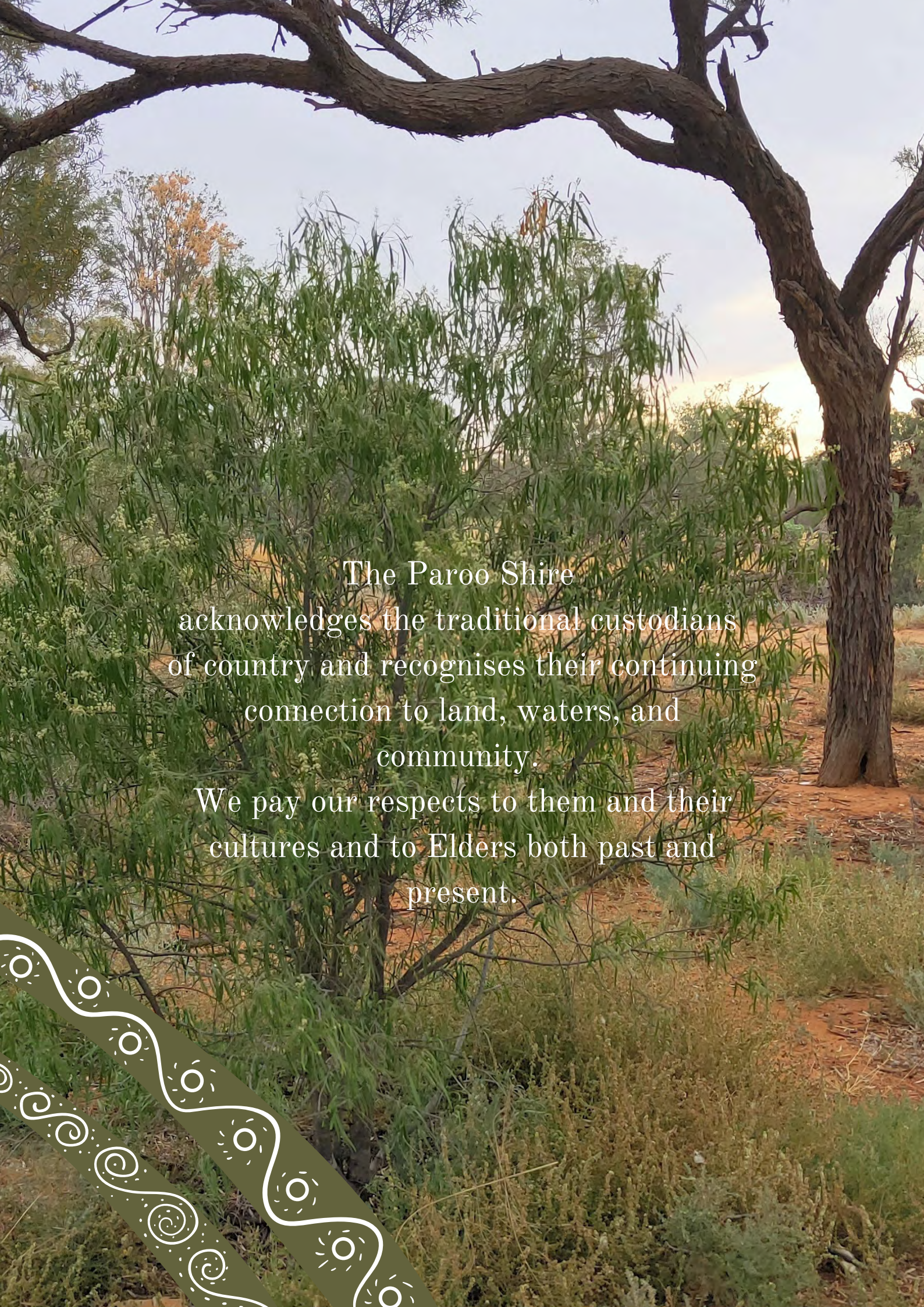




Presented on
November 2021

ANNUAL REPORT





The Paroo Shire
acknowledges the traditional custodians
of country and recognises their continuing
connection to land, waters, and
community.

We pay our respects to them and their
cultures and to Elders both past and
present.



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INTRODUCTION

TO OUR ANNUAL REPORT

This Annual Report, for the financial year 1 July 2020 to 30 June 2021 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 2021.



CUNNAMULLA



Located on the banks of the Warrego River is the delightful town of Cunnamulla. Established at the crossroads of the Mitchell Highway (Matilda Way) and the Adventure Way, it's rich in history and culture

WYANDRA



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

EULO



Eulo, a quaint charming town located 68 kilometres west of Cunnamulla. Unique to the Shire and slightly west of Eulo lays a natural phenomenon known as The Mud Springs, which are release valves for the Great Artesian Basin.

YOWAH



Yowah is a living opal gallery, with 90 percent of residents being small scale miners. Yowah Opals are world renowned for their beautiful colours and magnificent patterns. Opals are created by nature, with water playing a large part of the formation.

MESSAGE FROM THE MAYOR



Message from the Mayor

When reflecting on the 2020/2021 financial year, it has been a busy twelve months for the Paroo Shire Council and much has been achieved. Two major projects were completed, namely; the Civic and Community Enterprise Centre and the Cunnamulla Wastewater Treatment Plant. Both facilities were enabled through funding from the State Government and they will serve the community well into the future. It was a proud day in March for everyone involved when the two facilities were officially opened.

The first half of the year saw a continuation of the border closure with NSW, however, when Queensland was opened up to unlimited travel for residents within the state, Paroo Shire along with many other rural and remote Councils saw an influx of visitors. Increased tourist numbers together with a brighter outlook for rural producers has provided an environment in which local businesses can feel more confident about their future.

The Council endeavours to support local business and economic development through its digital connectivity project which is ongoing and the production of an investment prospectus for the Shire as well as one for the south west region. These documents were produced as part of a Department of State Development funded project delivered through SWRED and marketing of the region to attract investment will continue throughout the coming months.

Local contractors and Council work crews have been engaged throughout the year completing scheduled repairs to flood damaged shire roads and improvements to other roads under the Transport Infrastructure Development Scheme and the Roads to Recovery program. This type of work is an important part of achieving one of the Council's priority areas of building and maintaining the Shire's infrastructure. Another strong focus throughout the year has been creating a sustainable Council and this report will show the result of work carried out in this area with some improvement to our sustainability measurement.

On behalf of my fellow Councillors and myself, I would like to acknowledge the work undertaken by staff throughout the year and thank them for their commitment. Together we will continue to serve the Paroo Shire community and work towards providing for the future.

MESSAGE FROM THE CEO



Message from the CEO

September 2020 saw my re-entry into the Paroo Shire Council team, where I was met with an organisation facing many challenges, none of which unique to Paroo; and a workforce craving direction and guidance. Focusing on getting back to basics was crucial in establishing a positive workforce with direction, goals and motivation.

2020-2021 has been an incredible year of showcasing our agility and flexibility as Council navigated through the everchanging scenery of COVID-19 and assisted the Queensland Police Service in the response to the State imposed border closures. We were able to assist local businesses prepare and keep our community safe and updated with the latest information.

Through the challenges we successfully completed our projected works programs and delivered some vital infrastructure projects in Cunnamulla; namely the Cunnamulla Sewerage Treatment Plant & Network Relining and the Cunnamulla Civic and Community Enterprise Centre, a total of \$15 million worth of investment to our Community, generously funded by the State Government.

Other projects delivered include the Community Safety initiative through the CCTV project covering Cunnamulla, Eulo and Wyandra, the Cunnamulla Swimming Pool Relining, John Kerr Park Facilities Upgrade, Wyandra Beautification Project and various roadworks under the TIDS and Roads 2 Recovery initiatives.

Focus remains as we move forward with investment into our people and our culture. Prioritising growth and development into our workforce and our community remains a top priority. We will be lobbying for improved connectivity and housing opportunities as well as building a stronger tourism profile inclusive of many offerings.

ELECTED

MEMBERS



Mayor, Suzette Beresford

0427 551 191

suzette.beresford@paroo.qld.gov.au



Deputy Mayor, Cr Rick Brain

0400 088 013

rick.brain@paroo.qld.gov.au



Councillor, Joann Woodcroft

0427 551 230

joann.woodcroft@paroo.qld.gov.au



Councillor, James Clark

0499 099 700

james.clark@paroo.qld.gov.au



Councillor, Patricia Jordan

0427 551 452

patricia.jordan@paroo.qld.gov.au



OUR ORGANISATION STRUCTURE





OUR ORGANISATION

EXECUTIVE TEAM



Chief Executive Officer
Cassandra White



Director Community Support & Engagement
Tony Koch



Director of Infrastructure
Mursaleen Shah



Governance Manager
Melanie Wicks





COUNCIL STAFF

Snapshot

Council has been emphasizing inclusion and targeting a culture that embraces unique ideas, perspectives, experiences and people. We believe in investing in our community through trainee and apprenticeships, upskilling and working with our people to reach their goals.

Safety and Wellbeing

Council strongly promotes Safety throughout our workforce. Embedding a culture of Safety and ensuring a safe work environment is of utmost importance. Continued training and development, along with monitoring and review will be undertaken to ensure we maintain the highest level of safety protecting our employees and the community.

Council subscribes to an Employee Assistance Program that is available 24 hours a day 7 days a week to all staff and their families as required.

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. We aim to formally recognise and introduce more Community Ambassador volunteer roles throughout our teams into the future.

Ethical Framework - Code of Conduct

In keeping true to our values, Council's Code of Conduct provides a framework for behaviour, actions and decisions, whilst promoting 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, Contractors, and Subcontractors.

Staff:

59 Full Time Employees

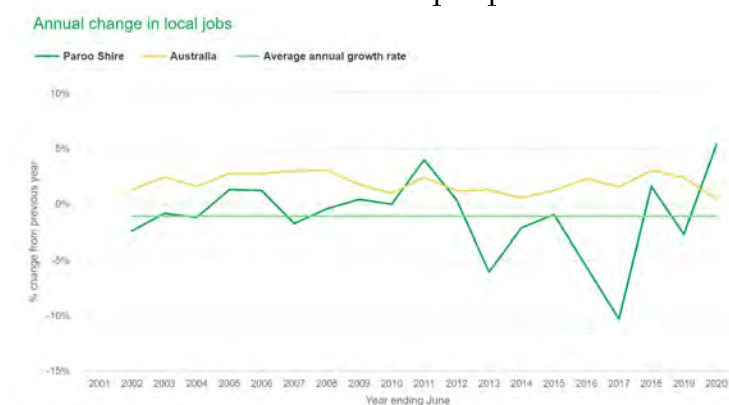
21 Part Time or Casual Employees

4 Apprentices and Trainees

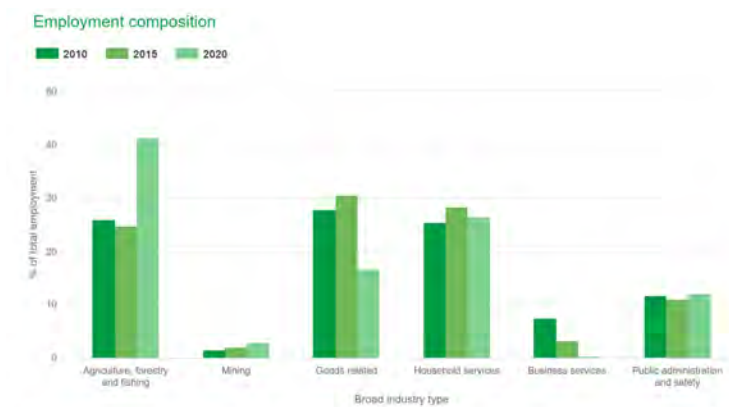
PAROO SHIRE

SNAPSHOT

Comprising of four small towns Cunnamulla, Eulo, Wyandra and Yowah boasting a total population of 1,554 people; the Paroo Shire, situated in South West Queensland covers 47,688 square kilometres and is home to the language groups of the Bidjara, Budjiti, Kooma, Kullilli, Kunja, Mardigan and Moorawarri people



The jobs to residents ratio for Paroo Shire in 2020 was 1.04, meaning that there were more jobs than resident workers.



There are 257 registered businesses with 23% of Paroo Shire resident workers holding a tertiary qualification.



PAROO SHIRE COUNCIL

OUR PURPOSE, OUR GOALS, OUR VALUES

Vision

Paroo Shire is committed to being progressive in thought and action, where our inclusive communities provide unique places for people to live, visit and prosper.

Mission

To improve the Paroo Shire's assets and amenities, act as a custodian of culture and the environment, and foster sustainable development and innovation.

Values

In making and implementing our decisions we will be guided by the principles of integrity, efficiency and continuous improvement and exhibit the following values:

P – PRIDE

A – ACCOUNTABILITY

R – RESPECT

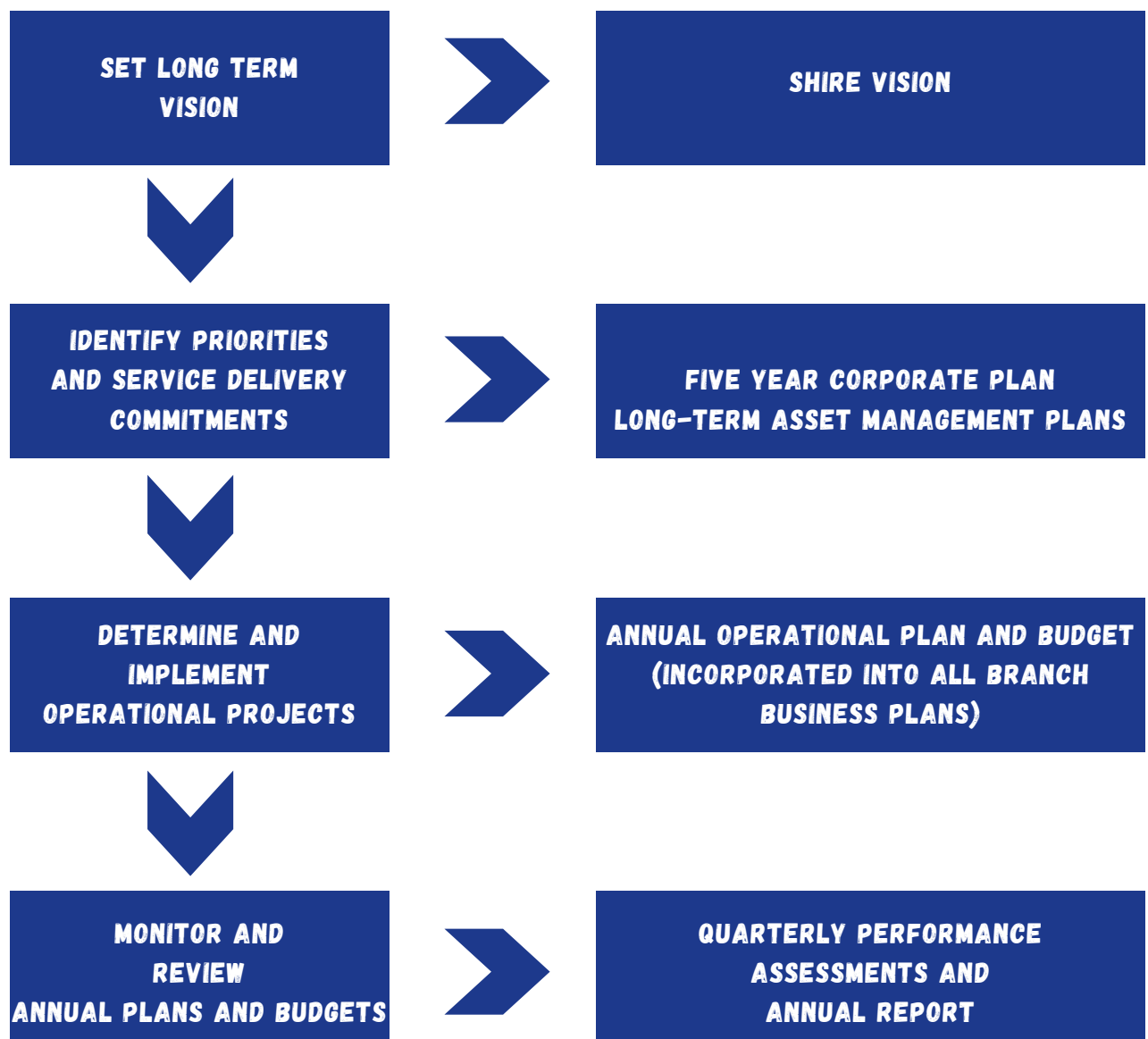
O – OPEN AND TRANSPARENT

O – OPPORTUNITIES FOR EMPLOYMENT

S – SAFETY

C – COMMITMENT

COUNCIL'S STRATEGIC PLANNING FRAMEWORK



TOURISM

VISITOR NUMBERS

Visitor numbers were still strong given the lockdowns and COVID-19 disruptions. In the 2020-2021 financial year there were 25,977 visitors through the door.

- Visitor Numbers - Place of Origin
 - 55% Did not specify
 - 31% Queensland
 - 5% NSW
 - 3% Locals
 - 3% Victoria
 - 3% Other



LIBRARIES

PROGRAMMES AND EVENTS

The Paroo Shire Libraries remain an integral part of the community providing programs and support for all age groups. During the unprecedented months of COVID-19 closures, the Library staff maintained their high service levels, ensuring Community remained connected and continued reading by developing partnerships with local providers to deliver books and loaned items to Library patrons. Face to Face programs transitioned to online mediums where both children and adults remained engaged.

- Library Numbers
 - 13,703 Attendees
 - 374 Weekly programs
 - Partnered with 9 organisations
 - 1,612 Attendees participating in programs
 - \$17,00 in Grants





COMMUNITIES

WILD DOG AND FERAL ANIMAL CONTROL

Wild Dog and Feral Animal control remains a high priority for Paroo Shire. 2 baiting campaigns were conducted November 2020 and May 2021 across 175 properties. A total of 22,268 kilograms of wild dog baits were distributed aurally and by ground. A total of 6,285 kilograms of pig baits were distributed aurally, while 85 wild dog scalps were handed into council for bounty collection.

Queensland Feral Pest Initiative (QFPI) funded the Paroo Pest Project enabling wild dog management and control activities to be completed in December 2020. The wild dog trappers employed under the project eradicated 109 wild dogs from the Paroo Shire, while 36 bait drying racks were manufactured by Youngs Welding Works and were distributed to the appropriate bait preparation areas. The Paroo Shire's bait chiller was repaired under this funding.

SQ Landscapes provided \$35,000 in funding to the Paroo Shire for wild dog and feral animal control for the Lower Paroo Catchment area to help protect the Currawinya Ramsar Wetlands under the Regional Land Partnership Program.

QFPI partnered with SQ Landscapes to provide the Paroo Shire and additional \$35,100 which was used toward training and accreditation of 12 participants, mainly private individuals to gain certification to Apply Poison Baits for Vertebrate Pest Animal Control. This included the AC/DC Chemical Handling and Transport Competency required under the Drugs and Poisons Act. Paroo Shire engaged the services of Ballistic Training Solutions to conduct the training which was conducted over 4 days (2 x 2-day blocks) 17th and 18th May for the AC/DC component and 27th and 28th June for the AHCPMG312 Apply Poison Baits for Vertebrate Pest Animal Control. The AHCPMG312 course concluded with the participants administering 700 kilograms of meat with dog strength 1080 (10mg/ml). The baited meat was distributed between 7 landholders that had been experiencing increased levels of wild dog activity on their properties. The Paroo Shire Council was able to get another council employee accredited under the project to be able to administer 1080.

OUR PERFORMANCE

Plans and Progress

CEO's Assessment of Progress

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

The Corporate Plan is a legislative requirement under the Local Government Act 2009 Section 104 and the Local Government Regulation 2012 section 165, which 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. Greater community consultation will be undertaken to ensure community expectations are met and allow Council to learn from the community where their needs lay.

One impacting factor to successfully achieving our goals is a ensuring stability among the workforce. Although turn-over of staff is inevitable, a concerted effort has been made in ensuring stability through ongoing employment opportunities, training opportunities, providing a positive and inclusive workplace and one of which were employees feel valued and heard.

Currently Council are updating the Asset Management Plans which outline specifics on replacement/maintenance and outline service delivery expectations across our asset base and the community. We have implemented and are continuing to further develop and implement a variety of workforce plans. These plans are used as the basis for drafting the annual budget and ensuring we are delivering on our promises. Planning assists in reduction of wasted resources and provides a direction for staff without interruption.

Our Economic Development Strategy was developed using key information from the Corporate Plan and Economic Development plan. This ensures enhanced future economic viability of the shire. Active steps have been taken in the attraction toward new investment opportunity and supporting existing business. A large factor in investment and business growth is Connectivity which has been heavily under advocacy these last 12 months and is gaining positive momentum.

LOOKING AHEAD TO THE NEXT 12 MONTHS

Managing Council as a Business

Managing Council in a sustainable manner

- Provide and maintain skilled workforce
- Enhancing the Customer Service Experience
- Ensuring a safe and complaint environment
- Finesse Procurement activities
- Improve Council efficiencies
- Review and Develop Compliance documents
- Manage Debt Recovery



LOOKING AHEAD TO THE NEXT 12 MONTHS

Building our Community

Boast a Community that is safe, happy, resilient and able to meet its potential, both individually and as a whole

- Develop a focused approach to Housing
- Provide Cultural Awareness Framework for all Council Employees
- Build positive partnerships with providers and stakeholders
- Grow opportunity of Economic Development
- Continue to lobby for and develop opportunities
- Develop partnerships with Indigenous Tourism providers
- Continue to provide high level Pest and Weed management strategies and activities
- Actively participate in regional advocacy and lobbying campaigns
- Provide support and connection to our Community
- Extend Tourism opportunities
- Continue to provide vital services to the Community through our Library facilities and educational programs
- Investigate opportunities for each town within Paroo Shire to become RV Friendly



LOOKING AHEAD TO THE NEXT 12 MONTHS

Managing our Assets

Ensure Council infrastructure and assets are well maintained and managed to ensure capability, capacity, and service performance which meet Community service expectations

- Investigate opportunities of water and storm water management
- Develop and Implement Asset Management Plans
- Actively undertake preventative maintenance and scheduling on Councils asset base
- Investigate green energy and recycling opportunities
- Deliver high quality capital works program to agreed levels of service
- Undertake review of service levels and implement long-term service level strategy



LOOKING AHEAD TO THE NEXT 12 MONTHS

External Works

Deliver agreed infrastructure and asset management outcomes for external stakeholders

- Implement high quality Contract and Project Management delivery
- Ensure quality delivery of all projects and programs

Renewal, Upgrade and Creation of our Assets

Ensure Councils infrastructure and assets meet the service requirements of the community and future generations




- Maintain and improve housing, community facilities and services to meet community needs and aspirations
- Increase the footprint and quality of digital connectivity across Paroo Shire including upgrade to internal Council digital connectivity
- Road/Air Connectivity
- Explore opportunities for Waste Recycling








OUTCOMES OF THE 2020-21 Operational Plan

Office of the CEO






Status

- Develop a suite of policies to cover attendance/timesheets, leave, overtime, higher duties 
- 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 

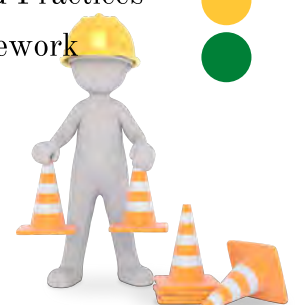
Financial Management

- Finalise 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 service areas, programs and projects 
- Embed better practice procurement framework and controls, in line with council's Procurement Policy 
- Improve Council Governance through review of master file data 

Corporate Governance

- Identify and implement improvements in conjunction with Audit functions 
- Review Councils Risk Register Management Policy and Framework 
- Embed better practice Risk management protocols in line with policy 
- Review & further enhance Councils Business Continuity Protocols and Practices 
- Implement better practice information management and security framework 

-  Not Completed
-  Ongoing
-  Completed



OUTCOMES OF THE 2020-21 Operational Plan

Liveability of the Community

Status

- Review and implement better practice for the identification, approval and remittance of community grants and donations



Community Assets and Services

- Improve management outcomes of services delivery of community assets
- Improve the standard of Community Housing through increased maintenance



Regulating Our Community

- Review and update Council's Local Laws and protocols to achieve a higher level of understanding of service areas for enforcement
- Embed better practice protocols for the management of policies, local laws and directives



Community Brand and Resilience



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





OUTCOMES OF THE 2020-21 Operational Plan

Essential Services




Status

- Planning, and design of an upgraded WWTP facilities (subject to funding). 
- Investigation of long-term options for waste management and recycling within Paroo Shire. 



Maintaining and Operating our Assets and Services

- Develop a Shire Road Maintenance Plan with annual program of works based on a road hierarchy. 
- Develop and deliver programs of works across all infrastructure and assets to maintain agreed levels of service. 

Managing Delivery of our Assets and Services

- Revaluation of Water & Building assets 
- 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 
- Review and enhance program and project management practices, processes to ensure effective delivery of Flood rehabilitation works 

-  Not Completed
-  Ongoing
-  Completed




OUTCOMES OF THE 2020-21 Operational Plan

External Works cont.

Status

- Evaluate upgrade of John Kerr Park and determine what is still to occur
- Upgrade existing western river walk to commence eastern side river walk
- Upgrade and renew existing water meters
- Delivery of the 20/21 Road Plan
- Plan and commence building the Cunnamulla Hot Springs and River Walk
- Manage the renewal of the Community and Civic Centre



-  Not Completed
-  Ongoing
-  Completed



STATUTARY INFORMATION

Councillor Attendance at Council Meetings

As required under Section 186(c) of the Local Government Regulation 2012, the table below details the number of local government meetings each Councillor attended during the financial year ending 30 June 2021.

Councillor Name	21/07/2020	4/08/2020	18/08/2020	15/09/2020	13/10/2020	27/10/2020	17/11/2020	15/12/2020	21/01/2021	16/02/2021	16/03/2021	23/03/2021	20/04/2021	24/05/2021	15/06/2021	Total Meetings Attended
Cr S Beresford	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15/15
Cr R Brain	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15/15
Cr J Woodcroft	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15/15
Cr P Jordan	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	13/15
Cr J Clark	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	14/15

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 the 2020-21 financial year.

Councillor Remuneration and Expenses

Councillor	Position	Salary	Superannuation	Vehicle	Total
Suzette Beresford	Mayor	81,438.50	-	11,000	92,438.50
Rick Brain	Councillor	39,404.75	-	-	39,404.75
James Clark	Councillor	30,934.75	-	-	30,934.75
Patricia Jordan	Councillor	30,934.75	-	-	30,934.75
Joann Woodcroft	Councillor	30,934.75	-	-	30,934.75
Total		213,647.50	-	-	224,647.50

Paroo Shire Council Mayor and Councillors were remunerated in accordance with the Local Government Remuneration and Discipline Tribunal. Elected members chose to not receive the full amount available to them as outlined in Resolution M20/043

STATUTORY

Information

Executive Management Team Remuneration

The total actual remuneration for the senior executives including salary, superannuation, motor vehicle allowance, rental assistance, short term benefits & long term benefits for the 2020 - 2021 financial year were \$646,863.67

Remuneration Range	Number of Executive Team Paid
\$000,001.00 < \$100,000.00	4
\$100,001.00 < \$200,000.00	2
\$200,001.00 < \$300,000.00	0
\$300,001.00 < \$400,000.00	0





STATUTORY

Information

Particular Resolutions

- RES.M20/118 That the RADF Community Advisory Committee recommended the projects from ROUND 3 2020 RADF Funding held on Monday the 29th June 2020 be approved and adopted.
- RES.M20/120 1. Paroo Wild Dog Advisory Committee requests Council to apply for an extension of 4 months for the remaining balance of \$22,200 of funding allocated to the wild dog trapping program. 2. Paroo Wild Dog Advisory Committee requests Council to reallocate the unspent \$14,000 funding as follows: \$6,000 to the purchase of baiting racks, \$6,000 to the purchase of collapsible vegetable crates (subject to the cost) and the remaining \$2,000 to the purchase of injectors, service kits and freight.
- RES.M20/124 Council resolve to apply to the Office of Industrial Relations for the 2021 Paroo Shire Council Show Holiday.
- RES.M20/127 That Council receive and note the Motion “Carbon Farming Initiative – Amendments to address Local Government Issues” and move that the motion be submitted to LGAQ for inclusion in the proceedings of the 2020 Conference.
- RES M20/136 That Council resolves to create a road reserve from Francis Street across Lot 1 RP892345 to the south-east corner of Lot 2 / RP167875 Ivan Street to be used as a legal access.
- RES.M20/155 Council resolved that the CEO write to the NAB to express Council’s disappointment in the reduction of services and requesting the installation of an ATM.
- RES.M20/161 That Council receive and note the report and endorse an application under FRRR for the Warrego River Cruise project.
- RES.M20/183 That Council approval for the two tower locations for Stage 2 of the Digital Connectivity project being Willacora and Thurulgoona, which has been funded from Building Our Regions (BoR) Round 5.
- RES.M20/184 That council adopt the updated Paroo Shire Council – Financial Delegations Policy.
- RES.M21/16 That Council: 1) confirm Council is committed to delivering Stage 2 of the Digital Connectivity Project; and 2) confirm Council acknowledges responsibility for any funding shortfall if costs or other contributing factors change.



STATUTORY

Information

Particular Resolutions

- RES.M21/18 That Council endorse the following: 1) Outback River Lights Event (April 2022) – in principle 2) Cunnamulla Fella Festival format.
- RES.M21/19 Council endorse the following projects be applied for in Round 5 Building Better Regions funding closing 5th March, 2021: 1. New Airport Terminal in Cunnamulla, 2. River Pontoon, Punt & Viewing Platform on the Warrego River at Cunnamulla; and 3. New Housing (1 x 3 bedroom house, 2 x 2 bedroom dual key duplexes).
- RES.M21/21 That Council receive and adopt RADF Round 2 2021 project funding allocations as recommended by the RADF Community Advisory Committee at its meeting held on 29th January, 2021: Queensland Blue Light– Cunnamulla Blue Light Corroboree Car - allocation of \$12,072.
- RES.M21/52 That Council supports the request of the Paroo Progress Association for the amount of \$25,000.00 toward the Cunnamulla Railway project to be funded from the Community Grants budget.
- RES.M21/70 That Council: 1. provide feedback regarding the Carbon Farming Study Terms of Reference; and 2. approve a budget allocation of \$5,000 towards the Carbon Farming Study in conjunction with SWQROC and State and Federal support.
- RES.M21/86 That Council: 1. allocate \$66,319 to fund the outstanding works on the Black Gate floodway; and 2. allocate funds to cover this expenditure.
- RES.M21/89 That Council endorse the proposed strategy outlined in the Interim report on the Waste Disposal Centre options.



STATUTORY

Information

Significant Business Activities

Council did not conduct any significant 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, with supporting Terms of Reference. During 2020 – 2021 the Committee has operated with the minimum allowed membership comprising of 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) as at June 2021 were:

Lyn Cooper (Chair) community member, finance, business practices.

Cr Suzette Beresford local government, governance, risk management, planning

Cr Patricia Jordon finance

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

During 2020-2021 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 of Paroo Shire Council and delivered an unqualified audit opinion on the financial statements for 2020-2021



STATUTORY Information

Administration Action Complaints

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 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	2
Number of complaints resolved in the year	2
Number of complaints not resolved at the end of the year	0
Number of complaints made in prior years and still not resolved	0



STATUTORY

Information

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)





STATUTORY

Information

Overseas Travel

No councillors or council employees travelled overseas in an official capacity during the 2020-21 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 2020-21 financial year.

Summary of all Concessions for Rates and Charges Granted

As required under Local Government Regulation 2012 (S190)

Pensioner Remissions

(Section 119 of the Local Government Regulation 2012) Council grants a remission of 20% 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 2020-2021 financial year Council provided concessions to pensioners to a total value of \$9,226.56

Pay on Time Discount

Council grant a discount of 10% of the general rates to those who pay their rates by the designated due date; in the 2020-21 financial year the cost of this initiative was \$166,436.

Competitive Neutrality Complaints

Council received no competitive neutrality complaints during the 2020-21 financial year.

STATUTORY

Information

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 2020-21 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 2020-21.

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.



STATUTORY

Information

Community Grants Expenditure

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

Organisation	Amount
• Cunnamulla RSL	500.00
• Noorama Picnic Race Club	5,123.47
• Cunnamulla Senior Citizens	5,523.20
• Paroo Shire Council Bursary	1,500.00
• Cunnamulla Amateur Swimming Club	1,000.00
• Life Line	228.60
• Eulo Gymkhana & Motorbike Club	5,700.00
• Full Boar Gymkhana	1,000.00
• Cunnamulla Show Society	9,221.07
• Wyandra & District Progress Association	2,000.00
• Wyandra Gymkhana - May 2021	323.92
• Cunnamulla Gun Club - May 2021	546.54
• Paroo Progress Association Inc	25,000.00

A total of \$57,666.80 was donated to community organisations for the 2020 - 2021 financial





FINANCES

Community Financial Report

About the Community Financial Report

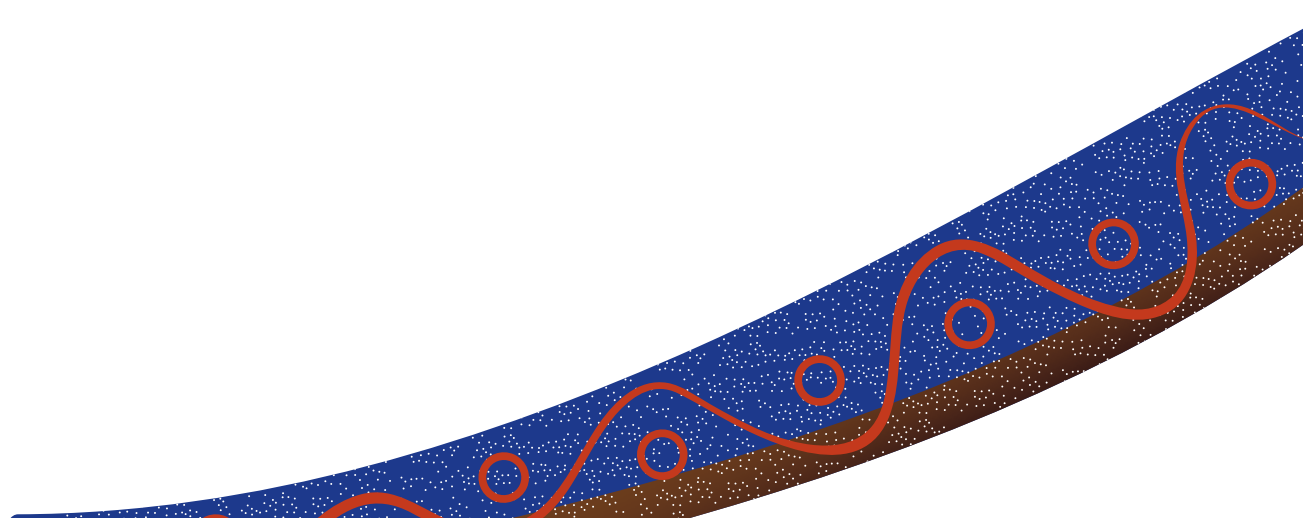
The community financial report aims to simplify Council's official financial statements by providing a visual representation of our financial performance for the period 1 July 2020 to 30 June 2021. Each report in Council's financial statements provides information on a specific aspect of our financial 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 2021).

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.





FINANCES

Community Financial Report

Statement of Comprehensive Income

The positive net result for the 2020 – 2021 financial year was \$4,959,196 compared to the Restated 2019 – 2020 result of \$4,421,210

Revenue and Expenses for the Past Two Financial Years

Revenue	2021 \$'000	2020 \$'000
Rates, levies & charges	4,061	3,901
Fees and charges	220	152
Rental income	162	175
Interest and investment revenue	173	187
Sales revenue	3,533	3,044
Other income	431	48
Grants, subsidies, contributions and donations	21,998	7,999
Total Revenue	30,579	15,506
Capital Revenue		
Grants, subsidies, contributions and donations	7,024	11,885
Total Income	37,603	27,391
Expenses		
Employee benefits	6,707	6,404
Materials and services	17,151	7,914
Finance costs	130	135
Amortisation		12
Depreciation	7,216	7,166
Capital Expenses		
(Gain)/Loss on disposal of property plant and equipment	1,440	1,339
Total Expenses	32,644	22,970
Net Result	4,959	4,421

FINANCES

Community Financial Report

Our Revenue

Throughout the 2020-21 financial year, Council received \$37.6 million in operating and capital revenues. The most significant contributors to revenue include:

- Operational grants, subsidies contributions and donations (\$21.99 million)
- Rates, levies and utility charges (\$4.06 million)
- Sales Revenue (\$3.5 million)
- Capital grants, subsidies contributions and donations (\$7 million).

A large amount of the grant revenue is attributed to Financial Assistance Grant & Road Works through QRA Funding.

Our Expenditure

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

Operating expenses during the 2020-2021 financial year were:

- Employee benefits (\$6.7 million)
- Materials and services (\$17.15 million)



FINANCES

Statement of Financial Position

Total Assets: What we own

The major components of our assets include:

- Property, plant and equipment (\$269 million)
- Cash (\$11.4 million)
- Trade and other receivables (\$1.94 million)

Total Liabilities: What we owe

The major components of our liabilities include:

- Loans (\$1.29 million)
- Trade & other payables (\$3.5 million).
- Contract liabilities (\$6.4 million)
- Provisions (\$.91 million)

Capital expenditure on plant, property and equipment was \$16,308 million for the year.



FINANCES

Statement of Financial Position

Statement in Changes of Equity

In the 2020-2021 financial year our net worth increased by \$1.94 million.

Statement of Cash Flows

The table below shows a comparison of how much we received and paid in each type of activities between 2020-21 and 2019-20 financial years.

Cash Flow Summary

Revenue	2021	2020
	\$'000	\$'000
Cash and cash equivalents at the beginning of the financial year	\$	\$
Net cash inflow (outflow) from operating activities	13,605	3,372
Net cash inflow (outflow) from investing activities	(13,859)	(2,485)
Net cash inflow (outflow) from financing activities	412	(173)
Cash and cash equivalents at end of the financial year	11,467	11,309





Paroo Shire Council Annual Financial Statements

For the year ending 30 June 2021

Paroo Shire Council

Financial Statements

For the year ended 30 June 2021

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Paroo Shire Council
Statement of Comprehensive Income
As at 30 June 2021

	Note	2021 \$	2020 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	4,061,346	3,901,138
Fees and charges	3(b)	220,259	152,278
Rental income		161,944	174,767
Interest and investment revenue		173,022	186,673
Sales revenue	3(c)	3,533,173	3,044,513
Other income		431,233	47,645
Grants, subsidies, contributions and donations	3(d) (i)	21,997,791	7,999,494
Total recurrent revenue		30,578,768	15,506,507
Capital revenue			
Grants, subsidies, contributions and donations	3(d) (ii)	7,024,416	11,884,981
Other capital income	4	-	-
Total capital revenue		7,024,416	11,884,981
Total income		37,603,184	27,391,488
Expenses			
Recurrent expenses			
Employee benefits	5	6,706,999	6,404,484
Materials and services	6	17,151,195	7,913,822
Finance costs		129,948	135,051
Depreciation and amortisation			
Amortisation		-	12,016
Depreciation	10	7,216,235	7,166,261
Total recurrent expenses		31,204,377	21,631,634
Capital expenses			
(Gain)/Loss on Disposal of Property Plant and Equipment	4	1,439,612	1,338,644
Total expenses		32,643,988	22,970,279
Net result		4,959,196	4,421,210
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus		(3,018,090)	3,122,827
Total other comprehensive income		(3,018,090)	3,122,827
Total comprehensive income for the year		1,941,106	7,544,037

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 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	7	11,467,449	11,309,104
Receivables	8	1,939,555	1,751,484
Inventories	9	797,892	704,454
Contract assets	11 (a)	3,908,458	42,546
Total current assets		18,113,354	13,807,589
Non-current assets			
Intangible assets		321,529	321,529
Property, plant and equipment	10	268,925,254	264,752,826
Total non-current assets		269,246,783	265,074,355
Total assets		287,360,137	278,881,944
Current liabilities			
Payables	12	3,552,357	2,051,062
Contract liabilities	11 (b)	6,426,577	2,276,879
Provisions	13	916,352	884,915
Borrowings	14	482,068	188,354
Total current liabilities		11,377,355	5,401,209
Non-current liabilities			
Provisions	13	865,391	422,886
Borrowings	14	1,291,297	1,172,860
Total non-current liabilities		2,156,687	1,595,746
Total liabilities		13,534,043	6,996,955
Net community assets		273,826,095	271,884,989
Community equity			
Asset revaluation surplus	16	126,147,078	129,165,167
Retained surplus		147,679,017	142,719,822
Total community equity		273,826,095	271,884,989

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

Paroo Shire Council
Statement of Changes in Equity
As at 30 June 2021

	Note	Asset revaluation surplus	Retained Surplus	Total
		\$	\$	\$
Balance as at 1 July 2020		129,165,167	142,719,822	271,884,989
Net operating surplus		-	4,959,196	4,959,196
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		(3,018,090)	-	(3,018,090)
Total comprehensive income for the year		(3,018,090)	4,959,196	1,941,106
Balance as at 30 June 2021		126,147,078	147,679,017	273,826,095
Balance as at 1 July 2019		126,042,340	141,579,201	267,621,541
Adjustment on initial application of AASB 15 / AASB 1058		-	(3,319,976)	(3,319,976)
Minor correction to opening balances	10	-	39,386	39,386
Restated balance at 1 July 2019		126,042,340	138,298,612	264,340,952
Net operating surplus		-	4,421,210	4,421,210
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		3,122,827	-	3,122,827
Total comprehensive income for the year		3,122,827	4,421,210	7,544,037
Balance as at 30 June 2020		129,165,167	142,719,822	271,884,989

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

Paroo Shire Council
Statement of Cash Flows
As at 30 June 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from customers		13,133,631	7,193,935
Payments to suppliers and employees		(21,731,738)	(11,971,417)
		(8,598,106)	(4,777,482)
Interest received		173,022	186,673
Rental income		161,944	174,767
Recurrent grants, subsidies, contributions and donations		21,997,791	7,922,972
Borrowing costs		(129,948)	(135,051)
Net cash inflow (outflow) from operating activities	20	13,604,702	3,371,879
Cash flows from investing activities			
Payments for property, plant and equipment		(16,247,201)	(13,418,933)
Proceeds from sale of property, plant and equipment		156,182	67,273
Capital grants, subsidies, contributions and donations		2,232,512	10,866,692
Net cash inflow (outflow) from investing activities		(13,858,508)	(2,484,968)
Cash flows from financing activities			
Drawdown of borrowings		742,226	-
Repayment of borrowings		(330,076)	(173,444)
Net cash inflow (outflow) from financing activities		412,150	(173,444)
Net increase (decrease) in cash and cash equivalents held		158,345	713,467
Cash and cash equivalents at the beginning of the financial year		11,309,104	10,595,638
Cash and cash equivalents at end of the financial year	7	11,467,449	11,309,104

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

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

1 Information about these financial statements

1.A Basis of preparation

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

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

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

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

1.B Date of authorisation

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

1.C New and revised Accounting Standards adopted during the year

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

1.D Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Standards issued but not yet effective are not considered to have a significant impact on Council's financial report.

1.E Estimates and judgements

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

Revenue - **Note 3**;

Valuation and depreciation of property, plant and equipment - **Note 10**;

Impairment of property, plant and equipment - **Note 10**;

Provisions - **Note 13**; and

Contingent liabilities - **Note 18**.

1.F Rounding and comparatives

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

1.G Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax, Goods and Services Tax ('GST') and payroll tax on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

1.F COVID-19

Council operations for the year ended 30 June 2021 have been impacted by the COVID-19 pandemic. The following steps were taken by Council in response to the pandemic during the year:

- Establishment of and support toward the state imposed hard border closure at the Barrington crossing
- Additional cleaning of public sites as well as closing, securing/locking and monitoring of public sites and access points
- Additional training exercises and DDMG/LDMG meetings to ensure full protection of the Shire and State
- Procurement of additional storage items, coffins and storage/coldroom facilities in preparation for 'worst case' scenario
- Procurement of additional PPE for staff and community

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

2 Analysis of Results by Function

(a) Components of Council functions

The activities relating to the Council's components reported on 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 and 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 and 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
As at 30 June 2021

- 2 Analysis of results by function
(b) Income and expenses defined between recurring and capital are attributed to the following functions:
Year ended 30 June 2021

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital								
	Other		Grants	Other							
	Grants	2021	2021	2021							
	\$	\$	\$	\$							
Corporate Services	4,668,860	1,714,597	112,557	-	6,496,014	(2,776,953)	-	(2,776,953)	3,606,504	3,719,061	18,574,555
Economic Development	3,364	135,617	246,477	-	385,457	(548,803)	-	(548,803)	(409,822)	(163,346)	359,171
Community Services	389,799	194,681	-	-	584,481	(1,069,288)	-	(1,069,288)	(484,808)	(484,808)	100
Env & Dev Services	216,724	739,173	-	-	955,898	(1,833,712)	-	(1,833,712)	(877,815)	(877,815)	784,954
Infrastructure Services	16,715,983	4,556,026	4,090,217	-	25,362,226	(23,520,440)	(1,439,612)	(24,960,052)	(2,248,431)	402,175	244,663,927
Water & Sewerage	-	1,243,942	2,575,166	-	3,819,108	(1,455,180)	-	(1,455,180)	(211,238)	2,363,928	22,977,430
Total	21,994,731	8,584,037	7,024,416	-	37,603,184	(31,204,377)	(1,439,612)	(32,643,989)	(625,609)	4,959,196	287,360,137

Year ended 30 June 2020

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital								
	Other		Grants	Other							
	2020	2020	2020	2020							
	\$	\$	\$	\$							
Corporate Services	4,350,959	(321,708)	618,519	-	4,647,770	(5,582,823)	-	(5,582,823)	(1,553,573)	(935,053)	14,397,870
Economic Development	-	172,536	64,610	-	237,146	(743,415)	-	(743,415)	(570,879)	(506,269)	211,985
Community Services	714,063	268,053	458,413	-	1,440,529	(1,026,584)	-	(1,026,584)	(44,468)	413,945	690,013
Env & Dev Services	13,385	902,302	-	-	915,687	(1,476,933)	-	(1,476,933)	(561,246)	(561,246)	420,163
Infrastructure Services	2,887,912	5,236,689	4,493,037	-	12,617,637	(12,255,992)	(1,338,644)	(13,594,636)	(4,131,391)	(976,999)	244,735,793
Water & Sewerage	-	1,282,317	6,250,402	-	7,532,719	(545,887)	-	(545,887)	736,430	6,986,832	18,426,120
Total	7,966,318	7,540,189	11,884,981	-	27,391,488	(21,631,634)	(1,338,644)	(22,970,279)	(6,125,127)	4,421,210	278,881,944

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

3 Revenue

	2021	2020
	\$	\$
(a) Rates, levies and charges		
General rates	2,449,492	2,276,205
Separate rates	211,745	200,201
Water	742,661	753,104
Sewerage	471,463	467,409
Waste Management	370,503	370,656
Total rates and utility charge revenue	4,245,864	4,067,574
Less: discounts	(184,518)	(166,436)
Total rates and utility charge revenue	4,061,346	3,901,138

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

(b) Fees and charges

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

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

	2021	2020
	\$	\$
Infringements	5,356	1,427
Other fees and charges	214,903	150,852
Total fees and charges	220,259	152,278

(c) Sales revenue

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

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

	2021	2020
	\$	\$
Road construction and recoverable works	2,963,846	2,531,938
Function sales	48	58,080
Other sales	569,279	454,495
Total sales revenue	3,533,173	3,044,513

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

(d) Grants, subsidies, contributions and donations

Grant income under AASB 15

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

The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

	2021 \$	2020 \$
(i) Operating		
General purpose grants	5,698,819	5,708,038
State government subsidies and grants (operating)	14,670,089	879,328
Commonwealth government subsidies and grants	1,625,823	1,378,952
Contributions	3,060	33,176
Total operating	21,997,791	7,999,494

(ii) Capital

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

	2021 \$	2020 \$
State government subsidies and grants (capital)	6,131,426	11,164,128
Commonwealth government subsidies and grants	892,990	720,854
Total capital	7,024,416	11,884,981

(iii) Timing of revenue recognition for grants, subsidies, contributions and donations

	Revenue recognised at a point in time		Revenue recognised overtime	
	2021 \$	2020 \$	2021 \$	2020 \$
Grants and subsidies	13,548,883	5,930,559	15,470,265	13,920,740
Contributions	3,060	33,176	-	-
	13,551,943	5,963,735	15,470,265	13,920,740

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

	Note	2021 \$	2020 \$
4 Capital income and expenditure			
Gain / (loss) on disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		156,182	67,273
Less: Book value of property, plant and equipment	10	(207,391)	(75,068)
		<u>(51,209)</u>	<u>(7,795)</u>
Write off of infrastructure assets	10	<u>(1,388,402)</u>	<u>(1,330,849)</u>
Total gain / (loss) on disposal of non-current assets		<u><u>(1,439,612)</u></u>	<u><u>(1,338,644)</u></u>
		2021 \$	2020 \$
5 Employee benefits			
Employee benefit expenses are recorded when the service has been provided by the employee.			
Total staff wages and salaries		4,918,233	4,839,129
Councillors' remuneration		245,070	248,970
Annual, sick and long service leave entitlements		916,928	940,362
Superannuation		543,252	544,637
		<u>6,623,483</u>	<u>6,573,098</u>
Other employee related expenses		359,133	362,570
		<u>6,982,615</u>	<u>6,935,668</u>
Less: Capitalised employee expenses		(275,616)	(531,183)
Total employee benefits		<u><u>6,706,999</u></u>	<u><u>6,404,484</u></u>
The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees.			
Councillors' remuneration represents salary paid in respect of carrying out their duties.			
Total Council employees at the reporting date:		2021	2020
Elected members		5	5
Administration and indoor staff		40	38
Depot and outdoors staff		44	43
Total full time equivalent employees		<u>89</u>	<u>86</u>

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

	2021 \$	2020 \$
6 Materials and services		
Expenses are recorded on an accruals basis as Council receives the goods or services.		
Advertising and marketing	66,694	79,184
Administration supplies and consumables	30,708	43,302
Audit of the financial statements by the Auditor-General	62,740	25,595
Building expenses	853,359	431,521
Communications and IT	283,817	297,495
Consultants	309,661	581,225
Contractors	27,291	23,922
Cost of goods sold	66,953	218,698
Cost of road construction and recoverable works	1,593,291	2,786,072
Councillors' expenses	17,297	17,397
Donations paid	56,858	10,812
Entertainment	2,614	533
Festivals and celebrations	39,380	15,167
Insurance	387,275	357,321
Legal expenses	29,274	57,050
Power	62,822	53,092
Programs funded	170,098	549,166
Repairs and maintenance	545,716	95,554
Road repairs and maintenance	10,275,087	743,207
Subscriptions and registrations	93,432	56,480
Valuations	108,030	60,911
Work health and safety	-	-
Other materials and services	2,068,800	1,410,118
Total materials and services	17,151,195	7,913,822

Total audit fees quoted by the QAO relating to the 2020-21 financial statements are \$48,000 (2020: \$67,110).

7 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash receipted but not banked at year end, and deposits held at call with financial institutions.

	2021 \$	2020 \$
Note		
Cash at bank and on hand	11,467,449	11,309,104
Balance per Statement of Financial Position and Statement of Cash Flows	11,467,449	11,309,104
Less: Externally imposed restrictions to cash	(i) 6,426,577	2,276,879
Unrestricted cash	5,040,872	9,032,225

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

(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent grants and subsidies	6,426,577	2,276,879
	6,426,577	2,276,879

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

8 Receivables

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

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

	2021 \$	2020 \$
Current		
Rates debtors	724,040	1,213,365
Other debtors	587,290	342,833
Less: loss allowance	(16,330)	(16,330)
Trade debtors net	1,295,000	1,539,868
 GST recoverable	 468,206	 105,513
Accrued revenue	4,391	68,507
Prepayments	171,958	37,595
Total current receivables	<u><u>1,939,555</u></u>	<u><u>1,751,484</u></u>

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

Not past due	936,870	430,234
Past due 31-60 days	5,101	99,596
Past due 61-90 days	(1,316)	163
More than 90 days	1,015,230	1,237,822
Trade Debtors	1,955,885	1,767,814
Impaired	(16,330)	(16,330)
Total	<u><u>1,939,555</u></u>	<u><u>1,751,484</u></u>

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 receivables from customers.

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell and owners property to recover outstanding rates debts, Council does not impair and rate receivables. Paroo Shire Council uses a provision matrix to measure the expected credit losses on other debtors.

9 Inventories

Stores, raw materials and other goods held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads.

Inventories held for distribution are:

- goods to be supplied at no or nominal charge
 - goods to be used for the provision of service at no or nominal charge
- These goods are valued at cost, adjusted, where applicable, for any loss of service potential.

	2021 \$	2020 \$
Plant and equipment stores	797,892	704,454
Total inventories	<u><u>797,892</u></u>	<u><u>704,454</u></u>

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

10 Property, plant and equipment
30 June 2021

Basis of measurement

Asset values

Opening gross value as at 1 July 2020

Additions

Disposals

Transfer from WIP

Write offs and other adjustments relating to WIP

Revaluation adjustment to asset revaluation surplus

Closing gross value as at 30 June 2021

Accumulated depreciation and impairment

Opening balance as at 1 July 2020

Depreciation provided in period

Depreciation written back on disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2021

Total written down value as at 30 June 2021

Residual value

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

Capital Work in Progress	Airports	Buildings	IT & Communications	Land	Light Vehicles	Major Plant	Minor Plant	Parks & Recreation	Roads & Drainage	Water	Sewer	Total
Cost	Valuation	Valuation	Cost	Valuation	Cost	Cost	Cost	Valuation	Valuation	Valuation	Valuation	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
9,387,415	10,101,576	30,761,010	1,368,577	644,900	1,699,458	7,124,871	2,108,754	8,127,915	302,688,816	20,087,670	14,733,941	408,834,903
14,674,374	-	-	-	-	115,455	1,497,579	20,675	-	-	-	-	16,308,083
-	-	(190,262)	-	-	-	(800,000)	-	(177,814)	(2,685,372)	-	-	(3,853,448)
(15,561,512)	13,986	1,117,703	490,638	-	-	-	89,581	923,962	4,030,061	-	8,887,582	-
(748,078)	-	-	-	-	-	-	-	-	-	-	-	(748,078)
-	-	-	-	-	-	-	-	-	-	-	(2,867,343)	(2,867,343)
7,752,199	10,115,562	31,688,451	1,859,215	644,900	1,814,913	7,822,450	2,219,010	8,874,063	304,041,505	20,087,670	20,754,180	417,674,117
-	1,570,656	15,855,500	897,825	-	796,882	4,802,743	1,360,649	3,846,067	97,285,726	10,363,118	7,302,911	144,082,077
-	88,629	1,093,141	56,385	-	246,287	217,446	119,952	273,323	4,616,678	259,820	244,573	7,216,235
-	-	(111,286)	-	-	-	(592,609)	-	(93,247)	(1,446,404)	-	-	(2,243,545)
-	-	-	-	-	-	-	-	-	-	-	(305,903)	(305,903)
-	1,659,285	16,837,355	954,210	-	1,043,170	4,427,581	1,480,601	4,026,143	100,456,000	10,622,938	7,241,580	145,748,863
7,752,199	8,456,276	14,851,095	905,005	644,900	771,743	3,394,869	738,409	4,847,920	203,585,505	9,464,732	13,512,600	268,925,254
-	-	-	-	-	-	(18,000)	-	-	-	-	-	-
0	0 to 240	0 to 70	3 to 10	-	5 to 8	8 to 10	10 to 20	10 to 80	0 to 240	20 to 100	30 to 150	-
-	-	100,245	-	-	-	-	-	36,364	2,743,428	-	140,137	3,020,174
-	3,101	7,039,796	355,936	-	325,068	1,497,579	36,625	917,056	641,331	36,388	2,435,029	13,287,900
-	3,101	7,140,041	355,936	-	325,068	1,497,579	36,625	953,419	3,384,760	36,388	2,575,166	16,308,083

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

10 Property, plant and equipment
10 Property, plant and equipment
30 June 2020

Basis of measurement

Asset values

Opening gross value as at 1 July 2019 (restated)

Minor adjustment to opening balances

Revised opening gross value as at 1 July 2019 (restated)

Additions

Disposals

Transfer from WIP

Write offs and other adjustments relating to WIP

Revaluation adjustment to asset revaluation surplus

Correction of WIP capitalised twice, adjustment to asset revaluation surplus

Closing gross value as at 30 June 2020

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Minor adjustment to opening balances

Revised opening gross value as at 1 July 2019

Depreciation provided in period

Depreciation written back on disposals

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2020

Total written down value as at 30 June 2020

Residual value

Range of estimated useful life in years

Capital Work in Progress	Airports	Buildings	IT & Communications	Land	Light Vehicles	Major Plant	Minor Plant	Parks & Recreation	Roads & Drainage	Water	Sewer	Total
Cost	Valuation	Valuation	Cost	Valuation	Cost	Cost	Cost	Valuation	Valuation	Valuation	Valuation	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,021,000	10,101,576	30,424,100	1,368,577	644,900	1,438,875	7,124,871	2,025,368	8,013,600	302,354,431	19,860,347	14,557,668	398,935,313
-	-	-	-	-	44,782	-	458	-	-	-	(200)	45,041
1,021,000	10,101,576	30,424,100	1,368,577	644,900	1,483,657	7,124,871	2,025,826	8,013,600	302,354,431	19,860,347	14,557,468	398,980,353
13,028,475	-	-	-	-	397,599	-	14,928	-	-	-	-	13,441,001
-	(827,971)	(731,571)	-	-	(181,797)	-	-	-	(2,579,928)	-	-	(4,321,267)
(4,382,119)	827,971	750,580	-	-	-	-	68,000	32,616	2,702,953	-	-	(9)
(1,278,435)	-	-	-	-	-	-	-	-	-	-	-	(1,278,435)
-	-	317,900	-	-	-	-	-	81,700	211,360	227,323	176,473	1,014,758
998,495	-	-	-	-	-	-	-	-	-	-	-	998,495
9,387,415	10,101,576	30,761,010	1,368,577	644,900	1,699,458	7,124,871	2,108,754	8,127,915	302,688,816	20,087,670	14,733,941	408,834,903
-	1,453,769	13,984,294	843,217	-	696,668	4,504,077	1,253,313	3,344,186	97,820,350	9,989,222	7,017,284	140,906,380
-	-	-	(3,984)	-	7,692	-	(45)	-	2,190	-	(199)	5,655
-	1,453,769	13,984,294	839,233	-	704,360	4,504,077	1,253,268	3,344,186	97,822,540	9,989,222	7,017,085	140,912,035
-	116,874	1,064,182	58,592	-	199,252	298,666	107,380	268,004	4,805,204	256,793	191,314	7,166,261
-	(364,184)	(356,311)	-	-	(106,729)	-	-	-	(2,059,417)	-	-	(2,886,642)
-	364,197	1,163,335	-	-	-	-	-	233,877	(3,082,601)	117,103	94,512	(1,109,577)
-	1,570,656	15,855,300	897,825	-	796,882	4,802,743	1,360,649	3,846,067	97,285,726	10,363,118	7,362,911	144,082,077
9,387,415	8,530,920	14,905,510	470,753	644,900	902,576	2,322,128	748,105	4,281,848	205,403,090	9,724,552	7,431,030	264,752,828
0	0 to 240	0 to 70	3 to 10	-	5 to 8	8 to 10	10 to 20	10 to 80	0 to 240	20 to 100	30 to 150	-

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

10 Property, plant and equipment (continued)

Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

(a) 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, engineering design fees and all other establishment costs.

(b) 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.

(c) Measurement

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

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.

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

(d) 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 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.

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

(e) Impairment

Each non-current physical 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 Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

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

Severe weather events occurred during February 2020 and again in March 2021 which caused significant damage to Council's road network. Natural disaster events such as this are common in the Paroo Shire area and generally occur three to four times per decade. Prior to 30 June, works were undertaken to ensure all damaged roads were trafficable. Works will be completed over the next two to three years for both events. Council anticipates the total cost of these events to be \$47.6M and \$32.6M respectively, of which \$11.5M has been expensed to 30 June 2021 for the 2020 event. The full costs of repair work will be funded by the State Government through its Disaster Recovery Funding Arrangements

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

10 Property, plant and equipment (continued)

Council perform a detailed assessment of the road network impacted by such weather events in assessing its funding claim. This assessment included an examination over the road network condition. It also included quantification of planned repair work and an estimate of the capital component or loss in service potential of the road network from the weather event.

Certain road network components were damaged with all roads trafficable, and no road assets were completely destroyed which would require them to be written off to the profit or loss at year end. Council's assessment indicated that all of the work to be performed is operational and repair work in nature. This includes repair of road surfaces, pot holes, grading and other remedial works that are considered to be expenditure items.

(f) Valuation

(i) Valuation Processes

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 5 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, for the valuation of the land, buildings and infrastructure asset classes, 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.

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.

In accordance with AASB 13 Fair Value Measurement, 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, such as prices for similar assets, 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 of the hierarchy during the year.

Paroo Shire Council engages external, independent and suitably qualified valuers to undertake regular valuation assessments. The most recent comprehensive revaluations were performed effective 1 July 2020 for all classes.

An annual review is performed to determine whether the carrying amount of the assets is materially different to fair value. If there is a material difference, Council will perform a comprehensive revaluation or undertake a desktop revaluation using appropriate indices.

Land: AssetVal have reviewed 46 recent property sales within the region, noting that little to no movement in property values has been experienced

A revaluation undertaken by the Valuer-General noted a growth in market values of 78.1% across the Shire between 2018 and 1 October 2020. The majority of this movement has been captured as part of the 2020 comprehensive revaluation.

AssetVal have adopted a 0% movement in land valuations. Council supports this assessment.

Buildings: Rawlinsons Australian Construction Handbook was used to develop a cost movement index of +3.75% from 30 June 2020 to 30 June 2021.

To assess for reasonableness, Council have compared the movement in the Non-Residential Construction index published by the Australian Bureau of Statistics for the same period. The movement in this index was 1.2% utilising March 2021 data.

Council concurs with AssetVal's assessment that the cumulative movement is immaterial, and no indexation will be applied at 30 June 2021.

Paroo Shire Council

Notes to the Financial Statements

As at 30 June 2021

10 Property, plant and equipment (continued)

Infrastructure: A series of indices sourced from the Australian Bureau of Statistics were used by AssetVal to determine the movement in costs for infrastructure asset classes, including Roads and Aerodromes, Bridges, Kerb and Channel, Footpaths, Stormwater Culverts, Water Equipment, Water Mains, Sewer Equipment, Sewer Mains and Maintenance Holes.

The indices utilised by AssetVal are consistent with Council's expectations and are considered to be a reasonable reflection of actual cost movements across the sector.

For reasonableness, Council have compared the movement in the Engineering Construction and Road and Bridge Construction indices from 1 July 2020 to 31 March 2021, the results of which were +1.19% and -0.1% respectively.

The cumulative movements identified by AssetVal ranged from 1.1% - 2.9% for infrastructure classes. These percentages are considered to be immaterial and have therefore not been adopted by Council.

Council agrees with AssetVal's assessment of the movement in fair value since 1 July 2020.

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

10 Property, plant and equipment (continued)

Where there is an active and liquid market as evidence by sales transactions of similar asset types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB 13. If a Market approach is adopted, the valuation is deemed to be a Level 2 input.

The Fair Value should represent the highest and best use of the asset, i.e. the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value. Opportunities that are not available to the agency or entity are not considered.

Paroo Shire Council assumes the current use is the highest and best use due to the specialist nature of Council's assets.

Due to the predominately specialised nature of Paroo Shire Council's assets, the valuation have been undertaken on the Cost and Market Approaches. The Cost Approach is deemed a Level 3 input. Under this approach, the following process has been adopted:

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published / available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during the inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, Council disaggregates its assets into significant components which exhibit different patterns of consumptions (useful lives). the condition assessment is applied on the component basis.
- While the replacement cost of the assets council are supported by market supplied evidence (Level 2), the other unobservable inputs (such as estimates of useful life and asset condition) were also required (Level 3).
- The valuation techniques used in the determination of fair values maximise the use of observable data where available.

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

10 Property, plant and equipment (continued)

Calculation of Gross Replacement Cost

The gross replacement cost was determined by applying the unit rates to each individual asset. The unit rates applied include all materials, labour and overheads. These unit rates are estimated using information collated from similar recent project costs, direct quotations from suppliers, unit rate databases, indices and industry standard sources such as Rawlinson's Construction Handbook.

Accumulated Depreciation

Remaining useful lives and hence accumulated depreciation is calculated by analysing factors that contribute to the three forms of obsolescence: physical, functional and economic obsolescence. This assessment has been performed by undertaking physical inspections of each assets or relying on information supplied by Council personnel. Factors include but are not limited to physical deterioration, improvements in technology, changes in damage and changes in public money and regulations.

Asset class	FY21 Valuation Approach	FY21 Assessed Index	Level 1	Level 2	Level 3	Total
Airports	Desktop	2.40%	-	-	8,456,276	8,456,276
Buildings	Desktop	3.80%	-	1,698,592	14,851,095	16,549,687
Land	Desktop	0%	-	664,900	644,900	1,309,800
Parks and recreation	Desktop	2.40%	-	-	4,847,920	4,847,920
Water	Desktop	2.90%	-	-	9,464,732	9,464,732
Sewerage	Desktop	2.70%	-	-	13,512,600	13,512,600
Roads and drainage	Desktop	1.10%	-	-	203,585,505	203,585,505
Total			-	2,363,492	255,363,029	257,726,521

All asset classes were comprehensively revalued by Asset Val Pty Ltd as at 1 July 2020.

Council engaged Asset Val Pty Ltd to undertake a desktop revaluation of each asset class as at 30 June 2021, the identified indices have been outlined above.

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

11 Contract balances

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

	2021	2020
	\$	\$
(a) Contract assets	3,908,458	42,546
(b) Contract liabilities		
Funds received upfront to construct Council controlled assets	6,426,577	2,276,879
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	1,961,196	3,649,369

12 Payables

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

	2021	2020
	\$	\$
Creditors and accruals	3,260,585	1,754,413
Payments received in advance	244,373	240,926
Employee payables	(7,148)	(6,081)
Urban fire levy	54,548	61,803
	3,552,357	2,051,062

13 Provisions

Liabilities are recognised for employee benefits such as wages and salaries, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related oncosts.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in 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.

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.

Tip restoration

Council has recognised a provision for the future restoration of its refuse sites at Cunnamulla and Yowah. The provision is measured at the present value of the estimated cost of restoring the refuse disposal sites to a useable state at the end of its useful life. The projected cost is \$706,918 for Cunnamulla and \$73,036 for Yowah with these costs expected to be incurred in 2027-2028 and 2023-2024 respectively. 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.

Council also have unlicensed refuse sites at Wyandra and Eulo. Currently, no provision has been made for the rehabilitation of these sites, as no legal obligation exists. The estimated cost to rehabilitate these sites is \$121,115 and \$159,709 respectively. At such time that Council obtains a license for these sites (expected to occur throughout the 2022 financial year), Council will recognise a corresponding provision for restoration.

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

	2021 \$	2020 \$
Current		
Annual leave	444,026	429,904
Long service leave - current	472,326	455,010
	<u>916,352</u>	<u>884,915</u>
Non-current		
Long service leave - non-current	85,437	101,357
Provision for tip restoration	779,954	321,529
	<u>865,391</u>	<u>422,886</u>
Movement in tip restoration provisions:		
Balance at beginning of financial year	321,529	278,087
Increase/(decrease) due to unwinding of discount rate	1,774	43,442
Increase/(decrease) due to change in discount rate	12,800	-
Increase/(decrease) due to change in inflation rate	(46,009)	-
Increase/(decrease) due to change in timing of cost estimates	6,991	-
Increase/(decrease) due to revision of cost estimates	482,869	-
Balance at end of financial year	<u>779,954</u>	<u>321,529</u>
	2021 \$	2020 \$
14 Borrowings		
Current		
NAB - Hire Purchase Facility - Current	278,129	-
Loans - Queensland Treasury Corporation - Current	203,940	188,354
	<u>482,068</u>	<u>188,354</u>
Non-Current		
NAB - Hire Purchase Facility - Non-Current	324,697	-
Loans - Queensland Treasury Corporation - Non-current	966,600	1,172,860
	<u>1,291,297</u>	<u>1,172,860</u>
Reconciliation of loan movements for the year		
Opening balance	1,361,214	1,534,658
Drawdown	742,226	-
Principal repayments	(330,076)	(173,444)
Closing balance	<u>1,773,365</u>	<u>1,361,214</u>
Reconciliation of liabilities arising from financing activities		
Opening balance	1,361,214	1,534,658
Cashflows	412,150	(173,444)
Non-cash changes	-	-
Closing balance	<u>1,773,365</u>	<u>1,370,422</u>

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

The QTC loan market value at the reporting date was \$1,371,576.74. This represents the value of the debt is Council repaid at this date. As it is the intention of council to hold the debts for its term, no provision is required to be made in the accounts.

No assets have been pledged as security by the Council for any liabilities, with the exception of the NAB Hire Purchase Facility, however all loans are guaranteed by the Queensland Government.

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

All borrowings are \$A denominated amounts and carried as 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 2024 to 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
As at 30 June 2021

	2021	2020
	\$	\$
15 Commitments for expenditure		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Plant purchases	1,249,789	564,540
Other materials and services	15,346,061	7,574,949
	<u>16,595,850</u>	<u>8,139,489</u>

In addition to the above, Council engaged Proterra Group Pty Ltd in June 2021 to provide project management and supervision services for the 2021 flood restoration program. An exact contract value is not known at this time.

	2021	2020
	\$	\$
16 Asset revaluation surplus		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Airports	3,813,085	3,813,085
Buildings	15,781,298	15,781,298
Land	706,935	1,163,586
Major Plant	81,394	81,394
Roads and drainage	100,859,895	100,859,895
Water and sewerage	4,904,470	7,465,908
	<u>126,147,078</u>	<u>129,165,167</u>

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 surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

17 Transactions with related parties

(a) Compensation paid to key management personnel (KMP)

KMP are the Mayor and Councillors, Chief Executive Officer, Chief Operating Officer, Chief Corporate Officer, Chief Finance Officer, and Director of Infrastructure. Compensation paid to KMP comprises:

	2021 \$	2020 \$
Short-term employee benefits	859,256	1,182,227
Post-employment benefits	40,463	52,381
Long-term employee benefits	9,064	5,248
Total	908,783	1,239,856

(b) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

The Council employs 89 staff and elected representatives of which only 3 are close family members of KMP. All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

Details of transactions between council and other related parties are disclosed below:

Details of transactions	\$	\$
Employee expenses for close family members of KMP	203,971	195,280
Purchase of materials and services for entities controlled by KMP	411,462	978,416

Transactions with related entities of KMP are made on an arm's length basis.

(c) Outstanding balances with related parties

There were no material amounts outstanding at balance date with related parties.

(d) Transactions with related parties that have not been disclosed

The majority of people who are related parties of Council live within the Paroo Shire Community. Therefore on a regular basis ordinary citizen transactions occur between Council and its related parties. The payment by community residents of utility charges and for sales of goods of goods and services are considered to be an ordinary citizen transaction.

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

Paroo Shire Council
Notes to the Financial Statements
As at 30 June 2021

18 Contingent liabilities

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

Local Government Mutual

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

As at 30 June 2021 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 are 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 indemnity amount provided by Paroo Shire Council as at 30 June 2021 in relation to the Local Government Workcare Bank Guarantee is \$205,586.81. The latest audited financial statements for Local Government Workcare are as at 30 June 2020 and show accumulated member funds (equity) of \$42,162,717.

19 Superannuation

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

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the Council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of 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 LGISuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme 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 position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. 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 salary or 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 risks that may result in LGISuper increasing the contribution rate, on the advice of the actuary are:

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

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

	Note	2021	2020
		\$	\$
Superannuation contributions made to the Regional Defined Benefits Fund		1,789	7,419
Other superannuation contributions for employees		541,463	537,218
Total superannuation contributions paid by Council for employees	5	543,252	544,637

Paroo Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	2021	2020
	\$	\$
Net result	4,959,196	4,421,210
Non-cash items:		
Depreciation and amortisation	7,216,235	7,178,277
Write off WIP in P&L	701,307	1,278,435
	<u>7,917,541</u>	<u>8,456,712</u>
Investing and development activities:		
Loss/(gain) on disposal of non-current assets	1,439,612	1,338,644
Capital grants and contributions	(2,232,512)	(10,866,692)
	<u>(792,900)</u>	<u>(9,528,048)</u>
Changes in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(188,070)	39,103
(Increase)/Decrease in inventories	(93,437)	(16,601)
Increase/(Decrease) in trade payables	1,501,295	1,035,440
Increase/(Decrease) in provisions	17,292	49,615
(Increase)/Decrease in contract assets	(3,865,912)	286,938
Increase/(Decrease) in contract liabilities	4,149,699	(1,372,490)
	<u>1,520,866</u>	<u>22,005</u>
Net cash inflow from operating activities	<u><u>13,604,702</u></u>	<u><u>3,371,879</u></u>

21 Financial instruments

Paroo Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.

The Council minimised its exposure to financial risk in the following ways:

- When the Council borrows, it borrows from the Queensland Treasury Corporation (QTC) unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Agreements Act 1982*.

Paroo Shire Council measures risk exposure using a variety of methods as follows:

Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity analysis

Credit Risk

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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 these debts.

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.

The Council is exposed to credit risk through its investments with the QTC and deposits held with banks or other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated and regulated banks and whilst not capital guaranteed, the likelihood of a credit failure is remote.

Paroo Shire Council

Notes to the Financial Statements

For the year ended 30 June 2021

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

The carrying amount of financial assets at the end of the reporting period represent the maximum exposure of credit risk.

Paroo Shire Council
Notes to the Financial Statements
For the year ended 30 June 2021

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 QTC for capital works.

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flow. These facilities are disclosed in the borrowings Note 14. There are no additional facilities or lines of credit available.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date.

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$	\$	\$	\$	\$
2021					
Trade and Other Payables	3,260,585	-	-	3,260,585	3,260,585
Borrowings	570,979	1,171,860	185,265	1,928,104	1,773,365
	<u>3,831,563</u>	<u>1,171,860</u>	<u>185,265</u>	<u>5,188,689</u>	<u>5,033,950</u>
2020					
Trade and Other Payables	1,754,413	-	-	-	1,754,413
Borrowings	188,354	753,416	419,444	1,361,214	1,361,214
Totals	<u>1,942,767</u>	<u>753,416</u>	<u>419,444</u>	<u>1,361,214</u>	<u>3,115,627</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.

Interest rate risk

The Council is exposed to interest rate risk through its borrowings from the QTC and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing from financial institutions which provide access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

22 Events after the reporting period

There were no material adjusting events after balance date.

Paroo Shire Council
Financial statements
As at 30 June 2021

Management Certificate
For the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012*

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 22, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Cr Suzette Beresford

Date: 27/09/2021



Chief Executive Officer
Cassandra White

Date: 27/09/2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Paroo Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Paroo Shire Council.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



Michael Claydon
as delegate of the Auditor-General

15 October 2021

Queensland Audit Office
Brisbane

Paroo Shire Council
Current-year Financial Sustainability Statement
As at 30 June 2021

Measures of Financial Sustainability

	How the measure is calculated	Actual	Target
Council's performance at 30 June 2021 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-2%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	46%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-15%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.

Certificate of Accuracy
For the year ended 30 June 2021

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

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


Mayor
Cr Suzette Beresford

Date: 27/09/2021


Chief Executive Officer
Cassandra White

Date: 27/09/2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Paroo Shire Council

Report on the current-year financial sustainability statement

Opinion

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

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Paroo Shire Council for the year ended 30 June 2021 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

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

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



Michael Claydon
as delegate of the Auditor-General

15 October 2021

Queensland Audit Office
Brisbane


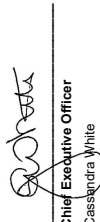
Paroo Shire Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2021


Measures of Financial Sustainability

Measure	Target	Actuals at 30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	31 June 2030
Operating surplus ratio	Between 0% and 10%	-2.05%	-6.32%	-16.26%	-16.26%	-16.26%	-16.26%	-16.26%	-16.26%	-16.26%	-16.26%
Asset sustainability ratio	greater than 90%	45.93%	65.56%	65.56%	65.56%	65.56%	65.56%	65.56%	65.56%	65.56%	65.56%
Net financial liabilities ratio	not greater than 60%	-14.98%	-12.10%	-30.36%	-34.54%	-38.44%	-42.28%	-46.05%	-52.61%	-56.07%	-59.44%

Paroo Shire Council's Financial Management Strategy

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

Certificate of Accuracy	
For the long-term financial sustainability statement prepared as at 30 June 2021	
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the <i>Local Government Regulation 2012</i> (the regulation).	
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.	
 Mayor Cr Suzette Beresford	 Chief Executive Officer Cassandra White
Date: 27/09/2021	Date: 27/09/2021

A night sky filled with stars and the Milky Way. In the foreground, a large, dark tree with dense foliage stands on the left. To the right of the tree, two green and grey tents are pitched on a sandy, reddish-brown ground. The scene is illuminated by a soft, warm light, possibly from a campfire or a low sun, creating a serene and adventurous atmosphere.

PAROO SHIRE WHERE THE SKY'S THE LIMIT
FOR POSSIBILITIES

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