

Special Meeting Agenda

PUBLIC

To be held at McKinlay Shire Council, Boardroom
29 Burke Street, Julia Creek, Queensland 4823

Friday 13th November 2020, 9:00am

Notice is hereby given that an Ordinary Meeting will be held at the Council Chambers,
Civic Centre, Julia Creek on 13th November 2020 at 9:00am.

ORDER OF BUSINESS

1. Opening
2. Attendance
3. Declaration of Conflict of Interest

4. ANNUAL REPORT

- 4.1 2019/20 Annual Report

5. CLOSE

1. OPENING BUSINESS

All Councillors having signed the Attendance Book, the Mayor declared the meeting open.

2. ATTENDANCE

Mayor: Cr. P Curr

Members: Cr. J Fegan, Cr. S Royes, Cr. J Lynch, Cr. T Pratt

Staff:

Chief Executive Officer, John Kelly

Executive Assistant, Mrs. Grace Armstrong

Rates and Debtors, Mrs. Katie Woods

Director of Corporate and Community Services, Ms. Tenneil Cody

Other people in attendance:

Apologies:

3. DECLARATION OF CONFLICT OF INTEREST

Nil

4. ANNUAL REPORT



2019/2020

Draft Annual Report



Welcome

Our Annual Report is an important component of Council's performance management process. This is an essential document that will inform the community how McKinlay Shire Council have performed over the 2019/20 financial year. It captures the achievements, hopes, aspirations, priorities and goals of our community.

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Vision and Mission

Council is required under the Local Government Act 2009 and the Local Government Regulation 2012 to prepare an annual report of its operations each financial year. Our 2019/20 Annual Report reflects our commitment to achieving effective corporate governance through openness and accountability and ensuring resources are used efficiently to provide value for money service to the McKinlay Shire Community.

Our Communication objective is to provide ratepayers and other stakeholders with:

- An account of our revenue and related policies and how we have used public funds,
- An insight into the challenges and opportunities that have influenced our actions and delivery of strategic outcomes,
- Our priorities for the year ahead, and
- An accurate, balanced and transparent assessment of our achievement in implementing our Community, Corporate and Operational Plans.

A great place to live with a well connected, strong, healthy and friendly community; McKinlay Shire will continue to sustain and grow as a place that represents the best aspects of outback living.

McKinlay Shire supports our population to meet the key thresholds for social, health, education and commercial services and also underpins a sustainable, diversified rural economy.

The community welcomes new industries that contribute to its overall vision and sustainability. Ongoing improvements to infrastructure, amenities and services will continue to improve the health and quality of life for residents and make McKinlay Shire an increasingly attractive and connected place for residents and visitors.

Through good governance and partnerships, we strive to achieve bottom line outcomes that maximise the social, cultural, environmental and economic benefits of all our future actions.

Lending the way towards a future that can sustain growth and economic development, while retaining a lifestyle that is uniquely ,Outback,



Profile of our Shire

McKinlay Shire is the gateway to the Gulf of Carpentaria. The shire spans some 41,000 square kilometres and incorporates the townships of Julia Creek and Nelia, on the Flinders Highway, and McKinlay and Kynuna, on the Landsborough Highway.

A rural and regional Shire, McKinlay is home to a productive and innovative pastoral industry, as well as the world's richest single mine producer of silver, lead and zinc, at Cannington, and a copper mine in Eloise. The world's largest natural aquifer, the Great Artesian Basin, underpins and supports our community and the diversity of the rich grazing lands and unique animal life that the Shire has to offer. McKinlay Shire has a proud history, industry and is a close family community. Looking into the future, the Shire will shortly enter a steady growth phase as more discover this little gem of the North West.

Workforce

Permanent	37
Permanent Part-Time	7
Contract – Exec & Managerial	1
Contract - Others	4
Casual	14
Total	63

Scale

Size	40,818 sq/km
Population	1,000
Land Reserve	32,421.91 ha
Administration Centres	2
Budget Operational	\$18,449,613
Budget – Capital Works	\$37,399,967

Infrastructure

Road Lengths Total (including 408.91 – TMR controlled roads)	2,041.26km
Council Owned Roads – Rural	1,633.26km (13.5% sealed)
Council Owned Roads – Town	9.50km (85% sealed)
State Roads	408km
Aerodromes	3
SES Building	3
Medical Centres	2
Amenities Blocks	6
Ages Persons Units	8
Caravan Parks	1
Cattle Yards	1

Community Centres

- Julia Creek Civic Centre
- CSA Building
- Julia Creek Library
- McKinlay Library
- Jan Eckford Centre
- Crafty Old School House
- Fr. Bill Busuttin Centre

Recreation Facilities

- Julia Creek Indoor Sports Centre
- Daren Ginns Centre
- Julia Creek Swimming Pool
- Bike Safety Park
- Ken Bannah Oval
- McIntyre Park
- Julia Creek Community Precinct
- Home of Dirt n Dust
- Tennis Courts
- Nerida Currin Skate Park
- George Sills Park
- Peter Dawes Park
- Centenary Park



This is unusual territory for me, putting pen to paper (or fingers to keyboard) and even more so in reporting on a full year in which I have only been the Mayor for a quarter of that time.

However, it is not difficult to report for year in which recently retired Mayor Belinda Murphy, aided and supported by her Deputy Mayor Neil Walker, laid a solid foundation for me to continue their good work. Under Belinda's leadership, McKinlay Shire Council has developed a reputation for being an innovative and outwards looking Council resulting in our Council being held in high regard across Local Government and amongst State/Federal Governments.

On behalf of the community of McKinlay Shire I thank them sincerely for their eight years of service.

The Local Government Elections in March 2020 saw 13 candidates put themselves forward to contest the ballot which show the depth of interest in contributing to the management of our Shire. I congratulate those elected and thank those who took up the challenge to seek election.

Responding to the Covid-19 Pandemic has been a demanding experience for the World and one that is still reverberating around the Globe. In typical style our community met this threat head on to plan for and manage the safety of our people. Our Shire and indeed all of the west, north and Cape communities are to be congratulated on their efforts to keep this Virus at bay.

Thanks to funding from Building Our Regions the Innovation Hub has been substantially completed being co-located with the Library. Once improved internet connection is completed and equipment installed, it will be available to assist the rural and urban sections of our Community with access to good internet connectivity and modern computers, printers and meeting facilities.

Two new Boundary Rider Artesian Bath Houses and associated landscaping was constructed at the Caravan Park - \$362,343 which complement the existing four very popular artesian baths. A new Bush Kitchen - \$73,131 has been installed at the Caravan Park to better assist our Community volunteers to provide Bush Dinners every Monday night during the Tourist season. These evenings are well known throughout the caravanning networks and tourists plan their visits to Julia Creek to take in a Monday Bush Dinner.

The Daren Ginns Gym underwent extensions - \$ 151,312 to provide greater floor space for the conduct of classes. This facility is the envy of visitors to our Shire, particularly those from larger towns and cities where indoor recreational facilities can be unaffordable for many potential users.

For much of 2019/20 the focus for Council has continued to be on the flood recovery effort to reinstate our roads network. Council is grateful for the funding and support provided by the Federal and State governments through NDRRA & DRFA to undertake this mammoth task.

Not only does this work restore our assets, it provides significant economic benefits for our community.

Bitumen sealing of approx. 16.17kms on Gilliat/McKinlay Road was completed through a number of funding programs namely, Transport Infrastructure Development Scheme (TIDS), Roads to Recovery (R2R) and Disaster Recovery Funding Arrangements (DRFA) Betterment program – total \$2,327,086. The aim is to complete bitumen sealing of the entire Gilliat McKinlay road in 20/21 financial year. Gravel sheeting was applied to various sections of the Byrimine road - \$193,483 from the TIDS and R2R to improve serviceability in the wet season particularly in flood ways.

With the support of a special funding allocation from the Director General of TMR Council was able to complete the full bitumen sealing of the road into Combo Waterhole – 8kms \$2,500,000. This is an added boost to our tourism industry.

The new Julia Creek Hospital was completed and with the co-located medical centre it represents a major asset for our community. We are indebted to the State Government for recognising this need and delivering on this wonderful asset.

Special mention and thanks are extended to former CEO Des Niesler and interim CEO Edwina Marks who managed the business of Council in this demanding year, along with the invaluable support of our Council staff at all levels.

I look forward to continuing the work with the support of my Council Team – Deputy Mayor Cr Janene Fegan, Cr Shauna Royes, Cr John Lynch and Cr Tim Pratt.



Chief Executive Officer 's Overview

Having commenced on 1 July 2020, I am writing this report on behalf of my predecessors Mr Des Niesler who retired on 28 January 2020 and Ms Edwina Marks who was Acting CEO through until the end of the financial year.

Council's appreciation goes to Des for coming out of retirement in order to provide stability and direction and for contributing to Council navigating through the tumultuous Monsoonal Flood Event in February 2019. The massive reconstruction effort continued through 2019/2020 and continues into the next financial year. On short notice Ms Edwina Marks left her family in N.S.W. to continue the groundwork set by Des.

With the election of the new Mayor and two new Councillors plus the re-election of two Councillors on 28 March 2020, staff provided suitable induction and training for Councillors focussing on roles, responsibilities and obligations under the *Local Government Act 2009* and familiarisation with Council's processes, finances and projects.

Council's financial position remains strong with total comprehensive Income for the year being \$20.274m. However, Council received advance grant payments prior to 30th June 2020 for works which will be delivered in the next financial year. These payments related to advances for flood damage restoration and one quarterly pre-payment of Federal Assistance Grant.

The cash position as at 30 June 2020 increased from \$16.15m to \$18.835m and assets grew from \$205m to \$228m. The 2019/20 Financial Statements have been successfully audited by the Qld Audit Office and the report will be approved without modification.

Attracting staff for key positions continues to be difficult and requires development of a strategy to entice or develop personnel through some form of traineeship or the like.

Four new Local Laws and associated subordinate laws were adopted in July 2019 covering: Administration, Animal Management, Community and Environmental Management, Local Government Controlled Areas, Facilities and Roads.

Whilst no longer required under the *Local Government Act 2009*, the 2010 – 2019 Community Plan proved extremely useful in setting clear goals to deliver on community aspirations and opportunities. Consequently Council decided to undertake community consultation to develop a new Community Plan 2019-2026 which was adopted in 2019, focussing on the four pillars of sustainability – Governance and Administration, Environment and Country, Social and Community, Economy and Infrastructure.

With the sale of 8 parcels of land at the subdivision Council will be asked to embark on an analysis of available land suitable for possible Town expansion in the event of future demand which might occur as a consequence of the proposed vanadium mining project and/or irrigated agriculture.

Following a competitive tendering process Council awarded 12 new Trustee Leases for various parcels of Council controlled to local residents for the purpose of pasturage of livestock.

The Covid-19 pandemic and consequential lock down impacted on Council's revenue through reduced Tourists using Council's Caravan Park. With the easing of travel restrictions, Tourists have returned with the season predicted to extend later as Queenslanders have been urged to holiday locally. Staff developed a Covid-19 Virus Management plan as part of Council's commitment to the health and wellbeing of all our workers and others. Council recognises that a safe and healthy workplace is the right of every worker and work continues to deliver this outcome.



McKinlay Shire Council's Community Services aims to deliver an extensive range of community based programs, services, support and facilities to meet community needs and expectations.

These include the provision of aged care services, the operation of sport and recreational programs and facilities, support to community organisations, supporting festivals and events, promoting tourism and providing library services. This area of Council is also responsible for operating community infrastructure including the Caravan Park and Swimming Pool and ensuring that the appropriate engagement and consultation of the community on issues affecting individuals, specific interest groups or the community are met.

Community Benefit Assistance Scheme 2019/20

The Community Benefit Assistance Scheme offered dollar for dollar funding to local community groups under the categories of infrastructure, equipment and volunteer support. Funding was provided in accordance with Council's Community Grants Policy. In 2019/20 Council provided a total of \$13,217.75 to community groups to assist local groups achieve their objectives and enabling quality events and programs to be delivered.

The following groups were allocated financial assistance

Julia Creek P&C Association	\$1,999	Infrastructure
Julia Creek Turf Club	\$2,090	Infrastructure
Julia Creek Campdraft Association	\$795.20	Infrastructure
Julia Creek Sporting Shooters Association	\$4,344.25	Equipment & Infrastructure
Julia Creek Combined Sporting Association	\$1,589.80	Equipment
McKinlay Race Club	\$2,399.50	Equipment

Community Events

McKinlay Shire Christmas Tree

The annual Christmas Tree event was held on Friday December 6 in the Robert Lord Shed at McIntyre Park. As always, the event was a huge success and attracted a large number of people from all across the Shire all keen on catching up and spreading some Christmas cheer. There were market stalls, raffles, food and refreshments and live entertainment. Of course it wouldn't be a festive event without a visit from Santa, who was able to stop by and put smiles on the faces of all the children in attendance.

Dirt N Dust

Unfortunately, the impact of COVID-19 resulted in the cancellation of the 2020 event. The committee has continued its tireless efforts in working towards hopefully staging the event in 2021.

Australia Day 2020

On Sunday evening of January 26th 2020, Council held its annual Official Australia Day Celebrations and Award Ceremony at the Julia Creek CSA Building. Council was also fortunate enough to have an Australia Day Ambassador, Mona Hecke, present for the event to address the crowd and assist with the presentation of awards. Founder of Aussie Health Girl, Mona Hecke is passionate about educating, inspiring and motivating everyone to live a healthier life. Mona's 20-year career in the public spotlight spans many sectors including as a health and wellbeing keynote speaker, political candidate, public relations and marketing executive, community representative, author, business owner, naturopath and preventative health educator. Those in attendance were able to enjoy a fantastic evening filled with cold refreshments, great food and music which culminated with a spectacular fireworks display. A huge congratulations must be awarded to all award winners and nominees.

Citizen of the Year – Beryl Murphy

Young Citizen of the Year – Lindsay Malone

Volunteer of the Year – Dane Crocker & Tim Pratt

Small Community Event – Julia Creek Amateur Swim Club Gold and Black Ball

Large Community Event – Flood Relief Luncheon

Cultural Award – Toby Fitchett

Senior Sports Award – Tanya Parry

Junior Sports Award – Thomas Scholes

Sports Administration – Shayne Gabbert

Regional Arts Development Fund

The Regional Arts Development Fund (RADF) is a Queensland Government initiative provided through a partnership with Arts Queensland to support local arts and culture. The program gives the community an opportunity to experience a wide range of workshops, performances and exhibitions that aren't usually seen in our area. Council administered the RADF program throughout 2019/20 with a total of \$8,000 worth of community based arts and cultural projects being funded. The impact of COVID-19 had a significant impact on the programs able to be delivered and seen the cancellation of a number of activities. A big thank you must be awarded to the committee members who volunteer their time promoting the program and assessing applications.

Project	Organisation	Funding
Racing Ahead Past the Post Mosaic	Julia Creek Turf Club	\$6,000.00
Crack-Up Sisters Workshop and Performance	McKinlay Shire Council	\$2,000.00

McKinlay Shire Council Community Funding Expenditure 19-20

Organisation	Amount	Funding Program
Julia Creek P&C Association	\$1,999	Community Benefit Assistance Scheme
Julia Creek Turf Club	\$2,090	Community Benefit Assistance Scheme
Julia Creek Campdraft Association	\$795.20	Community Benefit Assistance Scheme
Julia Creek Sporting Shooters Association	\$4,344.25	Community Benefit Assistance Scheme
Julia Creek Combined Sporting Association	\$1,589.80	Community Benefit Assistance Scheme
McKinlay Race Club	\$2,399.50	Community Benefit Assistance Scheme
Sedan Dip	\$5,000	Sponsorship
Saxby Round-Up	\$5,000	Sponsorship
Julia Creek Amateur Swim Club	\$5,000	Sponsorship
Julia Creek Hospital Auxiliary	\$5,000	Donation
Kids of the Creek	\$908.38	Donation
Julia Creek Dirt n Dust Festival	\$4,077	In-Kind Support
Julia Creek Dirt N Dust Festival	\$22,000	Annual Sponsorship

Community Health

Council has continued its ongoing partnership with North West Hospital and Health Service (NWHHS) to provide support for the provision of a Community Health Nurse within the Julia Creek community. The role of the nurse serves to meet a wide range of health care needs from community based aged care and consultation to follow-up after patients are discharged from hospital. The Nurse is involved with tasks including performing health assessments, assisting with chronic disease management, assisting with the coordination of appointments with health care providers, arranging telehealth and tele pharmacy medical reviews, conducting patient education and the delivery of health promotion activities. The Community Nurse also works closely with the attending doctor, Julia Creek Medical Centre, Julia Creek Multipurpose Health Service (MPHS) and Commonwealth Home Support Coordinator (CHSP) along with visiting health providers and Council is in a very fortunate position to have this role filled to provide much needed assistance and care to the wider community.

Key health promotion activities undertaken by the nurse throughout the course of the year included:

- Promotion of men's, women's and children's health awareness campaigns and providing necessary information and support
- 'Winter Wellness' walking campaign
- Working closely with Julia Creek MPHS and Medical Centre to provide best model of care for the community
- Liaising with North West Remote Health visiting specialists and encouraging local visitation
- Working with Lions Ladies Committee to promote breast cancer awareness month through 'Pink up your town' with the delivery of morning teas, raffles and bingo. The group were able to raise over \$5,000 for the McGrath Foundation
- Working closely with MPHS, NWHHS and LDMG for COVID-19 health promotion activities

Commonwealth Home Support Program (CHSP)

Following on from previous years, Council has again been able to provide extensive aged-care assisted living through the Commonwealth Home Support Program (CHSP). This is possible through the support of federal funded program that aims to support locals over the age of 65 to ensure they are able to continue to live independently in their own homes. Council is proud to offer this service to work with the longstanding residents of our community and provide daily support with a diverse range of activities. Council employs a dedicated CHSP Coordinator to entertain and assist clients while other Council departments provide nursing, cleaning, physical activity, maintenance and other support services.

Throughout this financial year, Council was able to support a total of 31 CHSP clients with a range of activities including assisting with grocery shopping, moving around town, retrieving medication and prescriptions, having lunches and games. Council continued its support of the Meals on Wheels Program (delivered solely by volunteers and Council staff) as well as hosting regular luncheons and activities at the Fr. Bill Busuttin Community Centre. The impact of COVID-19 meant an altered delivery of activities in 2020 with many clients opting to keep safe and stay at home. To minimise any risks posed to the clients, Council staff increased weekly grocery and medication collection and safely completed home delivery. There was also an increase in the frequency of delivery of Meals on Wheels during this period to ease the burden on the clients. Once restrictions were able to be eased, regular activities slowly started to return to normal which was a highlight for those involved as they thoroughly enjoy the opportunity to socialise with their comrades.

Tourism

Following the devastation caused from the February 2019 Monsoonal Rain Event, Council was left somewhat uncertain as to the impact this would have on tourists visiting the region. However, these doubts were soon alleviated with a total of 7,788 visitors passing through the centre from July until December. However, the impact of COVID-19 and various restrictions related to travel and business operation resulted in the closure of the Visitor Information Centre for April and May. The centre was able to reopen in June but recorded very low visitation as a number of interstate travel restrictions were in place. As a result, 'At the Creek' had a total of 8,149 visitors pass through the doors, compared to 11,645 in the previous financial year.

Coinciding with the visitor numbers seen at the Visitor Information Centre, the RV Friendly Rest Area and Caravan Park also enjoyed good seasons with a total of 1,846 RV Permits distributed to travelling guests. This number was slightly down on the previous year due to the impact of COVID-19 and no visitors being permitted to travel. The Caravan Park welcomed over 8,000 during the financial year and was able to feed over 2,000 guests during the annual Monday Night Bush Dinners. Bush Dinners allow local not for profit groups to actively engage in fundraising for their organisation by providing a meal and dessert for travelling guests during peak tourist season.

Council was also able to undertake significant upgrades to the Caravan Park thanks to assistance from both the Drought Communities Program and Outback Tourism Infrastructure Fund. Council utilised \$113,722.49 from the Drought Communities Program to purchase a new Bush Kitchen in the form of a container fitted out with a full commercial kitchen. This project will enable local groups catering for Bush Dinners a much improved experience and allow easier service to guests.

A further \$244,924.57 was allocated to Council through the Outback Tourism Infrastructure Fund to complete works associated with the construction of two new Artesian Bathhouses (themed as Boundary Rider Huts) and a variety of new landscaping and irrigation works. The completion of the 2 new bathhouses will provide another string to the bow in our Council's ability to provide positive and enjoyable tourism experiences for travellers of all ages and demographics. These luxury style huts will encompass a space where guests can unwind and indulge in an extended artesian bath experience with the offering of packages which have the possibility to include pampering, massage, food and beverage and bath/skincare products. The new bathhouses are also surrounded by an elaborate network of pathways which meander through native flora that attract a bevy of bird life and wildlife. This will no doubt encourage new visitors to our region and encourage return travellers to extend their stay to ensure they are being provided with an unparalleled authentic Australian Outback experience.

Our local Visitor Information Centre – *At the Creek* was recognised at the 2019 Australian Tourism Awards ceremony held in Canberra in early March 2020. The Centre was successful in receiving the top award for Visitor Information Services at the 2019 Queensland Tourism Awards which culminated in Mayor Belinda Murphy, Councillor Janene Fegan and Director Corporate and Community Services Tenneil Cody attending the national ceremony. Unfortunately, the Centre was unsuccessful in receiving a national award but nevertheless it is still a great achievement for a small outback Information Centre to be in contention for a national award.

Council's entire tourism team must again be commended for their tireless efforts in providing high quality services and experiences to our guests.

Library

The back end of 2019 continued to be a productive period for the Julia Creek Library as staff were able to continue to provide a wide range of activities for the community. 'Friday Library' remained a highly popular activity among the local school children as they looked for a way to wind down after a busy school week. Children were also treated to a magic show by local paramedic turned magician Greg and we had a visit from well known ABC Radio Presenter 'Macca' who provided an afternoon of entertainment for the guests. The Library was also fortunate to have its 'Tree of Life' art piece displayed at the Jan Eckford Centre for the Governor General's visit which took place in July. As always, the Friday Library activities ensure the children got right into the Christmas spirit by decorating the Library in preparation for a visit from the man in a big red suit.

The Library remained a pivotal analogue and digital services hub for locals and visitors wanting to swap or borrow books, sit exams, use the WiFi or public computers and access Centrelink services. Library membership numbers continued to increase throughout the financial year and this trend continued at the McKinlay Library – the smallest library in Queensland. The McKinlay community continued to provide services to the community including the introduction of 'McKinlay Mini Readers' which target the youngest demographic of the Shire. Julia Creek Library was also successful in obtaining funding to deliver 'Tech Savvy Seniors' and 'First 5 Forever' programs in 2020, however the negative impact of COVID-19 resulted in these being delayed. The impact of COVID-19 also impacted regular activities and usage of the facility due to a number of restrictions placed on gatherings and business operation.

Similar to other community facilities, the Library had to be closed to the public for a number of weeks before reopening to limited patronage.

Unfortunately for local children, there haven't been any group gatherings allowed in the facility which resulted in the cancellation of 'Friday Library' activities.

Council are hopeful that the Library will return to normal usage in the next financial year and are able to implement a number of the planned programs.

Middle School

Council in partnership with the State Government through the Department of Education continued to deliver a Remote Learning Facility in Julia Creek throughout 2018/19. The facility enables children in years 7 through to 10 enrol through Mount Isa School of The Air and complete their studies in a classroom at the Julia Creek State School with the assistance of a Teachers Aide funded by the State Government. In 2019 the facility had 2 students enrolled, and in 2020 a total of 3 students were utilising the facility. Council believes this initiative helps to sustain, retain and attract families to our community.

Early Learning Centre

Council continues to operate the Early Learning Centre, offering care for children from 12 months of age through to school age with the financial assistance of the Australian Government under the Community Support Programme. An approved kindergarten program is delivered from the centre with assistance from the Queensland Kindergarten Funding Scheme (QKFS).

Over the last 12 months we have seen the continued growth and learning of not just our children, but also our team. This past financial year the Centre has had a strong focus on Professional Development for highly valued staff. Our team engaged in monthly webinars and professional discussions that covered a range of topics including; critical reflection, positive behaviour management, trauma informed practice, meaningful learning experiences, meaningful documentation, and professional practice.

Similarly to most services in 2020, the past six months has been particularly challenging. The onset of COVID-19 significantly impacted our ability to provide a service to the community. As a result of the wide ranging restrictions and closure of schools, the Centre was impacted negatively as many staff were required to be at home caring for their school children and were unable to work during this time. This resulted in a much lower attendance rate than normally expected.

Fortunately, staff were able to design and deliver an online learning program for all children who were not able to attend the service for face-to-face learning. We provided daily experiences that coincided with the resource packs that we provided for the children. The first of which, were generously paid for by South32 and the second was provided by the Centre.

The children and families both displayed extreme patience, understanding and resilience throughout this time. The lower attendance rate and other Government restrictions during the height of the COVID pandemic resulted in a great deal of financial uncertainty for the Centre. Being operated by a Local Government meant the Centre was not eligible for financial assistance and incentives provided to privately owned operators.

Fortunately, through lobbying by North West Queensland Regional Organisation of Councils (NWQROC) to the State and then Federal Government, Centres operated by Local Government were awarded some reimbursement of fees associated with the 'Free Child Care' Subsidy Program.

Special acknowledgment must be awarded to our team of Educators who throughout the crisis assisted in a variety of ways. We would not have been able to remain open if not for the commitment of Lindsay and Sam to providing on the ground care for our essential worker families.

This year has also seen a further increase in enrolments and demand for spots. We currently have 21 children on the waitlist and our ability to provide the service to these families has been impacted by the lack of available staff. Overall, occupancy has been sitting around 85% capacity with this increasing towards the end of the June around 87%, once families were able to return to the Centre.

Children were able to enjoy a variety of activities both at the Centre and remotely. A highlight included the remote 'Teddy Bear's Picnic' where families were able to collect their packs to enjoy the comfort of their home.

We continue to focus on providing a welcoming, enriched and positive learning environment for the children of our community, with a commitment to facilitating the growth and learning of all of the children within our care.

Sport & Recreation

The back end of 2019 included a busy sporting and social recreation calendar for the area. This gave the community and visitors the opportunity to socialise and celebrate Julia Creek's local treasures such as Sedan Dip, Town V Country Rugby League and Netball, Beach Races, Swim Club Ball, North v South Cricket match and Branches Performing Arts Concerts. However, the beginning of 2020 was vastly different due to the ongoing impacts of COVID-19. Even though the North-West remained 'COVID free', it had a significant impact on local events and resulted in the cancellation of highly anticipated events including Julia Creek Campdraft, Sedan Dip and Saxby Round-Up. The Mid-West Rugby League competition was also lost to COVID-19, as well as the closure of several community sporting and recreational facilities due to Government restrictions.

On a more positive note, Council has been able to continue its strong involvement with the Julia Creek Primary School, by planning and delivering several great programs. The annual Bike Safety program, Bike Muster was conducted with a high level of interest with roughly 20-30 students participating and improving their knowledge of road safety. Sporting Schools also continued to provide students an opportunity to learn a variety of new skills in sports such as touch football, tennis, AFL, swimming and softball. The impact on COVID-19 on school closures resulted in no activities during that period of time.

Council was able to hold its inaugural 'Outback Sports Camp' in 2019 which attracted close to 40 participants from Julia Creek and surrounding areas. The event was made possible through the support of Ergon Energy and Sisters of the North. The camp run from July 8-10 and allowed children the opportunity for specialised coaching in rugby league, netball, cricket, tennis, soccer, basketball and outdoor recreation (archery, fencing etc).

Private Coaches and Council staff assisted with delivery of tennis, basketball, soccer and netball, and development officers from Queensland Cricket and the NRL delivered their perspective sports. In a major coup for those involved, staff from Queensland Recreation Centres on the Gold and Sunshine Coast attended to deliver recreation activities which were a highlight for participants as they were exposed to activities they had not seen before.

School Holiday activities kept local children occupied during their time away from school as they were able to engage in a variety of things such as cooking, a variety of arts and crafts, swimming, fishing, picnics, movie marathons, library fun, Mount Isa visits, Christmas activities and a visit to Kronosaurus Korner. Additionally, due to the impact of COVID-19, Council was able to put together an 'at-home' school holiday program for April, where students were able to collect packs with a variety of equipment and activities to keep themselves entertained. There were also different virtual activities that families were able to access through the support of South32.

Council staff were also again provided the opportunity to travel to Mount Isa for Isolated Children's & Parents Associations annual 'Sports for Bush Kids' week as well as the Mount Isa School of the Air Gregory Mini School. It was another great opportunity for children from remote areas to be exposed to a wide variety of sports with specialised coaches.

Julia Creek State School and MCKISSA hosted their annual swimming and athletics carnivals which proved to be great days for the local and rural students. Both events were highly successful and the level of sportsmanship and encouragement students showed each other was exceptional.

Council maintained its great working relationship with ArTour to provide a variety of performances, exhibitions and workshops for the school holiday program as well as the wider community. Council has previously utilised RADF funding to engage these performers for a range of activities and ArTour assists with promotion and production. ArTour held a unique professional development opportunity in Cloncurry which allowed staff to meet and connect with presenters from neighbouring regions to review and discuss current programs and priorities, as well as discussing the need of regional communities moving forward.

Staff were also successful in securing funding that has benefited local sport and recreation significantly. Through the Queensland Government Get Playing Places and Spaces Program, we upgraded the Daren Ginns Centre by completing a 12m x 5m extension to the current workout space. This allowed more floor space to be available for local members and also included the installation of a children's crèche area which enabled parents to bring their children to centre and engage in physical activity. The works also included a new security system, management software and new equipment as requested from users. Sport and Recreation staff have also continued a strong involvement with members of the Commonwealth Home Support Program (CHSP) by delivering a weekly gym session and games to assist with mental and physical wellbeing of the elderly within the community.

The council has been able to restore facilities and equipment at Kev Bannah Oval, McKinlay Tennis Courts and McIntyre Park through funding from Department of Housing and Public Works Sport and Recreation Facilities Clean-up program. This funding was allocated to Council following the hugely detrimental impact of the 2019 Monsoonal Rain Event which caused a significant amount of damage to the whole Shire.

Monies awarded to Council resulted in field maintenance of Kev Bannah Oval and the replacement of the synthetic surface on the Multipurpose Courts in McKinlay. Furthermore, McIntyre Park (the worst affected facility) was awarded with funding to repair irrigation and landscaping at camping areas; the campdraft arena; fencing, electrical and arena repairs at the Pony Club; coldroom, electrical, irrigation, lawn maintenance and stormwater drainage at the Turf Club. This funding will allow the facility to return to pristine condition and takes the burden off Council's operational budget.

The North Queensland Sports Foundation has been able to finalise an agreement with the Western Queensland Primary Health Network (WQPHN) to assist with delivery of community health and wellbeing programs in Julia Creek, Mount Isa and Cloncurry. If successful in receiving the funding, the council will use the funding to start group fitness classes and 1-1 personal training sessions which the community desperately wants and needs.



The objective of Corporate Services is to implement financial strategies to bring about financial stability for current and future generations and maximize and develop the potential of Council's human, physical and financial resources.

Employees Departed

Employee Initiated Separation 21

Employee Turnover rate 27.63%

Employees Recruited

Internal 8

External 14

Gender Balance	Male	Female
Executive/Managerial		1
Professional		
Community and Personal Services		14
Clerical & Administrative	2	8
Machine Operators	8	2
Labourer/Unskilled	10	7
Trades	3	0
Team Leaders/Supervisors	4	4
Total	27	36

Employees at a glance

Workforce/Total number of employees

Permanent	37
Permanent Part-Time	7
Contract – Executive & Managerial	1
Contract – Other	4
Casual	14
Total	63

Policy Review

Our policies are available for download from our website or a hardcopy can be viewed at Council's administration office.

This year a number of policies were reviewed and established, including:

- CCTV Policy
- Road Access Policy
- Debt Policy
- Investment Policy
- Procurement Policy
- Revenue Statement
- Revenue Policy
- Relocation Assistance Policy
- Drinking Water Quality Policy
- Trade Waste Policy
- Expenses & Reimbursement Policy
- Bush Dinner Policy
- Debtors Policy
- Acceptable Request Guidelines
- Complaints Management Policy & Customer Service Charter

Professional Development

Council recognises that the ability to deliver the required standard of service to its community is highly dependent upon the skills and capabilities of its staff. Council offer training and development assistance to employees to provide long term benefits to both Council and the employee in terms of competence, job satisfaction and efficiency.

Councils Employee Professional Development and Training Policy outlines the framework in which Council supports employees to further their skills and knowledge through courses and the like.

During the year Council has assisted employees in the following training:

- First Aid
- CPR
- Certificate III in Construction
- Chainsaw Operations
- Use firearms to humanely destroy animals
- HSR Course
- Certificate IV in Human Resources
- Chemical Handling Cert
- Certificate III WHS
- Certificate IV WHS
- Implement Traffic Management Plan
- Apply poison baits for vertebrate pest control
- Aeronautical Radio Operator

- Aerodrome Reporting Officer
- Transport and Store Chemicals
- CoC Equipment
- CoC Introduction to Australia Government Department of Human Services
- CoC Privacy and Confidentiality
- CoC Specified Personnel Role
- CoC Support Services



Provides maintenance and construction activities on Council road and Parks and Garden assets. These works are funded through Council and various State and Federal programs for example:

- TIDS – Transport Infrastructure Development Scheme
- R2R – Roads to Recovery
- DRFA – Disaster Recovery Funding Arrangements(State and Federal funding)

Council also undertakes routine maintenance works on State controlled roads within the Shire on behalf of the Department Transport and Main Roads.

The following is a snapshot of activities and projects delivered in 2019/2020

TIDS/R2R/TTC

Council has been working to seal the 'Gidyea Bug Byway' and this program contributed a further 16kms of sealed Road in 3 sections.

Town Streets

- Burke Street shoulders were stabilised and resealed
- Replacement of Lintels and Concrete surroundings
- Footpath and Kerb Burke Street
- Dog Park

Byrimine Road

Council gravelled various sections of the road in attempt to make weather proof.

Julia Creek Caravan Park

The caravan park had a total reseal and additional signage implemented.

Rural Roads

Council Road works teams undertake maintenance grades/works on a regular basis and any additional operational matters that are required on Shire Roads.

Natural Disaster Relief and Recovery Arrangements (NDRRA/DRFA)

The 2018 works were completed by 30 June 2020

The 2019 flood works are in progress and are due to finish June 2021

The 2020 flood works will commence in 20/21 Financial Year

Mckinlay Shire Councils WHS officer undertakes monthly audits on all road crews

Cannington Road Works

Council has a contract with South 32 Cannington mine to undertake the repairs and maintenance from McKinlay Township to Cannington Mine. During 2019/2020 sections of the road were stabilised and resealed.

Combo Water Hole

Combo Water hole road had a total make over with 8kms of gravel 8m wide and 7m sealing works done.

Other Maintenance Works completed during this period were:

- Inspections
- Pothole patching
- Removal of dead animals
- Guide post replacement and repairs
- Road sign replacement and repairs

Kynuna Park

New Toilet Block and under cover area added to Kynuna Park

Parks & Gardens

Parks and Gardens oversee the maintenance of vegetation and beautification of the Julia Creek town area; this includes watering, mowing, slashing, whipper snipping, pruning, fertilizing, weeding and cleaning of Council's parks, gardens, reserves, building and airport. This team also assists community services for the setup of community events. They also assist with water breaks/leak repair. Council also has a small crew located at McKinlay that services Kynuna and McKinlay that looks after the small parks, gardens and reserves. Nelia is maintained by the Julia Creek Work Camp.

Enhancements were made in McKinlay, particularly in middle of Middleton Street, with placement of pot plants and river rock.

Workshop

Council's workshop is responsible for the replacement and servicing of Council fleet, plant and equipment.

Work Place Health and Safety

The health and safety of Council employees and contractors is of the highest order when delivering the works mentioned above. McKinlay Shire strives to achieve excellent results in this area, this assisted by a conscientious WHS Officer and assistance from Supervisors and Team Leaders. Staying abreast of the most up to date information is essential hence recent attendance to a Snake safety training course.



Environmental Health &

Regulatory Services

The Environment and Regulatory Services Department delivers the following services to the McKinlay Shire community.

- Waste Facilities
- Corporate and Community Facilities
- Council Housing Management
- Disaster Management
- Food Safety
- Julia Creek Work Camp
- Livestock Operations
- Local Laws
- Pest Animal and Plant Control
- Stock Routes and Reserves
- Town Planning
- Waste Management

Corporate and Community Facilities

The following projects were completed under Council's Capital Works Program;

- Caravan Park Bush Kitchen
- Duncan McIntyre Museum/SES Fencing Project – Works completed by Council Ranger with the assistance of the Julia Creek Work Camp
- McKinlay Community Shed
- McKinlay Depot Accommodation Additions – Decking to be completed in the 2020-21 Financial Year
- Julia Creek Swimming Pool Perimeter Fencing

Disaster Management

The Local Disaster Management Group (LDMG) is developed to inform and prepare the community for any natural disaster that may occur. The Group is chaired by the Mayor and supported by a wide range of Council, Emergency and Supporting Services. The Group meets on a regular basis to ensure that the shire is in a position to deal with the disaster to ensure that the community can get back to or as close to normal as soon as possible.

McKinlay Shire Council has the primary responsibility for managing the impacts of disasters and emergencies within our boundaries. The McKinlay Shire Council Disaster Management Plan outlines our disaster management system roles and responsibilities, and provides a framework of sub-plans for our most likely threats, and for the recovery phase following an event.

Julia Creek SES had seen a rise in new memberships and plenty of training and planning begun during the storm season. Julia Creek and Kynuna members attended a First Aid and Casualty Handling exercise in Mount Isa along with crews from Bedourie, Cloncurry and Mount Isa. This was the first chance for the new members to put their training into practice.

Training was conducted on a fortnightly basis in Julia Creek with the SES and training alongside the Julia Creek Ambulance personal and Auxiliary Fire Fighters on Wednesday nights. Team building and understanding everyone's strengths have proven to be an asset to the emergency services throughout McKinlay Shire.

Food Safety

An external food auditor is engaged to inspect food businesses within the shire to ensure compliance with the relevant legislation. These inspections occur twice yearly with reports being provided to Council. All inspections are up to date. Food Recalls are sent from Queensland Health and are forwarded onto food businesses for action if required.

Julia Creek Work Camp

Work Camp continued delivering a wide range of projects in and around the McKinlay Shire area over the 2019-20 Financial Year. The work camp was recalled to the Townsville Correctional Facility in March 2020 due to COVID-19 requirements.

- Regular mowing of various non-for-profit organisations and churches within the Shire
- Various works at all Cemeteries
- Assistance with the clean up of all waste facilities within the Shire
- Regular clean up of RV site
- Regular mowing and clean up of Dirt and Dust Central
- Preparation and clean up for various camp drafts and community events
- Regular maintenance and mowing/whipper snipping around Livestock Facility and Aerodrome Area
- Regular mowing of Julia Creek State School
- Providing assistance within the Workshop
- Assistance with the Cloncurry Merry Muster and Cloncurry Show
- Assistance with cementing at Julia Creek Cemetery
- Assistance with new fence at Nelia Waste Facility
- Providing assistance with Pony Club activities
- Trim trees and paint at Swimming Pool
- Assistance with laying pipe at McKinlay
- Assistance with poisoning on various areas within Julia Creek

Livestock Operations

The facility has seen the following numbers over the financial year;

- 46,590 head of cattle weighed and scanned

The toilet block at the facility received a facelift over the 2019-20 Financial Year under Council's Capital Works Program. 24,574 head of cattle loaded onto rail transport.

Local Laws

The Local Laws Officer is responsible for ensuring compliance of local laws within the community. For the 2019-20 Financial Year the following areas were covered by the department; unsightly allotments, commercial use of roads, waste facilities, pest management, pest weed, vector control (mosquito fogging), assistance with Stock Route Facilities and Reserves with animal management as always being the primary focus.

The Council Boarding Facility has been actively used during the 2019-20 Financial Year with a total of 46 dogs boarded.

Town Planning

Council received the following Development Applications during the 2019-20 Financial Year;

- 9 x Building Works Applications
- 1 x Planning Application

Pest Animal and Plant Control

Pest Animal

Two rounds of baiting were delivered during the 2019-20 financial year. In October 2019, 43 properties participated with a total of 5750kg of dog meat treated and 5880kg of pig meat treated and 1,490km.

In June 2020, 47 properties participated with a total of 9090kg of dog meat treated and 2540kg of pig meat treated and 1,470km travelled.

Wild dog scalp bounty saw a total of 12 scalps presented. 1000kg of De-K9 was issued during the financial year.

Pest Weed

Council continued to control pest weeds around the Shire, focusing mainly on Council owned or controlled facilities with the following works being conducted during the 2019-20 financial year;

- Nelia Reserve and Julia Creek reserve sprayed
- Nelia - Kilterry Road (approx. 38km) sprayed
- Punchbowl Rd - Woodlands to 36km back towards Julia Creek sprayed
- Julia Creek from rail line towards slaughter yards sprayed
- Sprayed around Julia Creek town areas

- Sprayed and Graslán both north and south Gilliat reserve paddock
- 2 days spraying at Oorindi with Southern Gulf Catchments supplying labour and chemical.
- 2 days spraying at McKinlay Reserve paddocks on re-growth

The Mesquite Eradication Program continued on the McKinlay Common along the McKinlay River which took approx. 18 man days over the period.

Stock Routes and Reserves

The following works occurred on stock route facilities during the 2019-20 Financial Year;

- New troughs were installed at 49 Mile
- New rubbers and pipe work at McKinlay
- New rubbers at Gilliat
- New float at Baroona
- Troughs filled in at Na Vista
- New buckets in at Ding a ding Stock Route Mill
- Cleaning of Blanches Gully
- Replace pump at Kulwin

There are currently 26 active Stock Route Water Agreements.

The following works occurred on the town reserves during the 2019-20 Financial Year;

McKinlay Common

- Installed 6km of poly pipe through McKinlay River
- Installed 2 x new 10,500G water tanks
- Installed 2 x new troughs
- installed new fencing

DPI Paddock

- Installed 5.8km of poly pipe
- Installed new 10,500g water tank
- Installed new trough

Council Housing Management

Council completed the following capital works projects during the 2019-20 Financial Year.

3 Coyne Street Bathroom Upgrade

Airport Residence Bathroom Upgrade

Waste Management

Regular pushing, covering and picking up of rubbish occurs during the year when required by Council Staff with the assistance of the Julia Creek Work Camp.

Cameras were installed under Council's Capital Works Program at the facility to allow monitoring of facility.

The Containers for Change Initiative commenced during the year with Ian McLaughlin from Richmond coming to Julia Creek on the 1st Saturday of each month to collect all eligible containers. Approx. 25,000 containers were collected per month.



Statutory Information

OUR LEGISLATIVE COMPLIANCE

Local Government Act 2009	
Identifying Beneficial Enterprises (s41)	
A local government's annual report for each financial year must contain a list of all the beneficial enterprises that the local government conducted during the financial year	Nil
Identifying Significant business activities (s45)	
A local government's annual report for each financial year must—	
(a) contain a list of all the business activities that the local government conducted during the financial year; and	Airport Saleyards Roads Water & Sewerage Waste Management & Landfill Plant Childcare Caravan Park
(b) identify the business activities that are significant business activities; and	Nil
(c) state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied; and	Not applicable
(d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities.	Not applicable
Senior Management Remuneration Packages (s201)	
(1) The annual report of a local government must state—	
(a) the total of all remuneration packages that are payable for the year to the senior management of the local government; and	
(b) the number of employees in senior management who are being paid each band of remuneration; and	
Total Remuneration Package (including superannuation)	Number of senior management employees
\$100,000 - \$200,000	2
\$200,000 - \$300,000	1
Senior Management includes Chief Executive Officer and two Directors	
Local Government Regulation 2012	
Financial Statements (s183)	
The annual report for a financial year must contain—	
(a) the general purpose financial statement for the financial year, audited by the auditor-general; and	Refer pages 47 - 79
(b) the current-year financial sustainability statement for the financial year, audited by the auditor-general; and	Refer pages 83 - 86
(c) the long-term financial sustainability statement for the financial year;	Refer page 87

and	
(d) the auditor-general’s audit reports about the general purpose financial statement and the current-year financial sustainability statement.	Refer pages 80 - 82
Community Financial Report (s184)	
The annual report for a financial year must contain the community financial report for the financial year.	Refer pages 35 - 45
Particular Resolutions (s185)	
The annual report for a financial year must contain—	
(a) a copy of the resolutions made during the financial year under section 250(1) – expenses and reimbursement policy <i>At the Ordinary Meeting of Council held on 19th November 2019 the Council considered the draft revised policy and passed the following resolution:</i> Resolution No. 123/1920 Council adopts the Expenses and Reimbursement Policy Version 3.0. Moved Cr. S Royes CARRIED 3/0	Seconded Cr. J Fegan
(b) a list of any resolutions made during the financial year under section 206(2)	No resolutions were made in the 2019/20 financial year regarding asset thresholds
Councillors (s186)	
The annual report for a financial year must contain particulars of—	
(a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; and	Refer Table 1
(b) the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government’s expenses reimbursement policy; and	Refer Table 2 and 3
(c) the number of local government meetings that each councillor attended during the financial year; and	Refer Table 4
(d) the total number of the following during the financial year—	
(i) orders made under section 150I(2) of the Act;	Nil
(ii) orders made under section 150AH(1) of the Act;	Nil
(iii) decisions, orders and recommendations made under section 150AR(1) of the Act; and	Nil
(e) each of the following during the financial year—	
(i) the name of each councillor for whom a decision, order or recommendation mentioned in paragraph (d) was made;	N/A
(ii) a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors;	N/A
(iii) a summary of the decision, order or recommendation made for each councillor;	N/A
The number of each of the following during the financial year—	
(i) complaints referred to the assessor under section 150P(2)(a) of the LGA by the local government, a councillor of the local government or the Chief Executive Officer of the local government;	Nil
(ii) matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission;	Nil
(iii) notices given under section 150R(2) of the Act;	Nil
(iv) notices given under section 150S(2)(a) of the Act;	Nil

(v) decisions made under section 150W(1)(a), (b) and (d) of the LGA (1 July 2019 to 31 August 2019);	Nil
(vi) decisions made under section 150W(1)(a), (b) and (c) of the LGA (1 September 2019 to 30 June 2020)	Nil
(vii) referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the LGA;	Nil
(viii) occasions information was given under section 150AF(4)(a) of the LGA;	Nil Nil
(ix) occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the LGA for the local government, the suspected inappropriate conduct of a councillor;	
(x) applications heard by the conduct tribunal:	Nil
<ul style="list-style-type: none"> about the alleged misconduct of a councillor (1 July 2019 to 31 August 2019), and under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct (1 September 2019 to 30 June 2020) 	Nil

Table 1

Councillor	Remuneration
Cr Belinda Murphy	\$82,816.88 *payment from 1 July 2019 to 13 April 2020
Cr Neil Walker	\$47,778.52 *payment from 1 July 2019 to 13 April 2020
Cr Philip Curr	\$62,676.81 Note remuneration as Councillor for the period 1 July 2019 to 13 April 2020, then remuneration as Mayor from 13 April to 30 June 2020
Cr Janene Fegan	\$58,720.52 Note remuneration as Councillor for the period 1 July 2019 to 13 April 2020, then remuneration as Deputy Mayor from 13 April to 30 June 2020
Cr Shauna Royes	\$51,575.40
Cr Tim Pratt	\$12,181.63 *Payment from 13 April to 30 June 2020
Cr John Lynch	\$12,181.63 *Payment from 13 April to 30 June 2020

Table 2

Facilities and Resources provided					
Councillor	Administrative Assistance	Council Ipad	Council Mobile Phone	Council Vehicle	Office & Resources
Cr Belinda Murphy	✓	✓	✓	✓	✓
Cr Neil Walker					
Cr Philip Curr	✓	✓	✓		
Cr Janene Fegan		✓			
Cr Shauna Royes		✓			

Cr Tim Pratt	✓
Cr John Lynch	✓
All Councillors have access to a Council car if they are travelling to attend a meeting or function of Council outside of Julia Creek.	

Table 3

Expenses & Reimbursements			
Councillor	Conference & Workshop Expenses	Travel Expenses (Flights & Accommodation)	Total
Cr Belinda Murphy	\$2,215.83	\$13,849.05	\$16,064.88
Cr Neil Walker	\$1,722.31	\$1,618.22	\$3,340.53
Cr Philip Curr	-	-	-
Cr Janene Fegan	\$2,686.57	\$5,993.47	\$8,680.04
Cr Shauna Royes	\$819.31	\$979.50	\$1,798.81
Cr Tim Pratt	-	-	-
Cr John Lynch	-	-	-

Table 4

Councillor	Ordinary Meetings Held	Ordinary Meetings Attended	Special Meetings Held	Special Meetings Attended
Cr. Belinda Murphy	9	7	3	2
Cr. Neil Walker	9	9	3	3
Cr. Philip Curr	12	11	4	1
Cr. Janene Fegan	12	12	4	4
Cr. Shauna Royes	12	11	4	4
Cr. Tim Pratt	3	3	1	1
Cr. John Lynch	3	3	1	1

Table 5 - McKinlay Shire Council Community Funding Expenditure 19-20

Organisation	Amount	Funding Program
Julia Creek P&C Association	\$1,999	Community Benefit Assistance Scheme
Julia Creek Turf Club	\$2,090	Community Benefit Assistance Scheme
Julia Creek Campdraft Association	\$795.20	Community Benefit Assistance Scheme
Julia Creek Sporting Shooters Association	\$4,344.25	Community Benefit Assistance Scheme
Julia Creek Combined Sporting Association	\$1,589.80	Community Benefit Assistance Scheme
McKinlay Race Club	\$2,399.50	Community Benefit Assistance Scheme
Sedan Dip	\$5,000	Sponsorship

Saxby Round-Up	\$5,000	Sponsorship
Julia Creek Amateur Swim Club	\$5,000	Sponsorship
Julia Creek Hospital Auxiliary	\$5,000	Donation
Kids of the Creek	\$908.38	Donation

LOCAL GOVERNMENT REGULATION 2012 CONTINUED

Administrative Action Complaints (s187)

McKinlay Shire Council is committed to providing an open and accountable local government. To assist Council achieve this Council has endorsed a General Complaints Process Policy to ensure an effective and transparent method of responding to complaints regarding its services, actions and conduct of Councillors and Council officer's to better enable Council to undertake this role. Council is committed to dealing fairly with administrative action complaints.

Summary of complaints as required by section 187 of the *Local Government Regulation 2012*

Administrative Actions Complaints Made 2019/20	5
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Administrative Action Complaints resolved 2019/20	5
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Administrative Action Complaints Unresolved 2019/20	0
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Administrative Action Complaints Unresolved (from above) made in 2018/19	0
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Overseas Travel (s188)

(1) The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year— (a) for a councillor—the name of the councillor; (b) for a local government employee—the name of, and position held by, the local government employee; (c) the destination of the overseas travel; (d) the purpose of the overseas travel; (e) the cost of the overseas travel.	Nil overseas travel by a Councillor or employee
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(2) The annual report may also contain any other information about the overseas travel the local government considers relevant.	Not applicable
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Expenditure on grants to community organisations (s189)

(1) The annual report for a financial year must contain a summary of the local government's expenditure for the financial year on grants to community organisations.	Council provides support to the local community by providing financial assistance to various community organisations. Grants are provided under Councils Community Grants Policy, which offers support under three funding programs; Community Donations, Community Sponsorship, and Community Benefits Assistance Scheme. Refer to Table 5 for a summary of the grants.
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(2) The annual report must also contain the following information about the local government's discretionary funds—	Not applicable – McKinlay Shire Council councillors do not have discretionary funds
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- (a) the total amount budgeted for the financial year as the local government’s discretionary funds;
- (b) the prescribed amount for the local government for the financial year;
- (c) the total amount of discretionary funds budgeted for the financial year for councillors to allocate for each of the following purposes—
 - (i) capital works of the local government that are for a community purpose;
 - (ii) other community purposes;
- (d) the amount of discretionary funds budgeted for use by each councillor for the financial year;
- (e) if a councillor allocates discretionary funds in the financial year—
 - (i) the amount allocated; and
 - (ii) the date the amount was allocated; and
 - (iii) the way mentioned in section 202(1) in which the amount was allocated; and
 - (iv) if the amount was allocated to a person or organisation— the name of the person or organisation to whom the allocation was made; and
 - (v) the purpose for which the amount was allocated, including sufficient details to identify how the funds were, or are to be, spent.

Other Contents (s190)

(1) The annual report for a financial year must contain the following information—

(a) the chief executive officer’s assessment of the local government’s progress towards implementing its 5-year corporate plan and annual operational plan;	Refer to the section ‘Performance Reporting’
(b) particulars of other issues relevant to making an informed assessment of the local government’s operations and performance in the financial year;	
(c) an annual operations report for each commercial business unit;	Not Applicable
(d) details of any action taken for, and expenditure on, a service, facility or activity—	Not Applicable
<ul style="list-style-type: none"> i) supplied by another local government under an agreement for conducting a joint government activity; and ii) for which the local government levied special rates or charges for the financial year; 	Not Applicable
(e) the number of invitations to change tenders under section 228(8) during the financial year;	Nil
f) a list of the registers kept by the local government;	Asset Register Register of Interests (Council and Senior Executive Officers) Register of Delegations Local law Register Roads Register Councillor Conduct Register Policy Register Fees & Charges Register Register of Pre-Qualified

	Suppliers
(g) a summary of all concessions for rates and charges granted by the local government;	<p>In accordance with the <i>Local Government Regulation 2012 Part 10</i> Council granted a remission equal to 55% of gross rates and charges to property owners who qualified for the current State Government pensioner rate remission scheme. This policy only applied to ratepayers in categories 1 – 4.</p> <p>Discount In accordance with Section 130 of the <i>Local Government Regulation 2012</i>, a discount of 10% was allowed on all rates and charges (excluding Fire Services Levy) if paid in full including overdue rates and charges before the end of the discount period. The discount period is a period that ends on or before the due date for payment.</p> <p>Pensioners - \$24,582.64 Discount - \$310,803.67</p>
(h) the report on the internal audit for the financial year;	
(i) a summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints;	Nil
(j) the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3).	Not Applicable
<p>The Local Government Act 2009 requires Council to have an internal audit function. The purpose of the internal audit is to add value and improve councils operations. It provides a systematic approach to valuate and improve the effectiveness of risk management and governance processes.</p> <p>The scope of works for each financial year is set out in an internal Audit Plan, which is endorsed by the Chief Executive Officer and the Audit Committee.</p> <p>During the 2019/20 financial year internal audits were carried out on the following financial management matters:</p> <ul style="list-style-type: none"> • Plant Rate Review for Queensland Reconstruction Authority (QRA) projects • Cyber Fraud Event • Flood Damage Management Contract Review 	

Council continued to operate an Audit Committee throughout 2019/20 which is comprised of two Councillors and one external member. The Audit Committee members up until the Quadrennial election were Mayor, Cr Belinda Murphy, Deputy Mayor, Cr Neil Walker and Mr Neil Warner. Following the election the members are Deputy Mayor Cr Janene Fegan, Cr John Lynch and Mr Neil Warner.

The Audit Committee met once during the financial year, reviewing the Internal Audit Reports, the Draft Annual Financial Statements and the Auditors Closing Report.



*Community
Financial Report*

2019 / 20

The Community Financial Report is a plain English summary of Council's Financial Statements prepared in accordance with Section 179 of the *Local Government Regulation 2012*.

1. 2019/20 Snapshot

Key highlights of the 2019/20 financial year include:

- ❖ ComboWaterhole Road – pave and bitumen seal 8 kilometres
- ❖ Gilliat/McKinlay Road – pave and bitumen seal 16 kilometres
- ❖ Innovation Hub – creation of a 24/7 digital hub
- ❖ Caravan Park Artesian Bath Houses – Construction of 2 Artesian Bath Houses and landscaping
- ❖ Sewer Treatment Plant Upgrade – enhancement of plant to increase capacity and level of treatment

2. About Council's End of Year Financial Statements

What you will find in the Financial Statements

The Audited Financial Statements of Council set out the financial performance, financial position, cash flows and the net wealth of Council for the financial year ended 30 June 2020.

About the Management Certificate

The Financial Statements must be certified by both the Mayor and the Chief Executive Officer as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for and ownership of the Financial Statements by management and elected representatives.

About the Financial Statements

The Financial Statements incorporate 4 "primary" financial statements and accompanying notes.

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing both regular income and expenses and other comprehensive income which records items such as changes in the fair values of Council's assets and investments.

2. A Statement of Financial Position (Balance Sheet)

A 30 June snapshot of Council's Financial Position including its Assets and Liabilities.

3. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

5. Notes to the Financial Statements

Provides greater detail to the line numbers of the 4 "primary" financial statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by the Queensland Audit Office. The audit of many Queensland Councils is contracted to Audit firms that specialise in Local Government. The Auditor provides an audit report which gives an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

Where to find a complete version of Council's 2019/20 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2020 is contained in this annual report and can also be found at our website:

www.mckinlay.qld.gov.au

or at Council's administrative office at: 29 Burke Street, Julia Creek Qld 4823

3. An Overview of this year's Financial Result and Financial Position

3.1 Council's Statement of Comprehensive Income (Profit and Loss) for 2019/20

Council's headline "profit/loss" result for the 2019/20 year was a \$20,274,361 profit.

<i>Council's Result</i>			
	Actual	Budget	Actual
\$ '000	2020	2020	2019
Expenditure	20,570	17,550	18,094
Revenues (excl. income for capital purposes)	13,785	11,098	15,648
Net Result before Capital Grants & Contributions	-6,785	-6,452	-2,446
Capital Grants & Contributions	25,876	39,623	10,403
Increase in Asset Revaluation	1,183	-	10,345
Net Result	20,274	33,171	-2,303

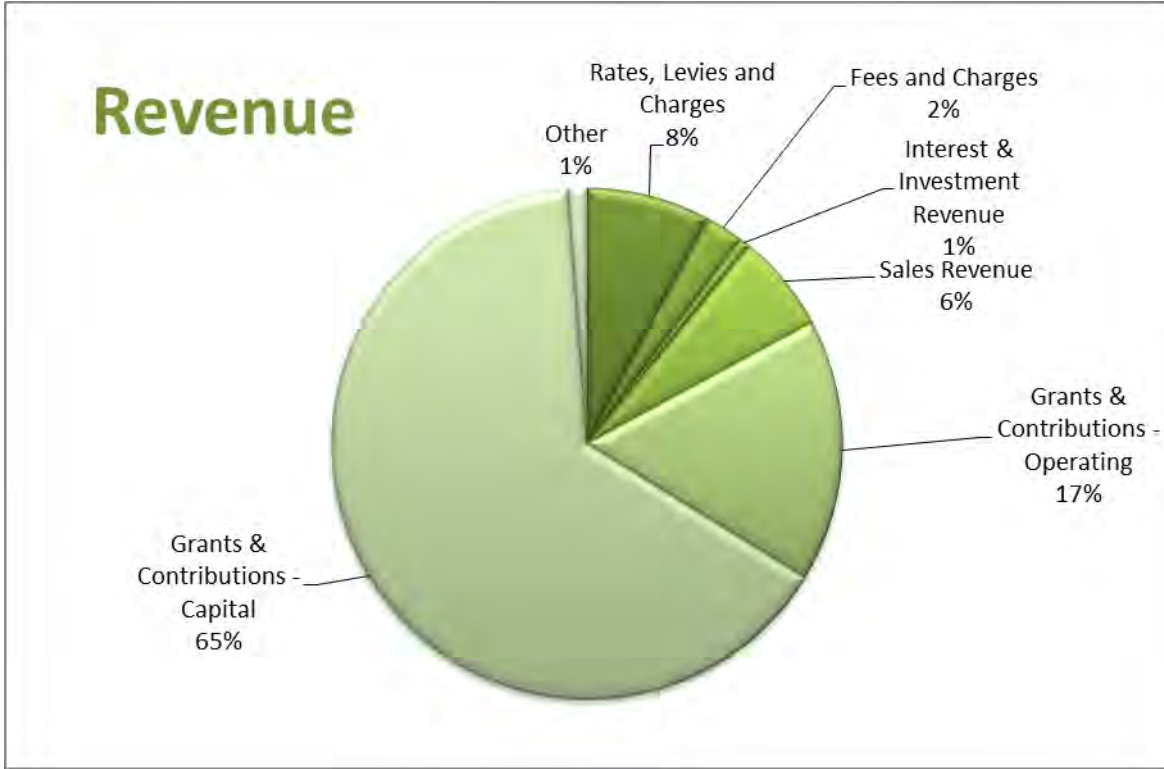
The budgeted "profit/loss" for 2019/20 was \$33,171 however Council's profit was \$20,274,361 which meant Council didn't realise its budgeted projections. The main reasons relating to this difference between the actual result and the budgeted performance was:

- ❖ Capital Grants and contributions not received prior to 30 June 2020.

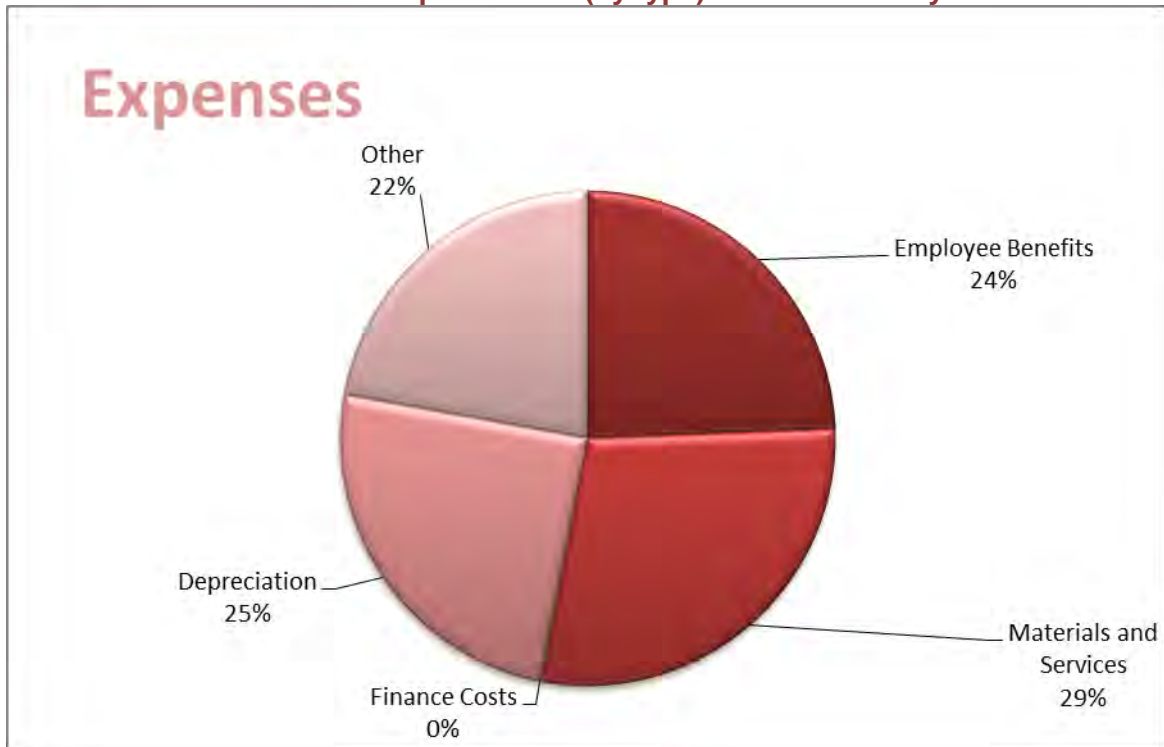
Overall Council and Management believe the financial result for 2019/20 to be satisfactory.

The charts below summarises where Council's revenue and expenses came from:

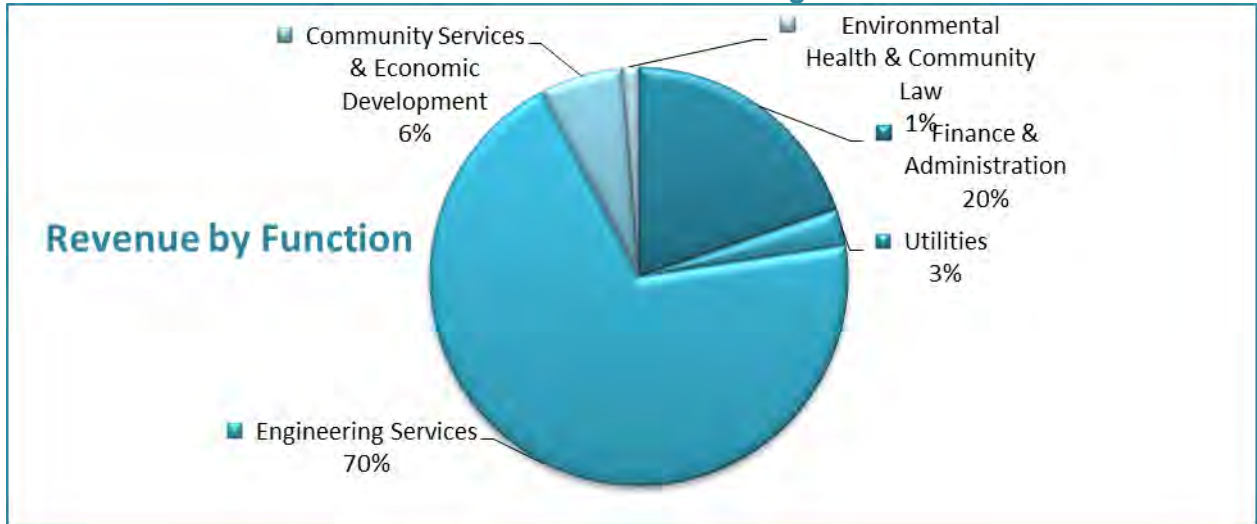
Council's Revenue Sources for the 2019/20 year:



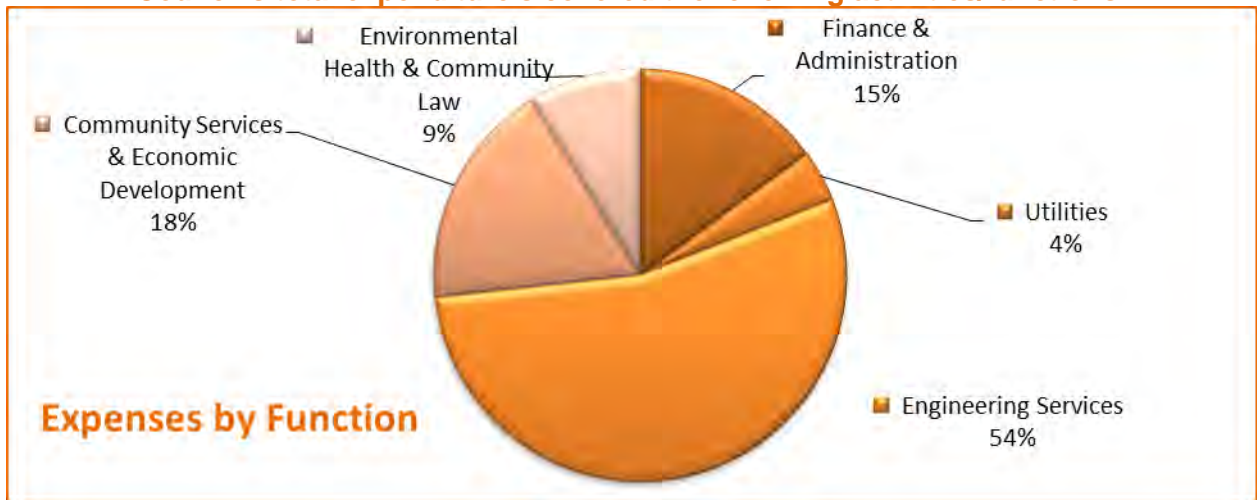
Council's total Expenditure's (by type) for the 2019/20 year:



Council's total revenue covered the following activities/functions:



Council's total expenditure's covered the following activities/functions:



3.2 Councils Statement of Financial Position (Balance Sheet) for 2019/20

Council's Net Wealth

The Balance Sheet "bottom line" discloses the Net Community Equity of Council, which represents its wealth as measured by a dollar value of its asset less liabilities.

Council's Wealth		
	Actual	Actual
\$ '000	2020	2019
The major items that make up Council's wealth include the following assets:		
Available Cash & Investments	18,835	16,151
Inventories (stores, raw materials & land purchased for development & sale)	114	260
Debtors	1,498	2,891
Contract Assets	4,606	-
Other Assets	84	58
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	3,983	621
- Land and Improvements	1,488	1,787
- Buildings	22,832	21,569
- Other Plant and Equipment	4,297	3,957
- Road, Drainage and Bridge Network	176,508	159,252
- Water	4,126	4,189
- Sewerage	6,739	6,564
- Other Infrastructure Assets	8,263	7,473
- Office Furniture and Fittings	277	299
Council has funded some of its operations and assets by the following liabilities:		
Trade & Other Payables	3,344	1,463
Loans & Borrowings (refer Councils Debt Policy for further information)		
Contract Liabilities	7,485	-
Provisions	1,029	445
Net Community Equity	241,899	223,103

Council's Capital Expenditure for 2019/20

Council's Capital Expenditure by Asset Class was as follows:

❖ Land	\$20,000
❖ Water Infrastructure	\$307,023
❖ Sewerage Infrastructure	\$440,781
❖ Roads and Streets Infrastructure	\$26,158,065
❖ Buildings	\$1,533,084
❖ Other Structures	\$1,524,255
❖ Plant & Equipment	\$1,097,477
❖ Office Furniture & Equipment	\$6,690
	\$31,318,191

Council's Major Capital Projects for 2019/20 included the following:

Gilliat/McKinlay Road \$2,327,086

Pavement and bitumen sealing of approximately 16.17 kilometres at various chainages leaving only 2 kilometres left to be sealed in the 2020/2021 financial year. This projects was realised through funding programs TIDS, Roads to Recovery and DRFA Betterment.

Combo Waterhole Road \$2,051,343

Pavement and bitumen sealing of approximately 8 kilometres, which is the entire road from Landsborough Highway to the Combo Waterhole Carpark.

Innovation Hub \$698,551

Conversion of the previous medical centre into an Innovation hub which will provide high speed internet access for members. The Hub will be available 24/7 and has a public space and two meeting rooms with videoconferencing facilities.

Caravan Park Landscaping and Artesian Bath Houses \$362,343

Construction of two additional bath houses at the Julia Creek Caravan Park and irrigation and landscaping works surrounding the Bath Houses.

3.3 Council's Key Financial Figures - A Snapshot

A summary of some key financial figures over the past 5 years lets you see some overall trends.

Financial Performance Figures (\$'000)	2020	2019	2018	2017	2016
Inflows:					
Rates, Levies & Charges	3,104	3,030	2,908	2,812	2,765
Fees & Charges	961	931	733	807	627
Interest Received	271	362	318	315	378
Sales Revenue	2,476	3,773	2,037	8,717	2,785
Other Revenue	393	325	493	205	293
Grants, Subsidies, Contributions & Donations - Operating & Capital	6,580	7,227	5,915	8,847	6,031
Total Income from Continuing Operations	13,785	15,648	12,404	21,703	12,879
Grants, Subsidies, Contributions & Donations - Capital Capital Income	25,792 84	10,432 -29	8,983 97	12,554 12	10,378 8
Sale Proceeds from PP&E	-	-	-	-	-
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits	5,019	5,322	4,714	5,010	4,774
Materials & Services	5,876	7,730	5,141	8,822	5,303
Finance Costs	25	27	23	31	45
Depreciation and Amortisation	5,093	4,442	4,403	3,920	4,391
Inventory write-down	-	-	-	-	-
Loss on Disposal of Non-Current Assets	-	-	-	-	-
Write-off Flood Damaged Roads	4,558	-	14,721	-	3,359
Revaluation Decrement	-	573	-	-	-
Total Expenses from Continuing Operations	20,571	18,094	29,002	17,783	17,872
Total Cash purchases of PP&E	31,318	9,541	13,045	17,983	11,433
Other Capital Expenses	-	-	-	-	-
Total Loan Repayments (incl. Finance Leases)	-	-	-	193	176
Operating Surplus/(Deficit) (excl. Capital Income & Exps)	2,143	1,872	1,878	3,920	(1,634)
Financial Position Figures (\$'000)	2020	2019	2018	2017	2016
Current Assets	25,137	19,302	15,379	17,792	14,333
Current Liabilities	11,586	1,756	1,353	2,672	1,714
Net Current Assets	13,551	17,546	14,026	15,120	12,619
Cash & Cash Equivalents	18,835	16,151	12,862	15,666	13,289
Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases)	-	-	-	-	193
Total Value of PP&E (excl. Land & Improvements)	227,025	203,923	189,141	192,344	175,290
Total Accumulated Depreciation	56,605	51,520	60,374	59,879	55,168
Indicative Remaining Useful Life (as a % of NBV)	75%	75%	68%	69%	69%

Source: Published audited financial statements of Council (current year & prior year annual financial statements)

4. Financial Sustainability Measures

The Financial Sustainability of Councils is now a cornerstone of the Local Government Act and a core responsibility of individual Councils across Queensland.

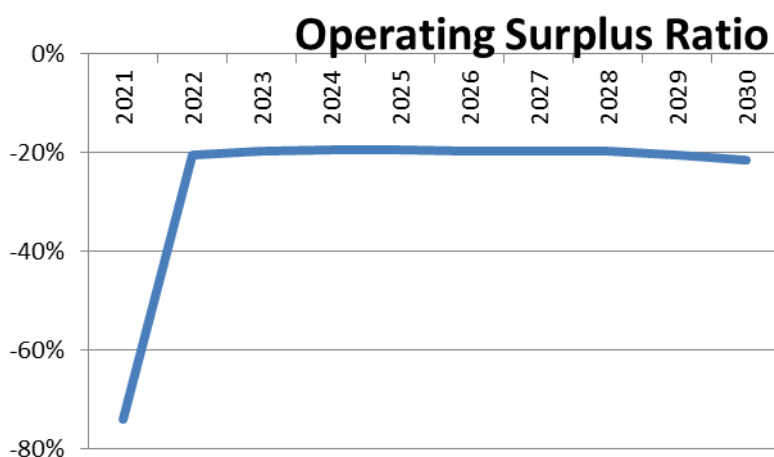
Financial Sustainability is defined as when a **"Local Government is able to maintain its financial capital and infrastructure capital over the long term"** [source: Local Government Act 2009 section 102(2)].

The Financial Sustainability indicators (in accordance with the *Local Government Regulation 2012*) that Council must publish are as follows:

Operating Surplus Ratio – Target 0-10%

Net Result divided by Total Operating Revenue

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



Asset Sustainability Ratio – Target >90%

Capital Expenditure on the Replacement of Assets (Renewals) divided by Depreciation Expense

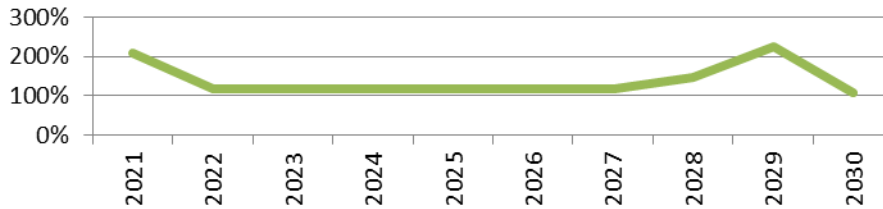
This is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as these reach the end of their useful lives.

Depreciation expense represents an estimate of the extent to which the infrastructure assets have been consumed in a period.

Capital expenditure on renewals (replacing assets that the local government already has) is an indicator of the extent to which the infrastructure assets are being replaced.

This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out.

Asset Sustainability Ratio

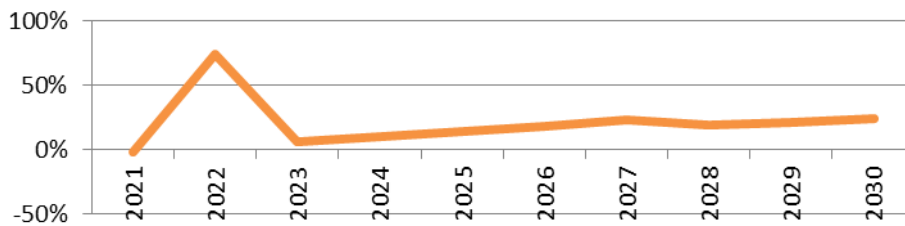


Net Financial Liabilities Ratio – Target <60%

Total Liabilities less Current Assets divided by Total Operating Revenue

This is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues.

Net Financial Liabilities Ratio



Financial Sustainability Indicators

for the year ended 30 June 2020

	Target	Actual 2020	Long Term Financial Plan Projections									
			Yr 1 2021	Yr 2 2022	Yr 3 2023	Yr 4 2024	Yr 5 2025	Yr 6 2026	Yr 7 2027	Yr 8 2028	Yr 9 2029	Yr 10 2030
Ratio												
Operating Surplus Ratio	0 - 10%	-16%	-74%	-20%	-20%	-20%	-19%	-20%	-20%	-20%	-20%	-22%
Asset Sustainability Ratio	> 90%	557%	208%	116%	118%	119%	118%	116%	116%	148%	227%	108%
Net Financial Liabilities Ratio	< 60%	-96%	-2%	74%	6%	10%	14%	18%	23%	19%	21%	24%



*Financial
Statements*

2019 / 20

McKinlay Shire Council

Financial statements

For the year ended 30 June 2020

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Statement of Changes in Equity

Statement of Cash Flows

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Management Certificate

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Independent Auditor's Report (General Purpose Financial Statements)

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

Unaudited Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

McKinlay Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	3,104,116	3,029,846
Fees and charges	3(b)	961,267	930,621
Sales revenue	3(c)	2,475,988	3,773,589
Grants, subsidies, contributions and donations	3(d)	6,580,024	7,227,533
		<u>13,121,395</u>	<u>14,961,589</u>
Capital revenue			
Grants, subsidies, contributions and donations	3(d)	25,792,184	10,431,731
		<u>25,792,184</u>	<u>10,431,731</u>
Total capital revenue		<u>25,792,184</u>	<u>10,431,731</u>
Interest received	4	271,470	361,814
Other income		392,632	324,803
Other capital income	5	84,408	(29,172)
Total income		<u>39,662,089</u>	<u>26,050,765</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(5,018,658)	(5,322,332)
Materials and services	7	(5,875,586)	(7,729,584)
Finance costs		(25,333)	(26,660)
Depreciation and amortisation	12	(5,092,970)	(4,441,975)
		<u>(16,012,547)</u>	<u>(17,520,551)</u>
Capital expenses			
Revaluation decrement	12	-	(573,214)
Write-off of flood damaged roads	12	(4,558,089)	-
Total expenses		<u>(20,570,636)</u>	<u>(18,093,765)</u>
Net result		<u>19,091,453</u>	<u>7,957,000</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	17	1,182,908	10,344,997
Total other comprehensive income for the year		<u>1,182,908</u>	<u>10,344,997</u>
Total comprehensive income for the year		<u>20,274,361</u>	<u>18,301,997</u>

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

McKinlay Shire Council
Statement of Financial Position
as at 30 June 2020

	<u>Note</u>	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
Current assets			
Cash and cash equivalents	8	18,835,421	16,150,832
Trade and other receivables	9	1,497,615	2,832,483
Inventories	10	114,335	260,007
Contract assets	13	4,605,500	-
Other assets		83,726	58,226
Total current assets		<u>25,136,597</u>	<u>19,301,548</u>
Non-current assets			
Property, plant and equipment	12	228,512,512	205,710,184
Land Held for Resale	11	107,500	-
Total non-current assets		<u>228,620,012</u>	<u>205,710,184</u>
Total assets		<u>253,756,609</u>	<u>225,011,732</u>
Current liabilities			
Trade and other payables	15	3,343,619	1,037,589
Contract liabilities	13	7,485,079	-
Provisions	16	756,825	718,122
Total current liabilities		<u>11,585,523</u>	<u>1,755,711</u>
Non-current liabilities			
Provisions	16	272,166	152,910
Total non-current liabilities		<u>272,166</u>	<u>152,910</u>
Total liabilities		<u>11,857,689</u>	<u>1,908,621</u>
Net community assets		<u>241,898,920</u>	<u>223,103,111</u>
Community equity			
Asset revaluation surplus	17	79,503,335	78,320,427
Retained Surplus		162,395,585	144,782,684
Total community equity		<u>241,898,920</u>	<u>223,103,111</u>

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

McKinlay Shire Council
Statement of Changes in Equity
For the year ended 30 June 2020

Note	Asset revaluation surplus 17	Retained Surplus	Total
	\$	\$	\$
Balance as at 1 July 2019	78,320,427	144,782,684	223,103,111
Adjustment on initial application of AASB 15 / AASB 1058	-	(1,478,552)	(1,478,552)
Restated balance at 1 July 2019	<u>78,320,427</u>	<u>143,304,132</u>	<u>221,624,559</u>
Net result	-	19,091,453	19,091,453
Other comprehensive income for the year			
Increase in asset revaluation surplus	1,182,908	-	1,182,908
Total comprehensive income for the year	<u>1,182,908</u>	<u>19,091,453</u>	<u>20,274,361</u>
Balance as at 30 June 2020	<u><u>79,503,335</u></u>	<u><u>162,395,585</u></u>	<u><u>241,898,920</u></u>
Balance as at 1 July 2018	67,975,430	136,825,683	204,801,113
Net result	-	7,957,000	7,957,000
Other comprehensive income for the year			
Increase in asset revaluation surplus	10,344,997	-	10,344,997
Total comprehensive income for the year	<u>10,344,997</u>	<u>7,957,000</u>	<u>18,301,997</u>
Balance as at 30 June 2019	<u><u>78,320,427</u></u>	<u><u>144,782,684</u></u>	<u><u>223,103,111</u></u>

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

McKinlay Shire Council
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		11,368,126	7,416,602
Payments to suppliers and employees		(13,716,083)	(12,584,567)
		<u>(2,347,957)</u>	<u>(5,167,965)</u>
Interest received	4	271,470	361,814
Grants, subsidies, contributions and donations (operating)		6,795,637	7,227,533
Borrowing costs		(25,333)	(26,660)
Net cash inflow from operating activities	22	<u>4,693,817</u>	<u>2,394,722</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(29,070,191)	(9,540,680)
Proceeds from sale of property plant and equipment	5	132,120	2,818
Grants, subsidies, contributions and donations (capital)	3(d)	26,928,843	10,431,731
Net cash inflow (outflow) from investing activities		<u>(2,009,228)</u>	<u>893,870</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash (outflow) from financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalent held		<u>2,684,589</u>	<u>3,288,592</u>
Cash and cash equivalents at the beginning of the financial year		16,150,832	12,862,241
Cash and cash equivalents at end of the financial year	8	<u>18,835,421</u>	<u>16,150,832</u>

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

1 Significant accounting policies

1.01 Basis of preparation

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

These general purpose finance statements are for the period 1 July 2019 to 30 June 2020. They are prepared in accordance with Local Government Act 2009 and the Local Government Regulations 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 for the revaluation of certain classes of property, plant and equipment.

1.02 New and revised Accounting Standards adopted during the year

The McKinlay Shire Council adopted all standards which became mandatorily effective for annual reporting periods beginning 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases.

Refer to the change in accounting policy note 23 for transition disclosures for *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of NFP Entities* and *AASB 16 Leases*.

As Council does not have any leases in place as lessee, the introduction of *AASB 16 Leases*, has had no impact on Council.

1.03 Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements at their effective date. These standards are not expected to have a significant impact on Council.

Standard and impact	effective for annual report period beginning
AASB 17 Insurance Contracts	01-Jul-21
AASB 1059 Service Concession Arrangements: Grantors	01-Jul-20
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	01-Jul-20
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	01-Jul-20
AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark reform	01-Jul-20

1.04 Estimates and judgements

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

- Valuation and depreciation of property, plant and equipment (Note 12)
- Provisions (Note 16)
- Contingent liabilities (Note 19)
- Financial instruments and financial liabilities (note 24)

1.05 Rounding and comparatives

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

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

1.06 Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

1.07 Impacts from the COVID-19 pandemic

Council has assessed the impact of the COVID-19 global pandemic and found there were no material implications for the financial year ending 30 June 2020.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

2. Analysis of Results by Function

2(a) Components of council functions

The activities relating to the Council's components reported on in Note 2(b) are as follows:

Finance and administration

This comprises of the overall management of the Shire's administration in accordance with the provisions of the Local Government Act and other Acts, to facilitate the business of Council covering areas such as the following:

Support functions for the Mayor and Councillors
Council and committee meetings and statutory requirements
Support functions of management of the Council's finances
Information Technology (IT)
Administration

Utilities

The goal of this program is to protect and support our community and natural environment by sustainably managing Council's water and sewerage network

Engineering services

The core function is to provide and maintain Council's infrastructure assets to a standard which meet the objectives of safety and need within the financial framework of Council's Works Program. It comprises of specific areas such as the following:

Construction and maintenance of roads and drainage works
Maintenance of Council's plant and equipment
Operation and maintenance of Council workshop and depot.

Community services and economic development

The goal of community services is to ensure McKinlay is a healthy, vibrant, contemporary and connected community. Community services provides well maintained community facilities, and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

This function includes:

Maintenance of halls
Operation of the swimming pool
Operation of recreation centres and various services
Operation of library
Operation of senior citizen's centre

Environmental health and community laws

The goal of this program is to protect our community by way of implementing Council & EPA policies and guidelines. It comprises of specific functions such as the following:

Environment issues, workplace health and safety, animal control, pest management, stock routes, refuse collection and disposal, town planning and local laws administration.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

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

Functions	Year ended 30 June 2020											
	Gross program income					Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital				Recurring	Capital				
	Grants	Other	Grants	Other	Other	2020			2020			
Finance and administration	4,691,013	3,066,131	-	84,408	7,841,552	(3,085,120)	-	(3,085,120)	4,756,432	\$	26,894,398	
Utilities	-	511,368	606,000	-	1,117,368	(839,509)	-	(839,509)	(328,141)		11,138,956	
Engineering services	1,111,501	2,582,779	23,988,032	-	27,662,312	(6,588,415)	(4,558,089)	(11,146,504)	16,515,808		214,699,278	
Community services & economic development	752,510	561,149	1,218,152	-	2,531,811	(3,676,726)	-	(3,676,726)	(2,363,067)	(1,144,915)	965,773	
Environmental health & community laws	25,000	484,046	-	-	509,046	(1,822,777)	-	(1,822,777)	(1,313,731)		58,204	
Total Council	6,580,024	7,205,473	25,792,184	84,408	39,662,089	(16,012,547)	(4,558,089)	(20,570,636)	19,091,453		253,756,609	

Functions	Year ended 30 June 2019											
	Gross program income					Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital				Recurring	Capital				
	Grants	Other	Grants	Other	Other	2019			2019			
Finance and administration	4,491,294	2,829,173	1,340,666	(29,172)	8,631,961	(2,570,505)	-	(2,570,505)	6,061,456	\$	21,127,072	
Utilities	-	643,970	949,000	-	1,592,970	(668,819)	-	(668,819)	(24,849)		10,752,871	
Engineering services	1,042,118	3,800,721	8,032,275	-	12,875,114	(8,050,087)	(573,214)	(8,623,301)	4,251,813		192,947,473	
Community services & economic development	1,654,121	699,126	109,790	-	2,463,037	(3,526,316)	-	(3,526,316)	(1,063,279)		184,316	
Environmental health & community laws	40,000	447,683	-	-	487,683	(2,704,824)	-	(2,704,824)	(2,217,141)		-	
Total Council	7,227,533	8,420,673	10,431,731	(29,172)	26,050,765	(17,520,551)	(573,214)	(18,093,765)	7,957,000		225,011,732	

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

3 Revenue

	2020	
	AASB 15	AASB 1058
Revenue recognised at a point in time		
Rates, levies and charges		3,104,116
Grants, subsidies, donations and contributions	518,885	6,061,139
Fees and charges	961,267	
Sale of goods and services	2,475,988	
	<u>3,956,140</u>	<u>9,165,255</u>
Revenue recognised over time		
Grants, subsidies, donations and contributions	<u>-</u>	<u>25,792,184</u>
Total Revenue	<u>3,956,140</u>	<u>34,957,439</u>

(a) Rates, levies and charges

2020 accounting policy: Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is 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.

2019 accounting policy: Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

	2020	2019
Note	\$	\$
General rates	2,708,854	2,618,411
Water	319,048	322,365
Sewerage	232,089	236,553
Garbage charges	136,303	142,107
Pest animal charges	43,209	43,228
Total rates, levies and charges	<u>3,439,503</u>	<u>3,362,664</u>
Less: Discounts	(310,804)	(306,562)
Less: Pensioner remissions	(24,583)	(26,256)
Net rates, levies and charges	<u>3,104,116</u>	<u>3,029,846</u>

(b) Fees and charges

2020 accounting policy: Revenue arising from fees and charges is recognised when or as 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 the caravan park. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

2019 accounting policy: Fees and charges are recognised when Council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

Caravan Park Fees	357,214	374,488
Childcare fees	246,103	215,609
Livestock saleyard fees	189,883	102,764
Animal registration & controls	9,938	6,562
Stock route fees	61,744	104,903
Other fees and charges	96,385	126,295
	<u>961,267</u>	<u>930,621</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

(c) Sales revenue

The sale of goods is recognised when the customer has taken delivery of the goods. 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 the 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.

	2020	2019
	\$	\$
Sale of goods and services		
RMPC & APPC revenue	1,640,531	2,758,023
Other recoverable work	835,457	1,015,566
Total sales revenue	<u>2,475,988</u>	<u>3,773,589</u>

(d) Grants, subsidies, contributions and donations

2020 Accounting Policy:

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 but include the requirement to meet specific program funding objectives and outcomes and will include the requirement to repay the relevant funding should these specific objectives not be met.

Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on 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 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 cost or time incurred are deemed to be the most appropriate methods to reflect the transfer of the 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 when the obligation to construct or purchase is completed. For construction projects, this is generally as 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 for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

2019 Accounting Policy: Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.

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

	2020	2019
	\$	\$
(i) Recurrent		
State government subsidies and grants	6,498,252	6,926,117
Commonwealth government subsidies and grants	81,772	301,416
	<u>6,580,024</u>	<u>7,227,533</u>

(ii) Capital		
Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.		
State government subsidies and grants	3,452,007	4,287,202
Disaster Recovery Funding Arrangements (DRFA)	19,238,199	5,566,582
Commonwealth government subsidies and grants	3,101,978	577,947
	<u>25,792,184</u>	<u>10,431,731</u>

4 Interest and other income

Interest received from term deposits is accrued over the term of the investment.

Interest received from term deposits	249,237	333,847
Interest from overdue rates and utility charges	22,233	27,967
	<u>271,470</u>	<u>361,814</u>

5 Capital income

Gain / (loss) on the disposal of non-current assets

Proceeds from the sale of property, plant and equipment	132,120	2,818
Less: Book value of property, plant and equipment disposed of	(47,712)	(31,990)
Total capital income	<u>84,408</u>	<u>(29,172)</u>

6 Employee benefits

Total staff wages and salaries		4,068,256	4,236,154
Councillors' remuneration		323,351	318,461
Annual, sick and long service leave entitlements		735,990	739,096
Superannuation	21	473,279	454,438
		<u>5,600,876</u>	<u>5,748,149</u>
Other employee related expenses		27,248	15,712
		<u>5,628,124</u>	<u>5,763,861</u>
Less: Capitalised employee expenses		(609,466)	(441,529)
		<u>5,018,658</u>	<u>5,322,332</u>

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

	2020	2019
Total Council employees at the reporting date:		
Elected members	5	5
Administration staff	16	18
Depot and outdoors staff	43	52
Total full time equivalent employees	<u>64</u>	<u>75</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

7 Materials and services	2020	2019
	\$	\$
Administration costs	861,019	952,792
Airport operating costs	116,211	92,244
Audit of annual financial statements by the Auditor-General of Queensland	39,732	47,689
Caravan park costs	264,121	267,554
Community service expenses	581,565	472,548
Council housing expenses	164,890	147,530
Financial transaction losses	329,393	-
Flood damage expenses	52,450	68,337
Parks & gardens expenses	436,230	341,042
Plant operating costs	846,051	1,122,510
Pool expenses	220,321	284,567
Road & street maintenance	599,881	734,821
Recoverable works	21,392	1,026,923
Sports & rec facilities	223,555	252,017
Stock route & livestock expenses	255,362	1,085,810
Tourism expenses	129,858	154,975
Water & sewerage costs	314,593	332,746
Weed control expenses	172,212	231,837
Other materials and services	246,750	113,642
	<u>5,875,586</u>	<u>7,729,584</u>

8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash at bank and on hand	144,995	104,262
Deposits at call	18,690,426	16,046,570
Balance per Statement of Cash Flows	<u>18,835,421</u>	<u>16,150,832</u>

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.

Internally imposed expenditure restrictions at the reporting date:

Future capital works	2,101,000	2,101,000
Asset replacement reserve	30,000	30,000
Total unspent restricted cash	<u>2,131,000</u>	<u>2,131,000</u>

Cash and deposits at call are held with Suncorp Bank in normal term deposits and business cheque accounts. The Suncorp Bank currently has a short term S&P credit rating of A-1 and a long term credit rating of A+.

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	371,388	93,134
Security deposits	7,840	6,560
	<u>379,228</u>	<u>99,694</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

9 Receivables

Receivables, loans and advances are amounts owed to Council at year end. They are recognised at the amount due as the time of sale or service delivery or advance. 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.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not generally impair rate receivables.

	2020	2019
	\$	\$
Current		
Rateable revenue and utility charges	173,304	361,739
Other debtors	1,335,301	2,481,734
Less impairment	(10,990)	(10,990)
	<u>1,497,615</u>	<u>2,832,483</u>

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

10 Inventories

Stores, raw materials and water 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. Costs are assigned on the basis of weighted average cost except for land where the costs are allocated to the relevant parcel.

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

Inventories held for sale

Stores & raw materials		114,335	132,507
		<u>114,335</u>	<u>132,507</u>
Land purchased for development and sale	11	107,500	127,500
Total inventories		<u>221,835</u>	<u>260,007</u>

11 Land purchased for development and sale

Opening Balance		127,500	127,500
Less:			
Transferred to Property, Plant & Equipment		(20,000)	-
		<u>107,500</u>	<u>127,500</u>
Classified as			
Current	10	-	127,500
Non Current		107,500	-
		<u>107,500</u>	<u>127,500</u>

McKinlay Shire Council
Notes to the Financial Statements
For the year ended 30 June 2020

12 Property, plant & equipment 30 Jun 20

Note	Land	Buildings		Office furniture & fittings		Plant and equipment		Road & street infrastructure		Water infrastructure		Sewerage infrastructure		Other structures		Work in progress		Total
		Fair Value	Fair Value	Cost	Cost	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,786,600	30,068,949	658,579	8,624,969	184,657,960	7,798,914	11,111,886	11,901,153	23,911,801	621,444	257,230,454							
	-	-	-	-	-	-	-	-	23,911,801	6,282,223	7,406,390							
	20,000	-	6,690	1,097,477	-	-	-	-	-	-	-							
	(36,300)	-	-	(94,509)	-	-	-	-	-	-	(130,809)							
5	-	-	-	-	(4,991,920)	-	-	-	-	-	(4,991,920)							
	(282,200)	646,483	-	-	923,290	68,630	115,564	220,172	-	-	1,691,939							
17	-	1,441,496	13,024	8,798	23,778,774	36,039	436,603	1,118,019	(26,832,753)	-	-							
	1,488,100	32,156,928	678,293	9,636,735	204,368,104	7,903,583	11,664,053	13,239,344	3,982,715	285,117,855								

Note

Basis of measurement

Asset values

Opening gross value as at 1 July 2019

Additions

- Renewals

- Other additions

Disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Closing gross value as at 30 June 2020

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Depreciation provided in period

Depreciation on disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

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

-	8,499,863	359,650	4,667,934	25,406,311	3,610,093	4,547,837	4,428,582	-	-	51,520,270
-	629,827	41,858	754,956	2,746,764	134,206	327,141	458,218	-	-	5,092,970
-	-	-	(83,097)	-	-	-	-	-	-	(83,097)
-	-	-	-	(433,831)	-	-	-	-	-	(433,831)
-	195,389	-	-	140,686	32,854	50,489	89,613	-	-	509,031
-	-	-	-	-	-	-	-	-	-	-
-	9,325,079	401,508	5,339,793	27,859,930	3,777,153	4,925,467	4,976,413	-	-	56,605,343

1,488,100	22,831,849	276,785	4,296,942	176,508,174	4,126,430	6,738,586	8,262,931	3,982,715	228,512,512
1,488,100	-	-	1,215,306	-	-	-	-	-	-
Land: Not depreciated.	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	-

**McKinlay Shire Council
Notes to the Financial Statements
For the year ended 30 June 2019**

12 Property, plant & equipment (cont.) 30 Jun 19

	Land	Buildings		Office furniture & fittings		Plant and equipment		Road & street infrastructure		Water infrastructure		Sewerage infrastructure		Other structures		Work in progress		Total	
		Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost			
Basis of measurement																			
Asset values																			
Opening gross value as at 1 July 2018	1,730,000	32,787,094	741,006	8,494,823	177,335,136	8,043,344	12,500,951	772,856											251,245,199
Additions																			
- Renewals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,094,994
- Other additions	-	-	5,186	181,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,445,686
Disposals	-	(292,516)	(87,613)	(51,371)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(431,500)
Write off of flood damaged roads on statement of comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	31,090	(4,293,558)	-	-	1,105,886	(311,953)	1,658,126	(740,302)											(2,550,711)
Revaluation adjustment to statement of comprehensive income	-	-	-	-	-	-	-	(573,214)											(573,214)
Transfers between classes	25,510	1,867,929	-	-	6,216,938	67,523	613,771	713,718											(9,505,389)
Closing gross value as at 30 June 2019	1,786,600	30,068,949	658,579	8,624,969	184,657,960	7,798,914	11,111,886	11,901,153	621,444										257,230,454

Accumulated depreciation and impairment

Opening balance as at 1 July 2018	-	5,056,349	417,541	4,001,869	38,773,014	4,523,090	4,647,845	2,953,805	-	-	-	-	-	-	-	-	-	-	60,373,513
Depreciation provided in period	-	694,896	37,352	717,436	2,275,626	129,967	158,941	427,757	-	-	-	-	-	-	-	-	-	-	4,441,975
Depreciation on disposals	-	-	(87,613)	(51,371)	(260,526)	-	-	-	-	-	-	-	-	-	-	-	-	-	(399,510)
Write off of flood damaged roads on statement of comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	3,009,144	-	-	(15,642,329)	(1,042,964)	(258,949)	1,039,390											(12,895,708)
Revaluation adjustment to statement of comprehensive income	-	(260,526)	(7,630)	-	260,526	-	-	7,630											-
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2019	-	8,499,863	359,650	4,667,934	25,406,311	3,610,093	4,547,837	4,428,582	621,444										51,520,270

Total written down value as at 30 June 2019

Residual value	1,786,600	21,569,086	298,929	3,957,035	159,251,649	4,188,821	6,564,049	7,472,571	621,444										205,710,184
Range of estimated useful life in years	Land: Not depreciated.	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-										

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

12 Property, plant and equipment

12 (a) Recognition

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

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, routine operating maintenance, repair costs and minor renewals to maintain the operating capacity and useful life of the non current asset is expensed as incurred.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements (NDRRA) on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditures requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Land under roads

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

12 (b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the previous table) 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.

12 (c) Depreciation

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, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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 believes that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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.

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

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

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

12 (d) Impairment

Property, plant and equipment 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.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

12 (a) Valuation

(i) Valuation process

Council's valuation policies and procedures are set by the finance committee of the executive management team who comprise the Chief Executive Officer, Senior Finance Officer and Engineer. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

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 every 3 - 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, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

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

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identifiable components of assets are measured on the same basis as the assets to which they relate.

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

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

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

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

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

Land (level 2)

Land fair values were determined by independent valuer, Australis Asset Group as at 30 June 2019. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Council undertook a residential and industrial subdivision in a previous period. Council undertook this as a developer and as such the land has been classified as inventory. As an inventory asset, the carrying value has been determined as the lower of cost or realisable value. The fair value of the land was determined using the sales comparison approach described in the preceding paragraph.

Buildings & other structures (level 2 and 3)

The fair value of buildings and other structures was determined by independent valuer Australis Asset Group as at 30 June 2019. Management have engaged with its external valuers to determine a suitable index adjustment as at 30 June 2020 and applied an index adjustment of 1.85% calculated with reference to the Queensland Building Construction indices as published by the Australian Bureau of Statistics. Building fair values have been assessed on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived by reference to market data for recent projects and costings guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth of market can be identified, the net value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset.

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Current replacement cost

Reference asset replacement costs for buildings and other structures were compiled for asset valuations by reference to actual costs incurred for some of the subject assets, for similar asset improvements constructed within the North West Queensland region and also supported by reference to available data prepared and provided by construction cost consultants and quantity surveyors. Costs are adjusted to account for regional location of the subject properties being away from the major supply centres or due to being in a different location to some of the other assets recently constructed. Differences associated with time factors (date of construction of similar improvements and date of compilation of cost data in comparison to the valuation date) have also been accounted for.

Cost data

Reference asset replacement cost for the structural complexes have been compiled primarily by reference to actual costs for similar improvements constructed in the North West Queensland region and also supported by reference to construction cost consultants and quantity surveyors compiled data and available documentation. Costs are indexed to account for the location of the subject properties as opposed to costing applicable to other locations.

Accumulated Depreciation

The depreciation rates applied for the valuation process are generally based on a gradual deterioration in the assets over time, but also account for abnormal adverse depreciation with accelerated depreciation in rates being applied if considered appropriate. Where there has been refurbishment works completed, the depreciation rate has been adjusted to account for the improved condition to the asset.

When considering the estimated remaining life of each of the assets, consideration has been given to the construction, present age, condition, serviceability, climate conditions and present and potential utilisation. Investigations have been made into the lifespan of the assets to better understand the factors influencing sustainable physical, functional and economic asset life expectancy. This has been combined with general information collated by the valuer over an extended period working in the region.

Life expectancy

The valuation as assessed is based on the asset life expectancy. The remaining life of an asset has been determined by inspection and reference to its general physical condition, design and economic and functional utility. Obsolescence as well as physical depreciation has been considered.

There is no market for Council's building and other structure assets as these are held to provide essential services to the community. As the Council buildings and other structure assets are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived by reference to market data for recent projects and costings guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). As the subject structures are located in a regional area, far removed from a coastal centre, adjustments were required to the applicable absolute costings, to account for additional costs incurred in transporting materials and labour onsite. Where a depth of market can be identified, the net value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

	2020	2019
	\$	\$
Buildings (level 2 and 3)	22,831,849	21,569,086
Other structures (level 2 and 3)	8,262,931	7,472,571
	<u>31,094,780</u>	<u>29,041,657</u>

Infrastructure assets (level 3)

The last comprehensive valuation of Council infrastructure classes was undertaken by Australis Asset Group as at 30 June 2019. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset. Council further engaged with its external valuers to determine a suitable index adjustment as at 30 June 2020 and determined it appropriate to apply an index adjustment with reference to the Queensland Construction Indices. The applicable index adjustment has been calculated as 0.50% for road infrastructure, 0.88% for water and 1.04% for sewerage infrastructure.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's planning horizon.

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There is no market for Council's roads & streets, water and sewerage infrastructure assets, as these are held to provide essential services to the community. For the purpose of assessing fair value for financial reporting purposes, value has been determined primarily by using the depreciated current replacement cost methodology. Considerations in the calculations have been the type and size of the individual infrastructure asset, construction materials used, level of finish, fixtures installed within, and the location of the assets. As the subject structures are located in a regional area, far removed from a coastal centre, adjustments were required to the applicable absolute costings, to account for additional costs incurred in transporting materials and specialist labour onsite.

In relation to the assessment of the estimation of the remaining useful life of each structure, it is considered that the calculations should be done on the basis of the overall structure, with individual elemental depreciation figures being acceptable and included where considered appropriate. This is due to the nature of the structures, whereby it is considered that the different identifiable construction elements making up the total structure would not depreciate at the same rate per annum or have the same overall total life expectancy.

When considering the estimated remaining life of each of the assets, consideration has been given to the construction, present age, condition, serviceability, climate conditions, and present and potential utilisation. Investigations have been made into the lifespan of the infrastructure assets to better understand the factors influencing sustainable physical, functional and economic asset life-expectancy. This has been combined with general information collated by Australis Asset Advisory over an extended period working in North West Queensland.

To accurately assess the value of the infrastructure assets, the valuer carried out an inspection of the assets (where practical), calculated the size of each asset, and recorded structural details. The general condition, total life expectancy and actual residual life expectancy for the infrastructure assets have also been established as a result of the inspections carried out.

Reference asset replacement costs for the road & street, water and sewerage infrastructure assets have been compiled by reference to actual costs incurred for some of the subject assets, for similar asset improvements constructed within the North West Queensland region, and also supported by reference to available data prepared and provided by construction cost consultants and quantity surveyors. Base costs have also been adjusted to account for the location of the subject assets, and their distance from a coastal centre.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

Road and street infrastructure

Current replacement cost

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to sewerage.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. It is assumed that all raw materials can be sourced locally. All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years. Reference was also made to recent costs for construction works with the region.

Accumulated depreciation

In determining the level of physical obsolescence, roads were disaggregated into significant components which exhibited different useful lives based on that applicable and observable in North West Queensland. Consideration was also given to relevant condition of the asset components. This in particular was a factor in determining the relevant remaining useful life of each component of infrastructure.

Sensitivity of valuation to unobservable inputs

As detailed above Council road & street infrastructure has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon past experience, different judgements could result in a different valuation.

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Water and Sewerage Infrastructure

Current replacement

Current replacement cost was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Consistent with roads, it is assumed that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where assets are located underground and physical inspection is not possible, the age, size and type of construction material together with the current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

Australis Asset Group's cost models were derived from the following sources:
• Australis Asset Group database
• Schedule rates for construction of asset or similar assets
• Cost curves derived by Australis Asset Advisory
• Building Price Index tables
• Recent contract and tender data
• Rawlinson's Rates for building and construction

Factors taken into account in determining replacement costs included:
• Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).
• Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).
• Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/ trench cage which increases costs and slows production)

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Condition rating	Internal management expanded condition rating	Condition description	Description explanation	Remaining useful life %
1	1 - 2	As new/ excellent	Asset "as new"	95% of useful life
2	3 - 4	Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75% of useful life
3	5 - 6	Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% of useful life
4	7 - 8	Poor	Asset still operates, but does not meet intended duty or does not appear sound.	25% of useful life
5	9 - 10	Unserviceable	Asset is not functioning/ needs immediate attention.	5% of useful life

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

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	Note	2020 \$	2019 \$
13 Contract balances			
Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amount recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.			
When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays the consideration or before payment is due, Council presents the work in progress as contract asset, unless the right to that amount of consideration is unconditional, in which case Council recognises a receivable.			
When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.			
		2020	
		\$	
a. Contract assets		4,605,500	
b. Contract liabilities			
Funds received upfront to construct Council controlled assets		7,269,466	
Deposits received in advance of services provided		215,613	
		7,485,079	
Revenue recognised that was included in the contract liability balance at the beginning of the year:			
Funds received upfront to construct Council controlled assets		2,584,845	
Deposits received in advance of services provided		-	
		2,584,845	
c. Significant changes in contract balances			
The contract assets and liabilities have arisen on adoption of AASB15 and AASB1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.			
14 Leases			
Council as lessee			
Council does not have any leases in place as lessee. Accordingly no further disclosures are required in this regard.			
Council as a lessor			
When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the assets have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.			
If the lease contains lease and non lease components then the non lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.			
The lease income is recognised on a straight line basis over the term of the lease.			
15 Payables			
Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.			
Current			
Creditors and accruals		3,297,973	996,510
Other entitlements		45,646	41,079
		3,343,619	1,037,589

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16 Provisions

Liabilities are recognised for employee benefits such as wages and salaries, sick and annual 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 on-costs.

Short term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and include related employee on costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Long Service Leave

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

Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

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.

Refuse dump restoration provision

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

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that no site will closure will occur prior to 2030 and that the restoration will occur progressively over a number of years thereafter.

As refuse dumps are on state reserves which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

Current

Annual leave	400,188	425,662
Long service leave	356,637	292,460
	<u>756,825</u>	<u>718,122</u>

Non-current

Long service leave	130,704	152,910
Refuse restoration	141,462	-
	<u>272,166</u>	<u>152,910</u>

Quarry rehabilitation

Balance at the beginning of the financial year	-	-
Initial recognition of provision	141,462	-
	<u>141,462</u>	<u>-</u>

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17 Asset revaluation surplus

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

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

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

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

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	78,320,427	67,975,430
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	(282,200)	31,090
Buildings	451,094	(7,302,702)
Road & streets infrastructure	782,604	16,748,215
Water infrastructure	35,776	731,011
Sewerage infrastructure	65,075	1,917,075
Other structures	130,559	(1,779,692)
Balance at end of financial year	<u>79,503,335</u>	<u>78,320,427</u>

Asset revaluation surplus analysis

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

Land	202,301	484,501
Buildings	2,961,593	2,510,499
Road & streets infrastructure	69,619,111	68,836,507
Water infrastructure	2,923,843	2,888,067
Sewerage infrastructure	3,665,927	3,600,852
Other structures	130,559	-
	<u>79,503,335</u>	<u>78,320,427</u>

18 Commitments for expenditure

Contractual commitments	2020	2019
Contractual commitments at end of financial year but not recognised in the financial statements are as follows		
Shire Road construction	493,236	-
Plant & Equipment Hire	36,907	-
Flood Damage construction	6,520,398	-
	<u>7,050,541</u>	<u>-</u>

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19 Contingent liabilities

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

Local Government Mutual

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

As at 30 June 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$67,816.

20 Events after the balance date

There were no material adjusting events after the balance date.

21 Superannuation

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

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

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

Technically McKinlay Shire Council can be liable to the scheme for the portion of another local government's obligation should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to council's obligations will only be made on the advice of an actuary.

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

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

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The next actuarial investigation is scheduled to be conducted as at 1 July 2021.

The most significant risk that may result in LGIA super increasing the contribution rate on the advice of the actuary, are:

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

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

	Note	2020 \$	2019 \$
Superannuation contributions made to the Regional Defined Benefits Fund		19,228	19,228
Other superannuation contributions for employees		454,051	435,210
	6	<u>473,279</u>	<u>454,438</u>
		2021	
		\$	
Contributions council expects to make to the Regional Defined Benefits Fund in 2020-21		<u>19,228</u>	
22 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		<u>19,091,453</u>	<u>7,957,000</u>
Non-cash items:			
Depreciation and amortisation	12	5,092,970	4,441,975
Write-off of flood damaged roads	12	4,558,089	-
Revaluation adjustments		-	573,214
		<u>9,651,059</u>	<u>5,015,189</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	5	(84,408)	29,172
Capital grants and contributions	3 (d)	(25,792,184)	(10,431,731)
		<u>(25,876,592)</u>	<u>(10,402,559)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		1,334,868	(624,589)
(Increase)/decrease in inventory		38,172	(8,916)
(Increase)/decrease in other assets		(25,500)	-
Increase/(decrease) in payables		58,030	408,582
Increase/(decrease) in contract liabilities		264,368	-
Increase/(decrease) in other provisions		157,959	50,015
		<u>1,827,897</u>	<u>(174,908)</u>
Net cash inflow from operating activities		<u>4,693,817</u>	<u>2,394,722</u>

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23 Changes in accounting policy

During the year ended 30 June 2020, the Council has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of NFP Entities and AASB 16 Leases using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contribution and associated accounting interpretations.

All adjustments on adoption of AASB 15, AASB 1058 and AASB 16 have been taken to retained earnings as at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

Revenue Standards - AASB15 and AASB1058

The following options have been applied on transition to AASB15 and AASB1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modifications were minor.

Changes in accounting policy on adoption of AASB15 and AASB1058

- Recognition of costs incurred in fulfilling customer contracts
- Timing of revenue recognition arising from contract modifications
- Prepaid rates - now recorded as a financial liability until the beginning of the rating period
- Recognition of grant revenue with the scope of AASB15
- Recognition of grant revenue for the acquisition or construction of assets controlled by Council

Opening contract balances on transition at 1 July 2019

Contract assets		Contract liabilities	
- Under AASB 1058	1,148,575	- Under AASB 1058	2,584,845
- Under AASB 15	-	- Under AASB 15	-
Total Contract assets	<u>1,148,575</u>	Total Contract liabilities	<u>2,584,845</u>

The following table shows the amount by which the financial statement line item is affected by the application of AASB15 and AASB 1058 as compared to the previous revenue standards.

Statement of financial position at 30 June 2020

	Carrying amount per Statement of financial position DR / (CR) \$	Adjustments DR (CR) \$	Carrying amount if previous standards had been applied
Contract assets	4,605,500	(4,605,500)	-
Contract liabilities	(7,485,079)	7,485,079	-
Retained surplus	(162,395,585)	(2,879,579)	(165,275,164)
	<u>(165,275,164)</u>	<u>-</u>	<u>(165,275,164)</u>

Statement of comprehensive income for the year ended 30 June 2020

	Carrying amount per Statement of financial position DR / (CR) \$	Adjustments DR (CR) \$	Carrying amount if previous standards had been applied
Revenue - operating grants	6,580,024	215,613	6,795,637
Revenue - capital grants	25,792,184	2,663,966	28,456,150
	<u>32,372,208</u>	<u>2,879,579</u>	<u>35,251,787</u>

The adjustments above relate to the recognition of contract assets and contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

Statement of cash flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

24 Financial instruments and financial risk management
Financial assets and financial liabilities

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

- credit risk
- liquidity risk
- market risk

McKinlay Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

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

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

The McKinlay Shire Council does not enter into derivatives.

Credit risk

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

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

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

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

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2020	2019
		\$	\$
Financial assets			
Cash and cash equivalents	8	18,835,421	16,150,832
Receivables - rates	9	173,304	361,739
Receivables - other	9	1,324,311	2,470,744
Other credit exposures			
Guarantees	19	67,816	67,816
Total financial assets		<u>20,400,852</u>	<u>19,051,131</u>

Cash and cash equivalents

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

Trade and other receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts and therefore generally for rates receivables the credit risk is low. In effect, this power protects the Council against credit risk in the case of defaults.

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

By the nature of Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely operated by pastoralists, there is also a concentration in the grazing sector.

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

The exposure to credit risk for trade receivables by type of counterpart was as follows:

	2020	2019
	\$	\$
Rates and utility charges	173,304	361,739
State & Commonwealth Government	521,772	627,435
Community organisations	-	867
Other	802,539	1,842,442
	<u>1,497,615</u>	<u>2,832,483</u>

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

	2020		2019
	\$		\$
	Not Credit Impaired	Credit Impaired	
Not past due	1,295,181	-	2,443,260
Past due 31-60 days	3,530	-	29,722
Past due 61-90 days	27,771	-	3,083
More than 90 days	182,123	-	356,418
Impaired	-	(10,990)	(10,990)
Total	<u>1,508,605</u>	<u>(10,990)</u>	<u>2,821,493</u>

Liquidity risk

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

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

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 8.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2020					
Trade and other payables	3,297,973	-	-	3,297,973	3,297,973
	<u>3,297,973</u>	<u>-</u>	<u>-</u>	<u>3,297,973</u>	<u>3,297,973</u>
2019					
Trade and other payables	996,510	-	-	996,510	996,510
	<u>996,510</u>	<u>-</u>	<u>-</u>	<u>996,510</u>	<u>996,510</u>

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

Market risk

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

Interest rate risk

McKinlay Shire Council is exposed to interest rate risk through investments with QTC and investments held with financial institutions.

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

Sensitivity

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

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

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

Council	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2020					
Financial assets	20,333,036	203,330	(203,330)	203,330	(203,330)
Financial liabilities	-	-	-	-	-
Net total	<u>20,333,036</u>	<u>203,330</u>	<u>(203,330)</u>	<u>203,330</u>	<u>(203,330)</u>
2019					
Financial assets	18,983,315	189,833	(189,833)	189,833	(189,833)
Financial liabilities	-	-	-	-	-
Net total	<u>18,983,315</u>	<u>189,833</u>	<u>(189,833)</u>	<u>189,833</u>	<u>(189,833)</u>

Fair value

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

25 National Competition Policy

Activities to which the code of competitive conduct applies:

A "business activity" of a local government is divided into 2 categories:

- (a) Roads building activity means:
 - (i) The construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement; or
 - (ii) Submission of a competitive tender for the construction or maintenance on the local government's road which the local government has put out to tender, or called for by another local government.

- (b) Other business activity (previously referred to as type 3 activities) means the following:
 - (i) trading in goods and services to clients in competition with the private sector, or
 - (ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself. Excluded activities are (a) library services and (b) an activity or part thereof prescribed by legislation.

There are no activities to which the Code of Competitive Conduct (CCC) applies in respect of the financial year ended 30 June 2020.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2020

26 Transactions with related parties

(a) Transactions with key management personnel (KMP)

In the context of McKinlay Shire council, KMP includes the Mayor, Councillors, Chief Executive Officer, Director of Corporate & Community Services, Director of Engineering Services and Director of Works. The compensation paid to KMP for 2019/20 comprises:

	2020	2019
	\$	\$
Short-term employee benefits	1,231,628	958,080
Post-employment benefits	60,406	50,112
Long-term benefits	-	380
Termination benefits	-	-
Total	1,292,034	1,008,572

Detailed remuneration disclosures are provided in the annual report.

(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.

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

Details of Transaction	Additional information	2020	2019
		\$	\$
Payments charged by entities controlled by key management personnel	26(b)(i)	2,295,959	544,417
Payments charged by Council to entities controlled by key management personnel	26(b)(ii)	35,478	1,684
Employee expenses for close family members of key management personnel	26(b)(iii)	188,272	165,465

(i) The payments charged by entities controlled by key management personnel were on an arm's length basis in accordance with Council's procurement policies. The totals disclosed includes:

- Amounts totalling \$1,959,794 paid to KW Murphy Holdings Pty Ltd for gravel and earthmoving services. The company controlled by close family members of Cr Belinda Murphy.

- Amounts totalling \$276,208 paid to Marwill Pty Ltd for various electrical contracting services. The company is controlled by close family members of Cr Janene Fegan.

(ii) The payments charged by Council to entities controlled by key management personnel were on an arm's length basis in accordance with the schedule of fees and charges adopted by council. The amounts levied related to common fees and charges. All amounts levied by Council were on commercial terms and in accordance with its schedule of fees and charges.

(iii) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

The council employs 59 staff of which only 3 are close family members of key management personnel. The total amount paid to such close family members was \$188,272.

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Receivables		Amounts owed by entities controlled by key management personnel	Amounts owed by entities controlled by key management personnel
		2020	2019
note due - less than 30 days		5,271	622
Past due 31-60 days		-	140
Past due 61-90 days		-	-
More than 90 days overdue		-	-
Total Owning		\$5,271	\$762

(d) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

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

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

- Payment of rates
- Use of the town swimming pool
- Dog registration
- Gym membership fees
- Borrowing books from a council library

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


**McKinlay Shire Council
Financial statements
For the year ended 30 June 2020**

**Management Certificate
For the year ended 30 June 2020**

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 31, 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 Philip Curr

Date: 13, 10, 2020



Chief Executive Officer
John Kelly

Date: 13, 10, 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of McKinlay Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2020, and of their 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 2020, 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 the 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 McKinlay Shire Council's annual report for the year ended 30 June 2020 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 2020:

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



Dale Hassell
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office
Brisbane

McKinlay Shire Council
 Current-year Financial Sustainability Statement
 For the year ended 30 June 2020

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2020 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-16.2%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	556.6%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-96.3%	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 2020.

Certificate of Accuracy
 For the year ended 30 June 2020

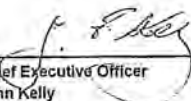
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

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



 Mayor
 Cr Phillip Curr

Date: 13 / 10 / 2020



 Chief Executive Officer
 John Kelly

Date: 13 / 10 / 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of McKinlay Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of McKinlay Shire Council (the council) for the year ended 30 June 2020 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of McKinlay Shire Council for the year ended 30 June 2020 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 McKinlay Shire Council's annual report for the year ended 30 June 2020 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.



Dale Hassell
as delegate of the Auditor-General

13 October 2020

Queensland Audit Office
Brisbane

McKinlay Shire Council
Unaudited Long-Term Financial Sustainability Statement
 Prepared as at 30 June 2020

Measures of Financial Sustainability	Measure	Target	Projected for the years ended										
			Actuals at 30 June 2020	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	30 June 2030
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	-16.15%	-74.13%	-20.48%	-19.76%	-19.64%	-19.39%	-16.62%	-19.67%	-19.65%	-20.39%	-21.59%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	555.59%	208.25%	116.37%	118.46%	118.75%	118.44%	116.12%	116.15%	148.30%	226.56%	108.19%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-56.33%	-2.09%	0.74%	5.79%	9.87%	14.07%	18.31%	23.17%	19.41%	21.35%	23.75%

McKinlay 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 2020

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

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


 Mayor
 Cr Phillip Curr
 Date: 13/10/2020


 Chief Executive Officer
 John Kelly
 Date: 13/10/2020



Special Meeting of Council Friday, 13th November 2020

5. CLOSE