October 2019



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Emil Moul

**CHIEF EXECUTIVE OFFICER**

11 October 2019





*'A Different Perspective' by K Guttie*  
2019 #ParooPride Photography Competition  
Special Mention (Adult Category)



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# APPENDICES

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## ACRONYMS INDEX

ACRONYM	DETAILS
AASB	Australian Accounting Standards Board
ANZAC	Australian and New Zealand Army Corps
APES	Accounting Professional and Ethical Standards
APV	Australian Pacific Valuers
ATO	Australian Tax Office
CCTV	Closed-Circuit Television
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
IT	Information Technology
KMP	Key Management Personnel
LGM	Local Government Mutual
PPRR	Prevention, Preparedness, Response and Recovery
PSC	Paroo Shire Council
QAO	Queensland Audit Office
QTC	Queensland Treasury Corporation
RSL	Retired Services League
SES	State Emergency Service
STP	Sewerage Treatment Plan
SWIN	South West Indigenous Network
TMR	Transport and Main Roads
WWTP	Waste Water Treatment Plant
YOMSCI	Yowah Opal Miners Community Inc.

## LEGISLATIVE COMPLIANCE INDEX

REQUIREMENTS		DETAILS	PAGE/S
<b>Local Government Act 2009</b>			
Section 41	<b>Beneficial enterprises</b>		32
Section 45	<b>Significant business activities</b>		30
	a. List of all the business activities		
	b. Identification of significant business activities		
	c. Statement of competitive neutrality application		
	d. Statement of significant business activities not conducted in preceding year		
Section 201	<b>Remuneration</b>		30
	1. The annual report for a local government must state:		
	a. 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		
	b. the number of employees in senior management who are being paid each band of remuneration		
	2. The senior management, of a local government, consists of the Chief Executive Officer and all senior executive employees of the local government		
	3. Each band of remuneration is an increment of \$100,000		
	4. 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		
<b>Local Government Regulations 2012</b>			
Section 182	<b>Preparation of Annual Report</b>		<input checked="" type="checkbox"/>
	Adopt Annual Report within one month after the QAO provides certification		
	Annual Report placed on council website within 2 weeks of adoption		
Section 183	<b>General Purpose Financial Statements</b>		40
	a. General purpose financial statement for the financial year, audited by the Auditor-General		
	b. Current-year financial sustainability statement for the financial year, audited by the auditor-general		
	c. Long term financial sustainability statement for the financial year		
	d. Auditor-General's audit reports about the general purpose financial statements and the current year sustainability statement		
Section 184	<b>Community Financial Report</b>		36
	The community financial report for the financial year		
Section 185	<b>Resolutions</b>		29
	a. A copy of the resolutions made during the financial year under s250(1) - expense reimbursement policy		
	b. A list of any resolutions made during the financial year under s206(2) - non-current physical assets		

REQUIREMENTS		DETAILS	PAGE/S
<i>Local Government Regulations 2012</i>			
Section 186	<b>Councillors</b>		
	a.	Total remuneration, including superannuation contributions	29
	b.	Expenses incurred by, and the facilities provided	29
	c.	Number of local government meetings attended	28
	d, e, f.	Number of orders, recommendations and complaints	28
Section 187	<b>Administrative action complaints</b>		31
	1a to 2b	Statements, processes and number of administrative action complaints	
Section 188	<b>Overseas travel</b>		32
	1a to 2b	Inclusion of official overseas travel made by a councillor or local government employee	
Section 189	<b>Expenditure on grants to community organisations</b>		33
	a.	Expenditure on grants to community organisations	
	b.	Expenditure from each councillor's discretionary fund, including	
	i.	the name of each community organisation to which an amount was allocated from the fund; and	
Section 190	ii.	the amount and purpose of the allocation	
	<b>Other contents</b>		
	1a	Assessment of progress towards implementing the 5-year corporate plan and annual operational plan	24
	1b	Assessment of operations and performance in the financial year	24
	1c	Operations report for each commercial business unit	N/A
	1d	Expenditure on, a service, facility or activity	32
	i.	supplied by another local government	N/A
	ii.	for which special rates or charges were levied	
	1e	Number of invitations to change tenders under s228(7)	32
	1f	A list of the registers kept	31
	1g	Summary of all rates and charges concessions	32
	1h	Report on the internal audit	30
	1i	Summary of investigation notices under s49 for competitive neutrality complaints	32
	1j	Responses to competitive neutrality complaints under s52(3)	N/A
	2a to 2d	Annual operations report for a commercial business unit	N/A
Section 176C	<b>Action after preliminary assessments</b>		N/A
Section 180	<b>Taking disciplinary action</b>		N/A
Section 181	<b>Inappropriate conduct</b>		N/A

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# COUNCIL

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## CONTACT INFORMATION

### TELEPHONE

Main Office:	07 4655 8400
Visitor Information Centre:	07 4655 8470
Cunnamulla Library:	07 4655 8490
A/H Water and Sewerage:	0428 764 362
A/H General Emergencies:	0457 731 540

### FACSIMILE

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