

McKinlay Shire Council 2016-17

ANNUAL REPORT



NELIA

MCKINLAY

KYNUA

JULIA CREEK

Welcome

to the McKinlay Shire Council 2016/17 Annual Report

Our 2016/17 Annual Report is an important component of Councils performance management process. This is an essential document that will inform the community how McKinlay Shire Council has performed over the 2016/17 financial year. It captures the achievements, hopes, aspirations, priorities and goals of our community.

01

At a glance

Vision and Mission	5
Profile of Our Shire	6
Mayors Overview	8
CEO's Overview	11

02

Performance Reporting

Community Services	13
Corporate Services	36
Environment and Regulatory Services	38
Engineering and Works	41

03

Our Council

Governance	44
Elected Representatives	45
Corporate Structure	48

04

Statutory Information

Information Relating to Councillors	51
Councillor Meeting Attendance	52
Administrative Action Complaints	52
Grants to Community Organisations	53
Registers and Public Documents	54
Code of Conduct	55
Tendering	56
Overseas Travel	56
Rates and Charges	56
Report on the Internal Audit	57

Useful Contacts

58

Financial Performance Reporting

Annexure A - Community Financial Report	59
Annexure B - 2016/17 Audited Annual Financial Statements	71

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 2016-17 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 healthiness and quality of life for residents and make McKinlay Shire an increasingly attractive and connected place for residents, tourists and visitors.

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



Profile of our Shire

McKinlay Shire is the gateway to the Gulf of Carpentaria. The Shire spans some 41,000 square kilometers and embraces 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	1000
Land Reserve	32421.91 ha
Administration Centers	2
Budget - Operational	\$24,460,470
Budget - Capital Works	\$13,660,573

Recreation Facilities

- Julia Creek Indoor Sports Centre
- Daren Ginns Centre
- Julia Creek Swimming Pool
- Julia Creek Participation Space
- Bike Safety Park
- Keve Bannah Oval
- McIntyre Park
- Tennis Courts
- Nerida Currin Skate Park
- George Sills Park
- Peter Dawes Park
- Centenary Park



Infrastructure

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

Community Centres

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



Workforce / Total number of employees

Permanent	40
Permanent Part-Time	4
Contract – Executive & Managerial	3
Contract – Other	3
Casual	20
TOTAL	70

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

Mayors Overview



Welcome the 2016/2017 Annual Report for McKinlay Shire. This financial year for Council and our community has been extremely busy. Reflecting on the year gives me a great sense of pride for what has been achieved by individuals, groups and collaborations across the Shire.

Unpredicted winter rain saw the mitchell and flinders grasses grow during months not normally seen. While rain did not reach every property in the Shire it certainly was beneficial overall. This same rain became critical when five months later a significant wet season failed to arrive for the fourth year in a row.

Engineering continues to be the largest and most extensive portfolio and is not without its challenges in terms of funding, matching funding and road priorities. In addition the efforts of the workforce to implement it all. The majority of works set out have been completed, with the most significant being the opening of the new Punchbowl Bridge. This \$2.4 million project was completed and opened on the 18th November 2016 to a crowd of local producers, Council, State and Federal Members. The impact of the project was felt both short term, with the construction injecting productivity into local business, as well as long term every time someone crosses the bridge in a car, ute, body truck or roadtrain. Additional sealing work was completed on the Taldora, Nelia Bunda and Punchbowl Road. With funding provided by State Government, Council completed two Main Roads contracts; one \$6 million on the Flinders Highway near Nelia, this project began in the previous financial year, and one (1) \$620,000 widening on the Wills Development Road north of Julia Creek. The NDRRA 2015 Flood Damage works contract of \$7.6 million was also finalised.

Following these enhancements was the completion of the upgrade of the Julia Creek Civic Centre. I do believe this is one of the projects as a Council and community we should be very proud of. A collaborative funding effort from State Government, Local Government and South32 Cannington Mine was the key. Since the opening on the 18th of November we have seen many events in our community happen in this great space from seniors luncheons to dance concerts, from balls to local government forums. It is a wonderful asset for everyone. In addition the Jan Eckford Centre which is an important space not only to arts and culture, but the community as a whole, was also refurbished utilising Federal Government funding from the Drought Assistance package.

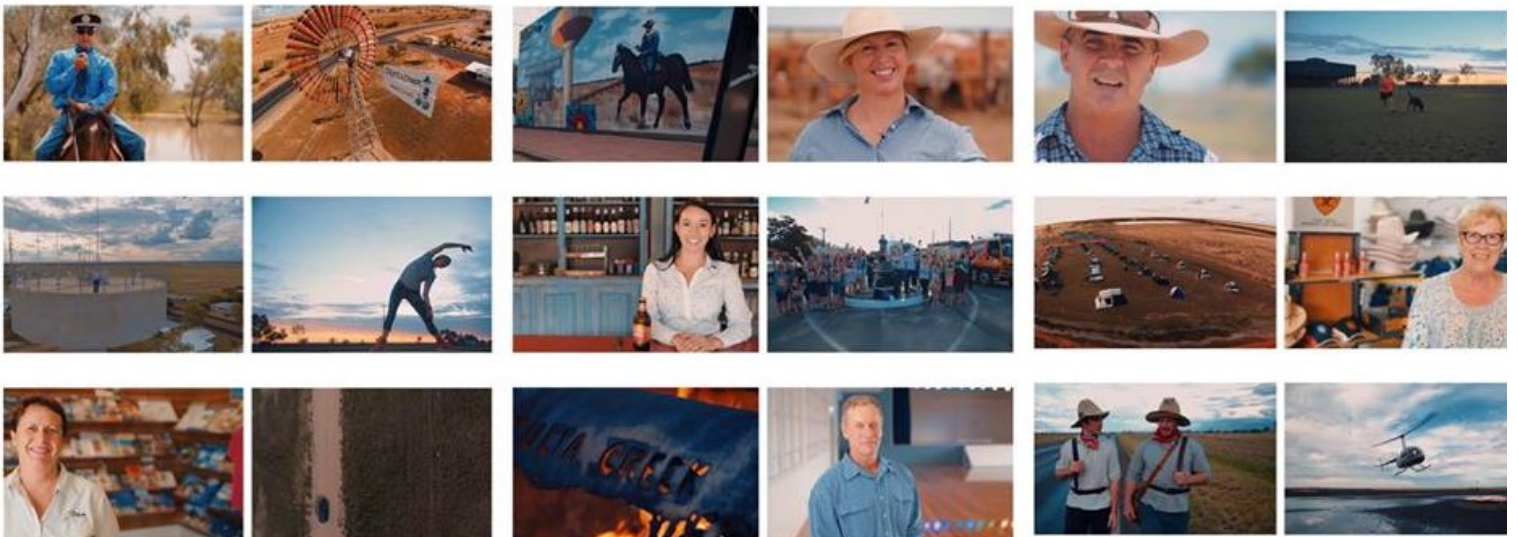
Though January did not bring significant rain it did bring an announcement of one of the most beneficial programs that local government has seen for some time. The State Government Works for Queensland (W4Q) initiative saw McKinlay Shire receive \$1.07 million in funds that we were not required to match, to deliver projects and stimulate the local economy. Council's project list saw spend in not just Julia Creek but also McKinlay and Kynuna. Projects completed in the 2016/17 year included the extension of the Burke Street shades, upgrades to the Kev Bannah Oval Amenities and Julia Creek Caravan Park sewage were completed at the beginning of July. The full complement of projects will be completed by end of November 2017.





Council continued a focus on strong financial management for the 2016/17 financial year ensuring that reserves remain intact at \$2.1 million with Council delivering within budget both operational and capital works with some projects carried over for completion. This has been made possible by successfully leveraging State and Federal funds for capital works projects. The 30th of June 2017 saw Council finalise its last remaining loan payment, leaving Council debt free at present. Moving forward Council would like to see our financial position strengthen but this will be dependant on population growth, a strengthening in local industries and funding allocations. In addition Council will continue to look for ways to streamline operations to provide best value for money.

The Community Services portfolio is an extremely important function for our community. Council continues to dedicate significant resources in this area from the provision of health services through Commonwealth Home Support Program (CHSP) and the Community Nurse in partnership with the North West Hospital and Health Service along with support of the McKinlay led Nurse Clinic. Provision of Sport and Recreation services, After School Care, Julia Creek Early Learning Centre and the continuation of the Julia Creek Middle School ensure that we maintain liveability in the Shire. Funding provided to the many community groups and events across the Shire has continued and supports our community and our economy.





Overall I believe the Shire is in a strong position. The economic impacts of tourism on our local economy are continuing to grow. Investment in tourism has also grown from a Council budget line and, the benefits for the community are being realised. Many initiatives such as the Julia Creek RV Friendly Site and At the Creek—Visitor Information Centre, are not just known within Queensland but many parts of Australia. The events calendar is a credit to our community again driving visitation to our Shire and the region. I would like to thank and acknowledge our community in this space who manage to deliver so much for so little, giving so much of their time and effort for the benefit of others. You make our Shire a better place to live!

Finally I wish to thank our Councillors for all their hard work and commitment as well as the CEO Peter Fitchat and his team of staff. The success of the Shire is a collaborative effort. There will always be challenges, it is the way in which we meet these challenges together that will ensure our bright future. To that end I commend this annual report and encourage you to read and explore it in further detail.

Cr. Belinda Murphy
Mayor



CEO Overview

Starting work with McKinlay Shire Council as Chief Executive Officer on 8th August 2016 was an honour. To have the opportunity to come and work in a small but proud community, with an already adopted 2016-17 Financial Year Budget was an exciting step in my career.

Through a detailed handover from the previous McKinlay Shire Council interim CEO, John Kelly, I was welcomed into a determined and passionate team of Elected Members under leadership from Mayor Belinda Murphy and the current Senior Executive team and staff. Together we work with all stakeholders both internal and external to achieve McKinlay Shire visions and goals for the future.

My first step in this role that was new to me, was to get a good understanding of the Shires capacity, while working towards a plan for overall improvement in the first six months. Developing an organisational restructure after extensive consultation with Councillors and Staff was the first step. This brought on a new direction with new position descriptions and an overall effort to complete staff appraisal processes across the organisation, with continuous monitoring to ensure ongoing improvement.



Some of the Capital Works projects were started in the previous 2015-16 Financial Year and were almost complete by the time of my arrival. I was fortunate enough to see the opening of some fantastic facilities, like the Jan Eckford Centre and the McKinlay Shire Civic Centre, both of which have been in regular use since.

The \$2.4 million Punchbowl Bridge has already shown its worth, with the last wet season rains, making it possible for the Shire community on the other side that would normally be cut off from Julia Creek, now having access to cross the Flinders River with ease. The official opening on the 18th November 2016 was well attended by locals and State and Federal dignitaries.

Continuous support to Council, being one of our major ratepayers and contributors to the Cannington Road maintenance is South 32 LTD (S32), having shown ongoing support to Council and the McKinlay community.

McKinlay town has also seen the start of a water system upgrade, due to finish in November 2017-18 financial year, for the establishment of a new bore. The whole town is also to receive a new water main system.

Kynuna also had works done, with the investigation of the town bore. The contractor engaged discovered some issues with the bore casing, however due to budget restraints at this stage we have installed a filter system to address the turbidity issues that were becoming a issue for local residents, with further investigation ongoing.

With State Government funding we completed a 6 kilometre road upgrade to a value of \$6 million on the Flinders Highway near Neila and towards Richmond, this project began in the 2015-16 Financial year. We also completed a 1 kilometre road widening and reseal on the Wills Development road for \$620,000. This was seen as a major improvement to this vital link for not only locals but for travelling tourists, primary producers and the mining industry for the whole North West Queensland to Townsville.

Ongoing Shire road improvement is high on the Councillors list of priorities. Through our Transport Infrastructure Development Scheme, in conjunction with Roads to Recovery Programme, Council was able to extend the seal on Taldora road by sixteen kilometres and extended the seal on Neila Bunda road close to Kilterry Station.

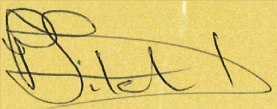
The Julia Creek Sewer Treatment Plant has been completed but was since found to have significant design issues. Council was fortunate to receive Work for Queensland (W4Q) funding 2017-19 Program to address the design issues. A full analysis is currently being completed and we are working closely with the Department of Environment and Heritage Protection to finalise a design.

The dual footpath/cycleway to McIntyre Park was well used during the last Dirt and Dust Festival in April 2017 by participants and visitors and has since then become part of the town walking circuit for Julia Creek locals.

The 2015 NDRRA program was completed and has been a major supplement into our local economy using local businesses for the works. Council distributed "Get Ready" USB's full of information, along with important contact details and other "Get Ready" Queensland promotional material essential for the wet season. This information was distributed as part of a State wide program to boost resilience during the wet. Regular DDMG and LDMG meetings were held leading up to the wet season but unfortunately we were not activated for an event in our Shire.

Council continues to provide a wide range of other support and activities across the Shire in sports and recreation, having activities for the kids during school holidays. This has proven to be a great program with lots of activities to enjoy.

In summary, our Councillors are focussing on making McKinlay Shire a place with services that you may find in bigger centres which is only one of our Elected Members goals. We have most of these services now and a strong focus on all services from Health, Education, Recreation, Asset Renewal and Maintenance, with a drive for continuous improvement with input from all stakeholders. Our staff have been working hard to achieve our goals and we have had a massive year with catching up on some significant new legislation, newly introduced State Bills and new Acts, to keep inline with State and Federal Government requirements. This has tested our resilience but with what I have seen to date, the Councillors and staff are committed and I am positive we will achieve these changes under strong guidance from our Elected Members.



Chief Executive Officer



02/ Performance Reporting

Delivering a level of Service

Community Services

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

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



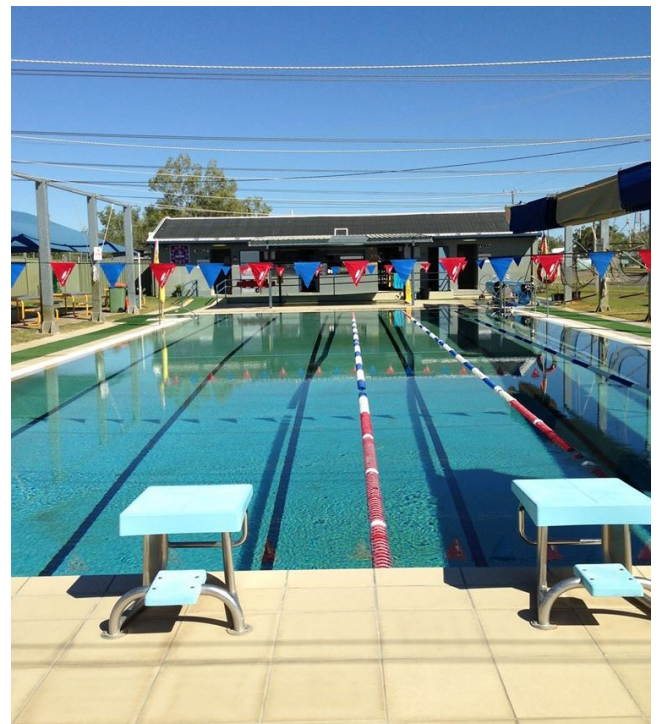
Community Benefit Assistance Scheme 2016/17



The Community Benefit Assistance Scheme offered funding to local community groups on a dollar for dollar basis for infrastructure, equipment and volunteer support. Funding was provided in accordance with Council's Community Grants Policy. In 2016/17 Council provided funding of \$4,955 to community groups to assist the groups meet their objectives and enabling quality events and programs to be delivered.

The following groups were allocated financial assistance

Julia Creek Turf Club	\$3,955	Infrastructure & Equipment
------------------------------	----------------	---------------------------------------



Community Donations

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

Applicant	Amount
Mid West School Sports	\$3,000



Community In-kind

Applicant	Amount
MISOTA Mini School	\$2,390
McKinlay Shire Challenge	\$3,700



Community Sponsorship

Throughout 2016/17 a number of community groups were assisted in making positive contributions to the quality of life for McKinlay Shire residents with the provision of sponsorship for their events and activities in accordance with Council's Community Grants Policy. Groups have been supported financially (cash contributions) and others have been given in-kind support e.g. fee waivers. The below is a summary of the groups supported.

Applicant	Amount
Julia Creek Campdraft	\$5,000
Combined Sporting Association (CSA)	\$781.00
Hughenden Country Music Festival	\$300
Julia Creek Turf Club	\$5,000
McKissa	\$430.50
Sedan Dip Sport & Recreation Inc.	\$4,700

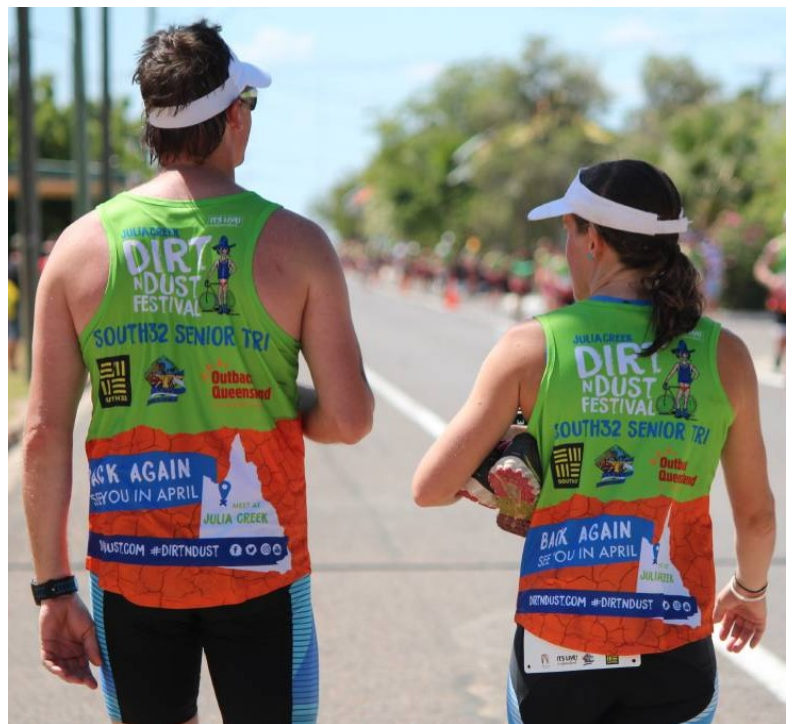




Community Events

Dirt N Dust Festival

The Shire's largest community event the Julia Creek Dirt n Dust Festival held annually in April, featuring Australia's toughest sprint triathlon (and a gentler one for the juniors), horse races, bull rides, live music, Australia's Best Butt competition and novelty events such as Bog Snorkelling. Council is a long term and proud partner of the event which assists in raising the profile of Julia Creek and attracts visitors to the region. Council provides support to the Festival through a Memorandum of Understanding. Council provided \$25,000 in cash sponsorship and \$25,000 in-kind sponsorship for the 2017 event.



Community Christmas Tree 2016 – Julia Creek

The McKinlay Shire Christmas Tree, held on 2nd December 2016 at McIntyre Park, was a great celebration despite the inclement weather. There was a guest appearance from swimmer Meagen Nay, Santa arrived with some wonderful presents and the children were kept amused with an array of rides throughout the night. Entertainer Colby Wilson put on an excellent performance, battling the rain and winds to keep playing for the whole event.

Australia Day



McKinlay Shire celebrated Australia Day with an awards ceremony recognizing the contribution of outstanding individuals within the Shire. Our 2017 Australia Day Ambassador was Jordyn Archer who inspired attendees with her achievements including being Queensland's Young Australian of the Year in 2014.




2017 McKinlay Shire Australia Day Award recipients: Junior Cultural Award - Sam Pratt; Sports Administration Award – Calem Fegan; Junior Sports Awards – Toby Fitchett; Senior Sports Award – Tanya Parry; Volunteer of the Year – Ellen Sills; Large Community Event – Crocodile Dundee 30th Anniversary Celebrations in McKinlay; Citizen of the Year Award – Aileen Gabbert.



Queensland Week Celebrations – Markets and Paddock to Plate Lunch on Saturday 3rd June 2017

June 3 2017, heralded the second annual Queensland Day Markets and Paddock to Plate Luncheon. It was guaranteed to be an excellent affair with Queensland State of Origin legend Billy Moore attending as Guest of Honour. The markets were well received with a range of unique and exciting stalls with products including handmade jewellery, quilts and local flower arrangements. The beautiful food and great company were enjoyed by both locals and travellers. Billy Moore inspired the audience with his journey through the NRL and his post-football transition into hospitality ventures. This Queensland Day event was part of the Queensland Government's Queensland Day Celebrations 2-12 June 2017.

QLD DAY

 qld.gov.au/queenslandday
 [queenslandday](https://www.facebook.com/queenslandday)
 [@queenslandday](https://www.instagram.com/queenslandday)
[#qldday](https://twitter.com/qldday)



Regional Arts Development Fund

The Regional Arts Development Fund is a partnership between the Queensland Government and McKinlay Shire Council to support local arts and culture in regional Queensland. The RADF program is supported by a volunteer committee who meet to assess applications – thank you to Helen Lynch (Chair), Cr Shauna Royes, Janice Fleming, Jo Thieme and Julie McAuley for your valued contribution.

McKinlay Shire was successful in securing funding to support arts and cultural projects to come to fruition in our community, a summary of the successful project is listed below:

McKinlay Shire Council	
Trash Test Dummies	\$2,400
Iconic Queensland Exhibition	\$2,000
Rocky Instincts	\$6,445
Mosaic Medical Centre	\$19,545
Crafty Old School House (COSH) – Lamp Shade Making	\$1,000
Helen Lynch – African drumming	\$1,146
Julia Creek Quilters – Video Lessons	\$450
Julia Creek Art Group – Drawing with Determination	\$3,520

Program Highlights

Trash Test Dummies

The Trash Test Dummies visited Julia Creek in May 2017. This production was well received by a wide range of people in the community. Among those to benefit from their visit to Julia Creek, were the students of the Julia Creek State School. The students spent the afternoon gaining exposure to circus skills and drama techniques. Following the delivery of an engaging and entertaining workshop with the school children the dynamic trio performed a one hour length show for the wider community. This event was a great opportunity for cultural engagement in the community. The comedic value of this performance bought a lot of joy to the audience members who attended, in particular the children.



Programme Highlights Continued..

Northcoast Lampshades provided tutors to instruct participants in learning how to design and handcraft a lampshade. This project benefited the McKinlay community by teaching a new set of skills to the participants. By holding this activity we encouraged community members to become involved in a cultural activity and to try a new and different form of craft. The tutors gave easy to follow instructions so that everyone found the workshop relaxing and enjoyable as well as taking home at least two new lampshades to add new colour to their homes.



Drought Funding

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

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

Dirt & Dust Festival	\$5,000	CSA Town vs Country	\$5,000
Saxby Round Up	\$5,000	McKinlay Races	\$5,000
Julia Creek Campdraft	\$9,500	McKinlay Shire Cultural Association	\$5,000
Sedan Dip Sports & Recreation Inc	\$5,000	Julia Creek Pony Club Gymkhana	\$3,500
Julia Creek Turf Club Inc	\$5,000	North West Pony Club Camp	\$3,500
McKISSA	\$1,000	Julia Creek Mini School	\$2,000
McKinlay Shire Community Christmas Tree	\$10,000	School Holiday Activities	\$5,000
Nelia Christmas Tree	\$1,000	Swim Club Breakfast Club	\$1,000
McKinlay Christmas Tree	\$1,000		



Community Health



The Community Nurse is based in Julia Creek at the Father Bill Busuttin Community Centre.

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

The position is supported by a Memorandum of Understanding between McKinlay Shire Council and Queensland Health. Council provides the office, vehicle and resource support. Qld Health offers recruitment and clinical support to the role.

After several years of being filled by short-term contract nurses, the Community Nurse position was finally filled permanently at the end of 2016, when Nicole Morris was appointed to the position. She commenced work in February of 2017.

Regular home visits to CHSP and non-CHSP clients continued as Nicole found her feet in the job, and a smattering of health promotion activity was noted in the first half of 2017.

Random blood pressures and blood glucose levels were tested several times early in the year, in town, at the Council depot for MSC employees and at the Julia Creek Campdraft.

Communication about health information, health services and health service providers was identified as something lacking in the community so strategies to improve this were implemented throughout the first half of 2017. The 'Our Health' notice board near the Post Office was revamped after being inactive for quite some time. This is a space where information about health and health service providers is shared for the benefit of those members of the community who aren't online. The McKinlay Shire Council facebook page was identified as a great tool to share health information amongst those members of the community who have access to it. The library was declared an excellent location to start up a health information hub, where community members and the general public can see topical information on display, and make use of the internet if they want to do some research or engage with online resources, all in air-conditioned comfort.

New referrals continued to be made to visiting allied health specialists, and opportunities to have clinicians such as an optometrist and an audiologist visit were sought.

Community Nurse 'Occasions of Service' (OoS) for CHSP clients averaged 203/month for the period Feb-June 2017, while community clients OoS numbered just over 28/month for the same time.

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

Middle School

2016 was second year of the three year agreement between Council and the State Government to deliver a Remote Learning facility in Julia Creek. The facility enables children in years 7-10 enrol through Mount Isa School of the Air and complete their school work in a classroom at the Julia Creek State School, with the assistance of an onsite teachers aide. In 2016, four children from four families benefited from having the option to have their children remain in the family home whilst completing their middle school education. Council believes this is one community service that can really help sustain, attract and retain members of our community.



Julia Creek Early Learning Centre

In July last year the ELC successfully went through the Assessment and Rating process, they achieved 'Meeting' in all areas, which is an amazing achievement. As we were operating under a waiver at that time due to the lack of an Early Childhood Teacher (ECT) we were unable to achieve 'Exceeding', the employment of an ECT is a requirement in order to attain an 'Exceeding' rating.

Since the employment of an ECT/Director in September 2016, enrolments and utilisation of the Centre has consistently remained between 70% and 80%. We have been working towards having a fully qualified staff base, with one of our trainees successfully completing their Certificate III and signing up to begin their Diploma. We have been able to take part in various professional development opportunities including a play work conference in collaboration with Winton Council's run service, the national childcare conference in Melbourne, child protection and safety training, a sustainability course and an online leadership course for two of our leaders. With the implementation of an annual excursion from the children have been able to go out in the community becoming familiar with road rules, their place in the community and, the important roles that different people play within the community. We have been able to have regular outings to the Library, the park, Godier's Café and the School.

This year we have had a strong focus on forming positive relationships between the Centre and our local Emergency Services. This has included trips to the Fire Station and the Police Station, a visit from QAS and regular visits to the Centre by our local Firemen and Women. The children have loved building these relationships and it has lead to a deeper understanding of the different roles within the community. It has also allowed the children to grow familiar with the people they need to go to in an emergency. This year we have also focused on fostering a positive and reciprocal relationship with the local School, this has allowed the children to feel comfortable and confident in their upcoming transition to School. We have taken part in many collaborative projects and activities including Easter craft and a parade, various incursions, Under 8's day, a transition program for the pre-preps and regular visits to the School play ground. The children have been active, engaged and involved members in their community and have developed confident and knowledgeable self-identities through the delivery of a holistic approach to teaching and learning.



Julia Creek Commonwealth Home Support Program (CHSP)

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

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

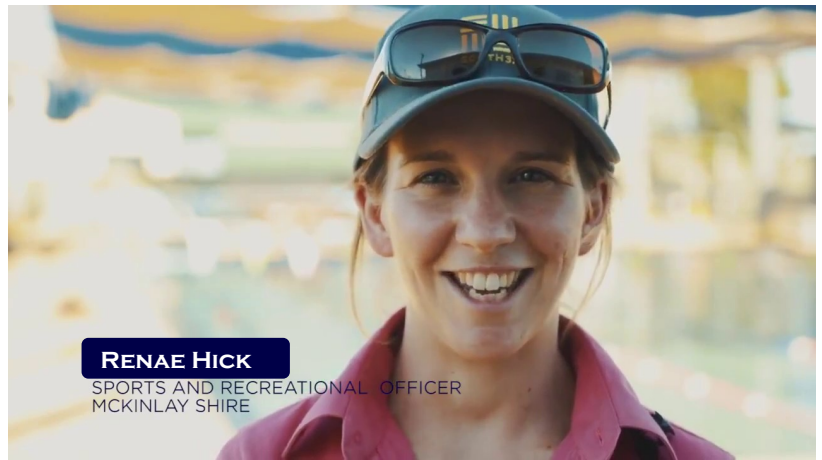
Some of the services that McKinlay Shire CHSP provide are transport, home maintenance, home modification, domestic assistance, social support for individual, nursing care and Meals on Wheels. We also have Social Support – Group, this includes our Wednesday weekly luncheon, Monday games, monthly pub lunch, Ladies day, trip to Glenbervie Station and Lindfield Station, Mount Isa trip a couple of outings to the Julia Creek State School (For The Biggest Morning Tea & AN-ZAC Day, Seniors Day Celebration and a smoko at the Visitors Information Centre.



Sport & Recreation

Funding

Tennis Court Upgrade funding was secured from the Department of National Parks, Sport and Racing through the Get Playing Places and Spaces Grant to upgrade the Julia Creek Tennis Courts, thanks to an application submitted by the Julia Creek Combined Sporting Association (CSA). In addition to this, Works for Queensland (W4Q) funding allowed Council to upgrade the McKinlay Tennis Courts. This project is scheduled to be completed by November 2017.



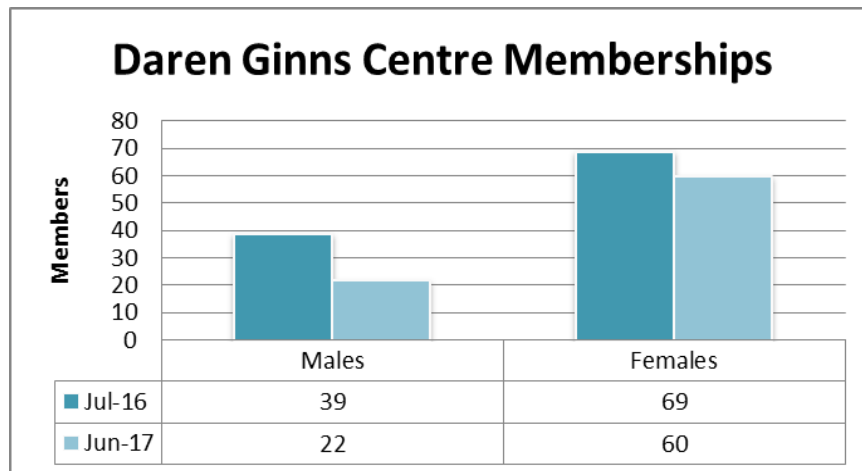
Get Out, Get Active Grant

Council received \$10,980.00 from the Department of National Parks, Sport and Racing as part of the Get Out, Get Active Grant to encourage women and girls to become active for life. The money was used to run aqua aerobics classes, circuit classes, 50+ gym classes and high-school aged circuit classes. Babysitting has also been provided during these classes to allow parents the opportunity to participate. Council has also been successful with the second round of funding to continue the classes, receiving \$5,058.00 to do so.



Daren Ginns Centre

The Daren Ginns Centre has been a huge asset to the Shire in terms of attracting transient people for example nurses, hospitality staff and tradesmen. Below is a graph showing membership numbers in the 2016 -2017 period.



School Holiday Program

The School holiday program was in full swing throughout all holidays in the 2016 – 2017 periods. During this time there was up to 38 students attending activities such as:

- Overnight camp to Lindfield Station
- Mount Isa Trips
- Rocky Instincts Survival Week
- Cluedo Mystery Julia Creek Style
- Sport
- Craft
- Master Chef Cook Off
- Laser Skirmish
- Halloween Trick or Treat & Disco
- Slip n Slide



Julia Creek State School

McKinlay Shire Council has been working closely with the local school to assist with the running of swimming, athletics and cross country carnivals, also swimming lessons during Physical Education Classes.

Sporting Schools - After School Activities run during the School term. During this time students played many sports consisting of netball, ultimate frisbee, fitness games, swimming, tennis, softball, basketball, soccer and triathlon training.

Social Sport

Adult's social sport has been a consistent program every Thursday evening. Sports range from netball, oz tag, touch footy, futsal, circuit classes and bocce. Up to 30 adults attend this program.

Oval Scoreboard

New digital scoreboard has been installed at the Kev Bannah Oval as a requirement for the Intrust Super Cup held in Julia Creek earlier this year. This has also been an exciting edition for our local rugby games.

Julia Creek Dirt N Dust Junior

Triathlon

The Sport and Recreation Officer worked closely with the Junior Triathlon Coordinator to assist with set up and running of the kids events as part of the Julia Creek Dirt N Dust Festival. Regular training sessions were organised for local children, to give them the best opportunity possible.



Commonwealth Home Support Programme Gym Session

Eager aged care clients go to the gym once a week during the School term to do exercises with the personal trainer and Community Nurse.

Sports Bursary

Payce North Queensland Sports Encouragement Bursary attracted five applicants. The North Queensland Sports Foundation selected two who were awarded with a \$650 cheque to help pay for their chosen sport along with a custom sports jacket.



Library

The Julia Creek Library continued to be a great community hub for a range of activities over the 2016/17 financial year.

The very successful Tech Savvy for seniors program came to an end early in the financial year, it was great to combine age and youth to help our seniors understand the lingo used by computer users.

Many of the kids who don't participate in after school activities come to the library to use the computers, we have as many as eight to ten some days which has them doubling up on the computers.

We have hosted exam sittings for three different Universities this year. It has been a useful space and already there are some identified exams for the coming year.

Our regular services are still up and running with Friday Library, Kindy Kids, Mums And Bubs all enjoying the air-conditioning on top of school holiday activities and Summer Reading Club.

The Christmas holidays was especially exciting with the addition of our home made wrapping paper for our presents under our home made and hand decorated tree, the kids were super proud of themselves.

School holiday activities were a hit again, with a mad science theme. The kids had great fun with a snowball fight in December. Snowmen were made out of beautiful white play dough. The prettiest though had to go to the beautiful Japanese garden made out of crystals that we grew ourselves.

Our Summer Reading Club theme for the year was Heroes and Villains, though we seemed to have more villains! The kids had to explain their thoughts on the difference between a hero and a villain. One answer was " well the hero is always handsome and the villain always wears black".

Another popular service of the library is the free book exchange, and with more visitors to the area it has been well utilised this year. The book exchange is becoming well known along the highway with people stating they heard about it in Mount Isa or Hughenden.

The loans for this year totalled 5,220, however this does not include the members loans of ebooks and audio books borrowed by our members, which we have quite a number of members who now enjoy this service.

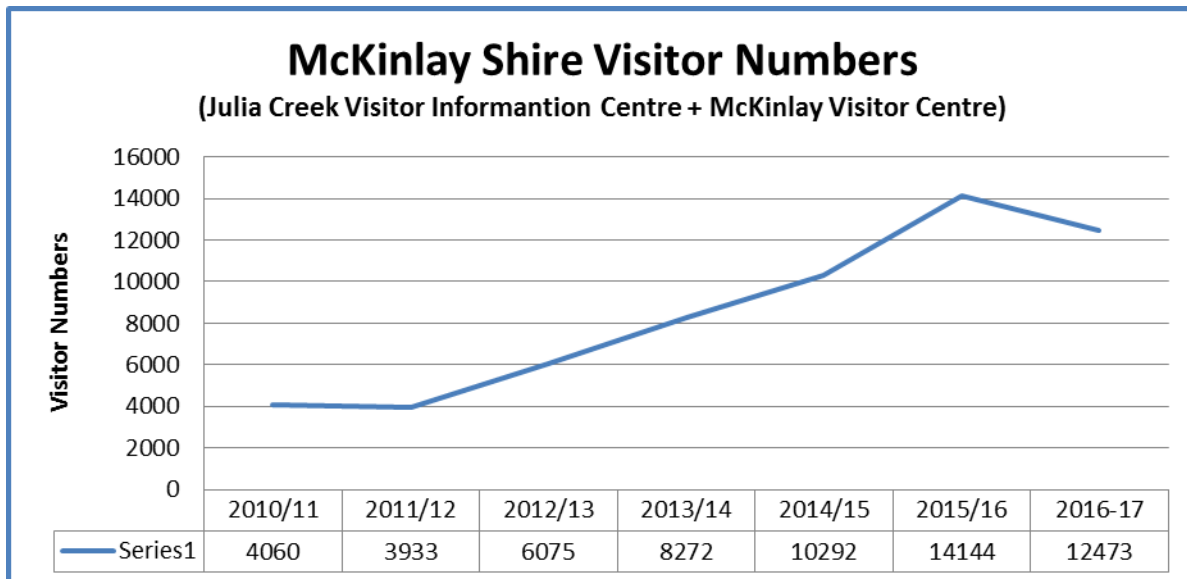
Our visitor numbers were up on last year, we had 23,236 for the year compared to 22,760 last year.



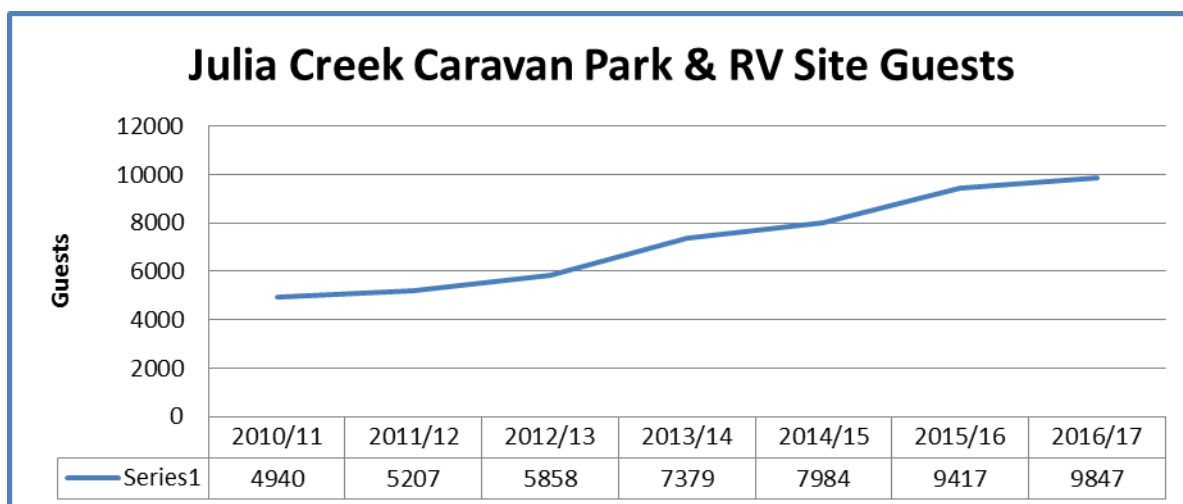


Tourism

For the year ended 30th June 2017, McKinlay Shire welcomed 12,473 guests to the Julia Creek Visitor Information Centre and McKinlay Library/Visitor Centre compared with 14,144 in 2015/16. This represents an 11.81% decrease in the 12 months. Visitor numbers were greatly affected by the unseasonal winter rain received in July 2016 (104.6mm compared to an average of 9.5mm) and August 2016 (19.2mm compared to an average of 4.3mm). July and August are historically our busiest months during the tourist season thus the rain's impact on numbers was profound – a 19.61% down turn when comparing July/August 2015 to July/August 2016 figures. Also accounting for the decline in the Shire's visitor numbers is the closure of the McKinlay Visitor Centre in March 2017 due to staff resignation.



Despite the decline in numbers through our Visitor Centres, we observed a 4.5% increase in Julia Creek RV Site and Julia Creek Caravan Park guests between 2015/16 and 2016/17 figures. Once again, these figures were affected by the winter rain making the growth rate not as strong as previous years.



Julia Creek RV Friendly Site

Council has developed and heavily promoted the Julia Creek RV Friendly Site, turning it into a location that is widely gaining recognition among the travelling fraternity. 2563 permits were issued in 2016/17 compared with 2175 in 2015/16 – a 17.83% increase in 12 months. From data obtained from RV Site surveys, Council can extrapolate that RV Site guest spent \$311,245.09 in 2016/17 which is up 6.51% on 2015/16 extrapolated expenditure. The 2017 Camp Host Program ran from April to September with seven couples from across Australia signing up to volunteer for three to four week stints. A number of these couples were repeat volunteers who value Julia Creek as their ‘home away from home’.



RV Site Permits				
	2013-14	2014-15	2015-16	2016-17
July	287	446	625	586
August	203	453	407	606
Sept	84	101	214	232
Oct	14	36	47	49
Nov	6	14	5	13
Dec	0	0	0	0
January	0	1	1	3
February	0	0	0	2
March	0	6	6	12
April	78	75	87	98
May	220	101	241	322
June	336	374	542	640
Total	1228	1607	2175	2563

Julia Creek Caravan Park

In November 2016, Council secured funding from the *Drought Communities Programme* which enabled the construction of an additional amenities block, six additional drive-through sites and artesian spa baths totalling \$923,000 in the Julia Creek Caravan Park. Throughout 2016/17, Council designed a masterplan for a \$3.2 million redevelopment and beautification of the Julia Creek RV Friendly Site, Nature Trail and Caravan Park. This project is ‘shovel-ready’ and Council is seeking funding to make it come to fruition.



Bush Dinners

Throughout 2016/17, there were 1891 meals served at the Julia Creek Caravan Park Bush Dinners. This has increased by 8.18% from 2015/16 whereby 1748 meals were served. In 2017, the price for dinner and dessert increased to \$15 thus increasing the profitability for the groups providing the catering. 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.



Tourism and Events Queensland Teachers' Familiarisation – 20th September 2016

On 20th September 2016, McKinlay Shire hosted a group of school teachers who were touring the Overlander's Way for familiarisations on the potential for running school excursions and camps in the region. The teachers enjoyed a BBQ lunch with local cattle producers. Councillor Neil Walker covered the history of primary industries in Australia and the local area and McKinlay resident, Lindsay Allan, spoke on the science behind a beef cattle operation. He covered stocking rates, breeding, productivity and fertility. Following lunch, the teachers participated in a town bus tour taking in highlights such as the Julia Creek aerodrome (set up as dunnart reserve), the water tower, WWII bunker, Spirit of the Lighthorse sculpture and a dunnart feeding show at the Julia Creek Visitor Information Centre. McKinlay Shire Council wishes to thank *Tourism and Events Queensland* for funding and facilitating this familiarisation.




Beach Bush Britz Adventure

Councillor Murphy and Councillor Fegan travelled to Cairns where they collected the keys of a *Britz* motor home for a 3500 kilometre tour of northern and western Queensland that commenced on 28th October 2016. They travelled down the coast to Townsville and along the Overlander's Way to Julia Creek. From here, Councillor Royes, Director of Corporate and Community Services Tenneil Cody and Tourism Coordinator Georgia Fleming joined the adventure to the *Outback Queensland Tourism Awards* and Conference in Jundah and Windorah. Accommodation was not readily available for all conference attendees – thus the inspiration to travel via motorhome. The adventure was also an excellent opportunity to demonstrate how fun, safe and inspiring an outback Queensland adventure is to anyone thinking about leaving the coast for a holiday with a difference. Furthermore, the tourism team developed greater insight into what is important to visitors, what motivates them and what defines a memorable experience to help improve McKinlay Shire's tourism offerings.



Julia Creek Visitor Information Centre
Sponsored · 📍

If you're looking for an outback experience, we know just the place.
<https://vimeo.com/223398095>
#juliacreek #nelia #kynuna #mckinlay #overlandersway #matildaway #outbackqueensland #thisisqueensland #seeaustralia



McKinlay Shire Council | Tourism Feature
vimeo.com

Learn More

McKinlay Shire –

'We know just the place' promotion

To leverage off the success of Tourism and Events Queensland's 'We know just the place' campaign, McKinlay Shire produced an outstanding clip on our Shire's greatest assets. This video was launched on our social media channels in June 2017 with excellent results. The video reached more than 40,000 people across our social media channels and our websites in just two days. Our outstanding tourism experiences, sense of humour and our community's attitude towards tourism radiated magnificently in this clip.

<https://vimeo.com/223398095>

Steam Train to Cloncurry

Julia Creek was treated to stopovers by a steam train on its way to and from Cloncurry for their 150th anniversary celebrations in June 2017. Large crowds gathered at the Julia Creek platform. A number of McKinlay Shire residents boarded the train for its iconic journey to Cloncurry. McKinlay Shire Council presented Cloncurry Shire Council with a commemorative gift for the milestone (pictured).



At the Creek

Visitor Information Centre Statistics

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



Community Engagement with Tourism Initiatives

We regularly seek our community's input for tourism initiatives through holding community meetings. For example, we held a community tourism meeting on 18th February 2017 and a Bush Dinner debrief meeting on 1st March 2017. The community's sentiment towards tourism is positive and Council always tries to work with the community on tourism projects.



Social Media Insights

	Likes as at 30/06/15	Likes as at 30/06/16	Likes as at 30/06/17	Increase in past 12 months
Julia Creek Visitor Info Centre Facebook Page	588	1237	2188	76.88%
McKinlay Shire Council Facebook Page	1267	2528	3283	29.87%
@juliacreekqld Instagram Account	500	801	1040	29.84%



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.

Human Resources

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

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
- Early Childhood Australia Leadership Program
- Certificate III Childrens Services
- Diploma Childrens Services
- IPWEAQ Supervisors Workshop
- Industrial Relations Workshop
- Bronze Medallion
- Pool Lifeguard

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:

- Related Parties Disclosure Policy
- Information Privacy Policy
- Debt Policy
- Investment Policy
- Procurement Policy
- Enterprise Risk Management Policy
- Fraud Management Policy
- Revenue Policy



Employees at a Glance



Workforce/Total number of employees

Permanent	40
Permanent Part-Time	4
Contract – Executive & Managerial	3
Contract – Other	3
Casual	20

Employees Departed

Employee Initiated Separation	19
Employee Turnover rate	24%

Employees Recruited

Internal	1
External	21

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

Gender Balance

Gender Balance	Male	Female
Executive/Managerial	2	1
Community and Personal Services		13
Clerical & Administrative	3	8
Machine Operators	11	3
Labourer/Unskilled	14	7
Trades	2	0
Team Leaders/Supervisors	4	2
Total	36	34





Environmental Health & Regulatory Services

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

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



Corporate and Community Facilities

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



Funding Programs

Council received funding and has completed the following new corporate and community facilities in the 2016/17 period;

- New amenity block at Caravan Park;
- New amenity block and upgrade of existing amenity block at Kev Bannah Oval;
- 4 Spa Bath Enclosures;
- Civic Centre upgrade;
- Burke Street Shade Sails;
- McIntyre Park Shade Sails;
- Water Tower Shed;
- Workshop Shed



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.

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 and provide reports for Council.



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.

Council has completed an emergency event simulation to test disaster and emergency services readiness. This event was a simulated aeroplane crash at the aerodrome that required multiple agency response from Ambulance, Council, Fire, Police and SES.

McKinlay Shire were activated December 2015—January 2016 with the major event of the Train derailment along with flood waters. Council responded to the derailment in late December 2015 approximately 20 km to the east of Julia Creek. The Derailment occurred when the majority of Council staff were on leave and caused a major disruption to rail and road traffic using the Flinders highway corridor. Key matters were access to the site and availability for emergency services to quickly gather intelligence. McKinlay Shire Council acted in a support role with Acting Sergeant Dave McNab from the QPS having primacy over the incident.

During the train derailment flood waters caused road closures into Julia Creek. Sixty (60) travelers were confined in Julia Creek for forty eight (48) hours till waters dropped. A food re-supply was conducted by Councils acting Local Disaster Coordinator Linda McNab to major businesses and hospital. This was not executed due to road reopening. Four LDMG meetings were held. Roads inspections during this time were conducted by Council's Foreman Kelvin Paterson. An Operations Log was conducted by Council's acting LDC.



Julia Creek Swimming Pool

Council maintains and operates the Julia Creek swimming pool complex for the community's use. The complex consists of a small children's pool, a large 25m pool and a splashpad.

Julia Creek Splashpad Upgrade – Council has received funding for the upgrade of the splash pad, these works will result in an updated pad with improved features and slides, these works are scheduled to be completed December 2017.

Engineering and Works



Objectives

The Engineering and Works Services unit of any rural Council is the greatest creator of employment within the organisation. They deliver many facets including disaster resilience programs and town beautification. Our Engineering and Works department plans, develops and maintains key infrastructure for its communities, including roads, bridges, aerodromes, water and sewerage, stormwater drainage, waste disposal and parks and recreational facilities.



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. This includes regular mowing and maintenance of community group facilities such as the CWA and churches. Work Camp also delivered a number of other projects over the 2016-17 Financial Year including;

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

Livestock Operations

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

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

- 24,367 head weighed
- 24,030 head loaded onto rail transport.

Local Laws

The Local Laws Officer is responsible for ensuring compliance of local laws within the community. Within the period the following areas; animal management, unsightly allotments, waste facilities and pest management required local law administration. A Shire wide assessment on all blocks was undertaken with letters being issued for all unsightly allotments.

Pest Animal and Plant Control

Council continued to control pest weeds around the Shire, focusing mainly on Council owned or controlled facilities.

Two rounds of baiting were delivered during the 2016-17 financial year. In October 2016, 38 properties participated with a total of 8,710kg of meat treated. In May 2017, 67 properties participated with a total of 15,490kg meat treated. Wild dog scalp bounty saw a total of 91 scalps presented. 900kgs of Doggone and 460kgs of De-K9 was issued during the financial year.

Mesquite on the McKinlay Common along the McKinlay River was poisoned. The roads were also treated during the year, Cannington, Tal-dora, Punchbowl and Gilliat-McKinlay.

Stock Routes and 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, cleaning of troughs, maintenance of bores and turkey nests etc. Council, in conjunction with Stock Routes Queensland have upgraded several troughs during the 2016-17 financial year.

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

Council secured funding through the DNRM Capital Works Program for the installation of the new troughs these included;

- Three new troughs and pipework at Na Vista Water Facility
- Three new troughs and pipework at Longford Water Facility
- Three new troughs and pipework at Kulwin Water Facility



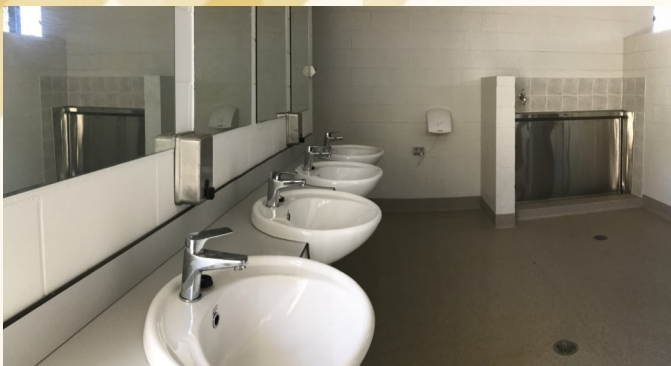
Works for Queensland Program

McKinlay Shire was allocated \$1,070,00 in funding through the State Government's Works for Queensland funding program. The 2016–17 Works for Queensland (W4Q) program aimed to support regional councils to undertake job-creating maintenance and minor infrastructure projects.

Council allocated the funding towards eight (8) projects in the Shire for maintenance and minor infrastructure. In accordance with funding guidelines, McKinlay Shire Council engaged local businesses and local trades people where possible. Projects are due for completion by 30th November 2017.

The approved projects:

1. Upgrade to McKinlay Tennis Courts
2. New Community Park at Kynuna
3. Upgrade Change rooms at Kev Bannah Oval
4. New facilities at the Julia Creek Events Precinct- Home of Dirt and Dust
5. Upgrading sewage lines at the Julia Creek Caravan Park
6. New Water Park at Julia Creek Swimming Pool
7. Upgrade to Combined Sporting Association Building
8. Gravel works to Byrimine Road



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 monitor building approvals and plumbing works. Council oversees compliance of structures and services within the community in accordance with applicable legislation.

Planning Scheme Update – Council has started the process of drafting a new planning scheme with the Department of Infrastructure, Local Government and Planning. This is expected to be completed within the 2017-18 year.

Town Water/Sewage Monitoring

The Environmental Department monitors water quality by undertaking regular 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 that exceeds the drinking water guideline must be reported to Regulator.

Julia Creek's drinking water supply contains about 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. At this level fluoride Council have been advised that there is no risk to health.

Sewage testing occurs on a monthly basis at the Julia Creek Sewage Treatment Plant this is tested at a number of locations to meet Council's requirements.

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 20 cubic metres.

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



Governance

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

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

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



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

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

Elected Representatives

Mayor Belinda Murphy



Tourism, Economic Development and Governance

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

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

Belinda, now in her second term as Mayor, is passionate about the Shire and the lifestyle that it provides which is only enhanced by the people who reside here. Belinda and Wayne have two children, daughter Madeline and son Liam.

"Now in the second year of this term I feel Council performing extremely well. Strong financial management has seen the Council be given a green light on sustainability in the 2016/17 Auditors report. This along with the significant work being completed in the planning space will ensure a strong future".

Deputy Mayor Neil Walker

Environmental Management and Regulatory Services

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

"It has been a busy year with State Government, Work for Queensland (W4Q) money funding a number of new projects within our Shire. Roads continue to be maintained and upgraded to facilitate livestock movement as well as safe passage for both local and tourist traffic. Power and communication has also been in the spotlight this year. As part of a Council that is always looking ahead I look forward to another year as one of your elected representatives."



Cr. Janene Fegan

Health and Tourism

Born in Cairns, Janene was raised in Hawaii and lived and worked throughout Queensland. After completing her nursing training in Mackay in 1990 she briefly worked at the Townsville General Hospital before travelling and working overseas. Janene moved to Julia Creek in 1992 to take up a Registered Nurses position at the Julia Creek Hospital. It was here that she met her husband Trevor, a local electrician, originally from Milgery Station near McKinlay. Prior to having children she also worked part time at Richmond Hospital. Janene lived on the family property for eight years before moving back to Julia Creek. Janene has four young adult children Calem, Riley, Jesse and Macey. Most of Janene's time is taken up managing their electrical/refrigeration and tyre business, occasional shifts at the hospital and renovating houses.

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



"I must be settling into my council role as this year didn't seem as hectic as the first, however it was still a busy year.

I attended the Local Government Association of Queensland conference held in October 2016 with CEO Peter Fitchat and some of our councillors. I also attended the National General Assembly of Local Government Conference in Canberra with the Mayor Belinda Murphy in June 2017. Not really knowing what to expect, I found opportunities to be a terrific experience. It gave me a better understanding of the importance of local councils attending these conferences, as it enables us to have a voice and an understanding of how decisions are made. At these conferences the Mayor ensures we utilize our time by meeting with many Ministers and their delegates to discuss our Councils current and future funding opportunities.

The remainder of the year has consisted of attending briefing and council meetings. My health and tourism portfolio has also kept me busy with functions and meetings along with attending many community events.

As councillors we discuss the budget regularly. It's a bit like talking about the weather, how much have we had, how much are we going to get, will it be a good season (fiscal year) and will the political Gods look favourably upon us. I would say we have had a good season by completing many projects within our Shire and maintaining a steady economic environment.

The Works for Queensland (W4Q) Funding allocated this financial year provided further opportunities to council to make decisions on many projects within our Shire that were not in council's current budget.

I am looking forward to the challenges of 2017-18 and hopefully a good wet season."

Cr. Shauna Royes

Community Services and Economic Development

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

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

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



'The past 12 months have been very productive with Council. Council are continuing to improve areas with new amenities, walking path and solar lighting to McIntyre Park, additional shade sails to Main Street, sealing Main Street Nelia, upgrading to water mains and re-sealing Main Street McKinlay to name a few projects. Tourism numbers continue to improve and these beatification projects are important to ensure our town continues to grow with the numbers. Many past residents and tourists comment on what a tidy neat town we have with great facilities. This is a credit to the work force.

This year has been a better season for the rural industry in the Shire. Let's hope for a big wet this year to help hold sustainability for everyone.

Thank you once again for allowing me to represent McKinlay Shire, I have thoroughly enjoyed working with the community and colleagues. Thank you to employees for their continued dedication to the team, including the WORC camp for all their hard work in the past 12 months.



Cr. Philip Curr

Roads

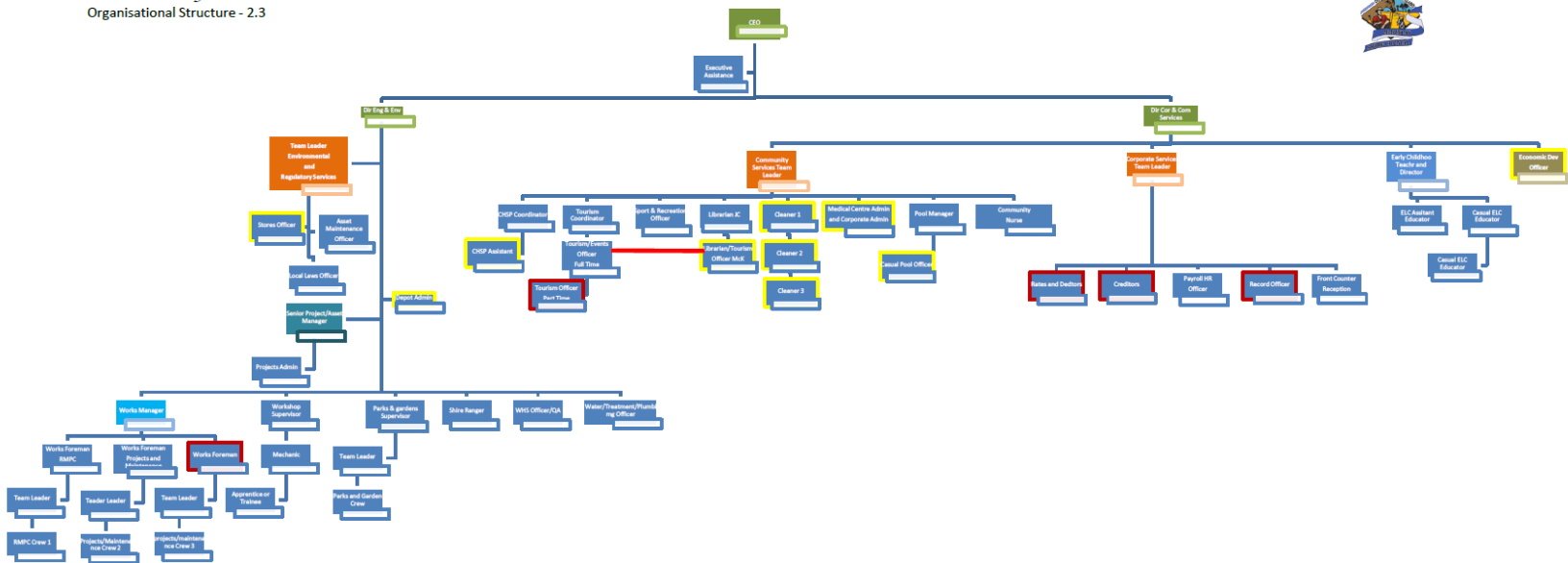
Philip has lived in the district all his life apart from going to boarding school, a few trips overseas and working on other cattle properties. The cattle industry has been the main part and focus of his life. He lives on Arizona Station with his wife Tania and has three girls, Charli, Chloe and Mackenzie.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

"As a resident of the Julia Creek area for most of my life and now a Councilor I would like help make this Shire as livable and prosperous as possible. I encourage the continuation of road improvement, support those doing business and promote growth and opportunities in the area."

Corporate Structure

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

McKinlay Shire Council
Organisational Structure - 2.3





Council Directors

Director of Engineering, Environmental & Regulatory Services, Andrew Boardman



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

Outside of work Andrew enjoys soccer, tennis and water sports and assists with the Julia Creek Combined Sporting Association.



Director Corporate and Community Services, Tenneil Cody

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

"2016/17 was momentous on many fronts with a number of significant projects being completed. The highlight was the opening of the refurbished McKinlay Shire Civic Centre in December 2016. Since that time, Council and community have utilised this centre for a number of events which provides economic benefit for our Shire's businesses.

The development of additional community infrastructure was enabled via obtaining \$1,564,582 through the Queensland Government's Local Government Grants and Subsidies and Works for Queensland programs. Through these programs, the additional Burke Street Shade structures were completed, new bore at McKinlay township providing a reliable water supply, and projects commenced and due for completion in November 2017, include, Julia Creek Community Events Precinct facility, McKinlay Tennis Courts and Kynuna community playground. In addition with the financial stimulus of the Federal Governments Drought Communities Programme the Julia Creek Caravan Park's capacity and appeal was enhanced through the addition of more drive through sites, new amenities and artesian bath tubs.



Tourism numbers remain strong with a record number of permits being issued at the Julia Creek RV Friendly Site and a record number of guest at the Caravan Park in 2016/17. Extrapolated expenditure from data obtained from RV Site visitor surveys indicates an estimated expenditure of in excess of \$300,000 by RV Site guests for the year. We had a record number of attendees at the Julia Creek Caravan Park Bush Dinners which, coupled with a price increase for the meals, makes 2016/17 the most profitable year yet for our community groups. These nights are an absolute credit to the community. We observed a slight downturn in visitor numbers through the Julia Creek Visitor Information as these numbers were greatly impacted by the unseasonal winter rain in our busiest months of July and August.

On the corporate side of operations, Council's finances are robust with a Total Comprehensive Income of \$19,542,901 in 2016/17. Moreover, Council ended the year with no borrowings and no planned borrowing in the immediate future. Our external auditors (Queensland Audit Office) gave Council the green light for 'overall financial sustainability risk' indicating that, in their assessment, Council is lower risk of financial sustainability concerns based on current income, expenditure, asset investment and debt financing policies."

04/ Statutory Information

Transparency and Accountability

Information relating to Councillors

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

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

	Cr Belinda Murphy Mayor	Cr Neil Walker Deputy Mayor	Cr Philip Curr	Cr Janene Fegan	Cr Shauna Royes
Councillor remuneration	\$99,638	\$57,483	\$49,819	\$49,819	\$48,435
Facilities and Equipment Provided	Office, Laptop, Printer				
Facility Communication Equipment Provided	\$2,385.77 Mobile Phone, Ipad				
Secretarial Support					
Conference and Workshop Expenses	\$8,937	\$1,047	\$1,047	\$4,774	\$3,129
Travel (Flights & Accommodation)	\$18,617	\$1,476		\$4,696	\$2,018
Mileage Allowance*	\$383.46				

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

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

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

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

Reporting against Legislative Requirements

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

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

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

Councillor Meeting Attendance

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

Councillor	Ordinary Meetings Held	Ordinary Meetings Attended	Special Meetings Held	Special Meetings Attended
Cr. Belinda Murphy	12	11	2	1 (Due t MPI)
Cr. Neil Walker	12	12	2	2
Cr. Philip Curr	12	11	2	2
Cr. Janene Fegan	12	11	2	2
Cr. Shauna Royes	12	12	2	2

Administrative Action Complaints

McKinlay Shire Council is committed to providing an open and accountable local government. To assist Council achieve this Council has endorsed a General Complaints Process Policy to ensure an effective and transparent method of responding to complaints regarding its services, actions and conduct of Councillors and Council officer's to better enable Council to undertake this role. Council is committed to dealing fairly with administrative action complaints. A summary of complaints as required by section 187 of the *Local Government Regulation 2012* is detailed below:

Administrative Actions Complaints Made 2016/17	0
Administrative Action Complaints resolved 2016/17	0
Administrative Action Complaints Unresolved 2016/17	0
Administrative Action Complaints Unresolved (from above) made in 2016/17	0



Council's Expenditure

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

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



Summary of Expenditure on Grants to Community Organisations

Under Section 189 In the Local Government Regulations 2012 Council must provide information on expenditure on grants to community organisations.

Organisation	Amount	Grant Type
Sedan Dip Sport & Recreation	\$4,700	Sponsorship
Saxby Roundup Inc	\$5,000	Sponsorship
Combined Sporting Association	\$781.00	Sponsorship
Julia Ceek Turf Club	\$5,000	Sponsorship
Julia Creek Camp draft	\$5,000	Sponsorship
Dirt & Dust Festival	\$50,000	Sponsorship
Hughenden Country Music Festival	\$300	Sponsorship
Saxby Roundup Inc	\$5,000	Sponsorship
McKissa	\$430.50	Sponsorship
McKinlay Shire Chllenge	\$3,700	In Kind
MISOTA Mini School	\$2,390	In Kind
Julia Creek Turk Club	\$3,955	Community Benefit Assistance Scheme

Current List of Registers kept

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

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

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

The information available includes:

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



Code of Conduct

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

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

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

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

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

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

Annual Operations report for each commercial business unit

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

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

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

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

Neutrality Complaints

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

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

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

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

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

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

Rates rebates and concessions

Under section 190 (g) of the *Local Government Regulation 2012* Council must provide a summary of all concessions for rates and charges granted by Council. Councils Revenue Policy was adopted in June 2017 and set out the principles used by Council for:

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

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

Granting Concessions for Rates and Charges

In accordance with *Section 119 of the Local Government Regulation 2012*, Council may grant a rate payer a concession for rates or charges.

Section 120 of the Local Government Regulation 2012, provides Council authority to grant concessions only if it is satisfied:

- The land is owned or occupied by a pensioner
- Transparency by making clear the requirements necessary to receive concessions

Communication by raising awareness to the community of concessions.

Rebates and Concessions on Rates and Charges

In accordance with the *Local Government Regulation 2012 Part 10* Council granted a remission equal to 55% of gross rates and charges to property owners who qualified for the current State Government pensioner rate remission scheme. This policy only applied to ratepayers in 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. Further, the maximum discount allowed on the general rate only is \$3,500 per levy or \$7,000 per annum. The discount period is a period that ends on or before the due date for payment.

Concession	Cost
Pensioner Concession	\$26,841.72
Discount	\$259,885.72

Internal Audit

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

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

During the 2016-17 year the internal audits were carried out on the following function areas during the year:

- Community Grants – Policies and processes for allocation;
- Grids – Recommendation for a revised grids policy including cost recovery matters;
- Julia Creek Livestock Facility and Wash down Bay – procedures, controls and return to Council from operations.

In 2016-17 council continued to operate an Audit Committee which is comprised of two Councillors and one external member.

The Audit Committee membership is comprised of:

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

The committee met once during the financial year.

Useful Contacts



Customer Contact

McKinlay Shire Council
29 Burke Street
Julia Creek QLD 4823

PO Box 177
Julia Creek QLD 4823

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

Staff Contacts

Peter Fitchat
Chief Executive Officer
Email: ceo@mckinlay.qld.gov.au

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

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

Andrew Boardman
Director Environment and Regulatory Services
Phone: 07 4746 4213
Email: ders@mckinlay.qld.gov.au

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

Councillors

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

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

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

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

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

Tourism Information Centre

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

Library Services

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

McKinlay Library
Phone: 07 4746 8848

Website and Facebook

www.mckinlay.qld.gov.au
[Facebook.com/mckinlayshire](https://www.facebook.com/mckinlayshire)

McKinlay Shire Council 2016-17

Community Financial Report



Community Financial Report

for the year ended 30 June 2017

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. 2016/17 Snapshot

Key highlights of the 2016/17 financial year include:

- ❖ Taldora Road – pave and bitumen seal 16 kilometres
- ❖ Punchbowl Road – pave and bitumen seal 4.5 kilometres
- ❖ Nelia Bunda Road – pave and bitumen seal 4 kilometres
- ❖ Construction of a new bridge at the Punchbowl Crossing
- ❖ Installation of a new treatment plant for the Julia Creek Sewerage
- ❖ Purchase of a new 2016 CAT 140M Grader
- ❖ Refurbishment of the Jan Eckford Centre
- ❖ Refurbishment of the Civic Centre Hall
- ❖ Construction of additional shade sails along Burke Street centre parking

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 2017.

About the Management Certificate

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

About the Financial Statements

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

1. A Statement of Comprehensive Income

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

2. A Balance Sheet

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

3. A Statement of Changes in Equity

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

4. A Statement of Cash Flows

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

Community Financial Report

for the year ended 30 June 2017

5. Notes to the Financial Statements

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

About the Auditor's Reports

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

Where to find a complete version of Council's 2016/17 Financial Statements?

A complete version of Council's Financial Statements for the 12 months to 30 June 2017 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 2016/17

Council's headline "profit/loss" result for the 2016/17 year was a \$19,542,901 surplus.

This included the following key financial performance highlights:

- ❖ Completion of two contracts between Council and Department of Transport and Main Roads (TMR):
 - Reconstruction to TMR standards of 6 kilometres on the Julia Creek – Richmond Road
 - Shoulder widening 1 kilometre on the Beef Road
- ❖ Completion of the Shire Roads flood restoration works for the 2015 flood event.
- ❖ Commencement of the Shire Roads flood restoration works for the 2016 flood event.
- ❖ Maintenance grading works completed on shire roads with the majority done on the Malpas Trenton Road, Old Normanton Road, Gilliat McKinlay Road, Nelia Bunda Road, Punchbowl Road and Taldora Road.
- ❖ Rehabilitation and maintenance works completed on the Toolebuc (Cannington) Road.
- ❖ Funding received from the Department of Infrastructure, Local Government and Planning for the Works for Queensland program that supports regional councils to undertake job-creating maintenance and minor infrastructure projects.
- ❖ Funding received for Drought Relief from the Department of Communities, Child Safety and Disability Services to distribute to community groups to assist with their annual events.
- ❖ Funding received from the Department of State Development for the Civic Centre Hall Upgrade.
- ❖ Funding received from the Department of State Development under the Building our Regions program for the Sewerage Treatment Plant Upgrade.

Community Financial Report

for the year ended 30 June 2017

Council's Result

\$ '000	Actual 2017	Budget 2017	Actual 2016
Expenditure	17,782	30,237	17,872
Revenues (excl. income for capital purposes)	21,703	18,582	12,879
Net Result before Capital Grants & Contributions	3,921	- 11,655	- 4,993
Capital Grants & Contributions	12,566	17,143	10,385
Increase in Asset Revaluation	3,056		18,442
Net Result	19,543	5,488	23,834

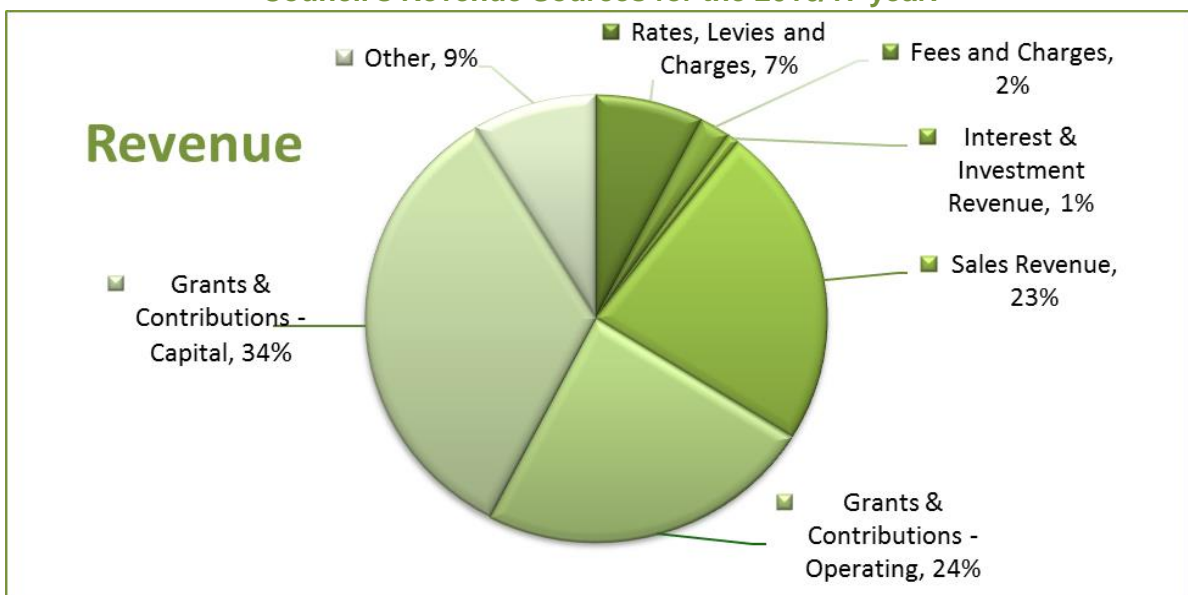
The budgeted "profit/loss" for 2016/17 was \$5,488,554 meaning Council came in better than budgeted. The main reasons relating to this difference between the actual result and the budgeted performance was:

- ❖ Councils increase in the valuation of non current assets by \$3.056 mil
- ❖ Nil write off of flood damaged roads due to no major rain event declared for 2017 (the value of flood damage on Council owned roads declared under the NDRRA program are shown as an expense)
- ❖ Advance payment of \$2.677 mil for the Financial Assistance Grant for the 2017/18 year
- ❖ A reduction in expenditure for the 2015 flood event restoration works of approx. \$1.4 mil

Overall Council and Management believe the financial result for 2016/17 to be satisfactory.

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

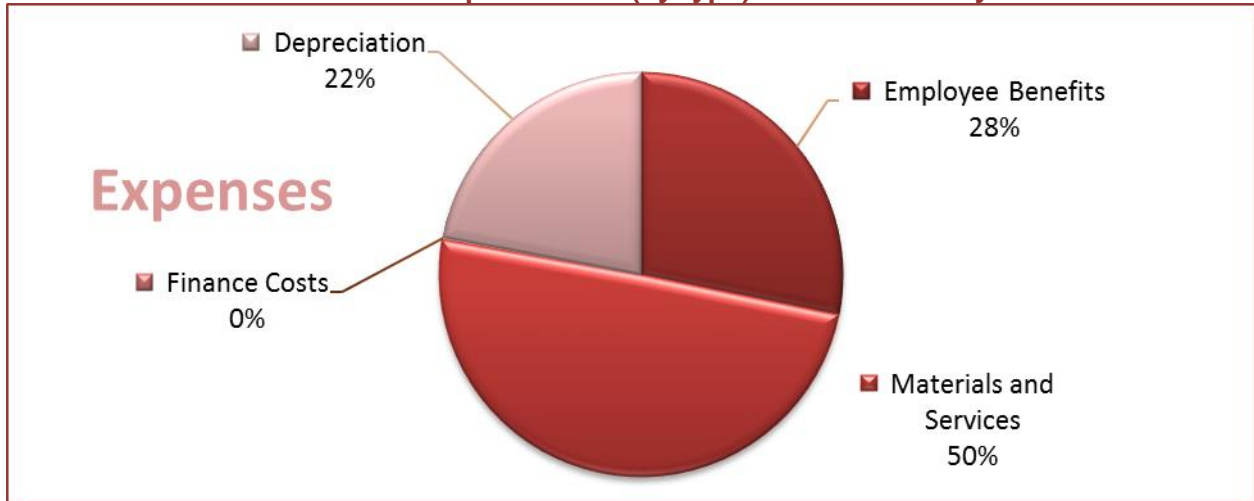
Council's Revenue Sources for the 2016/17 year:



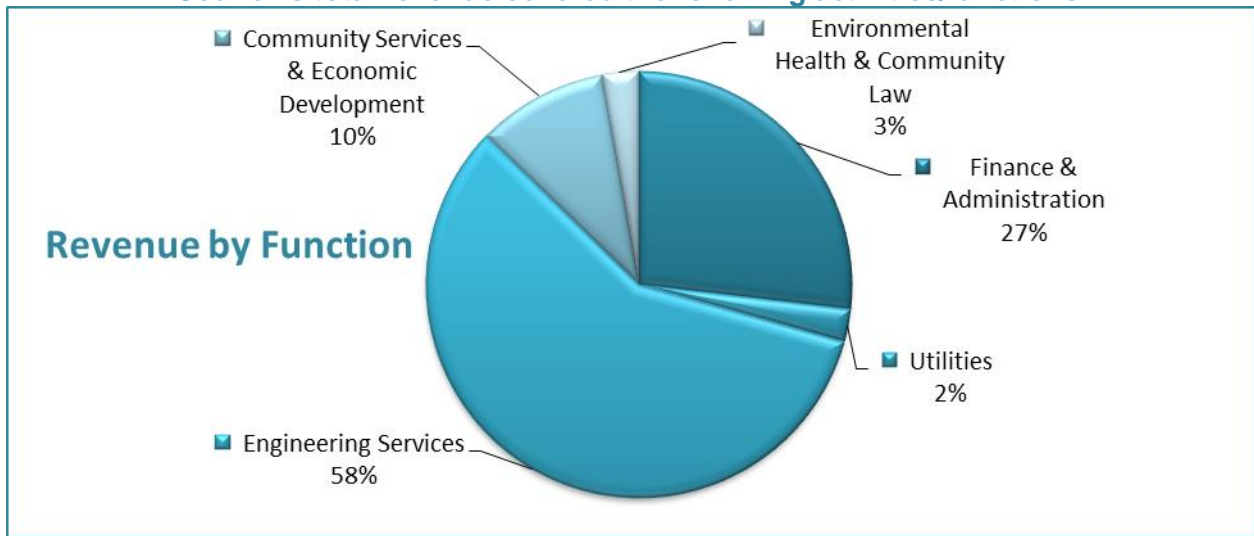
Community Financial Report

for the year ended 30 June 2017

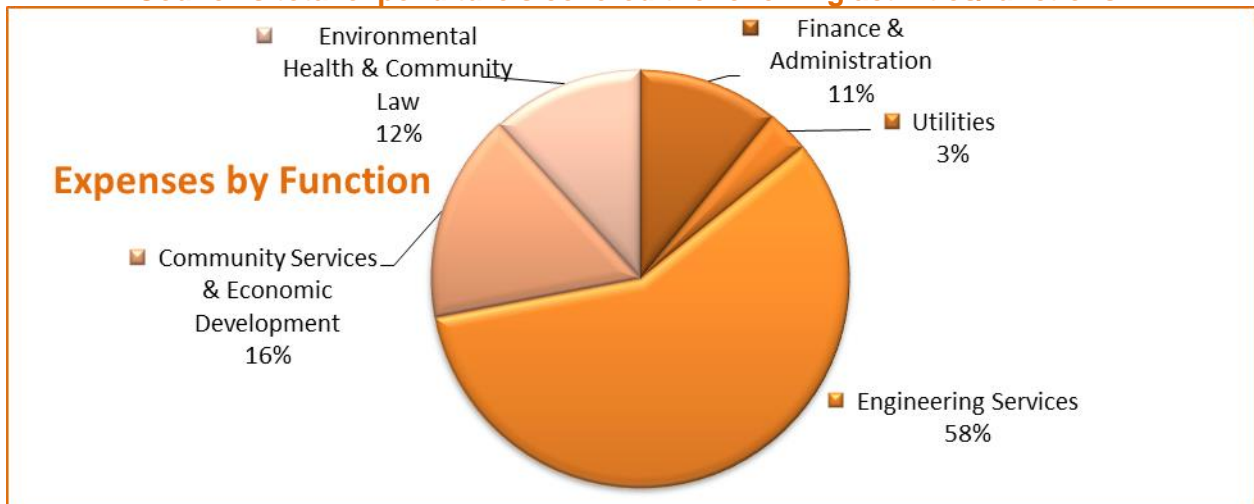
Council's total Expenditure's (by type) for the 2016/17 year:



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



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



Community Financial Report

for the year ended 30 June 2017

3.2 Councils Statement of Financial Position (Balance Sheet) for 2016/17

Council's Net Wealth

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

Council's Wealth

\$ '000	Actual 2017	Actual 2016
The major items that make up Council's wealth include the following assets:		
Available Cash & Investments	15,666	13,289
Inventories (stores, raw materials & land purchased for development & sale)	251	259
Debtors	1,876	785
Infrastructure, Property, Plant & Equipment		
- Capital Work in Progress	2,125	88
- Land and Improvements	1,754	1,754
- Buildings	26,550	23,444
- Other Plant and Equipment	4,265	3,868
- Road, Drainage and Bridge Network	141,853	131,410
- Water	3,129	3,190
- Sewerage	4,226	3,510
- Other Infrastructure Assets	8,139	7,744
- Office Furniture and Fittings	303	282
Council has funded some of its operations and assets by the following liabilities:		
Trade & Other Payables	2,583	1,460
Loans & Borrowings (refer Councils Debt Policy for further information)		193
Provisions	450	408
Net Community Equity	207,104	187,562

Community Financial Report

for the year ended 30 June 2017

Council's Capital Expenditure for 2016/17

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

❖ Water Infrastructure	\$400,477
❖ Sewerage Infrastructure	\$823,654
❖ Roads and Streets Infrastructure	\$10,786,223
❖ Buildings	\$4,098,306
❖ Other Structures	\$1,874,296
	\$17,982,956

Council's Major Capital Projects for 2016/17 included the following:

Taldora Road \$1,006M

Pavement and bitumen sealing of approximately 16 kilometres at start point 60 kilometres measured from the Flinders Highway turnoff and finished at 76 kilometres along the Taldora Road.

Punchbowl Road \$306,000

Pavement and bitumen sealing continued at Punchbowl Bridge crossing start point 41 kilometres for approximately 4.5 kilometres.

Punchbowl Bridge Replacement \$2,636M

Demolish existing bridge and construction of a new bridge at Punchbowl Crossing.

Wastewater \$694,000

Installation of a new treatment plant for the Julia Creek Sewerage.

Plant Replacement \$490,000

Purchase of a new 2016 CAT 140M Grader.

Refurbishments \$2,476M

Refurbishments were completed on the Civic Centre Hall and the Jan Eckford Centre. The newly refurbished buildings reopened on the 18th November 2016.

The total Capital Works Program Expenditures was funded by:

• <i>Grants and Contributions</i>	<i>\$6,436M</i>
• <i>Council Funded</i>	<i>\$4,425M</i>

Community Financial Report

for the year ended 30 June 2017

3.3 Council's Key Financial Figures - A Snapshot

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

<i>Financial Performance Figures (\$'000)</i>	2017	2016	2015	2014	2013
Inflows:					
Rates, Levies & Charges	2,812	2,765	2,672	2,594	2,501
Fees & Charges	807	627	551	493	438
Interest Received	315	378	362	372	533
Sales Revenue	8,717	2,785	3,451	10,733	3,749
Other Revenue Grants, Subsidies, Contributions & Donations	205	293	85	191	284
- Operating & Capital	8,847	6,031	5,969	3,233	5,004
Total Income from Continuing Operations	21,703	12,879	13,090	17,616	12,513
Grants, Subsidies, Contributions & Donations - Capital	12,554	10,378	9,750	5,002	4,567
Capital Income	12	8	-	2	-
Sale Proceeds from PP&E	-	-	-	4	598
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits	5,010	4,774	4,169	4,161	4,098
Materials & Services	8,822	5,303	5,576	10,851	5,129
Finance Costs	31	45	45	63	116
Depreciation and Amortisation	3,920	4,391	4,103	4,183	4,159
Inventory write-down	-	-	-	-	-
Loss on Disposal of Non-Current Assets	-	-	1,733		
Write-off Flood Damaged Roads	-	3,359	8,293	3,433	-
Total Expenses from Continuing Operations	17,783	17,872	23,919	22,691	13,502

Community Financial Report

for the year ended 30 June 2017

Total Cash purchases of PP&E	17,983	11,433	5,458	6,561	5,042
Other Capital Expenses	-	-	-	-	186
Total Loan Repayments (incl. Finance Leases)	193	176	181	564	720
Operating Surplus/(Deficit) (excl. Capital Income & Exps)	3,920	(1,634)	(10,829)	(5,075)	(990)
Financial Position Figures (\$'000)	2017	2016	2015	2014	2013
Current Assets	17,792	14,333	12,938	13,793	15,350
Current Liabilities	2,672	1,714	1,682	1,804	1,614
Net Current Assets	15,120	12,619	11,256	11,989	13,736
Cash & Cash Equivalents	15,666	13,289	11,406	11,321	12,639
Total Borrowings Outstanding (excl. any overdraft) (Loans, Advances & Finance Leases)	-	193	368	549	1,113
Total Value of PP&E (excl. Land & Improvements)	192,344	175,290	153,245	150,802	146,653
Total Accumulated Depreciation	59,879	55,168	68,413	67,768	63,760
Indicative Remaining Useful Life (as a % of GBV)	69%	69%	55%	55%	57%
Source: Published audited financial statements of Council (current year & prior year annual financial statements)					

4. Financial Sustainability Measures

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

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

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

Operating Surplus Ratio – Target 0-10%

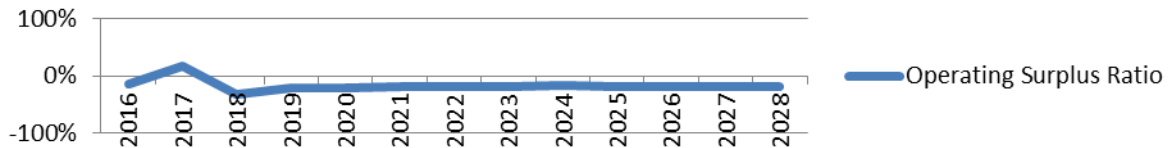
Net Result divided by Total Operating Revenue

Community Financial Report

for the year ended 30 June 2017

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

Operating Surplus Ratio



Asset Sustainability Ratio – Target >90%

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

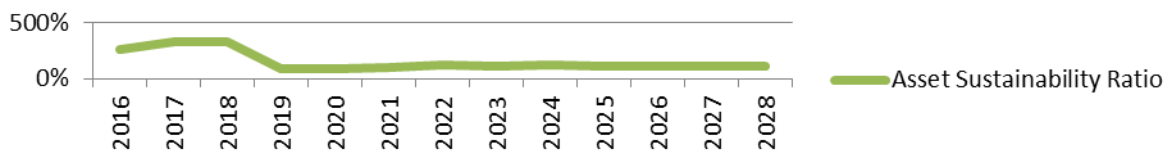
This is an approximation of the extent to which the infrastructure assets managed by the local government are being replaced as these reach the end of their useful lives.

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

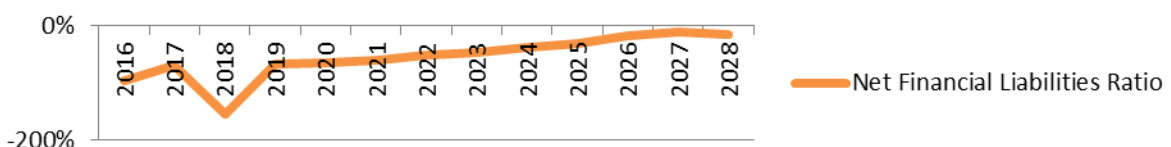


Net Financial Liabilities Ratio – Target <60%

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 2016

Financial Sustainability Indicators
for the year ended 30 June 2017

	Target	Actual 2016	Actual 2017	Budget 2018	Long Term Financial Plan Projections									
					Yr 1 2019	Yr 2 2020	Yr 3 2021	Yr 4 2022	Yr 5 2023	Yr 6 2024	Yr 7 2025	Yr 8 2026	Yr 9 2027	Yr 10 2028
Ratio														
Operating Surplus Ratio	0 - 10%	-13%	18%	-32%	-22%	-20%	-19%	-18%	-17%	-17%	-17%	-17%	-17%	-17%
Asset Sustainability Ratio	> 90%	264%	325%	326%	82%	93%	98%	122%	106%	119%	111%	111%	112%	112%
Net Financial Liabilities Ratio	< 60%	-95%	-68%	-154%	-68%	-65%	-61%	-51%	-46%	-37%	-31%	-18%	-11%	-16%

Community Financial Report
for the financial year ended 30 June 2015

McKinlay Shire Council 2016-17

Financial Statements



McKinlay Shire Council

Financial statements

For the year ended 30 June 2017

Table of contents

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

	Page
1 Significant accounting policies	5
2 Analysis of results by function	6
3 Revenue analysis	8
4 Grants, subsidies, contributions and donations	9
5 Capital income	9
6 Employee benefits	10
7 Materials and services	10
8 Cash and cash equivalents	11
9 Trade and other receivables	11
10 Inventories	12
11 Land purchased for development and sale	12
12 Property, plant & equipment	13
13 Payables	20
14 Borrowings	20
15 Provisions	21
16 Asset revaluation surplus	21
17 Commitments for expenditure	22
18 Contingent liabilities	22
19 Events after the balance date	22
20 Superannuation	22
21 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities	23
22 Financial instruments and financial risk management	24
23 National Competition Policy	27
24 Transactions with related parties	28

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 2017**

	2017	2016
Note	\$	\$
Income		
Revenue		
Recurrent revenue		
Rates, levies and charges	3(a) 2,811,772	2,765,214
Fees and charges	3(b) 806,956	626,563
Interest received	3(c) 315,056	377,553
Sales revenue	3(d) 8,717,453	2,785,180
Other revenue	3(e) 204,832	293,469
Grants, subsidies, contributions and donations	4(a) 8,847,016	6,031,413
	<u>21,703,085</u>	<u>12,879,392</u>
Capital revenue		
Grants, subsidies, contributions and donations	4(b) 12,553,867	10,377,534
Other capital income	5 12,182	7,891
	<u>12,566,049</u>	<u>10,385,425</u>
Total capital revenue	<u>34,269,134</u>	<u>23,264,817</u>
Total income	<u>34,269,134</u>	<u>23,264,817</u>
Expenses		
Recurrent expenses		
Employee benefits	6 (5,009,639)	(4,773,815)
Materials and services	7 (8,821,561)	(5,303,477)
Finance costs	(31,242)	(45,328)
Depreciation and amortisation	12 (3,920,171)	(4,390,503)
	<u>(17,782,613)</u>	<u>(14,513,123)</u>
Capital expenses		
Write-off of flood damaged roads	12 -	(3,359,250)
Total expenses	<u>(17,782,613)</u>	<u>(17,872,373)</u>
Net result	<u>16,486,521</u>	<u>5,392,444</u>
Other comprehensive income		
Items that will not be reclassified to net result		
Increase in asset revaluation surplus	16 3,056,380	18,442,326
Total other comprehensive income for the year	<u>3,056,380</u>	<u>18,442,326</u>
Total comprehensive income for the year	<u>19,542,901</u>	<u>23,834,770</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 2017**

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Current assets			
Cash and cash equivalents	8	15,665,531	13,289,260
Trade and other receivables	9	1,876,261	784,511
Inventories	10	250,627	259,147
Total current assets		<u>17,792,419</u>	<u>14,332,918</u>
Non-current assets			
Property, plant and equipment	12	192,343,974	175,289,581
Total non-current assets		<u>192,343,974</u>	<u>175,289,581</u>
Total assets		<u>210,136,393</u>	<u>189,622,499</u>
Current liabilities			
Trade and other payables	13	2,582,552	1,460,263
Borrowings	14	-	192,587
Provisions	15	89,886	61,220
Total current liabilities		<u>2,672,438</u>	<u>1,714,070</u>
Non-current liabilities			
Provisions	15	359,542	346,917
Total non-current liabilities		<u>359,542</u>	<u>346,917</u>
Total liabilities		<u>3,031,980</u>	<u>2,060,987</u>
Net community assets		<u>207,104,413</u>	<u>187,561,512</u>
Community equity			
Asset revaluation surplus	16	62,758,993	59,702,613
Retained Surplus		144,345,420	127,858,899
Total community equity		<u>207,104,413</u>	<u>187,561,512</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 2017

Note	Asset revaluation surplus 16 \$	Retained Surplus \$	Total \$
Balance as at 1 July 2016	59,702,613	127,858,899	187,561,512
Net operating surplus	-	16,486,521	16,486,521
Other comprehensive income for the year			
Increase in asset revaluation surplus	3,056,380	-	3,056,380
Total comprehensive income for the year	<u>3,056,380</u>	<u>16,486,521</u>	<u>19,542,901</u>
Balance as at 30 June 2017	<u>62,758,993</u>	<u>144,345,420</u>	<u>207,104,413</u>
Balance as at 1 July 2015	41,260,287	122,466,455	163,726,742
Net operating surplus	-	5,392,444	5,392,444
Other comprehensive income for the year			
Increase in asset revaluation surplus	18,442,326	-	18,442,326
Total comprehensive income for the year	<u>18,442,326</u>	<u>5,392,444</u>	<u>23,834,770</u>
Balance as at 30 June 2016	<u>59,702,613</u>	<u>127,858,899</u>	<u>187,561,512</u>

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

McKinlay Shire Council
Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers		20,317,261	13,002,283
Payments to suppliers and employees		(12,680,082)	(10,309,248)
		<u>7,637,179</u>	<u>2,693,035</u>
Interest received	3 (c)	315,056	377,553
Borrowing costs		(31,242)	(45,328)
Net cash inflow from operating activities	21	<u><u>7,920,993</u></u>	<u><u>3,025,260</u></u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(17,982,956)	(11,432,552)
Proceeds from sale of property plant and equipment	5	76,954	88,585
Grants, subsidies, contributions and donations	4 (b)	12,553,867	10,377,533
Net cash (outflow) from investing activities		<u><u>(5,352,135)</u></u>	<u><u>(966,433)</u></u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings	14	(192,587)	(175,721)
Net cash (outflow) from financing activities		<u><u>(192,587)</u></u>	<u><u>(175,721)</u></u>
Net increase (decrease) in cash and cash equivalent held		<u><u>2,376,271</u></u>	<u><u>1,883,106</u></u>
Cash and cash equivalents at the beginning of the financial year		13,289,260	11,406,154
Cash and cash equivalents at end of the financial year	8	<u><u>15,665,531</u></u>	<u><u>13,289,260</u></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 2017

1 Significant accounting policies

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017. They are prepared in accordance with the Local Government Act 2009 and the Local Government Regulation 2012.

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

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

1.02 Constitution

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

1.03 Adoption of new and revised Accounting Standards

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in note 24.

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

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

AASB 9 Financial Instruments

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

01-Jul-18

As a result, Council will measure its financial assets at fair value.

The impact of this new standard is yet to be quantified.

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

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

01-Jul-19

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

1.04 Estimates and judgements

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

- Valuation and depreciation of property, plant and equipment (Note 12)
- Provisions (Note 15)
- Contingent liabilities (Note 18)

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 2017

2 Analysis of results by function

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

Year ended 30 June 2017

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

Year ended 30 June 2016

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	2016	2016	2016	2016		2016	2016				
\$	\$	\$	\$	\$	\$						
Finance and administration	4,468,556	2,743,063	-	7,891	7,219,510	(1,915,955)	-	(1,915,955)	5,295,664	5,303,555	16,124,594
Utilities	454,515	5,601	-	-	460,116	(551,495)	-	(551,495)	(91,379)	(91,379)	7,390,100
Engineering services	830,540	3,105,079	10,133,703	-	14,069,322	(7,686,407)	(3,359,250)	(11,045,657)	(3,750,788)	3,023,665	166,107,239
Community services & economic development	176,923	732,686	243,830	-	1,153,439	(2,750,925)	-	(2,750,925)	(1,841,316)	(1,597,486)	-
Environmental health & community laws	100,879	261,550	-	-	362,429	(1,608,341)	-	(1,608,341)	(1,245,912)	(1,245,912)	566
Total Council	6,031,413	6,847,979	10,377,533	7,891	23,264,817	(14,513,123)	(3,359,250)	(17,872,373)	(1,633,730)	5,392,444	189,622,499

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

3 Revenue analysis	<u>Note</u>	<u>2017</u>	<u>2016</u>
		\$	\$
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		2,463,525	2,421,444
Water		315,042	302,075
Sewerage		205,888	196,931
Garbage charges		114,045	110,713
Pest animal management charges		-	41,264
Total rates, levies and charges		<u>3,098,500</u>	<u>3,072,427</u>
Less: Discounts		(259,886)	(280,746)
Less: Pensioner remissions		(26,842)	(26,467)
Net rates, levies and charges		<u><u>2,811,772</u></u>	<u><u>2,765,214</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	206,114	227,021
Childcare fees	108,902	58,490
Livestock saleyard fees	127,981	41,294
Animal registration & controls	9,603	7,974
Stock route fees	205,469	152,239
Other fees and charges	148,887	139,545
	<u>806,956</u>	<u>626,563</u>

(c) Interest received

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

Interest received from term deposits	290,308	357,960
Interest from overdue rates and utility charges	24,748	19,593
	<u>315,056</u>	<u>377,553</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	7,928,370	2,233,676
Other recoverable work	789,083	551,504
Total sales revenue	<u><u>8,717,453</u></u>	<u><u>2,785,180</u></u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

<u>Note</u>	<u>2017</u>	<u>2016</u>
	\$	\$
(e) Other revenue		
Insurance claim	-	8,818
Other income	204,832	284,651
	<u>204,832</u>	<u>293,469</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	8,773,716	5,942,935
Commonwealth government subsidies and grants	73,300	88,478
	<u>8,847,016</u>	<u>6,031,413</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	9,264,149	8,284,317
Commonwealth government subsidies and grants	3,289,718	2,093,217
	<u>12,553,867</u>	<u>10,377,534</u>

(c) Conditions over contributions

Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:

Non-reciprocal grants for expenditure on infrastructure	-	1,224,413
	<u>-</u>	<u>1,224,413</u>

5 Capital income

Gain on the disposal of non-current assets

Proceeds from the sale of property, plant and equipment	76,954	88,585
Less: Book value of property, plant and equipment disposed of	(64,772)	(80,694)
Total capital income	<u>12,182</u>	<u>7,891</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		\$	\$
6 Employee benefits			
Total staff wages and salaries		4,400,875	4,004,398
Councillors' remuneration		305,194	300,566
Annual, sick and long service leave entitlements		601,649	605,441
Superannuation	20	449,361	443,542
		<u>5,757,079</u>	<u>5,353,947</u>
Other employee related expenses		39,324	28,260
		<u>5,796,403</u>	<u>5,382,207</u>
Less: Capitalised employee expenses		(786,764)	(608,392)
		<u>5,009,639</u>	<u>4,773,815</u>

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

Total Council employees at the reporting date:	<u>2017</u>	<u>2016</u>
Elected members	5	5
Administration staff	18	18
Depot and outdoors staff	52	51
Total full time equivalent employees	<u>75</u>	<u>74</u>

7 Materials and services			
Administration costs		653,279	588,314
Airport operating costs		53,932	47,569
Audit of annual financial statements by the Auditor-General of Queensland		69,895	54,329
Caravan park costs		182,520	187,529
Community service expenses		397,528	384,303
Council housing expenses		138,239	129,653
Flood damage expenses		82,825	41,834
Parks & gardens expenses		250,062	233,431
Plant operating costs		1,057,088	1,063,471
Pool expenses		183,779	169,322
Road & Street maintenance		912,138	772,128
Recoverable works		3,460,745	762,369
Sports & rec facilities		207,373	194,544
Stock route & livestock expenses		229,217	209,345
Tourism expenses		171,568	142,195
Water & Sewerage costs		220,977	233,984
Weed control expenses		491,039	66,037
Other materials and services		59,357	23,120
		<u>8,821,561</u>	<u>5,303,477</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

8 Cash and cash equivalents	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.			
Cash at bank and on hand		20,099	83,102
Deposits at call		15,645,432	13,206,158
Balance per Statement of Cash Flows		<u>15,665,531</u>	<u>13,289,260</u>

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

Internally imposed expenditure restrictions at the reporting date:

Future capital works		2,101,000	2,101,000
Asset replacement reserve		<u>30,000</u>	<u>30,000</u>
Total unspent restricted cash		<u>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		64,130	67,348
Security deposits		<u>6,710</u>	<u>6,191</u>
		<u>70,840</u>	<u>73,539</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 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Current			
Rateable revenue and utility charges		158,192	252,641
Other debtors		1,636,355	466,443
Less impairment		(11,100)	(13,800)
Prepayments		92,814	79,227
		<u>1,876,261</u>	<u>784,511</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		13,800	6,000
Impairment Debts written off during the year		-	-
Additional impairments recognised		-	7,800
Impairments reversed		(2,700)	-
Closing Balance at 30 June		<u>11,100</u>	<u>13,800</u>

10 Inventories

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

Inventories held for distribution are:

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

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

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

Inventories held for sale

Stores & raw materials		123,127	131,647
		<u>123,127</u>	<u>131,647</u>
Land purchased for development and sale	12	127,500	127,500
Total inventories		<u>250,627</u>	<u>259,147</u>

11 Land purchased for development and sale

Opening Balance		127,500	172,500
Less: Cost of development land sold during the year		-	(45,000)
Less: Cost of development land transferred to Property, Plant & Equipment		-	-
Less: Cost of development land written down to recoverable value		-	-
		<u>127,500</u>	<u>127,500</u>
Classified as			
Current	11	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 2017

12

30-Jun-17 Note

Property, plant & equipment

Basis of measurement

Asset values

Opening gross value as at 1 July 2016

Additions

Disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to other comprehensive

Transfers between classes

Closing gross value as at 30 June 2017

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

Accumulated depreciation and impairment

Opening balance as at 1 July 2016

Depreciation provided in period

Depreciation on disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Accumulated depreciation as at 30 June 2017

	-	3,598,038	328,007	3,822,830	36,815,368	4,128,349	4,241,740	2,233,958	-	55,168,290
	-	511,785	38,815	702,599	2,175,426	128,499	148,209	214,838	-	3,920,171
5	-	-	-	(44,137)	-	-	-	-	-	(44,137)
	-	-	-	-	-	-	-	-	-	-
16	-	143,844	-	-	510,779	63,853	43,022	73,464	-	834,962
	-	-	-	-	-	-	-	-	-	-
	-	4,253,667	366,822	4,481,292	39,501,573	4,320,701	4,432,971	2,522,260	-	59,879,286

Total written down value as at 30 June 2017

Residual value

Range of estimated useful life in years

	1,754,000	26,549,687	303,334	4,264,536	141,853,021	3,129,376	4,225,645	8,139,176	2,125,199	192,343,974
	1,754,000	-	-	-	-	-	-	-	-	-
	Land: Not depreciated.	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	

Additions comprise:

Renewals

Other additions

Total additions

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
									12,730,837	12,730,837
									5,252,119	5,252,119
	-	-	-	-	-	-	-	-	17,982,956	17,982,956

McKinlay Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

12. (cont.)

30-Jun-16 Note

Property, plant & equipment

Basis of measurement

Asset values

Opening gross value as at 1 July 2015

Additions

Disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Transfers between classes

Closing gross value as at 30 June 2016

	Land	Buildings	Office Furniture & Fittings	Plant and equipment	Road & Street Infrastructure	Water Infrastructure	Sewerage Infrastructure	Other Structures	Work in progress	Total
	Fair Value	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$		\$
	1,874,883	28,603,001	568,639	7,566,759	153,623,535	7,650,535	7,654,038	12,716,342	1,401,083	221,658,815
	-	-	-	-	-	-	-	-	11,432,552	11,432,552
5	-	-	-	(177,350)	-	-	-	-	-	(177,350)
	-	-	-	-	(5,296,627)	-	-	-	-	(5,296,627)
16	(120,883)	(2,543,497)	-	-	7,069,495	(472,738)	(17,952)	(1,073,944)	-	2,840,481
	-	982,146	41,510	301,899	12,828,862	140,713	114,845	(1,664,589)	(12,745,386)	-
	1,754,000	27,041,650	610,149	7,691,308	168,225,265	7,318,510	7,750,931	9,977,809	88,249	230,457,871

Accumulated depreciation and impairment

Opening balance as at 1 July 2015

Depreciation provided in period

Depreciation on disposals

Write off of flood damaged roads on statement of comprehensive income

Revaluation adjustment to asset revaluation surplus

Transfers between classes

Accumulated depreciation as at 30 June 2016

	-	5,861,651	292,556	3,171,418	48,026,664	3,922,180	4,021,999	3,117,197	-	68,413,665
	-	332,503	35,451	748,068	2,807,432	113,721	112,132	241,196	-	4,390,503
5	-	-	-	(96,656)	-	-	-	-	-	(96,656)
	-	-	-	-	(1,937,377)	-	-	-	-	(1,937,377)
16	-	(2,596,116)	-	-	(12,416,840)	92,448	107,609	(788,946)	-	(15,601,845)
	-	-	-	-	335,489	-	-	(335,489)	-	-
	-	3,598,038	328,007	3,822,830	36,815,368	4,128,349	4,241,740	2,233,958	-	55,168,290

Total written down value as at 30 June 2016

Residual value

Range of estimated useful life in years

	1,754,000	23,443,612	282,142	3,868,478	131,409,897	3,190,161	3,509,191	7,743,851	88,249	175,289,581
	1,754,000	-	-	1,448,375	-	-	-	-	-	
	Land: Not depreciated.	10 - 200	3 - 20	2 - 20	10 - 200	10 - 200	10 - 200	15 - 200	-	

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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 2017

12 (e) Valuation

(i) Valuation process

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

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

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

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

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

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

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

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

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

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

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

Land (level 2)

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

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

Buildings & other structures (level 2 and 3)

The last comprehensive valuation of buildings and other structures was undertaken by Australian Pacific Valuers (APV) as at 30 June 2016. Management have internally reviewed and assessed these values as at 30 June 2017 and applied an index adjustment as determined by APV at 3.5% for buildings and 3% for other structures. Building fair values have been assessed on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived by reference to market data for recent projects and costings guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth of market can be identified, the net value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

Current replacement cost

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

Cost data

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

Accumulated Depreciation

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

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

Life expectancy

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

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

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

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

	2017	2016
	\$	\$
Buildings (level 2 and 3)	26,549,687	23,443,612
Other structures (level 2 and 3)	8,139,176	7,743,851
	<u>34,688,863</u>	<u>31,187,463</u>

Infrastructure assets (level 3)

The last comprehensive valuation of Council infrastructure classes was undertaken by Australian Pacific Valuers (APV) as at 30 June 2016. Management have internally reviewed and assessed these values as at 30 June 2017 and applied an index adjustment as determined by APV. The amounts applied to roads & streets infrastructure was 1.31%, water infrastructure was 1.50% and sewerage infrastructure was 0.98%. 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.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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

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

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

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

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

Indexation considerations

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

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

Road and street infrastructure

Current replacement cost

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

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

Accumulated depreciation

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

Sensitivity of valuation to unobservable inputs

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

Water and Sewerage Infrastructure

Current replacement cost

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

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

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

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

Accumulated depreciation

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

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

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	<u>Note</u>	<u>2017</u>	<u>2016</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		2,181,568	1,057,711
Annual leave		367,044	374,411
Other entitlements		33,940	28,141
		<u>2,582,552</u>	<u>1,460,263</u>

14 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost.

All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Council paid out its last remaining balance during the 2017 financial year. There have been no defaults or breaches of the loan agreement during the period.

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

Current

Loans - Queensland Treasury Corporation	-	192,587
	<u>-</u>	<u>192,587</u>

Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	192,587	368,308
Loans raised		
Principal repayments	<u>(192,587)</u>	<u>(175,721)</u>
Book value at end of financial year	<u>-</u>	<u>192,587</u>

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
15 Provisions			
<i>Long Service Leave</i>			
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		89,886	61,220
		<u>89,886</u>	<u>61,220</u>
Non-current			
Long service leave		359,542	346,917
		<u>359,542</u>	<u>346,917</u>
Details of movements in provisions:			
Long service leave			
Balance at beginning of financial year		408,137	347,876
Long service leave entitlement arising		71,801	68,610
Long Service entitlement extinguished			-
Long Service entitlement paid		(30,510)	(8,349)
Balance at end of financial year		<u>449,428</u>	<u>408,137</u>

16 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	59,702,613	41,260,287
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	(120,883)
Buildings	897,815	52,619
Road & streets infrastructure	1,834,246	19,486,335
Water infrastructure	46,247	(565,186)
Sewerage infrastructure	41,009	(125,561)
Other structures	237,063	(284,998)
Balance at end of financial year	<u>62,758,993</u>	<u>59,702,613</u>

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

Asset revaluation surplus analysis

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

Land	453,411	453,411
Buildings	9,193,302	8,295,487
Road & streets infrastructure	47,744,915	45,910,669
Water infrastructure	2,107,495	2,061,248
Sewerage infrastructure	1,634,982	1,593,973
Other structures	1,624,888	1,387,825
	<u>62,758,993</u>	<u>59,702,613</u>

17 Commitments for expenditure

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

18 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 2017 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 \$69,117.

19 Events after the balance date

There were no material adjusting events after the balance date.

20 Superannuation

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

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

The scheme has three elements referred to as:

- i) The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- ii) The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- iii) The Accumulation Benefits Fund (ABF)

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

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
-------------	-------------------	-------------------

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

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "at the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 68 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. McKinlay Shire Council made less than 4% of the total contributions to the plan in the 2016-17 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:

6	449,361	443,542
---	---------	---------

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

Net result		16,486,521	5,392,444
Non-cash items:			
Depreciation and amortisation	12	3,920,171	4,390,503
Write-off of flood damaged roads	12	-	3,359,250
Revaluation adjustments		-	-
		3,920,171	7,749,753
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	5	(12,182)	(7,891)
Capital grants and contributions	4 (b)	(12,553,867)	(10,377,534)
		(12,566,049)	(10,385,425)
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(1,091,750)	466,995
(Increase)/decrease in inventory		8,520	21,578
Increase/(decrease) in payables		1,122,289	(280,346)
Increase/(decrease) in other provisions		41,291	60,261
		80,350	268,488
Net cash inflow from operating activities		7,920,993	3,025,260

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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

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

- credit risk
- liquidity risk
- market risk

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

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

The McKinlay Shire Council does not enter into derivatives.

Credit risk

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

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

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

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

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

	Note	2017	2016
		\$	\$
Financial assets			
Cash and cash equivalents	8	15,665,531	13,289,260
Receivables - rates	9	158,192	252,641
Receivables - other	9	1,625,255	452,643
Other credit exposures			
Guarantees	18	69,117	68,852
Total financial assets		<u>17,518,095</u>	<u>14,063,396</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.

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.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

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

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

30th June 2016	Fully				Total
	Performing	<30 days	30 - 60 days	61 - 90 days	
Receivables	385,303	50,379	16,071	267,331	719,084
Less impairment	-	-	-	(13,800)	(13,800)
Net receivables	<u>385,303</u>	<u>50,379</u>	<u>16,071</u>	<u>253,531</u>	<u>705,284</u>

Liquidity risk

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

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

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

The following table sets out the liquidity risk in relation to financial liabilities held by Council. It represents the remaining contractual cashflows (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
	\$	\$	\$	\$	\$
2017					
Trade and other payables	2,181,568	-	-	2,181,568	2,181,568
Loans - QTC	-	-	-	-	-
	<u>2,181,568</u>	<u>-</u>	<u>-</u>	<u>2,181,568</u>	<u>2,181,568</u>
2016					
Trade and other payables	1,057,711	-	-	1,057,711	1,057,711
Loans - QTC	201,834	-	-	201,834	192,587
	<u>1,259,545</u>	<u>-</u>	<u>-</u>	<u>1,259,545</u>	<u>1,250,298</u>

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

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

Market risk

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

Interest rate risk

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

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

Sensitivity

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

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

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
Council					
2017					
Financial assets	17,448,978	174,490	(174,490)	174,490	(174,490)
Financial liabilities	-	-	-	-	-
Net total	<u>17,448,978</u>	<u>174,490</u>	<u>(174,490)</u>	<u>174,490</u>	<u>(174,490)</u>
2016					
Financial assets	13,994,544	139,945	(139,945)	139,945	(139,945)
Financial liabilities	192,587	(1,926)	1,926	(1,926)	1,926
Net total	<u>13,801,957</u>	<u>138,020</u>	<u>(138,020)</u>	<u>138,020</u>	<u>(138,020)</u>

Fair value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed below/ disclosed in Note 14.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

23 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 2017.

McKinlay Shire Council
Notes to the financial statements
For the year ended 30 June 2017

24 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 2016/17 comprises:

	2017
	\$
Short-term employee benefits	999,280
Post-employment benefits	63,653
Long-term benefits	10,205
Termination benefits	0
Total	1,073,138

Detailed remuneration disclosures are provided in the annual report.

(b) Transactions with other related parties

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

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

Details of Transaction	Additional information	2017
		\$
Payments charged by entities controlled by key management personnel	24(b)(i)	1,454,975
Payments charged by Council to entities controlled by key management personnel	24(b)(ii)	3,703
Employee expenses for close family members of key management personnel	24(b)(iii)	314,908

(i) The fees and charges charged 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 total disclosed includes the following:

Payments charged by entities controlled by key management personnel	Details of related party	\$
Purchase of materials and services from entities controlled by key management personnel	KW Murphy Holdings Pty Ltd is a company controlled by a close family member of Councillor Belinda Murphy. The company has been engaged on commercial terms by Council to undertake a number of construction and plant hire related projects throughout the year. Each project was awarded in accordance with Council's relevant procurement policy. Councillor Belinda Murphy declared her material personal interest in this matter and did not participate in any decisions related to the relevant jobs where applicable.	676,066
Purchase of materials and services from entities controlled by key management personnel	Marwill Pty Ltd is a company controlled by Councillor Janene Fegan. The company has been engaged on commercial terms by Council to undertake various works throughout the year. Each job was awarded in accordance with Council's relevant procurement policy. Where applicable Councillor Janene Fegan declared her material personal interest in this matter and did not participate in any decisions related to the relevant jobs where applicable.	442,710
Purchase of materials and services from entities controlled by key management personnel	Councillor Shauna Royes has a close family member associated with the Julia Creek Lions Ladies Auxiliary. The Lions auxiliary is a not for profit community group which receives periodic support and donations from Council. All support is provided in accordance with Council's standard community charter.	305
Purchase of materials and services from entities controlled by key management personnel	Felsie's Mobile Workshop is operated by a close family member of Councillor Shauna Royes. Felsie's Mobile Workshop is periodically engaged by Council to provide tooling services on commercial terms. Each award is in accordance with Council's relevant procurement policies.	26,907
Purchase of materials and services from entities controlled by key management personnel	A close family member of Councillor Shauna Royes is associated with the Julia Creek Pony Club. The Pony Club is a not for profit community organisation which receives periodic support and donations from Council. All support is provided in accordance with Council's standard community charter.	2,566
Purchase of materials and services from entities controlled by key management personnel	Mr Arthur Fontaine is a close family member of Council's works manager, Mr Kerry Krogh. Arthur Fontaine is engaged on commercial terms by Council as a contractor and also supplies some equipment hire. The awards to Arthur Fontaine are in accordance with Council's relevant procurement policy.	274,428
Purchase of materials and services from entities controlled by key management personnel	Council's Works Manager, Mr Kerry Krogh is the current President of the Julia Creek Turf Club. The Julia Creek Turf Club is a not for profit community organisation which receives periodic support and donations from Council. All support is provided in accordance with Council's standard community charter.	20,850
Purchase of materials and services from entities controlled by key management personnel	Council's Director of Corporate & Community Services, Mrs Tenneil Cody is the current treasurer of the Sedan Dip Sports & Recreation Inc. The Sedan Dip Sports & Recreation Inc is a not for profit community organisation which receives periodic support and donations from Council. All support is provided in accordance with Council's standard community charter.	11,143
Total		1,454,975

(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 total disclosed includes the following:

Payments charged by Council to entities controlled by key management personnel	Details of related party	\$
Supply of materials and services to entities controlled by key management personnel	Councillor Shauna Royes has a close family member who holds an agistment lease on the town common. The agistment is provided on commercial terms and in accordance with Council's policies and guidelines.	2,076
Supply of materials and services to entities controlled by key management personnel	Councillor Belinda Murphy has a close family member who holds an agistment lease on the town common. The agistment is provided on commercial terms and in accordance with Council's policies and guidelines.	1,627
Total		3,703

Councillor Shauna Royes is a leasee of a part of the Nelia Town Common. During the year an issue was identified with some boundaries and accordingly a request was submitted to council in relation to an overpayment of lease fees over multiple years. In acknowledgment of this fact, Council agreed to waive the remaining fees on the lease, over the remaining 2 year period. The expected net waiver is \$30,000. The request was considered by Council in the ordinary course of business and Councillor Royes declared a conflict of interest and left the meeting during its consideration.

(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 75 staff of which only 7 are close family members of key management personnel. The total amount paid to such close family members was \$314,908.

(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
Past due 31-60 days	\$135
Past due 61-90 days	\$0
More than 90 days overdue	\$692
Total Owing	\$827

(d) Loans and guarantees to/from related parties

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

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

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

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

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

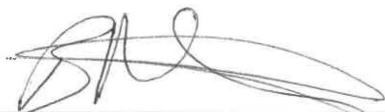
McKinlay Shire Council
Financial statements
For the year ended 30 June 2017

Management Certificate
For the year ended 30 June 2017

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.

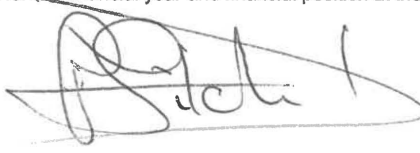
In accordance with section 212(5) of the Regulation we certify that:

- (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 30, 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: 10 / 10 / 2017.



Chief Executive Officer
Peter Fitchat

Date: 10 / 10 / 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of McKinlay Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of McKinlay Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 2017, 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 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.

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:

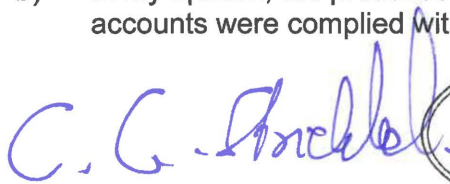

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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 2017:

- 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.

C G STRICKLAND
as Delegate of the Auditor-General

Queensland Audit Office
Brisbane

**McKinlay Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2017**

Measures of Financial Sustainability	How the measure is calculated	Actual - Council	Target
Council's performance at 30 June 2017 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	18.1%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	324.8%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-68.0%	not greater than 60%

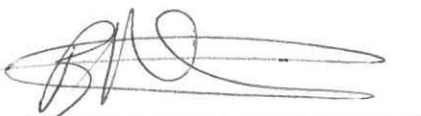
Note 1 - Basis of Preparation

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 2017.

Certificate of Accuracy
For the year ended 30 June 2017

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: 10 / 10 / 2017.



Chief Executive Officer
Peter Fitchat

Date: 10 / 10 / 2017.

INDEPENDENT AUDITOR'S REPORT

To the Councillors of McKinlay Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of McKinlay Shire Council for the year ended 30 June 2017, 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 2017 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 2017, 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 Report and 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

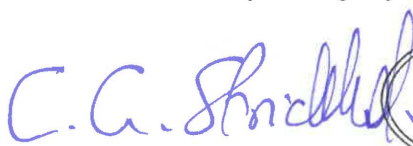
My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, 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.




C G STRICKLAND
as Delegate of the Auditor-General

Queensland Audit Office
Brisbane

**McKinlay Shire Council
Long-Term Financial Sustainability Statement
Prepared as at 30 June 2017**

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2017	Projected for the years ended							
				30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	18.11%	-31.64%	-21.59%	-19.67%	-18.55%	-17.63%	-17.42%	-17.12%	-17.34%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	greater than 90%	324.83%	326.45%	82.44%	92.57%	98.42%	122.05%	105.88%	119.01%	110.73%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-67.97%	-154.33%	-67.82%	-64.54%	-60.66%	-50.61%	-46.08%	-37.31%	-31.07%

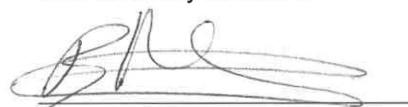
McKinlay Shire Council's Financial Management Strategy

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

**Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2017**

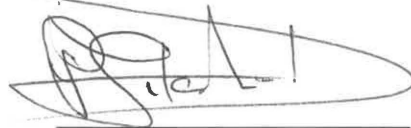
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

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: 10 / 10 / 2017



Chief Executive Officer
Peter Fitchat

Date: 10 / 10 / 2017