



NELIA | JULIA GREEK | MCKINLAY | KYNUNA

MCKINLAY SHIRE COUNCIL 2017-18



ANNUAL REPORT

Welcome

to the McKinlay Shire Council 2017/18 Annual Report

Our 2017/18 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 2017/18 financial year. It captures the achievements, hopes, aspirations, priorities and goals of our community.



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01 / At a Glance

Councils approach to integrated reporting

Vision and Mission

Council is required under the *Local Government Act 2009* and the *Local Government Regulation 2012* to prepare an Annual Report of its operations each financial year. Our 2017/18 Annual Report reflects our commitment to achieving effective corporate governance through openness and accountability and ensuring resources are used efficiently to provide value for money service to the McKinlay Shire community.

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

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

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

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

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

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



Profile of our Shire

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

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



Kev Bannah Oval in Julia Creek

Scale

Size	40 818 sq/km
Population	1000
Land Reserve	32421.91 ha
Administration Centers	2
Budget - Operational	\$24,460,470
Budget - Capital Works	\$13,660,573

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—home of the Dirt n Dust
- Tennis Courts
- Nerida Currin Skate Park

- George Sills Park
- Peter Dawes Park
- Centenary Park



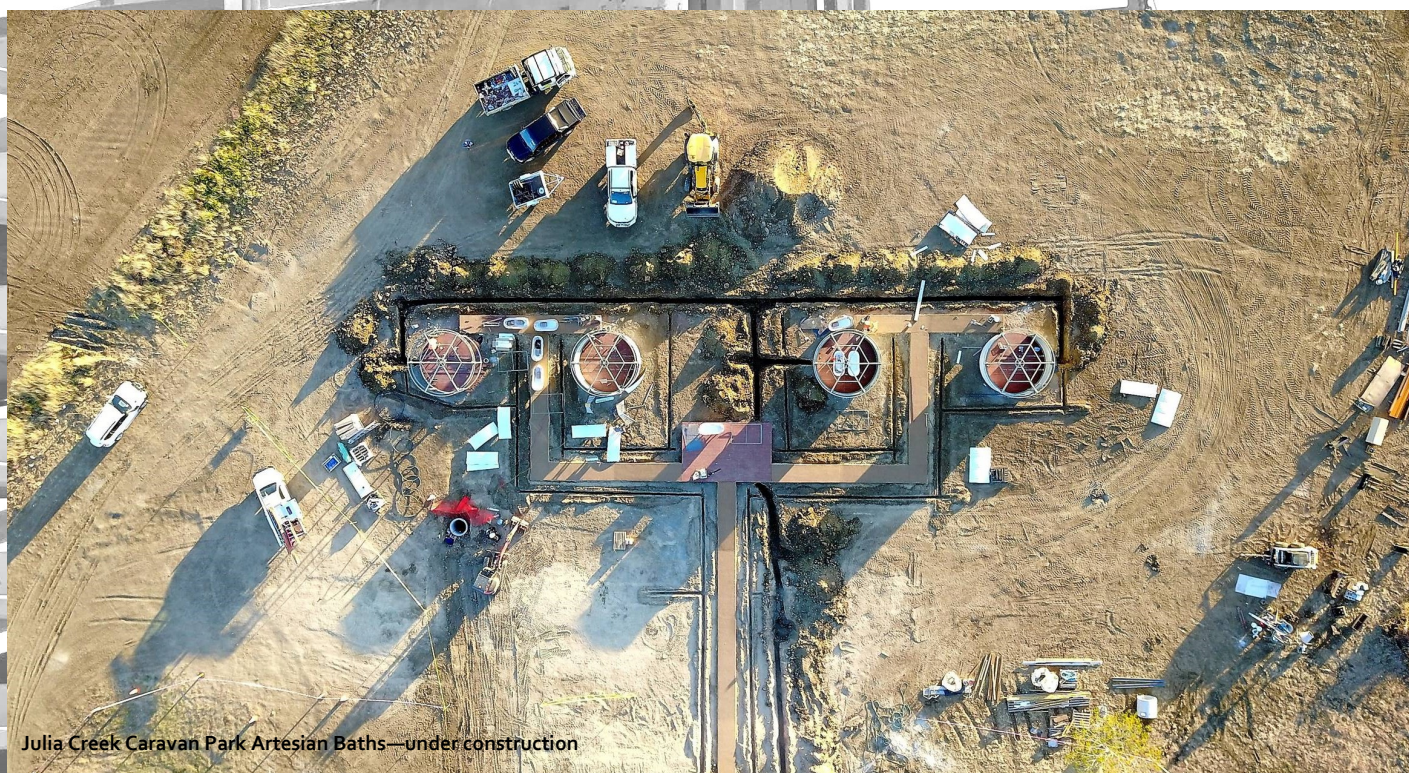
Wet weather event in March 2018

Infrastructure

Road lengths total TMR controlled roads)	2041.26km (including 408.91 km
Council owned road Rural	1633.26km (13.5% sealed)
Council owned road Town	9.50 km (85% sealed)
State roads	408 km
Aerodromes	3
SES buildings	3
Medical Centre	2
Amenities block	6
Aged persons unit	8
Caravan Park	1
Cattle Yards	1

Community Centres

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



Workforce / Total number of employees

Permanent	43
Permanent Part-Time	1
Contract – Executive & Managerial	3
Contract – Other	3
Casual	9
TOTAL	65

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

Mayors Overview



It is with great pleasure that I present to you the Annual Report for McKinlay Shire Council for the financial year ending 30th June 2018. McKinlay Shire, despite remaining drought declared, continued to perform well overall with population holding fairly steady and the local economy fairing well.

Engineering continues to be the largest and most challenging portfolio. The ability to retain an experienced workforce along with balancing funding, matching funding and the many road priorities is a constant work in progress. A maintenance schedule was developed and implemented across the network and new capital works including further sealing on the Taldora, Nelia Bunda, roads respectively. Additional funding received under the State Government's Tourism Connections Fund saw a further 8 kilometres sealed on the Gidgea Bug Byway, colloquially known as the Gilliat/McKinlay Road.

In other areas relating to capital works, a number of project renewing assets along with some new developments were completed. The final spend of Works 4 Qld saw the Julia Creek Swimming Pool open its brand new waterpark in late January which has been a wonderful asset to not only our community but in attracting visitors to Julia Creek as well. The new building at the Community Event Precinct saw our major festival, Dirt n Dust be able to run more efficiently and with a significantly reduced burden on volunteers. Final completion of this is anticipated by the first half of 2019 and will not only benefit Dirt and Dust but many community groups in the future who will be able to utilise it. The newly upgraded parks in Julia Creek and Kynuna received some much needed shade and the Julia Creek Caravan Park saw the Artesian Baths open with funding from the Federal Government's Drought Communities Programme.

In the areas of water and sewage, a new bore was completed at McKinlay Township with new mains work to be finished by December 2018. Planning continued in relation to the sewage treatment plant in Julia Creek to ensure long term suitability for the community and future growth. Works are expected to start in late 2018 with funding allocated in the 18/19 budget. Council constantly monitors town water supplies and bores associated to ensure that delivery of town water is safe and bore issues are identified in advance.

The Community Services portfolio is an extremely important function area of Council. We continue to dedicate significant resources in this area from the provision of health services through CHSP, the Community Nurse in partnership with the North West Hospital and Health Service (NWHHS) and support the Community Advisory Network (CAN). Wonderful news was shared from NWHHS and Queensland Health for a new \$8.4 million hospital in Julia Creek with construction to commence prior to December 2018. Provision of many services that benefit our community such Sport and Recreation, Julia Creek Early Learning Centre and the continuation of the Julia Creek Middle School ensure that we maintain liveability in the Shire. Funding provided to the many community groups and events across the Shire has continued and not only supports our community but our economy.





Julia Creek Hospital Build funding announcement



Policy Executive Meeting in Palm Island

Economic Development, Innovation and Planning were other areas that received attention during 2017/18. Council adopted the McKinlay Shire Economic Development plan as well as the Tourism Plan. Both of these documents were developed in consultation with whole of community and external stakeholders and will provide good direction for Council into the future. Council also partnered with other local governments in Outback Queensland in the State Government’s Advance Queensland ARIP Program which saw the first year of a three year program delivering a range of opportunities in technology, businesses and innovation. Other areas that demonstrated Council’s forward thinking included the opening of a virtual reality experience showcasing our beef industry as well as the progression of the Power Pod trial project to deliver energy solutions on property.

Managing all of Council’s assets and services within a limited revenue source remains a challenge for our shire and many others. The financial result remains strong with good reserves. An overall negative result in total comprehensive income is not ideal however other factors such as funded depreciation, frozen Federal Assistance Grants, minimal external capital projects in the form of RMPC contracts (Main Roads) must be taken into account. Council is always focused on strengthening our financial position but this will be dependant on population growth, a strengthening in local industries and funding allocations.

I would like to thank and acknowledge our Council and community who manage to deliver so much for so little, giving so much of their time and effort for the benefit of others ensuring our shire is a great place to live. I wish to thank our Councillors for all their hard work and commitment as well as the outgoing CEO Peter Fitchat and all of Council’s staff. I commend this annual report to you to read and explore in further detail relating to Council’s function areas, staff, services and financial management.

Cr. Belinda Murphy
Mayor

Councillors celebrating the opening of the Artesian Bath Houses



CEO Overview

We are pleased to present the 2017/18 Annual Report for the McKinlay Shire Council. While my return to the Shire this year was un-expected, I was enthusiastic about returning to the region on 29th June, following my last period of time as Interim Chief Executive Officer to McKinlay Shire Council in 2016. Council farewelled Chief Executive Officer, Peter Fitchat following his resignation from Council on 22nd June. Despite the premature departure of Council's Chief Executive Officer this year has been a year of notable achievements. Our Annual Report provides Council with a mechanism to summarise the steps Council has taken towards the implementation of Council's Corporate and Operational Plans, which detail the long term aspirations for McKinlay Shire.

Council continues to focus strategically on a number of key functions particularly those relating to essential infrastructure namely water and sewerage, waste management, communication, tourism and the road network. This is evident in the investment made through our budget, e.g \$9.259m of roads capital works during this financial year.

The Operational budget resulted in revenue of \$21,482,674 and expenditure of \$29,002,384. The write off of Flood Damaged roads of \$14,721,441 was the influencing factor for a negative result for our total Comprehensive Income Statement. A side from this, Council is in a strong financial position, with no borrowings and healthy cash backed reserves.

Council continues to be diligent on spending, particularly as the sustainability of the Local Government Industry is continually being re-evaluated. As long as Council remains fiscally focused we are confident that services will continue to be maintained into the future. Future developments for the Shire may be influenced by the addition of a potential Vanadium Mine, founded by Multicom. While there are many social and economic benefits associated to the development of a Vanadium mine in our Shire, the challenge for Council will be to manage community expectations against the aspect of affordability and the predicted timeframes for the major milestones involved in establishing a mine. Very importantly, deliberations have commenced with Multicom regarding the project and the community support available to residents that is essential to effectively implement the industry into our Shire.

In relation to strategic planning for future, the budget contains a new Community Plan, this planning item is funding dependent and yet to be approved. Through Queensland Government's 'Maturing Infrastructure Pipeline Program' (MIPP₂) Council has been provided with access to funding up to \$312,920 to develop a business plan and detailed design for proposed infrastructure development for a new Children's Services Hub in Julia Creek.

Employees and Councillors have been very diligent and we thank them for their continued commitment throughout the year. Both parties work cohesively and such co-operation is exemplified by the quality of decisions and achievements, and Council's ability to maintain existing service delivery levels. We would like to thank all of our employees and Councillors and the community for its ongoing support and look forward 2018/19 with great enthusiasm.



Burke Street Sunset in November 2017



Flinders Highway stabilisation project



Community Services

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

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

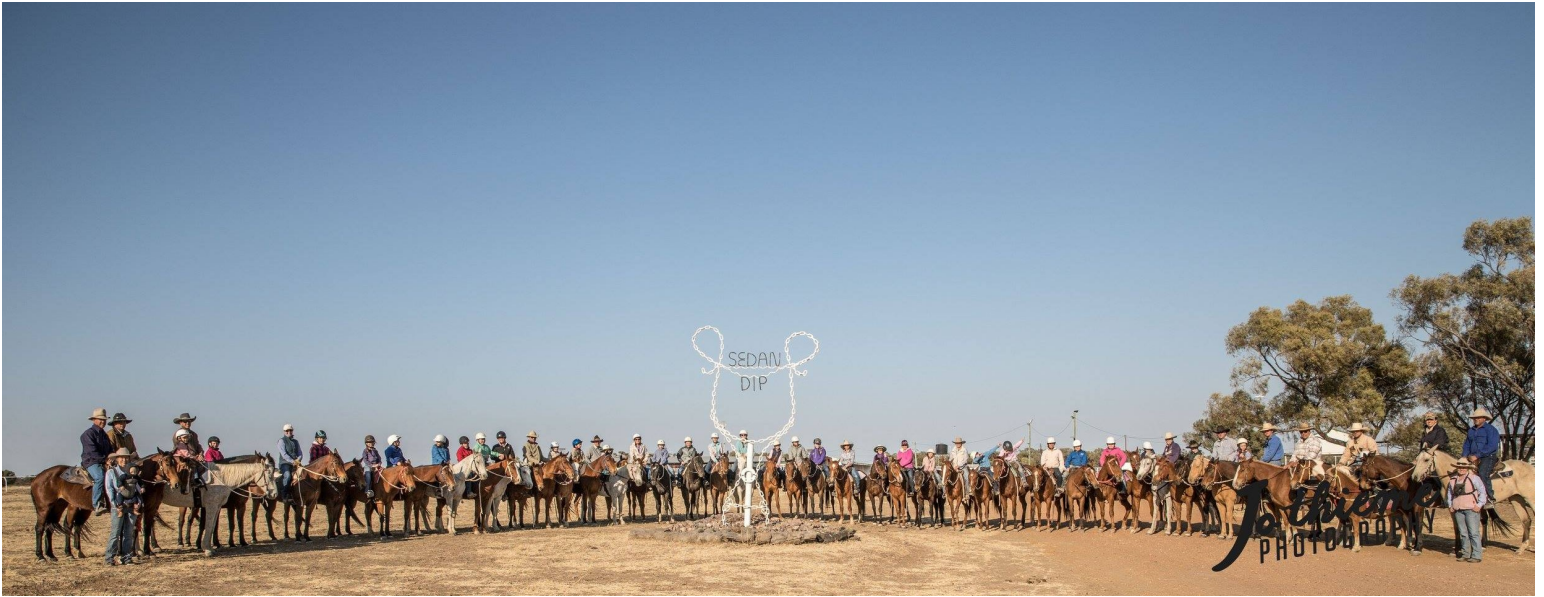


New Community Bus—transporting visitors from RV Friendly Site to Julia Creek Caravan Park Bush Dinner



Julia Creek Tennis Court—after upgrade

Community Benefit Assistance Scheme 2017/18



The Community Benefit Assistance Scheme offered funding to local community groups on a dollar for dollar basis for infrastructure, equipment and volunteer support. Funding was provided in accordance with Council’s Community Grants Policy. In 2017/18 Council provided funding of \$15,744 to community groups to assist the groups meet their objectives and enabling quality events and programs to be delivered.

The following groups were allocated financial assistance

Julia Creek Historical Society	\$1,000	Equipment
Julia Creek Campdraft	\$3,526	Equipment
QCWA Julia Creek	\$2,968	Equipment
Sedan Dip Sports & Recreation Inc	\$5,000	Equipment/Infrastructure
Saxby Round Up Association	\$3,250	Equipment



Community Donations

The Community Donation Program assists non-profit community groups and organisations to make positive contributions to the quality of life of McKinlay Shire residents through the provision of donations for a range of community minded purposes and causes.

Community In-kind

Applicant	Amount
MISOTA Mini School	\$543.50
Yelvertoft Campdraft Association	\$2,548
Julia Creek State School	\$174
Sedan Dip Sports & Recreation Inc	\$1440
Julia Creek Dirt n Dust	\$25,000

Community Sponsorship

Throughout 2017/18 a number of community groups were assisted in making positive contributions to the quality of life for McKinlay Shire residents with the provision of sponsorship for their events and activities in accordance with Council's Community Grants Policy. Groups have been supported financially (cash contributions) and others have been given in-kind support e.g. fee waivers. The below is a summary of the groups supported.

Applicant	Amount
Sedan Dip Sports & Recreation Inc	\$4,620
Combined Sporting Association (CSA)	\$6,100
Yelvertoft Campdraft Association	\$2,500
Julia Creek Campdraft Association	\$5,000
Saxby Round Up Association	\$5,000
McKinlay Races	\$5,000
McKISSA	\$973.30
Julia Creek Dirt n Dust	\$25,000





Community Events

Outback Bushwhack

On Saturday 28th April 2018, 52 participants from across McKinlay Shire took part in the first ever Julia Creek Outback Bushwhack, testing the endurance, guts and determination of all who took on the contest. In a 7 kilometre extreme obstacle course challenge they; ran rings around rubber tyres, scaled their way up netting 2.5 metres high, floundered through a flooded mud pit, showered in paint all the colours of the rainbow, clambered over hay bales, balanced on low ropes above the creek, crawled through pipes, attacked a series of fitness drills and finally took a rinse in the slip n slide.

While the course presented as a gruelling physical challenge, many Outback Bushwhack goers embraced the situation with community spirit and light hearted humour. Participants donned high-vis tutus and wigs which weren't aero dynamically favourable, however added a fun component to the event and comedic value for by-standers and cheer squads who were present. "The atmosphere was a true highlight of the event," said CEO Peter Fitchat who also took part in the Outback Bushwhack.

Julia Creek Outback Bushwhack Senior & Junior Champions were won by the fiercely competitive Mother and Son combination Sheree & Sam Pratt. Sheree took home a double pass to Tough Mudder, along with a medal and cold beverage, while son Sam was awarded a \$50 local buy voucher and a medal for his efforts. Sheree completed Julia Creek's 7 kilometre Outback Bushwhack in a time of 1:05:37, which she modestly joked as being even faster than she can run 7 kilometre.

Locals exploded with enthusiasm for the event funded by the Department of Tourism, Major Events, Small Business and the Commonwealth Games – Queensland Government's Embracing 2018 Legacy Program for the Gold Coast 2018 Commonwealth Games. McKinlay Shire Council have indicated that they are eager to continue this event in the future and hope that it will attract competitors from far and wide to take part in the Outback Bushwhack, for years to come.



Community Christmas Tree 2017 - Julia Creek



The McKinlay Shire community Christmas Tree Event held on Friday 1st December at McIntyre Park was a great success with a large number of people attending. There were market stalls, food and refreshments, entertainment and, of course, a visit from the man in red. It is always such a pleasure to observe the joy that the spirit of Christmas brings.

Dirt n Dust



The Shire's largest community event, the Julia Creek Dirt n Dust Festival held annually in April, featuring Australia's toughest sprint triathlon (and a shorter course for the juniors), horse races, bull rides, live music, Australia's Best Butt competition and novelty events such as Bog Snorkelling. Council is a long term, proud partner of the event which assists in raising the profile of Julia Creek and attracts visitors to the region. Council provides support to the Festival through a Memorandum of Understanding. Council provided \$25,000 in cash sponsorship and \$25,000 in-kind sponsorship for the 2018 event.



Australia Day

On the evening of Friday 26th January 2018, Council held its Official Australia Day Celebrations and Award Ceremony at the Julia Creek CSA Building. Our Australia Day Ambassador Justine Christerson spoke of her volunteer work in regional Queensland and Brisbane hospitals, assisting with home cooked meals, gift cards, service information, friendship, toiletry packs, care packs for children and most importantly support and understanding. A fantastic evening was had by all who attended; there was an amazing spread of food, accompanied by music and a bar. The evening concluded with a spectacular fireworks display. Congratulations to all the nominees and winners.

Australia Day



Citizen of the Year - Chris Hewlett

Volunteer of the Year - Bec Climie

Sports Administrator of the Year - Kate Frazer



Junior Sports Star of the Year - Breana Verhoeven

Senior Sports Star of the Year - Eddie Maxwell

Sarus Crane Award (Southern Gulf) - Robert Hacon

Best Local Aussie Baker - Wendy Crawford

Small Community Event - Julia Creek Pony Club

Queensland Week Celebrations

Markets and Sausage Sizzle on Saturday 2nd June 2018

McKinlay Shire's Queensland Day celebrations were held in Saturday 2nd June 2018 at Julia Creek's Peter Dawes Park. The event commenced at gam with markets whereby local artisans sold their wares and local bakers sold their delicious treats. The day represented everything that is great about living in Queensland with children's rides, old fashioned games and a free sausage sizzle under some beautiful Winter sunshine. In the lead up to the event, a competition was held for children where they were encouraged to submit entries summarising, "What being a Queensland means to me."

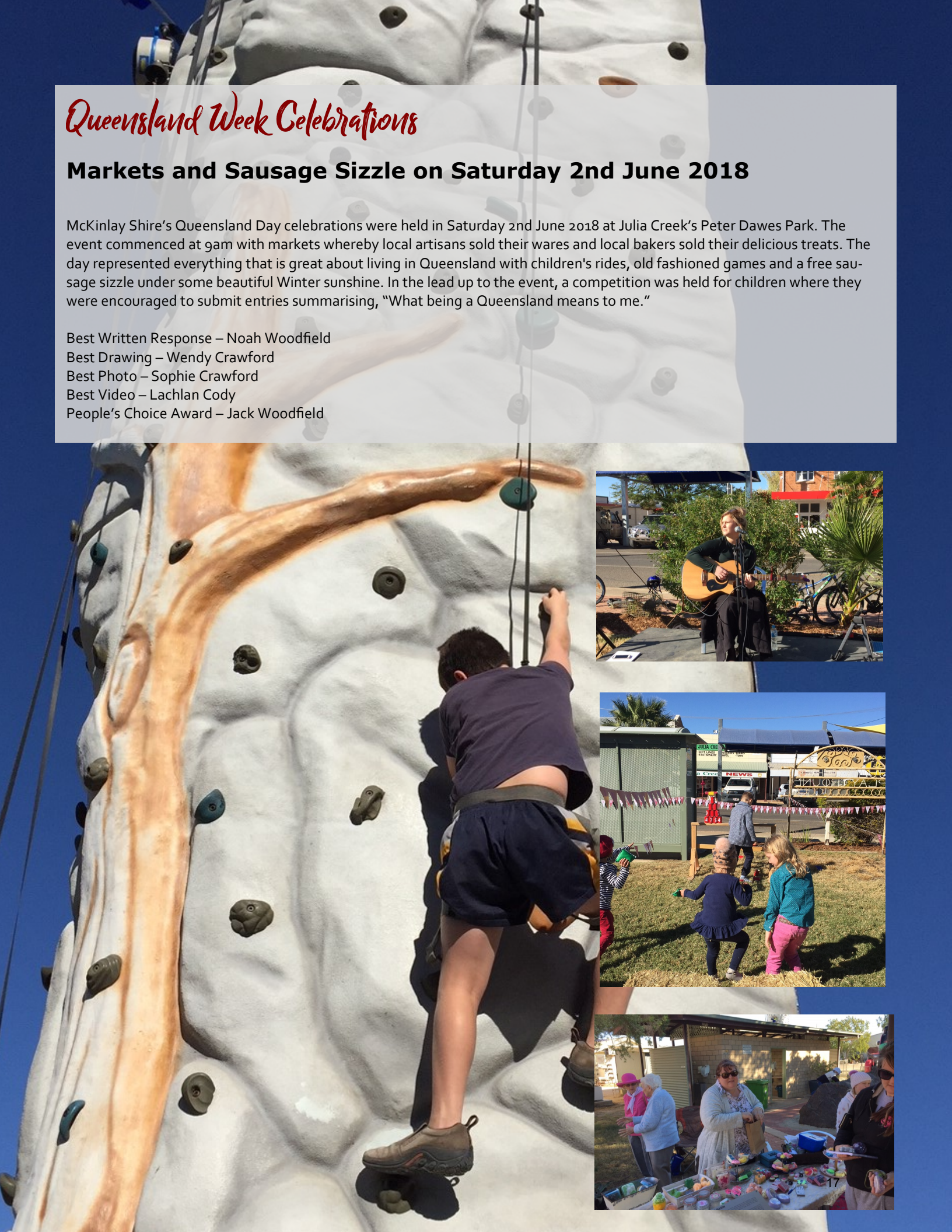
Best Written Response – Noah Woodfield

Best Drawing – Wendy Crawford

Best Photo – Sophie Crawford

Best Video – Lachlan Cody

People's Choice Award – Jack Woodfield



Regional Arts Development Fund

Council administered the Regional Arts Development Fund (RADF) program with a total of \$49,360 worth of community based arts and culture projects being funded. These included public mural and mosaics projects, school holiday activities including theatre and claymation, hip hop and dance lessons for pre-school and primary students, musical performances for the public, art painting lessons for adults and under 8's, and glass bead making. RADF is a Queensland Government through Arts Queensland and McKinlay Shire Council partnership to support local arts and culture. The program gives our community great opportunities for workshops and experiences. A big thank you to our committee members who volunteer their time promoting the program and assessing applications.

Round One		
Fair Dinkum Whip Cracking	Dirt n Dust	\$4,500.00
Light Horse & Shellal Mosaic	McKinlay Shire	\$17,727.28
Magic Happens	McKinlay Shire	\$774.77
TOTAL		\$23,002.05
Round Two		
Lampwork	COSH	\$2,313.00
Claymation	McKinlay Shire	\$1,865.00
JC Swimming Pool mural	McKinlay Shire	\$2,300.00
Under 8's day	McKinlay Shire	\$1,716.00
Goldie Bears	McKinlay Shire	\$260.00
1970 The Music	McKinlay Shire	\$2,400.00
Celebrating QCWA Nelia Mosaic	Nelia CWA	\$9,900.00
The Untold Story of Julia Creek	Storey Players	\$5,604.00
TOTAL		\$26,358.00
GRAND TOTAL		\$49,360.05



Programme Highlights Continued

ELEMENTS COLLECTIVE

Hip Hop Workshops and Performances delivered a fun and active July School Holiday program in Julia Creek .



DRAWING WITH DETERMINATION

Drawing with Determination workshop with artist Scott Maxwell in Julia Creek.



Drought Funding

Council secured funding from the Queensland Governments Community Drought Support Package. The funds were for the distribution of funds to local community organisations in drought declared communities who will provide the delivery of a range of local community events and activities that contribute to connectedness, social well-being and increase access to support services.

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

Julia Creek Amateur Swimming Club	\$5,000	CSA Town vs Country	\$5,000
Julia Creek Campdraft	\$4,500	Julia Creek Hospital Auxiliary	\$1,000
Julia Creek Pony Club	\$6,450	Lions Ladies Auxiliary	\$3,500
QCWA Nelia Branch	\$1,000	Julia Creek Primary P&C	\$5,000
Sedan Dip Sports & Recreation Inc	\$8,500	QCWA McKinlay Branch	\$2,456
McKISSA	\$1,000	McKinlay Shire Cultural Association	\$5,000
McKinlay Shire Community Christmas Tree	\$2,641.45	School Holiday Activities	\$4,149.78
Julia Creek Dirt & Dust Festival	\$5,000	McKinlay Races	\$5,000
Saxby Round Up	\$5,000		



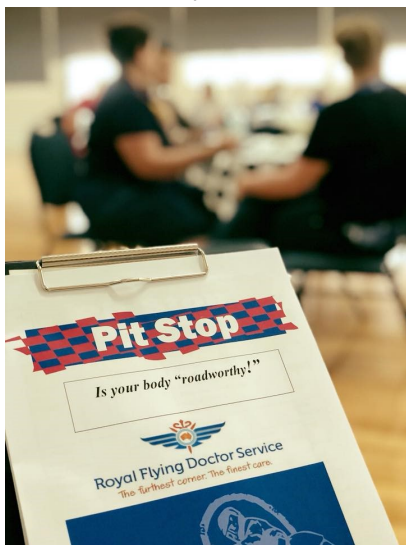
Community Health



McKinlay Shire Council in partnership with the North West Hospital and Health Service (NWHHS) support the provision of a Community Health Nurse position in the Julia Creek Community.

It is a generalist role, and covers such areas as aged care (including monitoring of vital signs, wound care, medication management), post hospital-discharge follow-up, health assessment and screening, patient/client advocacy, health education and health promotion.

Regular home visits to CHSP and non-CHSP clients continued throughout the year with a number of health promotion activities slotted in the busy schedule.



Health Promotion activities from July 2017 to June 2018 included:

- Supporting the Dying to Know(D2K)Day Campaign and discussing end-of-life care planning at the Bush Dinner
 - Promotion of Stroke Week
 - A health talk and blood pressure testing session at the Julia Creek Library in support of Stroke Week
 - Introducing the My Health For Life (MH4L) program via a visual display at the Library
 - Organisation of an 8 week walking group
 - RUOK? campaign promotion
 - Conducting health checks for the MH4L program as well as promoting RUOK? Day to the local Ergon employees
 - Procuring oral health education resources for the Early Learning Centre from Colgate-Palmolive
- Collaborating with the visiting Exercise Physiologist to deliver hydrotherapy sessions at the Julia Creek pool for CHSP clients
 - Community Nurse participation in the *Heart Foundation Health Professional Ambassador Program*
 - Hosting a day-long 'PIT STOP' health check at the Shire Hall, in conjunction with the RFDS, in May 2018. This free event was open to community members over 18 years of age, and invited them to put their bodies and minds over the pits, like they would do with their car if it needed a service.

Community Nurse 'Occasions of Service' (OoS) for CHSP clients averaged 147/month for the FY 2017/18, while non-CHSP OoS numbered just over 22/month for the same time frame.

The Community Nurse continues to work closely with the CHSP Coordinator, the local Doctor, the McKinlay Shire MPHS and North West Remote Health (NWRH) to provide an optimum level of support for the health needs of the Shire's residents and visitors.



Julia Creek Commonwealth Home Support Programme (CHSP)

CHSP in McKinlay Shire has still been going strong following the changes from our old HACC program to CHSP. Our funding for Support & advocacy which was to cease early 2017 was extended until the 30th of June 2018.

The Commonwealth Home Support Programme is targeted at the older people (people aged 65 years and over or 50 years and over for Aboriginal and Torres Strait Islanders) who need assistance with daily living to remain living independently at home and in the community. In certain circumstances services may be provided to people outside the identified groups.

Some of the services that McKinlay Shire CHSP provide are transport, home maintenance, home modification, domestic assistance, social support for individual, social support group, nursing care and Meals on Wheels.

Some of the activities and outings the CHSP clients have been on throughout the year include:

- Trip to Winton – visiting the Waltzing Matilda Centre & the Australian Age of Dinosaurs
- Biggest Morning Tea at Julia Creek State School
- ANZAC Day Commemorations
- Lions Ladies Christmas Luncheon
- Halloween Morning Tea



Sport & Recreation

The past year has been another busy period for the community with a variety of sport and recreational events taking place. Annual events such as local Turf Club meetings, Julia Creek Campdraft, Dirt N Dust Festival, Saxby Round Up, Sedan Dip Races, Rodeo & Campdraft, and Town vs Country Rugby League/Netball were again successful. These events provide an opportunity to bring the community together and all volunteers involved should be commended on their efforts. Additionally, via funding obtained through the Commonwealth Games Legacy Program, Council was able to host 'Julia Creek's Outback Bushwhack' where participants completed a 7 kilometre 'tough-mudder' inspired obstacle course around the nature trail. The event received outstanding support and reviews from those involved and it is hoped that the event become a regular addition to the calendar of events.



Council continued its strong involvement with the Julia Creek State School, Julia Creek Early Learning Centre and Mount Isa School of the Air by providing assistance and co-ordinating a number of programs. *Sports Awareness for Kindy Kids* involved improving the younger children's gross motor skills and introduce them to a variety of sports. Support with athletics, cross country, swimming carnivals and Under 8's was provided, as well as helping organise Blue Light Discos, participating in *National Walk Safely to School Day* and conducting a bike safety program. *Bike Muster* involved Council liaising with the Queensland Police Service and roughly 30 students and teaching them the importance of safely navigating to and from school on their bicycles with an emphasis placed on road rules and respecting other road users.

Additionally, funding from *The Sporting Schools Program* allowed after school sporting activities for students to take place three afternoons a week and provided an opportunity to gain and improve skills in swimming, triathlon, cricket, athletics, soccer, netball and touch football just to name a few. The program had approximately 30 students engaged each term. Furthermore, Council offers a School Holiday Program at the conclusion of each term which allows children the opportunity to participate in a wide range of activities. This year some of these included swimming, cooking, Go Cart Making, Christmas craft, laser tag, movie days, Mount Isa trips, fun survival activities, fishing trips and whip cracking workshops.

Council also aims to provide and support a variety of sport and recreation opportunities to the whole community through the utilisation of the Daren Ginns Centre, Kev Bannah Oval and Indoor Sports Centre. The Daren Ginns Centre continues to be a great asset to the Shire as it allows users to exercise out of the often harsh weather conditions and also is an advantage in attracting members of the transient workforce. The Daren Ginns Centre currently has 71 financial members and is utilised once a week by members of the Commonwealth Home Support Program to improve functional strength and movement for falls prevention. Funding provided through the *Get Out Get Active* program allowed a series of 8 week classes for women over 50, circuit classes for children and general strength and conditioning classes for all.



With the assistance from Queensland Cricket we were fortunate enough to run the *Get in 2 Fun Get in 2 Cricket* program which involved the delivery of seven (7) cricket sessions for children where they received a backpack, shirt, hat, bat, ball and water bottle.

Social sport is conducted three nights per week and activities include oz-tag, touch football, tennis, netball, soccer and volleyball and attracts up to 30 participants. The Julia Creek Saints also compete in the Mid-West Rugby League competition with both juniors and senior teams taking part. The juniors are combining with Richmond to play matches against Hughenden with a nucleus of keen players making regular trips to Hughenden and Richmond. The men's rugby league team also played several matches against Richmond and Hughenden throughout the year which was well supported by the community. Additionally, this year the Julia Creek Whipettes were formed which consisted of a group of local women coming together and learning the skills of rugby league and rugby union with their goal to play at the Hughenden Rugby 75.



Library

The library continued to be a great community hub for a range of activities throughout the 2017/18 financial year.

The services and activities on offer included: Broadband for Seniors, Supervision of University Exams, Book Week 'Recipes are Reading', Friday Library for primary school children, Kindy Kids reading and school holiday activities.

School holiday activities also got tech savvy this year with sphero robotics and Augmented Reality activities.

The loans for this year totalled 5,047 or 97 per week. However this does not include the members loans of ebooks and eaudio books borrowed by our members, which we have quite a number of members who continue to enjoy this service.

Our visitor numbers for the year were 22, 009 or an average of 423 visitors each week.



Middle School

With 2017 being the final year of the three year agreement between Council and the State Government to deliver a Remote Learning facility in Julia Creek, Council liaised with the State and successfully had the agreement extended to cover 2018. This was much to the relief of the existing families using the facility. The facility enables children in years 7 to 10 enrol through Mount Isa School of the Air and complete their school work in a classroom at the Julia Creek State School with the assistance of an onsite teachers aide. In 2017, 3 children from 3 families benefited from having the option to have their children remain in the family home whilst completing their middle school education. Council believes this is one community service that can really help sustain, attract and retain members of our community.





Julia Creek Early Learning Centre

The 2017/18 financial year saw an increase in enrolments and our first day running at full capacity. The utilisation of the service has increased significantly requiring us to advertise for additional permanent staff. Sadly, recruiting qualified Educators to remote communities, such as Julia Creek, is proving to be difficult. However, we have been able to maintain ratios for current bookings and have been able to provide for the majority of care needs for the shire. We have families driving in from as far as 100kms away to attend the service. We are proud that we are able to provide a valuable service to the community that allows children the opportunity to learn and develop valuable skills in a collaborative, cooperative and enriched environment along with their peers.

The Centre welcomed children from 12 months old at the beginning of 2018 in an effort to meet the growing and changing care needs of the Shire and increase the viability and sustainability of the service. This in turn, has created more enrolments at the service.

In 2018 the Early Learning Centre was chosen to host a Residential School for students studying their Certificate III in Children's Service and their Diploma of Children's Services along the Western corridor. This included a Centre visit. QCOSS ran the residential and was keen to have the students come and visit the Centre, engage in professional discussions about children's learning and development and discussions about planning decisions. We were very proud that our Service is held in such high esteem by the training organisation and are proud of the efforts of our team of educators to make it so.

The children continue to engage with nature, enjoy the outdoors and explore their own thoughts, Ideas and investigations through loose part play, risk taking and collaborative learning experiences.

The Educators have engaged in a range of professional development opportunities including a full day work shop in October 2017 focusing on rethinking behaviour and intentional teaching practices. Some educators also attended an inclusion in practice workshop in Mount Isa.

This year the fundraising committee, "Kids of the Creek INC", was successfully incorporated meaning we were able to begin fundraising for much needed resources. Through the much appreciated efforts of our committee and families we held 2 successful fundraising events a Bush Dinner and, a drinks stall at the QLD day markets. The Committee also received donations from the Lions Ladies and McKinlay Shire Council meaning that the committee was able to purchase resources for the Centre that were suitable for the babies. This was much needed and appreciated as 2018 was the first year we accepted children that young.



Tourism

For the year ended 30th June 2018, we have observed increases/minor consolidation of numbers of in visitors and guests across a number of our facilities and events as follows:

- Julia Creek RV Friendly Site – 14.79% increase in RV permits issued in 2017/18
- Julia Creek Caravan Park – 18.71% increase in Caravan Park guests in 2017/18
- Julia Creek Caravan Park Bush Dinners – 0.69% decrease in numbers in 2017/18
- Julia Creek Visitor Information Centre – 1.80% decrease in numbers in 2017/18



Awards 2017/18

Throughout 2017/18, we had a bumper year across the State and within the Outback Queensland region whereby we collected five awards for our efforts in tourism. We attribute a lot of this success to the excellent cohesion between Councillors and staff and to the support shown by the community towards tourism particularly with initiatives such as, Bush Dinners and the exciting calendar of annual events hosted across the Shire.

Outback Queensland Tourism Awards

Local Government Award for Tourism: McKinlay Shire Council

Visitor Information and Services: Julia Creek Visitor and Information Centre

Destination Marketing: McKinlay Shire Council



Queensland Information Centre Association

Tourism Excellence Award:

Julia Creek Visitor Information Centre

Marketing Award (Runner Up):

Julia Creek Visitor Information Centre

The Tourism Team

In 2017/18, we bid farewell to Tourism Officer, Katrina Harling, after nearly 10 years' service at McKinlay Shire Council. We sincerely thank Katrina for her service to the Shire over the last decade. We welcomed Michelle Sollitt to the role of Tourism/Community Casual. Furthermore, we were pleased to welcome Marg and Phil Charlier as the new Caravan Park Managers following Sue and Steve Ash's return to the Gold Coast. We thank Sue and Steve for their commitment to the Caravan Park over a number of years particularly throughout the process of the renovations and expansions at the Caravan Park.



McKinlay Shire Council Tourism Initiatives

Visitor Nights

Overnight visitors to Council-owned facilities (Julia Creek Caravan Park and Julia Creek RV Friendly Site) totalled 11,589 in 2017/18 compared with 9,847 in 2016/17 – a 17.69% increase between financial year figures. Julia Creek RV Friendly Site figures tell us that our guests are staying longer with a swing in visitors staying longer than one night which is exceptionally encouraging that various tourism initiatives are resulting in visitors extending their stay.

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	4.57%
2017/18	8,647	2,942	11,589	17.69%



Five Year Tourism Plan (2017-2022)

In November 2017, we signed off on a five year Tourism Plan put together in consultation with Mark Olsen from EarthCheck. We set ourselves a vision of "By 2022, McKinlay Shire's extra overnight visitors will support investment in new commercial tourism products each year." Our innovations and daily actions are guided by this plan to ensure we have our end goal in sight.

Julia Creek Caravan Park \$1 million Plus Upgrade



Council have invested over \$1 million into the Julia Creek Caravan Park which includes new amenities, more drive-through sites, improved landscaping and Artesian Bath Houses. The addition of six new drive-through sites has been welcomed by many travellers.

Artesian Bath Houses at the Julia Creek Caravan Park

The therapeutic properties of a soak in the naturally heated water are well-known. In 2017/18, Council unveiled eight artesian bath at the Julia Creek Caravan Park. Here our guests can enjoy the stunning outback vistas whilst indulging in a cheese platter or a refreshing beverage of choice. Demand has certainly exceeded expectations with the baths routinely being fully booked and Caravan Park bookings increasing by 18.71% between 2016/17 and 2017/18. In just a few short months, more than 3500 guests have enjoyed an artesian bath.



VR Mustering Experience at the Julia Creek Visitor Information Centre

We created the first experience of its kind to simulate mustering in cattle country at the Julia Creek VIC via virtual reality headsets. Visitors can immerse themselves in a 360 degree view of a day's mustering – an experience that is not accessible by our Shire's visitors yet is our primary industry, our major employer and our way of life. We are so proud that we have the platform to showcase this aspect of our lives to the masses.

Queensland Rugby League Game in Julia Creek

On 22 July 2017, Julia Creek hosted its first ever Queensland Rugby League (QRL) game with thanks to a \$250,000 investment by Council in the football grounds, clubhouse and amenities block. The upgrades were done to QRL standards thus enabling a higher standard of football to be played in Julia Creek. The Souths Logan Magpies and the Tweed Heads Seagulls travelled to Julia Creek for the game which attracted a huge crowd.



New Park Play Equipment and new Water Park



To enhance liveability for locals and to better cater to the family travel market, McKinlay Shire Council unveiled a number of new attractions in 2017/18 including new playground equipment in three parks across the Shire. Council also developed a water park and water slides at the Julia Creek Swimming Pool.



Improved Access to the Julia Creek RV Friendly Site

In February 2018, Council completed sealing of a 1 kilometre access road between the Julia Creek town centre and the Julia Creek RV Friendly Site thus greatly enhancing access to this popular tourism hot spot.



Julia Creek Caravan Park Bush Dinners

Throughout 2017/18, there were 1878 meals served at the Julia Creek Caravan Park Bush Dinners. This has decreased by just 0.69% from 2016/17 whereby 1891 meals were served. Bush Dinners are not only an outstanding experience for guests to our Shire, they are also a valuable opportunity for local not for profit groups to raise funds and for local businesses to prosper from local purchasing of catering supplies.





At the Creek

Visitor Information Centre Statistics

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Jul	1134	939	1177	2054	2172	3129	2583	3094
Aug	897	743	1050	1503	1731	2628	2053	2336
Sept	540	427	496	813	915	1347	1534	1128
Oct	167	220	231	262	203	655	521	490
Nov	106	69	94	125	120	211	235	157
Dec	47	34	78	58	81	90	115	141
Jan	48	71	92	50	230	119	166	116
Feb	51	66	65	85	108	200	172	175
Mar	101	105	55	105	234	236	290	230
Apr	182	240	509	523	553	605	608	836
May	328	381	857	844	1044	1127	1257	1050
Jun	459	638	1371	1388	2047	2304	2241	1810
Total	4060	3933	6075	7810	9438	12651	11775	11563





mckinlay_shire_council



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Liked by localgovqld and 47 others

mckinlay_shire_council A stunning rainbow photo by @lex_prior_photography taken at Julia Creek, Western Queensland.

Where is your favourite location for photography in Australia?

#cairns #townsville #mackay #rockhampton #camera #photographer #photography #colour #exposure #composition #rainbow #doublerainbow #juliacreek

#Repost @lex_prior_photography



All 694 500 166 22 4 2

< juliacreekqld ...



286 posts

1,095 followers

427 following

Message



Julia Creek Visitor Info

Community

Julia Creek - Outback Qld. Visitor Info Centre (07)

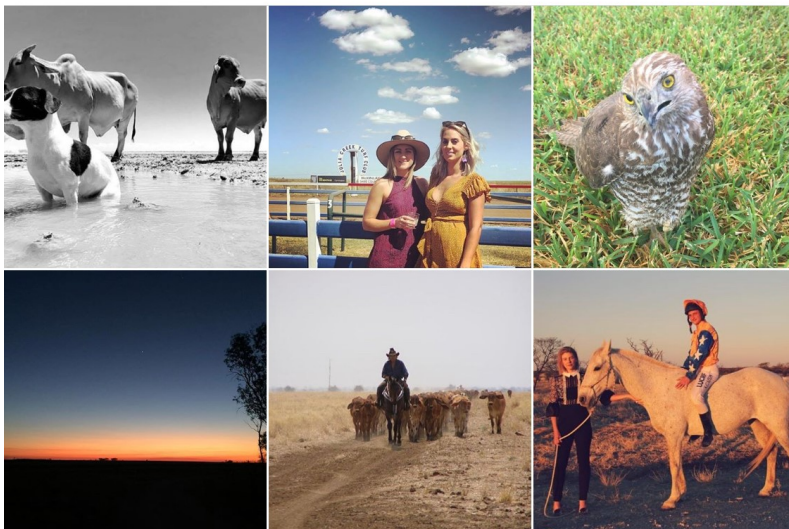
4746 7690 #juliacreek for repost here.

tourism@mckinlay.qld.gov.au

www.atthecreek.com.au/

Followed by crackupsisters, godierscoffeebar, harshmellowmedia + 23 more

[Email](#)



Social Media Insights

	Likes as at 30/06/15	Likes as at 30/06/16	Likes as at 30/06/17	Likes as at 30/06/18	Increase in past 12
Julia Creek Visitor Info Centre Facebook Page	588	1237	2188	3096	41.50%
McKinlay Shire Council Facebook Page	1267	2528	3283	4301	31%
@juliacreekqld Instagram Account	500	801	1040	1100	5.77%



Corporate Services

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

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.

Council's 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:

- Advanced CPR
- Senior First Aid
- Certificate III Children's Services
- Diploma Children's Services
- Management for Superintendents
- Bronze Medallion
- Pool Lifeguard
- Certificate in Asset Management Planning
- Airport Reporting Officer
- Airport Managers Course
- Project Management Fundamentals
- CHSP – Professional Boundaries
- Animal Management
- Authorised Persons
- Traffic Control Management
- Workplace Drug Testing
- Best Practice Performance Management
- Legal & Practical Response to Child Abuse Training
- National Quality Standard Inclusion in Practice
- Rethinking Children's Behaviour" and "Intentional Teaching- the what and how"

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:

- Library Public Internet Access Policy
- Anti-Discrimination & Equal Employment Opportunity Policy
- Code of Conduct
- Performance & Misconduct Policy
- Arts & Cultural Policy
- Public Interest Disclosure Policy
- Debt Policy
- Investment Policy
- Procurement Policy
- Active Community Policy
- Community Grants Policy
- Revenue Policy
- Commonwealth Home Support Programme Fees Policy

Human Resources

The objective of Human Resources is to promote the harmonization of the organisations people and Councils values to ensure that staff are provided the support and development necessary to achieve job satisfaction and deliver quality and innovative services to all customers.



Gender Balance

Gender Balance	Male	Female
Executive/Managerial	2	1
Professional		
Community and Personal Services	1	10
Clerical & Administrative	2	9
Machine Operators	10	1
Labourer/Unskilled	11	7
Trades	3	0
Team Leaders/Supervisors	6	2
Total	35	30

Employees at a Glance

Workforce/Total number of employees

Permanent	43
Permanent Part-Time	7
Contract – Executive & Managerial	3
Contract – Other	3
Casual	9

Employees Departed

Employee Initiated Separation	24
Employee Turnover rate	36%

Employees Recruited

Internal	12
External	18



Remuneration Packages

Section 201 of the Local Government Act 2009 requires Council to report on the total remuneration packages payable to senior management. These details are as follows:

Total Remuneration Package	Number of Employees
\$100,000 - \$200,000	3





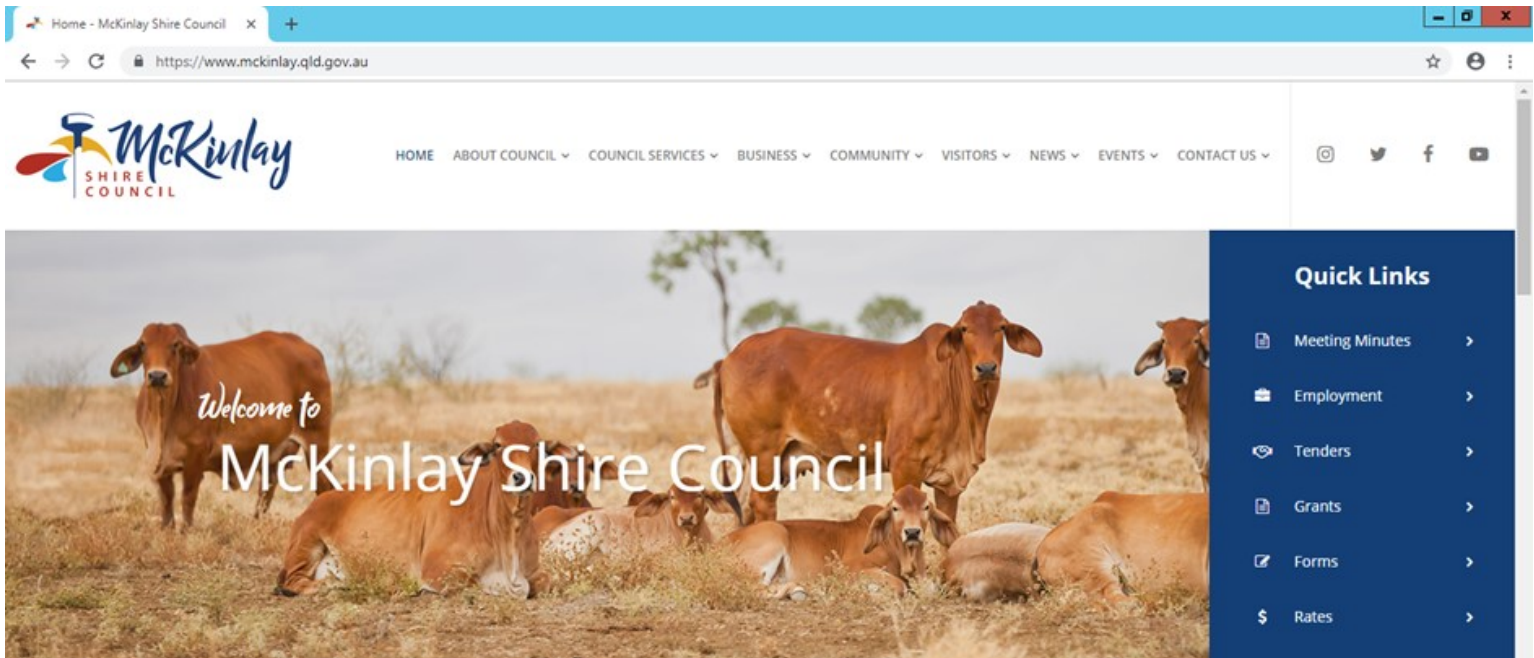
Economic Development

Economic Development Plan 2018-2022

Council engaged AEC Group to develop its five year Economic Development Plan (EDP) for 2018 to 2022. The aim of the plan is to provide opportunities that value-add and build resilience in the Shire's three core economic pillars – cattle, tourism and mining, as well as identify new opportunities and strategies to improve the economic sustainability of the Shire. The EDP highlights the resources needed to create a sustainable and competitive community that can respond effectively to changes in demographics, the economy, workforce, technology and climate. It identifies the collaboration and partnerships needed to support a whole-of-Council and community vision for economic development and constructive steps to achieve positive economic development outcomes. The Plan is available for viewing and downloading on Council's website.

New Council Website

Council updated its website platform and design to bring a fresh and modern look to our online content. The website includes the new version of the logo and corporate colours. The content also now functions better on mobile and tablet devices. It is hoped that the new website is more user friendly and easier to navigate to find information.



Advancing Regional Innovation Program (ARIP) 2017-2018

Council partnered with Remote Area Planning & Development Board (RAPAD), South West Regional Economic Development (SWRED) and Local Government Organisation of Queensland (LGAO) to secure ARIP funding (Advance Queensland) for three years to deliver a range of digital innovation initiatives. The Collaborative Action Plan identifies, supports, encourages, connects and enables regional entrepreneurs, business leaders, key industries and councils to build a sustainable and innovative outback Queensland.

Digital Innovation Launch Day

On Tuesday 20th March Council hosted its Digital Innovation Launch Day in Julia Creek. The event brought together a range of presenters, from business people with in-region online success to tech wizards, who showcased current digital technologies and future trends to 30 participants.

Keynote presenter, Tim Gentle of *Think Gentle*, wowed the group with his virtual reality experience. Through a headset participants were able to control and zoom in on google maps and enter local businesses in Julia Creek that were programed the day before. Tim's own FarmVR experience was also on display which brings viewers into different farming worlds in a 360 degree virtual perspective. The education session brought dinosaurs and animals to life through augmented reality (AR) that educators can reproduce in the classroom or at home with the kids for free. The business workshop taught local businesses some low-cost marketing tools and created an improvement list for businesses to take away and implement.

Lyn Thompson from *State Library of Queensland (SLQ)* demonstrated robotics Sphero and NaoBot for the participants and local school children. From this SLQ will be sending out a robotics kit for the upcoming school holiday program.

Shelly Hawkins launched her own tourism business, *Trek West*, near Camooweal and spoke about the challenges and lessons to others thinking of diversifying from cattle property operations into tourism.

JoAnn Resing of Department of Agriculture and Fisheries, Queensland (DAF) presented on 'Getting better internet for business and staff'. JoAnn encouraged everyone to utilise Better Internet for Rural, Regional & Remote (BIRRR) to help improve their connectivity and said to think of internet as a utility – you get what you pay for.

Daniel Johnson delivered a video message on behalf of RAPAD, our funding partner. Daniel is the entrepreneur in residence and encouraged everyone to take advantage of www.outbackhubs.com.au which delivers online workshops and courses for people in region.



Mark Middleton from *FarmBot* had their Water Monitoring device on display and explained the simple steps of the self install and monitoring from your tablet device. This solar powered product operates on GPS and/or mobile signal so it can be used remotely.

Annabelle Woods of cattlesales.com.au enlightened us on how her cattle advertising website idea came about. The Dajarra mum and cattle property manager took us on a personal journey from where they began to where they are today, along with all of the lessons and tips for others thinking of launching a similar start-up. The key message – there is never a good time to start so just go for it.

This experience was put on to expose the community to new trends in the big digital world and inspire people to take the next step in their digital and business journey.

Myriad

Once a year, the world's most influential thinkers and tinkerers, entrepreneurs and experts, rebels and renegades descend on Brisbane. The world is hungrily searching for the next brilliant person or project to invest in, and at Myriad there's a wealth of talent and entrepreneurial spirit creating an unprecedented direct link to Silicon Valley.

Local woman Nyssa Currin secured a travel bursary through RAPAD to attend the 2018 Myriad festival and here is her response to the event.

"Wow! Just wow! Technology is endless and has huge potential! To go to a conference and hear what some of the great minds of the world are working on is incredible (you might find a lot of superlatives are used from here on in so be prepared), it also leads me to believe not quite enough people have watched "Terminator", or "I, Robot". There are now some Justice Systems in the USA determining some of their sentencing of criminals from Artificial Intelligence which calculates the percentage chance of re-offending. In doing so, they're realised that there can be artificial stupidity, and that just because they don't tell Artificial Intelligence systems about Racism and Sexism, doesn't mean that it won't turn up in the system. So they're finding they actually have to explain these sections to the AI so that it doesn't inherently have them built in.

Google Maps are now working with more Game Developers to make it easier for them to develop games in the "real" world. And not just in cities, but anywhere where there has been a google car. The potential for tourism apps to be built around these is endless, can you imagine having an app for tourists driving around the outback, looking for QR codes that tell them some off the track places to go as local tips.

There are people who are looking to use Block Chain Technology (this tech is part of crypto currencies) to develop an online trading system for electricity so as to lower the cost for those who aren't able to afford or haven't access to solar or other green energy's. People have realised that as more people change to solar power & other green energy's, the recoupment of cost for the infrastructure that needs to stay there regardless of the number of users; increases the cost of electricity for those left on the grid. Much in the way that in the early days of the internet there were minimal providers, there are minimal providers of electricity, so they're trying to open this up so that they can pay for the infrastructure, but also have transparency and then lower prices overall.

So these are some big picture things, but then you've other people like Steve Baxter (you might remember him from such shows as Shark Tank) who argues that the development of High speed Internet in the regions is the biggest and most important thing since building roads. He's working on a number of different things in private industry as well as government to see this happen.

There was so much there, that it was impossible to see it all, and it was impossible to take it all in. At the end of each day my mind would be blown! This was an incredible opportunity and I'll be doing my best to be back there next year!"





Youth Activities

As part of the ARIP initiative Council organised a range of technology focused activities for our primary school kids. The State Library of Queensland provided the Julia Creek Library and Julia Creek State School coding and robotics kits. In partnership with Code Club Australia, the State School took part in a pilot program and started up their own coding club of which they had ~40 kids participate. Fiftysix Creations were also engaged to deliver a creativity and virtual reality workshop for all local students. The kids that attended came up with concepts to start their very own business or social change movement and delivered a presentation (shark tank style) to their parents, peers and panel of judges. The kids also built their own cardboard virtual reality headset to take home.





Engineering and Works

The Engineering Department delivers the following services to the McKinlay Shire community.

- Airport
- Natural Disaster Relief and Recovery Arrangements (NDRRA)
- Parks & Gardens
- Roads
- Sewage
- Water
- Work Shop

Airport

Julia Creek Airport runway lighting



Council provides four maintained strips within the Shire; Julia Creek, Kynuna, McKinlay and McKinlay Emergency.

Julia Creek – This is a certified airport that has regular passenger services three days a week. The airport has a 1400m of sealed runway, apron and taxiway with a small terminal.

Julia Creek Pavement and Lighting Upgrade

The full runway had previously been resealed in 2004 and undergone further repairs in 2015. However since these works, depressions had formed resulting in the runway becoming non-compliant.

Council received funding through Building Our Regions targeting infrastructure for Local Government projects to fix the depression that impacted on compliance.

The pavement component of the project was undertaken in October and Practical Completion achieved in November. The primary lighting upgrade including cabling commenced in March.

Kynuna – Council maintains a formed dirt runway generally for emergencies. This is 1100m long and is used by the Royal Flying Doctor Service (RFDS) and occasionally by local graziers. This runway is inaccessible during wet weather.

McKinlay – Council maintains a formed dirt runway generally for emergencies. This is 1100m long and is used by the RFDS and occasionally by local graziers.

This runway is inaccessible during wet weather.

McKinlay Emergency – Located on Cannington Road, this is a back-up runway used if the McKinlay runway is inaccessible due to wet weather. This runway requires the road to be shut by Queensland Police and is used as an emergency runway by the RFDS only. The runway is in a flood plain and access can be cut during rain events.

Parks & Gardens

Parks and Gardens look after the maintenance of vegetation and beautification of the Julia Creek town area; this includes watering, mowing, slashing, whipper snipping, pruning, fertilizing, weeding and cleaning of Council's parks, gardens, reserves, buildings and airport. This team also assists community services for the setup of community events. They also assist with water breaks/leak repair.

Council also has a small crew located at McKinlay that services Kynuna and McKinlay that looks after the small parks, gardens and reserves. Nelia is maintained by the Julia Creek Work Camp.

Workshop

Council's workshop is responsible for the replacement and servicing of Council fleet, plant and equipment. Currently 113 separate items of plant ranging from graders and generators to ride-on lawn mowers are serviced. This is a diverse area that is setup to do remote services and to make their own parts if required. Items of plant are re-fuelled in the field by Workshop personnel.



Roads

Roads are the largest asset group in Council with a total of 2041 kilometres of Shire roads and 409 kilometres of State Government roads. Road infrastructure works including construction and maintenance account for over half of the Council's annual budgeted expenditure. Under the maintenance program, all gravel roads in the Shire are graded at least once each year and some of the more heavily trafficked roads receive additional maintenance in the form of gravel re-sheeting or formation re-builds.

Cannington Road Works – Council has a contract with South 32 Cannington Mine for the repairs and reseal to various sections of this road from McKinlay to Cannington Mine. Capital works are also completed under this agreement.

State (and Federal) Government Roads Maintenance (RMPC) – Council provides a stewardship role for the State Government controlled roads within the Shire. Ongoing maintenance activities including pothole patching, shoulder grading and slashing were carried out on the Flinders Highway, Kynuna Road and Wills Development Road. Council also complete major upgrade and repair works to sections of the Flinders Highway.

Rural Roads – Undergo regular maintenance grades and additional works as required.

Town Streets – Undergo a regular re-seal program to keep a sustainable level of service and quality.

TIDS/R2R/TTC – Council has continued pavement/sealing works on the Nelia-Bunda, Punchbowl and Gilliat-McKinlay Roads. The RV access road was also completed under TTC funding.

McIntyre Park in Julia Creek



RV access road, under construction



Natural Disaster Relief and Recovery Arrangements (NDRRA)

NDRRA is a joint funding initiative of the Commonwealth and State Governments to provide disaster relief and recovery payments and infrastructure restoration to help communities recover from the effects of natural disasters.

Council wishes to acknowledge our local Contractors for the help provided in restoring the network after these events.

Council completed all flood damage restoration works resulting from the 2016 flood event by December 2017

A flood event was declared in March 2018. Emergent works required to re-establish trafficable roads was carried out by Council in the ensuing 90 days. Assessment of all damage was prepared and submitted to Queensland Reconstruction Authority for approval of restoration works which will need to be completed within the next two years.



Kynuna during March 2018 flood event

Sewage

Julia Creek is the only locality in the Shire with a sewer network. This network has two small pump stations located at the Caravan Park and McIntyre Park. A large pump station at Hickman Street pumps all effluent received through the sewers to the treatment plant. The treatment includes rag/grit removal, Imhoff tank, sludge drying beds, a BioKube treatment process and evaporation ponds.

Julia Creek Sewage Treatment Plant Upgrade Stage 1 – Council, in partnership with the Queensland State Government, completed stage 1 of the Sewerage Treatment Plant (STP) upgrade in 2016/17.

The project involved the construction of a 120 kilolitre per day capacity Biokube Treatment System. This new facility was installed to assist the original treatment system that consisted of an Imhoff Tank and two evaporation ponds. Sewage is received from the Imhoff Tank, is further treated by the Biokube package plant and then discharged into a new evaporation pond. Treated water from this pond is of sufficient quality to be used for land irrigation.

Council plans to increase the capacity of the STP with further augmentation of the existing Biokube System next year (Stage 2).

Water

Council maintains water services to Julia Creek, Kynuna, McKinlay and Nelia. These services are regularly inspected and maintained and monitored monthly by Council's Environment and Regulatory Services Department to ensure a sustainable quality service to town residents within the Shire. Julia Creek, Kynuna and McKinlay Shire has back-up generators at the water sources ensuring ongoing water supply during power outages, these are serviced by Council's Workshop.

Julia Creek – Council maintains the town distribution network including supply from four bores and the iconic Julia Creek 'wine-glass' water tower. The water tower assists in maintaining sufficient pressure within the reticulation network.

Kynuna – Council maintains the town distribution network including supply from 2 bores and a raised tank to maintain pressure.

McKinlay – Council maintains the town distribution network including supply from 2 bores and 2 raised tanks to maintain pressure.

During this year, new water mains were installed from the water supply tanks to the township to renew the entire distribution network. The connection of all properties to this network will be completed next year.

Nelia – Council maintains the town distribution network including supply from a single bore. This bore self-flows and no pressure pumps or tanks are installed at the township.

Works for Queensland Program

Council was fortunate enough to receive a second allocation of funding under Works for Queensland through the 2017-19 program. McKinlay Shire was allocated \$1,060,00 in funding through the State Government's funding program. The 2017-19 Works for Queensland (W4Q) program aimed to support regional councils to undertake job-creating maintenance and minor infrastructure projects.

Council allocated the funding towards six (6) projects in the shire for maintenance and minor infrastructure. In accordance with funding guidelines, McKinlay Shire Council engaged local businesses and local trades people where possible. Projects are due for completion by 30 June 2019.



The approved projects:
McIntyre Park Playground Shade
Peter Dawes Park Playground Shade
Kynuna Park Playground Shade
Coyne Street Car Park Shade Structure
Bush Dinner Hut
Sewer Treatment Plan Improvement



Environmental Health & Regulatory Services

Julia Creek Tennis Court after upgrade



Objectives

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

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

Work Camp collecting rubbish



Corporate and Community Facilities

McKinlay Shire Council is proud to be part of a joint initiative between Council and the Department of Community Services, Queensland Corrective Services. Work Camp continued delivering a wide range of projects in and around the McKinlay Shire area. This includes regular mowing and maintenance of community group facilities such as the CWA and churches. Work Camp also delivered a number of other projects over the 2017/18 Financial Year including;

- Preparation and set up for Dirt and Dust Festival
- Preparation for Julia Creek Campdraft
- Preparation for Sedan Dip Races & Campdraft
- Preparation for McKinlay Shire Challenge for CSA
- Maintenance works at the Pony Club
- Remove grandstands and pave area at Swimming Pool
- Installation of new fence around Nelia Land Fill and Cemetery
- Regular maintenance around Livestock Facility and Aerodrome Area

Council Housing Management

Council owns and maintains several houses to provide suitable accommodation for their staff members. Council has an Asset Management System for housing that assists with renewals and scheduled maintenance. Council has a housing policy that outlines the allocation and standard maintained.

Council sold two (2) of its housing stock during the 2017-18 Financial Year by way of tender with one (1) house being demolished to allow for new units to be built on site. Council were successful in obtaining external funding assistance which has allowed us to undertake a Housing Project for the design and construction of 2 x two bedroom units and 2 x four bedroom houses within the township and boost Councils housing stock.

- 2 x Two bedroom units to be built on LOT 9 JC55711 – Shaw Street
- 1 x Four Bedroom house to be built on LOT 3 SP278219 – Netterfield Street
- 1 x Four Bedroom house to be built on LOT 4 SP278219 – Netterfield Street

Disaster Management

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

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

Julia Creek was hit with a storm during the 2017/18 period which activated the local SES committee to assist with tarping of rooves and removal of several trees.

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.



Julia Creek Swimming Pool

Council maintains and operates the Julia Creek swimming pool complex. The complex consists of a small children's pool, a large 25m pool, a splash pad and 2 x slides.

Council received funding through the Works for QLD Program to upgrade the splash pad and install two (2) water slides. These have proven to be very popular with the community and visitors. The installation of new sections of drainage for the pad was installed and the installation of the new water feature's plumbing. The Splash Pad area was complete on the 30/11/17. The Water Slides (Stage 2) followed the Splash Pad areas works and was completed at the end of December 2017. Minor works had continued into 2018.

Local Laws

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

For the 2017/18 Financial Year the following areas were covered by the department; unsightly allotments, waste facilities, pest management, pest weed, vector control (mosquito fogging), assistance with Stock Route Facilities and Reserves with animal management being the primary focus.

New fence and cool water was installed at the Pound Facility under Council's Capital Works Program.

Waste Management

Council manage the waste facilities in Julia Creek, Kynuna, McKinlay and Nelia. A regular kerb side collection service is provided to households with an average weekly volume of approx. 20 cubic metres.

Regular pushing, covering and picking up of rubbish occurs during the year when required by Council Staff. The Julia Creek Work Camp also assists to maintain the facilities to meet the users need by cleaning up wind-blown rubbish when available.

Julia Creek Work Camp

McKinlay Shire Council is proud to be part of a joint initiative between Council and the Department of Community Services, Queensland Corrective Services. Work Camp continued delivering a wide range of projects in and around the McKinlay Shire area over the 2017-18 Financial Year including but not limited to;

- Mowing of various non-for-profit organisations with the Shire
- Assistance with the clean up of all waste facilities within the Shire
- Preparation and set up for Julia Creek Dirt and Dust Festival
- Preparation for various camp drafts and race events
- Regular maintenance around Livestock Facility and Aerodrome Area
- Providing assistance within the Workshop
- Assistance with the installation of various shade sails
- Assistance with the installation of fence around the Sewage Treatment Facility and Nelia QCWA
- Painting of various signs around Julia Creek
- Installation of Footpath at Duncan McIntyre Park Museum
- Assistance with the Cloncurry Merry Muster and Cloncurry Show
- Assistance with various Council Jobs; moving of furniture sanding back of water feature at Library, assistance putting up shade structures for horse paddocks, cut tiles for mosaic, pull down of fencing at Caravan Park and many others tasks of community benefit.

Livestock Operations

The Livestock Centre is a combined, cattle yard and weighing facility operated by Council with a neighboring dip and rail head operated by Department of Agriculture and Fisheries and Aurizon respectively. McKinlay Shire Council coordinates the rail loading on behalf of Aurizon.

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

- 19,768 head of cattle weighed and scanned
- 9,633 head of cattle loaded onto rail transport.



Pest Animal and Plant Control

Pest Animal

Two rounds of baiting were delivered during the 2017/18 financial year

In October 2017, 44 properties participated with a total of 9,590kg of meat treated. In May 2018, 44 properties participated with a total of 12,780kg meat treated. Wild dog scalp bounty saw a total of 50 scalps presented.

2,060kgs of De-Kg was issued during the financial year.

Pest Weed

Council continued to control pest weeds around the Shire, focusing mainly on Council owned or controlled facilities with the following works being conducted during the 2017-18 financial year;

The Mesquite Eradication Program continued on the McKinlay Common along the McKinlay River which took approximately 13 days and 27 men over the period.



Roads that were treated during the year included Cannington Road, Punchbowl Road, Dalgonally Lane, Nelia to Rockvale and Millungera.

The following Prickly Acacia spraying occurred around the Julia Creek township;

Regular spraying occurred along all drains around the Julia Creek township

Behind the Railway Station and around the Town Common

Fox Helicopters were engaged the aerial spray paddock 3 within the DPI Paddock.



Stock Routes and Reserves

Council maintains over 1000 kilometres of the State Government's primary, secondary and minor or unused stock routes along with numerous stock and water reserves throughout the shire on behalf of the State Government.

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

Another key maintenance need is the continued control of weeds in and around the facilities. This requires regular weed control programs to maintain access to the facility.

Council secured funding through the Department of Natural Resources, Mines and Energy (DNRME) Capital Works Program for the following projects;

- Replaced fluming in excavated tank at Kulwin Water Facility
- Buried old tanks, installed new fence around solar panels, bore and turkeys nest and clean out of turkeys nest at Hampden Water Facility
- New fence installed at Na Vista Water Facility
- Pulled down windmill and old fencing at Thandawalla

Council undertook the following works under its Capital Works Program for the 2017/18 Financial Year

- Replacement of tank at the Oorindi Reserve Water Facility
- New troughs installed in the DPI Paddock
- Three new troughs and pipework at Na Vista Water Facility
- Three new troughs and pipework at Longford Water Facility
- Three new troughs and pipework at Kulwin Water Facility



Town Planning

Council is responsible for the assessment of planning applications that are made within the Shire to ensure that they comply with the Planning Scheme requirements. Council as the assessment manager assesses development approvals and monitors building approvals and plumbing works. Council oversees compliance of structures and services within the community in accordance with applicable legislation.

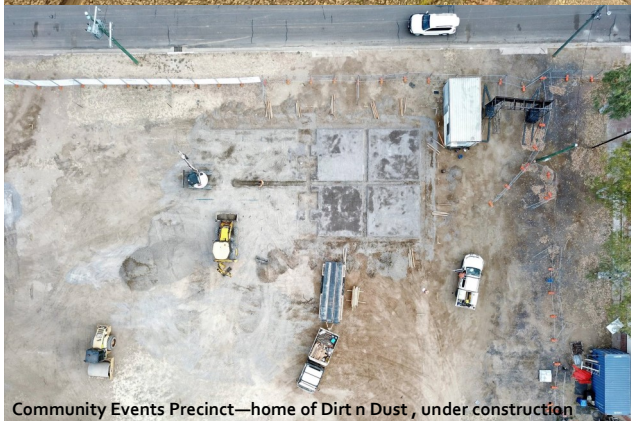
Planning Scheme Update – Council with the assistance from the Department of State Development, Manufacturing, Infrastructure and Planning have completed the Draft Planning Scheme and the plan is now in the Public Consultation Phase. The purpose of the draft McKinlay Shire Planning Scheme is to shape future development outcomes within McKinlay Shire over the next 10-20 years.

The planning scheme is expected to be in full effect early 2019.

Council received four (4) building applications during the 2017-18 Financial Year.



Julia Creek overview



Community Events Precinct—home of Dirt n Dust , under construction



Julia Creek Sewage Treatment Plant



Town Water/Sewage Monitoring

The Environmental Department monitors water quality by undertaking monthly testing of the town water supply in Julia Creek, Kynuna, McKinlay and Nelia as required under the Council's Drinking Water Quality Management Plan. Any perimeter especially the presence of *Escherichia coli* (E.coli) that exceeds the health drinking water guideline must be reported to Regulator.

Julia Creek's drinking water supply contains approximately 3 milligrams per litre of naturally occurring fluoride. This is considerably higher than the recommended limit of 1.5 milligrams in the Guidelines. Council report the exceedances to the Regulator on a monthly basis.

Sewage testing occurs on a monthly basis at the Julia Creek Sewage Treatment Plant in accordance with the requirements of Council's licence issued by the Department of Environment and Heritage.



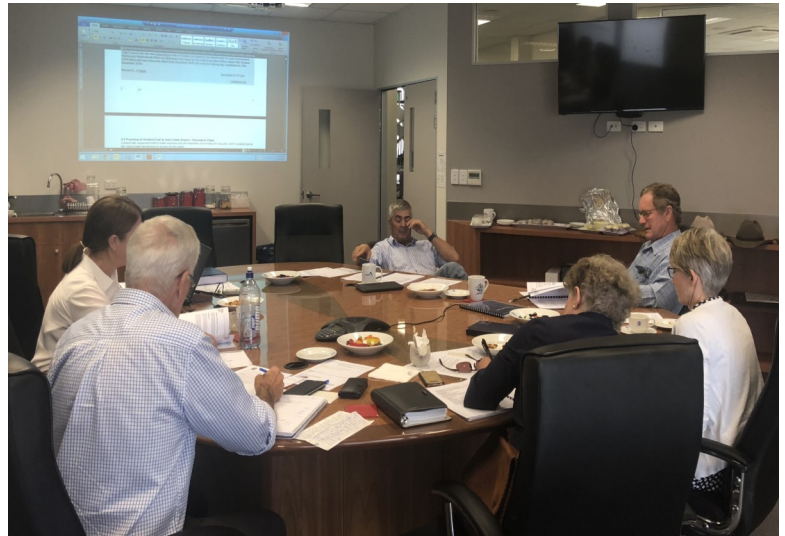
03/ Our Council

Commitment and Passion for our Shire

The role of Councillor is strategic within Council, similar to that of a board of directors for a company.

The analogy between councils and companies would see councillors main responsibilities include:

- Establishing Corporate culture
- Setting and approving strategy
- Setting policy
- Monitoring risk
- Ensuring compliance
- Monitoring executive performance, and
- Accountability



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

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





Elected Representatives

Mayor Belinda Murphy

Tourism, Economic Development and Governance



"Whilst we remain drought declared and local government remains not without challenges our team is performing well overall with many things are being achieved for the community"

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

Belinda met her now husband Wayne Murphy and moved to Julia Creek in 2004 as the Branch Manager for the Queensland Country Credit Union and then became a Senior Manager for McKinlay Shire Council from 2005 - 2010. During this time Belinda completed a graduate degree in Public Sector Management and various Local Government training programs. Belinda has been on many community organisations since moving to Julia Creek and enjoys triathlon training and camp drafting in the North west.

Belinda, now in her second term as Mayor, is passionate about the Shire and the lifestyle that it provides which is only enhanced by the people who reside here. Belinda and Wayne have two children , daughter Madeline and son Liam. In addition to the portfolios Tourism, Economic Development and Governance of Belinda currently holds the position of Chair of the Outback Tourism Queensland, District 12 representative LGAQ Policy Executive

Deputy Mayor Neil Walker

Environmental Management and Regulatory Services

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

"The last twelve months has seen continued change throughout Council. As an elected member of Council I am still fully focused on keeping McKinlay Shire progressing forward. Council is in a sound financial position with budget allowances to keep all aspects of the community functioning into the future. In an environment of ongoing drought that affects all members of community I look forward to a positive change in season and increasing positivity in our Shire as Council endeavours to progress new local projects over the next year."



Cr. Janene Fegan

Health and Tourism

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 Nurses position at the Julia Creek Hospital. It was here that she met her husband Trevor, a local electrician, originally from Milgery Station near McKinlay. Prior to having children she also worked part time at Richmond Hospital. Janene lived on the family property for eight years before moving back to Julia Creek. Janene has four young adult children Calem, Riley, Jesse and Macey. Most of Janene's time is taken up managing their electrical/refrigeration and tyre business, occasional shifts at the hospital and renovating houses.

She has been involved with several committees and community services and currently involved with The Health Advisory Committee, the CAN (Community Advisory Network) Committee, The Julia Creek Dirt and Dust Festival 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.

"The 2017/18 financial year has seen continued upgrades to roads and many infrastructure projects completed within our Shire. Our tourism numbers keep growing with the usual grey nomads and we have noticed an increase in family visitation. There has been a significant growth in numbers staying at the caravan park since the opening of new amenities such as the toilet block and Artesian Baths. This has continued to help local business and encourage new businesses to open.

Council support has continued for many local events which provide social interaction and competition for our community.

Extra funding was confirmed for the new hospital build (MPHS) and although this is a state project, council and the CAN (Community Advisory Network) have worked closely with the department to ensure adequate funding was received for this build. Council continues to financially support the role of the community nurse.

As a low rate-based Shire we are reliant on government funded projects and it is a credit to all operational staff who keep the wheels turning for our Shire. When attending local government conferences and events I have noted the McKinlay Shire is regarded very highly and we should all be very proud of our community and its achievements. I know I am, and it is a privilege to be a representative of the McKinlay Shire."



Cr. Shauna Royes

Community Services and Economic Development

Shauna was born in Julia Creek and raised on Shire properties such as Dalgonly, Canobie, Millungera and six years at Burleigh Station north of Richmond. Schooling consisted of primary correspondence in 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 the president of the Julia Creek Pony Club.

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

"Thank-you once again for allowing me to represent McKinlay Shire. It's great to be part of a pro-active community that continues to strive for sustainability."



Cr. Philip Curr

Roads

Philip has lived in the district all his life apart from going to boarding school, a few trips overseas and working on other cattle properties. The cattle industry has been the main part and focus of his life. He lives on Arizona Station with his wife Tania and has three girls, Charli, Chloe and Mackenzie. Philip was the president of Saxby Roundup for 12 years and in his spare time likes to read and go to a few campdrafts.

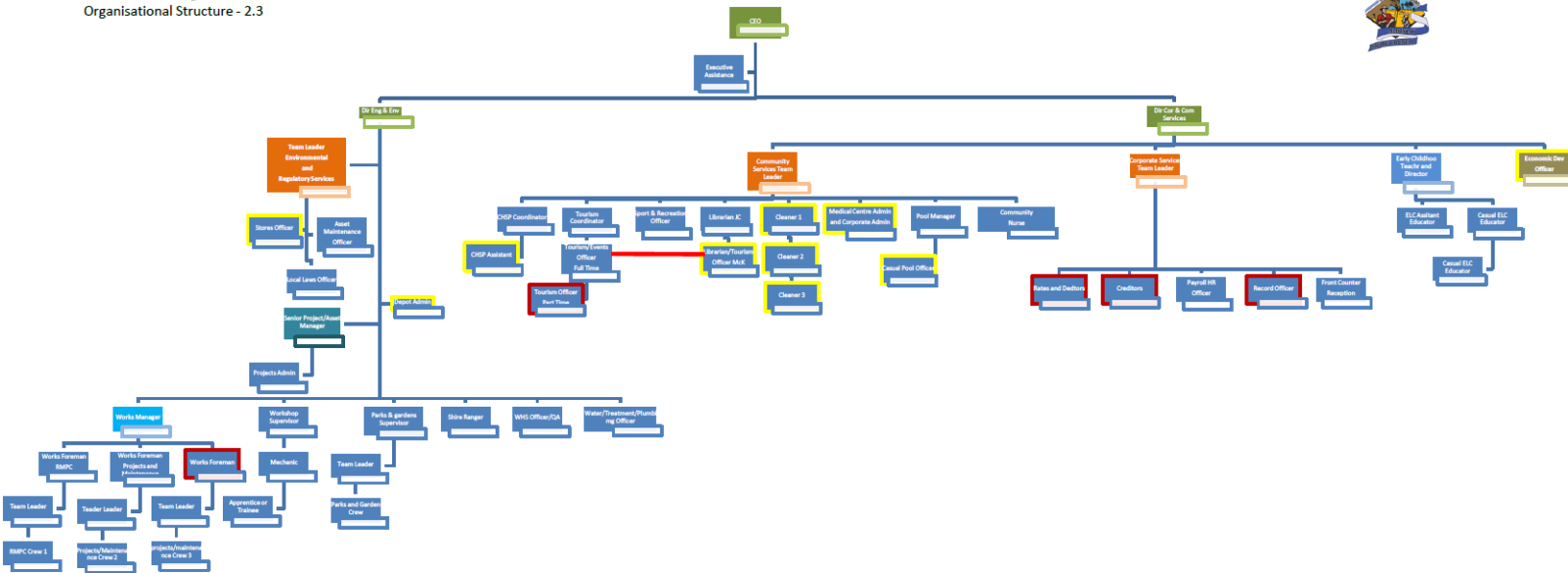
"My aim is to make the McKinlay Shire as livable and prosperous as it can be. I encourage the continuation of road improvement, support those doing business and promote growth and opportunities in the area. I endeavour to be an effective Councillor while still maintaining my sanity!"



Corporate Structure

Our Corporate structure consists of various departments that contribute to McKinlay Shire Council's overall mission and goals. Works, Tourism, Finance, Accounting, Human Resource and Community Services are just a few departments that work within this structure that contribute to a successful Local Government. As per the Local Government Act 2009 'A local government must, by resolution, adopt an organisational structure that is appropriate to the performance of the local governments responsibilities'.

McKinlay Shire Council
Organisational Structure - 2.3





Council Directors

Director of Engineering, Environmental & Regulatory Services,

Andrew Boardman

Andrew Boardman commenced with McKinlay Shire Council as Director of Environment and Regulatory Services in November 2016. In June 2017 Andrew was appointed to the position of Director of Engineering and Regulatory Services. Andrews previous experience working in Consulting, Construction, Local Government, Mining and other Private Business has been an asset to Council. The Director of Engineering and Regulatory Services oversees Asset Management, Building Management, Council's Livestock Operations, Disaster Management, Environmental Health, Feral Pest Animal/Weed Management, Fleet Services, Funerals and Cemeteries, NDRRA Flood Damage Rehabilitation Programs, Parks and Gardens, Planning and Development, Project Delivery, Road Construction Maintenance, Sewerage Services, Stock Routes and Reserves, Waste Management Services, Water Services, Work Camp and Council's Workshop.

After 21 months of working for McKinlay Shire Council in the role of Director of Engineering, Environmental & Regulatory Services Andrew Boardman resigned from Council. We wish him all the best on his next journey and sincerely thank him for his commitment and effort to Council.



Andrew taking part in the
Julia Creek Outback Bushwhack



Julia Creek Airport Upgrade in progress

Director Corporate and Community Services, *Tenneil Cody*



Tenneil Cody commenced with McKinlay Shire Council as Senior Finance Officer in 2009. In March 2010 Tenneil was appointed to the position of Manager of Corporate and Community Services. Tenneil started her career in local government with Croydon Shire Council and with this she brings six years of experience to McKinlay Shire, along with a broad range of executive management, finance and community service skills. As part of her role in Council, Tenneil oversees the Corporate & Community Service areas. Corporate, inclusive of HR, Finance, WH&S, Governance, Economic Development. Community – Community Health, CHSP, Sport & Recreation, Libraries, Swimming Pool, Tourism, Caravan Park, Arts & Culture, Community Support (Sponsorship & Grants). She is also on the Health Advisory Panel and also assists with the McKinlay Shire Response Group (Drought Group). Outside of Council Tenneil is involved with the Sedan Dip Sports & Recreation Inc organisation.

"2017/18 proved to be another successful and busy year for the Corporate & Community Services team, with many projects delivered and goals achieved. All of which couldn't be done without the strategic vision of Council and the committed staff on the ground delivering on these priorities set.

This FY saw two important strategic documents developed and adopted, being the Tourism Plan and the Economic Development Plan. The 5 year Economic Development Plan identifies new opportunities which can value-add and build resilience to our current pillar industries, cattle, mining and tourism. Furthermore, it identifies new opportunities and strategies to strengthen the economic sustainability of the Shire.

With our Tourism numbers growing each and every year the Tourism Plan required updating to consider the changing markets and consider the opportunities ahead.

These documents have both been developed in consultation with not only community but relevant stakeholders so that the visions detailed are documented are shared visions.

It has been yet another fulfilling year for me in my role to see so many projects come to fruition and the positive impacts they have had for our community. Just one example, with the opening of the Artesian Baths prior to the 2018 tourism season brought an 18.7% increase to Caravan Park visitors."





04/ Statutory Information

Transparency and Accountability

Information relating to Councillors

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

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

	Cr Belinda Murphy Mayor	Cr Neil Walker Deputy Mayor	Cr Philip Curr	Cr Janene Fegan	Cr Shauna Royes
Councillor remuneration	\$101,631	\$58,633	\$50,815	\$49,403	\$50,815
Facilities and Equipment Provided	Office, Laptop, Printer				
Facility Communication Equipment Provided	Mobile Phone, Ipad				
Secretarial Support					
Conference and Workshop Expenses	\$5,244	\$1,770	\$525	\$525	\$2,491
Travel (Flights & Accommodation) prior to re-imburements.	\$15,318.60	\$1,476		\$478.69	\$1410.91
Mileage Allowance*					

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

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

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

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

Reporting against Legislative Requirements

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

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

McKinlay Shire Council did not make any resolutions under Section 250 (1) and Section 206(2) of the Local Government Regulation 2012 during the financial year.

Councillor Meeting Attendance

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

Councillor	Ordinary Meetings Held	Ordinary Meetings Attended	Special Meetings Held	Special Meetings Attended
Cr. Belinda Murphy	12	10	10	9 <i>The Mayor declared an MPI for Special Meeting 7th Nov 2017.</i>
Cr. Neil Walker	12	12	10	9
Cr. Philip Curr	12	11	10	8
Cr. Janene Fegan	12	10	10	8
Cr. Shauna Royes	12	12	10	10

Administrative Action Complaints

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. A summary of complaints as required by section 187 of the *Local Government Regulation 2012* is detailed below:

Administrative Actions Complaints Made 2017/18	0
Administrative Action Complaints resolved 2017/18	0
Administrative Action Complaints Unresolved 2017/18	0
Administrative Action Complaints Unresolved (from above) made in 2017/18	0

Council's Expenditure

Council provides support to the local community by providing financial assistance to various community organisation. Grants are provided under Councils Community Grants Policy, which offers support under three funding streams; Community Donations, Community Sponsorship and Community Benefit Assistance Scheme.

A total of 12 Community Grants were approved for the reportable period with a combined total amount of \$94,010.65. McKinlay Shire Councillors do not have a Councillor Discretionary fund for community grants.



Summary of Expenditure on Grants to Community Organisations

Under Section 18g In the Local Government Regulations 2012 Council must provide information on expenditure on grants to community organisations.

Organisation	Amount	Grant Type	Funding pool
Sedan Dip Sport & Recreation	\$18,120	Sponsorship	CBAS, Community Sponsorship
Saxby Roundup Inc	\$13,250	Sponsorship	CBAS
Combined Sporting Association	\$11,100	Sponsorship	Community Sponsorship, Drought Funding
Julia Creek Camp draft	\$13,026	Sponsorship	CBAS, Community Sponsorship
Yelvertoft Campdraft Association	\$2,500	Sponsorship	Community Sponsorship
Julia Creek Dirt & Dust Festival	\$55,000	Sponsorship	Community Sponsorship, Community In-kind, Drought Funding
Julia Creek Amateur Swim Club	\$5,000	Sponsorship	Drought Funding
Julia Creek Pony Club	\$6,450	Sponsorship	Drought Funding
QCWA Nelia	\$1,000	Sponsorship	Drought Funding
QCWA McKinlay	\$2,456	Sponsorship	Drought Funding
QCWA Julia Creek	\$2,968	Sponsorship	CBAS
McKinlay Race Club	\$10,000	Sponsorship	Community Sponsorship, Drought Funding
McKinlay Shire Cultural Association	\$5,000	Sponsorship	Drought Funding
McKissa	\$1,973.30	Sponsorship	Community Sponsorship, Drought Funding
MISOTA Mini School	\$2,390	In-kind	Community In-kind
Julia Creek Hospital Auxiliary	\$1,000	Sponsorship	Drought Funding
Julia Creek Historical Society	\$1,000	Sponsorship	CBAS
Lions Ladies Auxiliary	\$3,500	Sponsorship	Drought Funding
MISOTA	\$543.50	In-kind	Community In-kind
Yelvertoft Campdraft Association	\$2,548	In-kind	Community In-kind
Julia Creek State School	\$174	In-kind	Community In-kind

Current List of Registers kept

Council is required by Section 190(1) (f) of the Local Government Regulation 2012 to detail a list of registers kept by Council. The registers open to public inspection include:

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

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

The information available includes:

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



Kev Bannah Oval in Julia Creek

Code of Conduct

No breaches or alleged breaches of the Code of Conduct for Councillors were reported from 1 July 2016 to 30 June 2017. No complaints were received through Council's General Complaints Process relating to alleged breaches by Councillors.

As required under the Public Sector Ethics Act 1994, McKinlay Shire Council developed and implemented a revised Code of Conduct, in line with the Public Sector Ethics Act 1994 ethics and principals and values. The Code of Conduct is a set of standards and behaviours that guide and direct all Council employees, consultants and contractors. It puts a responsibility with the individual to use sound judgment in the workplace. All Council employees are given access to appropriate training and education on the revised Code and its content, as well as their rights and obligations in relation to contraventions of the Code. The Code of Conduct is included in the employees induction and a copy provided on commencement of employment.

Council's Code of Conduct is available on Council's website and a hardcopy is available at Council's administration Office.

Total number of orders and recommendations made under section 180(2) or (4) of the Local Government Act 2009	Nil
Total number of orders made under section 181 of the Local Government Act 2009	Nil
The name of the each Councillor for whom an order or recommendation was made under section 180 of the Local Government Act 2009 or an order made under section 181 of the Local Government Act 2009	N/A
A description of the misconduct or inappropriate conduct engaged in by each of the Councillors	N/A
A summary of the order or recommendation made for each Councillor	N/A
The number of complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Local Government Act 2009	Nil
The number of complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Local Government Act 2009	Nil
The number of complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Local Government Act 2009	Nil
The number of complaints referred to the department's Chief Executive under section 176C(4) (a) of the Local Government Act 2009	Nil
The number of complaints assessed by the Chief Executive Officer as being corrupt under the Crime and Corruption Act	Nil
The number of complaints heard by a regional conduct review panel	Nil
The number of complaints heard by the tribunal	Nil
The number of complaints dealt with by the Chief Executive Officer under section 176C(6) of the Local Government Act 2009	Nil

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

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

Annual Operations report for each commercial business unit

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

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

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

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

Neutrality Complaints

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

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

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

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

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

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

Rebates and Concessions on Rates and Charges

In accordance with the *Local Government Regulation 2012 Part 10* Council granted a remission equal to 55% of gross rates and charges to property owners who qualified for the current State Government pensioner rate remission scheme. This policy only applied to ratepayers in categories 1 - 4.

Discount

In accordance with *Section 130 of the Local Government Regulation 2012*, a discount of 10% was allowed on all rates and charges (excluding Fire Services Levy) if paid in full including overdue rates and charges before the end of the discount period. The discount period is a period that ends on or before the due date for payment.

Concession	Cost
Pensioner Concession	\$27,482.75
Discount	\$262,638.92

Internal Audit

The Local Government Act 2009 requires Council to have an internal audit function. The purpose of an internal audit is to add value and improve councils operations. It provides a systematic approach to evaluate and improve the effectiveness of risk management and governance processes.

The scope of works for each financial year is set out in an Internal Audit Plan which is endorsed by the Chief Executive Officer and the Audit Committee.

During the 2017/18 year the internal audits were carried out on the following function areas during the year:

- Council Houses & Buildings – Audit covering various aspects of asset management, financial management and general controls and procedures.
- Procurement – specifically tender procurement

In 2017/18 council continued to operate an Audit Committee which is comprised of two Councillors and one external member.

The Audit Committee membership is comprised of:

- Councillor Belinda Murphy (Mayor) – Chair
- Councillor Neil Walker (Deputy Mayor) – Member
- Mr Neil Warner – Member

The committee met once during the financial year.



Useful Contacts

Customer Contact

McKinlay Shire Council
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Julia Creek QLD 4823

PO Box 177
Julia Creek QLD 4823

Phone: (07) 4746 7166
Fax: (07) 4746 7549

Staff Contacts

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Tenneil Cody

Director Corporate and Community Services
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Geoff Hatwell

Director Environment and Regulatory Services
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Email: ders@mckinlay.qld.gov.au

Amy Tinning

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

Councillors

Cr Belinda Murphy (Mayor)

Phone: 07 4746 4223
Email: mayor@mckinlay.qld.gov.au

Cr Neil Walker (Deputy Mayor)

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

Cr Philip Curr

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

Cr. Janene Fegan

Phone: 0429 468 485
Email : Janene.Fegan @mckinlay.qld.gov.au

Cr. Shauna Royes

Phone: 0427 467 666
Email: Shauna.Royes@mckinlay.qld.gov.au

Tourism Information Centre

Phone: 07 4746 7690

Library Services

Julia Creek Library

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

McKinlay Library

Website and Facebook

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



COMMUNITY FINANCIAL REPORT

2017/18

Community Financial Report

for the year ended 30 June 2018

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. 2017/18 Snapshot

Key highlights of the 2017/18 financial year include:

- ❖ Julia Creek Airport – Runway upgrade
- ❖ Nelia Bunda Road – pave and bitumen seal 2.5 kilometres
- ❖ Taldora Road – pave and bitumen seal 7 kilometres
- ❖ Gilliat McKinlay Road – pave and bitumen seal 8 kilometres
- ❖ Julia Creek Swimming Pool – construction of splash pad and two water slides

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 2018.

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 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 ended 30 June 2018

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 2017/18 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2018 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 2017/18

Council's headline "profit/loss" result for the 2017/18 year was a \$2,303,300 loss.

This included the following key financial performance highlights:

- ❖ Completion of the Shire Roads flood restoration works for the 2016 flood event.
- ❖ Write off of Flood Damaged roads from February/March 2018 event.
- ❖ Funding received from the Department of Local Government, Racing and Multicultural Affairs for the Works for Queensland program that supports regional councils to undertake job-creating maintenance and minor infrastructure projects.
- ❖ Funding received for Drought Relief from the Department of Communities, Child Safety and Disability Services to distribute to community groups to assist with their annual events.
- ❖ Funding received from the Department of Infrastructure & Regional Development through the Regional Aviation Access Programme and from the Department of State Development, Manufacturing, Infrastructure and Planning's Building Our Regions program for the Julia Creek Airport Upgrade project.

Community Financial Report

for the year ended 30 June 2018

Council's Result

\$ '000	Actual 2018	Budget 2018	Actual 2017
Expenditure	29,002	15,651	17,782
Revenues (excl. income for capital purposes)	12,403	9,511	21,703
Net Result before Capital Grants & Contributions	-16,599	-6,140	3,921
Capital Grants & Contributions	9,080	11,397	12,566
Increase in Asset Revaluation	5,216		3,056
Net Result	-2,303	5,257	19,543

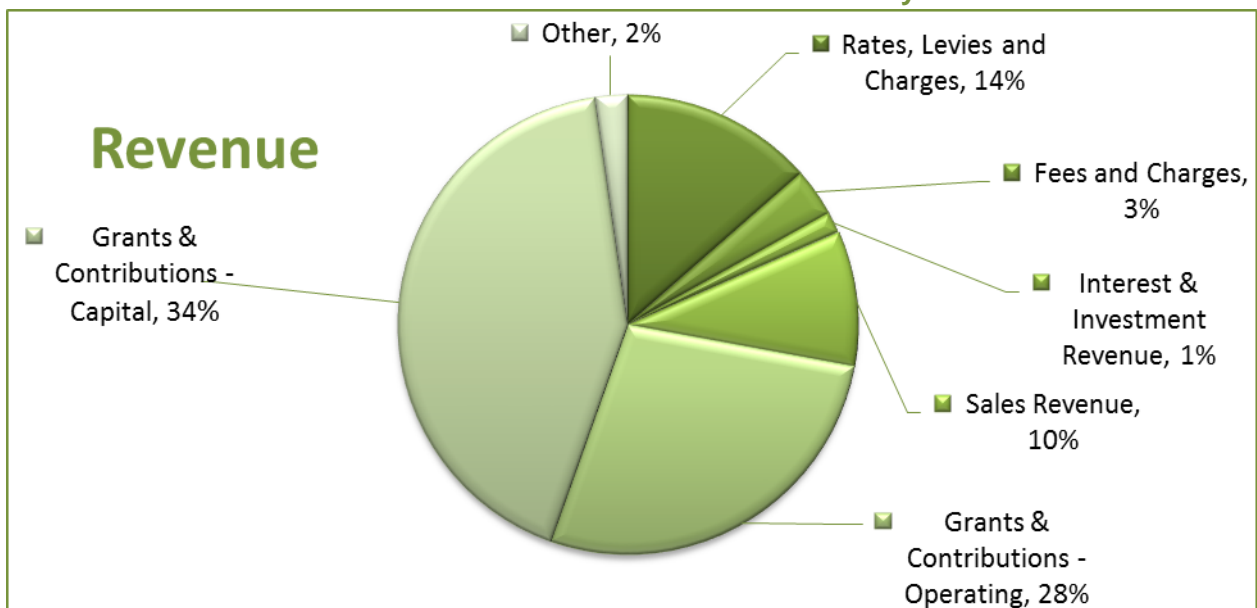
The budgeted "profit/loss" for 2017/18 was \$5,256,796 which meant Council did not reach the anticipated profit as budgeted. The main reasons relating to this difference between the actual result and the budgeted performance was:

- ❖ Write-off of flood damaged roads which occurred in early 2018 to the value of \$14.721 mil
- ❖ Advance payment of \$2.759 mil for the Financial Assistance Grant for the 2018/19 year
- ❖ Reduced capital funding received due to timing of associated projects and their completion

Overall Council and Management believe the financial result for 2017/18 to be satisfactory, given the significant factor attributable to the loss was the Capital Expense, write-off to flood damaged roads caused by the flooding event in early 2018.

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

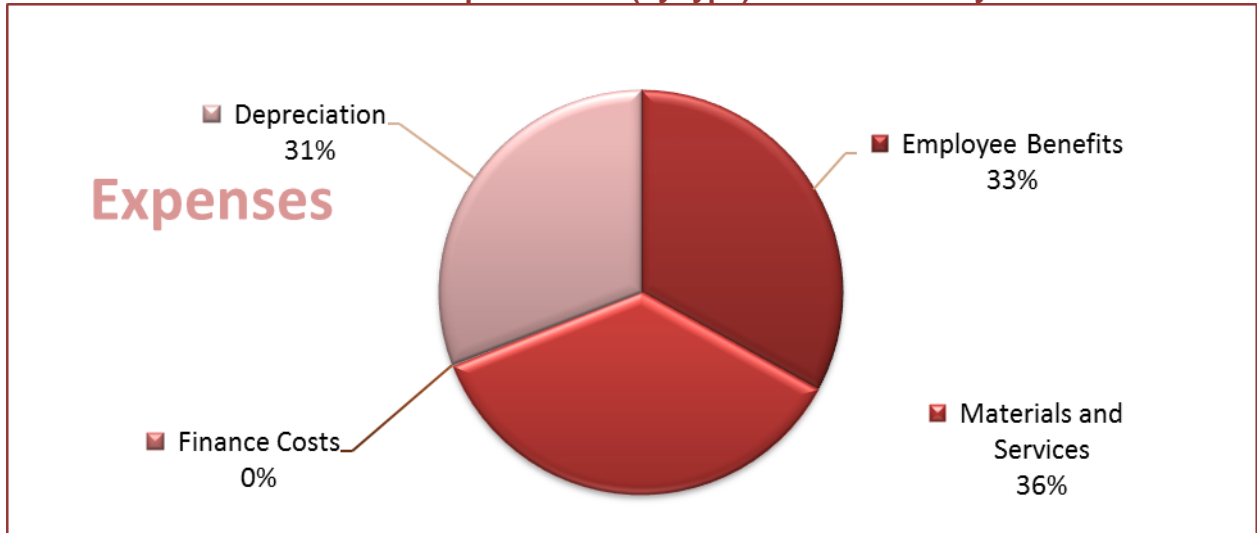
Council's Revenue Sources for the 2017/18 year:



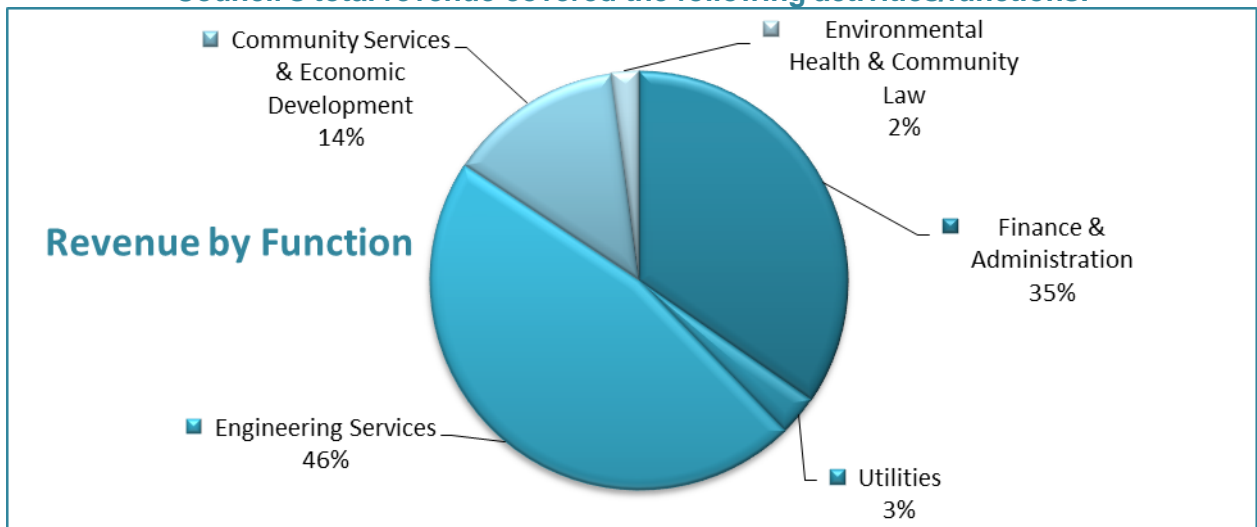
Community Financial Report

for the year ended 30 June 2018

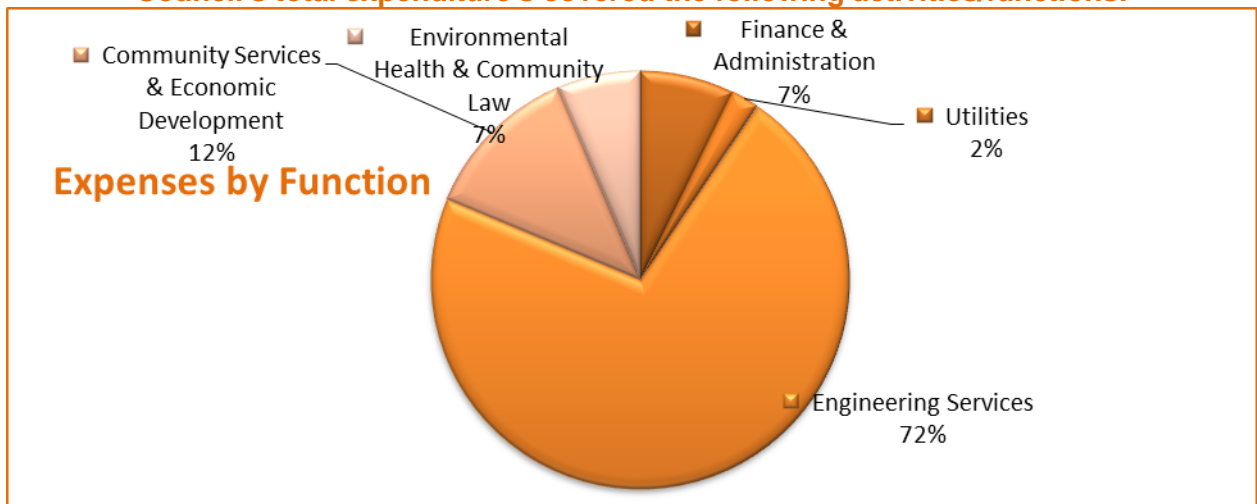
Council's total Expenditure's (by type) for the 2017/18 year:



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 ended 30 June 2018

3.2 Councils Statement of Financial Position (Balance Sheet) for 2017/18

Council's Net Wealth

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

Council's Wealth

\$ '000	Actual 2018	Actual 2017
The major items that make up Council's wealth include the following assets:		
Available Cash & Investments	12,862	15,666
Inventories (stores, raw materials & land purchased for development & sale)	251	251
Debtors	2,266	1,876
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	773	2,125
- Land and Improvements	1,730	1,754
- Buildings	27,731	26,550
- Other Plant and Equipment	4,493	4,265
- Road, Drainage and Bridge Network	138,562	141,853
- Water	3,520	3,129
- Sewerage	4,192	4,226
- Other Infrastructure Assets	9,547	8,139
- Office Furniture and Fittings	323	303
Council has funded some of its operations and assets by the following liabilities:		
Trade & Other Payables	1,055	2,583
Loans & Borrowings (refer Councils Debt Policy for further information)		
Provisions	395	450
Net Community Equity	204,801	207,104

Community Financial Report

for the year ended 30 June 2018

Council's Capital Expenditure for 2017/18

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

❖ Water Infrastructure	\$108,265
❖ Sewerage Infrastructure	\$77,470
❖ Roads and Streets Infrastructure	\$7,485,387
❖ Buildings	\$266,233
❖ Plant & Equipment / Furniture & Fittings	\$1,031,166
❖ Other Structures	\$4,076,927
	\$13,045,448

Council's Major Capital Projects for 2017/18 included the following:

Julia Creek Airport Upgrade \$2.04M

Scarification of existing pavement, pulverisation and stabilisation, bitumen seal and all line markings reinstated. Remedial works carried out to threshold and runway lights..

Taldora Road \$600,000

Pavement and bitumen sealing of approximately 7 kilometres at start point 80 kilometres measured from the Flinders Highway turnoff and finished at 87 kilometres along the Taldora Road.

Nelia Bunda Road \$300,000

Pavement and bitumen sealing of approximately 2.5 kilometres at chainage 36.2 kilometres and end at 38.70 kilometers. Chainage measured from Flinders Highway.

Gilliat McKinlay Road \$1.160M

Pavement and bitumen sealing of approximately 8 kilometres at chainage 54.87 kilometres and end at 62.87 kilometers. Chainage measured from Flinders Highway.

Julia Creek Swimming Pool Water Park and Water Slides \$380,000

Creation of a wet play area and installation of two water slides at the Julia Creek Swimming Pool complex.

Community Financial Report

for the year ended 30 June 2018

3.3 Council's Key Financial Figures - A Snapshot

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

Financial Performance Figures (\$'000)	2018	2017	2016	2015	2014
Inflows:					
Rates, Levies & Charges	2,908	2,812	2,765	2,672	2,594
Fees & Charges	733	807	627	551	493
Interest Received	318	315	378	362	372
Sales Revenue	2,037	8,717	2,785	3,451	10,733
Other Revenue	493	205	293	85	191
Grants, Subsidies, Contributions & Donations - Operating & Capital	5,915	8,847	6,031	5,969	3,233
Total Income from Continuing Operations	12,404	21,703	12,879	13,090	17,616
Grants, Subsidies, Contributions & Donations - Capital	8,983	12,554	10,378	9,750	5,002
Capital Income	97	12	8	-	2
Sale Proceeds from PP&E	-	-	-	-	4
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits	4,714	5,010	4,774	4,169	4,161
Materials & Services	5,141	8,822	5,303	5,576	10,851
Finance Costs	23	31	45	45	63
Depreciation and Amortisation	4,403	3,920	4,391	4,103	4,183
Inventory write-down	-	-	-	-	-
Loss on Disposal of Non-Current Assets	-	-	-	1,733	-
Write-off Flood Damaged Roads	14,721	-	3,359	8,293	3,433
Total Expenses from Continuing Operations	29,002	17,783	17,872	23,919	22,691
Total Cash purchases of PP&E	13,045	17,983	11,433	5,458	6,561
Other Capital Expenses	-	-	-	-	-
Total Loan Repayments (incl. Finance Leases)	-	193	176	181	564
Operating Surplus/(Deficit) (excl. Capital Income & Exps)	(16,598)	3,920	(1,634)	(10,829)	(5,075)
Financial Position Figures (\$'000)	2018	2017	2016	2015	2014
Current Assets	15,379	17,792	14,333	12,938	13,793
Current Liabilities	1,353	2,672	1,714	1,682	1,804
Net Current Assets	14,026	15,120	12,619	11,256	11,989
Cash & Cash Equivalents	12,862	15,666	13,289	11,406	11,321
Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases)	-	-	193	368	549
Total Value of PP&E (excl. Land & Improvements)	190,872	192,344	175,290	153,245	150,802
Total Accumulated Depreciation	60,374	59,879	55,168	68,413	67,768
Indicative Remaining Useful Life (as a % of NBV)	68%	69%	69%	55%	55%

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

Community Financial Report

for the year ended 30 June 2018

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.

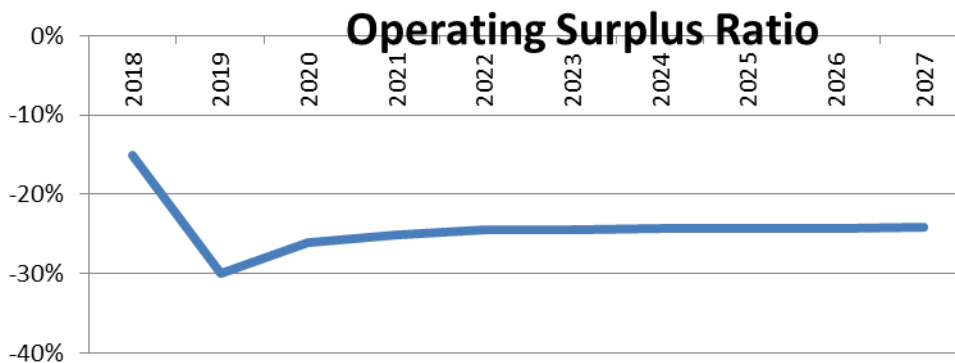
Financial Sustainability is defined as when a **"Local Government is able to maintain its financial capital and infrastructure capital over the long term"** [source: Local Government Act 2009 section 102(2)].

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.

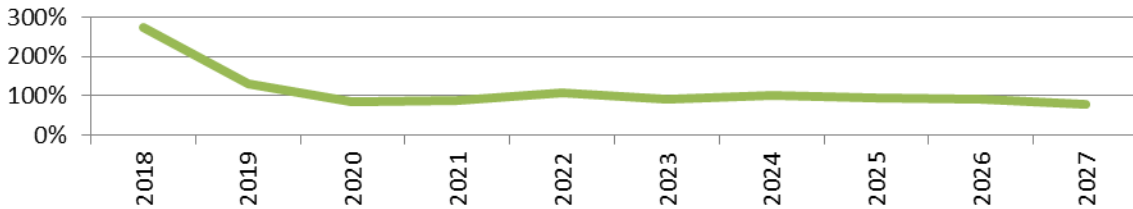
Capital expenditure on renewals (replacing assets that the local government already has) is an indicator of the extent to which the infrastructure assets are being replaced.

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 ended 30 June 2018

Asset Sustainability Ratio

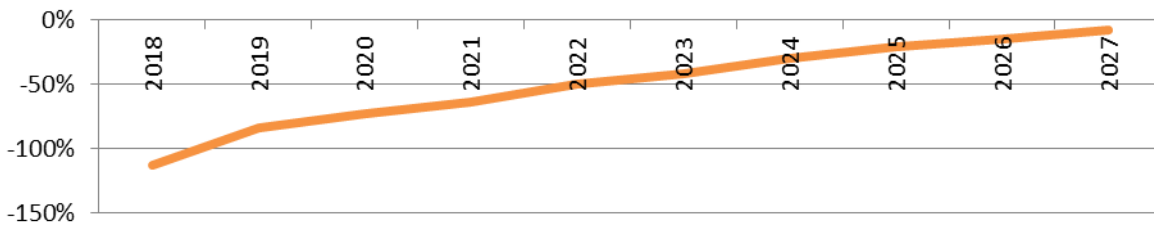


Net Financial Liabilities Ratio – Target <60%

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 financial year ended 30 June 2015

Financial Sustainability Indicators
for the year ended 30 June 2018

	Target	Actual 30 June 2018	Long Term Financial Plan Projections									
			30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	
Ratio												
Operating Surplus Ratio	0 - 10%	-15.14%	-29.96%	-26.01%	-25.06%	-24.52%	-24.49%	-24.26%	-24.31%	-24.25%	-24.14%	
Asset Sustainability Ratio	> 90%	273.46%	130.89%	86.11%	89.77%	108.81%	92.80%	102.89%	9.175%	92.58%	76.90%	
Net Financial Liabilities Ratio	< 60%	-112.32%	-84.20%	-73.09%	-63.80%	-50.15%	-41.66%	-30.22%	-21.04%	-14.35%	-7.47%	



FINANCIAL STATEMENTS

2017/18

McKinlay Shire Council

Financial statements

For the year ended 30 June 2018

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Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

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Management Certificate

Independent Auditor's Report (General Purpose Financial Statements)

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

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

Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

McKinlay Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	2,907,757	2,811,772
Fees and charges	3(b)	732,799	806,956
Interest received	3(c)	317,803	315,056
Sales revenue	3(d)	2,036,868	8,717,453
Other revenue	3(e)	492,652	204,832
Grants, subsidies, contributions and donations	4(a)	5,914,776	8,847,016
		<u>12,402,655</u>	<u>21,703,085</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	8,982,580	12,553,867
Other capital income	5	97,412	12,182
		<u>9,079,992</u>	<u>12,566,049</u>
Total capital revenue		<u>9,079,992</u>	<u>12,566,049</u>
Total income		<u>21,482,647</u>	<u>34,269,134</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(4,714,340)	(5,009,639)
Materials and services	7	(5,140,667)	(8,821,561)
Finance costs		(22,661)	(31,242)
Depreciation and amortisation	12	(4,403,275)	(3,920,171)
		<u>(14,280,943)</u>	<u>(17,782,613)</u>
Capital expenses			
Write-off of flood damaged roads	12	(14,721,441)	-
Total expenses		<u>(29,002,384)</u>	<u>(17,782,613)</u>
Net result		<u>(7,519,737)</u>	<u>16,486,521</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	15	5,216,437	3,056,380
Total other comprehensive income for the year		<u>5,216,437</u>	<u>3,056,380</u>
Total comprehensive income for the year		<u>(2,303,300)</u>	<u>19,542,901</u>

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

McKinlay Shire Council
Statement of Financial Position
as at 30 June 2018

	<u>Note</u>	<u>2018</u> <u>\$</u>	<u>2017</u> <u>\$</u>
Current assets			
Cash and cash equivalents	8	12,862,241	15,665,531
Trade and other receivables	9	2,266,119	1,876,261
Inventories	10	251,091	250,627
Total current assets		<u>15,379,451</u>	<u>17,792,419</u>
Non-current assets			
Property, plant and equipment	12	190,871,686	192,343,974
Total non-current assets		<u>190,871,686</u>	<u>192,343,974</u>
Total assets		<u>206,251,137</u>	<u>210,136,393</u>
Current liabilities			
Trade and other payables	13	1,054,669	2,582,552
Provisions	14	298,696	89,886
Total current liabilities		<u>1,353,365</u>	<u>2,672,438</u>
Non-current liabilities			
Provisions	14	96,659	359,542
Total non-current liabilities		<u>96,659</u>	<u>359,542</u>
Total liabilities		<u>1,450,024</u>	<u>3,031,980</u>
Net community assets		<u>204,801,113</u>	<u>207,104,413</u>
Community equity			
Asset revaluation surplus	15	67,975,430	62,758,993
Retained Surplus		136,825,683	144,345,420
Total community equity		<u>204,801,113</u>	<u>207,104,413</u>

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

McKinlay Shire Council
Statement of Changes in Equity
For the year ended 30 June 2018

	Asset revaluation surplus 15	Retained Surplus	Total
Note	\$	\$	\$
Balance as at 1 July 2017	62,758,993	144,345,420	207,104,413
Net operating surplus	-	(7,519,737)	(7,519,737)
Other comprehensive income for the year			
Increase in asset revaluation surplus	5,216,437	-	5,216,437
Total comprehensive income for the year	<u>5,216,437</u>	<u>(7,519,737)</u>	<u>(2,303,300)</u>
Balance as at 30 June 2018	<u>67,975,430</u>	<u>136,825,683</u>	<u>204,801,113</u>
Balance as at 1 July 2016	59,702,613	127,858,899	187,561,512
Net operating surplus	-	16,486,521	16,486,521
Other comprehensive income for the year			
Increase in asset revaluation surplus	3,056,380	-	3,056,380
Total comprehensive income for the year	<u>3,056,380</u>	<u>16,486,521</u>	<u>19,542,901</u>
Balance as at 30 June 2017	<u>62,758,993</u>	<u>144,345,420</u>	<u>207,104,413</u>

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

McKinlay Shire Council
Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		11,678,074	20,317,261
Payments to suppliers and employees		(11,420,507)	(12,680,082)
		<u>257,567</u>	<u>7,637,179</u>
Interest received	3 (c)	317,803	315,056
Borrowing costs		(22,661)	(31,242)
Net cash inflow from operating activities	20	<u>552,709</u>	<u>7,920,993</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(13,045,448)	(17,982,956)
Proceeds from sale of property plant and equipment	5	706,868	76,954
Grants, subsidies, contributions and donations	4 (b)	8,982,580	12,553,867
Net cash (outflow) from investing activities		<u>(3,355,999)</u>	<u>(5,352,135)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	(192,587)
Net cash (outflow) from financing activities		<u>-</u>	<u>(192,587)</u>
Net increase (decrease) in cash and cash equivalent held		<u>(2,803,290)</u>	<u>2,376,271</u>
Cash and cash equivalents at the beginning of the financial year		15,665,531	13,289,260
Cash and cash equivalents at end of the financial year	8	<u>12,862,241</u>	<u>15,665,531</u>

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

1 Significant accounting policies

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

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

1.02 Constitution

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

1.03 Adoption of new and revised Accounting Standards

This year Council has applied *AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB107* for first time. As a result Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). In considering this disclosure, it has however not been deemed to be material and as such has not been separately disclosed.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a material impact upon Council's future financial statements are:

Standard and impact	Date council will apply the standard
----------------------------	---

AASB 9 Financial Instruments

This replaces *AASB 139 Financial Instruments: Recognition and Measurement*, and will change the classification, measurement and disclosures of financial assets.

1-Jul-18

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred losses. Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace *AASB 1004 Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

1-Jul-19

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

1.04 Estimates and judgements

Where necessary, judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to council's assets or liabilities relate to:

Valuation and depreciation of property, plant and equipment (Note 12)

Provisions (Note 14)

Contingent liabilities (Note 17)

1.05 Rounding and comparatives

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

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

1.06 Taxation

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

2. Analysis of Results by Function

2(a) Components of council functions

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

Finance and administration

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

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

Utilities

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

Engineering services

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

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

Community services and economic development

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

This function includes:

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

Environmental health and community laws

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

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

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 2018

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2018	2018	2018	2018							
\$	\$	\$	\$	2018	2018	2018	2018	2018	2018	2018	
Finance and administration	5,157,804	2,177,250	-	97,412	7,432,466	(2,111,761)	-	(2,111,761)	5,223,293	5,320,705	17,663,379
Utilities	483,779	5,480	181,547	-	670,806	(637,417)	-	(637,417)	(148,158)	33,389	7,712,398
Engineering services	-	3,040,913	6,965,206	-	10,006,119	(6,111,574)	-	(6,111,574)	(3,070,661)	3,894,545	180,566,492
Community services & economic development	153,249	932,178	1,835,827	-	2,921,254	(3,553,379)	-	(3,553,379)	(2,467,952)	(632,125)	147,938
Environmental health & community laws	119,944	332,057	-	-	452,001	(1,866,812)	-	(1,866,812)	(1,414,811)	(1,414,811)	160,930
Total Council	5,914,776	6,487,878	8,982,580	97,412	21,482,647	(14,280,943)	-	(14,280,943)	(1,878,289)	7,201,704	206,251,137

Year ended 30 June 2017

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2017	2017	2017	2017							
\$	\$	\$	\$	2017	2017	2017	2017	2017	2017	2017	
Finance and administration	6,465,890	2,717,218	-	12,182	9,195,290	(1,930,413)	-	(1,930,413)	7,252,695	7,264,877	19,613,423
Utilities	474,454	7,872	370,220	-	852,546	(594,039)	-	(594,039)	(111,713)	258,507	7,734,033
Engineering services	1,058,289	9,117,023	9,691,294	-	19,866,606	(10,279,962)	-	(10,279,962)	(104,650)	9,586,644	181,501,984
Community services & economic development	399,610	508,377	2,492,353	-	3,400,340	(2,877,674)	-	(2,877,674)	(1,969,687)	522,666	1,286,003
Environmental health & community laws	448,773	505,579	-	-	954,352	(2,100,525)	-	(2,100,525)	(1,146,173)	(1,146,173)	950
Total Council	8,847,016	12,856,069	12,553,867	12,182	34,269,134	(17,782,613)	-	(17,782,613)	3,920,472	16,486,521	210,136,393

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
3 Revenue analysis			
Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.			
(a) Rates, levies and charges			
Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.			
General rates		2,545,945	2,463,525
Water		312,257	315,042
Sewerage		218,943	205,888
Garbage charges		120,734	114,045
Pest animal management charges		-	-
Total rates, levies and charges		<u>3,197,879</u>	<u>3,098,500</u>
Less: Discounts		(262,639)	(259,886)
Less: Pensioner remissions		(27,483)	(26,842)
Net rates, levies and charges		<u><u>2,907,757</u></u>	<u><u>2,811,772</u></u>
(b) Fees and charges			
Fees and charges are recognised when council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.			
Caravan Park Fees		254,375	206,114
Childcare fees		144,439	108,902
Livestock saleyard fees		78,587	127,981
Animal registration & controls		12,319	9,603
Stock route fees		146,305	205,469
Other fees and charges		96,774	148,887
		<u>732,799</u>	<u>806,956</u>
(c) Interest received			
Interest received from term deposits is accrued over the term of the investment.			
Interest received from term deposits		296,767	290,308
Interest from overdue rates and utility charges		21,036	24,748
		<u>317,803</u>	<u>315,056</u>
(d) Sales revenue			
The sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.			
Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity 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.			
Sale of goods and services			
RMPC & APPC revenue		1,383,711	7,928,370
Other recoverable work		653,157	789,083
Total sales revenue		<u><u>2,036,868</u></u>	<u><u>8,717,453</u></u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
(e) Other revenue			
Other income		492,652	204,832
		<u>492,652</u>	<u>204,832</u>
4 Grants, subsidies, contributions and donations			
Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.			
Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.			
(a) Recurrent			
State government subsidies and grants		5,853,764	8,773,716
Commonwealth government subsidies and grants		61,012	73,300
		<u>5,914,776</u>	<u>8,847,016</u>
(b) Capital			
Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.			
State government subsidies and grants		7,081,024	9,264,149
Commonwealth government subsidies and grants		1,901,556	3,289,718
		<u>8,982,580</u>	<u>12,553,867</u>
5 Capital income			
Gain on the disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		706,868	76,954
Less: Book value of property, plant and equipment disposed of		(609,456)	(64,772)
Total capital income		<u>97,412</u>	<u>12,182</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
6 Employee benefits			
Total staff wages and salaries		3,960,718	4,400,875
Councillors' remuneration		309,916	305,194
Annual, sick and long service leave entitlements		638,100	601,649
Superannuation	19	427,986	449,361
		5,336,720	5,757,079
Other employee related expenses		35,303	39,324
		5,372,023	5,796,403
Less: Capitalised employee expenses		(657,683)	(786,764)
		4,714,340	5,009,639

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

Total Council employees at the reporting date:

	2018	2017
Elected members	5	5
Administration staff	17	18
Depot and outdoors staff	49	52
Total full time equivalent employees	71	75

7 Materials and services

Administration costs	660,104	653,279
Airport operating costs	74,604	53,932
Audit of annual financial statements by the Auditor-General of Queensland	56,816	69,895
Caravan park costs	222,577	182,520
Community service expenses	400,920	397,528
Council housing expenses	110,887	138,239
Flood damage expenses	57,884	82,825
Parks & gardens expenses	284,806	250,062
Plant operating costs	877,981	1,057,088
Pool expenses	152,283	183,779
Road & street maintenance	947,619	912,138
Recoverable works	113,022	3,460,745
Sports & rec facilities	201,857	207,373
Stock route & livestock expenses	224,050	229,217
Tourism expenses	254,659	171,568
Water & sewerage costs	217,075	220,977
Weed control expenses	194,490	491,039
Other materials and services	89,033	59,357
	5,140,667	8,821,561

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
8 Cash and cash equivalents			
Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 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		79,614	20,099
Deposits at call		<u>12,782,627</u>	<u>15,645,432</u>
Balance per Statement of Cash Flows		<u><u>12,862,241</u></u>	<u><u>15,665,531</u></u>

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

Internally imposed expenditure restrictions at the reporting date:

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

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

In accordance with the *Local Government Act 2009 and Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		64,130	64,130
Security deposits		<u>5,660</u>	<u>6,710</u>
		<u><u>69,790</u></u>	<u><u>70,840</u></u>

9 Trade and other receivables

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

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

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
Current			
Rateable revenue and utility charges		228,226	158,192
Other debtors		1,975,820	1,636,355
Less impairment		(13,820)	(11,100)
Prepayments		75,893	92,814
		<u>2,266,119</u>	<u>1,876,261</u>

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

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

Opening balance at 1 July		11,100	13,800
Impairment debts written off during the year		-	-
Additional impairments recognised		2,720	-
Impairments reversed		-	(2,700)
Closing Balance at 30 June		<u>13,820</u>	<u>11,100</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.

Inventories held for distribution are:

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

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

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

Inventories held for sale

Stores & raw materials		123,591	123,127
		<u>123,591</u>	<u>123,127</u>

Land purchased for development and sale	11	127,500	127,500
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Total inventories		<u>251,091</u>	<u>250,627</u>
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11 Land purchased for development and sale

Opening Balance		127,500	127,500
Less: Cost of development land sold during the year		-	-
Less: Cost of development land transferred to Property, Plant & Equipment		-	-
Less: Cost of development land written down to recoverable value		-	-
		<u>127,500</u>	<u>127,500</u>

Classified as

Current	10	127,500	127,500
		<u>127,500</u>	<u>127,500</u>

McKinlay Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

12

30-Jun-18 Note

Property, plant & equipment

Basis of measurement

Asset values

Opening gross value as at 1 July 2017

Additions

Disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to other comprehensive

Transfers between classes

Closing gross value as at 30 June 2018

	Land	Buildings	Office furniture & fittings	Plant and equipment	Road & street infrastructure	Water infrastructure	Sewerage infrastructure	Other structures	Work in progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,754,000	30,803,354	670,156	8,745,828	181,354,594	7,450,077	8,658,616	10,661,436	2,125,199	252,223,260
	-	-	70,850	1,288,104	-	-	-	-	11,686,494	13,045,448
5	(24,000)	(190,771)	-	(1,539,109)	-	-	-	(172,088)	-	(1,925,968)
	-	-	-	-	(18,917,007)	-	-	-	-	(18,917,007)
15	-	739,280	-	-	5,640,128	122,926	103,903	213,229	-	6,819,466
	-	1,435,231	-	-	9,257,421	470,341	77,470	1,798,374	(13,038,837)	-
	1,730,000	32,787,094	741,006	8,494,823	177,335,136	8,043,344	8,839,989	12,500,951	772,856	251,245,199

Accumulated depreciation and impairment

Opening balance as at 1 July 2017

Depreciation provided in period

Depreciation on disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Accumulated depreciation as at 30 June 2018

	-	4,253,667	366,822	4,481,292	39,501,573	4,320,701	4,432,971	2,522,260	-	59,879,286
	-	731,921	50,719	750,807	2,170,256	129,024	159,766	410,782	-	4,403,275
5	-	(48,620)	-	(1,230,230)	-	-	-	(37,661)	-	(1,316,511)
	-	-	-	-	(4,195,566)	-	-	-	-	(4,195,566)
15	-	119,381	-	-	1,296,751	73,365	55,108	58,424	-	1,603,029
	-	-	-	-	-	-	-	-	-	-
	-	5,056,349	417,541	4,001,869	38,773,014	4,523,090	4,647,845	2,953,805	-	60,373,513

Total written down value as at 30 June 2018

Residual value

Range of estimated useful life in years

	1,730,000	27,730,745	323,465	4,492,954	138,562,122	3,520,254	4,192,144	9,547,146	772,856	190,871,686
	1,730,000	-	-	1,215,306	-	-	-	-	-	-
	Land: Not depreciated.	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	-

Additions comprise:

Renewals

Other additions

Total additions

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	-	228,744	-	-	6,325,028	-	-	3,437,602	-	9,991,374
	-	37,490	70,850	1,064,943	1,160,359	108,265	77,470	534,697	-	3,054,074
	-	266,234	70,850	1,064,943	7,485,387	108,265	77,470	3,972,299	-	13,045,448

McKinlay Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

12. (cont.)

30-Jun-17 Note

Property, plant & equipment

Basis of measurement

Asset values

Opening gross value as at 1 July 2016

Additions

Disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Transfers between classes

Closing gross value as at 30 June 2017

	Land	Buildings	Office furniture & fittings	Plant and equipment	Road & street infrastructure	Water infrastructure	Sewerage infrastructure	Other structures	Work in progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$		\$
	1,754,000	27,041,650	610,149	7,691,308	168,225,265	7,318,510	7,750,931	9,977,809	88,249	230,457,871
	-	-	60,007	1,163,429	-	-	-	-	16,759,520	17,982,956
5	-	-	-	(108,909)	-	-	-	-	-	(108,909)
	-	-	-	-	-	-	-	-	-	-
15	-	1,041,659	-	-	2,345,025	110,100	84,031	310,527	-	3,891,342
	-	2,720,045	-	-	10,784,304	21,467	823,654	373,100	(14,722,570)	-
	1,754,000	30,803,354	670,156	8,745,828	181,354,594	7,450,077	8,658,616	10,661,436	2,125,199	252,223,260

Accumulated depreciation and impairment

Opening balance as at 1 July 2016

Depreciation provided in period

Depreciation on disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Accumulated depreciation as at 30 June 2017

	-	3,598,038	328,007	3,822,830	36,815,368	4,128,349	4,241,740	2,233,958	-	55,168,290
	-	511,785	38,815	702,599	2,175,426	128,499	148,209	214,838	-	3,920,171
5	-	-	-	(44,137)	-	-	-	-	-	(44,137)
	-	-	-	-	-	-	-	-	-	-
15	-	143,844	-	-	510,779	63,853	43,022	73,464	-	834,962
	-	-	-	-	-	-	-	-	-	-
	-	4,253,667	366,822	4,481,292	39,501,573	4,320,701	4,432,971	2,522,260	-	59,879,286

Total written down value as at 30 June 2017

Residual value

Range of estimated useful life in years

	1,754,000	26,549,687	303,334	4,264,536	141,853,021	3,129,376	4,225,645	8,139,176	2,125,199	192,343,974
	1,754,000	-	-	-	-	-	-	-	-	-
	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 2018

12 Property, plant and equipment

12 (a) Recognition

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

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

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

Land under roads

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

12 (b) Measurement

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

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

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

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

12 (c) Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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

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

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

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

12 (d) Impairment

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

12 (e) Valuation

(i) Valuation process

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets every 3 - 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

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

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

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

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

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

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

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

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

Land (level 2)

Land fair values were determined by independent valuer, Australian Pacific Valuers (APV) as at 30 June 2016. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

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

Buildings & other structures (level 2 and 3)

The last comprehensive valuation of buildings and other structures was undertaken by Australian Pacific Valuers (APV) as at 30 June 2016. Management have internally reviewed and assessed these values as at 30 June 2018 and applied an index adjustment as determined by APV at 2.40% for buildings and 2.00% for other structures. Building fair values have been assessed on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived by reference to market data for recent projects and costings guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth of market can be identified, the net value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset.

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Current replacement cost

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

Cost data

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

Accumulated Depreciation

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

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

Life expectancy

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

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

Where a depth of market can be identified, the net value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset.

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

	2018	2017
	\$	\$
Buildings (level 2 and 3)	<u>27,730,745</u>	<u>26,549,687</u>
Other structures (level 2 and 3)	<u>9,547,146</u>	<u>8,139,176</u>
	<u>37,277,891</u>	<u>34,688,863</u>

Infrastructure assets (level 3)

The last comprehensive valuation of Council infrastructure classes was undertaken by Australian Pacific Valuers (APV) as at 30 June 2016. Management have internally reviewed and assessed these values as at 30 June 2018 and applied an index adjustment as determined by APV. The amounts applied to roads & streets infrastructure was 3.11%, water infrastructure was 1.65% and sewerage infrastructure was 1.20%. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

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

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

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

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

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

Indexation considerations

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

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

Road and street infrastructure

Current replacement cost

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

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

Accumulated depreciation

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

Sensitivity of valuation to unobservable inputs

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

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Water and Sewerage Infrastructure

Current replacement cost

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

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

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

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

Accumulated depreciation

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

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

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

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	<u>Note</u>	<u>2018</u>	<u>2017</u>
		\$	\$
13 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.			
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.			
As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.			
Current			
Creditors and accruals		612,685	2,181,568
Annual leave		402,407	367,044
Other entitlements		39,577	33,940
		<u>1,054,669</u>	<u>2,582,552</u>

14 Provisions

Long Service Leave

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

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

Current

Long service leave	298,696	89,886
	<u>298,696</u>	<u>89,886</u>

Non-current

Long service leave	96,659	359,542
	<u>96,659</u>	<u>359,542</u>

Details of movements in provisions:

Long service leave

Balance at beginning of financial year	449,428	408,137
Long service leave entitlement arising	55,688	71,801
Long Service entitlement paid	(109,761)	(30,510)
Balance at end of financial year	<u>395,355</u>	<u>449,428</u>

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15 Asset revaluation surplus

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

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

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

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

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	62,758,993	59,702,613
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	-
Buildings	619,899	897,815
Road & streets infrastructure	4,343,377	1,834,246
Water infrastructure	49,561	46,247
Sewerage infrastructure	48,795	41,009
Other structures	154,805	237,063
Balance at end of financial year	<u>67,975,430</u>	<u>62,758,993</u>

Asset revaluation surplus analysis

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

Land	453,411	453,411
Buildings	9,813,201	9,193,302
Road & streets infrastructure	52,088,292	47,744,915
Water infrastructure	2,157,056	2,107,495
Sewerage infrastructure	1,683,777	1,634,982
Other structures	1,779,693	1,624,888
	<u>67,975,430</u>	<u>62,758,993</u>

16 Commitments for expenditure

The McKinlay Shire Council entered a commercial contract for the construction and development of a number of new residential dwellings within the Shire in June 2018. The construction of these dwellings had not commenced at the reporting date.

Contractual commitments	2018	2017
Contractual commitments at end of financial year but not recognised in the financial statements are as follows		
Contractual commitments for the construction of residential dwellings	<u>1,429,524</u>	<u>-</u>
	<u>1,429,524</u>	<u>-</u>

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17 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 2018 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$68,637.

18 Events after the balance date

There were no material adjusting events after the balance date.

19 Superannuation

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

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

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

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that 'At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date'. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

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

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

There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. McKinlay Shire Council made less than 4% of the total contributions to the plan in the 2017-18 financial year.

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
Superannuation contributions made to the Regional Defined Benefits Fund		24,514	32,898
Other superannuation contributions for employees		403,472	416,463
	6	<u>427,986</u>	<u>449,361</u>
		<u>2019</u> \$	
Contributions council expects to make to the Regional Defined Benefits Fund in 2018-19		<u>24,514</u>	
20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		<u>(7,519,737)</u>	<u>16,486,521</u>
Non-cash items:			
Depreciation and amortisation	12	4,403,275	3,920,171
Write-off of flood damaged roads	12	14,721,441	-
Revaluation adjustments		-	-
		<u>19,124,716</u>	<u>3,920,171</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	5	(97,412)	(12,182)
Capital grants and contributions	4 (b)	(8,982,580)	(12,553,867)
		<u>(9,079,992)</u>	<u>(12,566,049)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(389,858)	(1,091,750)
(Increase)/decrease in inventory		(464)	8,520
Increase/(decrease) in payables		(1,527,883)	1,122,289
Increase/(decrease) in other provisions		(54,073)	41,291
		<u>(1,972,278)</u>	<u>80,350</u>
Net cash inflow from operating activities		<u>552,709</u>	<u>7,920,993</u>

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

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

- credit risk
- liquidity risk
- market risk

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

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

The McKinlay Shire Council does not enter into derivatives.

Credit risk

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

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

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

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

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

	Note	2018	2017
Financial assets		\$	\$
Cash and cash equivalents	8	12,862,241	15,665,531
Receivables - rates	9	228,226	158,192
Receivables - other	9	1,962,000	1,625,255
Other credit exposures			
Guarantees	17	68,637	69,117
Total financial assets		15,121,104	17,518,095

Cash and cash equivalents

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

Trade and other receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect, this power protects the Council against credit risk in the case of defaults.

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

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

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

30th June 2018	Fully				Total
	Performing	<30 days	30 - 60 days	61 - 90 days	
Receivables	1,854,885	6,714	2,964	339,483	2,204,046
Less impairment	-	-	-	(13,820)	(13,820)
Net receivables	<u>1,854,885</u>	<u>6,714</u>	<u>2,964</u>	<u>325,663</u>	<u>2,190,226</u>

30th June 2017	Fully				Total
	Performing	<30 days	30 - 60 days	61 - 90 days	
Receivables	1,620,026	2,337	11,316	160,868	1,794,547
Less impairment	-	-	-	(11,100)	(11,100)
Net receivables	<u>1,620,026</u>	<u>2,337</u>	<u>11,316</u>	<u>149,768</u>	<u>1,783,447</u>

Liquidity risk

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

McKinlay Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

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.

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
	\$	\$	\$	\$	\$
2018					
Trade and other payables	612,685	-	-	612,685	612,685
Loans - QTC	-	-	-	-	-
	<u>612,685</u>	<u>-</u>	<u>-</u>	<u>612,685</u>	<u>612,685</u>
2017					
Trade and other payables	2,181,568	-	-	2,181,568	2,181,568
Loans - QTC	-	-	-	-	-
	<u>2,181,568</u>	<u>-</u>	<u>-</u>	<u>2,181,568</u>	<u>2,181,568</u>

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

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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 and borrowings 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					
2018					
Financial assets	15,052,467	150,525	(150,525)	150,525	(150,525)
Financial liabilities	-	-	-	-	-
Net total	<u>15,052,467</u>	<u>150,525</u>	<u>(150,525)</u>	<u>150,525</u>	<u>(150,525)</u>
2017					
Financial assets	17,448,978	174,490	(174,490)	174,490	(174,490)
Financial liabilities	-	-	-	-	-
Net total	<u>17,448,978</u>	<u>174,490</u>	<u>(174,490)</u>	<u>174,490</u>	<u>(174,490)</u>

Fair value

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

22 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 2018.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2018

23 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 2017/18 comprises:

	2018	2017
	\$	\$
Short-term employee benefits	954,897	999,280
Post-employment benefits	57,152	63,653
Long-term benefits	8,066	10,205
Termination benefits	24,294	0
Total	1,044,409	1,073,138

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	2018	2017
		\$	\$
Payments charged by entities controlled by key management personnel	24(b)(i)	1,499,613	1,454,975
Payments charged by Council to entities controlled by key management personnel	24(b)(ii)	2,812	3,703
Employee expenses for close family members of key management personnel	24(b)(iii)	178,034	314,908

(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 \$800,747 paid to KW Murphy Holdings Pty Ltd for gravel and earthmoving services . The company is controlled by close family members of Cr Belinda Murphy.

' - Amounts totalling \$147,642 paid to Mr Arthur Fontaine for water truck services. The business is operated by a relative of Kerry Krogh, who was Council's works supervisor during a period of the financial year.

' - Amounts totalling \$497,156 paid to Marwill Pty Ltd for various electrical contracting services . The company is controlled by close family members of Cr Janene Fegan.

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

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

The council employs 71 staff of which only 6 are close family members of key management personnel. The total amount paid to such close family members was \$178,034.

(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
		2018	2017
not due - less than 30 days		\$180	\$0
Past due 31-60 days		\$0	\$135
Past due 61-90 days		\$0	\$0
More than 90 days overdue		\$0	\$692
Total Owing		\$180	\$827

(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 2018**

**Management Certificate
For the year ended 30 June 2018**

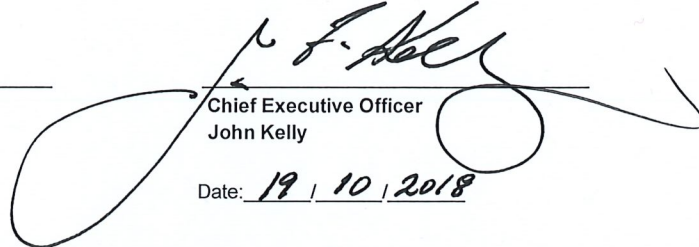
These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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 29, 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 Belinda Murphy

Date: 19 / 10 / 2018


Chief Executive Officer
John Kelly

Date: 19 / 10 / 2018

INDEPENDENT AUDITOR'S REPORT

To the Councillors of McKinlay Shire Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, and of their financial performance and cash flows for the year then ended;
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in the McKinlay Shire Council's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

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



Carolyn Dougherty
as delegate of the Auditor-General

23 October 2018

Queensland Audit Office
Brisbane

**McKinlay Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2018**

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2018 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-15.1%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	273.5%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-112.3%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2018.

Certificate of Accuracy
For the year ended 30 June 2018

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

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



Mayor
Cr Belinda Murphy

Date: 19 / 10 / 2018



Chief Executive Officer
John Kelly

Date: 19 / 10 / 2018

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 statement of financial sustainability of McKinlay Shire Council for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of McKinlay Shire Council for the year ended 30 June 2018 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in McKinlay Shire Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



Carolyn Dougherty
as delegate of the Auditor-General

23 October 2018

Queensland Audit Office
Brisbane

**McKinlay Shire Council
Long-Term Financial Sustainability
Prepared as at 30 June 2018**

Measures of Financial Sustainability

Measure	Target	Projected for the years ended									
		Actuals at 30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Operating surplus ratio	between 0% and 10%	-15.14%	-29.96%	-26.01%	-25.06%	-24.52%	-24.49%	-24.26%	-24.31%	-24.25%	-24.14%
Asset sustainability ratio	greater than 90%	273.46%	130.89%	86.11%	89.77%	108.81%	92.80%	102.89%	95.17%	92.58%	76.90%
Net financial liabilities ratio	not greater than 60%	-112.32%	-84.20%	-73.09%	-63.80%	-50.15%	-41.66%	-30.22%	-21.04%	-14.35%	-7.47%

McKinlay Shire Council's Financial Management Strategy

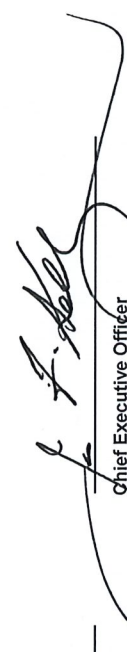
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

**Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2018**

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.


 Cr Belinda Murphy
 Mayor
 Date: 19 / 10 / 2018


 Chief Executive Officer
 John Kelly
 Date: 19 / 10 / 2018