



ANNUAL REPORT

2020/2021

Welcome

Our Annual Report is an important component of Council's performance management process. This is an essential document that will inform the community how McKinlay Shire Council have performed over the 2020/21 financial year. It captures the achievements, hopes, aspirations, priorities and goals of our community.



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At a Glance

Vision & Mission

Council is required under the Local Government Act 2009 and the Local Government Regulation 2012 to prepare an annual report of its operations each financial year. Our 2020/21 Annual Report reflects our commitment to achieving effective corporate governance through openness and accountability and ensuring resources are used efficiently to provide value for money service to the McKinlay Shire Community.

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

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

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

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

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

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



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

At a Glance

Profile of McKinlay Shire

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

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



Community Centres

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



Recreation Facilities

- Julia Creek Indoor Sports Centre
- Daren Ginns Centre
- Julia Creek Swimming Pool
- Bike Safety Park
- Kev Bannah Oval
- McIntyre Park
- Julia Creek Community Precinct
- Tennis Courts
- Nerida Currin Skate Park
- Peter Dawes Park
- Centenary Park

Mayors Overview



When I took on the role of Mayor, my main objectives were to improve the performance of our organisation and to minimise the number of staff ups that had been occurring.

With the guidance of my fellow Councillors and under the relentless leadership of Chief Executive Officer John Kelly and his executive team, comprising of Director Corporate Services Tenneil Cody and our new Director Engineering and Regulatory Services Cameron Scott, I am pleased to say that as a Council we have achieved these goals.

Financial Performance

Combining as a good team of both Councillors and our staff we have delivered some significant projects and recorded a positive financial operating surplus outcome of \$567,881.00, the first profit in many years.

Projects Delivery

Our Council has delivered some big projects this year and my Councillors and I are proud of what we have achieved by working with our staff and with the support of local contractors.

The following are some of the major projects:

- Completion of bitumen sealing of the Gilliat McKinlay Road - final 15kms sealed giving all weather access from Julia Creek to McKinlay township.
- Bitumen sealing of 15.3kms of Dalgonally Road.
- Resealing of 80kms of bitumen roads totaling approximately \$903,918.00.
- Construction of 4km of the Wills Development Road and replacement of two culverts on behalf of TMR - \$6,210,700.00.
- Completion of 2019 flood damage work of \$16,735,133.26.
- Refurbished the Julia Creek Water Tower - \$906,501.00. This extended the life of the water tower by another 25 years.
- Drilled a new bore for Julia Creek at the Lions Park - \$582,576.46.
- Renewed the town bore behind the Civic Centre - \$51,296.00. This bore was due to be scrapped but its life has been extended by 10 years of more, thereby providing water security for Julia Creek.
- Refurbished and upgraded the Hickman Street Sewerage Pump Station and rising main \$974,371.31.



At a Glance

Relationships with Government Departments

This successful year has been underpinned by excellent support from our State and Federal Governments. Without Federal and State Government financial support, we would not be able to build and maintain our towns and shire roads. Rate revenue alone does not cut it. Consequently, I have endeavoured to build on the good connections in Government that were fostered by previous Councils, especially with the federal Department of Infrastructure, the Queensland Transport and Main Roads Department the Queensland Department of Local Government and State Development and the Queensland Reconstuctions Authority.



Emerging Industries and Challenges

Irrigated agriculture from the Flinders River is underway with the first year of irrigated cropping (cotton, sorghum and chick peas on Etta Plains by Findley Farms). This will be the fore-runner to more cropping in our Shire. The St Elmo vanadium mine took another step closer with the granting of a Queensland State Government mining lease. These developments are exciting for McKinlay Shire and could result in increased population growth and economic benefits to our region.

However, with this emerging growth comes the need for workers and housing. The COVID-19 pandemic has already created problems for local businesses and cattle stations who are having difficulties attracting staff. There is a shortage of housing and suitable land for future development including residential and light industry. However, the business case to put in new subdivisions is unaffordable without the financial support of the State and Federal Governments and I will be continuing to lobby for funding to provide more land. Blocks of land can cost \$75,000 - \$100,000 to build but can only be sold for less than a quarter of that.

The same goes for building all-weather roads to service irrigation farms and new mines. I will be lobbying for an economic package combining money from the Federal and State Governments and the developers of these new industries so that we can improve the roads and enable them to get their crops and mine products to market. Council cannot do it from ratepayers money alone and that is hardly fair on ratepayers to be expected to carry the cost of economic development.

At a Glance



Conclusion

As the saying goes "One good storm does not make a wet season" or was it "One swallow doesn't make a Spring" - however the saying goes, one good year doesn't mean we are out of the woods. There is still work to be done.

At the end of 2021 we will say thank you to CEO John Kelly for his wise advice as he departs for retirement at the ripe "young" age of 75 and Council will have appointed a new Chief Executive Officer. This is likely to be the most important decision of 2021/22. Whoever our new CEO may be, I look forward to working with him/her and with the ongoing support of my Council Team - Deputy Mayor Cr Janene Fegan, Cr Shauna Royes, Cr John Lynch and Cr Tim Pratt, we will aim to continue to work for the betterment of our Shire and our community.



Chief Executive Officers Overview



McKinlay Shire Council has had a successful year, having delivered multiple projects on time and within budget. The highlight has been achieving a positive financial income with the first profit in many years of \$567,881.00, being an operating surplus ratio of 0.53%.

It is not possible to achieve such a good outcome without the support of a good team. From considered decision making by our Mayor and Councillors through to hard work by our administration and our staff in the field who do the hard yards in often challenging climatic conditions, McKinlay Shire Council has been successful. For this, I am extremely grateful.

I have always said, "If I am out the front leading and no one is following, I am really just taking a stroll". Fortunately, a lot of our people have responded to my lead.

Project and Initiatives

This annual report details the projects we have delivered and the successes we have had, so I will not be repetitious other than to highlight a few projects and initiatives which stand out to me.

- Refurbishing the Julia Creek Water Tower was a challenging project. Nevertheless, our staff and contractors did it, thereby extending the life of the Water Tower by 25 years.
- Striking a good flow of water with the new bore at the Lions Park in Julia Creek brought a big smile to my face.
- Questioning the proposal to cap the old bore behind the Civic Centre in Julia Creek resulted in our replacing the bore head and securing another 10 to 15 years out of this bore. This effectively gives water security for Julia Creek into the medium term with three reliable bores.
- Successfully undertaking road and culvert construction work on behalf of the Department of Transport and Main Roads on the Wills Development Road in the amount of \$6.2M. We have re-established our capability and credibility as road builders with TMR. As a consequence, Council will secure more project work through the Department which will support the employment of our staff, our local contractors and the economy of the Shire.
- Building a team of competent people on our staff has been very satisfying to me, for without good staff around, I can achieve very little.
- Fostering improved relationships with State and Federal Government Departments, particularly those with access to funding sources.
- Encouraging openness and transparency within Council both at a governance level and by having an open door policy for our residents and our staff. Very seldom does McKinlay Shire Council now close meetings to the public, an openness of which Council can be proud.

At a Glance

Infrastructure Renewal and Financial Sustainability of Local Government

These two issues are the biggest challenges facing Council into the future and indeed for all Local Governments across Australia.

The more roads Council seals and the more infrastructure Council builds, the more Council needs to be spending each year to maintain existing and new infrastructure. This is not possible from rate revenue alone. Federal and State Government grants to build new infrastructure are wonderful and gratefully received but it does contribute to the problem of how to fund assets maintenance and renewal.

The Federal and State Government and their Departments have been very supportive of Council however, this does not cover the mounting problem of renewing our assets including bitumen roads, water and sewerage, buildings and housing etc.

Without fundamental structural change in the funding of Local Government at a Federal and State level all Councils, and especially outback Councils, will struggle to be financially sustainable. What is needed is a greater share of taxation revenue being made available to Local Government each and every year.

The Challenge of the Labour Market

Attracting staff for key positions and staff generally continues to be difficult. Council is not the only employer with this problem as rural and town businesses are also experiencing the same difficulties. Life in the outback is a great experience and somehow or other, this message needs to be sold. Likewise, the provision of reasonable housing is a problem across all western Local Governments. Council will need to continue to work at the State and Federal levels to overcome these problems.



Conclusion

McKinlay Shire has good people and does good stuff and I enjoy working for this Community. I look forward to continuing to contribute to this work over the remaining six months of my contract with Council including recruiting a new Chief Executive Officer.



At a Glance

Our Councillors



Born in Cairns, Janene was raised in Hawaii and lived and worked throughout Queensland. After completing her nursing training in Mackay in 1990 she briefly worked at the Townsville General Hospital before travelling and working overseas. Janene moved to Julia Creek in 1992 to take up a Registered Nurse position at the Julia Creek Hospital.

It was here that she met her husband Trevor, a local electrician. Janene has four young adult children. Most of her time is taken up managing their electrical/refrigeration and tyre business, and as a Councillor for the Shire.

Over the years, she has been involved with several committees and community services and currently involved with CAN (Community Advisory Network) Committee, Julia Creek Turf Club, Lions Ladies and volunteers for Meals on Wheels. Janene enjoys being able to give back to her community and has learned a lot from her different roles. Her hobbies include travelling, water skiing, swimming, fishing, cooking and reading when she has time.



Shauna was born in Julia Creek and raised on Shire properties such as Dalgonally, Canobie, Millungera and 6 years at Burleigh Station north of Richmond. Schooling consisted of primary correspondence through Brisbane to then completing high school studies at the Julia Creek State School. Shauna has worked in the stock and station industry most of her life and currently is employed by Booth Rural Julia Creek branch.

Shauna has always been passionate about the community and contributing in way of serving on committees and clubs such as the Julia Creek Rodeo Association, Julia Creek Campdraft, Isolated Children and Parents Association, QCWA and currently as the president of the Julia Creek Pony Club.

Shauna lives with her partner Jim and has a daughter Rachel who is currently attending University and spends any free time with family, friends and a menagerie of animals.

At a Glance

Our Councillors

John Lynch has lived in McKinlay Shire all of his life. He completed eight years of schooling in Townsville before returning to work on the land for his family's grazing operation based at Ouchy Station. He now lives at Viola Station in the northwest of McKinlay Shire with his wife, Helen and three young adult/teenage children.

John has been operating the family beef and wool operation and a trucking company for a number of years. He is also an active member of the Julia Creek Lion's Club, and for the last 38 years he has enjoyed being involved in Sedan Dip Sports & Recreation Club, and continues to participate in many local community events, that support many groups of his community.

John has over 30 years' experience in running businesses, watching market and business trends and using innovation whilst keeping sight of the 'bigger picture' that helps in decision-making, whilst also factoring in the needs of the people involved. "McKinlay Shire has a lot to offer - our strong local culture based on our people, leading in primary production, transport, industry and tourism, and I aim to work at cultivating and developing ventures that help us to grow in strength and reputation."



Tim Pratt is born and bred in the McKinlay Shire and has a long, solid history with the district and the families in it. He knows both sides of the tick line - literally. Together with his wife Sheree and their three children Abbie, Sam and Bronte, they own and operate Pratt Cattle Transport, the local Post Office including mail-runs, their own herd of cattle plus a newly acquired clothing business.

Everyone who knows Tim knows his passion is trucks so it is very fitting that his portfolio is roads, considering there's not many he hasn't been on and spends the majority of his time travelling on.



Community Services

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

These include the provisions of aged care services, the operation of sport and recreational programs and facilities, support to community organisations, supporting festivals and events, promoting tourism and providing library services. This area of Council is also responsible for operation appropriate engagement and consultation of the community in issues affecting individuals, specific interest groups or the community are meet.



Community Benefit Assistance Scheme

The Community Benefit Assistance Scheme offered dollar for dollar funding to local community groups under the categories of infrastructure, equipment and volunteer support. Funding was provided in accordance with Council's Community Grants Policy.

In 2020/21 Council provided a total of \$1,010.00 to community groups to assist local groups achieve their objectives and enabling quality events and programs to be delivered.

The following groups were allocated financial assistance

- Julia Creek P&C Association \$1,010.00 Infrastructure

Community Events

McKinlay Shire Christmas Tree

The annual Christmas Tree event was held on Friday December 4 2020 with a new approach. Due to the impact of COVID-19 restrictions, Council decided to host the Christmas Tree event in Burke Street and supported local business with many of them staying open to support a late night shopping initiative. Market stalls and raffles were still held in the street and as always Santa stopped by (courtesy of the QFES) to give gifts and spread joy to all the children in attendance.

Dirt N Dust

Unfortunately, the impact of COVID-19 once again resulted in the cancellation of the full program of events for 2021. In lieu, the Julia Creek Turf Club hosted a "Dusted not Done Bull Ride and Races".



Australia Day 2021

On Tuesday morning of January 26th 2021, Council held its annual Official Australia Day Celebrations and Award Ceremony at Peter Dawes Park with a barbeque breakfast available for the community. Council was also fortunate to again play host to an Australia Day Ambassador, John Lazarou, to address the crowd and assist with the presentation of awards. John Lazarou is an Australian businessman and one of the co-founders of The Coffee Club. In 1989, John bought into The Coffee Club, which is now one of Australia's largest franchise operations with more than 400 Coffee Club stores throughout Australia and across nine countries. John is also well known for his philanthropic work. He supports and sponsors a wide range of charities and initiatives such as The Coffee Club Telethon Ball, which raises \$12 million every year for the Children's Hospital Foundation. He also supports the Special Children's Christmas Parties and Young Achiever Entrepreneur Awards. He is an Ambassador for The Olivia Newton John Cancer and Wellness Centre, has a strong public relations background and is an honorary member of the Brisbane Greeters.

A huge congratulations must be awarded to all award winners and nominees.

Citizen of the Year - The late Tanya Johnson (Posthumous recognition for her dedication to fundraising for multiple committees in the Julia Creek area for over 30 years following her passing in 2020)

Young Citizen of the Year - Toby Fitchett

Volunteer of the Year - Steve Malone (Recognition of services provided to Julia Creek Dirt N Dust Festival for over 20 years)

Small Community Event - Women of the West - Lets Brunch Breast Cancer Fundraiser

Large Community Event - Ron Wall Charity Rodeo

Junior Cultural Award - Madeline Murphy

Senior Cultural Award - Not awarded

Senior Sports Award - Not awarded

Junior Sports Award - Jedd Fegan

Sports Administration - Not awarded

Southern Gulf NRM Sarus Crane Award - Colin Malone



Community Funding

Regional Arts Development Fund

The Regional Arts Development Fund (RADF) is a Queensland Government initiative provided through a partnership with Arts Queensland to support local arts and culture. The program provides the community with an opportunity to experience a wide range of workshops, performances and exhibitions that are seldom seen in our region. Council administered the RADF Program throughout 2020/21 with an astounding \$42,000.00 worth of community based arts and culture projects being funded and delivered. Our gratitude is extended to the committee members who volunteer their time promoting the program and assessing applications.

Organisation

McKinlay Shire Council
 McKinlay Shire Cultural Association
 McKinlay Shire Council
 McKinlay Shire Council
 McKinlay Shire Council
 McKinlay Shire Cultural Association
 McKinlay Crafty Old School House
 McKinlay Shire Cultural Association

Project

Funny Mummies Comedy Gala
 Paint & Sip Picnic
 Flipside Circus 4-day residency July 2021
 Wild Craft Collective
 Flipside Circus 2-day residency September 2020
 Resin & Alcohol Ink Workshop
 Resin & Alcohol Ink Workshop
 Finding the Beauty Photography Workshop

Funding

\$6,590.00
 \$1,833.50
 \$7,700.00
 \$4,459.00
 \$9,649.00
 \$3,720.00
 \$6,300.00
 \$2,500.00



Community Funding Expenditure

Organisation

Julia Creek Primary P&C Association
 McKinlay Race Club
 Julia Creek Campdraft
 Saxby Round-Up
 Scripture Union QLD - JCSS Chaplaincy
 Julia Creek Primary P&C Association

Amount

\$1,010.00
 \$5,000.00
 \$5,000.00
 \$5,000.00
 \$5,000.00
 \$5,000.00

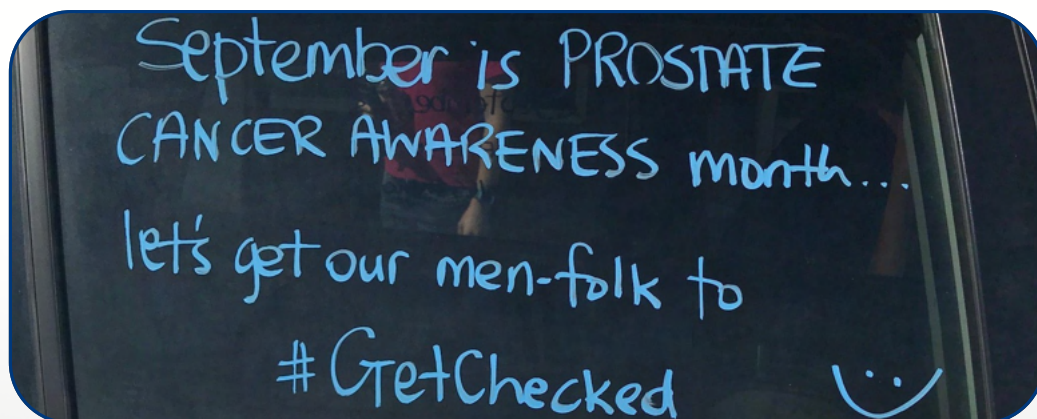
Funding Program

Community Benefit Assistance Scheme
 Sponsorship
 Sponsorship
 Sponsorship
 Donation
 Donation

Community Health

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

The impact of COVID-19 and various restrictions as well as the operation of the Julia Creek Hospital often made for challenging circumstances throughout 2020/21 but the Community Nurse was extremely proactive in prioritising the needs of the local community during this difficult period.



Commonwealth Home Support Programme (CHSP)

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

Throughout this financial year, Council was able to support a total of 24 CHSP clients with a range of activities including assisting with grocery shopping, yard maintenance, moving around town, retrieving medication and prescriptions, having lunches and games. Council continued its support of the Meals on Wheels Program (delivered solely by volunteers and Council staff) as well as hosting regular luncheons and activities at the Fr. Bill Busuttin Community Centre. The impact of COVID-19 meant an altered delivery of activities in 2020/21 with many clients opting to keep safe and stay at home at different periods. To minimise any risks posed to the clients, Council staff increased weekly grocery and medication collection and safely completed home delivery. There was also an increase in the frequency of delivery of Meals on Wheels during this period to ease the burden on the clients. Once restrictions were eased, regular activities slowly returned to normal which was a highlight for those involved as they thoroughly enjoy the opportunity to socialise with their peers.

Performance Reporting

Sport & Recreation

The ongoing impacts of COVID-19 were certainly felt again throughout the 2020-21 period, however this didn't stop the McKinlay Shire from persevering in the Sport and Recreation sector with some continuing and new exciting initiatives. There were further challenges within the Sport and Recreation field with staff changes/absences and a period with no Sport and Recreation officer at all, but again Council pushed on and continued to provide the wider community with opportunities to participate in sport, recreation, wellbeing, and community-based programs/initiatives.

Sadly, COVID-19 restrictions forced the cancellation of the 2020 Saxby Round-Up, 2020 Sedan Dip Races, Rodeo & Campdraft and the 2020 Julia Creek Town vs Country Rugby League and Netball. However, the Julia Creek Turf Club 'Beach Races' in November 2020 was the first major event held and was well supported by a record crowd. Unfortunately, the Julia Creek Dirt & Dust Festival was cancelled again in 2021. We were fortunate to see the return of the Julia Creek Campdraft and McKinlay Races in 2021 with many people thoroughly enjoying the chance to get together with friends and family in a fun, social setting.



Council has been able to continue its strong relationship with Julia Creek State School, working through a change of Principal and collaborating with them to plan and deliver several great programs. The Shire's annual Bike Safety Awareness Program, partnered with Queensland Police, Council & Julia Creek State School, Bike Muster, was conducted with a high level of interest with roughly 20-30 students participating and improving their knowledge of road safety. Through the AusSport Sporting Schools Program, Council also continued to provide students with an opportunity to learn a variety of new skills in sports such as Rugby League, Tennis, AFL, Swimming, Cricket and Athletics.



Performance Reporting

Sport & Recreation

Council's partnership with Julia Creek State School not only included sporting initiatives, but a number of community-based programs as well. Students participated in the annual 'Walk Safely to School Day', which is a national campaign promoting health, wellbeing, road safety and the environment. Students all dressed up with the campaign logos and enjoyed a session on road safety from Queensland Police, before walking through Burke Street promoting this campaign. Students then enjoyed a healthy breakfast at the school to further encourage and push this campaign's message. Council also worked alongside Julia Creek State School and the wider community to support the annual R-U-OK Day with students/community members wearing yellow and enjoying a breakfast in the park supporting mental health and suicide prevention.

Sport and Recreation has also continued to reach out to and collaborate with the Mount Isa School of the Air children/families who attend 'mini-schools' throughout the year. Staff attend to provide these students, who generally do not have access to regular sporting activities, the opportunity to participate in a wide range of sports and wellbeing initiatives.



The Shire's School Holiday Programs were ever popular and kept local children busy and engaged during their time away from school. They were able to participate in a diverse range of initiatives and activities which included movie days, swimming, science experiments, arts and crafts, healthy cooking, sports, team challenges and much more. Children from surrounding properties as well as the local kids always enjoy their time at the school holiday programs and take home new skills and find new interests after attending.



Performance Reporting

Sport & Recreation

Julia Creek State School and MCKISSA hosted their annual swimming and athletics carnivals which proved to be great days for the local and rural students. Council is proud to support these events and it was great to see high levels of sportsmanship, encouragement and peer support shown by the children, parents and community.

Council has continued to maintain and further develop its excellent working relationship with ArTour to provide a variety of performances, exhibitions and workshops for the school holiday program as well as the wider community. Council has previously utilised RADF funding to engage these performers for a range of activities and ArTour assists with promotion and production. The community's youth and families appreciate these new and exciting workshops, more recently the Flipside Circus, as it allows the community to have access to and learn new skills in areas that are otherwise inaccessible within our Shire.



In collaboration with the North Queensland Sports Foundation, Council was successful in receiving funding to implement the 'Move It NQ' Program within the Shire. Based on previously identified community needs, this funding has allowed Council to provide the community with free group fitness classes twice per week, as well as 1-on-1 personal training sessions. This program has been incredibly well received within the community, with regular attendees to both initiatives each week. The group fitness sessions have provided individuals who otherwise may not have taken the step towards their fitness and wellbeing goals to improve their fitness and overall wellbeing in a fun, varying and supportive environment. The popular 1-on-1 sessions have also given people the opportunity to progress towards their goals, who otherwise may not have been comfortable attending the gym on their own.



The Darren Ginns Centre has continued to see new equipment and exciting upgrades following on from the previous year's extension and security system/membership management system upgrades. Members have enjoyed brand new equipment for use during group fitness classes such as a prowler, as well as new equipment to utilise within the gym including a squat rack, slam balls, new resistance bands, new exercise bikes and a leg press/hack squat machine. The gym has also undergone a few cosmetic improvements including new cupboards for the entertainment system, new signage, new additions to the creche and hooks for equipment attachments/bands.



Performance Reporting

Library

This year started off with excitement as our children prepared items for their time capsule, buried on the 4th September 2021 to be opened 4th September 2040. McKinlay Library has been holding Monday First Five Forever sessions each week with great success with plenty of fun and reading for both kids and adults.



Relief teacher for Julia Creek State School Prep 1/2 Miss Rae, brought the kids down to the Library for a poetry day. The kids were excited to present their poems to Miss Rae and they were displayed in the library windows to make a beautiful display that parents and friends could come and see. We finished the day with fun and a little party. We had school holiday program for the Christmas break and we decided we would select river rocks and clean them up ready to decorate for the garden. The kids came up with some brilliant ideas. We had a great time doing this project and the kids were allowed to chose either to take them home or find a nice spot in the library garden. The children were invited to the opening of the Smart Hub next door, and had a look around to see what the excitement was about.



Our local resident indigenous artist Mena Stemm, who has done so much in the way of arts and crafts with our kids over the last two years, has decided to move on. She gave us another beautiful tapestry that will eventually hang in the library with our other one (presently away on display in a gallery in W A).



Performance Reporting

Julia Creek Early Learning Centre

The past 12 months have seen continued change and uncertainty not only within our own community but also globally. The last part of 2020 was spent slowly returning to a new type of normal with the children and our team of educators returning to learning and work. We spent the first few months of the financial year as if they were our first few months of Kindy in a new year; children needed time to get back into the routine of a classroom environment and there was still so much uncertainty around lockdowns and restrictions. Our team, children and community were resilient, as always. The children quickly got back into the swing of things and we finished off 2020 with a group of resilient, capable and highly adaptable children. Our annual Christmas event had to be cancelled due to COVID-19 venue density limits however; we were able to host a Kinder Graduation for our graduating Kindy class (seven children). The theme was aptly chosen, Dr Seuss's "Oh the Places you will Go?"

Our kinder class of 2021 numbers were 13, with eight of those children moving on to the Julia Creek State School and the remainder accessing SOTA. This years cohort of children have been keen risk takers and so we have spent the year fostering this interest but also teaching effective risk management and risk mitigation skills. This has resulted in extremely capable children from one to five years old. Due to the ongoing fascination with utilising upcycled, found and created objects to jump, climb, build and, create the ELC planned a free community event. An 'Adventure Pop-Up Playground,' was well-received by our community and was well-attended, with 40+ children participating over the course of an 8 hour day. There was a lot of positive feedback from this event with many asking if this will become an annual event.



Performance Reporting

Julia Creek Early Learning Centre

Recruitment remains a barrier to increased utilisation, with industry wide shortages in Early Childhood Education, we are lucky to have the core team of Educators that we have. As of June 2021 we are sitting around 87-88% utilisation, we have six children on the waitlist, but are unable to give spots due to insufficient staff. This year we welcomed Jorgia Powell as our new full-time Co-Room Leader for our Toddler Room and we farewelled our wonderful Kinder Teacher, Eliza and her family the McCulloch's, as they moved back home to the coast. We are actively seeking to fill this position so we can continue to provide our funded Kinder program.



We continue to foster strong connections with our community and the Julia Creek State School through regular excursions, communication and sharing of knowledge. The children enjoy heading down town to visit the local stores, the Post Office, the park and the School. We continue our strong connection with the emergency services, the Firies in particular. We thank them for their ongoing commitment to keeping our community safe but also teaching the children to be safe. Their commitment to the education of the children at the Service sees the majority of the children here able to identify a safe and un-safe fire, who to call in emergency and have basic first aid/CPR skills.



The children of Julia Creek ELC continue to grow, learn and develop into confident, competent, capable, unique and inquisitive active citizens of their world with strong connections to their peers, their community, and the environment. All of this is made possible by the commitment of the families, the community and the Educators to providing a safe, happy, responsive and healthy environment in which children can freely play, learn and, explore and they develop their own identities and sense of belonging.

Thank you for being a part of the journey.

Performance Reporting

Tourism

There are few industries that have felt the economic effects of COVID-19 as acutely as the tourism industry. Outback Queensland was not immune to the impact. Throughout much of 2020, our tourism assets, events and initiatives were significantly impacted by lockdowns in other regions, travel restrictions and hard Queensland border closures. In 2021, we proudly saw the return of many of our annual events along with a steady stream of travellers returning to the region. However, the Julia Creek Dirt n Dust Festival was not able to run for the second consecutive year due to the uncertainty around the pandemic. Council is hopeful for a prosperous visitor season continuing into late 2021 and into 2022 with the resumption of our key tourism assets and events dependent on the impact of the ever-changing COVID-19 situation.

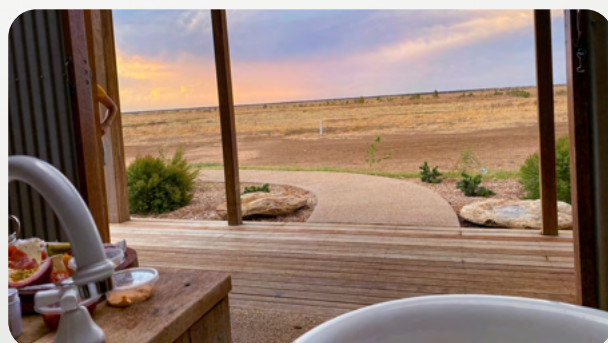


Visitor Nights

Overnight visitors to Council-owned facilities (Julia Creek Caravan Park and Julia Creek RV Friendly Site) totalled 12,019 in 2020/21 compared with 8,640 in 2020/21 – a 39.10% increase between financial year figures.

McKinlay Shire Visitor Nights

	Caravan Park	RV Site	Total	Increase
2015/16	7,242	2,175	9,417	-
2016/17	7,284	2,563	9,847	4.75%
2017/18	8,647	2,942	11,589	17.69%
2018/19	8,956	2,382	11,338	-2.17%
2019/20	6,794	1,846	8,640	-23.80%
2020/21	9,924	2,095	12,019	39.10%

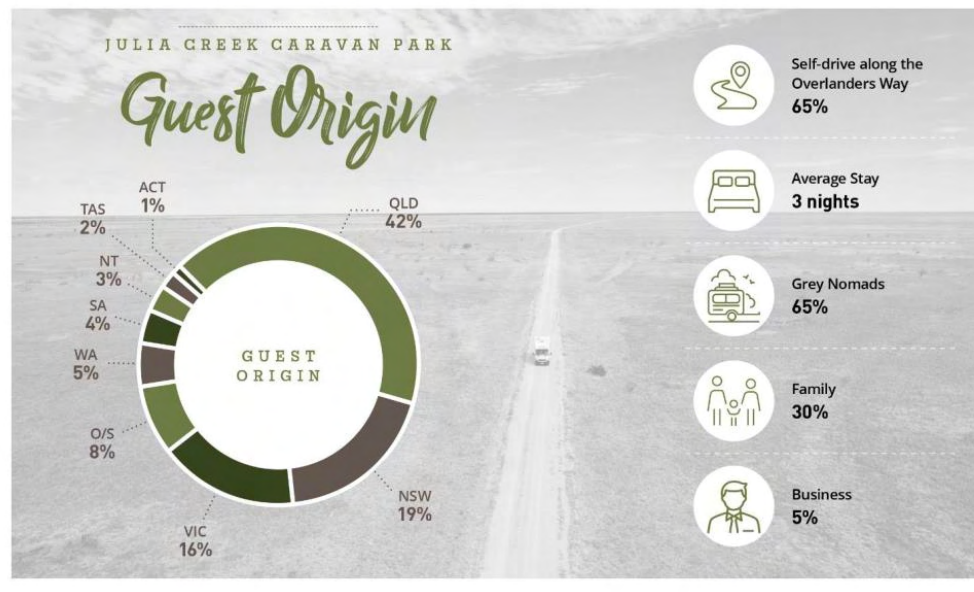
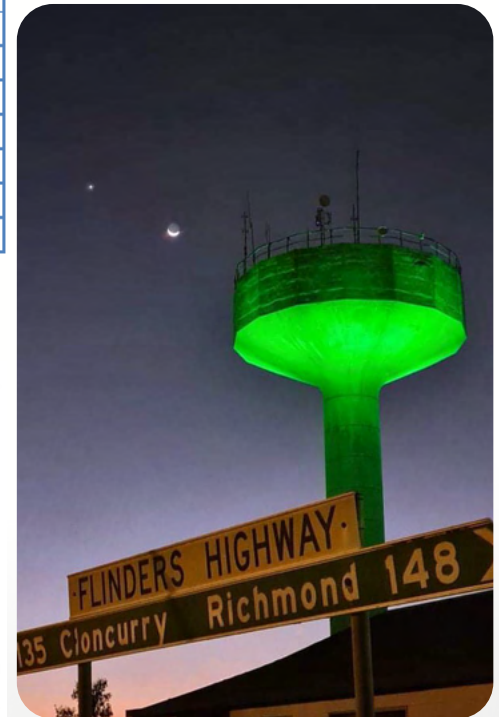


Tourism

At the Creek

Statistics – At the Creek Visitor Numbers

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Jul	1177	2054	2172	3129	2583	3094	3353	3192	645
Aug	1050	1503	1731	2628	2053	2336	2348	3018	1265
Sept	496	813	915	1347	1534	1128	1036	1130	871
Oct	231	262	203	655	521	490	558	268	349
Nov	94	125	120	211	235	157	240	149	69
Dec	78	58	81	90	115	141	139	31	40
Jan	92	50	230	119	166	116	191	59	25
Feb	65	85	108	200	172	175	99	29	25
Mar	55	105	234	236	290	230	294	73	73
Apr	509	523	553	605	608	836	604	0	384
May	857	844	1044	1127	1257	1050	743	0	760
Jun	1371	1388	2047	2304	2241	1810	1840	200	1429
Total	6075	7810	9438	1265	11775	11563	11645	8149	5935



Julia Creek Caravan Park

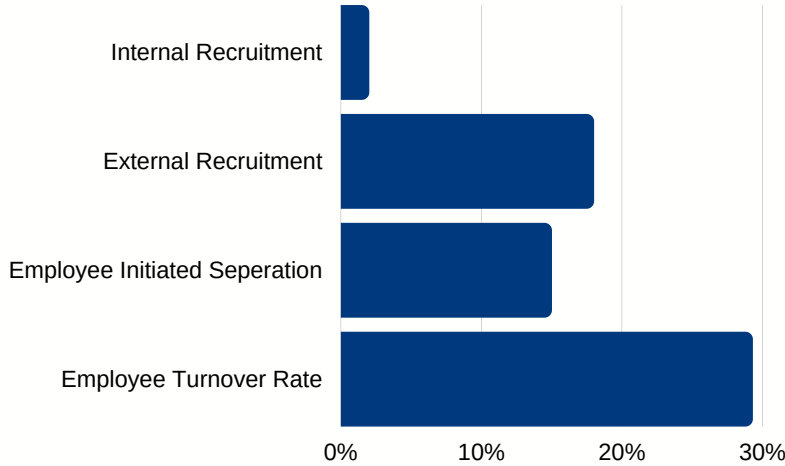
The Julia Creek Caravan Park was operational throughout the pandemic accommodating essential workers even when restrictions were in place for leisurely travel. The average length of stay was three nights and guests were able to continue to enjoy the new amenities, free entry into the pool and water park and the highly coveted artesian bathhouse experience (outside of restrictions/lockdowns). The impact of border closures and travel restrictions certainly impacted park visitation throughout our typical peak season. However, the easing of restrictions in late September 2020 resulted in somewhat of an extended season with many guests visiting the park up until early November.

Council was also fortunate to be able to complete much-needed upgrades to the facility thanks to the COVID-19 Works 4 QLD Program. The funding enabled Council to invest \$169,662.74 into extending the veranda on the donga accommodation block, complete significant power upgrades throughout the Park and also enhance plumbing in the Artesian Bathhouses.

Corporate Services

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

Workforce



Employees Recruited

Internal - 2
External - 18

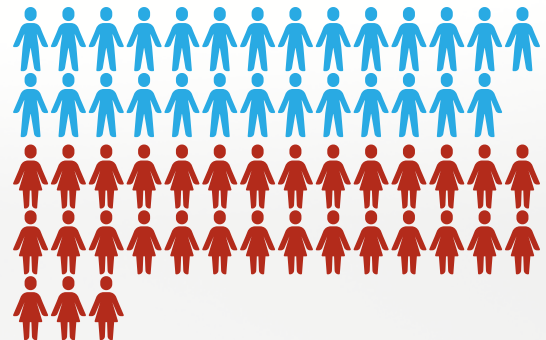
Employees Departed

Employee Initiated Separation - 15
Employee Turnover rate - 29.3%

Gender Balance

Male Female

Executive/Managerial	2	1
Professional	0	0
Community & Personal Services	1	1
Clerical & Administrative	1	8
Machine Operators	7	2
Labourer/Unskilled	10	6
Trades	3	0
Team Leaders/Supervisors	4	3
Total	27	31



Policy Review

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

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

- Debt Policy
- Investment Policy
- Procurement Policy
- Revenue Statement
- Revenue Policy
- Pet Policy - Seniors Living Units
- Code of Conduct for Councillors in Qld
- Disposal of Assets Policy
- Standing Order of Council
- Model Meeting Procedures
- Investigation Policy - Councillors Conduct
- Julia Creek Caravan Park Bookings and Cancellations Policy

Policies Revoked during the period:

- Community Housing Policy
- Write off Small Amounts Policy
- Small Business Grans Policy and associated procedures

Professional Development

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

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

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

- First Aid
- CPR
- Certificate III in Construction
- Certificate IV in Human Resources
- Aeronautical Radio Operator
- Aerodrome Reporting Officer
- Diploma in Early Education



Engineering and Works

RMPC

Council undertakes routine maintenance works (patching potholes, sign replacement, guidepost replacement, cleaning and maintaining culverts and removal of dead animals) on State controlled roads within the Shire on behalf of the Department of Transport and Main Roads (DTMR). The 2020/21 Contract was fully expended.

Roads Maintenance

Council Roadworks' teams undertook maintenance works on a regular basis and any additional operational matters that are required on Shire roads.

Cannington Road Works

Council has an agreement with South 32 Cannington Mine to undertake the repairs and maintenance from McKinlay Township to Cannington Mine. On top of day to day activities were some stabilising/sealing works that were conducted during the year on this road.

Road Projects

2019 DRFA Program

Works identified and approved by Queensland Reconstruction Authority (QRA) for Reconstruction of Essential Public Assets (REPA) under the 2019 event were completed on 27th June 2021. Value of the works undertaken for 2020/21 were \$16,735,133.26, these works were undertaken by local contractors and Council crews.

Betterment project Dalgonally/Millungera Road

The QRA allowed unspent Category D Betterment funding from the Gilliat/McKinlay Road Betterment project to be used on an alternative project. Council put forward the Dalgonally/Millungera Road Sealing project (Wills Development Road to approx. ch15.3km). This road is also an important economic link for the region - this project incorporated flood recovery works to the value of \$884,933.84, Betterment Works to the value of \$1,612,142.55 and a Council contribution of \$84,849.61 amounting to a total expenditure of \$2,581,926.00. The project was completed 14th June 2021.



Performance Reporting

DTMR Culvert replacement Wills Developmental Road

Council undertook culvert replacement works for DTMR at the Williams River and Cerebus Creek crossings - Wills Development Rd (Julia Creek to Burketown).

These works included:

- o Back fill and restoration
- o Installation of Fish Baffles
- o Remove and Replace Concrete batter protection
- o Concrete wing wall
- o Rock protection at outlet
- o Reinforced concrete apron
- o Concrete base slab

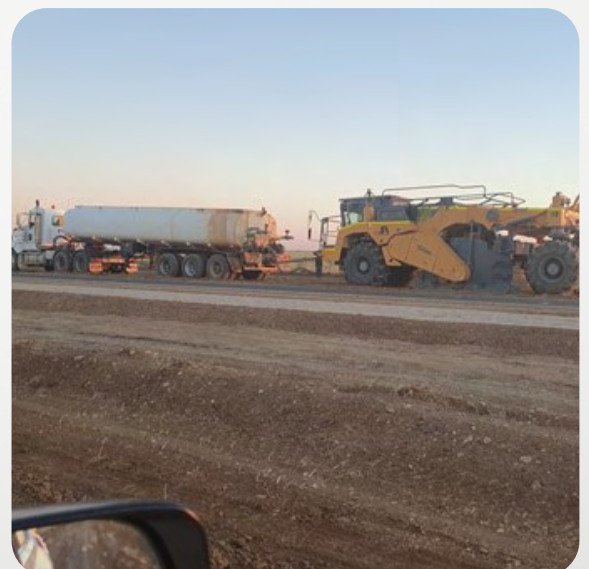


DTMR Wills Developmental Road Widening Ch 0.74 – Ch 4.02

McKinlay Shire Council undertook the Wills Developmental Road Widening project for the Department of Main Roads and Transport. These works involved removal of existing shoulders importing gravel then stabilising and sealing entire 8m width. These works were completed 27th June 2021.

Resealing Projects

40km of existing sealed road was resealed on both the Nelia/Bunda and Punchbowl Roads. These works were completed in December 2020. The Julia Creek Truck Park was overlaid with gravel, cement stabilised and sealed with funding sourced from the Roads to Recovery (R2R) & Transport Infrastructure Development Scheme (TIDS).



Funding Projects

Water and Sewerage:

Council conducts regular maintenance and checks to the Water and Sewerage networks that service the townships within the shire.

Julia Creek Water Tower upgrade

In December 2018, Cardno completed an inspection of the Water Tower as the water tower was known to be leaking and the internal concrete was in a deteriorated state.

From the inspection the Water Tower was found to be suffering from deterioration with the following recommendations made:

- Internal concrete surface was to be blast back and coated
- Concrete spalling occurring to the external surface was to be treated
- Internal access ladder was to be replaced with a new access ladder
- The internal stairs was to be brought up to today's health and safety standards.

Cardno undertook the design and documentation of the remedial works and the project was taken to tender in mid 2020. Upon completion of the tender evaluation, the construction works was awarded to Pensar who successfully undertook all of the remedial works, which were completed in November 2020.

The project was completed with \$868,000 of funding through WORKS4QLD and 2 rounds of funding through the COVD Works for Queensland program totaling in \$700,000 in 2019/20 and \$168,000 in 2020/21.



T-1920035- Refurbishment of the Hickman Street Pump Station

The Hickman Street Pump Station is a 1965 wet and dry well sewerage pump station constructed to transfer the raw effluent from the Julia Creek sewerage reticulation network to the recently upgraded Julia Creek Sewerage Treatment Plant (STP). The continuing operation of this pump station is a priority for the Council as it performs a major function and is a critical component within the town of Julia Creek's sewerage reticulation network.

Council had identified a number of operational and conditional issues with the pump station and some of its associated infrastructure; a program to address the identified issues was developed as part of the Council long-term asset management plans. The resulting condition report to Council recommended a complete refurbishment of the Hickman Street Pump Station, this report was received and the recommendation was accepted resulting in the Request for Tender T1920035.

The refurbishment works for the Hickman Street Pump Station included:

- Internal coating of the wet well
- Conversion of the existing dry well into a wet well to achieve more storage capacity in the pump station
- Replacement of pump station covers
- Installation of new rising main from pump station to STP inlet
- Installation of new electrical and SCADA components

The project was tendered in late 2020 and upon completion of the tender evaluation Re-Pump was the successful contractor. Re-Pump successfully completed the works project in early 2021.

The project was funded under the Drought Communities Programme Funding package with the total funding being approximately \$1 million.

Julia Creek Airport Fuel Pod Upgrade

Council obtained funding from CATCFNQ&NQ Monsoon Trough Flexible Funding Program for the storage of emergency fuel at the Julia Creek Airport. The project consisted of the following components:

- Purchase and installation of 1 x 20ft Dangerous Goods Container to store drums of both Avgas and JetA1 for emergency use airside
- Purchase and installation of 1 x 6000lt Avgas Fuel Pod with dispensing kit
- Installation of Helicopter Pad



Septic and Disposal Upgrade

The on-site septic system servicing the Airport terminal was upgraded to a system that meets current standards during the year. Funding for the project funded by WORKS4QLD.



Performance Reporting

T- 1920022 Town Bore Replacement Project

Council received advice from the Department of Natural Resources, Mines and Energy, via the bore logging and inspection programs that issues are developing on several of Council's town water supply bores. The primary Bore is the Julia Creek Civic Centre Bore. this bore has been flagged as high-level risk to the town's water security and required an urgent replacement and decommissioning program.

Council had been investigating possible locations for the installation of a new bore, but due to the requirements of having to access the town's reticulated water network via a primary water transfer main, the options of locations were very limited. The only location that had fulfilled all the requirements is Lot 54 EN152 also known as the Julia Creek Lions Park. It was Council's intent to have the new bore installed into the location on the northern end of the property parallel to the dividing fence of 2 Burke Street and the parks entry from Burke Street. This location allowed for direct access to the town's reticulation network, Telemetry and three phase power are already available to the site, the area that was required for the installation was approximately 6 metres by 4 metres and a galvanized fence in the style of the Civil Centre Bore's fence was provided as part of the contract.

In late 2020, tender documents for a new water bore were developed and issued to the market.

The scope of works for the tender were:

- Drilling of new bore
- Installation of new headworks for the bore and connection to the town main
- Installation of new pumps and electrical works
- Refurbishment of the civic bore

Upon review of the tender submissions, Daly Bros were determined to be the successful contractor.

The works were completed in June 2021. The works were funded by Works for Queensland funding package with the total funding being approximately \$350,000.



Department Works

Parks and Gardens

The Council Parks and Gardens crew are responsible for maintaining all lawns, gardens, toilets, and the rubbish collection within the Shire. The Parks and Gardens crew have been maintaining the Oorindi Rest stop as well as advising supervisors of any faults that need immediate attention. The Parks and Garden crew have been maintaining all street island's within the Shire as well as keeping the McIntyre Park light path safe for all pedestrian's that may be using it. The Parks and Gardens crew are also responsible for performing all event set ups that are required with Councils table's and chairs.

Airport

Council operates and maintains the Julia Creek Airport for RPT, Lifeflight, RFDS and private aircraft activities that service the local community. Regular inspections are carried out by trained staff and annual safety inspections are undertaken by CASA approved inspectors ensuring the safe operation of the airport.

Workshop

Council's Workshop is responsible for the replacement and servicing of Council fleet, Plant and equipment. Within the 2020/21 financial year Council purchased three new replacement Hiluxs, one new replacement Prado and two new job trucks have been ordered for delivery within the new financial year. All the older work Hiluxs with higher KMs within the fleet have been de-commissioned and will be included in a tender early next financial year.

Workplace Health and Safety.

The health and safety of Council staff and contractors is of the highest concern for Council. Appropriate resources and training are provided by Council's WHS Officer so that Council's core operational activities are delivered in a safe manner.



Environmental Health and Regulatory Services

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

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

Waste Management

Julia Creek Waste Facility

Regular pushing, covering and picking up loose rubbish continued at the Julia Creek Waste Facility during the year when required by Council staff with the assistance of the Julia Creek Work Camp. The roads around the facility were re-graveled under the 2020-21 Capital Works Program.



RUM Recycling were engaged to remove the scrap metal. A total of 115.74 tonne of baled scrap metal and 82 tonnes of scrap metal was removed from the facility.

Town Planning

Council received the following Development Applications during the 2020-21 Financial Year;

- 18 x Building Works Applications
- 5 x Planning Applications
- 2 x Plumbing Applications
- 9 x Operational Works Applications

Environmental Health

As a registered service provider supplying potable drinking water to the communities of Julia Creek, Kynuna, McKinlay and Nelia; McKinlay Shire Council are required to have an approved Drinking Water Quality Management Plan (DWQMP) in place. Approved plans are required to be regularly reviewed and audited. A copy of the approved plan can be found on Council's Website. McKinlay Shire Council's DWQMP was internally reviewed and then subsequently approved by the Regulator on the 9 February 2021. The plan was audited by an external consultant from the 22 February 2021 - 9 March 2021.

Julia Creek

Julia Creek's water supply is generally of high standard and meets Australian Drinking Water Guidelines directly from the bores with no further treatment required. Fluoride is naturally occurring within the water source and can have concentrations of up to and over 3 milligrams per litre which is considerably higher than the recommended limit of 1.5 milligrams per litre. A fluoride fact sheet has been developed in consultation with Queensland Health and is available to view on Council's Website.

A standing water quality incident is open with the Regulator, the fluoride levels are required to be reported on a monthly basis.

Kynuna

A multi stage filtration system has been installed in Kynuna to minimise the levels of iron and manganese in the towns water supply. The system consists of an activate medium and membrane filtration network that achieves a high level of suspended mineral filtration. Council also uses a time waited oxidisation process in its pre-filter storage and raw water supply tank.

Nelia

Nelia's water supply generally complies with the Australia Drinking Water Guidelines. Manganese levels are just above the recommended aesthetic limit.

McKinlay

McKinlay's water supply generally complies with the Australia Drinking Water Guidelines. Sodium and Aluminium levels at times are above the recommended aesthetic limits. Fluoride levels in the past have exceeded the recommended health limit and a standing water quality incident was open with the Regulator. The levels over the past couple of years have been under the limit and the incident was closed.



Pest Animal and Plant Control

There were two rounds of baiting conducted during the 2020-21 Financial Year.

October 2020

- 28 properties participated
- 5,550kg dog baits treated
- 2,550kg pig baits treated

May 2021

- 31 properties participated
- 8,690kg dog baits treated
- 1,970kg pig baits treated

Council staff continued treating pest weed around the shire with the assistance of the Julia Creek Work Camp. Contractors were engaged to treat prickly acacia along various roads within the Shire.

There were five dingo scalps presented during the year and 1120 Factory Baits issued during the year.

Livestock Operations

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

- 23,349 head of cattle weighed and scanned
- 16,124 head of cattle loaded onto rail transport

The Ranger with the assistance of the Julia Creek Work Camp undertook regular maintenance of the facility during the year including but not limited to; mowing, whippersnipping, cleaning of troughs and scales, welding, water pipe repairs and cattle feed trough repairs.



Local Laws

The Local Laws Officer is responsible for ensuring compliance of local laws within the community.

For the 2020-21 Financial Year the following areas were covered by the department; unsightly allotments, commercial use of roads, waste facilities, pest management, pest weed spraying, airport maintenance, vector control (mosquito fogging), assistance with Stock Route Facilities, Reserves and Livestock Facility. Animal Management continues to be the primary focus.

The Council Boarding Facility has seen a total of 134 dogs boarded over the 2020-21 Financial Year.

Stock Routes and Reserves

Stock Routes

New headworks were installed on Bullock Holes, 49 Mile and Cremona water facilities under the 2020-21 Stock Routes Capital Works Program



Reserves

Under Council's 2020-21 Capital Works Program the following projects were completed;

- Fencing of Gilliat Common
- Fencing of Kynuna Racecourse Paddock
- Fencing of Pasturage Reserve Paddock 2
- Kynuna Reserve Water Upgrades

Julia Creek Work Camp

Work Camp continued delivering a wide range of projects in and around the McKinlay Shire area over the 2020-21 Financial Year. A summary of the jobs completed over the course of the year is below;

- Regular mowing of various non-for-profit organisations and churches within the Shire
- Various works at all Cemeteries
- Assistance with the clean up and maintenance of all waste facilities within the Shire
- Regular clean up of RV site and around Julia Creek Township
- Regular mowing and clean up of Dirt and Dust Central
- Preparation and clean up for various camp drafts and race events
- Regular maintenance and mowing/whipper snipping around Livestock Facility and Aerodrome Area including slashing of runway strip
- Regular mowing and general maintenance of Julia Creek State School
- Providing assistance within the Workshop
- Providing assistance with Pony Club activities
- Assist Ranger with Capital Works Projects on Reserves including laying water pipes
- Painting of various Council properties
- Demolish interior ceiling and walls in 33 Byrne Street in preparation of upgrade
- New fence behind Museum
- Repair footpaths in Main Street
- Oiling of verandah's and seating around Council properties
- Assist Local Laws Officer with the installation of additional airport gate
- Assist Local Laws Officer with laying of geofab and rock on all 3 windsocks at the Airport

Food Safety

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

Various restrictions were placed on food businesses throughout the year due to the COVID-19 pandemic. All businesses complied with the relevant directions issued from the Government.

Council Housing Management

Council own and maintain 14 houses and 10 units for staff housing. There are two additional properties that are under a lease agreement to Queensland Health.

Council purchased a vacant residential lot on Coyne Street in a bid to address a shortage with Council housing stocks. A tender was released for a relocatable 3 bedroom home option with Asset Cabins and Homes the successful tenderer. A three bedroom home was placed on-site completed 20th June our funding was source Works4QLD.



Disaster Management

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

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

Julia Creek SES had another rise in new memberships and plenty of training and planning commenced during the storm season. Training was conducted on a fortnightly basis in Julia Creek with the SES and training alongside the Julia Creek Ambulance personal and Auxiliary Fire Fighters on a Wednesday nights. Team building and understanding everyone's strengths have proven to be an asset to the emergency services throughout McKinlay Shire.



Local Government Act 2009	
Identifying Beneficial Enterprises (s41)	
A local government's annual report for each financial year must contain a list of all the beneficial enterprises that the local government conducted during the financial year	Nil
Identifying Significant business activities (s45)	
A local government's annual report for each financial year must—	
(a) contain a list of all the business activities that the local government conducted during the financial year; and	Airport Saleyards Roads Water & Sewerage Waste Management & Landfill Plant Childcare Caravan Park
(b) identify the business activities that are significant business activities; and	Nil
(c) state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied; and	Not applicable
(d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities.	Not applicable
Senior Management Remuneration Packages (s201)	
(1) The annual report of a local government must state—	
(a) the total of all remuneration packages that are payable for the year to the senior management of the local government; and	
(b) the number of employees in senior management who are being paid each band of remuneration; and	
Total Remuneration Package (including superannuation)	Number of senior management employees
\$100,000 - \$200,000	2
\$200,000 - \$300,000	1
Senior Management includes Chief Executive Officer and two Directors	
Local Government Regulation 2012	
Financial Statements (s183)	
The annual report for a financial year must contain—	
(a) the general purpose financial statement for the financial year, audited by the auditor-general; and	Refer pages 53 -91
(b) the current-year financial sustainability statement for the financial year, audited by the auditor-general; and	Refer page 87
(c) the long-term financial sustainability statement for the financial year; and	Refer page 91
(d) the auditor-general's audit reports about the general purpose financial statement and the current-year financial sustainability statement.	Refer pages 84 -86
Community Financial Report (s184)	
The annual report for a financial year must contain the community financial report for the financial year.	Refer pages 42 - 52
Particular Resolutions (s185)	
The annual report for a financial year must contain—	
(a) a copy of the resolutions made during the financial year under section 250(1) -expenses and reimbursement policy	
<i>No resolutions made under this section during the reporting period.</i>	

(b) a list of any resolutions made during the financial year under section 206(2)	No resolutions were made in the 2020/21 financial year regarding asset thresholds
Councillors (s186)	
The annual report for a financial year must contain particulars of—	
(a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; and	Refer Table 1
(b) the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government’s expenses reimbursement policy; and	Refer Table 2 and 3
(c) the number of local government meetings that each councillor attended during the financial year; and	Refer Table 4
(d) the total number of the following during the financial year—	
(i) orders made under section 150I(2) of the Act;	Nil
(ii) orders made under section 150AH(1) of the Act;	Nil
(iii) decisions, orders and recommendations made under section 150AR(1) of the Act; and	Nil
(e) each of the following during the financial year—	
(i) the name of each councillor for whom a decision, order or recommendation mentioned in paragraph (d) was made;	N/A
(ii) a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors;	N/A
(iii) a summary of the decision, order or recommendation made for each councillor;	N/A
The number of each of the following during the financial year—	
(i) complaints referred to the assessor under section 150P(2)(a) of the LGA by the local government, a councillor of the local government or the Chief Executive Officer of the local government;	Nil
(ii) matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission;	Nil
(iii) notices given under section 150R(2) of the Act;	Nil
(iv) notices given under section 150S(2)(a) of the Act;	Nil
(v) decisions made under section 150W(1)(a), (b) and (e) of the act;	Nil
(vi) referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the LGA;	Nil
(vii) occasions information was given under section 150AF(4)(a) of the LGA;	Nil
(viii) occasions the local government asked another entity to investigate, under chapter 5 of the Act for the local government, the suspected inappropriate conduct of a councillor;	Nil
(ix) applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct.	Nil

Statutory Information

Table 1

Councillor	Remuneration
Cr Phillip Curr	\$108,222
Cr Janene Fegan	\$62,435.04
Cr Shauna Royes	\$54,110.04
Cr Tim Pratt	\$54,100.04
Cr John Lynch	\$54,100.04

Table 2

Facilities and Resources provided					
Councillor	Administrative Assistance	Council Ipad	Council Mobile Phone	Council Vehicle	Office & Resources
Cr Phillip Curr	✓	✓	✓		✓
Cr Janene Fegan		✓			
Cr Shauna Royes					
Cr Tim Pratt		✓			
Cr John Lynch		✓			

All Councillors have access to a Council car if they are travelling to attend a meeting or function of Council outside of Julia Creek.

Table 3

Expenses & Reimbursements			
Councillor	Conference & Workshop Expenses	Travel Expenses (Flights & Accommodation)	Travel
Cr Phillip Curr	\$365.73	\$2,261.53	\$2,627.26
Cr Janene Fegan	\$247.55	\$3,853.02	\$3,830.57
Cr Shauna Royes	\$247.55	-	\$247.55
Cr Tim Pratt	\$365.73	\$345.00	\$710.73
Cr John Lynch	\$129.37	-	\$129.37

Table 4

Councillor	Ordinary Meetings Held	Ordinary Meetings Attended	Special Meetings Held	Special Meetings Attended
Cr. Phillip Curr	12	12	6	5
Cr. Janene Fegan	12	11	6	6
Cr. Shauna Royes	12	12	6	6
Cr. Tim Pratt	12	11	6	5
Cr. John Lynch	12	12	6	6

LOCAL GOVERNMENT REGULATION 2012 CONTINUED

Administrative Action Complaints (s187)

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

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

Administrative Actions Complaints Made 2020/21	0
Administrative Action Complaints resolved 2020/21	0
Administrative Action Complaints Unresolved 2020/21	0
Administrative Action Complaints Unresolved (from above) made in 2019/20	0

Overseas Travel (s188)

(1) The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year—

- (a) for a councillor—the name of the councillor;
- (b) for a local government employee—the name of, and position held by, the local government employee;
- (c) the destination of the overseas travel;
- (d) the purpose of the overseas travel;
- (e) the cost of the overseas travel.

Nil overseas travel by a Councillor or employee

(2) The annual report may also contain any other information about the overseas travel the local government considers relevant.

Not applicable

Expenditure on grants to community organisations (s189)

(1) The annual report for a financial year must contain a summary of the local government's expenditure for the financial year on grants to community organisations.

Council provides support to the local community by providing financial assistance to various community organisations. Grants are provided under Councils Community Grants Policy, which offers support under three funding programs; Community Donations, Community Sponsorship, and Community Benefits Assistance Scheme. Refer to page 8 for a summary of the grants.

(2) The annual report must also contain the following information about the local government's discretionary funds—

- (a) the total amount budgeted for the financial year as the local government's discretionary funds;
- (b) the prescribed amount for the local government for the financial year;
- (c) the total amount of discretionary funds budgeted for the financial year for councillors to allocate for each of the following purposes—
 - (i) capital works of the local government that are for a community purpose;
 - (ii) other community purposes;
- (d) the amount of discretionary funds budgeted for use by each councillor for the financial year;
- (e) if a councillor allocates discretionary funds in the financial year—
 - (i) the amount allocated; and
 - (ii) the date the amount was allocated; and
 - (iii) the way mentioned in section 202(1) in which the amount was allocated; and

Not applicable – McKinlay Shire Council councillors do not have discretionary funds

- (iv) if the amount was allocated to a person or organisation—the name of the person or organisation to whom the allocation was made; and
 (v) the purpose for which the amount was allocated, including sufficient details to identify how the funds were, or are to be, spent.

Other Contents (s190)

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

(a) the chief executive officer's assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan;	Refer to the section 'Performance Reporting'
(b) particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year;	
(c) an annual operations report for each commercial business unit;	
(d) details of any action taken for, and expenditure on, a service, facility or activity—	Not Applicable
(i) supplied by another local government under an agreement for conducting a joint government activity; and	Not Applicable
(ii) for which the local government levied special rates or charges for the financial year;	Not Applicable
(e) the number of invitations to change tenders under section 228(8) during the financial year;	Nil
(f) a list of the registers kept by the local government;	Asset Register Register of Interests (Council and Senior Executive Officers) Register of Delegations Local law Register Roads Register Councillor Conduct Register Policy Register Fees & Charges Register Register of Pre-Qualified Suppliers
(g) a summary of all concessions for rates and charges granted by the local government;	In accordance with the <i>Local Government Regulation 2012 Part 10</i> Council granted a remission equal to 55% of gross rates and charges to property owners who qualified for the current State Government pensioner rate remission scheme. This policy only applied to ratepayers in categories 1 – 4. Discount In accordance with Section 130 of the <i>Local Government Regulation 2012</i> , a discount of 10% was allowed on all rates and charges (excluding Fire Services Levy) if paid in full including overdue rates and charges before the end of the discount period. The discount period is a period that ends on or before the due date for payment.

(h) the report on the internal audit for the financial year;	Nil
(i) a summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints;	Nil
(j) the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3).	Not Applicable





Community Financial Report

2021-20

Community Financial Report

for the year ending 30 June 2021



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

1. 2020/21 Snapshot

Key highlights of the 2020/21 financial year include:

- Completion of 2019 DRFA Flood Damage program
- Dalgona/Millungera Road – pave and bitumen seal 15.3 kilometres
- Gilliat/McKinlay Road – pave and bitumen seal 26.14 kilometres
- Upgrade of Hickman Street Pump Station
- Rehabilitation of Julia Creek Water Tower
- New Water Supply Julia Creek - Bore

2. About Council's End of Year Financial Statements

What you will find in the Financial Statements

The Audited Financial Statements of Council set out the financial performance, financial position, cash flows and the net wealth of Council for the financial year ended 30 June 2021.

About the Management Certificate

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

About the Financial Statements

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

1. A Statement of Comprehensive Income

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

2. A Statement of Financial Position (Balance Sheet)

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

3. A Statement of Changes in Equity

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

4. A Statement of Cash Flows

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

5. Notes to the Financial Statements

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

Community Financial Report

for the year ending 30 June 2021



About the Auditor's Reports

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

Where to find a complete version of Council's 2020/21 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2021 is contained in this annual report and can also be found at our website:

www.mckinlay.qld.gov.au

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

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

3.1 Council's Statement of Comprehensive Income (Profit and Loss) for 2020/21

Council's headline "profit/loss" result for the 2020/21 year was a \$27,552,344 profit.

<i>Council's Result</i>			
	Actual	Budget	Actual
\$ '000	2021	2021	2020
Expenditure	18,381	18,720	20,570
Revenues (excl. income for capital purposes)	18,479	11,451	13,785
Net Result before Capital Grants & Contributions	98	-7,269	-6,785
Capital Grants & Contributions	26,984	25,604	25,879
Increase in Asset Revaluation	470	0	1,183
Net Result	27,552	18,335	20,274

The budgeted "profit/loss" for 2020/21 was \$18,334,875 however Council's profit was \$27,552,344 which meant Council exceeded its budgeted projections. The main reasons relating to this difference between the actual result and the budgeted performance was:

- Increased revenue for recoverable works jobs which were not budgeted for

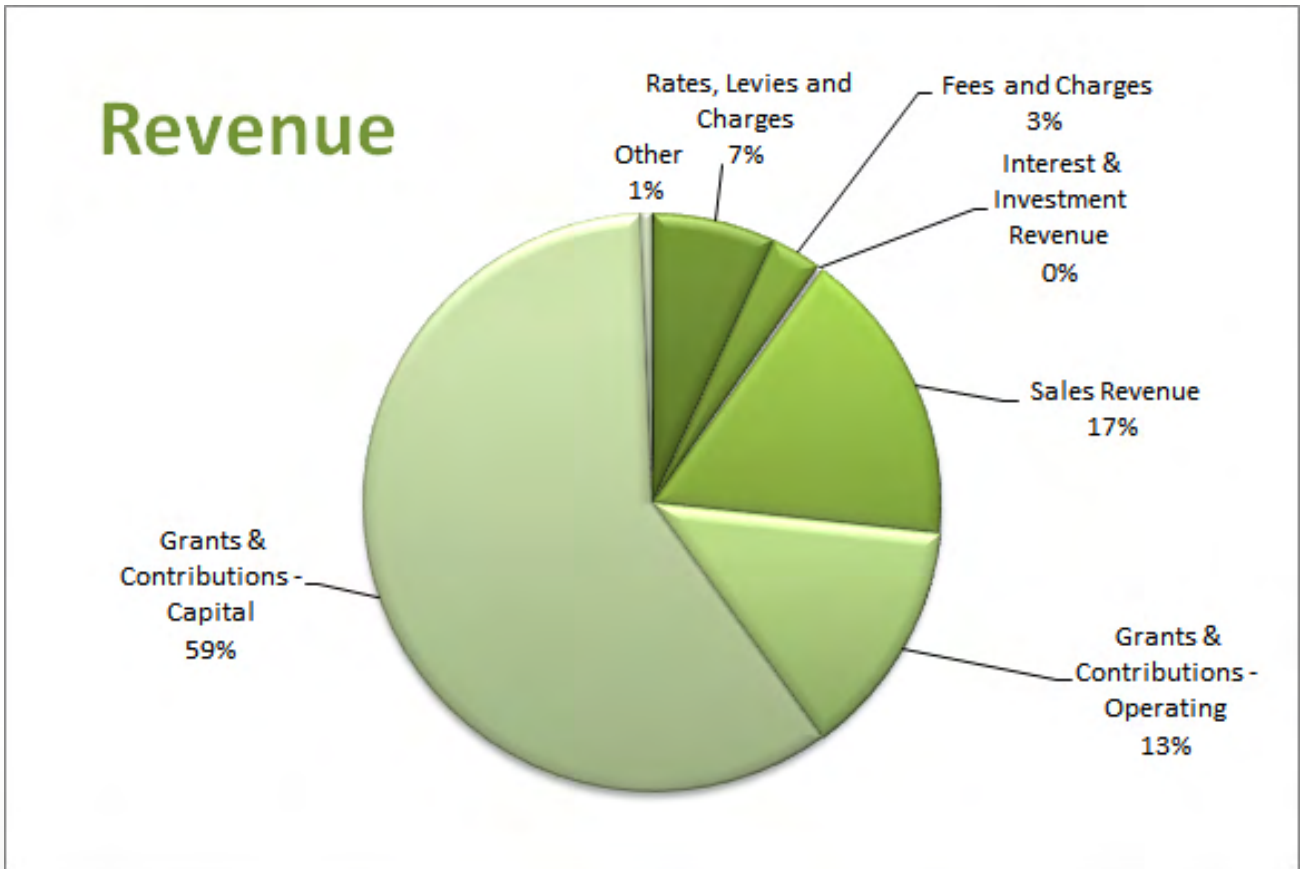
Overall Council and Management believe the financial result for 2020/21 to be pleasing.

Community Financial Report

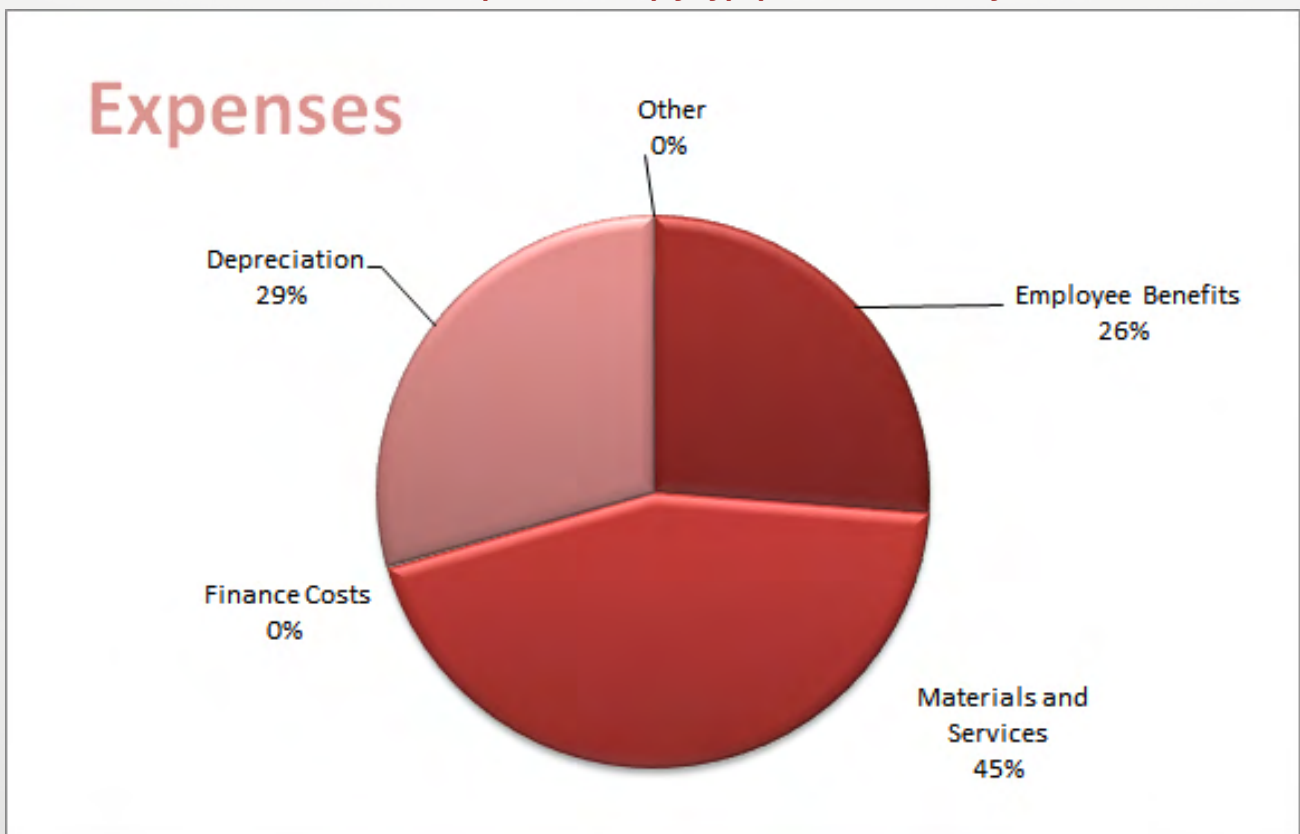
for the year ending 30 June 2021

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

Councils Revenue Sources for the 2020/21 year:



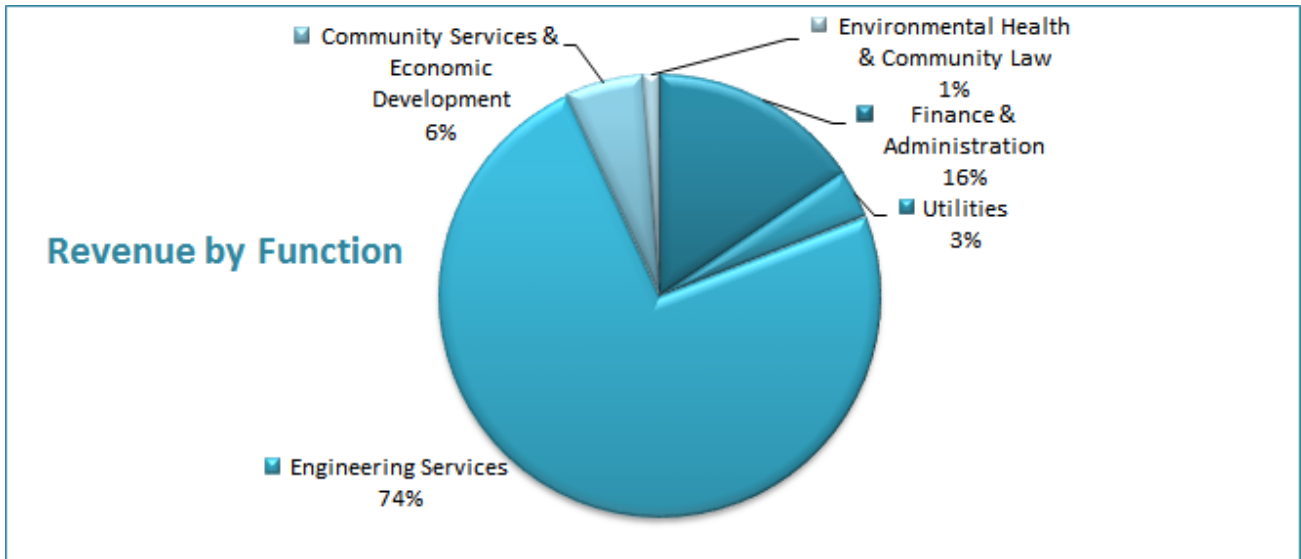
Councils total Expenditure's (by type) for the 2020/21 year:



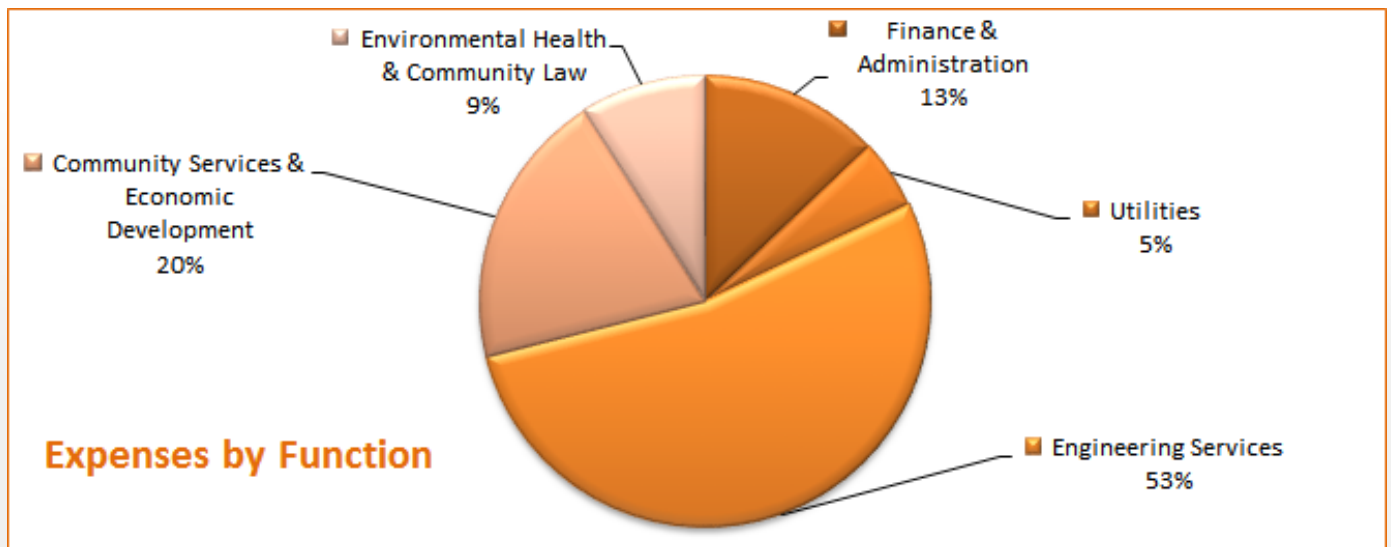
Community Financial Report

for the year ending 30 June 2021

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



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



Community Financial Report

for the year ending 30 June 2021



3.2 Councils Statement of Financial Position (Balance Sheet) for 2020/21

Council's Net Wealth

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

<i>Council's Wealth</i>		
	Actual	Actual
\$ '000	2021	2020
The major items that make up Council's wealth include the following assets:		
Available Cash & Investments	17,734	18,835
Inventories (stores, raw materials & land purchased for development & sale)	119	114
Debtors	2,254	1,498
Contract Assets	3,905	4,606
Other Assets	93	84
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	3,873	3,983
- Land and Improvements	1,510	1,488
- Buildings	23,686	22,832
- Other Plant and Equipment	3,891	4,297
- Road, Drainage and Bridge Network	198,312	176,508
- Water	4,275	4,126
- Sewerage	4,540	6,739
- Other Infrastructure Assets	8,514	8,263
- Office Furniture and Fittings	297	277
Council has funded some of its operations and assets by the following liabilities:		
Trade & Other Payables	2,721	3,344
Loans & Borrowings (refer Councils Debt Policy for further information)		
Contract Liabilities	1,758	7,485
Provisions	1,160	1,029
Net Community Equity	269,451	241,899

Community Financial Report

for the year ending 30 June 2021



Council's Capital Expenditure for 2020/21

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

• Land	\$77,964
• Water Infrastructure	\$1,588,547
• Sewerage Infrastructure	\$1,133,198
• Roads and Streets Infrastructure	\$22,2394,44
• Buildings	\$1,062,809
• Other Structures	\$799,895
• Plant & Equipment	\$336,542
• Office Furniture & Equipment	\$63,953
	\$27,302,352

Council's Major Capital Projects for 2020/21 included the following:

Gilliat/McKinlay Road \$2,080,308

Pavement and bitumen sealing of approximately 26.14 kilometres from chainages 27540-53680. This work completed the sealing of the entire road. This project was realised through the Betterment funding program of Disaster Recovery Funding Arrangements (DRFA).

Dalgonally/Millungera Road \$1,316,895

Pavement and bitumen sealing of approximately 15.3 kilometres, commencing from the intersection of the Wills Development Road. This project was realised through the Betterment funding program of Disaster Recovery Funding Arrangements (DRFA).

Hickman Street Pump Station Upgrade \$974,371

Upgrade and refurbishment of the Hickman Street Sewerage Pump Station, including new pump, repair of pipework, refurbishment of wet wells and new rising main (outlet). This project was supported by the Drought Communities Programme 2019.

Julia Creek Water Tower Rehabilitation \$896,322

Refurbishment of the 49 year old structure was undertaken, works included internal/external concrete repairs, internal pipework augmentations, cleaning and sealing of the reservoir and sealing of the roof.

Community Financial Report

for the year ending 30 June 2021



3.3 Council's Key Financial Figures - A Snapshot

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

Financial Performance Figures (\$'000)	2021	2020	2019	2018	2017	2016
Inflows						
Rates, Levies & Charges	3,152	3,104	3,030	2,908	2,812	2,765
Fees & Charges	1,301	961	931	733	807	627
Interest Received	99	271	362	318	315	378
Sales Revenue	7,581	2,476	3,773	2,037	8,717	2,785
Other Revenue	286	396	325	493	205	293
Grants, Subsidies, Contributions & Donations - Operating & Capital	6,060	6,580	7,227	5,915	8,847	6,031
Total Income from Continuing Operations	18,480	13,785	15,648	12,404	21,703	12,879
Grant, Subsidies, Contributions & Donations - Capital	26,984	25,792	10,432	8,983	12,554	10,378
Capital Income	-	84	-29	97	12	8
Sale Proceeds from PP&E	-	-	-	-	-	-
New Loan Borrowings & Advances	-	-	-	-	-	-
Outflows						
Employee Benefits	4,819	5,019	5,322	4,714	5,010	4,774
Materials & Services	8,148	5,876	7,730	5,141	8,822	5,303
Finance Costs	28	25	27	23	31	45
Depreciations & Amortisation	5,387	5,093	4,442	4,403	3,920	4,391
Inventory write down	-	-	-	-	-	-
Loss on Disposal of Non-Current Assets	-	-	-	-	-	-
Write-off Flood Damaged Roads	-	4,558	-	14,721	-	3,359
Revaluation Decrement	-	-	573	-	-	-
Total Income from Continuing Operations	18,382	20,571	18,094	29,002	17,783	17,872
Total Cash purchase of PP&E	27,302	31,318	9,541	13,045	17,983	11,433
other Capital Expenses	-	-	-	-	-	-
Total Loan Repayments (incl. Finance Leases)	-	-	-	-	193	176
Operating Surplus (Deficit) (excl. Capital Income & Exps)	2,143	2,143	1,872	1,878	3,920	(1,634)
Financial Performance Figures (\$'000)	2021	2020	2019	2018	2017	2016
Current Assets	24,104	25,137	19,302	15,379	17,792	14,333
Current Liabilities	5,370	11,586	1,756	1,353	2,672	1,714
Net Current Assets	18,734	13,551	17,546	14,026	15,120	12,619
Cash & Cash Equivalents	17,734	18,835	16,151	12,862	15,666	13,289
Total Borrowings Outstanding (excl. any overdraft) (loans, Advances & Finance Leases)	-	-	-	-	-	193
Total Borrowing Value of PP&E (excl. Land & Improvements)	249,388	227,025	203,923	189,141	192,344	175,290
Total Accumulated Depreciation	62,236	56,605	51,520	60,374	59,879	55,168
Indicative Remaining Useful Life (as a % of NBV)	75%	75%	75%	68%	69%	69%

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

Community Financial Report

for the year ending 30 June 2021



4. Financial Sustainability Measures

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

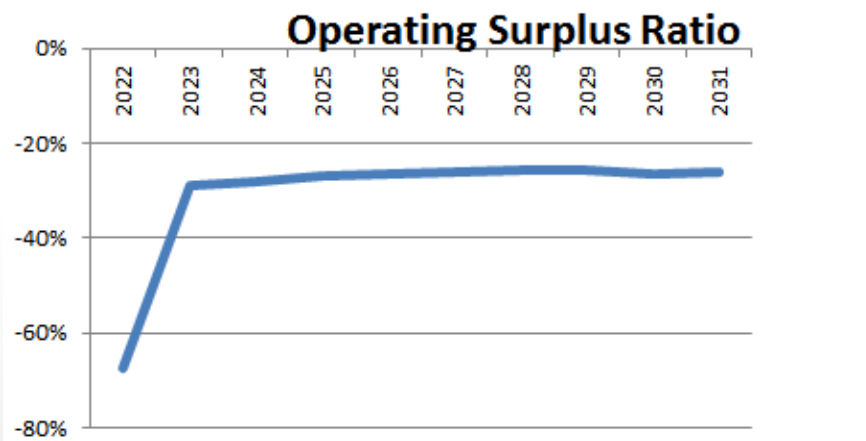
Financial Sustainability is defined as when a **"Local Government is able to maintain its financial capital and infrastructure capital over the long term"** [source: Local Government Act 2009 section 102(2)].

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

Operating Surplus Ratio - Target 0-10%

Net Result divided by Total Operating Revenue

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



Asset Sustainability Ratio - Target >90%

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

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

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

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

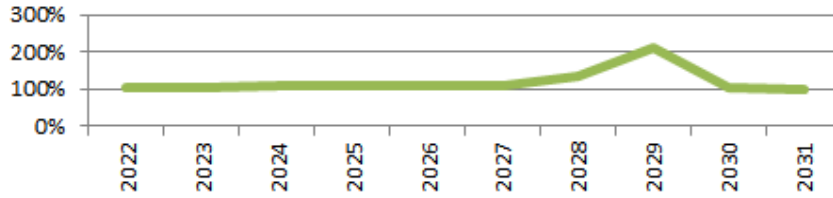
This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out.

Community Financial Report

for the year ending 30 June 2021



Asset Sustainability Ratio

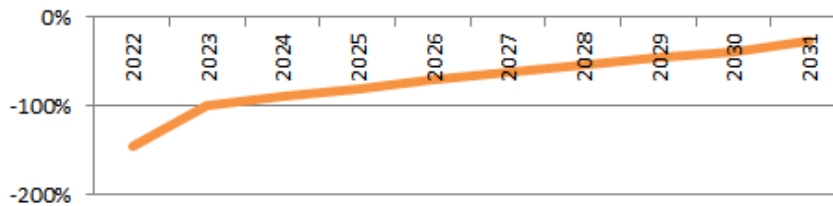


Net Financial Liabilities Ratio - Target <60%

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



Community Financial Report

for the year ending 30 June 2021



Financial Sustainability Indicators

for the year ended 30 June 2021

Ratio	Target	Actual 2021	Long Term Financial Plan Projections											
			Yr 1 2022	Yr 2 2023	Yr 3 2024	Yr 4 2025	Yr 5 2026	Yr 6 2027	Yr 7 2028	Yr 8 2029	Yr 9 2030	Yr 10 2031		
Operating Surplus Ratio	0 - 10%	1%	-67%	-29%	-28%	-27%	-26%	-26%	-26%	-26%	-26%	-26%	-26%	-26%
Asset Sustainability Ratio	> 90%	484%	103%	106%	107%	108%	108%	107%	107%	107%	137%	212%	103%	101%
Net Financial Liabilities Ratio	< 60%	-100%	-145%	-100%	-90%	-80%	-80%	-71%	-61%	-54%	-44%	-39%	-27%	-27%



Financial Statements

2020-21

McKinlay Shire Council Financial statements

For the year ended 30 June 2021

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Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Statement of Comprehensive Income For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	3,152,571	3,104,116
Fees and charges	3(b)	1,300,735	961,267
Sales revenue	3(c)	7,580,764	2,475,988
Grants, subsidies, contributions and donations	3(d)	6,059,739	6,580,024
Total recurrent revenue		<u>18,093,809</u>	<u>13,121,395</u>
Capital revenue			
Grants, subsidies, contributions and donations	3(d)	26,984,463	25,792,184
Total capital revenue		<u>26,984,463</u>	<u>25,792,184</u>
Interest received	4	98,926	271,470
Other income		286,163	392,632
Other capital income	5	-	84,408
Total income		<u>45,463,361</u>	<u>39,662,089</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(4,818,976)	(5,018,658)
Materials and services	7	(8,147,538)	(5,875,586)
Finance costs		(27,763)	(25,333)
Depreciation and amortisation	12	(5,387,120)	(5,092,970)
Total recurrent expenses		<u>(18,381,397)</u>	<u>(16,012,547)</u>
Capital expenses			
Write-off of flood damaged roads	12	-	(4,558,089)
Total expenses		<u>(18,381,397)</u>	<u>(20,570,636)</u>
Net result		<u>27,081,964</u>	<u>19,091,453</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	17	470,380	1,182,908
Total other comprehensive income for the year		<u>470,380</u>	<u>1,182,908</u>
Total comprehensive income for the year		<u>27,552,344</u>	<u>20,274,361</u>

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Statement of Financial Position as at 30 June 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	8	17,733,602	18,835,421
Receivables	9	2,253,911	1,497,615
Inventories	10	118,940	114,335
Contract assets	13 (a)	3,904,568	4,605,500
Other assets		93,405	83,726
		<u>24,104,426</u>	<u>25,136,597</u>
Non current assets held for resale	11	<u>87,500</u>	<u>107,500</u>
Total current assets		<u><u>24,191,926</u></u>	<u><u>25,244,097</u></u>
Non-current assets			
Property, plant and equipment	12	250,898,124	228,512,512
Total non-current assets		<u>250,898,124</u>	<u>228,512,512</u>
Total assets		<u><u>275,090,050</u></u>	<u><u>253,756,609</u></u>
Current liabilities			
Payables	15	2,721,496	3,343,619
Contract liabilities	13	1,757,504	7,485,079
Provisions	(b)	890,854	756,825
Total current liabilities	16	<u>5,369,854</u>	<u>11,585,523</u>
Non-current liabilities			
Provisions	16	268,932	272,166
Total non-current liabilities		<u>268,932</u>	<u>272,166</u>
Total liabilities		<u><u>5,638,786</u></u>	<u><u>11,857,689</u></u>
Net community assets		<u><u>269,451,264</u></u>	<u><u>241,898,920</u></u>
Community equity			
Asset revaluation surplus	17	79,973,715	79,503,335
Retained Surplus		189,477,549	162,395,585
Total community equity		<u><u>269,451,264</u></u>	<u><u>241,898,920</u></u>

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Statement of Changes in Equity For the year ended 30 June 2021

	Asset revaluation surplus \$	Retained Surplus \$	Total \$
Balance as at 1 July 2020	79,503,335	162,395,585	241,898,920
Net result	-	27,081,964	27,081,964
Other comprehensive income for the year	-	27,081,964	27,081,964
Increase in asset revaluation surplus	470,380	-	470,380
Total comprehensive income for the year	470,380	27,081,964	27,552,344
Balance as at 30 June 2021	79,503,335	189,477,549	269,451,264
Balance as at 1 July 2019	78,320,427	114,78,684	223,103,111
Adjustment on initial application of AASB 15 / AASB 1058	-	(1,478,552)	(1,478,552)
Restated balance at 1 July 2019	78,320,427	143,304,132	221,624,559
Net result	-	19,091,453	19,091,453
Other comprehensive income for the year	-	19,091,453	19,091,453
Increase in asset revaluation surplus	1,182,908	-	1,182,908
Total comprehensive income for the year	1,182,908	19,091,453	20,274,361
Balance as at 30 June 2020	79,503,335	162,395,585	241,898,920

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Statement of Cash Flows For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		16,886,272	20,982,920
Payments to suppliers and employees		(12,714,723)	(13,150,581)
		4,171,549	7,832,339
Interest received	4	98,926	271,470
Borrowing costs		(27,763)	(25,333)
Net cash inflow from operating activities	22	4,242,712	8,078,476
Cash flows from investing activities			
Payments for property, plant and equipment	1 2	(27,302,352)	(31,318,191)
Proceeds from sale of property plant and equipment	5	-	132,120
Grants, subsidies, contributions and donations (capital)	3(d)	21,957,821	25,792,184
Net cash (outflow) from investing activities		(5,344,531)	(5,393,887)
Net increase (decrease) in cash and cash equivalent held		(1,101,819)	2,684,589
Cash and cash equivalents at the beginning of the financial year		18,835,421	16,150,832
Cash and cash equivalents at end of the financial year	8	17,733,602	18,835,421

The above statement should be read in conjunction with the accompanying notes and accounting policies.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2021

1 Information about these financial statements

1.01 Basis of preparation

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

These general purpose finance statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment.

1.02 New and revised Accounting Standards adopted during the year

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

1.03 Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021. These standards have not been adopted by Council and will be included in the financial statements at their effective date. These standards are not expected to have a significant impact on Council.

1.04 Estimates and judgements

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

Revenue recognition (Note 3)
Valuation and depreciation of property, plant and equipment (Note 12)
Provisions (Note 16)
Contingent liabilities (Note 19)
Financial instruments and financial liabilities (Note 23)

1.05 Rounding and comparatives

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

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

1.06 Taxation

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

1.07 COVID-19

Council has assessed the impact of the COVID-19 global pandemic and found whilst there had initially been a drop off in traveller visitations in the region, there were no material implications for the financial year ending 30 June 2021.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2021

2. Analysis of Results by Function

2(a) Components of council functions

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

Finance and administration

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

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

Utilities

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

Engineering services

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

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

Community services and economic development

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

This function includes:

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

Environmental health and community laws

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

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

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

2 Analysis of results by function

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

Year ended 30 June 2021

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recruitment operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2021	2021	2021	2021		2021	2021				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Finance and administration	4,268,156	2,820,502	-	-	7,088,658	(2,391,067)	-	(2,391,067)	4,697,591	4,697,591	25,858,774
Utilities	-	521,423	1,090,000	-	1,611,423	(913,058)	-	(913,058)	(391,635)	698,365	13,403,108
Engineering services	1,052,499	7,610,228	24,964,556	-	33,627,283	(9,757,721)	-	(9,757,721)	(1,094,994)	23,869,561	235,162,782
Community services & economic development	704,084	960,068	929,907	-	2,594,059	(3,699,477)	-	(3,699,477)	(2,005,325)	(1,075,418)	665,386
Environmental health & community laws	35,000	506,938	-	-	541,938	(1,650,073)	-	(1,650,073)	(1,108,135)	(1,108,135)	-
Total Council	6,059,739	12,419,159	26,984,463	-	45,463,361	(18,381,397)	-	(18,381,397)	97,501	27,081,964	275,090,050

Year ended 30 June 2020

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Grants	Grants	Grants							
	2020	2020	2020	2020		2020	2020				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Finance and administration	4,691,013	3,066,131	-	84,408	7,841,552	(3,085,120)	-	(3,085,120)	4,672,024	4,756,432	26,894,398
Utilities	-	511,368	606,000	-	1,117,368	(839,509)	-	(839,509)	(328,141)	277,859	11,138,956
Engineering services	1,111,150	2,582,779	23,968,032	-	27,662,312	(6,588,415)	(4,55,089)	(11,146,509)	(1,894,135)	16,515,808	214,699,278
Community services & economic development	752,510	561,149	1,218,152	-	2,531,811	(3,676,726)	-	(3,676,726)	(2,363,067)	(1,144,915)	965,773
Environmental health & community laws	25,000	484,046	-	-	509,046	(1,822,777)	-	(1,822,777)	(1,313,731)	(1,313,731)	58,204
Total Council	6,580,024	7,205,473	25,792,184	84,408	39,662,089	(16,012,547)	(4,558,089)	(20,570,636)	(2,227,050)	19,091,453	253,756,609

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

3 Revenue

(a) Rates, levies and charges

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

	2021	2020
	\$	\$
General rates	2,783,733	2,708,854
Water	330,062	319,048
Sewerage	237,307	232,089
Garbage charges	142,887	136,303
Pest animal charges	-	43,209
Total rates, levies and charges Less:	3,493,989	3,439,503
Discounts	(315,526)	(310,804)
Less: Pensioner remissions	(25,892)	(24,583)
Net rates, levies and charges	<u>3,152,571</u>	<u>3,104,116</u>

(b) Fees and charges

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example the caravan park.

There is no material obligation for Council in relation to refunds or returns.

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

Caravan Park Fees		
Childcare fees	604,499	357,214
Livestock saleyard fees	258,385	246,103
Animal registration & control	95,119	189,883
Stock route fees	15,605	9,938
Other fees and charges	211,933	61,744
	115,226	96,385
	<u>1,300,735</u>	<u>961,267</u>

(c) Sales revenue

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

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

Rendering of services

RMPC & APPC revenue	7,091,777	1,640,531
Other recoverable work	488,987	835,457
Total sales revenue	<u>7,580,764</u>	<u>2,475,988</u>

**McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2021**

(d) Grants, subsidies, contributions and donations

Grant Income under AASB 15

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

The performance obligations vary in each agreement but include the requirement to meet specific program funding objectives and outcomes and will include the requirement to repay the relevant funding should these specific objectives not be met.

Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on achievement of certain payment milestones for others.

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

Where control is transferred over time, revenue is recognised using either costs or time incurred.

Grant Income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability is recorded and income is then recognised for any remaining asset value at the time that the asset is received.

Capital Grants

Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will

be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as construction progresses in accordance with costs incurred.

Donations and contributions

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

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

(i) Operating

State government subsidies and grants	6,009,751	6,498,252
Commonwealth government subsidies and grants	<u>49,988</u>	<u>81,772</u>
	<u>6,059,739</u>	<u>6,580,024</u>

(ii) Capital

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

State government subsidies and grants	7,557,669	3,452,007
Disaster Recovery Funding Arrangements (DRFA)	18,235,705	19,238,199
Commonwealth government subsidies and grants	<u>1,191,089</u>	<u>3,101,978</u>
	<u>26,984,463</u>	<u>25,792,184</u>

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

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

		2020 Revenue Recognised at a point in time \$	2021 Revenue recognised over time \$	2020 Revenue Recognised at a point in time \$	2020 Revenue recognised over time \$
Grants and subsidies	3d	5,441,723	27,602,479	6,072,249	26,299,959
Donations & Contributions	3d	-	-	-	-
		<u>5,441,723</u>	<u>27,602,479</u>	<u>6,072,249</u>	<u>26,299,959</u>

4 Interest and other income

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

		89,099	249,237
Interest received from bank and term deposits		<u>9,827</u>	<u>22,233</u>
Interest from overdue rates and utility charges		<u>98,926</u>	<u>271,470</u>

5 Capital income

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

Proceeds from the sale of property, plant and equipment

Less: Book value of property, plant and equipment disposed of

Total capital income

		-	132,120
		-	(47,712)
		<u>-</u>	<u>84,408</u>

6 Employee benefits

Employee benefit expenses are recorded when the service has been provided by the employee.

Total staff wages and salaries		3,482,844	4,068,256
Councillors' remuneration		332,987	323,351
Annual, sick and long service leave entitlements		775,751	735,990
Superannuation	21	<u>436,797</u>	<u>473,279</u>
		5,028,379	5,600,876
Other employee related expenses		<u>27,366</u>	<u>27,248</u>
		5,055,745	5,628,124
Less: Capitalised employee expenses		<u>(236,769)</u>	<u>(609,466)</u>
		<u>4,818,976</u>	<u>5,018,658</u>

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

Total Council employees at the reporting date:

	2021	2020
Elected members	5	5
Administration staff	15	16
Depot and outdoors staff	43	43
Total full time equivalent employees	<u>63</u>	<u>64</u>

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

7 Materials and services

	2021	2020
	\$	\$
Expenses are recorded on an accruals basis as Council receives the goods or services. Administration costs	845,296	8 61,019
Airport operating costs	103,382	1 16,211
Audit of annual financial statements by the Auditor-General of Queensland	45,815	3 9,732
Caravan park costs	334,782	2 64,121
Community service expenses	598,453	5 81,565
Council housing expenses	156,981	1 64,890
Financial transaction losses	-	3 29,393
Parks & gardens expenses	346,550	4 36,230
Plant operating costs	1,005,686	8 46,051
Pool expenses	225,930	2 20,321
Road & street maintenance	531,450	5 99,881
Recoverable works	2,711,901	7 3,842
Sports & rec facilities	247,369	2 23,555
Stock route & livestock expenses	208,357	2 55,362
Tourism expenses	178,725	1 29,858
Water & sewerage costs	426,047	3 14,593
Weed control expenses	94,504	1 72,212
Other materials and services	<u>86,310</u>	<u>2 46,750</u>
	<u>8,147,538</u>	<u>5,875,586</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$50,000 (2020: \$44,315).

8 Cash and cash equivalents

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

Cash at bank and on hand	4,984,811	1 44,995
Deposits at call	<u>12,748,791</u>	<u>18,690,426</u>
Balance per Statement of Financial Position	<u>17,733,602</u>	<u>18,835,421</u>

Council is exposed to credit risk through its investments with Suncorp Bank and QTC Cash fund. 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+. The QTC Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Cash and cash equivalents	17,733,602	18,835,421
Less: Externally imposed restrictions on cash	<u>(1,757,504)</u>	<u>(7,485,079)</u>
Unrestricted cash	<u>15,976,098</u>	<u>11,350,342</u>

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

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

Unspent Government grants & subsidies	<u>1,757,504</u>	<u>7,485,079</u>
Total externally imposed restrictions on cash assets	<u>1,757,504</u>	<u>7,485,079</u>

(ii) Internally imposed expenditure restrictions at the reporting date:

Internal allocations of cash may be lifted by a Council with a resolution.

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

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

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out	151,999	3 71,388
Security deposits	<u>9,440</u>	<u>7,840</u>
	<u>161,439</u>	<u>379,228</u>

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

9 Receivables

Receivables, loans and advances are amounts owed to Council at year end and are recognised at the amount due as the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after the invoice is issued.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June.

If an amount is recovered in a subsequent period it is recognised as revenue.

	2021	2020
Current	\$	\$
Rateable revenue and utility charges	123,094	1 73,304
Other debtors	2,138,307	1,335,301
Less impairment	(7,490)	(10,990)
	<u>2,253,911</u>	<u>1,497,615</u>

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk.

There is a geographically concentration of risk in the Council's jurisdiction, and since the area is largely agricultural, there is also a concentration in the agricultural sector. The Council does not require collateral in respect of trade and other receivables.

Accounting policies - Grouping

When McKinlay Shire Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependant upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward looking information. Economic changes impacting debtors, and relevant industry data for part of the impairment assessment.

McKinlay Shire Council has identified 4 distinctive groupings of its receivables: Rates & Charges, Statutory Charges, Grants and Other Debtors.

Rates & Charges: Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairments of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive for the sale of the respective property.

Statutory Charges: In some limited circumstances McKinlay Shire Council may write off impaired statutory charges, on this basis the McKinlay Shire Council calculates an ECL for Statutory Charges (non rates & utility charges). Although not material, disclosure is being made for the purposes of public interest and transparency.

Grants: payable by State and Commonwealth Governments and their agencies. A credit enhancement exists as these payments are effectively government guaranteed and both the State and Commonwealth Governments have high credit ratings, accordingly McKinlay Shire Council determines the level of credit exposure to be immaterial and therefore does not record an Expected Credit Loss for these counterparties.

Other Debtors: McKinlay Shire Council identifies other debtors as receivables which are not rates and charges, statutory charges or grants.

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

The Exposure to credit risk for receivables by type of counterparty was as follows:

	2021	2020
	\$	\$
Rates and utility charges	123,094	173,304
State & Commonwealth	1,867,418	521,772
Government Community organisations	5,301	-
Other	258,098	802,539
Total	<u>2,253,911</u>	<u>1,497,615</u>

10 Inventories

Stores, raw materials and water held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost except for land where the costs are allocated to the relevant parcel.

Inventories held for distribution are:

- goods to be supplied at nil or nominal, charge, and
- goods to be used for the provision of services at nil or nominal, charge.

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

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

Inventories held for sale

Stores & raw materials		118,940	1 14,335
		<u>118,940</u>	<u>1 14,335</u>
Land purchased for development and sale	11	87,500	1 07,500
Total inventories		<u>206,440</u>	<u>2 21,835</u>

11 Non-current assets held for sale

Opening Balance		107,500	1 27,500
Less:			
Disposed during the year		(20,000)	-
Transferred to Property, Plant & Equipment		-	(20,000)
Classified as		<u>87,500</u>	<u>107,500</u>
Current	10	87,500	1 07,500
Non Current		-	-
		<u>87,500</u>	<u>1 07,500</u>

Financial Statement

for the year ending 30 June 2021



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

12 Property, plant & equipment 30 Jun 21

	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	Cost
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2020	1,488,100	32,156,928	678,293	9,636,735	204,368,104	7,903,583	11,664,053	13,239,344	3,982,715	285,117,855
Additions	-	-	-	-	-	-	-	-	-	-
- Renewals	-	-	63,953	336,542	-	-	336,542	-	22,282,112	22,682,607
- Other additions	-	-	-	-	-	-	-	-	4,619,745	4,619,745
Disposals	-	-	-	-	-	-	-	-	-	-
Write off of flood damaged roads on statement of comprehensive income	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	482,354	-	-	-	-	-	231,903	-	714,257
Transfers between classes	22,105	1,142,316	-	-	24,895,382	281,005	87,568	583,183	(27,011,559)	-
Closing gross value as at 30 June 2021	1,510,205	33,781,598	742,246	9,973,277	229,263,486	8,184,588	11,751,621	14,054,430	3,873,013	313,134,464
Accumulated depreciation and impairment										
Opening balance as at 1 July 2020	-	9,325,079	401,508	5,339,793	27,859,793	3,777,153	4,952,467	4,976,413	-	56,605,343
Depreciation expense	-	621,281	43,514	742,463	3,091,958	132,319	286,254	469,331	-	5,387,120
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-
Write off of flood damaged roads on statement of comprehensive income	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	-	149,055	-	-	-	-	-	94,822	-	243,877
Transfers between classes	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2021	-	10,095,415	445,022	6,082,256	30,951,888	3,909,472	5,211,721	5,540,566	-	62,236,340
Total written down value as at 30 June 2021										
Residual value	1,510,205	23,686,183	297,224	3,891,021	198,311,598	4,275,166	6,539,900	8,513,864	3,873,013	250,898,124
Range of estimated useful life in years	Land: Not depreciated	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	-

Financial Statement

for the year ending 30 June 2021



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

12 Property, plant & equipment (cont.) 30 Jun 20

Basis of measurement

Asset values

Opening gross value as at 1 July 2019

Additions

- Renewals

- Other additions

Disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Closing gross value as at 30 June 2020

Accumulated depreciation and impairment

Opening balance as at 1 July 2019

Depreciation expense

Depreciation on disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Accumulated depreciation as at 30 June 2020

Total written down value as at 30 June 2020

Residual value

Range of estimated useful life in years

Note	Land	Buildings	Office furniture & fittings	Plant and equipment	Road & street infrastructure	Water infrastructure	Sewerage infrastructure	Other structure	Work in progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,786,600	30,068,949	658,579	8,624,969	184,657,960	7,798,914	11,111,886	11,901,153	621,444	257,320,545
	-	-	-	-	-	-	-	-	29,911,801	23,911,801
	20,000	-	6,690	1,097,477	-	-	-	-	6,282,223	7,406,390
5	(36,300)	-	-	(94,509)	-	-	-	-	-	(130,809)
	-	-	-	-	(4,991,920)	-	-	-	-	(4,991,920)
17	-	646,483	-	-	923,290	68,630	115,564	220,172	-	1,691,939
	(282,200)	1,441,496	13,024	8,798	23,778,774	36,039	436,603	1,118,019	(26,832,753)	-
	1,488,100	32,156,928	678,293	9,636,735	204,368,104	7,903,583	11,664,053	13,239,344	3,982,715	285,117,855
	-	8,499,863	359,650	4,667,934	25,406,311	3,610,093	4,547,837	4,428,582	-	51,520,270
	-	629,827	41,827	754,956	2,746,764	134,206	327,141	458,218	-	5,092,970
5	-	-	-	(83,097)	-	-	-	-	-	(83,097)
	-	-	-	-	(4,991,920)	-	-	-	-	(433,831)
17	-	195,389	-	-	140,686	32,854	50,489	89,613	-	509,031
	-	-	-	-	-	-	-	-	-	-
	-	9,325,079	401,508	5,339,793	27,859,930	3,777,153	4,925,467	4,976,413	-	56,605,343
	1,488,100	22,831,849	276,785	4,296,942	176,508,174	4,126,430	6,738,586	8,262,931	3,982,715	228,512,512
	1,488,100	-	-	1,215,306	-	-	-	-	-	
	Land: Not depreciated	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2021

12 Property, plant and equipment

12 (a) Recognition

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

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

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

Land under roads

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

12 (b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the previous table) less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

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

When Council raises a provision for the restoration of a Council controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of the restoration costs are recognised against asset revaluation surplus.

12 (c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Depreciation, where applicable is calculated on a straight line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight line basis appropriately reflects the pattern of consumption of all Council assets.

Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values 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.

Key judgements and estimates:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

12 (d) Impairment

Property, plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

12 (e) Valuation

Key judgements and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market observable data to the extent it is available and other inputs as necessary.

(i) Valuation process

Council considers the carrying amount of its property, plant & equipment on an annual basis compared to fair value and makes adjustments where these are materially different. Every 3 - 5 years, Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council undertakes a desktop valuation involving an index adjustment which involves a combination of internal engineers together with Council's external valuers determining a suitable index adjustment allowing for increases in relevant producer prices and adjusted for relevant regional factors where appropriate.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income.

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.

Fair values are classified into three levels as follows:

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

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

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for the year ending 30 June 2021

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

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustment
Land and improvements (level 2)	Market value	30/06/2019	Australis Asset Advisory Group	Current zoning Sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as property size)	n/a	Nil
Buildings (level 2)	Market value	30/06/2019	Australis Asset Advisory Group	Sale price per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as condition	QLD non residential construction index - 1.50%	Nil
Buildings (level 3)	Current replacement cost	30/06/2019	Australis Asset Advisory Group	Gross replacement cost <ul style="list-style-type: none"> Indexed for subsequent changes in construction costs (QLD Non Building Construction Index) Unit rates for construction as at the comprehensive reevaluation date (Industry standard cost guides, project costs from recently completed buildings) 	QLD non residential construction index - 1.50%	Nil
Roads, drainage and bridge networks (level 3)	Current replacement cost	30/06/2019	Australis Asset Advisory Group	Existing supply contract rates for raw materials appropriate for the asset based on age, size, location and condition <ul style="list-style-type: none"> Labour rates based on Councils EBA Average cost of outsourced projects Remaining life of assets including existing conditions 	n/a	Review of condition reports based on weather events
Water and sewerage assets (level 3)	Current replacement cost	30/06/2019	Australis Asset Advisory Group	<ul style="list-style-type: none"> Development, soil and depth factors taking into account current condition Gross replacement cost per m2 based on appropriate materials. Remaining useful lives and physical obsolescence	n/a	Nil
Other infrastructure assets (level 3)	Current replacement cost	30/06/2019	Australis Asset Advisory Group	<ul style="list-style-type: none"> Gross replacement cost Indexed for subsequent changes in construction costs, QLD non residential building construction index Unit rates for construction as at the comprehensive reevaluation date (Industry standard cost guide, project cost from recently completed projects, manufactures specifications and other data Accumulated depreciation) Useful life estimates (average lives of disposable assets, lives applied by neighboring councils, planned replacements per asset management plan, differences between actual and expected asset condition ratings) 	QLD non residential construction index - 1.75%	Revision of useful life estimate

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

	2021 \$	2020 \$
13 Contract balances		
Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amount that Council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.		
a. Contract assets	<u>3,904,568</u>	<u>4,605,500</u>
b. Contract liabilities		
Funds received upfront to construct Council controlled assets	1,645,305	7,269,466
Non-capital performance obligations not yet satisfied	112,199	215,613
	<u>1,757,504</u>	<u>7,485,079</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Funds received upfront to construct Council controlled assets	7,252,383	2,584,845
Non capital performance obligations	162,042	-
	<u>7,414,425</u>	<u>2,584,845</u>

- c. Significant changes in contract balances
There has been a significant fall in the value of funds received in advance at the end of the reporting period. The prior period had been affected by substantial QRA funds received in advance in relation to flood damage restoration works to be undertaken. As Council did not experience a 2021 flood damage event, no funds were received prior to end of the year.

14 Leases

Council as lessee

Council does not have any leases in place as lessee. Accordingly no further disclosures are required in this regard.

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the assets have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non lease components then the non lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight line basis over the term of the lease.

15 Payables

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

Current

Creditors	92,075	105,487
Prepaid rates	51,028	35,537
Accrued wages and salaries	113,943	59,636
Accrued expenses	2,464,450	3,097,313
Other creditors	-	45,646
	<u>2,721,496</u>	<u>3,343,619</u>

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for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

16 Provisions

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

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

Long Service Leave

The provision for long service leave represents 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 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 the 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 provision is discounted using the Commonwealth Bond yield rates published by the Department of State Development, Infrastructure, Local Government and Planning website.

Refuse dump restoration provision

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

The calculation of the provisions use assumptions including application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provisions are reviewed at least annually and updated based on the facts and circumstances available at the time.

Refuse restoration provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites.

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

	2021	2020
	\$	\$
Current		
Annual leave	442,900	400,188
Long service leave	447,954	356,637
	<u>890,854</u>	<u>756,825</u>
Non-current		
Long service leave	127,470	130,704
Refuse restoration	141,462	141,462
	<u>268,932</u>	<u>272,166</u>
Refuse Dump Rehabilitation		
Balance at the beginning of the financial year	141,462	-
Initial recognition of provision	-	141,462
	<u>141,462</u>	<u>141,462</u>
Balance at the end of the financial year	<u>141,462</u>	<u>141,462</u>

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for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

17 Asset revaluation surplus

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

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

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

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

Movements in the asset revaluation surplus were as follows:

	2021	2020
Balance at beginning of financial year	79,503,335	78,320,427
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	(282,200)
Buildings	333,299	451,094
Road & streets infrastructure	-	782,604
Water infrastructure	-	35,776
Sewerage infrastructure	-	65,075
Other structures	137,081	130,559
Balance at end of financial year	<u>79,973,715</u>	<u>79,503,335</u>

Asset revaluation surplus analysis

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

Land	202,301	202,301
Buildings	3,294,892	2,961,593
Road & streets infrastructure	69,619,111	69,619,111
Water infrastructure	2,923,843	2,923,843
Sewerage infrastructure	3,665,927	3,665,927
Other structures	267,640	130,559
	<u>79,973,715</u>	<u>79,503,335</u>

18 Commitments for expenditure

Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows

	2021	2020
Shire Road construction	188,579	493,236
Plant & Equipment Hire	22,008	36,907
Council Housing construction	117,026	-
Flood Damage construction	1,790,689	6,520,398
Sundry commitments	<u>108,700</u>	<u>-</u>
	<u>2,227,001</u>	<u>7,050,541</u>

19 Contingent liabilities

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

Local Government Mutual

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

As at 30 June 2020 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**McKinlay Shire Council
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For the year ended 30 June 2021**

Local Government Workcare

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

20 Events after the reporting period

There were no material adjusting events after the balance date.

21 Superannuation

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

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

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the Council.

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2018. The actuary indicated that 'At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date'. The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

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

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

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

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

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Superannuation contributions made to the Regional Defined Benefits Fund		16,815	19,228
Other superannuation contributions for employees		419,982	454,051
	6	<u>436,797</u>	<u>473,279</u>

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for the year ending 30 June 2021



McKinlay Shire Council
Notes to the financial statements
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22 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Net result		27,081,964	19,091,453
Non-cash items:			
Depreciation and amortisation	12	5,387,120	5,092,970
Write-off of flood damaged roads	12	-	4,558,089
Revaluation adjustments		-	-
		<u>5,387,120</u>	<u>9,651,059</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	5	-	(84,408)
Capital grants and contributions	3 (d)	<u>(26,984,463)</u>	<u>(25,792,184)</u>
		<u>(26,984,463)</u>	<u>(25,876,592)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(756,296)	1,334,868
(Increase)/ decrease in contract assets		-	(4,605,500)
(Increase)/decrease in inventory		15,395	38,172
(Increase)/decrease in other assets		(9,679)	(25,500)
Increase/(decrease) in payables		(622,123)	2,306,030
Increase/(decrease) in contract liabilities		-	6,006,527
Increase/(decrease) in other provisions		130,795	157,959
		<u>(1,241,908)</u>	<u>5,212,556</u>
Net cash inflow from operating activities		<u><u>4,242,712</u></u>	<u><u>8,078,476</u></u>

McKinlay Shire Council
Notes to the financial statements
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23 Financial instruments and financial risk management
Financial assets and financial liabilities

The McKinlay Shire Council has the following financial assets / liabilities:

- Cash
- Receivables
- Payables

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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 approve policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

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

The McKinlay Shire Council does not enter into derivatives.

Credit risk

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

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

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

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

Liquidity risk

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

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

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

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for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2021					
Trade and other payables	2,721,496	-	-	2,721,496	2,721,496
	2,721,496	-	-	2,721,496	2,721,496
2020					
Trade and other payables	3,297,973	-	-	3,297,973	3,297,973
	3,297,973	-	-	3,297,973	3,297,973

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

Market risk

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

Interest rate risk

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

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

Sensitivity

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

The 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.

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
Council					
2021					
Financial assets	19,987,513	199,875	(199,875)	199,875	(199,875)
Net total	19,987,513	199,875	(199,875)	199,875	(199,875)
2020					
Financial assets	20,333,036	203,330	(203,330)	203,330	(203,330)
Net total	20,333,036	203,330	(203,330)	203,330	(203,330)

Fair value

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2021

24 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 2021.

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Notes to the financial statements For the year ended 30 June 2021

25 Transactions with related parties

(a) Transactions with key management personnel (KMP)

In the context of McKinlay Shire council, KMP includes the Mayor, Councillors, Chief Executive Officer, Director of Corporate & Community Services, Director of Engineering Services and Director of Works. The compensation paid to KMP for 2020/21 comprises:

	2021	2020
	\$	\$
Short-term employee	1,225,559	1,231,628
benefits Post-employment	67,069	60,406
benefits Long-term benefits	5,233	-
Termination benefits	-	-
Total	1,297,861	1,292,034

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2021	2020
		\$	\$
Payments charged by entities controlled by key management personnel	25(b)(i)	318,939	2,295,959
Payments charged by Council to entities controlled by key management	25(b)(ii)	25,964	35,478
Employee expenses for close family members of key management personnel	25(b)(iii)	203,566	188,272

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

- Amounts totalling \$265,476 (2020: \$276,208) were paid to Marwill Pty Ltd for various electrical contracting services. The company is controlled by close family members of Cr Janene Fegan.

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council

Notes to the financial statements

For the year ended 30 June 2021

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

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

The council employs 58 staff of which only 3 are close family members of key management personnel.

(c) Outstanding balances

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

Receivables		Amounts owed by entities controlled by key management personnel	Amounts owed by entities controlled by key management personnel
		2021	2020
note due - less than 30 days		-	5,271
Past due 31-60 days		-	-
Past due 61-90 days		-	-
More than 90 days overdue		-	-
Total Owing		\$0	\$5,271

(d) Loans and guarantees to/from related parties

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

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

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

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

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

McKinlay Shire Council
Financial statements
For the year ended 30 June 2021

Management Certificate
For the year ended 30 June 2021

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

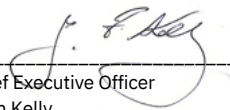
In accordance with section 212(5) of the Regulation we certify that:

- (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 28, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Cr Philip Curr

Date: 13 / 10 / 2021



Chief Executive Officer
John Kelly

Date: 13 / 10 / 2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of McKinlay Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of McKinlay Shire Council.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report.

However, future events or conditions may cause the council to cease to continue as a going concern.

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

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

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



18 October 2021

Michael Claydon Queensland Audit Office
as delegate of the Auditor-General Brisbane

Financial Statement

for the year ending 30 June 2021



McKinlay Shire Council Current-year Financial Sustainability Statement For the year ended 30 June 2021

Measures of Financial Sustainability

	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2021 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital)	0.5%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	484.3%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-100.4%	not greater than 60%

Note 1 - Basis of Preparation

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

Certificate of Accuracy

For the year ended 30 June 2021

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

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

Mayor
Cr Philip Curr

Date: 13 / 10 / 2021

Chief Executive Officer
John Kelly

Date: 13 / 10 / 2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of McKinlay Shire Council

Report on the current-year financial sustainability statement

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

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

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

M. Claydon

18 October 2021

Michael Claydon Queensland Audit Office
as delegate of the Auditor-General Brisbane

Financial Statement

for the year ending 30 June 2021



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

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2021	Projected for the years ended									
				30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	0.53%	-67.44%	-28.72%	-27.91%	-27.06%	-26.27%	-26.18%	-25.69%	-25.81%	-26.30%	-26.12%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	484.27%	103.10%	106.22%	107.10%	108.41%	107.61%	107.02%	136.72%	212.39%	103.01%	101.00%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-100.40%	-145.03%	-100.05%	-89.91%	-79.99%	-70.58%	-60.99%	-54.39%	-44.47%	-38.58%	-26.59%

McKinlay Shire Council's Financial Management Strategy

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

Certificate of Accuracy For the long-term financial sustainability statement prepared as at 30 June 2021

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 Philip Curr

Date: 13 / 10 / 2021

Chief Executive Officer
John Kelly

Date: 13 / 10 / 2021

