



2018/2019 Annual Report

Welcome

Our 2018/19 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 2018/19 financial year. It captures the achievements, hopes, aspirations, priorities and goals of our community.

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Vision and Mission

Council is required under the Local Government Act 2009 and the Local Government Regulation 2012 to prepare an Annual Report of its operations each financial year. Our 2018/19 Annual Report reflects our commitment to achieving effective corporate governance through openness and accountability and ensuring resources are used efficiently to provide value for money service to the McKinlay Shire community.

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

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

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

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

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

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

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

Profile of our Shire

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

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

Scale

Size	40,818 sq/km
Population	1,000
Land Reserve	32,421.91 ha
Administration Centres	2
Budget Operational	\$21 million
Budget - Capital Works	\$8.4 million

Workforce

Permanent	41
Permanent Part-Time	7
Contract - Exec & Managerial	3
Contract - Other	6
Casual	18
Total	75

Community Centres

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

Recreation Facilities

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

Infrastructure

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

Mayor's Overview

It is with great pleasure that Council presents the McKinlay Shire Annual Report for the financial year ending 30 June 2019. Despite remaining drought declared, our shire experienced one of the worst and most devastating flood events in our history in February 2019. The community is on a long term recovery and from a Council perspective the support received from both levels of government as well as charities, not for profits and everyday Australians has ensured the recovery commenced on the front foot.

The disaster event certainly presented challenges for Council around delivery of normal programs and capital works with a limited workforce. The Chief Executive Officer position continues to be challenging however from a very competent interim CEO, John Kelly we invited back a previous long serving CEO, Mr Des Niesler to ensure a strong leadership culture in the operations and deliberate focus especially in relation to NDRRA/DRFA and road works. Mr Neisler has been an invaluable asset to Council especially with unforeseen disaster circumstances to cope with as well.

Engineering focus has been on NDRRA/DRFA delivery with some capital works and maintenance. The flooding causing significant setbacks in delivering the budgeted program. However most works were completed with improvements such as another six kilometres sealed on the Gilliat/McKinaly Road. Council was allocated additional funding to seal the Combo Waterhole Road which will add significant value to the shire's tourism as well the Outback in general. A strong focus remains on DRFA delivery for the coming year to ensure our road network is restored. The program is predicted to be one of the largest in the shires history and considerable effort is being injected to ensure everything stays on track.

From a capital works perspective some projects were completed but many carried over due to the flood event. The new housing project was completed to lock up stage with remaining landscaping and fencing works to still complete. This project added two new four bedroom executive homes and two, two bedroom units to Councils housing stock which is severely depleted due to ageing infrastructure. Other capital projects included upgrades to the Julia Creek Swimming Pool fence, works to the outdoor area of the Julia Creek Early Learning facility and completion of new shade structures for car parking outside the Council depot in Coyne street. Works for Queensland continues to be one of the most beneficial grants to our Council and community which is allocated to infrastructure projects both new and upgrading.

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, and Community Nurse in partnership with the North West Hospital and Health Service (NWHHS) and support the Community Advisory Network. The community saw significant works progress for the new Julia Creek Hospital due to open in first quarter of 2019/2020. Again the flooding event saw a significant strain on our community services area however Council resources supported by government funding ensured that community groups and especially events received all the support they needed. Julia Creek Early Learning



Centre continues to go from strength to strength and Council through a successful state government grant began work on the business case and design for a new Centre to meet the needs of the community today and into the future. Continuation of the Julia Creek Middle School and Sport and Recreation services ensure that we maintain live-ability in the Shire.

Economic Development and Planning were other areas that received attention during 2018/19. Council adopted the new Shire Planning Scheme with significant support from the State Government through their template program. Council also continued to partner with other local governments in Outback Queensland in the State Government's Advance Queensland ARIP Program and was successful in significant funding towards the revamp of the Julia Creek Medical Centre (which is to be relocated to the new hospital) into an innovation, training and business hub for community through Building Our Regions Program. This project will commence in the new financial year. Tourism continues to be a strong addition to the shire's economy not only providing a boost to local business but also Council assets such as the Julia Creek Caravan Park which through Council investment is delivering revenue returns. The many initiatives that have been developed over the last few years such as bush dinners, RV Site and Camp Host program are now staples to our tourism offerings and the Julia Creek Visitor Information Centre continues to win awards taking out the OQTA Gold award and also a Bronze award at the State level.

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 but the overall issue of being able to raise the revenue required long term to keep delivering services to residents remains a significant problem with the only real solution an increase in operational revenue from the Federal Government through grants. Significant mining and agricultural opportunities that are presenting in the shire certainly give rise to a positive outlook for the future despite the natural disaster challenges that we have been presented with the last few years.

I would like to acknowledge and thank our Council staff and community who manage to deliver so much for so little ensuring our shire is a great place to live. I wish to thank our Councillors for all their work during the course of the last four years as we come towards the end of this term. I commend this annual report to you to read and explore in further detail relating to Council's function areas, services and financial management.



Chief Executive Officer's Overview

We are pleased to present the 2018/19 McKinlay Shire Council Annual Report. Back out of retirement for a third term, it was gratifying to be asked back to assist in stabilising the administration, struggling under the weight of resignations and a lack of direction. I took over from my colleague John Kelly who held the reigns during the worst of it but who was moving on because of other commitments. He set the platform for a smooth re entry and his efforts during his 6 months at the helm were invaluable.

First commitment was to ensure the 2018 NDRRA flood event was approved and contractors back to work. The project estimate was around \$14million however Xmas 2018 intervened and progress stalled for the seasons break.

Then in February, the biggest flood in the history of the McKinlay Shire occurred, destroying livestock, infrastructure and everyone's ability to earn an income on the back of a crippling drought.

However due to both Federal and States financial assistance, the residents of the Shire rallied and by March 2019, 2018 NDRRA works re-commenced and the Shire Council was pretty much back in business. Since then the main focus has been on NDRRA or DFRA works, as it's known now, restoring and replacing infrastructure in the order of \$50 million, including 2019 estimates.

Major milestones include the adoption of an updated McKinlay Shire Planning Scheme, overhaul of our Local Laws and significant capital works highlighted elsewhere in the report.

Financially, the Council is sound therefore enabling us to move forward with other capital projects throughout the Shire providing the basis for future investment opportunities which may or will arise.

I'm confident of a bright future for the Shire based around the mining and agricultural industries as technologies further develop. Tourism still played a significant role in our economy despite flooding with popularity of the RV site and class Caravan Park ever increasing.

Performance Reporting

Addressing the outcomes

Community Services

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

These services include the provision of aged care services, the operation of sport and 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 the caravan park and the swimming pool, and ensuring at all times the appropriate engagement and consultation of the community on issues affecting individuals, specific interest groups, or the community itself.



Community Benefit Assistance Scheme

The Community Benefit Assistance Scheme 2018/19 offered dollar for dollar funding to local community groups under the categories of infrastructure, equipment and volunteer support. Funding was provided in accordance with Council's Community Grants Policy. In 2018/19 Council provided a total of \$15,597.80 to community groups to assist local groups achieve their objectives and enabling quality events and programs to be delivered.



The following groups were allocated financial assistance:

Nelia QCWA	\$3,028	Infrastructure
Julia Creek Turf Club	\$1,223	Equipment
Julia Creek Campdraft Assoc.	\$5,000	Infrastructure
McKinlay QCWA	\$675	Equipment
Julia Creek Combined Sporting Assoc.	\$3,000	Equipment
McKinlay Race Club	\$2,671.80	Equipment

Community Events

McKinlay Shire Christmas Tree

The McKinlay Christmas Tree Event held on Friday 7th 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 Santa who made an unorthodox entry on horseback thanks to Tom Curtain. Tom entertained the crowd with a horse and dog demonstration entwined with live music and humorous tales. It is always such a pleasure to observe the joy that the spirit of Christmas brings.



Dirt 'n' Dust - 25 Buckin' Years

The Julia Creek Dirt 'n' Dust Festival celebrated its 25th year as the Shire's largest community event. Held in April, it featured Australia's toughest sprint triathlon, the junior triathlon, horse races, bull rides, live music, and the always popular Australia's Best Butt competition. This year also featured the new Lorna Jane, Dirty 'n' Dusty, Adventure Trail Run. 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.



Australia Day 2019

On the evening of Saturday 26th January 2019 Council held its Official Australia Day Celebrations and Award Ceremony at the Julia Creek CSA Building. Our Australia Day Ambassador, Dr Richard Lewandowski inspired the crowds with his outstanding achievements in the field of medicine but was also very humble. 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.

Citizen of the Year **Kathryn Fels**
Volunteer of the Year **John Lynch**
Sports Admin of the Year **Benjamin Martin**
Junior Cultural Award **Lucy Gabbert**
Junior Sports Star of the Year **Tyra Martin**

Some of our 2019 Winners



School Holiday Program celebrating Australia Day



*Australia never looked
so delicious!*

Senior Sport Star of the Year Christopher Sollitt
 Small Community Event JC Lions Ladies Seniors Christmas Luncheon
 Large Community Event..... JC Campdraft, Novice Draft and Campdraft School Weekend
 Sarus Crane Award (Southern Gulf) Susan Walker



Regional Arts Development Fund

Council administered the Regional Arts Development Fund (RADF) program with a total of \$18,072.36 worth of community based arts and cultural projects being funded. Projects included photography workshops, furniture upholstery workshop, school holiday activities which provided circus lessons for primary aged children, and workshops using barbed wire to create garden art. 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 massive thank you to our committee members who volunteer their time promoting the program and assessing the applications.

Project	Organisation	Funding
Round One		
Photography Workshop	McKinlay Shire Cultural Assoc.	\$796.00
Crack Up Sister Workshop	McKinlay Shire Council	\$1,900.00
Flip Side Circus	McKinlay Shire Council	\$6,350.00
Round Two		
Bent Not Broken	Bymount Creative	\$3,834.00
Loose Ends Workshop	McKinlay Shire Council	\$2,300.00
Furniture Upholstery Workshop	Crafty Old School House	\$2,000.00
ELC Art Exhibition	Kids of the Creek Inc.	\$892.36



Community Health

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

The Community Health Nurse is a generalist, and the role serves to meet a broad range of health care needs, from community-based aged care to follow-up after discharge from hospital. It includes things like performing health assessments, assisting with chronic disease management, helping coordinate appointments with local health care providers, arranging telepharmacy medication reviews, conducting patient education, and delivering health promotion activities.

Health Promotion Activities undertaken by the nurse throughout the course of the year included:

- » 'Community Health Check' in Julia Creek, where their Dietitian and Exercise Physiologist did a 'meet and greet' to promote NWRH services and answer diet and exercise questions. Over 20 people in attendance



- » Joined forces with a variety of clinicians from Mt Isa to promote better health at the Julia Creek Campdraft. The main message of the day was "Shatter the Stigma" in regards to mental health. Other topics on display included heart health, drugs and alcohol awareness, sexual health, and end-of-life care



- » Dying to Know Day, promotion of having end-of life conversations with family.
- » Collaborated with a small group of community members in planning, organising and delivering a TRAIC-funded event aimed at addressing volunteer burnout 'Celebrating Our Volunteers weekend'
- » Hosting of 'Psychological First Aid' evening with Dr. Tim Driscoll from the RFDS and Denise Price from TRAIC post flood
- » 6 week 'Winter Wellness Walking Program' to encourage residents to become more active and improve their overall health and wellbeing

Other activities of the nurse included:

- » 1,253 occasions of service to the Commonwealth Home Support Program (CHSP) aged care clients in Julia Creek.
- » Regular weekly gym sessions with interested aged care clients to enhance physical and emotional wellbeing.
- » Completed the Heart Foundation's Health Professional Ambassador Program
- » Participated in multiple meetings with the Integrated Model of Care project team at the MPHS to ensure a successful delivery and implementation of that new model of care.
- » Arranged 8 telepharmacy medication reviews for aged care clients with a Pharmacist at the Mt Isa Hospital



The Community (Health) Nurse works closely with the attending Doctor, the Julia Creek Medical Centre, the Julia Creek MPHS and the CHSP Coordinator, along with various visiting health care providers, to deliver the best care possible for the residents of the McKinlay Shire.



As has been the case in previous years, in the financial year 2018/19, McKinlay Shire Council provided extensive aged-care assisted living under the Commonwealth Home Support Program (CHSP). This federal funded program sees the support of local residents aged 65 years and over to ensure they remain living independently in their own homes. Council is proud to work together with the elderly and happily provides support on a daily basis with a broad range of activities. Council's support officer, Tanya Parry, entertains and assists the CHSP clients while other departments of Council provide nursing, cleaning, sports, maintenance and other support services.

For this financial year, Council supported 31 CHSP clients in a broad range of activities such as assisting in doing groceries, getting out and about, retrieve medication and prescriptions, having lunches, games and fun together. During the year, Council organised over 450 meals on wheels, and over 600 meals at the Community Centre, all delivered by volunteers and Council employees. Local businesses also participate by preparing lunches and meals on wheels and help them to get groceries and medications.

Socialising regularly is an important part of the support provided to CHSP clients. Therefore, many social events are organised such as Christmas which was celebrated twice this year in collaboration with the local Men's Lions Club, in July and December and provided a lot of fun and socialising with each other whilst enjoying the decorations, heaps of food and drinks. Other celebrations for the year were ANZAC Day, Halloween, and Easter and offered many of the elderly the opportunity to dress up, which they always love and put a lot of effort in.

Council proudly supports and delivers this valuable program for the benefit of our community.



Sport & Recreation

As always, the past twelve months have been full of sporting and social recreation events which are highlights on many calendars and draw large local crowds as well as many visitors from surrounding areas. Annual events such as local Turf Club Race meetings (including the Artesian Express and Beach Races), Julia Creek Campdraft, Dirt N Dust Festival, Saxby Round-Up, Sedan Dip Races, Rodeo & Campdraft, Julia Creek Town vs Country Rugby League & Netball, Julia Creek Swim Club Ball, Branches Performing Arts Festivals and Sedan Dip Pony Camp were again successful. These events provide an opportunity to allow community integration and social interaction and all volunteers involved across all the organisations should be commended for their efforts.

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 introduces 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, visits from NRL and Queensland Cricket Development Officers and conducting a bike safety program.

Bike Muster involves Council liaising with local officers from the Queensland Police Service and 25 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.

Staff were also able to attend Mount Isa School of the Air annual 'Mini School' held in Julia Creek as well as 'Sports for Bush Kids Week' held in Mount Isa.

These events are great occasions as they allow children living in remote areas the chance to participate in a variety of sports and specialised coaching which they are seldom exposed too. Funding from The Sporting Schools Program allowed after school sporting activities for local 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 20 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 activities funded through the Regional Arts Development allowed children to participate in a range of activities they would rarely get the opportunity to do so due to our remote location. These included a 4-day workshop with 'The Storey Players' and a 4-day workshop with 'Flipside Circus'.

The feedback from both workshops was extremely positive and the children thoroughly enjoyed them both. Some other fun activities which the children participated in during their holidays included a tennis clinic, library days, arts and crafts, movie trips to Mount Isa, swimming, cooking, movie marathons and picnics.



Council also aims to provide and support a variety of sport and recreation opportunities to the whole community through the utilisation of McIntyre Park, Daren Ginns Centre, Kev Bannah Oval, Indoor Sports Centre, Julia Creek Tennis Courts, McKinlay Multi-Purpose Courts and Julia Creek Swimming Pool. These facilities are great assets to the Shire as they allow community members to be physically active with protection from the extreme weather conditions faced in our region as they have permanent shade structures and lighting and can be used all year round.

Council also received funding through the Queensland Government Get Playing Places and Spaces program to construct a 12m x 5m extension to the current facility at the Daren Ginns Centre. These works will allow the inclusion of a child-friendly area and additional floor space to encourage local parents (particularly mothers) to be able to utilise the facility. Construction is expected to be completed towards the end of 2019. The Daren Ginns Centre continues to be a popular area for physical activity with approximately 80 members currently utilising the gym and it is also reserved once a week by members of the Commonwealth Home Support Program to improve functional strength and movement for falls prevention. Council also aids the Home and Community Care Program by providing exercise and games once a week.

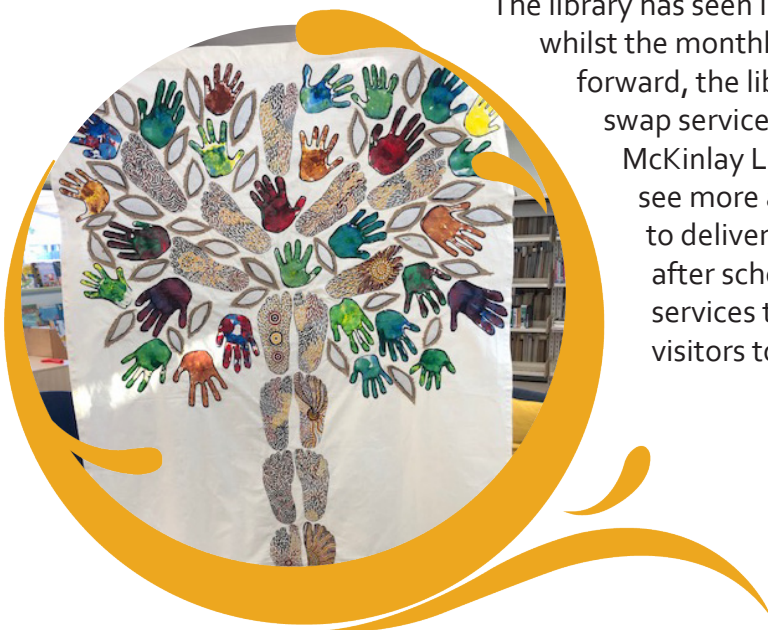
The financial year 2018/2019 has been a challenging one for the local kids, adults, visitors and businesses. During and after the flooding event, the library served as an informal hub for people to come together and discuss their thoughts and experiences, connect their phones to wifi or power points and communicate with worried families and government bodies or simply just to get away from it all. Arguably, the flooding event was large enough to overshadow many of the other activities done at the library. Reflecting on last year provides us with an opportunity to reminisce on our achievements.

At the entrance of the library, we proudly display our "Making Magic Tile" project which was made by local children in August 2018. The hand painted tiles form a strong contrast with the new technological additions we received in September. As part of a successful grant application, the library received several iPads, two Virtual Reality Head sets, a 3D Printer and new computers for public use. The iPads have proven to be very popular with the children, whilst the new computers are used on a daily basis and provide access to digital services. Building on the technological additions, October saw Augmented Reality books be introduced which combine real books with software on iPads to make the books come to life. The books guide readers through ocean life, dinosaurs and prehistoric life, and living animals. Technology has been a large part of the activities with movie making over the school holidays by using iPads and specific software programs.

In March and April 2019, a local indigenous artist Mena Stemm took the children on a journey of story telling and creativity. After school activities and school holiday programs were met with enthusiasm and creativity which ultimately led to the "Tree of Life": A story of birth, growth and adulthood portrayed in the form of a tree made of the prints of the hands and feet of the children.

Over the autumn of 2019, the library continued to provide a wide range of activities to and for the children whilst also serving as an analogue and digital services hub for locals and visitors to swap or borrow books, sit university exams or have a community consultation session to pave the way for the community plan 2020.

The library has seen increased membership to over 370 members whilst the monthly loans have grown significantly as well. Looking forward, the library will continue to expand its book loan and swap services by updating its collection regularly whilst McKinlay Library –the smallest library in Queensland – will see more activities be hosted as well. We will continue to deliver programs for the 0-4 age groups, expand the after school activities and increase the number of digital services to better connect to the local residents of and visitors to the Shire.



Council in partnership with the State Government through the Department of Education continued to deliver a Remote Learning Facility in Julia Creek throughout 2018/19.

The facility enables children in years 7 through to 10 enrol through Mount Isa School of The Air and complete their studies in a classroom at the Julia Creek State School with the assistance of a Teachers Aide funded by the State Government. In 2018 the facility had 3 children enrolled and in 2019 two children continued to utilise the facility. Council believes this initiative helps to sustain, retain and attract families to our community.

Julia Creek Early Learning Centre

This last financial year has been a big one at the ELC. With the lowering of the acceptance age at the beginning of 2018 we saw an influx of young children utilising the service. We entered 2019 with a kinder group of 15 children that will be moving onto 'Big School' in 2020.

We welcomed our new Kinder teacher, Eliza, and her family to town and have seen lots of positive changes due to Eliza's experience on the coast. With our ever expanding utilisation we again faced some recruitment barriers, mainly our location and a shortage of qualified educators, however we were successfully able to take on new recruits and fulfil the care needs of the community to the licensed capacity of the service.

In the last financial year the kindy has provided care for 38 families and 52 children. We have been running, on average, at 80% capacity. Our focus on quality education and care for the children of the Shire has seen us begin the process of creating a business case for a proposed Children's Hub in town. In consultation with all relevant stakeholders a business case was completed with the next step being engagement of a design company to create a detailed design in 2020, in consultation with relevant stakeholders, of the proposed new facility. This is a very exciting project, which we are pleased to see progressing. The new hub will increase the capacity of Council to facilitate all of the needs of children within the community, not just in the early years.



The Centre has been focusing on community engagement over the past year. Our always much anticipated end of year trip in 2018 took us to Winton to walk the dinosaur canyon at Age of Dinosaurs. The children had an amazing time exploring the interactive exhibit and listening to the informative talk on the regions fossil discoveries. We also explored the truck museum in Winton which was a highlight of the trip. Closer to home, we take regular trips around town to local sites, including the Library, the School, the local museum, the Visitors Information Centre and the airport to watch Rex land and take off.



The flood in February this year brought lots of mixed emotions and questions from the kids. We were very proud to witness how mature they were in their questions and understanding of what was happening. The ongoing mental health of the children is something that is in the forefront of our minds and we have been working with children to help them with any ongoing questions they may have.



However in the busyness of the flood event the children were excited to welcome the Army to kindy. They became the children's real life superheroes and they were enamoured with the chinooks and army choppers that were flying over head during that busy time.

The QFES swift water crew also came by to spend some time with the kids. All of these positive connections with community and community helpers helped the children to process what was happening and served as a welcome distraction from big emotions.

At the Centre we continue to foster the children's independence, critical thinking, risk assessment and risk management skills, social awareness, mental and physical wellbeing. The children have responded well to the hands on, play based and inquiry based model of learning and now that this has been the style of teaching at the ELC for the past 3 years we are seeing the children really utilising these skills throughout their day. We look forward to continued growth and learning and the progression of the Children's Hub to cater to the ever changing community needs.

Tourism

For the year ended 30th June 2019, we have observed decreases and/or minor consolidations of numbers of in visitors and guests across a number of our facilities and events as follows:

- » Julia Creek Caravan Park – 3.57% increase in Caravan Park guests in 2018/19
- » Julia Creek Caravan Park Bush Dinners – 18.26% increase in numbers in 2018/19
- » Julia Creek Visitor Information Centre – 0.71% increase in numbers in 2018/19
- » Julia Creek RV Friendly Site – 19.03% decrease in RV permits issued in 2018/19

The February 2019 monsoonal flood event significantly impacted our access to the shire for some time and had its most notable impact on the RV Site which witnessed its first downturn in numbers since its establishment. It was a major task to undertake a clean up of the site to have it reopened by April 2019. Council have scheduled further clean up works in 2019/20.

Awards 2018/19

Throughout 2018/19, we received numerous gongs across the State and within the Outback Queensland region for our efforts in tourism. For the first time, we received a state accolade when we were awarded a Bronze in the Queensland Tourism Awards. We attribute a lot of this success 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

Visitor Information and Services: Julia Creek Visitor and Information Centre

Queensland Tourism Awards

Visitor Information and Services (Bronze Award): Julia Creek Visitor and Information Centre



Queensland Information Centre Association (QICA)

Community Engagement Award: Julia Creek Visitor and Information Centre

Tidy Towns

Environmental Protection Award: Julia Creek Dunnart Program

Overnight Visitors

Overnight visitors to Council-owned facilities (Julia Creek Caravan Park and Julia Creek RV Friendly Site) totalled 11,338 in 2018/19 compared with 11,589 in 2017/18 – a 2.16% decrease between financial year figures. This reduction in figures was caused by the significant drop in numbers at both the Caravan Park and RV Site due the access to Julia Creek during February and March being impacted by the 2019 Monsoonal Flood Event. These figures were otherwise trending upwards.

	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%
2018/19	8,956	2,382	11,338	(2.16%)

Julia Creek Caravan Park Guest Numbers

	2018/19	2017/18
July	1932	1761
Aug	1691	1487
Sept	913	875
Oct	498	331
Nov	236	222
Dec	215	242
Jan	117	170
Feb	69	270
Mar	230	367
Apr	630	593
May	725	777
June	1700	1552
TOTAL	8956	8647

Julia Creek Caravan Park Bush Dinners

In June 2019, our 10,000th meal was served at the Julia Creek Caravan Park Bush Dinners. This initiative has delivered a six-figure injection into our local not for profit groups and an immeasurable economic impact over the years. We know these nights are a major drawcard for our visitors. Throughout 2018/19, there were 2221 meals served at the Julia Creek Caravan Park Bush Dinners. This has increased by just 18.26% from 2017/18 whereby 1788 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.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Jul	1,134	939	1,177	2,054	2,172	3,129	2,583	3094	3353
Aug	897	734	1050	1503	1731	2628	2053	2336	2348
Sept	540	427	496	813	915	1347	1534	1128	1036
Oct	167	220	231	262	203	655	521	490	558
Nov	106	69	94	125	120	211	235	157	240
Dec	47	34	78	58	81	90	115	141	139
Jan	48	71	92	50	230	119	166	116	191
Feb	51	66	65	85	108	200	172	175	99
Mar	101	105	55	105	234	236	290	230	294
Apr	182	240	509	523	553	605	608	836	604
May	328	381	857	844	1044	1127	1257	1050	743
Jun	459	638	1371	1388	2047	2304	2241	1810	1840
TOTAL	4060	3933	6075	7810	9438	12651	11775	11563	11645



Social Media Insights

	Likes 30/06/15	Likes 30/06/16	Likes 30/06/17	Likes 30/06/18	Likes 30/06/19	Increase in 12 months
Julia Creek Visitor Info Centre Facebook	588	1237	2188	3096	3779	22.06%
McKinlay Shire Council Facebook	1267	2528	3283	4301	5838	35.74%
@juliacreekqld Instagram Account	500	801	1040	1100	1204	9.45%

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.

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

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

- » Advanced CPR
- » Senior First Aid
- » Certificate III Children's Services
- » Diploma Children's Services
- » Airport Reporting Officer
- » Machinery Competency
- » Traffic Control Management
- » Workplace Drug & Alcohol Testing
- » Certificate III Civil Construction
- » WH&S Representative Training
- » Certificate III WHS
- » Certificate in Asset Management Planning
- » Aeronautical Radio Operator
- » Certificate III Water Treatment Industry
- » Prepare to Work Safely in Construction Industry

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:

- » Entertainment & Hospitality Policy
- » Advertising Spending Policy
- » Dealing with Complaints about the Public Official Policy
- » Model Meeting Procedures
- » Code of Conduct for Councillors
- » Standing Order for Council Meeting
- » Investigation Policy
- » Legal Assistance (Defamation) Policy
- » Council Briefing Sessions Policy
- » 2019 Monsoonal Flooding Event Donations Policy
- » Fraud Policy & Control Plan
- » Revenue Policy

The objective of Human Resources is to promote the harmonization of the organisations people and Council’s 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.

Employees at a Glance

Workforce

Permanent	41
Permanent Part-Time	7
Contract - Exec & Managerial	3
Contract - Other	6
Casual	18
Total	75

Gender Balance

Male

Female

Executive/Managerial	2	1
Professional		
Community and Personal Services	1	10
Clerical & Administrative	2	11
Machine Operators	11	3
Labourer/Unskilled	13	5
Trades	3	0
Team Leaders/ Supervisors	5	3
TOTAL	37	33

Employees Departed

Employee Initiated Separation 18
Employee Turnover Rate 27%

Employees Recruited

Internal 2
External.....17

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

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
- » Workshop



Roads

Roads are the largest asset group in Council with a total of 2,041 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.

Natural Disaster Relief and Recovery arrangements (NDRRA)

The works for the 2018 flood event were in progress until the January 2019 when a monsoonal event took place where Contractors and Council were to respond to emergent works for the reestablishment of trafficable roads, 2019 monsoon inadvertently engaged Council resources with overlapping flood recovery works – NDRRA 2018 & DFRA 2019.

The 2018 works were re-engaged and are estimated to reach completion end of December 2019. The 2019 damage pick ups are underway to be assessed and submitted to Queensland Reconstruction Authority for approval of restoration works

TIDS/R2R

The Gilliat McKinlay Road (Gidgee Bug Byway) is an integral part of McKinlay Shire Council's Tourism Network.

This road joins Julia Creek and McKinlay via the abandoned township of Gilliat. McKinlay which is the home of the famous 'Walkabout Creek Hotel'.

Council has been working to seal the 'Gidgee Bug Byway' and 2018/19 saw a further 6.5kms of sealed road in 3 sections.

Town Streets

Julia Street and Burke Street laneways were stabilised and resealed with two coat seal by contractors and Council.

Rural Roads

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

The January 2019 flood event has meant Council operational Staff dedicated to the Road maintenance were deployed to carry out works associated with emergent activities and later Reconstruction of Essential Public Assets (REPA).

Cannington Road Works

Council has a contract with South 32 Cannington mine to undertake the repairs and maintenance from McKinlay Township to Cannington Mine. During 2018/19 sections of the road were stabilised and resealed.

Other Maintenance Works completed during this period were:

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



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. 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.



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.

Water

Council maintains water services to Julia Creek, Kynuna, McKinlay and Nelia. These services are regularly inspected, 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 have back-up generators at the water sources ensuring ongoing water supply during power outages, these are service 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 two bores and a raised tank to maintain pressure.

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

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.

Environmental Health & Regulatory Services

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 Work Camp
- Livestock Operations
- Local Laws
- Pest Animal and Plant Control
- Stock Routes and Reserves
- Town Planning
- Town Water/Sewage Monitoring
- Waste Management



Capital Works

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

- » Eastern Yard Upgrade at Julia Creek Early Learning Centre
- » Coyne Street Shade Structures
- » Museum Extension



Corporate and Community Facilities

Corporate and Community Facilities located in Julia Creek and McKinlay including but not limited to, Fr. Bill Centre, CSA Building, Civic Centre, Early Learning Centre and Libraries are maintained and renewed by Council to provide facilities that meet the community's expectation.



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 completed the construction of 2 x two bedroom units and 2 x four bedroom houses thanks to external funding that was received in 2017-18.

Council undertook the following upgrades to its housing stock during the year;

- » Replace flooring at 25 Byrne Street
- » Replace flooring at 5 Coyne Street
- » Full re-stumping of 8 Byrne Street
- » Painting of various properties



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.

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.

McKinlay Shire was hit with a major flooding event in late January early February 2019 which activated the Local Disaster Management Group.



Local Laws

The Local Laws Officer is responsible for ensuring compliance of local laws within the community. For the 2018-19 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 as always being the primary focus.

Council's adopted new local laws during the 2018-19 Financial Year. The following laws were passed;

- » Local Law No. 1 (Administration) 2019
- » Subordinate Local Law No. 1 (Administration) 2019
- » Local Law No. 2 (Animal Management) 2019
- » Subordinate Local Law No. 2 (Animal Management) 2019
- » Local Law No. 3 (Community & Environmental Management) 2019
- » Subordinate Local Law No. 3 (Community & Environmental Management) 2019
- » Local Law No. 4 (Local Government Controlled Areas Facilities and Roads) 2019
- » Subordinate Local Law No. 4 (Local Government Controlled Areas Facilities and Roads) 2019

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 2018-19 Financial Year including but not limited to;

- » Mowing of various non-for-profit organisations within the Shire
- » Assistance with the clean up of all waste facilities within the Shire
- » Preparation and set up for 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
- » Painting of various signs around Julia Creek including entry signs
- » 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, replace water troughs at paddocks any many others

Livestock Operations

The livestock facility is a combined, cattle yard and weighing facility operated by Council with a neighbouring 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;

- » 21,391 head of cattle weighed and scanned
- » 16,615 head of cattle loaded onto rail transport



Pest Animal & Plant Control

Pest Animal

Two rounds of baiting were delivered during the 2018-19 financial year
In October 2018, 40 properties participated with a total of 12,460kg of meat treated.
In May 2019, 36 properties participated with a total of 10,650kg of meat treated.
Wild dog scalp bounty saw a total of 67 scalps presented.
1,120kgs of De-Kg was issued during the financial year.
Council endorsed its Biosecurity Plan during the 2018-19 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 2018-19 financial year;

The Mesquite Eradication Program continued on the McKinlay Common along the McKinlay River which took approx. 12 days and 20 men over the period.

Roads that were treated during the year included Millungera, Punchbowl, Old Normanton Road, Dalgonally Lane and Rockvale.

The following Prickly Acacia spraying occurred;

- » Regular spraying occurred along all drains around the Julia Creek township
- » Sections of Horse DPI Paddock
- » Town Common Regrowth
- » Nelia Town Common



140kg of Graslan was applied onto the Rubbish Dump Paddock during the year.

Stock Routes & Reserves

Council maintains over 1000 Km 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, 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.

The following projects were completed through the DNRME Capital Works Program;

- » New 47,300gal water tank installed at Baroona Water Facility
- » Flood repairs to tank at Cremona Water Facility
- » Thurgoom and Coomara bores were logged
- » New headworks at Thurgoom
- » Replacement bore installed at Na Vista Water Facility

Council undertook the following works under its Capital Works Program for the 2018-19 Financial Year;

- » New fence around Airport Road paddocks
- » DPI Paddock fencing
- » New shade structures on various paddocks

The following fencing works were conducted due to the flood event;
Paddock Fencing –

- » DPI Paddock and Argyle
- » Fence between Police Paddock and Butcher Paddock
- » Fence between Argyle and Punchbowl road
- » Fence on rail line on northern side of Gilliat
- » Fence on rail line on southern of Gilliat
- » Renew fence on highway located at Nelia turn off to Alick Creek
- » Renew fence between Alick Creek and Nelia along the rail line

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. Council adopted its new planning scheme on the 26th April 2019. This scheme was drafted with the assistance of the Department of State Development, Manufacturing, Infrastructure and Planning. Council received a total of 10 Development Applications during the 2018-19 Financial Year;

- » 2 x Operational Works
- » 7 x Building
- » 1 x Planning

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 approx. 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. Sewerage testing occurs on a 6 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.



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.

New entry signs were purchased for Nelia, McKinlay and Kynuna Waste Facilities

Zebra Metals removed approx. 210 tonne of scrap metal from the Julia Creek Waste Facility during the 2018-19 financial year



Governance

The role of a 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
- » 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 interest 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 meeting, 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 services provided.

Elected Representatives

Mayor Belinda Murphy

Tourism, Economic Development & Governance

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. Belinda met her now-husband Wayne Murphy and moved into Julia Creek in 2004 as the Branch Manager for the Queensland Country Credit Union and then became a Senior Manager for McKinlay Shire Council from 2005 until 2010. During this time Belinda completed a graduate degree in Public Sector Management and various Local Government training programs. As Mayor, her portfolios include Tourism, Economic Development, and Governance. She is a board member of the Northern Australia Infrastructure Facility (NAIF), the Mount Isa to Townsville Economic Development Zone (MITEZ), the Local Government Association of Queensland (LGAQ) as district representative, and has recently finished being Chairwoman of the Outback Queensland Tourism Association (OQTA) after being on the board for over six years. Belinda has also been on many community organisations since moving to Julia Creek and enjoys camp drafting in the Northwest. She 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.



"2018/19 proved to be a year full of highs and lows. Highs being the improvement of roads and facilities for Shire residents and visitors, continuing to keep McKinlay Shire on the map. Lows being, the "February 2019 Floods" which devastated our whole community and brought us together as a community to collaborate and help each other.

We are a shire that continues to look forward and never looks back. Onwards and upwards into 2020."

Deputy Mayor Neil Walker

Environmental Management & 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's name is Susan and I have two children Kate and Callum.

"Despite the enormity of the flooding in February Council continued to function for and on behalf of Community. A number of building projects are being finalised. There is also some projects soon to start namely the new Smart Hub plus two new bath houses at the Caravan Park; these will take the Shire forward with technology as well as tourism.



Deputy Mayor Neil Walker - continued

A massive works program is underway to repair the Shire roads that will see local contractors busy for some time to come. It is also significant that we are in a good position to take advantage of both mining and agriculture ventures if early indicators continue to show results.

In what will be my last report I would like to sincerely thank all Council staff, Councillors and Community that I have had the pleasure of working with over the past two terms of Council. I am satisfied that as a Councillor and Council a strong platform has been built and trust the momentum will continue well into the future. Thank you."

Cr. Janene Fegan

Health & 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 and casually as a barmaid at all the Julia Creek watering holes. Janene lived on the family property for 8 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.

Over the years 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.

"What a busy 2018/2019 financial year we have had. The 2019 flood event put a spanner in the works for a bit but didn't pull us up for long.

This year saw the completion of the new hospital and the implementation of a new model of care. The Julia Creek Multipurpose Health Centre provides the usual hospital facilities, including the medical centre (Dr's surgery) and an aged care wing which is a great space for the residence. The Community Nurse and the McKinlay Bush Nurse continue to provide a wonderful service and are an essential conduit between visiting health services, the hospital and the residence of our shire.

There was a late start with tourist visitation, but numbers steadily increased, and the season went well into late September. Visitors were very supportive and keen to help our community following our flood event.

Usual council business kept us all busy through out the year with plenty of road and water works and new projects within our shire."



Cr. Shauna Royes

Community Services & Economic Development

Shauna was born in Julia Creek and raised on Shire properties such as Dalgonally, Canobie, Millungera and 6 years at Burleigh Station north of Richmond. Schooling consisted of primary correspondence 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 by 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.

"2018/19 proved to be a year full of highs and lows. Highs being; the improvement of Roads and Facilities for Shire residents and visitors, continuing to keep our Shire on the map. Lows being; the 'February 19 Floods' which devastated our whole community, but brought us together as a community to collaborate and help each other.

We are a Shire that continues to look forward and never look back, onwards and upwards into 2020."



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 their 3 girls, Charli, Chloe and Mackenzie. Philip has been the president of Saxby Roundup for 11 years and in his spare time likes to read and go to a few campdrafts.

"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!"



Statutory Information

Transparency and Accountability



Information Relating to Councillors

The Local Government Regulation 2012 Section 186 requires Council to report on a number of matters concerning Councillors. The table below provides an overview for the required information as detailed in Section 186.

Section 186 - for the period 1 July 2018 to 2 December 2018	Detail
(d) the total number of the following during the financial year— (i) orders and recommendation made under Section 180(2) or (4) of the Act; (ii) orders made under Section 181 of the Act; and	Nil Nil
(e) each of the following during the financial year— (i) the name of each councillor for whom an order or recommendation was made under Section 180 of the Act or an order was made under section 181 of the Act; (ii) a description of the misconduct or inappropriate conduct engaged in by each of the councillors; (iii) a summary of the order or recommendation made for each councillor; and	N/A N/A N/A
(f) the number of each of the following during the financial year— (i) complaints about the conduct or performance of councillors for which no further action was taken under Section 176C(2) of the Act; (ii) complaints referred to the department's chief executive under Section 176C(3)(a)(i) of the Act; (iii) complaints referred to the mayor under Section 176C(3)(a)(ii) or (b)(i) of the Act; (iv) complaints referred to the department's chief executive under Section 176C(4)(a) of the Act; (v) complaints assessed by the Chief Executive Officer as being about official misconduct; (vi) complaints heard by a regional conduct review panel; (vii) complaints heard by the tribunal; (viii) complaints to which Section 176C(6) of the Act applied.	Nil Nil Nil Nil Nil Nil Nil Nil

Section 186 - for the period 3 December 2018 to 30 June 2019	Detail
(a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; and	Refer Table 1
(b) the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government's expenses reimbursement policy; and	Refer Table 1
(c) the number of local government meetings that each councillor attended during the financial year; and	Refer Table 2
(d) the number of each of the following during the financial year— (i) orders made under <i>Section 150I(2)</i> of the Act; (ii) orders made under <i>Section 150AH(1)</i> of the Act; (iii) decisions, orders and recommendations made under <i>Section 150AR(1)</i> of the Act; and	Nil Nil Nil
(e) each of the following during the financial year— (i) the name of each councillor for whom a decision, order or recommendation mentioned in paragraph (d) was made; (ii) a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors; (iii) a summary of the decision, order or recommendation made for each councillor; and	N/A N/A N/A
(f) the number of each of the following during the financial year— (i) complaints referred to the assessor under <i>Section 150P(2)</i> (a) of the Act by local government entities for the local government; (ii) matters, mentioned in <i>Section 150P(3)</i> of the Act, notified to the Crime and Corruption Commission; (iii) notices given under <i>Section 150R(2)</i> of the Act; (iv) notices given under <i>Section 150S(2)(a)</i> of the Act; (v) decisions made under <i>Section 150W(a), (b) and (d)</i> of the Act; (vi) referral notices accompanied by a recommendation mentioned in <i>Section 150AC(3)(a)</i> of the Act; (vii) occasions information was given under <i>Section 150AF(4)(a)</i> of the Act; (viii) occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor; (ix) applications heard by the conduct tribunal about the alleged misconduct of a councillor.	1 0 0 0 1 - Assessor dismissed the complaint about conduct under <i>Section 150X</i> 0 0 0 0

	Cr Belinda Murphy Mayor	Cr Neil Walker Deputy Mayor	Cr Philip Curr	Cr Janene Fegan	Cr Shauna Royes
Councillor Remuneration	\$103,917.96	\$59,952.00	\$50,514.71	\$51,957.96	\$51,957.96
Facilities and Equipment Provided	Office Computer Printer				
Facility Communication Equipment Provided	Mobile Phone IPad				
Conference & Workshop Expenses	\$380.00	\$175.00		\$2,627.50	
Travel (Flights & Accommodation)	\$16,721.02	\$2,395.39		\$6,165.10	
Mileage Allowance*	Nil	Nil	Nil	Nil	Nil
TOTAL	\$121,018.98	\$38,810.56	\$26,183.43	\$28,159.64	\$29,764.59

A Council car is made available to all Councillors for the 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.

Secretarial support is provided to the Mayor.

Councillor	Ordinary Meetings Held	Ordinary Meetings Attended	Special Meetings Held	Special Meetings Attended
Cr Belinda Murphy	12	12	1	1
Cr Neil Walker	12	12	1	1
Cr Philip Curr	12	11	1	1
Cr Janene Fegan	12	12	1	1
Cr Shauna Royes	12	12	1	1

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

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

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 Action Complaints Made 2018/19.....	3
Administrative Action Complaints Resolved 2018/19	3
Administrative Action Complaints Unresolved 2018/19.....	0
Administrative Action Complaints Unresolved (from above) made in 2017/18	1

REPORT OF ANY OVERSEAS TRAVEL TAKEN BY A COUNCILLOR OR LOCAL GOVERNMENT EMPLOYEE IN AN OFFICIAL CAPACITY

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

SUMMARY OF EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

Council's Expenditure

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

Council received funding through the Departments of Communities, Disability Services and Seniors Community Drought Support Package, which was distributed to a variety of local not for profit organisations which host annual events in the community.

In accordance with *Section 189* of the *Local Government Regulation 2012*, a summary of Council's expenditure on community grants is provided in the table below.

Organisation	Amount	Grant Program
Sedan Dip Sports & Recreation Inc	\$5,000	Sponsorship
Sedan Dip Sports & Recreation Inc	\$5,000	Community Drought Funding
Sedan Dip Sports & Recreation Inc - Pony Camp Event	\$5,000	Community Drought Funding
Julia Creek Turf Club	\$5,000	Sponsorship
Julia Creek Turf Club	\$1,223	Community Benefit Assistance Scheme
Julia Creek Turf Club	\$5,000	Community Drought Funding
Julia Creek Amateur Swimming Club	\$2,000	Sponsorship
Julia Creek Amateur Swimming Club	\$5,000	Community Drought Funding
Julia Creek Campdraft	\$5,000	Sponsorship
Julia Creek Campdraft	\$4,000	Donation - 2019 Monsoonal Flooding Event
Julia Creek Campdraft - Julia Creek Challenge Event	\$2,600	In-kind Sponsorship
Julia Creek Campdraft - Julia Creek Challenge Event	\$5,000	Community Drought Funding
Julia Creek Campdraft	\$5,000	Community Benefit Assistance Scheme
Julia Creek Campdraft	\$5,000	Community Drought Funding
McKinlay Race Club	\$5,150	Sponsorship
McKinlay Race Club	\$5,000	Donation - 2019 Monsoonal Flooding Event
McKinlay Race Club	\$2,671.80	Community Benefit Assistance Scheme
McKinlay Race Club	\$5,000	Community Drought Funding
Saxby Round-Up	\$5,000	Sponsorship
Julia Creek Dirt & Dust Festival	\$75,000	Sponsorship
Kids of The Creek Inc	\$1,389.06	Donation
Scripture Union - Julia Creek Chaplaincy	\$7,000	Donation
Julia Creek Historical Society	\$1,000	Donation
Nelia QCWA	\$3,028	Community Benefit Assistance Scheme
McKinlay QCWA	\$675	Community Benefit Assistance Scheme
Julia Creek Combined Sporting Assoc.	\$3,000	Community Benefit Assistance Scheme
Julia Creek Mini School	\$1,794.29	Community Drought Funding
Lions Ladies Auxiliary	\$3,000	Community Drought Funding
Julia Creek Primary P&C	\$5,000	Community Drought Funding
Kynuna Rural Fire Brigade	\$250	Community Drought Funding
Julia Creek Pony Club	\$3,294.70	Community Drought Funding
McKISSA	\$2,000	Community Drought Funding
Nelia QCWA	\$1,000	Community Drought Funding
McKinlay Shire Cultural Association	\$5,000	Community Drought Funding
Sisters of the North	\$2,800	Community Drought Funding

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

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.

CURRENT LIST OF REGISTERS KEPT

- » Asset Register
- » Register of Interests (Councillors and Senior Executive Officers)
- » Register of Delegations
- » Local Law Register
- » Roads Register
- » Councillor Conduct Register
- » Policy Register
- » Fees & Charges Register
- » Register of pre-qualified suppliers

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

The available information includes:

- » Council Meeting Minutes
- » Operational Plan
- » Community Plan
- » Tourism Plan
- » Economic Development Plan
- » Corporate Plan
- » McKinlay Shire Planning Scheme
- » Revenue Statement
- » Annual Budget
- » Publication Scheme (Right to Information)

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.

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	\$26, 256.22
Discount	\$306,561.71

REPORT ON THE INTERNAL AUDIT

Rebates and Concessions on Rates and Charges

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 valuate 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 2018-19 financial year internal audits were carried out on the following financial management matters:

- » Purchasing & Procurement including Plant Hire Arrangements
- » Council Housing and Buildings
- » Grids Policy and Accounting Treatment
- » Council Housing Project Procurement
- » Conflict of Interest Matter

In December 2018 Council reviewed and Adopted the Internal Audit Plan 2019 - 2021 covering three financial years.

Council continued to operate an Audit Committee throughout 2018/19 which is comprised of two Councillors and one external member. The Audit Committee members are Mayor, Cr Belinda Murphy, Deputy Mayor, Cr Neil Walker and Mr Neil Warner.

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

Council Contacts

Customer Contacts

McKinlay Shire Council
29 Burke Street
Julia Creek, QLD 4823

PO Box 177
Julia Creek, QLD 4823

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

Tourism Information Centre

Phone: (07) 4746 7690

Library Services

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

McKinlay Library

Online

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

Councillors

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

Cr Neil Walker (Deputy Mayor)
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Email: neil.walker@mckinlay.qld.gov.au

Cr Philip Curr
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Executive Assistant
Phone: (07) 4746 4218
Email: executiveassistant@mckinlay.qld.gov.au



COMMUNITY FINANCIAL REPORT

2018 / 19

Community Financial Report

for the year ended 30 June 2019

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. 2018/19 Snapshot

Key highlights of the 2018/19 financial year include:

- ❖ Staff Housing Project – Construction of 2 units and 2 houses
- ❖ Nelia Bunda Road – pave and bitumen seal 6 kilometres
- ❖ Punchbowl Road – pave and bitumen seal 6 kilometres
- ❖ Gilliat McKinlay Road – pave and bitumen seal 6 kilometres
- ❖ Sewer Treatment Plant Upgrade – enhancement of plant to increase capacity and level of treatment

2. About Council's End of Year Financial Statements

What you will find in the Financial Statements

The Audited Financial Statements of Council set out the financial performance, financial position, cash flows and the net wealth of Council for the financial year ended 30 June 2019.

About the Management Certificate

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

About the Financial Statements

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

1. A Statement of Comprehensive Income

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

2. A Statement of Financial Position (Balance Sheet)

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

3. A Statement of Changes in Equity

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

4. A Statement of Cash Flows

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

5. Notes to the Financial Statements

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

Community Financial Report

for the year ended 30 June 2019

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 2018/19 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2019 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 2018/19

Council's headline "profit/loss" result for the 2018/19 year was a \$18,301,997 profit.

Council's Result			
	Actual	Budget	Actual
\$ '000	2019	2019	2018
Expenditure	18,094	22,801	29,002
Revenues (excl. income for capital purposes)	15,648	12,799	12,403
Net Result before Capital Grants & Contributions	-2,446	-10,002	-16,599
Capital Grants & Contributions	10,403	9,232	9,080
Increase in Asset Revaluation	10,345		5,216
Net Result	18,302	-770	-2,303

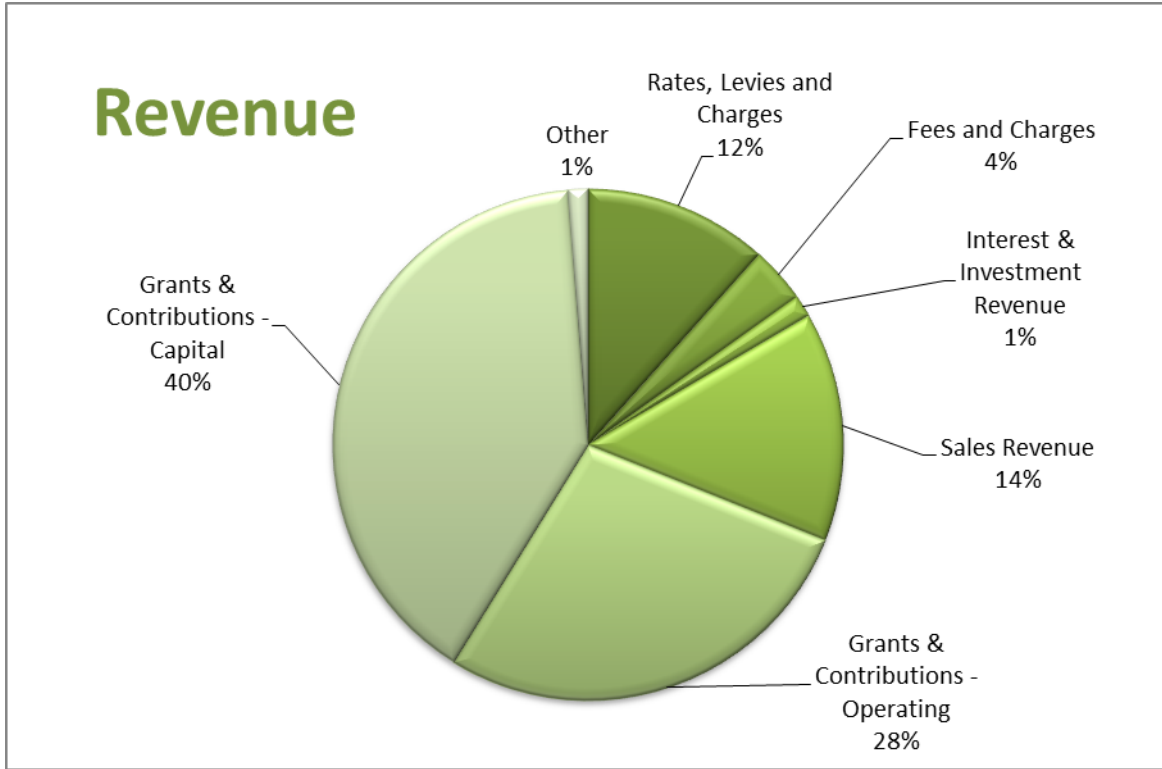
The budgeted "profit/loss" for 2018/19 was \$799,477 loss however Council's profit was \$18,301,997 which meant Council exceeded its budgeted projections. The main reasons relating to this difference between the actual result and the budgeted performance was:

- ❖ Increase in asset revaluation surplus \$10,344,997
- ❖ Advance payment of \$2.765 mil for the Financial Assistance Grant for the 2019/20 year

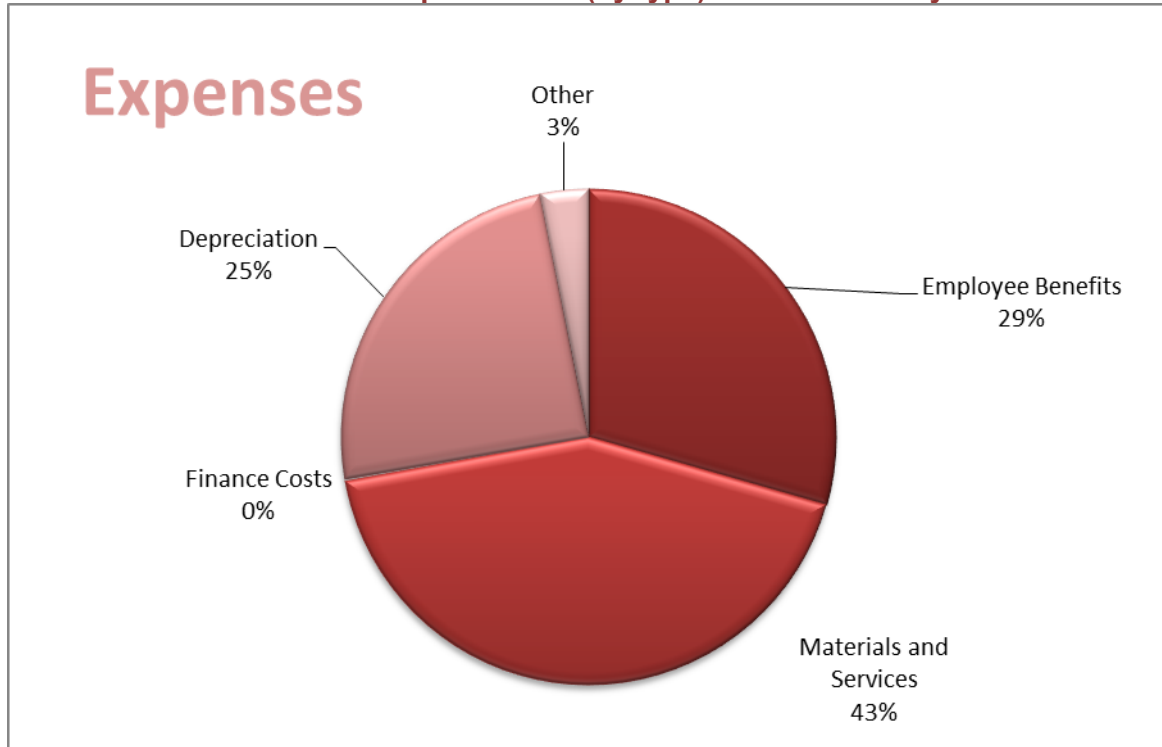
Overall Council and Management believe the financial result for 2018/19 to be satisfactory.

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

Council's Revenue Sources for the 2018/19 year:



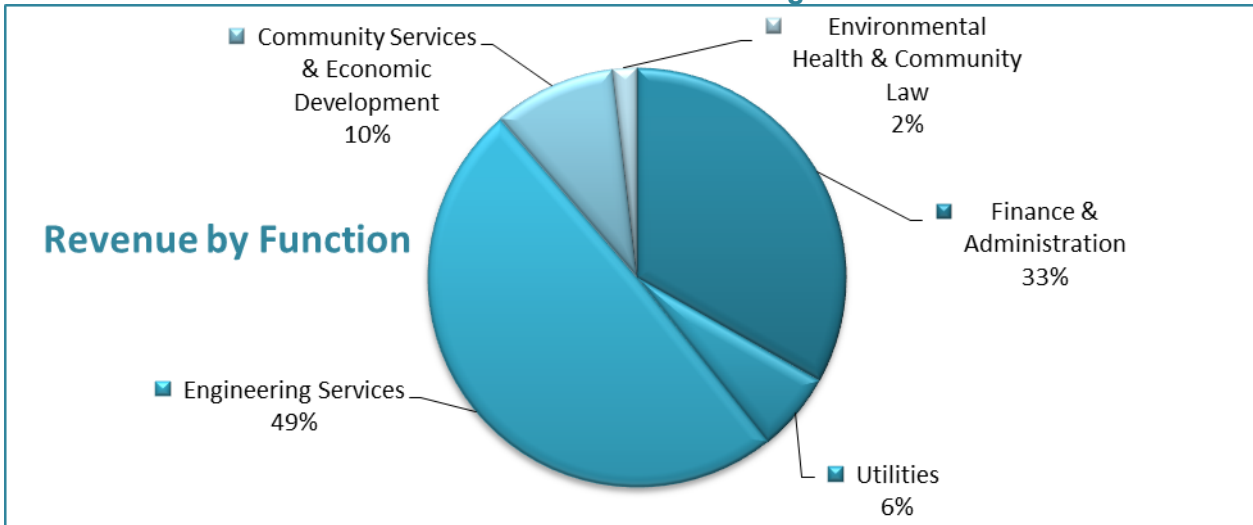
Council's total Expenditure's (by type) for the 2018/19 year:



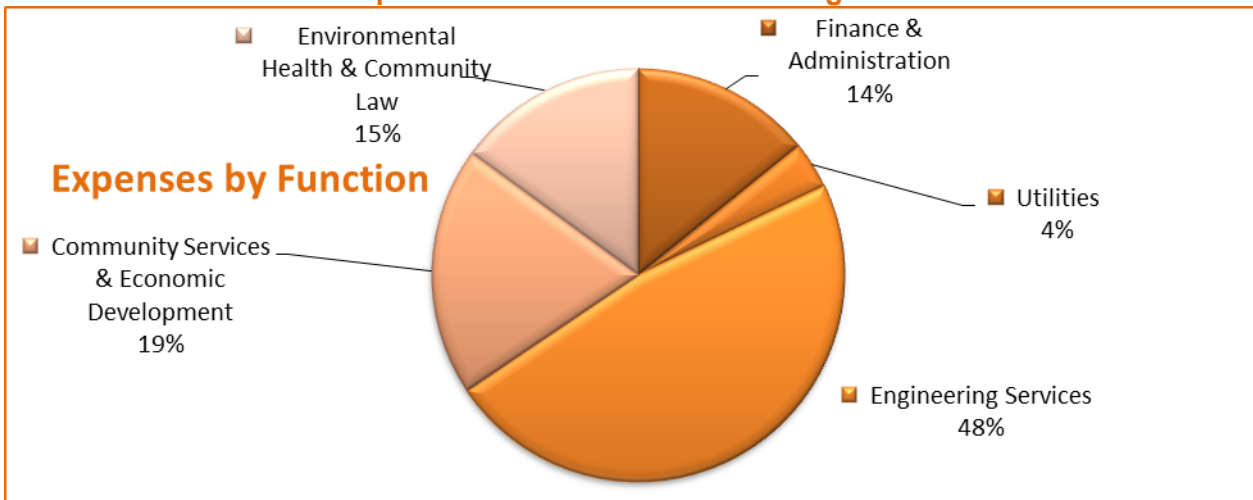
Community Financial Report

for the year ended 30 June 2019

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 2019

3.2 Councils Statement of Financial Position (Balance Sheet) for 2018/19

Council's Net Wealth

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

Council's Wealth		
	Actual	Actual
\$ '000	2019	2018
The major items that make up Council's wealth include the following assets:		
Available Cash & Investments	16,151	12,862
Inventories (stores, raw materials & land purchased for development & sale)	260	251
Debtors	2,891	2,266
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	621	773
- Land and Improvements	1,787	1,730
- Buildings	21,569	27,731
- Other Plant and Equipment	3,957	4,493
- Road, Drainage and Bridge Network	159,252	138,562
- Water	4,189	3,520
- Sewerage	6,564	4,192
- Other Infrastructure Assets	7,473	9,547
- Office Furniture and Fittings	299	323
Council has funded some of its operations and assets by the following liabilities:		
Trade & Other Payables	1,463	1,055
Loans & Borrowings (refer Councils Debt Policy for further information)		
Provisions	445	395
Net Community Equity	223,103	204,801

Community Financial Report

for the year ended 30 June 2019

Council's Capital Expenditure for 2018/19

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

❖ Land	\$10,264
❖ Water Infrastructure	\$67,523
❖ Sewerage Infrastructure	\$613,771
❖ Roads and Streets Infrastructure	\$6,216,935
❖ Buildings	\$1,933,726
❖ Other Structures	\$511,758
❖ Plant & Equipment	\$181,517
❖ Office Furniture & Equipment	\$5,186
	\$9,540,680

Council's Major Capital Projects for 2018/19 included the following:

Punchbowl Road \$244,000

Pavement and bitumen sealing of approximately 6.4 kilometres at start point 54.1 kilometres measured from the Flinders Highway turnoff and finished at 60.1 kilometres along the Punchbowl Road.

Nelia Bunda Road \$561,000

Pavement and bitumen sealing of approximately 6.17 kilometres at chainage 39.43 kilometres and end at 45.6 kilometers. Chainage measured from Flinders Highway.

Gilliat McKinlay Road \$1.160M

Pavement and bitumen sealing of approximately 3 kilometres at chainage 8.15 kilometres and end at 11.15 kilometers. Chainage measured from Flinders Highway.

Staff Housing Project \$1,594,000

Construction of two, 2 bedroom units and two, 4 bedroom houses in Julia Creek.

Community Financial Report

for the year ended 30 June 2019

3.3 Council's Key Financial Figures - A Snapshot

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

Financial Performance Figures (\$'000)	2019	2018	2017	2016	2015
Inflows:					
Rates, Levies & Charges	3,030	2,908	2,812	2,765	2,672
Fees & Charges	931	733	807	627	551
Interest Received	362	318	315	378	362
Sales Revenue	3,773	2,037	8,717	2,785	3,451
Other Revenue	325	493	205	293	85
Grants, Subsidies, Contributions & Donations - Operating & Capital	7,227	5,915	8,847	6,031	5,969
Total Income from Continuing Operations	15,648	12,404	21,703	12,879	13,090
Grants, Subsidies, Contributions & Donations - Capital	10,432	8,983	12,554	10,378	9,750
Capital Income	-29	97	12	8	-
Sale Proceeds from PP&E	-	-	-	-	-
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits	5,322	4,714	5,010	4,774	4,169
Materials & Services	7,730	5,141	8,822	5,303	5,576
Finance Costs	27	23	31	45	45
Depreciation and Amortisation	4,442	4,403	3,920	4,391	4,103
Inventory write-down	-	-	-	-	-
Loss on Disposal of Non-Current Assets	-	-	-	-	1,733
Write-off Flood Damaged Roads	-	14,721	-	3,359	8,293
Revaluation Decrement	573				
Total Expenses from Continuing Operations	18,094	29,002	17,783	17,872	23,919
Total Cash purchases of PP&E	9,541	13,045	17,983	11,433	5,458
Other Capital Expenses	-	-	-	-	-
Total Loan Repayments (incl. Finance Leases)	-	-	193	176	181
Operating Surplus/(Deficit) (excl. Capital Income & Exps)	1,872	1,878	3,920	(1,634)	(10,829)
Financial Position Figures (\$'000)	2019	2018	2017	2016	2015
Current Assets	19,302	15,379	17,792	14,333	12,938
Current Liabilities	1,756	1,353	2,672	1,714	1,682
Net Current Assets	17,546	14,026	15,120	12,619	11,256
Cash & Cash Equivalents	16,151	12,862	15,666	13,289	11,406
Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases)	-	-	-	193	368
Total Value of PP&E (excl. Land & Improvements)	203,923	189,141	192,344	175,290	153,245
Total Accumulated Depreciation	51,520	60,374	59,879	55,168	68,413
Indicative Remaining Useful Life (as a % of NBV)	75%	68%	69%	69%	55%

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

Community Financial Report

for the year ended 30 June 2019

4. Financial Sustainability Measures

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

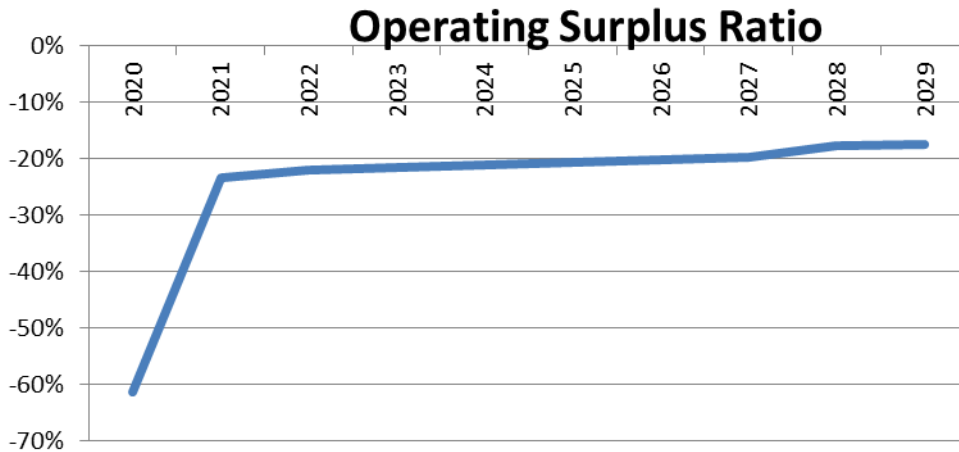
Financial Sustainability is defined as when a **"Local Government is able to maintain its financial capital and infrastructure capital over the long term"** [source: Local Government Act 2009 section 102(2)].

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

Operating Surplus Ratio – Target 0-10%

Net Result divided by Total Operating Revenue

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



Asset Sustainability Ratio – Target >90%

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

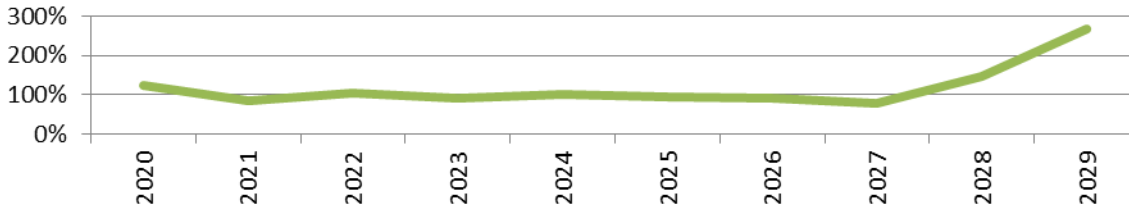
This is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as these reach the end of their useful lives.

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

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

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

Asset Sustainability Ratio

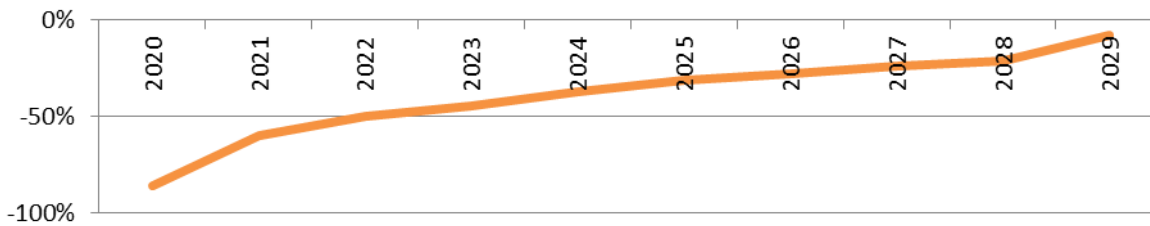


Net Financial Liabilities Ratio – Target <60%

Total Liabilities less Current Assets divided by Total Operating Revenue

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

Net Financial Liabilities Ratio



Community Financial Report

for the financial year ended 30 June 2019

Financial Sustainability Indicators

for the year ended 30 June 2019

Ratio	Target	Actual 2019	Long Term Financial Plan Projections												
			Yr 1 2020	Yr 2 2021	Yr 3 2022	Yr 4 2023	Yr 5 2024	Yr 6 2025	Yr 7 2026	Yr 8 2027	Yr 9 2028	Yr 10 2029			
Operating Surplus Ratio	0 - 10%	-12%	-61%	-23%	-22%	-22%	-22%	-21%	-21%	-21%	-20%	-20%	-20%	-18%	-17%
Asset Sustainability Ratio	> 90%	192%	125%	85%	104%	90%	90%	101%	94%	94%	93%	78%	149%	268%	268%
Net Financial Liabilities Ratio	< 60%	-111%	-86%	-60%	-50%	-45%	-45%	-37%	-31%	-31%	-28%	-24%	-21%	-8%	-8%



FINANCIAL STATEMENTS

2018 / 19

McKinlay Shire Council

Financial statements

For the year ended 30 June 2019

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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 2019

	Note	2019	2018
		\$	\$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	3,029,846	2,907,757
Fees and charges	3(b)	930,621	732,799
Interest received	3(c)	361,814	317,803
Sales revenue	3(d)	3,773,589	2,036,868
Other revenue	3(e)	324,803	492,652
Grants, subsidies, contributions and donations	4(a)	7,227,533	5,914,776
		<u>15,648,206</u>	<u>12,402,655</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	10,431,731	8,982,580
Other capital income	5	(29,172)	97,412
		<u>10,402,559</u>	<u>9,079,992</u>
Total capital revenue		<u>10,402,559</u>	<u>9,079,992</u>
Total income		<u>26,050,765</u>	<u>21,482,647</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(5,322,332)	(4,714,340)
Materials and services	7	(7,729,584)	(5,140,667)
Finance costs		(26,660)	(22,661)
Depreciation and amortisation	12	(4,441,975)	(4,403,275)
		<u>(17,520,551)</u>	<u>(14,280,943)</u>
Capital expenses			
Revaluation decrement	12	(573,214)	
Write-off of flood damaged roads	12	-	(14,721,441)
		<u>(18,093,765)</u>	<u>(29,002,384)</u>
Total expenses		<u>(18,093,765)</u>	<u>(29,002,384)</u>
Net result		<u>7,957,000</u>	<u>(7,519,737)</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	15	10,344,997	5,216,437
		<u>10,344,997</u>	<u>5,216,437</u>
Total other comprehensive income for the year		<u>10,344,997</u>	<u>5,216,437</u>
Total comprehensive income for the year		<u>18,301,997</u>	<u>(2,303,300)</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 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
Current assets			
Cash and cash equivalents	8	16,150,832	12,862,241
Trade and other receivables	9	2,890,709	2,266,119
Inventories	10	260,007	251,091
Total current assets		<u>19,301,548</u>	<u>15,379,451</u>
Non-current assets			
Property, plant and equipment	12	205,710,184	190,871,686
Total non-current assets		<u>205,710,184</u>	<u>190,871,686</u>
Total assets		<u>225,011,732</u>	<u>206,251,137</u>
Current liabilities			
Trade and other payables	13	1,463,251	1,054,669
Provisions	14	292,460	298,696
Total current liabilities		<u>1,755,711</u>	<u>1,353,365</u>
Non-current liabilities			
Provisions	14	152,910	96,659
Total non-current liabilities		<u>152,910</u>	<u>96,659</u>
Total liabilities		<u>1,908,621</u>	<u>1,450,024</u>
Net community assets		<u>223,103,111</u>	<u>204,801,113</u>
Community equity			
Asset revaluation surplus	15	78,320,427	67,975,430
Retained Surplus		144,782,684	136,825,683
Total community equity		<u>223,103,111</u>	<u>204,801,113</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 2019

Note	Asset revaluation surplus 15 \$	Retained Surplus \$	Total \$
Balance as at 1 July 2018	67,975,430	136,825,683	204,801,113
Net operating surplus	-	7,957,000	7,957,000
Other comprehensive income for the year			
Increase in asset revaluation surplus	10,344,997	-	10,344,997
Total comprehensive income for the year	10,344,997	7,957,000	18,301,998
Balance as at 30 June 2019	78,320,427	144,782,684	223,103,111
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	5,216,437	(7,519,737)	(2,303,300)
Balance as at 30 June 2018	67,975,430	136,825,683	204,801,113

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 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		14,644,135	11,678,074
Payments to suppliers and employees		(12,584,567)	(11,420,507)
		<u>2,059,568</u>	<u>257,567</u>
Interest received	3 (c)	361,814	317,803
Borrowing costs		(26,660)	(22,661)
Net cash inflow from operating activities	20	<u>2,394,722</u>	<u>552,709</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(9,540,680)	(13,045,448)
Proceeds from sale of property plant and equipment	5	2,818	706,868
Grants, subsidies, contributions and donations	4 (b)	10,431,731	8,982,580
Net cash (outflow) from investing activities		<u>893,869</u>	<u>(3,355,999)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash (outflow) from financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalent held		<u>3,288,591</u>	<u>(2,803,290)</u>
Cash and cash equivalents at the beginning of the financial year		12,862,241	15,665,531
Cash and cash equivalents at end of the financial year	8	<u>16,150,832</u>	<u>12,862,241</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 2019

1 Significant accounting policies

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019. 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 New and revised Accounting Standards

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged for all categories under the new rules.

Financial asset/liability	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

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 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 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

1 July 2019

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue decrease of \$1,683,632 due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment).
- there would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.
- net result would be lower on initial application as a result of decreased revenue.

A range of new disclosures will also be required by the new standards in respect of the Council's revenue.

Transition method

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

AASB 16 Leases

The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

1 July 2019

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Council is a lessee

Council is currently not party to any leases as lessee. As such, the application of AASB 16 is not expected to have any impact on Council in terms of its treatment of any current expenditures.

Leases in which the Council is a lessor

No significant impact is expected for other leases in which the Council is a lessor.

Peppercorn Leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Transition method

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 *Leases and Interpretation 4 Determining whether an Arrangement contains a Lease*.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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)

Financial instruments and financial liabilities (note 21)

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.

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 2019

2 Analysis of results by function

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

Functions	Year ended 30 June 2019						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	2019	Grants	Other	2019							
	\$	\$	\$	\$	\$	\$							
Finance and administration	4,491,294	2,829,173	1,340,666	-	(29,172)	8,631,961	(2,570,505)	-	(2,570,505)	4,749,962	6,061,456	21,127,072	
Utilities	-	643,970	949,000	-	-	1,592,970	(668,819)	-	(668,819)	(24,849)	924,151	10,752,871	
Engineering services	1,042,118	3,800,721	8,032,275	-	-	12,875,114	(8,050,087)	(573,214)	(8,623,301)	(3,207,248)	4,251,813	192,947,473	
Community services & economic development	1,654,121	699,126	109,790	-	-	2,463,037	(3,526,316)	-	(3,526,316)	(1,173,069)	(1,063,279)	184,316	
Environmental health & community laws	40,000	447,683	-	-	-	487,683	(2,704,824)	-	(2,704,824)	(2,217,141)	(2,217,141)	-	
Total Council	7,227,533	8,420,673	10,431,731	(29,172)	(29,172)	26,050,765	(17,520,551)	(573,214)	(18,093,765)	(1,872,345)	7,957,000	225,011,732	

Functions	Year ended 30 June 2018						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	2018	Grants	Other	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)	(14,721,441)	(20,833,015)	(3,070,661)	(10,826,896)	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	97,412	21,482,647	(14,280,943)	(14,721,441)	(29,002,384)	(1,878,289)	(7,519,737)	206,251,137	

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	<u>Note</u>	<u>2019</u>	<u>2018</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		2,618,411	2,545,945
Water		322,365	312,257
Sewerage		236,553	218,943
Garbage charges		142,107	120,734
Pest animal charges		43,228	-
Total rates, levies and charges		<u>3,362,664</u>	<u>3,197,879</u>
Less: Discounts		(306,562)	(262,639)
Less: Pensioner remissions		(26,256)	(27,483)
Net rates, levies and charges		<u><u>3,029,846</u></u>	<u><u>2,907,757</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	374,488	254,375
Childcare fees	215,609	144,439
Livestock saleyard fees	102,764	78,587
Animal registration & controls	6,562	12,319
Stock route fees	104,903	146,305
Other fees and charges	126,295	96,774
	<u>930,621</u>	<u>732,799</u>

(c) Interest received

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

Interest received from term deposits	333,847	296,767
Interest from overdue rates and utility charges	27,967	21,036
	<u>361,814</u>	<u>317,803</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	2,758,023	1,383,711
Other recoverable work	1,015,566	653,157
Total sales revenue	<u><u>3,773,589</u></u>	<u><u>2,036,868</u></u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
(e) Other revenue			
Council house rental income		75,330	145,260
Sports & Rec income		6,982	109,714
Other income		242,491	237,678
		<u>324,803</u>	<u>492,652</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		6,926,117	5,853,764
Commonwealth government subsidies and grants		301,416	61,012
		<u>7,227,533</u>	<u>5,914,776</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		9,853,784	7,081,024
Commonwealth government subsidies and grants		577,947	1,901,556
		<u>10,431,731</u>	<u>8,982,580</u>
5 Capital income			
Gain / (loss) on the disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		2,818	706,868
Less: Book value of property, plant and equipment disposed of		(31,990)	(609,456)
Total capital income		<u>(29,172)</u>	<u>97,412</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
6 Employee benefits			
Total staff wages and salaries		4,236,154	3,960,718
Councillors' remuneration		318,461	309,916
Annual, sick and long service leave entitlements		739,096	638,100
Superannuation	19	454,438	427,986
		<u>5,748,149</u>	<u>5,336,720</u>
Other employee related expenses		15,712	35,303
		<u>5,763,861</u>	<u>5,372,023</u>
Less: Capitalised employee expenses		(441,529)	(657,683)
		<u><u>5,322,332</u></u>	<u><u>4,714,340</u></u>

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

	<u>2019</u>	<u>2018</u>
Total Council employees at the reporting date:		
Elected members	5	5
Administration staff	18	16
Depot and outdoors staff	52	49
Total full time equivalent employees	<u>75</u>	<u>70</u>

7 Materials and services

Administration costs	952,792	660,104
Airport operating costs	92,244	74,604
Audit of annual financial statements by the Auditor-General of Queensland	47,689	56,816
Caravan park costs	267,554	222,577
Community service expenses	472,548	400,920
Council housing expenses	147,530	110,887
Flood damage expenses	68,337	57,884
Parks & gardens expenses	341,042	284,806
Plant operating costs	1,122,510	877,981
Pool expenses	284,567	152,283
Road & street maintenance	734,821	947,619
Recoverable works	1,026,923	113,022
Sports & rec facilities	252,017	201,857
Stock route & livestock expenses	1,085,810	224,050
Tourism expenses	154,975	254,659
Water & sewerage costs	332,746	217,075
Weed control expenses	231,837	194,490
Other materials and services	113,642	89,033
	<u>7,729,584</u>	<u>5,140,667</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
8 Cash and cash equivalents			
Cash and cash equivalents include cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.			
Cash at bank and on hand		104,262	79,614
Deposits at call		16,046,570	12,782,627
Balance per Statement of Cash Flows		<u>16,150,832</u>	<u>12,862,241</u>

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

Internally imposed expenditure restrictions at the reporting date:

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

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

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

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		93,134	64,130
Security deposits		6,560	5,660
		<u>99,694</u>	<u>69,790</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 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
Current			
Rateable revenue and utility charges		361,739	228,226
Other debtors		2,481,734	1,975,820
Less impairment		(10,990)	(13,820)
Prepayments		58,226	75,893
		<u>2,890,709</u>	<u>2,266,119</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		13,820	11,100
Additional impairments recognised		-	2,720
Impairments reversed		(2,830)	-
Closing Balance at 30 June		<u>10,990</u>	<u>13,820</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		<u>132,507</u>	<u>123,591</u>
		<u>132,507</u>	<u>123,591</u>
Land purchased for development and sale	11	127,500	127,500
Total inventories		<u>260,007</u>	<u>251,091</u>

11 Land purchased for development and sale

Opening Balance		<u>127,500</u>	<u>127,500</u>
		<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 2019**

12 Property, plant & equipment 30 Jun 19

Note	Land	Buildings	Office furniture & fittings	Plant and equipment	Road & street infrastructure	Water infrastructure	Sewerage infrastructure	Other structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	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
		-	5,186	181,517	-	-	-	-	9,353,977	9,540,680
5	-	(292,516)	(87,613)	(51,371)	-	-	-	-	-	(431,500)
	-	-	-	-	-	-	-	-	-	-
	31,090	(4,293,558)	-	-	1,105,886	(311,953)	1,658,126	(740,302)	-	(2,550,711)
15	-	-	-	-	-	-	-	(573,214)	-	(573,214)
	25,510	1,867,929	-	-	6,216,938	67,523	613,771	713,718	(9,505,389)	-
	1,786,600	30,068,949	658,579	8,624,969	184,657,960	7,798,914	11,111,886	11,901,153	621,444	257,230,454

Accumulated depreciation and impairment

	-	5,056,349	417,541	4,001,869	38,773,014	4,523,090	4,647,845	2,953,805	-	60,373,513
	-	694,896	37,352	717,436	2,275,626	129,967	158,941	427,757	-	4,441,975
5	-	-	(87,613)	(51,371)	(260,526)	-	-	-	-	(399,510)
	-	-	-	-	-	-	-	-	-	-
	-	3,009,144	-	-	(15,642,329)	(1,042,964)	(258,949)	1,039,390	-	(12,895,708)
15	-	(260,526)	(7,630)	-	260,526	-	-	7,630	-	-
	-	8,499,863	359,650	4,667,934	25,406,311	3,610,093	4,547,837	4,428,582	-	51,520,270

Total written down value as at 30 June 2019

1,786,600	21,569,086	298,929	3,957,035	159,251,649	4,188,821	6,564,049	7,472,571	621,444	205,710,184
1,786,600	-	-	1,215,306	-	-	-	-	-	-
Land: Not depreciated.	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	-

Additions comprise:

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
-	346,624	-	-	5,656,049	35,387	613,771	443,163	-	-	7,094,994
10,264	1,587,102	5,186	181,517	560,886	32,136	-	68,595	-	-	2,445,686
10,264	1,933,726	5,186	181,517	6,216,935	67,523	613,771	511,758	-	-	9,540,680

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

12 Property, plant & equipment (cont.) 30 Jun 18

Basis of measurement	Land Fair Value	Buildings Fair Value	Office furniture & fittings Cost	Plant and equipment Cost	Road & street infrastructure Fair Value	Water infrastructure Fair Value	Sewerage infrastructure Fair Value	Other structures Fair Value	Work in progress Cost	Total \$
Asset values										
Opening gross value as at 1 July 2017	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
Additions	-	-	70,850	1,288,104	-	-	-	-	11,686,494	13,045,448
Disposals	(24,000)	(190,771)	-	(1,539,109)	-	-	-	(172,088)	-	(1,925,968)
Write off of flood damaged roads on statement of comprehensive income	-	-	-	-	(18,917,007)	-	-	-	-	(18,917,007)
Revaluation adjustment to asset revaluation surplus	-	739,280	-	-	5,640,128	122,926	103,903	213,229	-	6,819,466
Transfers between classes	-	1,435,231	-	-	9,257,421	470,341	77,470	1,798,374	(13,038,837)	-
Closing gross value as at 30 June 2018	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

Note

5

15

Accumulated depreciation and impairment

Opening balance as at 1 July 2017	-	4,253,667	366,822	4,481,292	39,501,573	4,320,701	4,432,971	2,522,260	-	59,879,286
Depreciation provided in period	-	731,921	50,719	750,807	2,170,256	129,024	159,766	410,782	-	4,403,275
Depreciation on disposals	-	(48,620)	-	(1,230,230)	-	-	-	(37,661)	-	(1,316,511)
Write off of flood damaged roads on statement of comprehensive income	-	-	-	-	(4,195,566)	-	-	-	-	(4,195,566)
Revaluation adjustment to asset revaluation surplus	-	119,381	-	-	1,296,751	73,365	55,108	58,424	-	1,603,029
Transfers between classes	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2018	-	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	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
Range of estimated useful life in years	Land: Not depreciated.	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	-

Residual value

Range of estimated useful life in years

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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 2019

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

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

Buildings & other structures (level 2 and 3)

The last comprehensive valuation of buildings and other structures was undertaken by Australis Asset Group as at 30 June 2019. 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.

McKinlay Shire Council
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For the year ended 30 June 2019

Current replacement cost

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

Cost data

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

Accumulated Depreciation

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

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

Life expectancy

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

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

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

	2019	2018
	\$	\$
Buildings (level 2 and 3)	<u>21,569,086</u>	<u>27,730,745</u>
Other structures (level 2 and 3)	<u>7,472,571</u>	<u>9,547,146</u>
	<u>29,041,657</u>	<u>37,277,891</u>

Infrastructure assets (level 3)

The last comprehensive valuation of Council infrastructure classes was undertaken by Australis Asset Group as at 30 June 2019. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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.

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.

McKinlay Shire Council
Notes to the financial statements
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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.

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

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

Accumulated depreciation

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

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

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

McKinlay Shire Council
Notes to the financial statements
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	<u>Note</u>	<u>2019</u>	<u>2018</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		996,510	612,685
Annual leave		425,662	402,407
Other entitlements		41,079	39,577
		<u>1,463,251</u>	<u>1,054,669</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		292,460	298,696
		<u>292,460</u>	<u>298,696</u>

Non-current

Long service leave		152,910	96,659
		<u>152,910</u>	<u>96,659</u>

Details of movements in provisions:

Long service leave

Balance at beginning of financial year		395,355	449,428
Long service leave entitlement arising		105,792	55,688
Long Service entitlement paid		(55,777)	(109,761)
Balance at end of financial year		<u>445,370</u>	<u>395,355</u>

McKinlay Shire Council
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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	67,975,430	62,758,993
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	31,090	-
Buildings	(7,302,702)	619,899
Road & streets infrastructure	16,748,215	4,343,377
Water infrastructure	731,011	49,561
Sewerage infrastructure	1,917,075	48,795
Other structures	(1,779,692)	154,805
Balance at end of financial year	<u>78,320,427</u>	<u>67,975,430</u>

Asset revaluation surplus analysis

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

Land	484,501	453,411
Buildings	2,510,499	9,813,201
Road & streets infrastructure	68,836,507	52,088,292
Water infrastructure	2,888,067	2,157,056
Sewerage infrastructure	3,600,852	1,683,777
Other structures	0	1,779,693
	<u>78,320,427</u>	<u>67,975,430</u>

16 Commitments for expenditure

Contractual commitments

	2019	2018
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	-	1,429,524
	<u>-</u>	<u>1,429,524</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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

Local Government Workcare

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

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

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

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

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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

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

There are currently 62 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 62 councils. McKinlay Shire Council made less than 4% of the total contributions to the plan in the 2018-19 financial year.

	Note	2019 \$	2018 \$
Superannuation contributions made to the Regional Defined Benefits Fund		19,228	24,514
Other superannuation contributions for employees		435,210	403,472
	6	<u>454,438</u>	<u>427,986</u>
		2020 \$	
Contributions council expects to make to the Regional Defined Benefits Fund in 2019-20		<u>19,228</u>	
20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		<u>7,957,000</u>	<u>(7,519,737)</u>
Non-cash items:			
Depreciation and amortisation	12	4,441,975	4,403,275
Write-off of flood damaged roads	12	-	14,721,441
Revaluation adjustments		573,214	-
		<u>5,015,189</u>	<u>19,124,716</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	5	29,172	(97,412)
Capital grants and contributions	4 (b)	(10,431,731)	(8,982,580)
		<u>(10,402,559)</u>	<u>(9,079,992)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(624,589)	(389,858)
(Increase)/decrease in inventory		(8,916)	(464)
Increase/(decrease) in payables		408,582	(1,527,883)
Increase/(decrease) in other provisions		50,015	(54,073)
		<u>(174,908)</u>	<u>(1,972,278)</u>
Net cash inflow from operating activities		<u>2,394,722</u>	<u>552,709</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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

The McKinlay Shire Council does not enter into derivatives.

Credit risk

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

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

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

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

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

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

	Note	2019	2018
Financial assets		\$	\$
Cash and cash equivalents	8	16,150,832	12,862,241
Receivables - rates	9	361,739	228,226
Receivables - other	9	2,470,744	1,962,000
Other credit exposures			
Guarantees	17	67,816	68,637
Total financial assets		<u>19,051,131</u>	<u>15,121,104</u>

Cash and cash equivalents

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

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.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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

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

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterpart was as follows:

	2019	2018
	\$	\$
Rates and utility charges	361,739	228,226
State & Commonwealth Government	627,435	999,325
Community organisations	867	100,435
Other	1,842,442	862,240
	<u>2,832,483</u>	<u>2,190,226</u>

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

	2019		2018
	\$		\$
	Not Credit Impaired	Credit Impaired	
-			
Not past due	2,443,260	-	1,854,885
Past due 31-60 days	29,722	-	6,714
Past due 61-90 days	3,083	-	2,964
More than 90 days	-	356,418	339,483
Impaired	-	(10,990)	(13,820)
Total	<u>2,476,065</u>	<u>345,428</u>	<u>2,190,226</u>

Expected credit loss assessment as at 1 July 2018 and 30 June 2019

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2019:

Council - 2019	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
	\$	\$	\$	\$
Not past due	0.005%	2,443,260	122	No
Past due 31-60 days	0.50%	29,722	149	No
Past due 61-90 days	1.00%	3,083	31	No
More than 90 days	3.00%	356,418	10,689	Yes
Total		<u>2,832,483</u>	<u>10,990</u>	

Loss rates are based on actual credit loss experience over the past ten years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

Liquidity risk

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

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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
	\$	\$	\$	\$	\$
2019					
Trade and other payables	996,510	-	-	996,510	996,510
	996,510	-	-	996,510	996,510
2018					
Trade and other payables	612,685	-	-	612,685	612,685
	612,685	-	-	612,685	612,685

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

Market risk

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

Interest rate risk

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

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

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
Council					
2019					
Financial assets	18,983,315	189,833	(189,833)	189,833	(189,833)
Financial liabilities	-	-	-	-	-
Net total	18,983,315	189,833	(189,833)	189,833	(189,833)
2018					
Financial assets	15,052,467	150,525	(150,525)	150,525	(150,525)
Financial liabilities	-	-	-	-	-
Net total	15,052,467	150,525	(150,525)	150,525	(150,525)

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 2019

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 2019.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2019

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 2018/19 comprises:

	2019	2018
	\$	\$
Short-term employee benefits	958,080	954,897
Post-employment benefits	50,112	57,152
Long-term benefits	380	8,066
Termination benefits	-	24,294
Total	1,008,572	1,044,409

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	2019	2018
		\$	\$
Payments charged by entities controlled by key management personnel	24(b)(i)	544,417	1,499,613
Payments charged by Council to entities controlled by key management personnel	24(b)(ii)	1,684	2,812
Employee expenses for close family members of key management personnel	24(b)(iii)	165,465	178,034

(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 \$336,226 paid to KW Murphy Holdings Pty Ltd for gravel and earthmoving services. The company controlled by close family members of Cr Belinda Murphy.

- Amounts totalling \$158,920 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 70 staff of which only 3 are close family members of key management personnel. The total amount paid to such close family members was \$165,465.

(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
		2019	2018
note due - less than 30 days		622	180
Past due 31-60 days		140	-
Past due 61-90 days		-	-
More than 90 days overdue		-	-
Total Owning		\$762	\$180

(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 2019

Management Certificate
For the year ended 30 June 2019

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 31, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Cr Belinda Murphy

Date: 8, 10, 19



Chief Executive Officer
Des Neisler

Date: 8, 19, 19

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 2019, 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 2019, 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 McKinlay Shire Council's annual report for the year ended 30 June 2019, 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 2019:

- 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.



14 October 2019

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

McKinlay Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2019

Measures of Financial Sustainability

	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2019 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-12.0%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	192.4%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-111.2%	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 2019.

Certificate of Accuracy
For the year ended 30 June 2019


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: 8, 10, 19



Chief Executive Officer
Des Neisler

Date: 8, 10, 19

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 (the council) for the year ended 30 June 2019 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 2019 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 2019, 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.



Sri Narasimhan
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office
Brisbane

**McKinlay Shire Council
Long-Term Financial Sustainability
Prepared as at 30 June 2019**

Measures of Financial Sustainability

Measure	Target	Projected for the years ended										
		Actuals at 30 June 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2028
Operating surplus ratio	between 0% and 10%	-11.98%	-61.26%	-23.47%	-22.11%	-21.66%	-21.02%	-20.71%	-20.30%	-19.70%	-17.61%	-17.39%
Asset sustainability ratio	greater than 90%	192.43%	124.59%	84.93%	104.29%	90.06%	100.98%	94.38%	92.66%	78.06%	148.59%	267.61%
Net financial liabilities ratio	not greater than 60%	-111.17%	-86.04%	-59.77%	-49.74%	-44.83%	-36.90%	-31.15%	-27.75%	-24.11%	-20.99%	-7.98%

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 2019**

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

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


Mayor
Cr Belinda Murphy
Date: 8/10/19


Chief Executive Officer
Des Neisler
Date: 8/10/19