

Annual Report

2013/14



MCKINLAY Shire Council
Sustaining a Diversified Rural Economy

Welcome to the McKinlay Shire Council

Annual Report 2013/14

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Our 2013-14 Annual Report is an important component of Councils performance management process. This is an essential document that will inform the community how McKinlay Shire Council has performed over the 2013/14 financial year. It captures the hopes, aspirations, priorities and goals of our community.

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Chapter One / At a Glance

Councils approach to integrated reporting



Vision and Mission

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 a growing 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 it's overall vision and sustainability. Ongoing improvements to infrastructure, amenities and services will continue to improve the healthiness and quality of life for residents and make McKinlay Shire an increasingly attractive and connected place for residents, tourists and visitors.

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

Annual Report Objectives

Council is required—under the Local Government Act 2009 and the Local Government Regulation 2012—to prepare an Annual Report of it's operations each financial year. Our 2013-14 Annual Report reflects our commitment to achieving effective corporate governance through openness and accountability, 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 Plan as measured against a range of performance measures.



Scale

Size	40 818 sq/km
Population	1000
Land Reserve	32421.91 ha
Administration Centers	2
Budget - Operational	\$30,000,000
Budget - Capital Works	\$6,800,000

Infrastructure

Road lengths	2247 km
Council owned road (83% unsealed, 99% rural)	1839 km
State roads	408 km
Aerodromes	3
SES buildings	3
Medical Centre	1
Amenities block	6
Aged persons unit	8
Caravan Park	1
Cattle Yards	1

Workforce

Employees	69
Permanent	43
Permanent Part Time	4
Contract Executive and Managerial	4
Contract Other	2
Casual	16

Community Centres

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

Recreation Facilities

- Julia Creek Indoor Sports Centre
- Julia Creek Swimming Pool
- Kev Bannah Oval
- McIntyre Park
- Tennis Courts
- Nerida Currin Skate Park
- George Sills Park
- Peter Dawes Park
- Centenary Park

Profile of our Shire

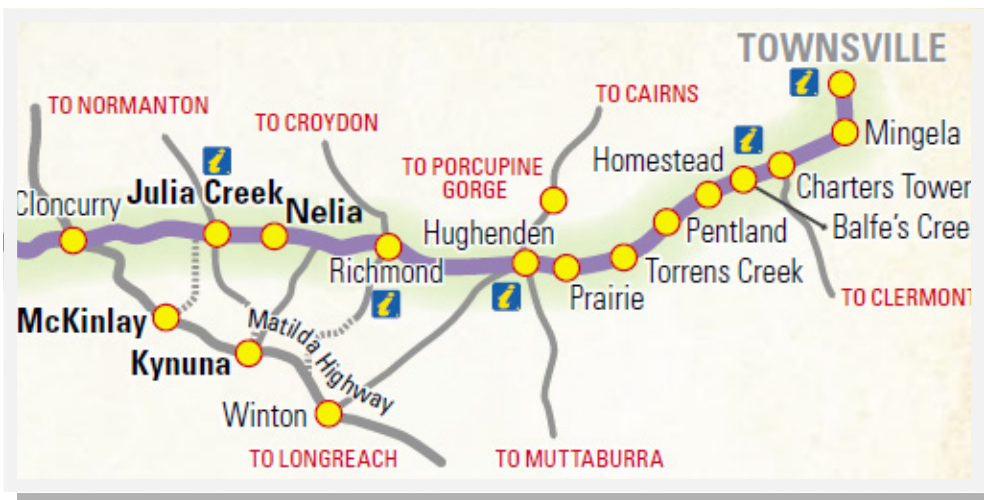
McKinlay Shire is the gateway to the Gulf of Carpentaria. The Shire spans some 41,000 square kilometres and embraces the townships of Julia Creek and Nelia on the Flinders Highway, and McKinlay and Kynuna on the Matilda Highway.

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 people discover this little gem of the North West.



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



Mayors Overview

Councils approach to integrated reporting.

The 41,000 square kilometres of the McKinlay Shire is situated within North Western Queensland. The shire sits on top of the world's largest natural aquifer "The Great Artesian Basin" which underpins and supports a community of over 1100 residents, significant cattle and mining industries and unique flora and fauna.

Drought declared in April 2013 the shire has continued to experience low rainfall for the 2013/14 year that has seen the shire's official drought declaration unfortunately continue. Trying environmental conditions certainly have impacted many residents and subsequently businesses within the shire which led Council for the first time to extend rates payment period from 21 days to 6 months whilst still maintaining the discount to all residents for the Rateable Notice January- June 2014.



Function areas such as engineering namely roads continue to be a major part of Council's budget though this certainly has been challenging during the dry conditions and funding constraints which have Council embarking on a full revision of all road service provisions across the board which will be completed in early 2015.

The sealing of the final 10 kilometres of the "Kynuna Road" was a major milestone and an example of long term collaboration between Local Government and State Government Department of Main Roads benefiting the local residents and significant transport and tourism industries.

Approval of Royalties to Regions application completed will see an investment of \$2million into the Gidgee By -Way linking McKinlay Township to the Flinders Highway and completion of Main Roads contracts saw upgrades to the Will Development Road also known locally as the "Beef Road".

Capital investment into infrastructure totalled \$6,561,247 with the most significant project being the practical completion of the \$4.7 million Seniors Living Project. The Father Bill Busuttin Community Centre and eight independent living units has been 20years in the making and is a credit to the drive of community members and past Councils.

The centre as a whole will provide essential living options for senior's and the community centre will surely play a significant part in the delivery of senior's health services and social activities for many years to come.

Economic development, as always, was a focus of Council which continues to be open to any new opportunities. Significant attention was also targeted to ensuring sustainability of the current businesses established within the shire which resulted in Council embarking on an innovative and unique Solar Project for local business to help with operational cost impacts.

The project began in January of 2014 with Stage 1 Business Case to be completed by October 2014 and Stage 2 Implementation during the first part of 2015. Council's role within the region remains strong with memberships and constant attendance at the Regional Roads Group, North West Regional Organisation of Councils, Outback Tourism Qld and Overlanders Way, MITEZ and the FRAP (Flinders River Agricultural Precinct).

Tourism, specifically the drive market, continues to grow and Council's new Tourism Strategy saw the addition of the RV Camp Host Program, Tourist Bikes, McKinlay Town Tourism officer as well as the continuation and enhancement of the Caravan Park "Bush Dinners".

The positive economic impact for the Shire's community groups and local businesses especially during the drought can not be underestimated and is one of the main reasons for Council's continued investment in this area.

Additionally Council's positive approach to the management and integration of the RV Camp Site and Julia Creek Caravan Park maximised our visitor's numbers and length of stay with the Caravan Park exceeding budget expectations to return a profit for the first time in over 20 years of operation.

Council sustained its significant roll in the area of Community Services from health services through our Community Health Nurse and commitment to the McKinlay Health Advisory Group and Community Advisory Network, lobbying and collaboration with the State Government for the new Nurse Led Service in the township of McKinlay, delivering of community group financial support for activities and events, many sport and recreation programs for healthily active lifestyle promotion, lobbying and collaboration with the State Government to deliver Year 7 and Year 8 in 2015 and many other examples that you find contained in this Annual Report.



The world of Local Government continues to change and the financial constraints due to a small rates base and ever decreasing State and Federal Government funding buckets makes it even more important for Council to assess services and operations regularly. We are lucky to have a terrific team of operational staff to support Council and community and I would like recognise their significant contribution over the past year.

Changes in legislation saw an increase in remuneration to Councillors, a some what debated issue, but none the less one which was determined independently of the shires to be a reflection of the changes in responsibilities and time commitments required to perform the role for community. I would like to commend and recognise the commitment made by our Councillors over the past year of their time, efforts and support.

McKinlay Shire will continue to face the challenges of a smaller population based shire, environmental impacts and the resulting economic pressures in the year to come but there is also much to look forward to with many projects that will see fruition in 2014/15 such as the introduction of Year 7 and Year 8 in Julia Creek, the completion of sealing sections on the Gidgee By Way, development of a new Education Traffic Park, Participation Space and a new Shire Roads Strategy to name a few, all hopefully in the midst of a significant wet season that has not been seen in the past three years!

Cr. Belinda Murphy
Mayor

CEO Overview

Councils approach to integrated reporting.

As the new Chief Executive Officer it is with great pleasure that I contribute to Council's Annual report for the 2013/14 financial year by way of reporting on Council's operational performance.

I would also like to take this opportunity to thank the community for how warm and welcoming everyone has been to my family and I since becoming part of the McKinlay Shire.

There were a number of changes in Council's Senior Management throughout the year and I am pleased to say that I am delighted to lead this new team and work together into the future by complimenting each other with skills and experience so as to ensure that Council's vision's and sustainability is at the forefront of all employees.



Financially, Council continues to be in a sound position with a net operating surplus of \$2.9 million for the 2013/14 financial year. This I believe has left Council in a sound and sustainable position carrying the community forward into the forthcoming 2014-15 financial year, this financial position is underpinned due to the fiscal management of expenditure by Council and it's staff.

Council's total expenditure for the Capital Works Program was just short of \$7 million. Some of the larger projects included \$5 million in expenditure on the new Seniors Living complex including \$650,000 in the associated civil works on the surrounding areas, \$272,000 for the completion of the sealing of the Kynuna Rd giving Shire residents a sealed direct link between North and South, \$187,000 to upgrade Waste Facilities to provide residents with cleaner more contained Waste Facilities and \$160,000 was spent on the de sludging and relining of the Sewer Treatment Plant's N.o 1 evaporation pond.

In conjunction with this, Council works staff completed \$13 million worth of work on both Department of Transport and Main Roads and Council controlled roads, some of these works included Shire road maintenance, Shire road signage maintenance and upgrades,

grids and gates program and flood damage rectification on both Council and DTMR roads. The completion of this work is a compliment to the staff as this was undertaken during a period of exceptionally high workloads and changing staff, with Council also continuing to operate under the ever-changing rules and regulations that underpin good rule and governance.

Council's environmental Department once again undertook Weeds and Pest Management programs which included two Baiting Programs including the full funding of the plane costs for the aerial component, this was once again well received throughout our Shire, and these programs are something Council regards highly and requires ongoing community support to make these baiting programs as effective as possible.

With a particular focus on implementing new tourism strategies this financial year it has paid off with Council seeing an increase in Caravan Park occupancy, RV Site permits issued and general visitor numbers increasing 29%.

Some of the strategies put in place include Camp Hosts for the RV Site, provision of bicycles for free use by tourists and Monday night Bush Dinners at the Caravan Park.

The Community services team has continued to deliver an array of programs and activities for the shire residents including Women's Day, Crack Up Sisters workshop, Bike Muster and Gardening with Tom Wyatt. Council provides a wide range of front line services to our community including economic development, tourism, community development, community justice, health, aged care, youth development, library services and asset management .



With community facilities continuing to be developed and upgraded, cooperation from community groups is very much appreciated and welcomed as Council continues to put in place plans for the future and documentation processes required to operate and manage these assets, facilities and programs.

Council also continues to cooperate with neighbouring councils and collaborate with our regional councils and committee's to drive change and to increase efficiencies in areas in which we all have a common goal.

I am confident that Council is in good shape to handle the future. I am looking forward to a productive year ahead with exciting capital projects and outcomes that align to Council's vision and Corporate Plan, some of these upcoming projects include the Participation Space, Traffic Park, a new caretakers residence for the caravan park and the progression of Council's solar project.

Finally, I would like to thank all the people who supported the Council in 2013/14 for their hard work and dedication; the Mayor, the Councillors, the staff, the contractors and the volunteers who work for the community and its progress.



Aaron Childs
Chief Executive Officer



Chapter One / Performance Summary

Highlights - Infrastructure



Seniors Community and Supported Living Project

The Official Turning of the Sod ceremony was held on 18th June 2013 for the Julia Creek Seniors Community and Supported Living Project. Funded by the Australian Government through the Department of Families, Housing, Community Services and Indigenous Affairs the new facility is situated in the hub of the town's health services, opposite the hospital, on land donated to McKinlay Shire Council by the Catholic Church.

The Seniors Community and Supported Living Project replaces existing unsuitable senior's housing in the town.

Aimed at meeting the future needs of seniors in the community by allowing them to stay in suitable aged care specific housing instead of moving away from the region, the project will see the construction of eight independent living units and a purpose built community activities centre in Julia Creek.



Highlights - Awards



The 2013 Caravan Park Association Queensland State Conference held on the 12th and 14th of November 2013 proved a huge success with the Julia Creek Caravan Park taking joint first place of the Gordon Harris Memorial Award for their innovation and implementing of the Julia Creek Caravan Park Bush Dinner's.

The Hon. Jann Stuckey MP, Minister for Tourism, Major Events, Small Business & the Commonwealth Games congratulated the award winners for 2013.

Council through its Strategic Tourism Committee came up with the idea of hosting a weekly Bush Dinner throughout the tourism season. This initiative was based around providing tourists with an outback experience but has grown to produce many other positive outcomes.

The project ran during peak tourist season from June to early September, when the weather was cooler, creating the perfect atmosphere for a camp fire and star gazing.

The evenings would start with a welcome from a local councillor or staff member, who would then introduce a guest speaker for the night. Guest speakers were all local residents who had interesting stories to tell and painted a picture of what life is like in the outback.

The local identities included cattle graziers, red claw yabby farmers and a swimming coach to name a few, along with members and volunteers of the non for profit groups that would interact with attendees one on one during the informal part of the night.

To assist the groups deliver this service, Council contributed \$100 to each group to offset some of the expenditure for goods.

Overall around \$3,500 had been injected into the local community groups for providing the dinners but in addition the group members thoroughly enjoyed the interaction with visitors and the great night that always transpired.



Highlights - Community

Community Donations 2013-2014

The Community Donation Program also assisted non-profit community groups and organisations to make positive contributions to the quality of life of McKinlay Shire residents through the provision of donations towards for a range of purposes and causes. Council made donations totaling \$22,200 to the following causes:

- Aussie Helpers \$1000.00
- Julia Creek Parents & Citizens Association \$700.00
- Townsville to Darwin Legacy Walk \$500.00
- Scripture Union Chaplaincy \$5,000.00
- North Queensland Rescue Chopper \$15,000.00



Community Benefit Assistance Scheme 2013-2014

The Community Benefit Assistance Scheme replaced the former Community Small Grants program, offering dollar for dollar funding to local community groups under the categories of infrastructure, equipment and volunteer support. In 2013/14 the Program funded \$9,237 towards community organisations, enabling local groups to deliver their events and activities to a high standard, ensuring longevity for the benefit of the community as a whole.



Applicant	Description	Amount
Nelia QCWA	Replace the septic tank at the Nelia CWA Hall	\$1800
Julia Creek Amateur Swimming Club	Storage boxes	\$255.20
McKinlay Shire Cultural Association	Various arts and craft supplies to start Cultural Kids program	\$500
McKinlay Race Club	Tables, chairs and outdoor gas heater	\$1,681.82
Julia Creek Pony Club	Labour to erect a 18mx12m shed	\$5000

Community Sponsorship Program 2013-2014

Throughout 2013/2014 a number of non-for-profit community groups, organisations and external organisations were assisted in making positive contributions to the quality of life for McKinlay Shire residents with the provision of sponsorship via the Community Sponsorship Program. Below is an overview of the successful applicants.

Applicant:

Mt Isa Chamber of Commerce	\$1,500.00
Julia Creek Western Riding Club	\$2,200.00
Julia Creek Pony Club	\$1,500.00
McKinlay Shire Cultural Association	\$663.00
Julia Creek Kindergarten & Childminding Association	\$1,171.00
Hughenden Country Music Festival	\$300.00
McKinlay Race Club	\$5,000.00
Julia Creek Campdraft	\$3,000.00
Saxby Round-up	\$3,200.00
Julia Creek Players	\$71.00
Jimmy's Walk for Cancer	\$58.00

Sponsorship:

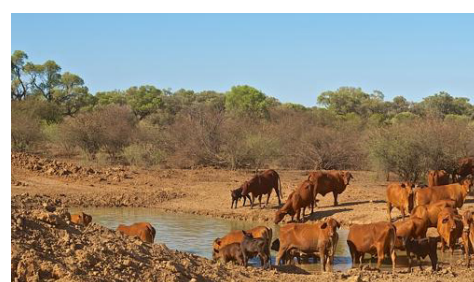


Drought Declaration and Relief

McKinlay Shire was drought declared on 1st April 2013 by the State Government, enabling helping primary producers manage their business through a range of drought services including financial assistance, livestock nutrition and animal welfare information, and business-management strategies. Council partnered with local health service providers and charity organisations such as BlazeAid and Aussie Helpers to ensure our residents were supported in this on-going time of hardship. Council also secured funding from the Queensland Government to assist with social cohesion to ensure our local annual events and activities were supported when sponsorship dollars from business became much tighter and regular volunteers were unable to spare time to assist.

Funding from the Department of Communities, Child Safety & Disability Services was distributed as follows:

- Julia Creek Dirt n Dust Festival – provide meals and accommodation for volunteers;
- McKinlay Shire Council Women's Day event – massage therapists to pamper ladies, engage guest speakers Pip Courtney and Fiona Lake, two course luncheon with show bag of goodies/resources for mental health and financial support;
- McKinlay Shire Council School Holiday Program – the CSIRO ran a science based workshop and the Crack Up Sisters to delivered dance, circus style exercises and Australia whip cracking.
- Saxby Round-up – provided prizes, toys and supplemented entry fees for children's events to alleviate pressures on parents.
- McKinlay Races - added children's entertainment to their annual event.
- McKinlay Shire Council Youth Camp – teen youth camp to Adele's Grove in Lawn Hill National Park. Teens attended at no cost to parents.



Highlights - Events

Community Christmas Tree

Councils events committee helped Shire residents celebrate the festive season with hosting its Annual Community Christmas Tree event.

Christmas stalls filled with local produce and hand made crafts, festive raffles and fruit cakes kept the adults entertained with a jumping castle, rides and a visit from Santa being the most anticipated of the night.



McKinlay Bush Nurse Clinic

Christmas came early for the McKinlay Community in 2013 with Health Minister The Hon Lawrence Springborg confirming that the Queensland Government commitment to support the establishment of a community health service in the McKinlay Township.

The provision of \$200,000 to the North West Hospital and Health Service will provide a new model and support a new community health service to provide emergency and community care through McKinlay Shire Council's clinic facilities. Councils aim has been to see a good sustainable model developed that services the local community and catchment area as well the significant numbers of travelling public.



A Walk for Legacy



A small group of enthusiastic defence wives, mothers, friends and current serving personnel from the Australian Defence Force starting walking from Lavarack Barracks, Townsville finishing at Robertson Barracks in Darwin to fundraise money for legacy. They were not short of enthusiasm, pride or blisters when entering Julia Creek in August 2013. The group averaged 25km a day each to recognise the Australian Defence Force personnel who have paid the ultimate sacrifice for our country and to give something back to the wives, husbands and children who have been affected by the loss of family members killed in action.

The group needed help from willing communities in any form, from vehicles escorts, accommodation, food supplies, to personal walking gear. McKinlay Shire Council's donation helped assist the Julia Creek CWA branch to house the Legacy walkers for two nights whilst providing the whole community with a brilliant bbq to help aid donations to Legacy.

A small group of community members including Mayor Belinda Murphy saw out the Legacy walkers from Julia Creek to Mount Isa with a 10km contribution to their initiative.



Australia Day

Australia Day

Australia Day 2014 was celebrated at the Julia Creek Combined Sporting Building on the evening of the 26th of January. A free BBQ dinner was enjoyed by over 80 residents, with the Julia Creek Kindy serving the bar.

Our Woolworths Australia Day Ambassador and special guest speaker was Mr Angelo Puglisi. Owner of Ballandean Estate Wines and is considered to be the founder and godfather of the modern Queensland Wine industry and over the past 80 years his family business, Ballandean Estate, has been at the forefront of developing and promoting the Queensland wine industry. Heading up the management of this family business, Angelo has an unsurpassable passion for the industry.

He is highly committed to organising charitable events. Opera in the Vineyard and Jazz in the Vineyard, held annually at Ballandean Estate Wines in partnership with the Rotary Club of Stanthorpe, have raised over one million dollars for Queensland charities.

A fantastic evening was had by all who attended; there was an amazing spread of food accompanied by music and a bar. The evening concluded with a spectacular firework display.

Winners of the McKinlay Shire 2014 Australia Day Awards

Citizen of the Year – Justin Vardy
 Young Citizen of the Year – Taylor Daniell
 Volunteer of the Year – Philip Alexander
 Volunteer of the Year – Beryl Murphy
 Large Community Event - Town vs Country Football match
 Small Community Event - Julia Creek CWA – 90th Birthday Celebrations
 Highly Commended Junior Sports Award – Ben Smith
 Junior Sports Award – Molly Lyttle
 Senior Sports Award – Chris Sollitt
 Sports Administrator – Chris Smith
 Cultural Award of the Year – Catharine Charlish
 Outstanding Community Involvement Award – Ellen Warner
 Outstanding Community Involvement Award - Beryl Murphy



Queensland Week

Julia Creek supported Queensland week with a varied selection of activities for all. Local businesses in town supported the week with posting old photos of the traditional business and past staff for display to the public.

A cultural exhibition of local pottery and crafts was on display at the CSA building with the final celebration of Queensland week being held on the 31st May consisting of an ultimate touch football and netball competition, jumping castle, train rides, face painting and music topped off with a free community dinner.



Councillors Dirt N Dust Team

The Dirt N Dust Triathlon is one of Queensland's largest and hardest in-land Triathlons. With this in sight the "Anyone Can Get Active" Challenge was formed in 2013 by McKinlay Shire Council for Councillors to lead by example demonstrating that no matter the work environment, life commitments and age, time can be found to enhance your health both physically and mentally.

Local Governments from Mount Isa through to Townsville were challenged to compete by forming a team. McKinlay Shire Councils team consisted of Cr. Tony Batt, Cr. Neil Walker and Cr. Edwina Hick who came through with 1st place against the challenging Councils with Mayor of McKinlay Shire Belinda Murphy also competing solo to claim first place in her age group. 2014 brought the Councillors together once again to compete and although they were the only Council team taking the challenge this year they took out 5th place as a corporate team in the competition.

McKinlay Shire Councils Interim CEO John Kelly claimed first place in his age group completing the gruelling triathlon as an individual amongst 358 competitors and near 40 degree heat.



Visit from Olympian Lisa Curry

Early November 2013 saw Olympian Lisa Curry make a stop at Julia Creek over a two day period as part of her "One life One chance Aussie Road Trip". The two days consisted of an exercise and nutrition workshop, community motivational talk, swimming lessons for the kids and a special visit to our HACC clients.

Lisa revealed her tips to weight loss, fitness, illness prevention and maintaining a balanced lifestyle. McKinlay Shire has many active community members and this visit proved to be highly beneficial and well received.



ANZAC Day

Like hundreds of thousands of our fellow citizens, who gather at memorials in cities, suburbs and towns across Australia, McKinlay Shire residents commemorated one of the most significant events in our national calendar. Although small in population Julia Creek's attendance for the dawn and day service is not.

With an ever increasing sense of pride within in the community, school students, local residents and visitors marched and gathered at dawn led by two servicemen from the Australian Army.

After the dawn service the Julia Creek sub branch of the RSL provided a morning tea with other groups such as the CWA Julia Creek Branch providing a luncheon and Lions Ladies with a community BBQ in the park making this event community orientated whilst remembering the men and women that served our country.

Women's Day

On Tuesday 17 June 2014 McKinlay Shire Council hosted our Biennial Women's Day Luncheon. Around 90 attendees came along for a day of great food, relaxation and company.

The day included entertainment from the Crackup Sisters who were also our MC's for the day and stress relief techniques from Masseurs who gradually made their way around in delivering most ladies shoulder or hand massages.

The Guest speakers this year were carefully picked to help promote womens health both physically and mentally and were all left feeling uplifted by the inspiring talks and achievements by these amazing women.

Guest speakers in included Anglicare, local lady Bernadette Lyttle, outback photographer Fiona Lake and well known figure from Landline Pip Courtney.



Chapter Two / Performance Reporting

Governance

The role of Councillor is a strategic role within Council similar to that of a board of directors for a company. The analogy between councils and companies would see councilors main responsibilities include:

- Establishing Corporate culture
- Setting and approving strategy
- Setting Policy
- Monitoring Risk
- Ensuring Compliance
- Monitoring executive performance, and
- Accountability

Performance Reporting/ Service Overviews

Corporate

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 Councils human, physical and financial resources.



Human Resources

The objective of human Resources is to promote the harmonization of the organisations people and councils values to ensure that staff are provided the support and development necessary to achieve job satisfaction and deliver quality and innovative services to all customers and to provide quality services to all customers by ensuring that the Shires assets and the organisations people and knowledge are appropriately managed.

Policy Review

Our Policies are available for download from our website or a hardcopy can be viewed at Councils administration office. This year a number of policies were reviewed and established, including;

- Active Community Policy
- Arts & Cultural Policy
- Asset & Services Management Policy
- Employee Code of Conduct
- Entertainment and Hospitality Policy
- Community Engagement Policy
- Communication Policy
- Procurement Policy
- Customer Service Policy
- Expenses & Reimbursement Policy
- General Complaints Process Policy - Complaint Policy Lodgement Form
- Community Grants Policy
- Investment Policy
- Road Access Policy
- Debt Policy
- Revenue Policy
- Revenue Statement Policy
- Anti-Discrimination & Equal Employment Opportunity Policy
- Debtor Policy Statement
- Advertising Spending Policy

Employees at a Glance

Workforce/Total number of employees

Permanent	43
Permanent Part-Time	4
Contract—Executive & Managerial	4
Contract—Other	2
Casual	16
Total	69

Employees Departed

Employee Initiated separation	25
Employee turnover rate	36%

Employees recruited

Internal	9
External	21
Total	30

Gender Balance

	M	F
Executive and Managerial	3 (75%)	1 (25%)
Professional	0 (0%)	2 (100%)
Community and Personal Services	1 (10%)	9 (90%)
Clerical and Administrative	1 (10%)	9 (90%)
Machine Operators	3 (76%)	4 (24%)
Labourer/Unskilled	9 (56%)	7 (44%)
Trades	3 (100%)	0 (0%)
Team Leaders/Supervisors	6 (86%)	1 (14%)
Total	36 (52%)	33 (48%)



Professional Development

Council recognises that the ability to deliver the required standard of service to it's community is highly dependent upon the skills and capabilities of it's staff.

Council offer training and development assistance to employees to provide long term benefits to both Council and the employee in terms of competence, satisfaction and efficiency.

Councils Employee Professional Development and Training Policy outlines the framework in which Council supports employees to achieve competence and best practice service standard as well as the guidelines in which Council supports employees in further educational development such as undergraduate

During the year we have provided assistance to employees for the following professional development and training;

- Cert III Civil Construction
- Health Promotion
- Cert IV Local Government Administration
- Traffic Control
- Senior First Aid Certificate
- Advance CPR
- Chemical user Accreditation
- Persuasive Presentations
- Animal Biosecurity and welfare training
- IGNITE – future leaders training
- Cert III – Engineering – Mechanical Trade
- Bachelor Natural Science
- Workplace First Response Fire training

Enterprise Bargaining Agreement

Councils 2012/2015 Enterprise Bargaining Agreement was certified by the Queensland Industrial Relations Commission in January 2013.

Community Services



Community Services is to deliver a broad range of community based programs, services and facilities to meet community needs and expectations.

These services include the provision of aged care services, the operation of sport and recreation facilities, to support community organisations achieve heritage and cultural activities, supporting festivals and events, promoting tourism, providing for library services, operating community infrastructure including a caravan park and to ensure at all times the appropriate engagement and consultation of the community on issues affecting individuals, specific interest groups, or the community itself.

Health

McKinlay Shire in conjunction with Queensland Health makes provision for the service of a Community Nurse, located in Julia Creek.

The role of the Community Nurse is to improve the health of people living within the Shire, focusing on the management and coordination of primary health care services. The Community Health Nurse works to support the provision of Aged Care services, acute care, primary health care, in the home care, personal care and health promotion within the McKinlay Shire. Kelly Lemon, McKinlay Shire's Community Nurse has significantly improved the number of health related programs for the community.



Middle School

Council worked in consultation with Education Queensland, Mount Isa School of the Air (MISOTA) and Julia Creek State School to create an education model that will see Year's 7 and Year 8 delivered via distance education from 2015.

The classroom will be located on the ground of Julia Creek State School and students will be monitored by a Teacher's Aide employed through MISOTA. The service is important for our community as the children don't have to boarding school at such a young age and it ultimately keeps families in the area longer, which has flow on effects to community groups, business and employment.

Movember

Movember is an annual worldwide event promoting prostate cancer, depression in men and men's general health. Forty one MoBros and MoSistas from around the Shire joined forces and registered to become the 'McKinlay Shire Mo's team'. The month of November involved growing, trimming and shaping the famous Mo, raising the profile of Men's health and encouraging participants to take ownership of their health.

Twenty one Mo Bros signed up to participate in the McKinlay Shire Movember, raising just under \$1000. This year the men's health component was the main focus over fundraising. Prizes went to the following Mo Bros;

- Ultimate Mo: Stephen Malone (last year Stephen's brother Colin Malone took out this exact prize!)
- Brave Mo: Justin Vardy
- Crowd Favourite Mo: Joe Atterton



Community Garden Opening

Over 60 McKinlay Shire residents attended the opening of the Julia Creek Community Garden, including the ABC Radio Gardening specialist Tom Wyatt. Tom spoke about all the in's and outs of growing a vegetable garden, including what plants are suited to our harsh climate. Tom's company was very popular for question and answer time, answering all questions that were thrown his way.

According to Tom it takes ½ a cup of urine and some Epsom salts to keep our gardens healthy. Tom also gave some fantastic tips and tricks on what will grow best in our area, how to test the PH levels in the soil and organic solutions to garden pests. The Julia Creek community garden will give people a reason to get outside, reduces stress, maintain fitness and also produce nutritious food.

Not only will this garden bring the community together but it will create a positive healthy message to children and adults alike to take pride in their health and produce.



Shake Up your Lifestyle – Shape Up: 10 week Healthy Lifestyle Group

McKinlay Shire Council teamed with Shape Up Australia to run a 10 week healthy lifestyle group 'Shake Up your Lifestyle – Shape Up'. 10 weeks came and went, and as a result 40 local participants are a little thinner, fitter and healthier. The group lost a huge combined weight of 72kg (that's the weight of an average female). With an individual partaker losing an enormous 8kg within 10 weeks, and is still going! A fantastic effort by all involved.

Over the 10 weeks participants received weekly emails and email forum, regular mail outs, took part in weekly weigh in's, and joined in on the action of regular fitness activities offered by the CSA and the Julia Creek Swimming Pool. The key messages were:

- ◆ Understand and take action to maintain a healthy weight and avoid unhealthy weight gain to reduce the risk of lifestyle-related chronic disease;
- ◆ Eat in line with the Australian Dietary Guidelines;
- ◆ Be physically active in line with the national Physical Activity Guidelines;
- ◆ Limit intake of sugar sweetened beverages and make water the drink of choice; and
- ◆ Manage the portion sizes and begin to understand the energy needs in terms of kilojoules.

'Your past does not equal your future! Make small lifestyle changes NOW and leave the past behind'- Michelle Bridges.

R U OK? Day

R U OK? Day is a national day of action, encouraging people to ask family, friends and colleagues 'Are you ok?' By encouraging open and honest conversations, we can help build a more connected community and reduce suicide rates. In the time it takes to have a coffee, you can start a conversation that could change a life.

Council urged businesses, organisations, stations and individuals to host their own morning tea events and to encourage open conversations, as apart of RUOK? Day 2013. Many people were seen wearing yellow on the day. Council held a morning tea for all staff members, with participants enjoying an array of yellow food.

Nutritional Information Sessions

Between July and October 2013, four different nutritional information sessions were run in conjunction with visiting dietician Sara Meirs. Topics included;

- Food labels and nutritional panels can be difficult to understand,
- Recipe Modifications,
- Running out of Healthy Ideas for Kids' School Lunches and Snacks, and
- Healthy Cooking Demonstrations and Tasting morning.



McKinlay Shire Health Fair

Eleven different health services all congregated to Peter Dawes Park on Thursday 26th September, 2013. These services included; McKinlay Shire Council, Julia Creek Ambulance Service, Heart Foundation, Medicare Local, Centacare, McKinlay Shire MPHS, ATODS, Centalink and Anglicare. The fair was a fantastic opportunity for health professionals to network and meet and greet, while broad casting a range of services to the community.



Apply First Aid Essentials – First Aid Course

The Heart Foundation, in conjunction with BHP Billiton Cannington, McKinlay Shire Council and Queensland Ambulance Service conducted an 'Apply First Aid Essentials Course' in Julia Creek on the 31st May, 2014.

The course was offered free of charge to all not for profit community groups within the McKinlay Shire Council, participating groups included; Julia Creek Hospital Auxiliary, Julia Creek Local Ambulance Committee, Julia Creek Combined Sports Association, McKinlay Shire Cultural Association, Julia Creek Pony Club, Julia Creek Lions Ladies, Julia Creek Campdraft Association, Saxby Round-Up and Zone 25 Pony Club.

All clubs took home major trauma first aid kits and snake bite kits, proudly donated by the Heart Foundation and BHP Billiton Cannington.

Participants not only learnt the essentials of first aid, but also how to recognise a heart attack and what essential life saving steps they can implement if they are ever faced with someone having a heart attack.



McKinlay Shire Ladies Mocktail and Nibbles Evening

The evening consisted of a pelvic floor refresher and safe exercises for women information session. There were two separate nights, one targeting the under 40 and an over 40's evening. The evening had a relaxed feel, drawing a crowd with a mocktails and nibbles component. The evening was a huge success with 32 females attending one of the nights. Thank you to Margret Woodhouse for assisting with presenting on the night.



Managing Common Childhood Behaviours

This information session was conducted in conjunction with Medicare Local, Psychologist and Occupational Therapist. The session came about after a request from a few local mothers.

Heart Week 5th-11th May 2014

Each year around 55,000 Australians suffer a heart attack, that's one heart attack every ten minutes.

To try and reduce these alarming figures, during Heart Week 2014, 58 McKinlay Shire residents learnt the warning signs of a heart attack, and how they could reduce their risks of having a heart attack. Six information sessions were held in both Julia Creek and McKinlay, for McKinlay Shire Council staff and residents.

Free blood pressure checks were undertaken after each information sessions, and information packs given out to all participants.

Sport and Recreation

The CrackUp Sisters

The CrackUp Sisters taught us how to stretch, tumble, fly, do acrobatics, use a cloud swing and a tissue. Oh, and how to crack a whip! There were circus manipulation classes, hula hooping and lots of laughs. Everyone from 5 to 55 joined in, with everyone learning something new and making their bodies feel great.

The CrackUp Sisters came to Julia Creek twice during 2013-2014, first in December, then again in June. Two visits were fantastic for participants as they got the opportunity to consolidate new skills and take their new found confidence to higher levels.

The CrackUp Sisters first visit to Julia Creek was made possible through the Regional Arts Development Fund and the second through the Queensland Government's drought relief funding.



Guitar Lessons

Guitar lessons started in July 2013, and are conducted via Skype. Teacher Kerry Melamed has previous experience teaching School of the Air students via telephone and was excited to give Skype a try. 20 students (both adults and children) have tried out guitar lessons over the 12 months with seven die hards participating for the full 12 months. Students have the option of attending lessons in the Council boardroom, or if they prefer, they too can call in on Skype from the comfort of their home, where we have a three way conversation.

It has been great to offer musical lessons as there have not been any options locally before. Students have come along way in 12 months, with more and more songs being added to the repertoire each week.

To celebrate Christmas 2013 students worked hard to learn Jingle Bells and performed it at the Julia Creek State School Speech Night. The crowd were very impressed that students could've learned to play guitar via Skype.

The original 10 week block of lessons was made possible through a Regional Arts Development Fund grant. Subsequent lessons have been at students own cost.





Halloween

With Halloween traditions growing in Australia, Julia Creek got into the spirit in 2013. 35 children (with a few adults for supervision) gathered for trick or treating - dressed in their best and scariest costumes - visiting 14 houses throughout town. It's fair to say that the kids got a lot of treats, and very few tricks. It's great to see so many people decorating their house and handing out treats to the kids. The community support for Halloween has grown over the past two years.

Indoor Sports Centre

The past year has seen lots of sports being played at the Indoor Sports Centre again. We've had a 12 week netball competition, three month tennis competition, indoor hockey, junior tennis, indoor soccer and indoor cricket. We've had four teams playing each sport, with approximately 50 players playing the sports at some point.

Netball vs Richmond and Hughenden

In November we took a mixed netball team to Richmond on a Sunday to play a round robin tournament against the host town and Hughenden. The day was a huge success with all games finishing in close scores. Julia Creek played amazingly well and finished the day with two wins in a close finish. It is set to become a regular occurrence on the Sport and Recreation calendar.

School Holiday Program

The 2013-2014 School Holiday Programs were jam packed full of fun. From the previously mentioned workshops from The CrackUp Sisters through to cooking, craft, library days, trips to the movies in Mount Isa and much more. The School Holiday Programs are a great way for locals to spend their holidays.



10,000 Steps – The Cannington Crusade

Putting a local twist on the 10,000 Steps program has always allowed the program more success. And teaming up with BHP Billiton was no exception. During winter 2013 we ‘walked’ from the home of BHP – Broken Hill – all the way to Cannington Mine.

As much fun as it would’ve been to fly to Broken Hill and walk back, we did the project virtually. We counted our daily steps and tallied them up using the 10,000 Steps website. In teams of four, we set off from Broken Hill, reaching Cannington 2,090 kilometers, or 2,612 500 steps later. Along the way we learnt interesting facts about BHP Billiton, from its early days through to specific information about Cannington.

It was a great challenge, that taught us some new things along the way, as well as getting off the couch and on to our feet in the cold winter months.

North Queensland Sports Foundation Bursary

The BHP Billiton Cannington Mine North Queensland Sports Foundation Bursaries were awarded to Toby Fitchett and Charli Curr to recognise their individual sporting achievements. Each athlete received an embroidered jacket and \$750 to go towards assisting the future development of their skills and attending competitions. Charli excelled in athletics and touch football, being selected to represent the North West and State. Toby qualified to represent the State in two swimming strokes and is part of the Swimming Australia Junior Excellence program that recognises outstanding swimming potential.

Sports for Bush Kids

Sports for Bush Kids is a week long sports camp for School of the Air students, held annually in Mount Isa.

Council contributes its Sport and Recreation Officer to the week, coaching and teaching swimming. It’s great to see so many kids benefit from a solid week of mixed sports.

Social Media

Council has made a concerted effort to increase our social media presence over the past 12 months. There have been a number of movies made of local events that have been posted on our YouTube page and then linked through to our Facebook page. We have also been very active on our Facebook page in general, making sure there are regular posts for residents to both be informed, and engage with Council.



Local Sports and Recreation Jobs Plan

The Local Sport and Recreation Jobs Plan assists a cluster of local community organisations through the employment of a Local Sport and Recreation Coordinator. Council's Coordinator, Peter Wilson, works closely with groups to support them by providing advice on governance, grant-seeking, sponsorship, fundraising, volunteers and members, promotional and marketing strategies and much more. The aim of the program is to provide committees and volunteers with skills and resources to ensure their Club is sustainable into the future.

This Queensland Government Department of Communities (Sport and Recreation Services) funding initiative has four main aims. These are:

- To increase participation in sport and recreation
- To increase the number of volunteers involved in sport and recreation
- To support capacity building in the sport and recreation industry
- To increase opportunities to groups with inequitable access to sport and recreation activities and infrastructure

The objectives of the Local Sport and Recreation Jobs Plan program are to:

- Build the capacity of organisations that support and deliver sport and recreation opportunities
- Promote healthy and socially inclusive communities by supporting volunteers' roles in the development and delivery of sport and recreation
- Create employment opportunities that support the growth of sport and recreation in local communities
- Facilitate more collaborative and inclusive approaches in local communities so that opportunities are available for all Queenslanders to be active
- Encourage sustainability of local sport and recreation organisations through local, tailored support that builds capacity of volunteers to manage organisations more effectively and efficiently

The Sport and Recreation Coordinator provides support to a cluster of local community organisations by underpinning the aims and objectives mentioned above.

Over the past twelve months the cluster groups have been assisted in the following areas:

Club Governance and Management, Club Policies, Member Protection, Event Management, Volunteer Support, Marketing and Promotion, Developing and Maintaining Partnerships, and Fundraising, Sponsorship and Grants.

There have been some exceptional achievements over the past twelve months in particular by the Julia Creek Amateur Swimming Club, Julia Creek Pony Club and Julia Creek Combined Sporting Association. Unfortunately the drought has impacted upon Sedan Dip Sport and Recreation Club, Western Riding Club and the North West Pony Club and curtailed their normal yearly activities.



Some of these achievements are as follows:

Julia Creek Amateur Swimming Club:

- Increased membership
- Increase in the number of club volunteers
- Four newly qualified Swim teachers
- Increased numbers of members attending regional swimming carnivals
- Organised and hosted a North Queensland Regional Swimming Association regional swimming carnival
- Held a very successful 2012 – 2013 club championships
- Received a Gambling Community Benefit Fund grant for almost \$14,000, this was for stage two of 'McKinlay Swim for Life' project. This projects aims to increase the number of adult swimmers and to develop further the concept that the swimming club is an inclusive club that engages and encourages the community to be active and use the McKinlay Shire Council's Swimming Pool.
- Received funding from Queensland National Parks, Recreation, Sports and Racing's Get in the Game fund to assist members with membership fees.

Julia Creek Pony Club

- Increased club membership
- Increase in the number of club volunteers
- Stable enthusiastic committee
- Received a Breakwater Island Community Benefit Fund grant for office equipment
- With the support of McKinlay Shire Council the club acquired an office
- The club held a four day camp, the following activities were delivered: dressage, Show jumping, gymkhana events, horsemanship, hoof care, mechanical cow, and horse soccer. The club will also offered some craft activities such as Browband making & Jewellery Silver-smithing. A number of pony club enthusiast from around the North West Queensland region also attended. One of the highlights was the naming of the pony club arena the Ellen Fels Arena, recognising the enormous assistance Ellen has given to the club over many years
- The club held a number of club rally days
- The Pony Club Association of Queensland recognised the club's growth and development and its potential by offering the club the opportunity to host a state event.

Julia Creek Combined Sporting Association

- Increased club membership by 500%
- Increase in the number of club volunteers by 300%
- A club committee that was willing to redevelop the club as a community sports club offering a range of activities and events for a wide range of people was elected
- Worked conjunction with the Community Nurse on the following health initiatives:
 - ⇒ Movember
 - ⇒ Shake It Up - Shape Up Health & Fitness program
- Sub Committees of the club organised a number of activities and events for a variety of demographic groups within the community:
 - ⇒ Cooking Classes
 - ⇒ Town versus Country Rugby League
 - ⇒ Shire Showdown (a best of three rugby league games against Richmond Shire)
 - ⇒ 10 week Fitness Challenge
 - ⇒ Youth Forum
 - ⇒ Dance group
 - ⇒ Training and events for the clubs triathletes



Miscellaneous

- Club Committees' Workshop: The bulk of the workshop was funded by Queensland Sport & Recreation Services, McKinlay Shire Council assisted by providing the venue and a light snack. The workshop covered the following topics: governance, incorporation, constitution, committees, meetings, & meeting procedures. This workshop was attended by a variety of community clubs
- Get in the Game Workshop: Queensland Sport & Recreation Services advisor Kellie Wilson held a workshop to assist clubs with grant applications for 'Get Going' & 'Get Playing' funds.

Library



Mary Bea Book Launch

Council was delighted to have Tamara Hogan local (Hughenden) author of the Mary Bea collection of children books come to Julia Creek in July 2013. Tamara has created story books full of nourishment and life skills to help little people grow into balanced, life-participating adults. The book launch consisted of story time, followed by discussion of healthy eating and a demonstration on how to make strawberry smoothies. The 27 children and a handful of parents had a fantastic morning.

WiFi @ the Library

This year the library has started to provide Wi-Fi to the public, a very successful and well used addition to our services. The fact that internet and Wi-Fi is free to library members has gone a long way to increasing our numbers. Patrons now have 6 computers available to use along with three iPads which are very popular with the kids.

After School Care at the Library

Our theme for the 2013 year in the after school activities held on on Friday's was theatre. The older children read the lines, and the younger ones acted out the play as it was being read out loud. The kids threw in all their enthusiasm and effort each week in rehearsal so much so we decided to take it further and add scenery to the play. During the school holidays we made our own houses (from the three little pigs) one of straw, one of twigs, and one of paper bricks that the kids cut out and coloured-in and then pasted onto cardboard. We performed our play at the school awards night at the end of the year it was a great success. We even had a request to put it on at the HACC Centre the following week for our seniors and everyone had a great time.

In the New Year we were fortunate enough to have donated to us one huge teddy bear and he quickly reached pop star status and is the most popular teddy in the Creek. We had a vote on names and Mr. Cuddles was by far the most popular.

Mr. Cuddles was the theme of our books and to make the project educational and fun Mr. Cuddles was introduced to various situations. One involved Mr. Cuddles having an accident at the Library and the kids had to call for an ambulance (pre-arranged). Sam the local Ambulance officer driver looked after Mr. Cuddles by taking him to the hospital for an x-ray, then transported back to the Library at which point Sam spoke to the kids about safety and emergencies. There was discussion about various scenarios involving the police, fire brigade, and Ergon energy with the kids all pointing out different life issues.

Each family from the after school group got to take Mr. Cuddles home for a sleep over, he also went on trips to the pony club, races and a Teddy Bears Picnic.



Summer Reading Club

The Summer Reading Club is a national annual reading program designed to encourage kids to read over the summer school holidays in December and January.

This years theme was Investigation. The State Library provided reading, writing and computer based activities that included the use of clues, data collection, developing the skills of observation, deduction, decoding, disguise and formulating conclusions when solving mysteries. We had a total of 34 children registered as members, a similar number to last year.



Broadband for Seniors

A new addition to the Broadband for Seniors program is a new touch screen computer. The computers are used mostly by grey nomads during the tourist season over local residents.

Statistics

The figures for the Julia Creek Library increased from last year, with door figures increasing by 2,394 to 22,794 and the loans increased by 749 to a total of 5,969.

McKinlay Library

The McKinlay Library increased in popularity this year with regular emails out to our McKinlay database.

With Council also operating it's tourist information centre from the Library five days a week during tourist season, this also increased the opportunity for local residents to have greater access to the libraries resources.

School Holiday Program

During the school holiday program the kids made recycled sculptures and hand painted and decorated calico bags that were put on display at Cultural Capers. These were then given to their mums and grannies etc for presents with a note about less plastic being better for our environment.

The Christmas holiday program was full of egg cartons that we attempted to build into one huge Christmas tree, unfortunately what I saw in my vision and what I saw in the library were two totally different things, we



did manage to make individual small trees that the kids took home with

Kindy Kids

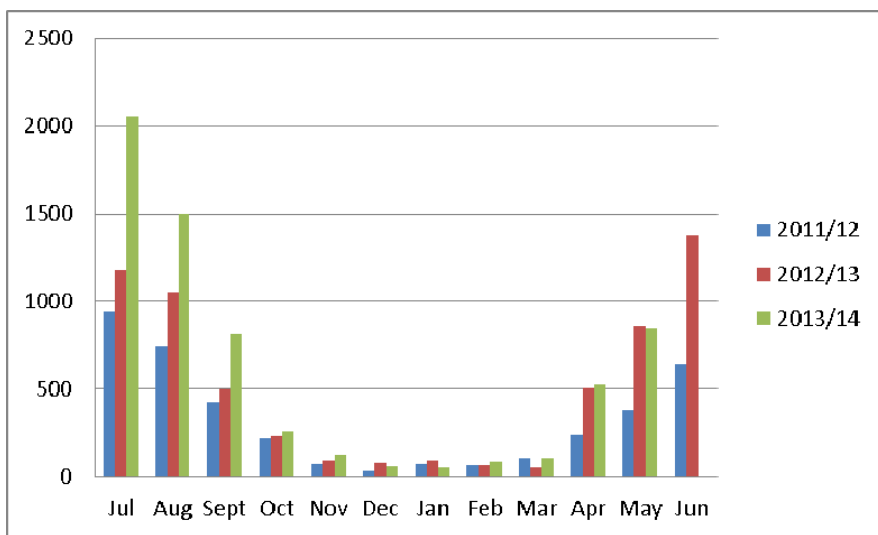
The Julia Creek Kindergarten kids were regular visitors to the Library when weather permitted. The kids really do enjoy playing then listening to story telling every week. Not to be out done by the big kids we have also had fun with our own Teddies bringing them to the Library for a Teddy Bears Picnic at which time they introduced each teddy to us and told us a little about themselves and their friends.



Tourism



'At the Creek' the Julia Creek Visitor Information Centre had 7810 visits during the 2013/14 financial year. That is a fantastic achievement of 1735 more visitors than the previous financial year. The increase in visitors can be attributed to the opening of stage two of the facility, displaying the star of the show – Digby the Julia Creek Dunnart.



Month	2011/12	2012/13	2013/14
Jul	939	1177	2054
Aug	743	1050	1503
Sept	427	496	813
Oct	220	231	262
Nov	69	94	125
Dec	34	78	58
Jan	71	92	50
Feb	66	65	85
Mar	105	55	105
Apr	240	509	523
May	381	857	844
Jun	638	1371	1388
Total	3933	6075	7810

The Julia Creek Dunnart

Julia Creek Dunnart Website

www.juliacreekdunnart.com.au

Council created a website entirely dedicated to the Julia Creek Dunnart, potential visitors are able to see a bunch of photos, educational info, buy dunnart related merchandise and even feed him!



Camp Host Program/Bikes

Commencing in April 2013, Council implemented a Camp Host Program to help run the Free RV Friendly Site, a popular spot for visitors to stay along the creek. The Camp Hosts were travelling grey nomad's that volunteer to live on-site for 4-8 weeks during the tourist season.

Benefits for the Hosts included free use of Council generator and fuel, free Bush Dinner nights, access to Laundromat, free entry into Beneath the Creek and many more. The Camp Hosts were instrumental in managing the site by issuing permits and surveys and providing basic tourist information and from this Council has been more accurately able to capture visitor statistics and local spending. During the 2013/2014 1228 RV Friendly permits were issued.

With an average of two persons per permit, the RV area has brought an extra 2456 people to Julia Creek who may not have stayed if we did not have this free camp in place as the Julia Creek Caravan Park is often full during peak times.

To complement the site, Council purchased five cruiser bikes that were available free to hire from the Camp Hosts. They were used to travel from the RV Friendly camping area into Julia Creek on the sealed walking/cycling track. These bikes also come with helmets and baskets for goods to be placed in. The brightly coloured bikes have proved very popular and gained a massive following on social media.



Bush Dinner Program

Council through its Strategic Tourism Committee came up with the simple and novel idea of hosting a weekly Bush Dinner throughout the tourism season. This initiative was based around providing tourists with an outback experience but has grown to produce many other positive outcomes. The Bush Dinner involves guests at the Julia Creek Caravan Park, visitors to the nearby RV Friendly Camping area, local not-for-profit groups that cater for the evening and variety of local 'identities' that come along to share their story.

This project ran during our peak tourist season from April to September, when the days are shorter and the weather is cooler, creating the perfect atmosphere for a camp fire and star gazing. Each evening started with a welcome from a local councillor or staff member, who would then introduce a local guest speaker for the night. Our guest speakers were all local residents who all had interesting stories to tell and painted a picture of what life is like in the outback.



The local identities included cattle graziers, red claw yabby farmers, ambulance officers and a swimming coach to name a few, along with members and volunteers of the non-for-profit groups that would interact with attendees one on one during the informal part of the night.

Every week the dinner took on its own character and atmosphere, with local and visitors mixing to create an enjoyable experience. Council created a roster, giving each non-for-profit group the opportunity to fundraise and this also ensured the volunteers would not burn out if they had to do it on a weekly basis.

The groups would create their own menu such as beef stroganoff, curries, spaghetti bolognese, lasagne, a bbq of local steak and hamburgers along with desserts such as apple crumble, pavlova and fruit salad and ice cream.

Each group liaised with Council staff to ensure food safety and food handling regulations were adhered to. Meal tickets were sold at \$10 per person, and attendees brought along their own chairs, drinks, cutlery and utensils as they were caravanning and camping and had that gear with them. So much a success the Caravan Park Bush Dinner's won an Achievement Award for innovation through the Caravan Park's Association of Queensland.



McKinlay Library/Tourism

The McKinlay library opened its doors to tourism in April 2014, the library now also provides visitors with travel information and brochures, also recording statistics of nomads travelling the Matilda Highway.

The library/tourist information centre was open from 10am to 2pm weekdays during the tourist season of April to September. In its inaugural year there were 462 visitors to the end of year.

North West Outback Queensland Tourism Authority – Overlander’s Way

Council has continued its commitment and partnership with the Outback Queensland Tourism Association (OQTA) and the North West Outback Queensland Tourism Authority (NWOQTA) through annual membership, trade shows, cooperative projects and marketing, and regular meeting attendance. Cr Murphy represented Council on the board of the OQTA. This financial year Council assisted the NWOQTA to achieve the following projects:

- Outback Queensland Tourism Association Awards 2013

The OQTA held their 2013 Airport Outback Tourism Awards in Mount Isa in November 2013. The awards night recognises the hard work and dedication of the outback regional tourism operators. The NWOQTA was successful in winning the Tourism Marketing section for Stage 2 of their rebranding project for the Overlander’s Way, which included a new website, brochure and signage upgrade.

McKinlay Shire Council played the major roll in the project from start to finish. Council entered three categories but was not successful in these.



HACC

Julia Creek Home and Community Care is funded for Centre Based Day Care, Social Support, Meals, Transport, Home Maintenance, Assessment, Client Care Coordination, Domestic Assistance, Personal Care and Nursing Care by the Commonwealth Government. These services are important for seniors to ensure they can continue to live independently in their home and the community.

This year HACC have had the opportunity to have members of the community offer their specialist skills. In February, Swimming Pool contractor Chris Smith attended a luncheon to teach everyone CPR. Everyone enjoyed the class have suggested a visit from both the Police and the local ambulance, building rapport between our local health and emergency services.

Some of the centre based day care activities we hold are exercise mornings, during winter we travel to different parks around Julia Creek and in summer we make use of the Julia Creek Swimming Pool, pub luncheons, craft morning and day trips to neighbouring towns to catch up with old friends.



Regional Arts Development Fund

The Regional Arts Development Fund (RADF) is a highly successful state and local government program that supports professional and emerging artists and arts practitioners living in regional Queensland. The RADF program focuses on the development of quality art and arts practice for, and with, regional communities. RADF is a partnership between the Queensland Government through Arts Queensland and Councils to support local arts and culture. The McKinlay Shire RADF Committee met to assess three rounds of applications with \$47,652 worth of creative projects and workshops endorsed.

Applicant	Description	Amount
McKinlay Shire Council	The Crack Up Sisters for dance and stock whipping	\$9086.71
Crafty Old School House	Timber furniture restoration and construction workshop	\$3455
McKinlay Shire Cultural Association	Glass cutting and fusing workshop	\$2855.78
Julia Creek Combined Sporting Association	Amy Thieme to run a four day intensive dance workshop in a variety of styles	\$2184
McKinlay Shire Cultural Association	Fashion printmaking textiles workshop	\$1900
Julia Creek RSL	Metal sculptures that reflects WW1 in the RSL grounds	\$17,081.28
McKinlay Shire Council	Marimba and djembes (African drum) lessons and a trial of Skype lessons	\$7,731
McKinlay Shire Council	Theatre sports workshop	\$3,358

Environmental Health and Regulatory Services



The role of Environment and Regulatory Services is to manage:

- Refuse collection and disposal
- Environmental management
- Health compliance
- Local laws administration
- Natural resource management
- Live stock services
- Stock route and reserve land management
- Workplace health and safety compliance
- Management of corporate and community housing
- Infrastructure and swimming pools
- Local disaster management planning
- Land and building development

Disaster Management

The McKinlay Shire community need to be prepared for any event and this is where the Local Disaster Management Group (LDMG) is there to provide that overall control.

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 in order to ensure that should the community be challenged by a local disaster, we are in a position to deal with the moment and get the community back 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. McKinlay Shire was fortunate not to endure the full wrath of Mother Nature during the 2013/14 year, although a few properties did experience some damage due to high winds and the Shire did experience some damage to road network due to the impacts of flooding.

Julia Creek Swimming Pool

The Julia Creek swimming pool continued to provide aquatic services to the McKinlay Shire Community.

The pool caters for all ages with specific areas for children, adults, those dedicated to fitness and those who just want to cool off.

Regular fitness sessions including lap swimming lanes, water aerobics are provided for as well and a facility for the well patronised Julia Creek Swimming Club's regular meetings.



Corporate and Community Housing

Council owns and maintains a wide range of corporate buildings and community housing to meet the needs of the McKinlay Shire community. These facilities are under constant review in order to deliver the most appropriate level of services to the community and ensure they are ready for use.

Council has available a number of Community house ranging from 1 bedroom units to 3 bedroom houses.



Building and Development

There were a number of planning and building applications for the year. These generally consisted of minor upgrade works and the like.

Of particular note was the construction of the \$4.7M Senior Living and Community centre project located on the corner of Hospital Lane and Coyne Street.

This facility consists of 8 independent living units and a community centre with a fully equipped kitchen, offices and consulting rooms available. The Facility was opened on 22 August 2014.



Workplace Health and Safety

Workplace Health and Safety maintained a key focus for Council through the year. A number of key initiatives were implemented to ensure not only Council complied with its obligations but we also maintained a safe work place.

Council employed a full time Work Place Health and Safety advisor to provide direction and guidance in the management of Councils safety obligations.





Julia Creek Work Camp

The Work Camp project is a joint initiative between McKinlay Shire Council and the Department of Community Services, Queensland Corrective Services.

Work Camp continued delivering a wide range of projects in and around the McKinlay Shire area. This includes regular mowing and maintenance of community and community group facilities such as the CWA and churches.

Work Camp also delivered a number of other projects in support to the McKinlay Shire Community including:

- continual replacement of footpaths in and along Burke and Julia Street;
- valuable support to the annual Dirt and Dust festival;
- renewal of the Duncan McIntyre Museum;
- maintenance and upgrade works at the Julia Creek Cemetery;
- assistance and support to various community related projects across the Shire.

Pest Plant and Animal Control

Council continued to provide support to property owners in delivering two very successful feral pest baiting programs during the year. These programs are run in October/November and late April early May of each year and allow property owners to deliver 1080 baits in and around their properties to control declared feral pests such as Wild Dog and Feral Pig. Approximately 22 tonne of 1080 bait was prepared and delivered. Council also provides a number of commercially available 1080 baits such as "Doggone" and "Dek9" factory baits for use by property owners throughout the year.

Council continued to control pest weeds around the Shire, focusing mainly on Council owned or controlled facilities. One of the key areas was Julia Creek from the Flinders Highway downstream to the rear of the Sewerage Treatment plant and a number of stock route and water facilities.

A continuation of pest weed control at the Julia Creek Town Common has shown a significant reduction in pest weed and a subsequent increase in land availability for agistment.



Live Stock Operations

The Julia Creek live stock facility is a combined, cattle yard and weighing facility operated by Council with a neighbouring Dip and rail head operated by Department of Agriculture Fisheries and Forestry and Queensland Rail respectively.

At the end of June 2014, whilst numbers were down from the previous year a total of over 32, 000 head of cattle were loaded on to cattle loaded onto trains out of the Julia Creek Railhead. These numbers don't include those cattle transported by road.

Stock Route and Reserves

Council has the overall responsibility in maintaining the States stock routes and water reserves throughout the shire.

Maintenance demands on these facilities is very high with regular inspections to ensure water is available, cleaning of troughs, maintenance of bores and turkey nests etc.

Another key maintenance need is the continued control of weeds in and around the facilities. This necessitated regular spraying of weeds in a number of areas in order to maintain access to the facility.

Stock Route Queensland implemented a new web based Stock Route Management System (SRMS) throughout Queensland and successfully implemented within the current shire operations.



Engineering and Works



Objectives

The Engineering and Works Services unit of any rural Council is the greatest creator of employment within the organisation. They deliver many facets including the administration of transport infrastructure, disaster resilience programs and town beautification.

The objectives of Engineering Services are to provide and facilitate infrastructure to a level sufficient to support the existing and future industries of the Shire and the Shires lifestyle to maintain and improve the infrastructure in general and provide a trained and responsible workforce to complete the tasks of the organisation.

The Engineering and Works Services also provides utilities that deliver a level of service that will meet community expectations and legislative requirements.

Shire Road Maintenance and Construction

The following works were achieved for the 2013-14 financial year:

- 2 new grids were installed on the Gilliat McKinlay Road
- 1 grid was removed from the McKinlay Common boundary on the Landsborough H/W.
- 8 Grid approaches on the Taldora Road.
- Seniors Living Roadworks and Drainage.
- Sealing of the entry to the Race Club.

Maintenance Grading including moisture conditioning and compaction:

- Old Normanton Road
- Taldora Road
- Gilliat-McKinlay Road
- Kellosheil Road

Other Shire road maintenance included the poison spraying of Prickly Acacia and Mimosa on various Shire roads. A load assessment was conducted on the Punchbowl Road Bridge. Design options began for the replacement of the bridge.

Council Roads Flood Damage

2011 NDRRA Acquittal process was completed.

2012 NDRRA works were completed, final claims submitted and Acquittal process was finalised with the 2013 NDRRA submissions approved.

Works commenced on these roads:

- Taldora RD
- Etta Plains Road
- Old Normanton RD
- Nelia - Yorkshire RD
- Minimere RD
- Julia Creek - Yorkshire Road RD

2014 NDRRA Event was activated.

Emergent works completed on:

- Gilliat-McKinlay Road
- Taldora Road
- Nelia Bunda Road

Damage assessment was conducted on all Shire roads in preparation for the 2014 QRA submission.

Kynuna Road Works

Kynuna Road was completed and is sealed all the way from Julia Creek to Kynuna.

Directional Signage

Council this year embarked on improving its Shire wide rural signage by implementing a rural signage program which will see the installation of directional signage placed at major intersections station the property name and distance. This program is nearing completion.

Main Roads Flood Damage

The finalisation of the 2012 NDRRA works for the Department of Transport and Main was completed on 78A and 5807.

Main Roads Maintenance (RMPC)

Various maintenance activities including pothole patching, shoulder grading and slashing were carried out on the Flinders Highway, Kynuna Road and Wills Developmental Road.

Water and Sewerage

A renewal of water mains was completed in Hickman Street, Allison Street, and Quarrel Street. Council successfully lined the secondary Effluent pond, Kynuna bore number 2 was restored and 300 m of new water main was laid at McKinlay.

Cannington Works

10 km of reseal was completed on various segments of damaged pavement surface. General maintenance including slashing and pothole repairs.



Chapter Three / Our Council

Elected Representatives

McKinlay Shire Council, comprising the Mayor and four Councillors, is the elected body responsible for McKinlay Shire. The elected body has legal obligations requiring members to represent the current and future interests of the residents. They are democratically elected and accountable to their communities for the decisions they make and the services they provide. Their role also includes other responsibilities such as providing high quality leadership to the community, participating in Council meetings, policy development and making decisions that are in the interest of the whole community.

The Mayor and Councillors are bound by a Code of Conduct, which is the Council's public commitment to open, accountable and ethical standards of behaviour. The community also plays an important role in contributing to good democratic governance by participating in Council elections, active involvement in community engagement programs and providing feedback on current issues and the services provided.

In addition to attending Council meetings, Councillors participate in external and internal committees. These committees are an additional opportunity for Councillors to have a say on issues that are important to their communities. Committees with McKinlay Shire Council representatives are:

- Middle school Committee
- Waste Management Committee
- Health Advisory Panel
- McKinlay Shire Multipurpose Health Service CAN
- Seniors Housing advisory Committee
- Agforce - Julia Creek branch
- McKinlay Shire Economic Development Group
- Local Disaster Management Group
- Livestock Facility Committee
- McKinlay Shire Events Committee
- Museum Management Group
- Isolated Children and Parents Association - Julia Creek branch
- Julia Creek Advisory Committee of the Julia Creek Work Camp
- Saxby Round-Up



Mayor Belinda Murphy

Born in Tasmania, Belinda completed year 12 at St Michaels Collegiate Girls School and trained as a commercial pilot and grade 3 flying instructor in Hobart. Belinda moved to Queensland in 1998 and spent the following years working as a pilot on various stations in the North West Qld and Northern Territory for cattle company's such as Stanbroke Pastoral, NAPCO and McDonalds Pastoral Company.

Belinda met her now husband Wayne Murphy and moved into Julia Creek in 2004 as the Branch Manager for the Queensland Country Credit Union and then became a Senior Manager for McKinlay Shire Council from 2005 until 2010. During this time Belinda completed a graduate degree in Public Sector Management and various Local Government training programs. Belinda has been on many community organisations since moving to Julia Creek and enjoys triathlon training and camp drafting in the North west. Belinda is passionate about the Shire and the lifestyle that it provides which is only enhanced by the people who reside here. Belinda and Wayne have two children, daughter Madeline and son Liam.

Deputy Mayor Anthony Batt



“Council is committed to delivering services and initiatives that promote a sense of well being and belonging within the community. We are responsible for planning and providing a diverse range of community and recreational services with the aim of continuing to improve our quality of life” - Cr. Batt

The first 30 years of my life was spent at "Plainby" Richmond district to then making the move to " Malvie" in 1987. First job out of school was in the shearing industry for 10 years. I have also been heavily involved in the trucking industry. I am married to Gayle and we have four children; Elizabeth, Rhianna, Neil and Jessica.



Cr. Edwina Hick

“ I look forward to another year ahead in serving McKinlay Shire, promoting community spirit and providing council support and accountability.”
- Cr. Edwina Hick

Edwina Hick has been a resident of the McKinlay shire for the past 12 years, when she moved to the shire from South Australia, upon marrying her husband Patrick. Edwina lives at Argyle Station, just north of Julia Creek with Patrick and their two children, who do school via distance education, through Mount Isa School of the Air. Edwina is the current treasurer of the Julia Creek branch of the Isolated Children’s Parents Association, and has previously been involved with the Arts council and Agforce. Edwina is looking forward to the next two years, and to serving the community to the best of her ability.

Cr. Philip Curr

Philip has lived in the district all his life apart from going to boarding school, a few trips overseas and working on other cattle properties. The cattle industry has been the main part and focus of his life.

He lives on Arizona Station with his wife Tania and their 3 girls , Charli , Chloe and Mackenzie. Philip has been the president of Saxby Roundup for 11 years and in his spare time likes to read and go to a few campdrafts.

"We are slowly achieving good foundations which is contributing to McKinlay shire being sustainable and a better place to live."

- Cr. Philip Curr



Cr. Neil Walker



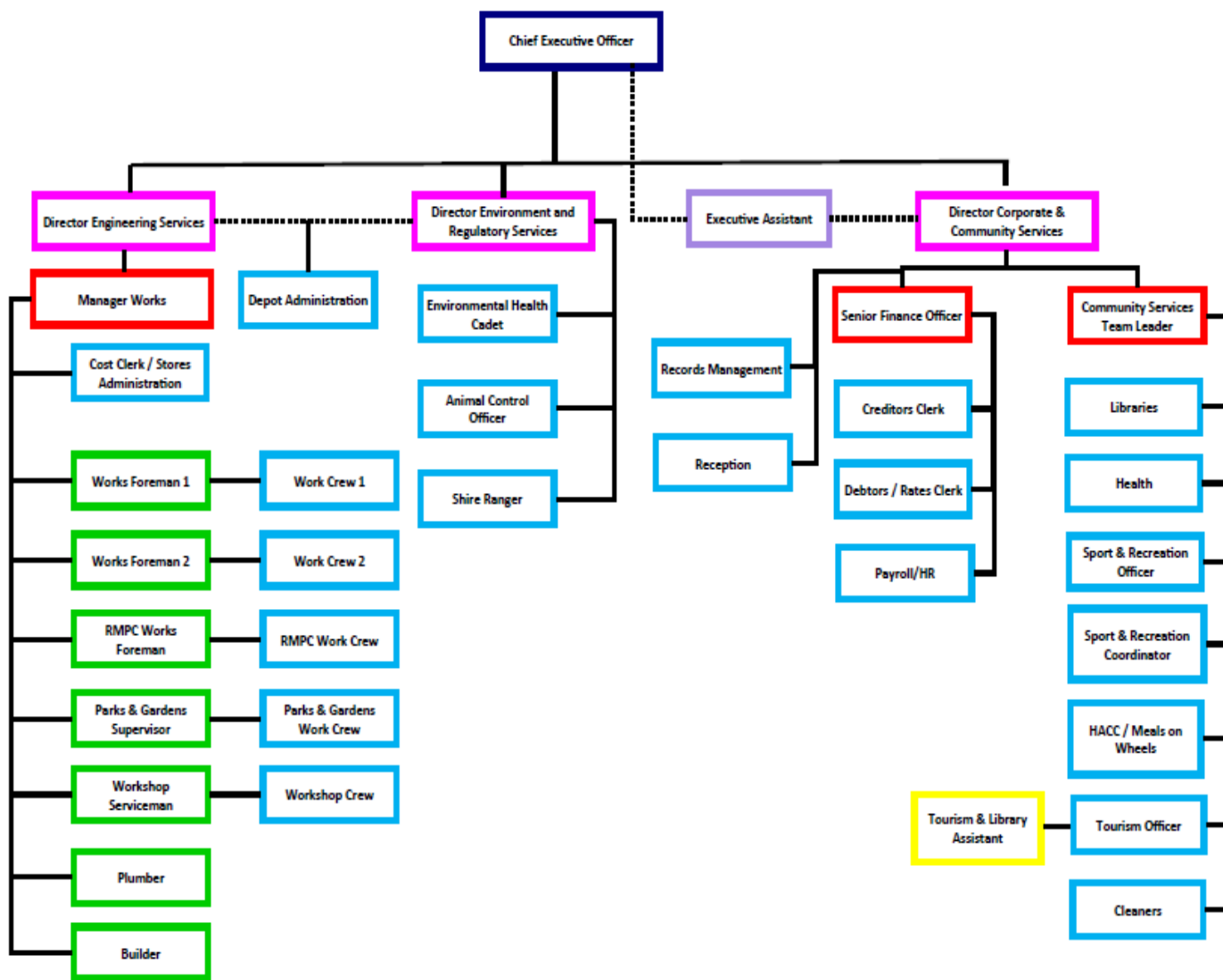
Born in Gordonvale, I completed secondary education at the Southport School. Moving then to the Shire in 1981. Managing the Millungera Santa Gertrudis Stud at Crowfels since 1984 , a qualified JP and past president of the local Pony Club and ICPA, my involvement within the community is important. I am currently involved with a number of Campdrafts throughout North and Central Qld as an announcer. Any spare time is spent making saddlery items or plaiting. My wives name is Susan and I have two children Kate and Callum.

"Despite another tough year it has been great to see the Shire remain positive. I'm pleased to be part of a Council that will continue to actively support the whole Community into the future."

Corporate Structure

Our Corporate structure consists of various departments that contribute to McKinlay Shire Council's overall mission and goals.

Works, Tourism, Finance, Accounting, Human Resource and Community Services are just a few departments that work within this structure that contribute to a successful Local Government.



Our People

Directors

Tenneil Cody

Director Corporate and Community Services

Tenneil Cody commenced with McKinlay Shire Council as Senior Finance Officer in 2009. In March 2010 Tenneil was appointed to the position of Manager of Corporate and Community Services. Tenneil started her career in local government with Croydon Shire Council and with this she brings four years of experience to McKinlay Shire, along with a broad range of executive management, finance and community service skills. Her highlight for the last financial year has been the completion of the Seniors Living Precinct Project.



Geoff Rintoul

Director Environment and Regulatory Services

Geoff Rintoul commenced work in April 2013 appointed as Director of Environment and Regulatory Services. Geoff's experience in Local Government includes managing the engineering and operations with Northern Peninsular Area Regional Council and the planning, development and water and sewerage management with Townsville City Council. Geoff has a strong environmental and engineering background including undergraduate and post graduate qualifications in business, construction, environmental and civil engineering.

Greg Chesterfield

Director of Engineering

Greg Chesterfield was contracted by McKinlay Shire Council in February 2014 from AECOM in Townsville. He has a background in Civil Engineering with a strong focus on Pavement Design. Previous to his work with the council, Greg was involved with the NDRRA flood damage works in the Hinchinbrook Shire and construction of the Townsville Ring Road. Greg's knowledge in both pavement design and flood damage reconstruction works will serve the McKinlay Shire residents by continuing to improve their roads network into the future.



Chapter Four / Statutory Information

Reporting against Legislative Requirements

A local government must prepare an annual report for each financial year. The Local Government Regulation 2012, sets out the reporting requirements for the annual report of a local government.

Resolutions made under Sections 250 (1) and 206 (2)

McKinlay Shire Council did not make any resolutions relating to these sections of the Act during the financial year.

Information relating to Councillors

The Local Government Regulation 2012 Section 186 requires Council to report;

- the particulars of the total remuneration, including superannuation contributions, paid to each councillor during the financial year; and
- the expenses incurred by, and the facilities provided to each councillor under Council Expenses and Reimbursement Policy, during the financial year; and
- the number of local government meetings each councillor attended during the financial year.

	Cr Belinda Murphy Mayor	Cr Anthony Batt Deputy Mayor	Cr Edwina Hick	Cr Neil Walker	Cr Philip Curr
Councillor Remuneration	\$73,803	\$31,629.96	\$22,491.96	\$22,491.96	\$22,491.96
Facilities and Equipment Provided	Office Laptop Printer				
Facility Communication Equipment Provided	\$1,497.85 Mobile Phone \$421.09 Ipad	\$831.22 Ipad			
Secretarial Support	\$31,753.86				
Conference & Workshop Expenses	\$4,356.86	\$3,016.18	\$1,508.54	\$2,279.50	\$1,248.00
Travel (Flights & Accommo- dation)	\$21,371.91	\$3,333.20	\$2,183.23	\$418.18	\$849.63
Mileage Allowance*	\$368.25	Nil	Nil	\$2,970	\$5,175
Total	\$132,222.82	\$38,810.56	\$26,183.43	\$28,159.64	\$29,764.59

A Council car is made available to all Councillors for their use to travel to any Council meetings or functions outside of Julia Creek.

*Mileage Allowance is reimbursed to Councillors at the Australian Tax Office Rates (cents per kilometre) where a Councillor uses their private vehicle for Council business or commuting to official Council meetings or functions from their place of residence.

There were no orders or recommendations made as referred to in section 186 (d) and (e) of the *Local Government Regulation 2012*.

Furthermore, there were no complaints during the financial year to report as required by section 186(f) of the *Local Government Regulation 2012*.

Councillor Meeting Attendance

Attending council meetings is not only about achieving good outcomes for the community and constituents, but contributing to the good governance of council overall. Elected representatives are expected to attend the relevant Council and committee meetings as part of their commitment and responsibility to their role. Section 186 (c) of the Local Government Regulation 2012, Council is required to report on the number of meetings attended by each Councillor during the financial year.

Councillor	Ordinary Meetings Held	Ordinary Meetings Attended	Special Meetings Held	Special Meetings Attended
Cr. Belinda Murphy	12	12	3	3
Cr. Anthony Batt	12	11	3	3
Cr. Neil Walker	12	11	3	3
Cr. Philip Curr	12	9	3	3
Cr. Edwina Hick	12	12	3	3

Summary of Expenditure on Grants to Community Organisations

Organisation	Amount	Grant Type
Nelia QCWA	\$1800.00	Benefit Assistance Scheme
Julia Creek Amateur Swimming Club	\$255.20	Benefit Assistance Scheme
McKinlay Shire Cultural Association	\$500.00	Benefit Assistance Scheme
McKinlay Race Club	\$1,681.82	Benefit Assistance Scheme
Julia Creek Pony Club	\$5000.00	Benefit Assistance Scheme
Aussie Helpers	\$1000.00	Donation
Julia Creek Parents & Citizens Association	\$700.00	Donation
Townsville to Darwin Legacy Walk	\$500.00	Donation
Scripture Union Chaplaincy	\$5000.00	Donation
North Queensland Rescue Chopper	\$15,000.00	Donation
Mt Isa Chamber of Commerce	\$1,500.00	Sponsorship
Julia Creek Western Riding Club	\$2,200.00	Sponsorship
Julia Creek Pony Club	\$1,500.00	Sponsorship
McKinlay Shire Cultural Association	\$663.00	Sponsorship
Julia Creek Kindergarten & Childminding Association	\$1,171.00	Sponsorship
Hughenden Country Music Festival	\$300.00	Sponsorship
McKinlay Race Club	\$5,000.00	Sponsorship
Julia Creek Campdraft	\$3,000.00	Sponsorship
Saxby Round-up	\$3,200.00	Sponsorship
Julia Creek Players	\$71.00	Sponsorship
Jimmy's Walk for Cancer	\$58.00	Sponsorship

Council's Expenditure

Council provides support to the local community by providing financial assistance to various community organisations.

Grants are provided under Council's Community Grants Policy, which offers support under three funding programs; Community Donations, Community Sponsorship, and Community Benefit Assistance Scheme.

A total of 5 grants were approved through the Community Benefit Assistance Scheme for the reportable period at a total amount of \$9,237.02.

Council made donations to 5 organisations to the value of \$22,200. And \$18,663 was approved through Sponsorship to 11 different community groups.

McKinlay Shire Councillors do not have a Councillor Discretionary fund for community grants.

Code of Conduct

No breaches or alleged breaches of the Code of Conduct for Councillors were reported from 1 July 2013 to 30 June 2014. No complaints were received through Council's General Complaints Process relating to alleged breaches by Councillors.

As required under the Public Sector Ethics Act 1994, McKinlay Shire Council developed and implemented a revised Code of Conduct, in line with the Public Sector Ethics Act 1994 ethics and principals and values. The Code of Conduct is a set of standards and behaviours that guide and direct all Council employees, consultants and contractors. It puts a responsibility with the individual to use sound judgment in the workplace.

All Council employees are given access to appropriate training and education on the revised Code and its content, as well as their rights and obligations in relation to contraventions of the Code. The Code of Conduct is included in the employees induction and a copy provided on commencement of employment. Council's Code of Conduct is available on Council's website and a hardcopy is available at Council's administration Office.

Total number of orders and recommendations made under section 180 (2) and (4) of the Local Government Act 2009	Nil
Total number of orders made under section 181 of the Local Government Act 2009	Nil
The name of each Councillor in relation for whom an order or recommendation was made under section 180 of the Local Government Act 2009 or an order made under made under 181 of the Local Government Act 2009.	N/A
A description of the conduct or inappropriate conduct engaged in by each Councillor (related to the above)	N/A
A summary of the order or recommendation made for each Councillor (from above)	N/A
The number of complaints referred to the department's Chief Executive under section 177 (5) (a) of the Local Government Act 2009	Nil
The number of complaints referred to the Mayor under section 177 (5) (b) of the Local Government Act 2009	Nil
The number of complaints referred to the departments' Chief Executive under section 177 (6) of the Local Government Act 2009	Nil
The number of complaints assed by the Chief Executive Officer as being about official misconduct	Nil
The number of complaints heard by a conduct review panel	Nil
The number of complaints heard by the tribunal	Nil
The number of complaints dealt with by the Chief Executive Officer under section 177 (8) of the Local Government Act 2009	Nil

Administrative Action Complaints

McKinlay Shire Council is committed to providing an open and accountable local government. To assist Council achieve this Council had endorsed a General Complaints Policy to ensure an effective and transparent method of responding to complaints regarding its service, actions and the 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. A summary of complaints as required by Section 187 of the Local Government Regulation 2012 is detailed in the table below.

Complaints Unresolved 2012/13	0
Complaints Made 2013/14	0
Complaints Resolved 2013/14	0
Complaints Unresolved 2013/14	0

Current List of Registers kept

Council is required by Section 190(1) (f) of the Local Government Regulation 2012 to detail a list of registers kept by Council.

The registers open to public inspection include:

Register of Interests (Councillors)
 Delegations Register
 Local Laws Register
 Register of Roads
 Policy Register
 Regulatory Fees and Charges
 Asset Register
 Fees & Charges Register
 Register of pre-qualified suppliers

Council also make available other information to the public which can be downloaded electronically from Councils Website www.mckinlay.qld.gov.au

The information available includes:

Ordinary Council Meeting Minutes
 Operation Plan
 Community Plan 2010-2020
 Infrastructure Plan
 Tourism Plan
 Corporate Plan
 McKinlay Shire Planning Scheme
 Revenue Statement
 Annual Budget
 Publication Scheme (Right to Information)
 Financial Statements

Particulars of other issues relevant to making an informed assessment of the Local Government's Operation and Performance for each financial year.

There are no contingent issues which have affected McKinlay Shire Council's performance for the reportable period.

Annual Operations report for each commercial business unit

There are no Commercial Business Units operated by McKinlay Shire Council for the reportable period.

Details of any action taken for expenditure on a service facility or activity

- Supplied by another local government under agreement of conducting joint government activity, and
- For which local government levied special rates or charges.

McKinlay Shire Council did not have any matters to report for the financial year in this regard.

Number of Invitations to change Tenders under Section 228 (7) (Change of Specifications)

McKinlay Shire Council did not issue any invitations to change tenders during the reporting period.

Report of any overseas travel taken by a councillor or Local Government Employee in an official capacity

No Councillor or local government employee of McKinlay Shire Council has represented the Council in an official capacity while travelling overseas.



A Summary of all Concessions for Rates and Charges granted by Council

Rates rebates and concessions

Under section 190 (g) of the Local Government Regulation 2012 Council must provide a summary of all concessions for rates and charges granted by Council. Councils Revenue Policy was adopted in July 2013 and set out the principles used by Council for:

- Levying rates and charges
- Granting of concessions for rates and charges
- Recovery of overdue rates and charges
- Cost-recovery methods; and

McKinlay Shire Council exempts religious organisations, and other charitable organisations from general rating in accordance with the Local Government Act and Regulation.

Granting Concessions for Rates and Charges

In accordance with Section 119 of the Local Government Regulation 2012, Council may grant a rate payer a concession for rates or charges. Section 120 of the Local Government Regulation 2012, provides Council authority to grant concessions only if it is satisfied:

- The land is owned or occupied by a pensioner
- Transparency by making clear the requirements necessary to receive concessions
- Communication by raising awareness to the community of concessions.

Rebates and Concessions on Rates and Charges

In accordance with the Local Government Regulation 2012 Part 10 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 category 1 and category 5.

Discount

In accordance with Section 130 of the Local Government Regulation 2012, 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. Further, the maximum discount allowed on the general rate only is \$3,500 per levy or \$7,000 per annum. The discount period is a period that ends on or before the due date for payment.

Concession	Cost
Pensioner Concession	\$22,179.00
Discount	\$239,234.00

The Report on the Internal Audit

The Local Government Act 2009 requires Council to have an internal audit function.

For each financial year, a local government must—

- (a) prepare an internal audit plan; and
- (b) carry out an internal audit; and
- (c) prepare a progress report for the internal audit; and
- (d) assess compliance with the internal audit plan.

The Local Government Association of Queensland was contracted to undertake the preparation of an Internal Audit Plan (which was approved by the Chief Executive Officer) and carry out an internal audit of McKinlay Shire Council during the financial year, including the provision of a progress report .

An internal audit was carried out in October 2013, the scope of the internal audit included:

- Procurement policy and associated delegations
- Budget documentation
- Overall delegations
- Statutory policies and local laws
- Financial statements and related documents
- Corporate and operational plan
- Risk management
- Agendas and minutes
- Management reporting
- Auditor General’s management report
- Business continuity plan
- Investment and borrowings
- Annual reporting
- Web content
- Disaster Management
- Workforce registers, processes and procedures

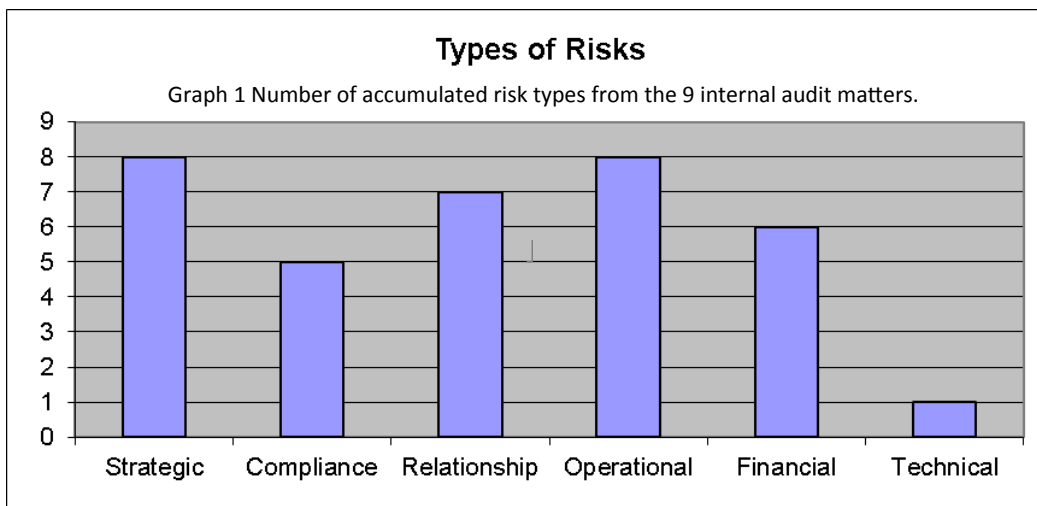
Detailed assessments were undertaken regarding the following financial management matters:

- Recurrent revenue
- Rating revenue
- Plant revenue and expenses

Table 1 below is a summary of the identified risk under each of the risk areas set out in the McKinlay Shire Council Audit Plan.

Risk Area	Financial Sustainability	Governance	Infrastructure	Community Engagement	Planning/Regulation	Workforce
Number Identified	3	4	0	0	0	2
Risk Rating	1 x very low 2 x medium	1 x very low 1x low 2 x medium				2x low

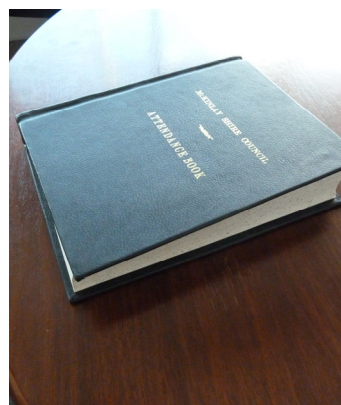
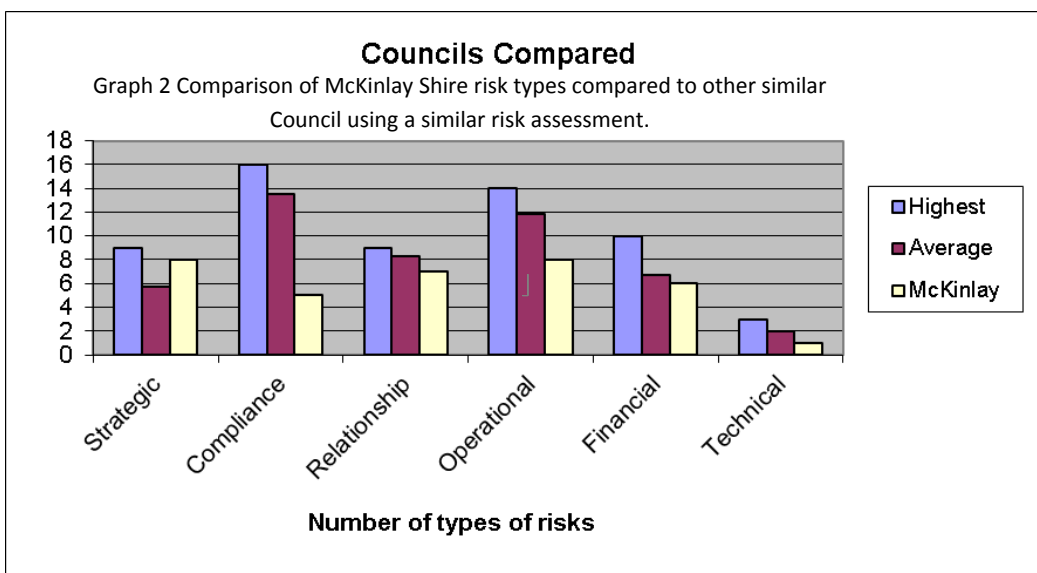
Table 1



The following graphs provide an indication of the types of risks associated with the matters raised during the internal audit.

The internal audit has shown that Council has a higher than average strategic risk compared to other relative Councils using the same risk assessments.

This has occurred due to most of the items identified have a strategic risk component and improvement in long term strategic activities and analysis will improve this risk rating.



Remuneration Packages

Section 201 of the *Local Government Act 2009* requires Council to report on the total remuneration packages payable to senior contract employees. These details are provided below:

Number of Senior Contract Employees	Total Remuneration Package
3	\$100,000 - \$200,000
1	\$200,000 - \$300,000

Right to Information

No applications were received under the Right to Information Act 2009 during the 2013/14 financial year.



Neutrality Complaints

There are no complaints in relation to competitive neutrality for the reportable period.

Chapter Five / Financial Performance Report

Community Financial Report

for the year ended 30 June 2014

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*.

2013/14 Snapshot

Key highlights of the 2013/14 financial year include:

- Construction of the Seniors Living Complex – 8 independent living units and the Fr Bill Busuttin Community Centre
- Sealing the final 10 kilometres on the Kynuna Road
- Resealing of 10 kilometres on the Cannington Road
- Reseal and sealing works completed on the adjacent roads at the Seniors Living Complex
- Sealing the entry road into McIntyre Park Racing Complex
- Flood Restoration works completed on McKinlay Shire State Roads
- Re-lining the Julia Creek Sewerage Pond 1
- Installation of a new fence surrounding the Julia Creek Sewerage Pond 1
- Julia Creek Water Mains Upgrade – 390 metres
- 2km Gravel Resheeting and 8 grid approaches completed on Taldora Road
- 30km Grading Works completed on the Taldora and McKinlay-Gilliat Roads
- The Julia Creek Waste Facility Upgrade
- Gilliat Bore Upgrade

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 2014.

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 & ownership of the Financial Statements by management & elected representatives.

About the Financial Statements

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

1. A Statement of Comprehensive Income

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

2. A Balance Sheet

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

1. An Overview of this year's Financial Result & Financial Position

1.1 Council's Statement of Comprehensive Income (Profit & Loss) for 2013/14

Council's headline "profit/loss" result for the 2013/14 year was a \$2,956,821 surplus.

This included the following key financial performance highlights:

- Completion of Shire Roads flood restoration works for the 2012 event and the commencement of the 2013 event.
- Completion of the Department of Transport and Main Roads Contract – Flood damage restoration works on the Kynuna Road and the Wills Development Road.

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 & position.

Where to find a complete version of Council's 13/14 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2014 can be found in this annual report, at our website: www.mckinlay.qld.gov.au

or at Council's administrative offices located at:

29 Burke Street
Julia Creek Qld

8:30am to 5:00pm Monday to Friday

Statement of Comprehensive Income for 2013/14

Council's Result \$ '000	Actual 2014	Budget 2014	Actual 2013
Expenditure	19,662M	23,643M	13,689M
Revenues (excl. income for capital purposes)	17,616M	17,334M	12,513M
Net Result before Capital Grants & Contributions	- 2,046M	- 6,309M	-1,176M
Capital Grants & Contributions	5,002M	5,609M	4,567M
Net Result	2,956M	700M	3,391M

The budgeted "profit/loss" for 2013/14 was \$700,178)- meaning Council came in better than was budgeted. The main reasons relating to this difference between the actual result & the budgeted performance was:

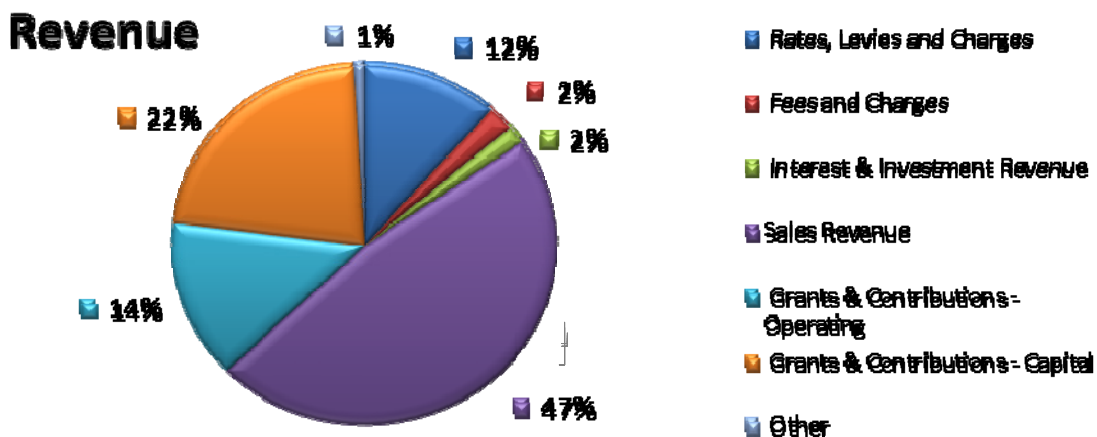
- Council's increase in the valuation of non current assets by \$3mil.

Overall Council & Management believe the financial result for 13/14 to be satisfactory.

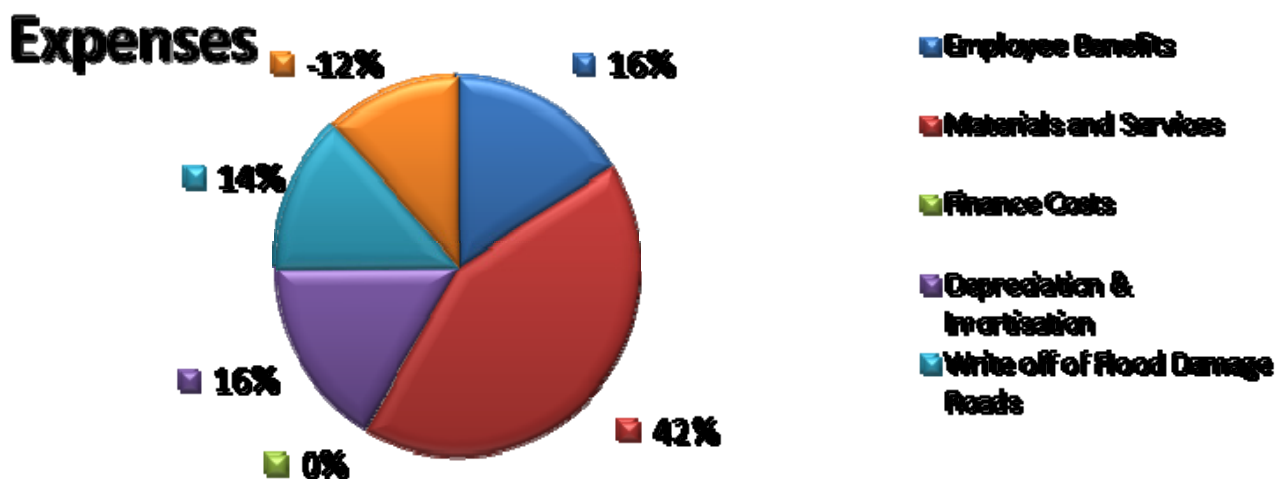
Council's Revenue Sources for the 13/14 year

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

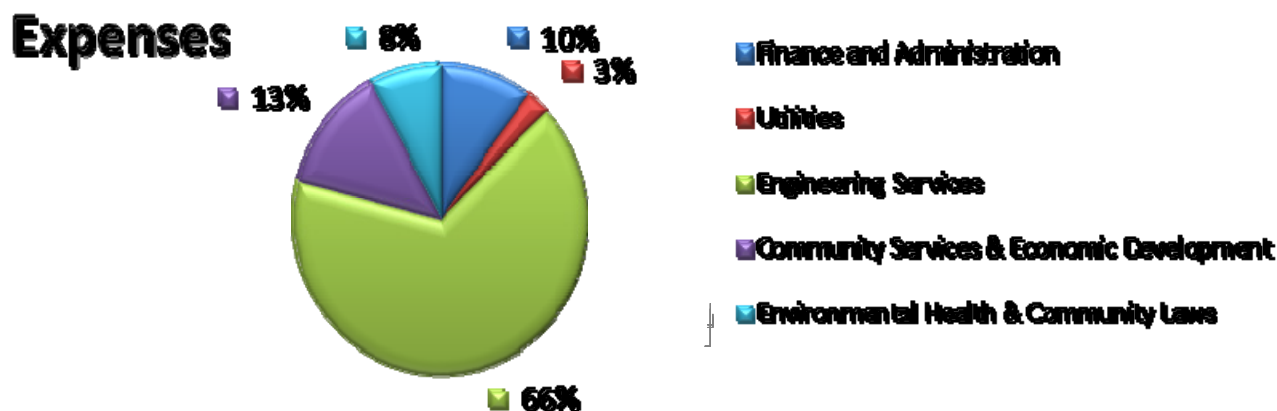
Council's Revenue sources for the 13/14 year:



Council's total expenditure's (by type) for the 13/14 year:



Council's total expenditure's (operating & capital) covered the following activities/functions:



1.2 Councils Statement of Financial Position (Balance Sheet) for 2013/14

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

\$ '000	Actual 2014	Actual 2013
---------	----------------	----------------

The major items that make up Council's wealth include the following assets:

Available Cash & Investments	\$ 11,321M	\$ 12,640M
Debtors	\$ 1,056M	\$ 1,325M
Inventories (<i>Stores, raw materials & Land purchased for development & sale</i>)	\$ 1,415M	\$ 1,384M
Infrastructure, Property, Plant & Equipment	\$ 150,801M	\$ 146,653M

Council has funded some of its operations and assets by the following liabilities:

Loans & Borrowings (<i>Refer Council's Debt Policy for further information</i>)	\$.549M	\$ 1,113M
Trade & Other payables	\$ 1,824M	\$ 1,605M
Provisions	\$.335M	\$.355M

Net Community Equity	\$ 161,885M	\$ 158,929M
-----------------------------	--------------------	--------------------

Assets - The following table demonstrates the movement in Council's written down value for each asset class subsequent to applying the desktop valuation based on the Australian Bureau of Statistics indices, writing off flood damaged road assets and the depreciation:

Asset Type	2014	2013
Land	\$1,028M	\$1,030M
Water Infrastructure	\$3,552M	\$3,555M
Sewerage Infrastructure	\$3,670M	\$3,507M
Roads and Streets Infrastructure	\$102,338M	\$105,701M
Office Furniture and Fittings	\$.077M	\$.106M
Plant and Equipment	\$4,287M	\$4,597M
Buildings	\$18,459M	\$18,314M
Other Structures	\$9,389M	\$9,225M
Works in Progress	\$8,001M	\$0,618M
	\$150,802M	\$146,653M

"Written down value is the book value of an asset after allowing for depreciation and amortization".

Liabilities - Council's liabilities comprise of amounts owing for employee entitlements; annual leave, provisions for future costs such as long service leave, trade creditors and borrowings. Total borrowings decreased \$0.564M which represents a 50% reduction from the previous year. No further loans were drawn down during the 2013/14 year.

Significant projects included in the 2013/14 capital works expenditure –

- \$4.4M - Completion of the Julia Creek Independent Senior Living Units Construction; the "FR Bill Busuttin Community Centre". The precinct features 8 units, a BBQ area and new community centre where HACC and the Community Nurse are now based. The Centre was officially opened 21st August 2014.
- \$650k - Street reconstruction, widening, rehabilitation and sealing of Church Lane and Coyne Street adjacent the new Senior Living Units.
- \$200k - Re-lining of the Sewerage Treatment Plant evaporation pond number one, and the construction of a fence surrounding the pond.

\$188k - Upgrade to the Julia Creek Waste Facility.

These Expenditures were funded by:

- Cash Reserves \$0.194M
 - Grants & Contributions \$3.524M
- General Revenue \$2.843M

Council's Capital Expenditure for 2013/14

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

Asset Class	Value
Water Infrastructure	\$0.238M
Sewerage Infrastructure	\$0.160M
Roads and Streets Infrastructure	\$1.136M
Buildings	\$4.759M
Other Structures	\$0.268M
	\$6.561M



1.3 Council's Key Financial Figures - A Snapshot

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

Financial Performance Figures (\$'000)	2014	2013	2012	2011	2010
Inflows:					
Rates, Levies & Charges	2,594	2,501	2,380	2,249	2,097
Fees & Charges	493	438	343	286	245
Interest Received	372	533	477	374	350
Sales Revenue	10,733	3,749	14,870	21,254	19,779
Other Revenue	191	284	238	264	308
Grants, Subsidies, Contributions & Donations - Operating	3,233	5,004	5,716	4,117	3,840
Total Income from Continuing Operations	17,616	12,513	24,028	28,546	26,621
Grants, Subsidies, Contributions & Donations - Capital	5,002	4,567	11,369	1,455	2,424
Capital Income	2	-	-	-	-
Sale Proceeds from PP&E	4	598	437	415	295
New Loan Borrowings & Advances	-	-	-	2,500	-
Outflows:					
Employee Benefits	4,161	4,098	4,158	4,444	3,752
Materials & Services	10,851	5,129	18,540	18,463	14,427
Finance Costs	63	116	149	41	38
Depreciation and Amortisation	4,183	4,159	2,382	2,325	2,232
Inventory write-down	-	-	-	2,452	-
Write-off flood damaged roads	3,433	-	-	-	-
Total Expenses from Continuing Operations	22,691	13,502	25,230	27,727	20,451

Financial Performance Figures (\$'000)	2014	2013	2012	2011	2010
Total Cash purchases of PP&E	6,561	5,042	6,214	7,316	5,171
Other Capital Expenses	-	186	-	173	-
Total Loan Repayments (incl. Finance Leases)	564	720	1,098	47	53
Operating Surplus/(Deficit) (excl. Capital Income & Exps)	(5,075)	(990)	(1,202)	819	6,170

Financial Position Figures (\$'000)	2014	2013	2012	2011	2010
Current Assets	2,471	2,709	4,371	5,101	5,018
Current Liabilities	1,804	1,614	2,014	4,543	2,773
Net Current Assets	667	1,095	2,356	558	2,245
Cash & Cash Equivalents	11,321	12,639	15,207	11,538	7,915
Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases)	549	1,113	1,833	2,932	480
Total Value of PP&E (excl. Land & Improvements)	150,802	146,653	140,192	151,411	143,370
Total Accumulated Depreciation	4,183	4,159	2,382	2,325	2,232
Indicative Remaining Useful Life (as a % of GBV)	97%	97%	98%	98%	98%
Source: Published audited financial statements of Council (current year & prior year annual financial statements)					

2. Financial Sustainability Measures

The Financial Sustainability of Council 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)].

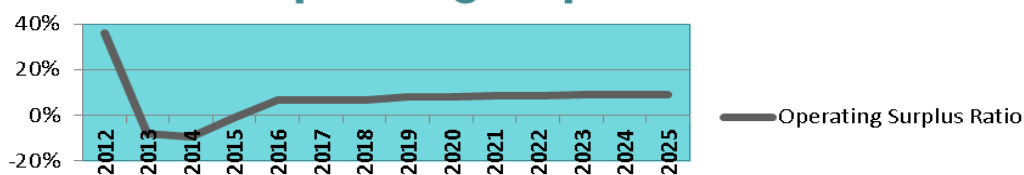
The Financial Sustainability indicators (in accordance with the *Local Government Regulation 2012*) that Council must publish are as follows:

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

Operating Surplus Ratio



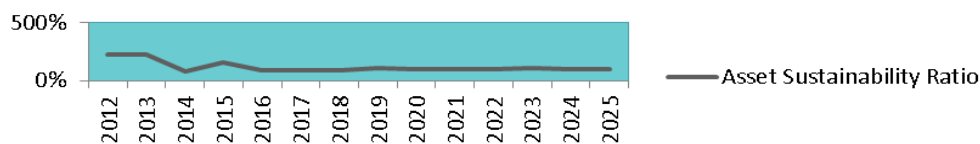
Asset Sustainability Ratio – Target >90%

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 Council 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 Council 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

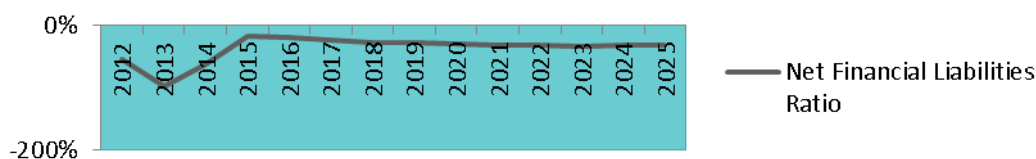


Net Financial Liabilities Ratio – Target <60%

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 2014

Ratio	Target	Actual 2012	Actual 2013	Actual 2014	Budget 2015	Long Term Financial Plan Projections									
						Yr 1 2016	Yr 2 2017	Yr 3 2018	Yr 4 2019	Yr 5 2020	Yr 6 2021	Yr 7 2022	Yr 8 2023	Yr 9 2024	Yr 10 2025
Operating Surplus Ratio	0 - 10%	36%	-8%	-9%	-1%	7%	6%	7%	8%	8%	8%	9%	9%	9%	9%
Asset Sustainability Ratio	> 90%	227%	221%	75%	157%	90%	92%	90%	106%	101%	98%	100%	103%	100%	100%
Net Financial Liabilities Ratio	< 60%	-54%	-98%	-63%	-17%	-20%	24%	27%	-27%	-29%	-31%	-32%	-34%	-32%	-32%

Useful Contacts

Customer Contact

McKinlay Shire Council
29 Burke Street
Julia Creek QLD 4823

PO Box 177
Julia Creek QLD 4823

Phone: (07) 4746 7166
Fax: (07) 4746 7549
Email: reception@mckinlay.qld.gov.au

Staff Contacts

Aaron Childs
Chief Executive Officer
Email: ceo@mckinlay.qld.gov.au

Tenneil Cody
Director Corporate and Community Services
Email : finance@mckinlay.qld.gov.au

Kerry Krogh
Works Manager
Phone: 07 4746 4211
Fax: 07 4746 7549
Email: worksmanager@mckinlay.qld.gov.au

Geoff Rintoul
Director Environment and Regulatory Services
Phone: 07 4746 4213
Fax: 07 4746 7132
Email: geoff.rintoul@mckinlay.qld.gov.au

Jade Lyons
Community Services Team Leader
Email: jadel@mckinlay.qld.gov.au

Greg Chesterfield
Engineer
Email: engineer@mckinlay.qld.gov.au

Linda McNab
Executive Assistant
Phone: 07 4746 4218
Email: executiveassistant@mckinlay.qld.gov.au

Councillors

Cr Belinda Murphy (Mayor)
Phone: 07 4746 4223
Email: mayor@mckinlay.qld.gov.au

Cr Anthony Batt (Deputy Mayor)
Phone: 07 4746 8429
Email: tony.batt@mckinlay.qld.gov.au

Cr Neil Walker
Phone: 07 4746 8773
Email: neil.walker@mckinlay.qld.gov.au

Cr Edwina Hick
Phone: 07 4746 7332
Email: Edwina.hick@mckinlay.qld.gov.au

Cr Philip Curr
Phone: 07 4746 8480
Email: Philip.curr@mckinlay.qld.gov.au

Tourism Information Centre

Phone: 07 4746 7690
Email: tourism@mckinlay.qld.gov.au

Library Services

Julia Creek Library
Phone: 07 4746 7930
Email: jclibrary@mckinlay.qld.gov.au

McKinlay Library
Phone: 07 4746 8848

Website and Facebook

www. mckinlay.qld.gov.au
Facebook.com/mckinlayshire



McKinlay Shire Council Financial Statement

For the year ended 30 June 2014

McKinlay Shire Council

Financial statements

For the year ended 30 June 2014

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Management Certificate

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)

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 2014

	Note	Council	
		2014	2013
		\$	\$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	2,594,506	2,501,575
Fees and charges	3(b)	492,991	438,587
Interest received	3(c)	372,214	533,474
Sales revenue	3(d)	10,732,790	3,749,653
Other revenue	3(e)	191,144	284,836
Grants, subsidies, contributions and donations	4(a)	3,232,569	5,004,972
		<u>17,616,214</u>	<u>12,513,097</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	5,001,874	4,567,715
		<u>22,618,088</u>	<u>17,080,812</u>
Total revenue			
Capital income	5	1,604	-
		<u>22,619,692</u>	<u>17,080,812</u>
Total income			
Expenses			
Recurrent expenses			
Employee benefits	6	(4,160,918)	(4,098,024)
Materials and services	7	(10,850,848)	(5,129,124)
Finance costs	8	(63,650)	(116,553)
Depreciation and amortisation	9	(4,183,081)	(4,159,570)
		<u>(19,258,497)</u>	<u>(13,503,271)</u>
Non recurrent expenses			
Capital expenses	10	-	(186,202)
Write-off of flood damaged roads		(3,433,333)	-
		<u>(22,691,830)</u>	<u>(13,689,473)</u>
Total expenses			
Net result		<u>(72,138)</u>	<u>3,391,339</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	19	3,028,959	-
		<u>3,028,959</u>	<u>-</u>
Total other comprehensive income for the year			
Total comprehensive income for the year		<u>2,956,821</u>	<u>3,391,339</u>

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

McKinlay Shire Council
Statement of Financial Position
as at 30 June 2014

	Note	Council	
		2014 \$	2013 \$
Current assets			
Cash and cash equivalents	11	11,321,140	12,639,974
Trade and other receivables	12	1,055,919	1,325,247
Inventories	13	1,415,453	1,384,275
		<u>13,792,512</u>	<u>15,349,496</u>
Total current assets		<u>13,792,512</u>	<u>15,349,496</u>
Non-current assets			
Property, plant and equipment	15	150,801,945	146,653,114
Total non-current assets		<u>150,801,945</u>	<u>146,653,114</u>
Total assets		<u>164,594,457</u>	<u>162,002,610</u>
Current liabilities			
Trade and other payables	16	1,737,540	1,542,979
Borrowings	17	180,895	564,510
Provisions	18	67,014	71,061
Total current liabilities		<u>1,985,449</u>	<u>2,178,550</u>
Non-current liabilities			
Trade and other payables	16	86,796	61,646
Borrowings	17	368,296	549,130
Provisions	18	268,056	284,245
Total non-current liabilities		<u>723,148</u>	<u>895,021</u>
Total liabilities		<u>2,708,597</u>	<u>3,073,571</u>
Net community assets		<u>161,885,860</u>	<u>158,929,039</u>
Community equity			
Asset revaluation surplus	19	38,339,752	35,310,793
Retained surplus/(deficiency)	20	123,546,108	123,618,246
Reserves	21		
Total community equity		<u>161,885,860</u>	<u>158,929,039</u>

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

McKinlay Shire Council

Statement of Changes in Equity

For the year ended 30 June 2014

Council	Asset revaluation surplus	Retained Surplus	Reserves	Total
Note	19	20	21	
	\$	\$	\$	\$
Balance as at 1 July 2013	35,310,793	123,618,246	-	158,929,039
Net operating surplus	-	(72,138)	-	(72,138)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	3,028,959	-	-	3,028,959
Total comprehensive Income for the year	<u>3,028,959</u>	<u>(72,138)</u>	<u>-</u>	<u>2,956,821</u>
Transfers to and from reserves				
Transfers to/from capital	-	-	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Total transfers to and from reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 June 2014	<u>38,339,752</u>	<u>123,546,108</u>	<u>-</u>	<u>161,885,860</u>
Balance as at 1 July 2012	35,310,793	117,511,908	2,715,000	155,537,701
Net operating surplus	-	3,391,339	-	3,391,339
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>3,391,339</u>	<u>-</u>	<u>3,391,339</u>
Transfers to and from reserves*				
Transfers to/from capital	-	-	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	2,715,000	(2,715,000)	-
Total transfers to and from reserves	<u>-</u>	<u>2,715,000</u>	<u>(2,715,000)</u>	<u>-</u>
Balance as at 30 June 2013	<u>35,310,793</u>	<u>123,618,246</u>	<u>-</u>	<u>158,929,039</u>

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

***Transfers to and from reserves**

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.

During the course of the 2013 financial year council resolved to close all existing reserves and account for these restrictions using an internal management accounting system.

All existing reserve balances were transferred to retained surplus/(deficit) on that date. Further information is supplied in note 21.

McKinlay Shire Council
Statement of Cash Flows
For the year ended 30 June 2014

	Note	Council	
		2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from customers		17,512,785	13,641,545
Payments to suppliers and employees		(14,842,926)	(9,667,358)
		<u>2,669,859</u>	<u>3,974,188</u>
Interest received		372,214	533,474
Borrowing costs		(63,650)	(116,553)
Net cash inflow (outflow) from operating activities	26	<u>2,978,423</u>	<u>4,391,109</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(8,738,286)	(11,404,923)
Proceeds from sale of property plant and equipment		3,604	598,501
Grants, subsidies, contributions and donations		5,001,874	4,567,715
Net cash inflow (outflow) from investing activities		<u>(3,732,808)</u>	<u>(6,238,707)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(564,449)	(720,285)
Net cash inflow (outflow) from financing activities		<u>(564,449)</u>	<u>(720,285)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(1,318,834)</u>	<u>(2,567,882)</u>
Cash and cash equivalents at the beginning of the financial year		12,639,974	15,207,856
Cash and cash equivalents at end of the financial year	11	<u>11,321,140</u>	<u>12,639,974</u>

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

1 Significant accounting policies

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1.02 Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.03 Constitution

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

1.04 Date of authorisation

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

1.05 Currency

The Council uses the Australian dollar as its functional currency and its presentation currency.

1.06 Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

**Effective for annual report periods
beginning on or after:**

AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2017
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2014
AASB 11 <i>Joint Arrangements</i>	1 January 2014
AASB 12 <i>Disclosure of interests in other entities</i>	1 January 2014
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together	1 January 2014
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2014
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2015

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	1 January 2014
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014
AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements	1 January 2014
AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]	1 January 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	1 January 2014
AASB 2014-1 Amendments to Australian Accounting Standards (Part A - C)	1 July 2014
AASB 2014-1 Amendments to Australian Accounting Standards (Part D)	1 January 2015
AASB 2014-1 Amendments to Australian Accounting Standards (Part E)	1 January 2016
Interpretation 21 Levies	1 January 2014

AASB 9 Financial Instruments (effective from 1 January 2015)

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

1.07 Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

Valuation and depreciation of property, plant and equipment - Note 1.15 and Note 15

Provisions - Note 18

Contingent liabilities - Note 23.

1.08 Revenue

Rates are recognised as revenue at the commencement of the rating period, Grants and other revenue are recognised on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates, levies and charges

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

McKinlay Shire Council
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For the year ended 30 June 2014

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2012, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve. During the course of the 2013 financial year council resolved to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 11.

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.

Contributions for maintenance of gates and grids

Council policy requires landowners to meet all costs of maintenance and replacement of gates and grids. Where maintenance is performed by a landowner directly, no recognition is made of either revenue or cost. When council performs such work and recovers from landowners, these revenues are brought to account as private works revenue in the year they are conducted.

Sales revenue

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

Fees and charges

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

Other Revenue

Other revenues receivable by Council are recognised on an accrual basis.

Interest received

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

1.09 Financial assets and financial liabilities

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

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

Financial assets

Cash and cash equivalents (Note 1.10)

Receivables - measured at amortised cost (Note 1.11)

Financial liabilities

Payables - measured at amortised cost (Note 1.17)

Borrowings - measured at amortised cost (Note 1.19)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 29.

1.10 Cash and cash equivalents

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

1.11 Receivables

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

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

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. 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 impair any rate receivables.

1.12 Inventories

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.

1.13 Land held for resale

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.

1.14 Investments

Term deposits in excess of six months are reported as investments, with deposits of less than six months being reported as cash equivalents. At 30 June 2014 Council did not have any term deposits in excess of six months.

1.15 Property, plant and equipment

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

Depreciation

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

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

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

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.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

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

For each class of depreciable asset the following range of useful lives has been adopted.

Asset	Range of estimated useful lives
Land	not depreciated
Buildings	40 - 100
Other Structures	20 - 50
Plant and Equipment	
Fleet vehicles	2 - 10
Fleet machinery	5 -15
Other plant and equipment	5 -20
Office furniture & fittings	
Computer equipment	3 - 5
Other	5 - 20
Roads and street infrastructure	
Roads (sealed)	7 - 100
Roads (gravel)	40 - 100
Roads (formed only)	80 - 100
Bridges	60 - 80
Drainage	75
Water infrastructure	30 - 80
Sewerage infrastructure	25 - 75

Acquisition of assets

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

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

Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Valuation

Land, buildings and other structures and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 - 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 management 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, buildings and other structures asset classes in the intervening years, management may engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information 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.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation valuers performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 28.

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

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

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

Capital work in progress

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

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The McKinlay Shire Council currently does not have any such land holdings.

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.

1.16 Impairment of non-current assets

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

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

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

1.17 Payables

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

1.18 Employee benefits

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

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 16 as a payable.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 16 as a payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 24.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 18 as a provision.

1.19 Borrowings and borrowing costs

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

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

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

1.20 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.

1.21 Retained surplus

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

1.22 Reserves

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves. During the course of the 2013 financial year council resolved to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 11.

The former reserves operated as follows:

Future capital works reserve

This reserve represented amounts set aside for future capital asset needs of Council. The amounts formally reported in this reserve at balance date are now disclosed as internal restrictions on cash in note 11.

Asset replacement reserve

Council maintained funds for ongoing plant and other asset replacements. These amounts are now disclosed in note 11.

1.23 National competition policy

The Council has reviewed its activities to identify its business activities and resolved not to apply the Code of Competitive Conduct to general business activities or building certification activities performed by Council as defined by LGA s761, hence the code of competitive conduct is not applicable to these activities. See Note 30.

1.24 Rounding and comparatives

The financial statements have been rounded to the nearest \$1.

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

1.25 Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include funds for prepaid funerals, security deposits lodged and key holding deposits paid into the trust account by the Council. 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.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 25.

1.26 Carbon Pricing

The *Clean Energy Legislation (Carbon Tax Repeal) Act 2014* abolished the carbon pricing mechanism established by the *Clean Energy Act 2011*.

Council operates a number of small landfill facilities that have annual emission of carbon dioxide equivalent that are well below the individual site threshold of 25,000 tonnes and as such Council has not incurred a Carbon Pricing obligation as at 30 June 2014

1.27 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.

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

Includes financial management, human resources, customer services, council elections, public relations, organisational development, councillor remuneration and expenses.

Utilities

Includes construction and maintenance of water and sewerage infrastructure.

Engineering services

Includes construction and maintenance of roads, stormwater drainage and plant and depot operations and maintenance.

Community services and economic development

Includes economic development, tourism, aged care and disabled services, cultural services, maintenance of parks, gardens, public amenities, recreational reserves, sporting facilities, caravan park, swimming pool and other community services.

Environmental health and community laws

Includes 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 2014

2 Analysis of results by function

(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2014

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2014	2014	2014	2014		2014	2014				
\$	\$	\$	\$	\$	\$	\$	\$	\$			
Finance and administration	2,664,731	2,198,806	-	1,605	4,865,142	(1,957,258)	-	(1,957,258)	2,906,279	2,907,884	13,498,094
Utilities	440,312	5,344	432,141	-	877,797	(509,918)	-	(509,918)	(64,262)	367,879	7,395,352
Engineering Services	-	11,318,782	4,342,390	-	15,661,172	(12,734,520)	(3,433,333)	(16,167,853)	(1,415,738)	(506,681)	138,612,930
Community services & economic development	-	665,978	227,343	-	893,321	(2,556,864)	-	(2,556,864)	(1,890,886)	(1,663,543)	5,088,081
Environmental health & community laws	127,526	194,734	-	-	322,260	(1,499,937)	-	(1,499,937)	(1,177,677)	(1,177,677)	-
Total Council	3,232,569	14,383,644	5,001,874	1,605	22,619,692	(19,258,497)	(3,433,333)	(22,691,830)	(1,642,284)	(72,138)	164,594,457

Year ended 30 June 2013

Functions	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							
	2013	2013	2013	2013		2013	2013				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Finance and administration	4,491,588	2,025,739	-	-	6,517,327	(1,961,801)	(186,202)	(2,148,003)	4,555,526	4,369,324	15,113,348
Utilities	425,400	2,006	30,000	-	457,406	(570,513)	-	(570,513)	(143,107)	(113,107)	7,101,279
Engineering Services	-	4,752,977	4,032,129	-	8,785,106	(6,597,103)	-	(6,597,103)	(1,844,126)	2,188,003	139,222,278
Community services & economic development	-	500,123	505,586	-	1,005,709	(2,833,124)	-	(2,833,124)	(2,333,001)	(1,827,415)	565,495
Environmental health & community laws	87,984	227,280	-	-	315,264	(1,540,732)	-	(1,540,732)	(1,225,468)	(1,225,468)	211
Total Council	5,004,972	7,508,125	4,567,715	-	17,080,812	(13,503,271)	(186,202)	(13,689,473)	(990,174)	3,391,339	162,002,610

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McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

	Council	
	2014	2013
Note	\$	\$
3 Revenue analysis		
(a) Rates, levies and charges		
General rates	2,270,281	2,216,041
Water	293,787	284,054
Sewerage	188,554	181,294
Garbage charges	103,297	96,675
Total rates, levies and charges	<u>2,855,919</u>	<u>2,778,064</u>
Less: Discounts	(239,234)	(255,004)
Less: Pensioner remissions	(22,179)	(21,485)
Net rates, levies and charges	<u>2,594,506</u>	<u>2,501,575</u>
(b) Fees and charges		
Caravan Park Fees	191,118	121,435
Aged care fees	60,000	60,450
Livestock saleyard fees	48,712	86,832
Animal registration & controls	5,899	4,534
Stock route fees	127,525	123,329
Other fees and charges	59,737	42,007
	<u>492,991</u>	<u>438,587</u>
(c) Interest received		
Interest received from term deposits	339,870	529,922
Interest from overdue rates and utility charges	32,344	3,552
	<u>372,214</u>	<u>533,474</u>
(d) Sales revenue		
Flood damage recoverable works	267,266	978,766
RMPC & APPC revenue	8,663,644	2,077,724
Other recoverable work	1,801,880	693,163
	<u>10,732,790</u>	<u>3,749,653</u>
Total sales revenue	<u>10,732,790</u>	<u>3,749,653</u>
<p>The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.</p>		
(e) Other revenue		
Insurance claim	46,787	178,407
Other income	144,357	106,429
	<u>191,144</u>	<u>284,836</u>
4 Grants, subsidies, contributions and donations		
(a) Recurrent		
State government subsidies and grants	3,167,625	4,981,745
Commonwealth government subsidies and grants	64,944	23,227
	<u>3,232,569</u>	<u>5,004,972</u>
(b) Capital		
State government subsidies and grants	4,427,289	4,005,742
Commonwealth government subsidies and grants	574,585	561,973
	<u>5,001,874</u>	<u>4,567,715</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

	Council	
	2014	2013
Note	\$	\$
Conditions over contributions		
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
Non-reciprocal grants for expenditure on infrastructure	615,059	-
	<u>615,059</u>	<u>-</u>
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:		
Non-reciprocal grants for expenditure on infrastructure	-	-
	<u>-</u>	<u>-</u>
5 Capital income		
Gain on the disposal of non-current assets		
Proceeds from the sale of property, plant and equipment	3,604	-
Less: Book value of property, plant and equipment disposed of	(2,000)	-
	<u>1,604</u>	<u>-</u>
Total capital income	<u>1,604</u>	<u>-</u>
6 Employee benefits		
Total staff wages and salaries	3,375,487	3,422,389
Councillors' remuneration	172,909	177,354
Annual, sick and long service leave entitlements	569,920	610,158
Superannuation	24 363,370	403,436
	<u>4,481,686</u>	<u>4,613,337</u>
Other employee related expenses	32,053	(6,926)
	<u>4,513,739</u>	<u>4,606,411</u>
Less: Capitalised employee expenses	(352,821)	(508,387)
	<u>4,160,918</u>	<u>4,098,024</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.		
Total Council employees at the reporting date:	2014	2013
Elected members	5	5
Administration staff	12	12
Depot and outdoors staff	46	48
Total full time equivalent employees	<u>63</u>	<u>65</u>
7 Materials and services		
Administration costs	560,807	481,993
Airport operating costs	66,549	58,139
Audit Services	47,000	30,000
Caravan park costs	169,376	141,324
Community service expenses	350,286	355,510
Council housing expenses	164,959	185,154
Flood damage expenses	66,975	111,006
Parks & gardens expenses	332,646	338,412
Plant operating costs	1,197,107	1,284,729
Pool expenses	241,008	211,451
Road & Street maintenance	909,694	330,203
Recoverable works	5,846,824	391,648
Sports & rec facilities	226,260	252,581
Stock route & livestock expenses	265,365	258,809
Tourism expenses	126,773	94,283
Water & Sewerage costs	222,940	269,479
Weed control expenses	36,101	161,339
Other materials and services	20,178	163,064
	<u>10,850,848</u>	<u>5,129,124</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

	Council	
	2014	2013
Note	\$	\$
8 Finance costs		
Finance costs charged by the Queensland Treasury Corporation	59,121	109,195
Bank charges	4,529	5,318
Impairment of debts	-	2,040
	<u>63,650</u>	<u>116,553</u>
9 Depreciation		
Depreciation of non-current assets		
Buildings	246,087	179,565
Office furniture & fittings	28,605	52,512
Plant & equipment	681,258	603,468
Road & streets infrastructure	2,771,481	2,906,174
Water infrastructure	139,671	139,287
Sewerage infrastructure	110,892	88,858
Other structures	205,088	189,707
	<u>4,183,081</u>	<u>4,159,570</u>
Total depreciation	<u>4,183,081</u>	<u>4,159,570</u>
10 Capital expenses		
Loss on the disposal of non current assets		
Proceeds from sale of property plant & equipment	-	598,501
Less: Book value of property plant & equipment disposed of	-	(784,703)
	<u>-</u>	<u>(186,202)</u>
Total capital expenses	<u>-</u>	<u>(186,202)</u>
11 Cash and cash equivalents		
Cash at bank and on hand	328,638	14,846
Deposits at call	10,992,502	12,625,128
Balance per Statement of Cash Flows	<u>11,321,140</u>	<u>12,639,974</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+.

Deposits are also held with the Queensland Treasury Corporation in a capital guaranteed cash fund. The Queensland Treasury Corporation has a AA credit rating.

Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

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

Unspent government grants and subsidies	615,059	40,000
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*Internally imposed expenditure restrictions at the reporting date:

Future capital works	2,101,000	2,515,000
Asset replacement reserve	30,000	200,000

Total unspent restricted cash	<u>2,746,059</u>	<u>2,755,000</u>
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* These restrictions were previously allocated as reserves

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

Note	Council	
	2014 \$	2013 \$
12 Trade and other receivables		
Current		
Rateable revenue and utility charges	140,371	27,368
Other debtors	822,041	1,203,830
Less impairment	(6,000)	(6,000)
Prepayments	99,507	100,049
	<u>1,055,919</u>	<u>1,325,247</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 debtors receivable.

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	6,000	6,000
Impairment Debts written off during the year	-	-
Additional impairments recognised	-	-
Impairments reversed	-	-
Closing Balance at 30 June	<u>6,000</u>	<u>6,000</u>

13 Inventories

Inventories for consumption

Stores & raw materials	155,742	124,564
	<u>155,742</u>	<u>124,564</u>

Land purchased for development and sale	14	1,259,711	1,259,711
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Total inventories		<u>1,415,453</u>	<u>1,384,275</u>
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14 Land purchased for development and sale

Opening Balance	1,259,711	1,402,170
Development costs	-	5,560
Less: Cost of development land sold	-	(148,019)
	<u>1,259,711</u>	<u>1,259,711</u>

Classified as

Current	13	1,259,711	1,259,711
		<u>1,259,711</u>	<u>1,259,711</u>

Land held for development and sale is held at the lower of cost or net realisable value.

McKinlay Shire Council
Notes to the Financial Statements
For the year ended 30 June 2014

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30-Jun-14 Note

Basis of measurement

Asset values

Opening gross value as at 1 July 2013

Additions

Disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Transfers between classes

Closing gross value as at 30 June 2014

	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	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,030,000	23,830,010	473,814	6,957,915	151,447,101	7,077,732	7,156,022	11,824,713	616,134	210,413,441
	-	-	-	362,325	-	-	-	-	8,375,961	8,738,286
5	(2,000)	-	-	-	(136,816)	(2,500)	-	-	-	(141,316)
	-	-	-	-	(4,911,576)	-	-	-	-	(4,911,576)
19	-	361,588	-	-	3,628,498	147,144	151,461	182,014	-	4,470,705
	-	116,199	-	8,776	372,904	65,191	198,976	229,211	(991,257)	-
	1,028,000	24,307,797	473,814	7,329,016	150,400,111	7,287,567	7,506,459	12,235,938	8,000,838	218,569,540

Accumulated depreciation and impairment

Opening balance as at 1 July 2013

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 2014

	-	5,515,602	367,420	2,361,020	45,745,637	3,522,508	3,648,663	2,599,478	-	63,760,327
9	-	246,087	28,605	681,258	2,771,481	139,671	110,892	205,088	-	4,183,081
5	-	-	-	-	(136,816)	(2,500)	-	-	-	(139,316)
	-	-	-	-	(1,478,244)	-	-	-	-	(1,478,244)
19	-	87,002	-	-	1,159,559	75,441	77,395	42,349	-	1,441,746
	-	-	-	-	-	-	-	-	-	-
	-	5,848,691	396,025	3,042,278	48,061,617	3,735,120	3,836,950	2,846,915	-	67,767,595

Total written down value as at 30 June 2014

Residual value

Range of estimated useful life in years

	1,028,000	18,459,106	77,789	4,286,738	102,338,494	3,552,447	3,669,509	9,389,023	8,000,838	150,801,945
	1,028,000	8,630,683	-	2,160,563	43,047,152	1,387,745	1,032,812	3,110,151	-	
	Land: Not depreciated.	40 - 100	3 - 20	2 - 20	7 - 100	30 - 80	25 - 75	20 - 50	-	

Additions comprise:

Renewals

Other additions

Total additions

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
			-	-					3,125,956	3,125,956
		-	-	362,325				-	5,250,005	5,612,330
	-	-	-	362,325	-	-	-	-	8,375,961	8,738,286

McKinlay Shire Council
Notes to the Financial Statements
For the year ended 30 June 2014

30-Jun-13 Note

Basis of measurement

Asset values

Opening gross value as at 1 July 2012

Additions at cost

Disposals

Transfers between classes

Closing gross value as at 30 June 2013

	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	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$		\$
	1,011,902	21,603,172	442,818	7,240,169	144,559,083	6,971,335	6,019,358	10,846,447	1,947,738	200,642,022
	-	-	30,996	1,363,299	-	-	-	-	10,010,629	11,404,924
5	(10,000)	(217,260)	-	(1,406,245)	-	-	-	-	-	(1,633,505)
	28,098	2,444,098	-	(239,308)	6,888,018	106,397	1,136,664	978,266	(11,342,233)	-
	1,030,000	23,830,010	473,814	6,957,915	151,447,101	7,077,732	7,156,022	11,824,713	616,134	210,413,441

Accumulated depreciation and impairment

Opening balance as at 1 July 2012

Depreciation provided in period

Depreciation on disposals

Transfers between classes

Accumulated depreciation as at 30 June 2013

	-	6,039,883	314,908	2,739,172	42,348,373	3,466,313	3,629,805	1,911,105	-	60,449,559
9	-	179,565	52,512	603,468	2,906,174	139,287	88,858	189,707	-	4,159,570
5	-	(106,491)	-	(742,311)	-	-	-	-	-	(848,802)
	-	(597,355)	-	(239,309)	491,090	(83,092)	(70,000)	498,666	-	-
	-	5,515,602	367,420	2,361,020	45,745,637	3,522,508	3,648,663	2,599,478	-	63,760,327

Total written down value as at 30 June 2013

Residual value

Range of estimated useful life in years

	1,030,000	18,314,408	106,394	4,596,895	105,701,464	3,555,224	3,507,359	9,225,235	616,134	146,653,114
	1,030,000	8,630,683	-	2,331,053	43,047,152	1,387,745	1,032,812	3,110,151	-	
	Land: Not depreciated.	40 - 100	3 - 20	2 - 20	7 - 100	30 - 80	25 - 75	20 - 50	-	

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

16 Trade and other payables

	Note	Council	
		2014 \$	2013 \$
Current			
Creditors and accruals		1,437,137	1,278,861
Annual leave		282,017	246,765
Other entitlements		18,386	17,352
		<u>1,737,540</u>	<u>1,542,979</u>
Non-current			
Annual leave		86,796	61,646
		<u>86,796</u>	<u>61,646</u>

17 Borrowings

Current			
Loans - Queensland Treasury Corporation		180,895	564,510
		<u>180,895</u>	<u>564,510</u>
Non-current			
Loans - Queensland Treasury Corporation		368,296	549,130
		<u>368,296</u>	<u>549,130</u>
Loans - Queensland Treasury Corporation			
Opening balance at beginning of financial year		1,113,640	1,833,925
Loans raised		-	-
Principal repayments		(564,449)	(720,285)
Book value at end of financial year		<u>549,191</u>	<u>1,113,640</u>

The loan market value at 30 June 2014 is \$575,029. This represent the value of the debt if the Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made to the accounts. The interest rates on Queensland Treasury Corporation borrowings range from 5.76% to 7.04%. Based on the current level of repayments the final repayment dates vary from August 2014 to June 2017. Borrowings are all in Australian dollars and guaranteed by the Queensland State Government.

18 Provisions

Current			
Long service leave		67,014	71,061
		<u>67,014</u>	<u>71,061</u>
Non-current			
Long service leave		268,056	284,245
		<u>268,056</u>	<u>284,245</u>
Details of movements in provisions:			
Long service leave			
Balance at beginning of financial year		355,306	426,130
Long service leave entitlement arising		40,638	64,179
Long Service entitlement extinguished		-	-
Long Service entitlement paid		(60,874)	(135,003)
Balance at end of financial year		<u>335,070</u>	<u>355,306</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

	Note	Council	
		2014 \$	2013 \$
19 Asset revaluation surplus			
Movements in the asset revaluation surplus were as follows:			
Balance at beginning of financial year		35,310,793	35,310,793
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		-	-
Buildings		274,586	-
Road & streets infrastructure		2,468,939	-
Water infrastructure		71,703	-
Sewerage infrastructure		74,066	-
Other structures		139,665	-
Balance at end of financial year		<u>38,339,752</u>	<u>35,310,793</u>
Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land		574,294	574,294
Buildings		7,906,072	7,631,486
Road & streets infrastructure		24,258,730	21,789,791
Water infrastructure		2,554,381	2,482,678
Sewerage Infrastructure		1,648,318	1,574,252
Other structures		1,397,957	1,258,292
		<u>38,339,752</u>	<u>35,310,793</u>
20 Retained surplus			
Movements in the retained surplus were as follows:			
Retained surplus at beginning of financial year		123,618,248	117,511,908
Net result attributable to Council		(72,138)	3,391,339
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended or closed:	21		
Future capital works reserve		-	2,515,000
Asset replacement reserve		-	200,000
Retained surplus at end of financial year		<u>123,546,108</u>	<u>123,618,246</u>
21 Reserves			
Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.			
During the course of the 2013 financial year, council resolved to close all existing reserves and account for these restrictions using an internal management accounting system.			
The internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 11.			
Reserves held for funding future capital expenditure			
Future capital works reserve		-	-
Asset replacement reserve		-	-
Constrained works reserve		-	-
Reserves held for funding future recurrent expenditure			
Future recurrent expenditure reserve		-	-
Total reserves		<u>-</u>	<u>-</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

Movements in capital reserves:

Future capital works reserve

Balance at beginning of financial year	-	2,515,000
Transfer from retained surplus for future expenditure	-	-
Transfer to the retained surplus/capital due to the closure of	-	(2,515,000)
Balance at end of financial year	-	-

Asset replacement reserve

Balance at beginning of financial year	-	200,000
Transfer from retained surplus for future expenditure	-	-
Transfer to the retained surplus/capital due to the closure of	-	(200,000)
Balance at end of financial year	-	-

22 Commitments for expenditure

The McKinlay Shire Council does not have any current contractual commitments.

23 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 2014 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 \$88,432.

24 Superannuation

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

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

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

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

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations,

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

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 71 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 councils. McKinlay Shire Council made less than 4% of the total contributions to the plan in the 2013-14

The next actuarial investigation will be conducted as at 1 July 2015.

	Note	Council	
		2014	2013
		\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	363,370	403,436
25 Trust funds			
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		65,390	2,828
Security deposits		5,432	1,650
		<u>70,822</u>	<u>4,478</u>

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

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

Net result	(72,138)	3,391,339
Non-cash items:		
Depreciation and amortisation	4,183,081	4,159,570
Write-off of flood damaged roads	3,433,333	-
Revaluation adjustments	-	-
	<u>7,616,414</u>	<u>4,159,570</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	(1,604)	186,202
Capital grants and contributions	(5,001,874)	(4,567,717)
	<u>(5,003,478)</u>	<u>(4,381,515)</u>
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	269,328	1,502,013
(Increase)/decrease in inventory	(31,178)	159,476
Increase/(decrease) in payables	219,711	(368,950)
Increase/(decrease) in other provisions	(20,236)	(70,824)
	<u>437,625</u>	<u>1,221,715</u>
Net cash inflow from operating activities	<u>2,978,423</u>	<u>4,391,109</u>

27 Events after the reporting period

There were no material adjusting events after the balance date.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

28 Fair Value Measurements

(I) Recognised fair value measurements

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

Property, plant and equipment

- Land
- Buildings
- Road & streets infrastructure
- Water Infrastructure
- Sewerage Infrastructure
- Other structures

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 17 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for non residential Council buildings, road and street infrastructure and water and sewerage infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*

At 30 June 2014	Note	Level 2 (Significant other observable inputs) \$	Level 3 (Significant unobservable inputs) \$	Total \$
Recurring fair value				
Land	15	1,028,000	-	1,028,000
Buildings	15			
- Commercial Buildings			16,623,338	16,623,338
- Residential Buildings		1,835,768	-	1,835,768
Road & streets infrastructure	15	-	102,338,494	102,338,494
Water infrastructure	15	-	3,552,447	3,552,447
Sewerage infrastructure	15	-	3,669,509	3,669,509
Other structures	15	-	9,389,023	9,389,023
		2,863,768	135,572,811	138,436,579

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

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

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

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

Council adopted AASB13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value Council assets comprise:

Land (level 2)

Land fair values were determined by independent valuer, Australian Pacific Valuers (APV) as at 1 July 2012. 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 last comprehensive valuation of buildings and other structures was undertaken by Australian Pacific Valuers (APV) as at 1 July 2012. These valuations have again been internally assessed by management as at 30 June 2014 who are of the opinion that there has been no material change in the value of these assets. Notwithstanding this, management determined it appropriate to apply an index adjustment in line with the Australian Bureau of Statistics, Queensland Building Construction Index. Management believes this to be the most appropriate readily available index.

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 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 estimate 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.

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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.

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.

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.

Significant unobservable Input	Range of inputs	Relationship of unobservable inputs to fair value
Condition rating	100%-0%	The higher the condition rating, the lower the fair value.
Remaining useful life	10 - 60 years	The longer the remaining useful life, the higher the fair value
Residual value	\$0 - \$50,000	The higher the residual value the higher the fair value.

Infrastructure assets (level 3)

The last comprehensive valuation of Council infrastructure classes was undertaken by Australian Pacific Valuers (APV) as at 1 July 2012. These valuations have again been internally assessed by management as at 30 June 2014 who are of the opinion that there has been no material change in the value of these assets. Notwithstanding this, management determined it appropriate to apply an index adjustment in line with the Australian Bureau of Statistics, Queensland non Building Construction Indices. Management believes these to be the most appropriate readily available indices applicable to Council.

All Council infrastructure assets were fair valued using written down current replacement cost. 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.

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.

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 APV over an extended period working in North West Queensland.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

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.

Indexation considerations

The asset revaluation index for engineering construction, building cost construction indices and other relevant cost data indicates that prices for civil engineering work has increased but that this increase has not significant and is not considered material to the relevant asset classes. Notwithstanding this, management has considered it appropriate to apply an index adjustment to the carrying values of these asset classes in line with the relevant indices as published by the Australian Bureau of Statistics. Management has considered the suitability of these Queensland indices to North West Queensland and believe anecdotal evidence is supportive of their appropriateness and localised applicability.

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 DRC 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 the 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.

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.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives and based on that applicable and observable in North West Queensland.

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. The table below summarises that changes in the most significant unobservable inputs would have on the valuation.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour hours	5-100hrs/linear metre or sqm	The higher the labour hours, the higher the fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating	1 - 10 (with 1 being the highest and 10 the lowest)	The higher the condition rating, the lower the fair value.
Remaining useful life	7-100 years	The longer the remaining useful life, the higher the fair value.
Residual value	\$0 - \$300,000 (by component)	The higher the residual value the higher the fair value.

Water and Sewerage Infrastructure

Current replacement cost

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.

APV's cost models were derived from the following sources:
• APV database
• Schedule rates for construction of asset or similar assets
• Cost curves derived by APV
• 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).

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

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.

2(b) Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs

The method used to value councils' water and sewerage assets 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 years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Condition rating (useful life)	1 – 10 as specified above	The higher the condition rating, the lower the fair value.
Remaining useful life	4 - 80 years	The longer the remaining useful life, the higher the fair value.
Residual value	\$0 - \$100,000 (by component)	The higher the residual value the higher the fair value.

(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)

The changes in level 3 assets with recurring and non recurring fair value measurements are detailed in Note 15 (property, plant and equipment). There have been no transfers between level 1,2 or 3 measurements during the year.

(iv) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer and Finance Officer. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment is set out in note 1.15. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

29 Financial instruments

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

- credit risk
- liquidity risk
- market risk

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

Financial risk management

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

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

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

The 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. In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of these debts. In other cases Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with the Suncorp Bank. The QTC cash fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. The Suncorp deposits, whilst not capital guaranteed, the likelihood of credit failure is remote.

By the nature of Councils 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.

No collateral is held as security relating to the financial assets held by McKinlay Shire 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	2014	2013
		\$	\$
Financial assets			
Cash and cash equivalents	11	11,321,140	12,639,974
Receivables - rates	12	140,371	27,368
Receivables - other	12	816,041	1,197,830
Other credit exposures			
Guarantees	23	88,432	79,820
Total financial assets		<u>12,365,984</u>	<u>13,944,992</u>

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

	Fully				
	Performing	<30 days	30 - 60 days	61 - 90 days	Total
30th June 2014					
Receivables	794,018	33,816	343	134,235	962,412
Less impairment	-	-	-	(6,000)	(6,000)
Net receivables	<u>794,018</u>	<u>33,816</u>	<u>343</u>	<u>128,235</u>	<u>956,412</u>
30th June 2013					
Receivables	796,718	229,705	169,731	35,043	1,231,197
Less impairment	-	-	-	(6,000)	(6,000)
Net receivables	<u>796,718</u>	<u>229,705</u>	<u>169,731</u>	<u>29,043</u>	<u>1,225,197</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

Liquidity risk

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

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

Council	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2014					
Trade and other payables	1,737,540	86,796	-	1,824,336	1,737,540
Loans - QTC	207,973	392,729	-	600,702	576,269
	<u>1,945,513</u>	<u>479,525</u>	<u>-</u>	<u>2,425,038</u>	<u>2,313,809</u>
2013					
Trade and other payables	1,542,978	61,646	-	1,604,624	1,604,624
Loans - QTC	615,285	600,143	-	1,215,428	1,113,640
	<u>2,158,263</u>	<u>661,789</u>	<u>-</u>	<u>2,820,052</u>	<u>2,718,264</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

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

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

Sensitivity

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

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

Council	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
2014					
Financial assets	11,321,140	113,211	(113,211)	113,211	(113,211)
Financial liabilities	549,191	5,492	(5,492)	5,492	(5,492)
Net total		<u>118,703</u>	<u>(118,703)</u>	<u>118,703</u>	<u>(118,703)</u>
2013					
Financial assets	12,639,974	126,400	(126,400)	126,400	(126,400)
Financial liabilities	1,113,640	11,136	(11,136)	11,136	(11,136)
Net total		<u>137,536</u>	<u>(137,536)</u>	<u>137,536</u>	<u>(137,536)</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2014

30 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 2014.

McKinlay Shire Council
Financial statements
For the year ended 30 June 2014

Management Certificate
For the year ended 30 June 2014

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.

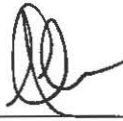
In accordance with section 212(5) of the Regulation we certify that:

- (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 33, 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.



Mayer
CR Belinda Murphy

Date: 20, 10, 14



Chief Executive Officer
Aaron Childs

Date: 20, 10, 14

INDEPENDENT AUDITOR'S REPORT

To the Mayor of McKinlay Shire Council

Report on the Financial Report

I have audited the accompanying financial report of McKinlay Shire Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of McKinlay Shire Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.


D A STOLZ FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

McKinlay Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2014

Measures of Financial Sustainability

	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2014 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-9.3%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	74.7%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-62.9%	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 2014.

Certificate of Accuracy
For the year ended 30 June 2014

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 Belinda Murphy

Date: 20, 10, 14



Chief Executive Officer
Aaron Childs

Date: 20, 10, 14

INDEPENDENT AUDITOR'S REPORT

To the Mayor of McKinlay Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of McKinlay Shire Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

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

Auditor's Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion


In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of McKinlay Shire Council for the year ended 30 June 2014, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn 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.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



DA STOLZ-FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

McKinlay Shire Council
Long-Term Financial Sustainability Statement
 Prepared as at 30 June 2014

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2014	Projected for the years ended								
				30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Council												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-9.3%	-0.8%	6.5%	6.4%	6.8%	7.8%	8.0%	8.3%	8.7%	9.0%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	74.7%	156.8%	90.4%	91.7%	89.8%	105.9%	100.6%	97.6%	100.0%	102.5%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-62.9%	-17.0%	-20.0%	-24.0%	-27.0%	-27.0%	-29.0%	-31.0%	-32.0%	-34.0%

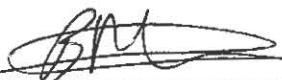
McKinlay Shire Council's Financial Management

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 2014

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 Belinda Murphy
 Date: 20, 10, 14



 Chief Executive Officer
 Aaron Childs
 Date: 20, 10, 14