



ANNUAL REPORT

2016/2017

ABOUT THIS REPORT

Each year Carpentaria Shire Council produces an Annual Report as required by the state government. This report has been prepared in accordance with Chapter 5, Part 3 of the *Local Government Regulation 2012*. The Annual Report is an important document by which Council is transparently accountable for its financial and operational performance throughout the year. It contains important information for all stakeholders (residents, Councillors, staff, community groups, other levels of government, developers/investors and other interested parties) on Council's operations, achievements, challenges, culture, purpose and plans for the future.

To request a copy of this report please contact Council or alternatively you can download a copy from our website www.carpentaria.qld.gov.au

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MAYORS MESSAGE



It is with great pride that I present the 2016-2017 Annual Report for the Carpentaria Shire Council.

It is an honour to serve this region as Mayor and to report in these challenging times of change. I, and my Councillors, consider it to be a great privilege to guide the Shire into the future and to inspire the whole community to work together.

I am committed to working with my fellow Councillors and Council staff to serving the people of the Shire to the best of my ability and hope to create lasting positive change. We are a strong team who will advocate strongly to all levels of government in order to promote the Shire and achieve great outcomes. We recognise that our role in shaping the Shire is paramount and we are committed to engaging with our community and keeping them informed of what we are doing and how and why we are making decisions.

In this past year Council has delivered some major projects in the Shire (as listed in this report) but of note, the continuing improvements on the Burketown Road, shoulder widening on the Cloncurry and Croydon Roads, importation of gravel on the Dunbar Road and Flood Damage Works. Work for Queensland projects have started and will certainly value-add to the community as well as the Les Wilson Barramundi Discovery Centre on its completion next year. Full credit goes to the staff, Contractors and all those involved!

Carpentaria is a great Shire and we know there are things that can be done to make it even better. I am looking forward to the continuing challenge of serving as your Mayor.

All the best and Stay Safe

Jack Bawden

Mayor

MAYORS MESSAGE



Minister for Local Government,
Minister for Racing and
Minister for Multicultural Affairs

Our ref: MBN17/1518

17 JAN 2018

Councillor Jack Bawden
Mayor
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Dear Mayor

I refer to the letter of 3 October 2017 from the Carpentaria Shire Council (the council) requesting an extension of time for the council to finalise its 2016-17 General Purpose Financial Statements (GPFS).

I have considered the reasons outlined in the council's request and have approved (retrospectively) an extension of time to 30 November 2017 to enable the council to finalise the 2016-17 general purpose financial statements. I acknowledge the council has met this timeframe, with the council's GPFS signed by the Auditor-General on 30 November 2017.

In addition, I have approved an extension of time to 31 January 2018 for the council to adopt its 2016-17 annual report.

If you require further information, I encourage you to contact Ms Kim Mahoney, Acting Director, Finance and Funding in the Department of Local Government, Racing and Multicultural Affairs on 3452 6748 or by email at kim.mahoney@dilgp.qld.gov.au.

Yours sincerely



HON. STIRLING HINCHLIFFE MP
Minister for Local Government,
Minister for Racing and
Minister for Multicultural Affairs

cc: **Mr Mike Hayward, Chief Executive Officer**
Carpentaria Shire Council

Mr Brendan Worrall, Auditor-General
Queensland Audit Office

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CHAPTER 1: SHIRE PROFILE



Carpentaria Shire – where the “Outback meets the Sea®”

Carpentaria Shire is located on the Savannah Way in North Western Queensland in the south eastern region of the Gulf of Carpentaria and covers an area of 64,373 km². The region is uniquely placed to offer residents and visitors’ opportunities and experiences in lifestyle, holidays, employment and investment opportunities. Carpentaria Shire has a friendly, laid-back lifestyle and is a place where children still ride their bikes down to the river to go fishing after school without parents having to worry as they would in the larger towns and cities.

Carpentaria Shire is the traditional country of many indigenous groups and the townships of Normanton and Karumba are the traditional land of the Gkuthaarn, Kukatj and Kurtijar people. The Shire covers an area of approximately 65,000 square kilometres and has a population of approximately 2,500 with the countryside ranging from vast inland plains to mangrove forests, deltas and saltpans along the coastal areas of the Gulf.

Carpentaria Shire has a diverse industry base with agriculture, fishing, mining and tourism and government administration providing the majority of the Shire’s income. Normanton is the region’s government and administrative centre with much of the Shire’s commercial activity coming through Karumba which has an active port based around export of zinc and lead and live cattle to Asia and a substantial fishing industry which targets prawns, barramundi, Spanish mackerel, salmon and mud crabs. The region offers good infrastructure and facilities with sealed access roads, well-serviced airports, developed freight routes, primary and secondary schools, medical services, recreational and sporting

facilities and the standard infrastructure to be expected in a modern community.

The Carpentaria Divisional Board was constituted on the 11th January 1883 and amalgamated with the Shire of Carpentaria in 1903. The Council of the Shire of Carpentaria was constituted in 1903. The Municipality of Normanton was constituted on the 6th February 1886, and amalgamated with Shire of Carpentaria in 1910.

Normanton	Karumba
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Population		
*2011 Census	1,468	587

Distance to Major Centres		
Mount Isa:	484 km	556 km
Cairns:	707 km	779 km
Townsville:	938 km	1,010 km



CHAPTER 2: ABOUT COUNCIL



OUR VISION

We are unique in Queensland. We are the only place where the “Outback meets the Sea®”. We are the only place in the Gulf where it is possible to drive on a bitumen road to a major port that has ready access to Asian markets. We are the only place where tourists can experience both the Outback and the majesty of sunsets over the Gulf. It is a place where residents can still go down to the river after work and catch a fish. It is a place that our children can grow up still experiencing the safe lifestyle that we enjoyed in earlier generations while still accessing modern town facilities.

“Outback by the Sea – It’s a great place to work, live and play”

OUR MISSION

In particular:

- We will work hard for our community
- We will provide strong leadership to our community
- We will provide open and transparent governance for our community
- We will ensure that we are accountable to our community

“Working for our Community”

OUR VALUES

Our key values which will govern our behaviour as a Council are:

Strong leadership	Our community has every right to expect leadership that has integrity, unity and consistency.
Respect and teamwork	We know that we can only achieve great outcomes for our region by working together as a team.
Good governance	We need to deliver good governance for our region which is based on honesty, openness and transparency of Local Government.
Pride in our work	We aim to do the best for our community all the time, every time.
Positive and professional	We are not interested in blame but we want to find the best solutions to problems.
Informed decision making	We need to make sure that we have the best information available when making decisions.
Realistic goals	We believe in dreaming with our eyes open and focusing on what is available.

CHAPTER 2: ABOUT COUNCIL

THE COUNCIL

Council operates under the Local Government Act 2009 (the Act), and Councillors are elected to provide leadership and good governance to the Carpentaria Shire.

Our seven elected members together form the Council. The Mayor and six Councillors were elected on 19 March 2016 for a four year term.

The Council does not have divisions, and therefore the Mayor and Councillors are elected representatives of all residents and ratepayers across the region.

Council has a duty to ensure the system of local government is accountable, effective, efficient and sustainable in accordance with the principles under the Act. The local government principles are:

- (a) transparent and effective processes, and decision-making in the public interest; and
- (b) sustainable development and management of assets and infrastructure, and delivery of effective services; and
- (c) democratic representation, social inclusion and meaningful community engagement; and
- (d) good governance of, and by, local government; and
- (e) ethical and legal behaviour of councillors and local government employees.

Collectively the Councillors set the strategic direction for the Council, identifying service standards and monitoring performance of the organisation.

ROLE OF COUNCILLORS

A Councillor must represent the current and future interests of the residents of the local government area. In summary, all Councillors, including the Mayor, are responsible for:

- a. ensuring the local government –
 - i. discharges its responsibilities under this Act; and
 - ii. achieves its corporate plan; and
 - iii. complies with all laws that apply to local governments;
- b. providing high quality leadership to the local government and the community;
- c. participating in council meetings, policy development, and decision making, for the benefit of the local government area;
- d. being accountable to the community for the local government's performance.

Each Councillor participates in the process of formulating, adopting and reviewing our Corporate and Operational Plans. Councillors have regular meetings to make decisions and to discuss local issues.

Councillors focus on the policy directions of the local government area, not the internal day-to-day administration. Councillors' role is to collectively make decisions that the Chief Executive Officer and employees then implement on behalf of the Council.

ROLE OF THE MAYOR

The Mayor has the duties of a Councillor with the added responsibility of:

- (a) leading and managing meetings of the local government at which the mayor is the chairperson, including managing the conduct of the participants at the meetings;
- (b) preparing a budget to present to the local government;
- (c) leading, managing, and providing strategic direction to the chief executive officer in order to achieve the high quality administration of the local government;
- (d) directing the chief executive officer and senior executive employees, in accordance with the local government's policies;
- (e) conducting a performance appraisal of the chief executive officer, at least annually, in the way that is decided by the local government (including as a member of a committee, for example);
- (f) ensuring that the local government promptly provides the Minister with the information about the local government area, or the local government, that is requested by the Minister;
- (g) being a member of each standing committee of the local government;
- (h) representing the local government at ceremonial or civic functions

CHAPTER 2: ABOUT COUNCIL

Position	Committees
 <p>Jack Bawden Mayor</p>	<ul style="list-style-type: none"> • Australia Day Committee • Gulf Savannah Development Board • Karumba Town Development Advisory Committee • Local Disaster Management Committee • North West Qld Regional Organisation of Councils • North West Qld Regional Roads & Transport Group
 <p>Craig Young Deputy Mayor</p>	<ul style="list-style-type: none"> • Australia Day Committee • Barramundi Discovery Centre Advisory Committee • Carpentaria Interagency Network • Gulf Savannah Development Board • Karumba Town Development Advisory Committee • Local Disaster Management Committee • North West Qld Regional Organisation of Councils • North West Qld Regional Roads & Transport Group
 <p>John Beard Councillor</p>	<ul style="list-style-type: none"> • Australia Day Committee • Audit Committee • Local Health Committee • Normanton Heritage Precinct Steering Committee • Regional Arts Development Committee
 <p>Ashley Gallagher Councillor</p>	<ul style="list-style-type: none"> • Australia Day Committee • Audit Committee • Local Health Committee • Muttonhole Wetlands Advisory Committee • Normanton Heritage Precinct Steering Committee • Regional Arts Development Committee

Position	Committees
 <p>Bradley Hawkins Councillor</p>	<ul style="list-style-type: none"> • Local Disaster Management Committee • Muttonhole Wetlands Advisory Committee
 <p>Andrew Murphy Councillor</p>	<ul style="list-style-type: none"> • Australia Day Committee • Local Disaster Management Committee • Local Health Committee
 <p>Peter Wells Councillor</p>	<ul style="list-style-type: none"> • Australia Day Committee • Barramundi Discovery Centre Advisory Committee • Gulf Chamber of Commerce • Ports North Advisory Group

MEETINGS ATTENDED

Council meetings are held on the third Wednesday and Thursday of each month (subject to alteration in special circumstances). Members of the public are welcome to attend all Council meetings.

During the year Council held twelve (12) General Meetings, as well as other special meetings, which Councillors attended.

	Ordinary Meeting	Special Meetings
Number of meeting held during the year	12	3
Cr Bawden	12	3
Cr Young	12	2
Cr Beard	11	3
Cr Gallagher	12	3
Cr Hawkins	12	2
Cr Murphy	12	3
Cr Wells	11	3

CHAPTER 2: ABOUT COUNCIL

TOTAL REMUNERATION PAID TO COUNCILLORS

Councillor	Remuneration	Superannuation	Travel Reimbursement	Total
Jack Bawden	99,637.98	11,956.62		111,594.60
Craig Young	57,482.88	6,898.06	6,289.39	70,670.33
John Beard	49,818.86	5,978.31	707.76	56,504.93
Ashley Gallagher	49,818.86	5,978.31	617.76	56,414.93
Bradley Hawkins	49,818.86	5,978.31		55,797.17
Andrew Murphy	49,818.86	5,978.31		55,797.17
Peter Wells	49,818.86	5,978.31	1,615.68	57,412.85

EXPENSES INCURRED AND FACILITIES PROVIDED

Councillor	Equipment Provided	Travel Reimbursement
Cr Bawden	Vehicle, iPad, Mobile	
Cr Young	iPad	6,289.39
Cr Beard	iPad, Laptop	707.76
Cr Gallagher	Laptop, iPad	617.76
Cr Hawkins	iPad	
Cr Murphy	iPad	
Cr Wells	iPad	1,615.68

CHAPTER 3: COMMUNITY FINANCIAL REPORT

The Community Financial Report is a plain English summary of Council's Financial Statements and has been prepared pursuant to Section 179 of the *Local Government Regulation 2012* and is designed to provide an easy to understand summary and analysis of Council's financial results and financial position.

To obtain a more detailed understanding of Council's financial results and financial position, refer to the Financial Statements and accompanying notes included in the Appendices section of this Annual Report.

FINANCIAL PERFORMANCE

The finances of Carpentaria Shire Council were again very strong at year end, even though we funded the bulk of the Capital Projects through our cash reserves. Council is and will continually be looking at alternative streams of revenue to provide the services required by the community

Key highlights of the 2016/2017 financial year include

- Unqualified Audit
- Low Risk Sustainability

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income (often referred to as the Profit & Loss Statement) shows how Council has performed for the past 12-month period. The Income Statement illustrates what we have earned (revenue) and what we have spent (expenses) on maintaining and operating the community services and assets Council provides.

SIMPLIFIED INCOME STATEMENT	\$'000
Operating Revenue	54,595
less Discounts and remissions	(551)
less Expenses	(52,480)
less Interest and finance charges	(516)
Surplus / (Deficit) from operations	1,048
Add Capital grants and contributed assets	7,985
Less Capital expenses	(3143)
(Loss) on disposal of non-current assets	(128)
Net result for the period	5,762

STATEMENT OF FINANCIAL POSITION

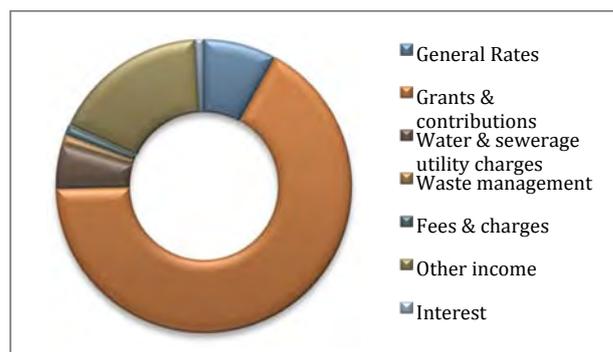
The Statement of Financial Position (often referred to as the Balance Sheet) summarises the financial position of Council at the end of the Financial Year. The statement measures what Council owns (assets) and what Council owes (liabilities) at the end of the Financial Year with the

difference between these two components being the net community wealth (equity) of Council.

SIMPLIFIED BALANCE SHEET	\$'000
What we have in the bank	27,174
What we own	336,988
What we are owed	3,473
Our total assets	\$367,636
What we owe our suppliers and employees	7,195
What we have borrowed	9,383
Our total liabilities	16,578
Net community assets (wealth)	\$351,057

OUR OPERATING REVENUE

Council achieved an operating income of \$54,044,498 (after discounts and remissions) during the 2016/2017 financial year. How we earned our Operating Revenues



Operating Revenue	%	\$'000
General Rates	8.0%	4,321
Grants & contributions	66.7%	36,043
Water & sewerage utility charges	4.9%	2,643
Waste management	1.1%	591
Fees & charges	1.2%	623
Other income	17.2%	9,313
Interest	0.9%	510
Total	100%	54,044

Council endeavours to maximise its revenue from sources other than rates by actively pursuing grants and subsidies from the State and Federal Government and seeking appropriate contributions from the property development sector (where applicable).

Fees and charges, and utility charges are generally applied on a full cost recovery basis to ensure as much

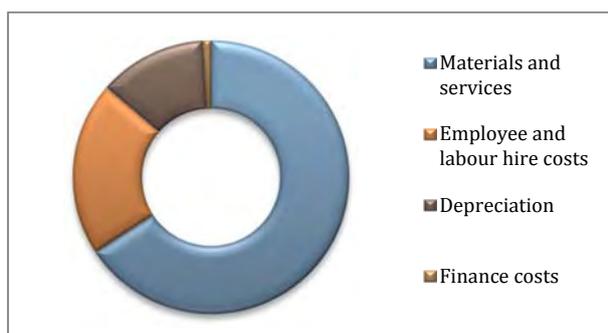
CHAPTER 3: COMMUNITY FINANCIAL REPORT

as possible the user pays for the service they are using. These strategies help to minimise the reliance on the general rate to fund Council's operations.

OUR OPERATING EXPENSES

The operating expenses represent the cost to Council of providing services, operating facilities and maintaining assets.

Material and services are the goods and services required for operational and maintenance purposes within Council. These make up 68.8 per cent of Council's expenses. Employee and labour hire costs are associated with the labour costs that Council incurs in operating and maintaining the services and assets of the region. Depreciation represents the true cost of Council's assets over time. These assets include buildings, roads, storm water drains, and water and sewerage infrastructure.

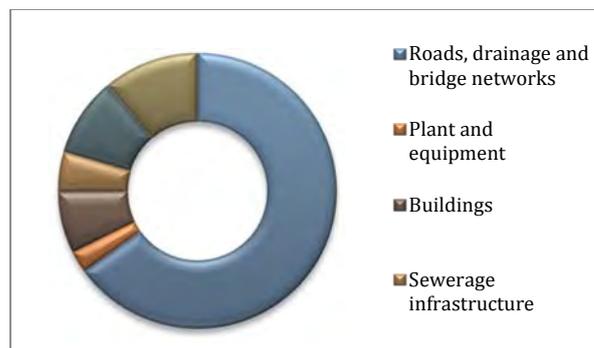


Operating Expenses	%	\$'000
Materials and services	65.8%	34,848
Employee and labour hire costs	20.5%	10,914
Depreciation	12.7%	6,718
Finance costs	1.0%	516
Total	100%	52,996

COMMUNITY INFRASTRUCTURE WE MANAGE

Council owns and manages more than \$335 million worth of infrastructure providing benefits directly to the community.

The accounting standards require Council to ensure that its infrastructure assets are recorded at fair value. It is Council's progressive approach to asset management that ensures our assets are optimized and that the community benefits from the greatest value possible.



Our community infrastructure	%	\$'000
Roads, drainage and bridge networks	65.1%	218,669
Plant and equipment	2.6%	8,632
Buildings	7.2%	24,117
Sewerage infrastructure	4.7%	15,800
Water infrastructure	9.2%	31,025
Land, Land Improvements and other	11.2%	37,578
Total	100%	335,821

FINANCIAL PLANNING

Council's total borrowing costs for year ending 30 June 2017 represented 6.84% of total net rates and charges. Council's total loan liability as at 30 June 2017 was \$9.38m compared to \$9.87m as at June 2016. Council's loan liabilities have been borrowed for works only associated with capital infrastructure and not operating activities.

The term to repay outstanding debt is between 2 and 20 years. Expected final repayment dates vary from March 2019 to March 2035.

Council's existing debt management strategy is to restructure its budget so that there is less emphasis on external borrowing for such works as road plant and to fund these recurring type capital expenditures from general rates and grants. In so doing Council will be in a good financial position to provide for major community and recreational infrastructure in the future years.

FINANCIAL SUSTAINABILITY RATIOS

Council monitors its financial trend and sustainability by using financial ratios. These indicate whether or not Council is on the right track in terms of its financial performance and future. It acts as a guide to assist Councillors and management on the best course for budgeting for the future.

CHAPTER 3: COMMUNITY FINANCIAL REPORT

OPERATING SURPLUS RATIO

Calculation: Net Result divided by Total Operating Revenue. Expressed as a percentage

Description: This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding or other purposes. The Operating Surplus Ratio is the operating surplus/deficit expressed as a percentage of total operating revenue. A positive ratio indicates that surplus revenue is available. This may be used to support the funding of capital expenditure or used to offset past or future operating deficits. If the surplus is not required for this purpose in a particular year, it can be held to support future capital expenditure funding as a financial asset, used to offset past deficit funding or, where possible, used to reduce current debt levels.

Target: 0 – 15%

2016/2017 Result: 1.9% = this result indicates that Council's operating revenues are slightly more than its operating expenses.

NET FINANCIALS LIABILITIES RATIO

Calculation: (Total Liabilities less Current Assets) divided by Total Operating Revenue. Expressed as a percentage

Description: This is an indicator of the extent to which the Net Financial Liabilities of a local government can be serviced by its Operating Revenues. A ratio greater than zero (positive) indicates that total financial liabilities exceed current assets. These net financial liabilities must be serviced using available operating revenues. A

positive value less than 60 per cent indicates the local government has the capacity to fund the financial liabilities and appears to have the capacity to increase its loan borrowings if required. A positive value greater than 60 per cent indicates the local government has limited capacity to increase its loan borrowings. A ratio less than zero (negative) indicate that current assets exceed total liabilities and therefore the local government appears to have significant financial capacity and the ability to increase its loan borrowings if necessary.

Target: < 60%

2016/2017 Result: -27.8% = this result indicates that Council can comfortably fund its total liabilities from current assets and Council has capacity to increase its loan borrowings should it be required.

ASSET SUSTAINABILITY RATIO

Calculation: Capital Expenditure (on the replacement of assets - renewals) divided by Depreciation Expense. Expressed as a percentage

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

Target: > 90%

2016/2017 Result: 88.2% - indicates that Council is partially renewing/replacing existing non-financial assets at the same/higher rate they are wearing out

CHAPTER 4: PERFORMANCE

ASSESSMENT OF CORPORATE AND OPERATIONAL PLANS

The Local Government Regulation 2012 requires Council to prepare and adopt an annual operational plan for each financial year.

The operational plan must state how the local government will progress the implementation of the 5 year corporate plan during the period and manage operation risks

Council's operational plan is aligned with the following five key strategic themes that are identified in the 5 year corporate plan:

- Infrastructure
- Economic Development
- Governance
- Environment
- Social wellbeing

Information on the organisations progress in achieving Councils operational plan was provided to Council through regular management reports and specific Operational Plan Review reports.

During the 2016/2017 financial year, Council adopted a total of 137 strategies to progress the implementation of the goals identified in Councils 5 year Corporate Plan. By the end of the reporting period, 85% of the adopted strategies achieved the target measures with 14% of the strategies being only partially achieved.

The following table identifies the outcomes from the Corporate Plan targeted during the financial year and the status of achievement of the activities undertaken.

Corporate Outcomes	Strategies Implemented		
INFRASTRUCTURE			
Improve the road network over time	8		
Optimise use of Council plant and equipment	4		
Improved Council infrastructure and services	3		
Deliver a good quality water supply to the region's townships	4		
Deliver efficient and effective sewerage services to the region's townships	3		
Deliver engineering services to the region	9	2	
ECONOMIC DEVELOPMENT			
The Carpentaria economy is growing and diversifying	2	1	
Council maintains a focus on the future	3	2	

Corporate Outcomes	Strategies Implemented		
GOVERNANCE			
Council has the capacity to influence decisions affecting this Region	5	1	
Progress on the implementation of the Carpentaria Community Plan	9	1	
Maximise revenue to Council for undertaking private works	3		
Council is maintaining responsible financial and corporate management	15	1	
The Council is able to attract and retain quality staff by being an employer of choice	8	3	
Provision of professional administrative support services	5	1	
ENVIRONMENT			
Deliver regulatory services that enhance our lifestyle	6	3	
SOCIAL WELLBEING			
Council connects with its community	6		
Council supports our community organisations	2	1	
Supporting and growing our tourism industry	3	2	
Provide community facilities that support our community	8	1	2
Provide and develop community services that support our community	10		

PROJECT HIGHLIGHTS

Considerable works were accomplished by Councils workforce during the year including major flood damage restoration works both on Council and Main Roads controlled roads.

Along with maintenance and operations of key Council assets, some major capital works were also undertaken by Council during the 2016/2017 Financial Year, some of these include:

- Footpath construction works both in Normanton and Karumba
- Extension of sealed pavement along Burketown Road, Little Bynoe River, and Bynoe River
- Commencement of construction of the sealed pavement extension between Little Bynoe and Bynoe Rivers
- Construction of major culverts and sealed pavement on Burketown Road at M Creek

CHAPTER 4: PERFORMANCE

- Resealing of Riverview Drive and the Truck Stop on Allen Howie Way
- Widening of 3km section on Burke Developmental Road (between Cloncurry and Normanton)
- Resealing of town streets in Normanton and Karumba
- Raising Glenore Weir Project
- Commencement of construction of Les Wilson Barramundi Discovery Centre
- Construction of new landfill cell and leachate lagoons at Normanton Waste Facility
- Commencement of installation of long distance coach stops in Normanton and Karumba
- Continued water and sewer assets upgrades

CHAPTER 5: STATUTORY INFORMATION

Beneficial Enterprises (Section 41 LGA 2009)									
A local government's annual report must contain a list of all beneficial enterprises that the local government conducted during the financial year.	There were no beneficial enterprise activity identified throughout the year.								
Significant Business Activities (Section 45(a) LGA 2009)									
<p>A local government's annual report for each financial year must—</p> <ul style="list-style-type: none"> (a) contain a list of all the business activities that the local government conducted during the financial year; and (b) identify the business activities that are significant business activities; and (c) state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied; and (d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities. 	Council did not conduct any significant business activities during the reported financial year and as such the competitive neutrality principle is not applicable								
Remuneration for Senior Contract Employees (Section 201 LGA 2009)									
<p>A local government's annual report for each financial year must state the total of all remuneration packages payable to the senior management and the number of employees in senior management who are being paid in each band of remuneration.</p> <p>Each band of remuneration is an increment of \$100,000.</p>	<p>Remuneration Packages includes salary, housing, vehicle use and other expenses and entitlements under a contract of employment.</p> <table border="1"> <thead> <tr> <th>Band of Remuneration</th> <th>Number of senior Management Employees</th> </tr> </thead> <tbody> <tr> <td>Under \$100,000</td> <td>0</td> </tr> <tr> <td>\$100,000 to \$200,000</td> <td>1</td> </tr> <tr> <td>\$200,000 to \$300,000</td> <td>2</td> </tr> </tbody> </table> <p>Senior management includes the Chief Executive Officer (CEO) and 2 Directors.</p>	Band of Remuneration	Number of senior Management Employees	Under \$100,000	0	\$100,000 to \$200,000	1	\$200,000 to \$300,000	2
Band of Remuneration	Number of senior Management Employees								
Under \$100,000	0								
\$100,000 to \$200,000	1								
\$200,000 to \$300,000	2								
Financial Statements (Section 183 LGR 2012)									
<p>The annual report for a financial year must contain: -</p> <ul style="list-style-type: none"> (a) the general purpose financial statement for the financial year, audited by the auditor-general; and (b) the current-year financial sustainability statement for the financial year, audited by the auditor-general; and (c) the long-term financial sustainability statement for the financial year; and (d) the auditor-general's audit reports about the general purpose financial 	Included at Appendix B								

CHAPTER 5: STATUTORY INFORMATION

statement and the current-year financial sustainability statement.																									
Community Financial Report (Section 184 LGR 2012)																									
The annual report for a financial year must contain the community financial report for the financial year.	Included in Chapter 3 commencing on page 6.																								
Particular Resolutions(Section 185 LGR. 2012)																									
<p>The annual report for a financial year must contain: -</p> <p>(a) a copy of the resolutions made during the financial year under section 250(1); and</p> <p>(b) a list of any resolutions made during the financial year under section 206(2).</p>	<p>Expenses reimbursement policy</p> <p>Section 250 of the Local Government Regulation 2012 requires that council must adopt an expenses reimbursement policy.</p> <p>Council may, by resolution, amend its expense reimbursement policy at any time.</p> <p>The following resolutions under section 250 were made during the 2016/2017 financial year:</p> <table border="1" data-bbox="695 882 1402 1059"> <thead> <tr> <th>Meeting Date</th> <th>Resolution Number</th> <th>Resolution</th> </tr> </thead> <tbody> <tr> <td>20/07/2016</td> <td>0716/012</td> <td>That Council adopt the Councillor Expenses Reimbursement and Provision of Resources Policy as amended.</td> </tr> </tbody> </table> <p>A copy of Council policy CSA_005 (<i>Councillor Expenses Reimbursement & Provision of Resources</i>) is attached at Appendix A.</p> <p>Valuation of non-current physical assets</p> <p>Section 206 of the Local Government Regulation 2012 requires that council must, by resolution, set an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.</p> <p>Council policy CSF_009 (Non-Current Asset) was adopted on 20/05/2015 by council resolution 0515/023 and sets the following amounts below which the asset must be treated as an expense:</p> <table border="1" data-bbox="695 1424 1402 1812"> <thead> <tr> <th>Asset Type</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Road Infrastructure</td> <td>\$10,000</td> </tr> <tr> <td>Water Infrastructure</td> <td>\$10,000</td> </tr> <tr> <td>Sewerage Infrastructure</td> <td>\$10,000</td> </tr> <tr> <td>Buildings</td> <td>\$10,000</td> </tr> <tr> <td>Other Infrastructure Assets</td> <td>\$10,000</td> </tr> <tr> <td>Plant and Equipment</td> <td>\$5,000</td> </tr> <tr> <td>Furniture and Fittings</td> <td>\$5,000</td> </tr> <tr> <td>Land and Improvements</td> <td>\$1</td> </tr> </tbody> </table> <p>No resolutions under section 206 were made during the 2016/2017 financial year.</p>	Meeting Date	Resolution Number	Resolution	20/07/2016	0716/012	That Council adopt the Councillor Expenses Reimbursement and Provision of Resources Policy as amended.	Asset Type	Amount	Road Infrastructure	\$10,000	Water Infrastructure	\$10,000	Sewerage Infrastructure	\$10,000	Buildings	\$10,000	Other Infrastructure Assets	\$10,000	Plant and Equipment	\$5,000	Furniture and Fittings	\$5,000	Land and Improvements	\$1
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Other Infrastructure Assets	\$10,000																								
Plant and Equipment	\$5,000																								
Furniture and Fittings	\$5,000																								
Land and Improvements	\$1																								

CHAPTER 5: STATUTORY INFORMATION

Councillors (Section 186 LGR 2012)		
The annual report for a financial year must contain particulars of : - (a) for each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; (b) the expenses incurred by, and the facilities provided to, each Councillor during the financial year under the local government's Expenses reimbursement policy; and (c) the number of local government meetings that each Councillor attended during the financial year;	Included in Chapter 2 commencing on page 4.	
(d) the total number of the following during the financial year	Orders and recommendations made under section 180(2) or (4) of the Act	Nil
	Orders made under section 181 of the Act	Nil
(e) Each of the following during the financial year	The name of each Councillor for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act	Nil
	A description of the misconduct or inappropriate conduct engaged in by each of the councillors	Nil
	A summary or the order or recommendation made for each councillor	Nil
(f) The number of each of the following during the financial year	Complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act	Nil
	Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act	Nil
	Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	Nil
	Complaints referred to the department's chief executive under section 176C(4)(a) of the Act	Nil
	Complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act.	Nil
	Complaints heard by a regional conduct review panel	Nil
	Complaints heard by the tribunal	Nil
	Complaints to which section 176C(6) of the Act applied.	Nil
Administrative Action Complaints (Section 187(1)(a) LGR. 2012)		
The annual report must contain a statement about the local governments commitment to dealing fairly with administrative actions complaints; and b) a statement about how the local government has implemented its complaints management process, including an assessment of the local government's	Implementation of Complaints management process Council has adopted a formal policy (<i>CSA_002 – Complaints Policy</i>) to deal with administrative action complaints. The policy provides a statement of council's commitment to providing an open and accountable local government and details the process that council will follow to facilitate the effective management of complaints.	

CHAPTER 5: STATUTORY INFORMATION

<p>performance in resolving complaints under the process.</p>	<p>Council will ensure that all complaints are treated confidentially and with due respect. Complainants will not suffer any reprisal from Council or staff for making a complaint.</p> <p>All complaints will be investigated in a timely manner with the primary aim of reaching a resolution acceptable to both Council and the complainant.</p> <p>A complainant will be kept informed of progress in dealing with the complaint and of the outcome of the complaint management process.</p> <p>A copy of the policy can be obtained from Council administrative office or downloaded from council's website.</p> <p>Assessment of performance in dealing with complaints</p> <p>No administrative action complaints were received during the year.</p> <table border="1" data-bbox="699 730 1412 900"> <thead> <tr> <th data-bbox="699 730 879 853">Number of complaints received</th> <th data-bbox="879 730 1059 853">Number of complaints resolved</th> <th data-bbox="1059 730 1240 853">Number of complaints not resolved</th> <th data-bbox="1240 730 1412 853">Number of complaints not resolve that were made in a previous year</th> </tr> </thead> <tbody> <tr> <td data-bbox="699 853 879 900">Nil</td> <td data-bbox="879 853 1059 900">Nil</td> <td data-bbox="1059 853 1240 900">Nil</td> <td data-bbox="1240 853 1412 900">Nil</td> </tr> </tbody> </table>	Number of complaints received	Number of complaints resolved	Number of complaints not resolved	Number of complaints not resolve that were made in a previous year	Nil	Nil	Nil	Nil
Number of complaints received	Number of complaints resolved	Number of complaints not resolved	Number of complaints not resolve that were made in a previous year						
Nil	Nil	Nil	Nil						
<p>Overseas Travel (Section 188 LGR 2012)</p>									
<p>(1) The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year—</p> <ul style="list-style-type: none"> (a) for a councillor—the name of the councillor; (b) for a local government employee—the name of, and position held by, the local government employee; (c) the destination of the overseas travel; (d) the purpose of the overseas travel; (e) the cost of the overseas travel. <p>(2) The annual report may also contain any other information about the overseas travel the local government considers relevant.</p>	<p>There was no overseas travel undertaken by a councillor or local government employee in an official capacity during the financial year.</p>								
<p>Expenditure on Grants to Community Organisations (Section 189 LGR 2012)</p>									
<p>The annual report for a financial year must contain a summary of: -</p> <ul style="list-style-type: none"> (a) the local government's expenditure for the financial year on grants to community organisations; and 	<p>Council has adopted a Grant to Community Organisations Policy which prescribes the types of grants given to community organisations.</p> <p>The grants provided are</p> <ul style="list-style-type: none"> • Direct cash grants to community organisations • Assets given to community organisations • Concessions (e.g. rates remitted) for community organisations <p>During the 2016/2017 financial year, Council made grants and provided assistance totalling \$137,224.81 to community organisations.</p> <p>Refer below for details of grants made to community organisations.</p>								

CHAPTER 5: STATUTORY INFORMATION

(b) expenditure from each councillor's discretionary fund, including —

- (i) the name of each community organisation to which an amount was allocated from the fund; and
- (ii) the amount and purpose of the allocation.

N/a – Carpentaria Shire Councillors do not have discretionary funds.

Direct Cash Grants

Organisation	Purpose	Amount
Karumba State School	Contribution towards annual Fete	500.00
Normanton State School	Contribution towards annual Fete	500.00
Karumba Seniors Christmas Lunch	2017 Senior Christmas luncheon	500.00
Normanton Police Social Club	2017 Careers Expo	500.00
Karumba Progress Association	Seniors Christmas Function	500.00
Normanton Social Fishing Competition	Normanton Annual Fishing Competition	1,000.00
Normanton Gun Club Association	Annual Shoot	500.00
Gulf Barramundi Restocking Association	Karumba Annual Fishing Competition	1,000.00
Amanda Scott (CENSUS)	2017 CENCUS Information Nights	299.00
Regional Development Australia (IQRAP)	IQRAP Council Contribution	5,000.00
Cloncurry Western Club	Rodeo Schools Sponsorship	250.00
	Total	\$10,549.00

Non-Cash Grants (Concessions/Fee Waivers)

Organisation	Purpose	Amount
Mostyn Family	Contribution toward Family Monument	3,069.00
Normanton State School	Normanton State School Athletics Carnival	2,207.07
Milboe Ltd	Cairns to Karumba Bike Ride	408.54
Normanton State School	Cross-Country Carnival	1,313.41
Normanton State School	Awards Night	114.03
PCYC Normanton	Women's Softball Carnival	54.60
QLD Rail	Gulflander 125th Anniversary	254.67
Karumba State School	Fete	1,318.01
NWRH	Normanton Health Expo	1,223.54
Karumba State School	Festival of Sports	1,748.48
Karumba Hot Bread	Cancer Fundraiser	458.42
Normanton State School	Fete	672.22
Scripture Union	Go Gulf Fun Night	156.66
QCWA	Laughter Therapy	79.95
QCWA	High Tea	79.95
Normanton Sprint Races	Race Meet	886.37
Normanton Stingers Rugby League	Home Games	6,210.75
Gulf Christian College	Year 6 Graduation	253.29
Gulf Christian College	Award Night and Dinner	744.75

CHAPTER 5: STATUTORY INFORMATION

Organisation	Purpose	Amount
Karumba Recreation Club	Bring in Spring	989.68
Daniel Morcombe Foundation	Day for Daniel Community Walk	304.34
NWRH	Welling Workshops	90.34
Nardoo Burns Family	Memorial Plaque - Old Goal	263.70
Normanton Stingers Rugby League	Halloween Fright Night	256.94
Normanton Swimming Club	Swim Carnival October 2016	186.05
Karumba Progress Association	Karumba Christmas Tree	333.33
Normanton Stingers Rugby League	2016 Presentation Night	525.53
CSC Social Club	Christmas Party	287.24
Karumba Recreation Club	2017 Australia Day Event	359.44
Clean-up Australia Day	2017 Clean-up Australia Day	186.29
Normanton Social Fishing Club	2017 Fishing Competition	380.84
Gulf Christian College	Family Fun Night	1,562.85
Gulf Christian College	Regional Rugby League Trials	1,421.65
Karumba State School	Athletics Carnival	653.28
Normanton Rodeo Association	Normanton Rodeo	1,481.23
Karumba Recreation Club	2017 ANZAC Day	768.83
Gulf Barramundi Restocking Association	2017 Fishing Competition	710.99
Riverside Christian College	Normanton Rodeo	516.98
Australia's Biggest Morning Tea	2017 Australia's Biggest Morning Tea	436.28
Normanton Stingers Rugby League	Close the Gap	926.54
	Total	\$126,675.81

Assessment of Corporate and Operational Plans (Section 190(1)(a) LGR. 2012)	
The annual report must contain the chief executive officers assessment of the local government's progress towards implementing its 5 year corporate and annual operational plan	Included in Chapter 4 commencing on page 9.

Issues relevant to the assessment of Councils operations and performance (Section 190(1)(b) LGR. 2012)	
The annual report must contain particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year.	Nil

Annual Operations Report for Each Commercial Business Unit (Section 190(1)(c) LGR. 2012)	
The annual report must contain an annual operations report for each commercial business unit.	There were no commercial business units to report for the 2016/2017 financial year.

CHAPTER 5: STATUTORY INFORMATION

Joint Government Activity (Section 190(1)(d) LGR. 2012)																							
The annual report must contain details of any action taken for, and expenditure on, a service, facility or activity: - (i) supplied by another local government under an agreement for conducting a joint government activity: and (ii) for which the local government levied special rates or charges for the financial year.	Nil																						
Invitations to change tenders (Section 190(1)(e) LGR. 2012)																							
The annual report must contain details of the number of invitations to change tenders under section 228(7) during the financial year	Nil.																						
List of Registers & Public Documents (Section 190(1)(f) LGR. 2012)																							
The annual report must contain a list of registers kept by the local government	<p>The Chief Executive Officer holds the following registers. Except where otherwise indicated they are open to inspection at the Council Administration Centre</p> <table border="1"> <thead> <tr> <th>Registers Held</th> <th>Open to Inspection</th> </tr> </thead> <tbody> <tr> <td>Register of Local Laws</td> <td>Yes</td> </tr> <tr> <td>Register of Roads</td> <td>Yes</td> </tr> <tr> <td>Register of Cost-recovery Fees</td> <td>Yes</td> </tr> <tr> <td>Asset register</td> <td>Yes</td> </tr> <tr> <td>Register of Delegations</td> <td>Yes</td> </tr> <tr> <td>Registers of interests of Councillors</td> <td>Yes</td> </tr> <tr> <td>Registers of Interests Chief Executive Officer</td> <td>No</td> </tr> <tr> <td>Registers of interests senior executive employees</td> <td>No</td> </tr> <tr> <td>Registers of interests of a person who is related to a Councillor, chief executive officer or senior executive employee and senior contract employees</td> <td>No</td> </tr> <tr> <td>Register of Pre-qualified</td> <td>Yes</td> </tr> </tbody> </table>	Registers Held	Open to Inspection	Register of Local Laws	Yes	Register of Roads	Yes	Register of Cost-recovery Fees	Yes	Asset register	Yes	Register of Delegations	Yes	Registers of interests of Councillors	Yes	Registers of Interests Chief Executive Officer	No	Registers of interests senior executive employees	No	Registers of interests of a person who is related to a Councillor, chief executive officer or senior executive employee and senior contract employees	No	Register of Pre-qualified	Yes
Registers Held	Open to Inspection																						
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Registers of interests of Councillors	Yes																						
Registers of Interests Chief Executive Officer	No																						
Registers of interests senior executive employees	No																						
Registers of interests of a person who is related to a Councillor, chief executive officer or senior executive employee and senior contract employees	No																						
Register of Pre-qualified	Yes																						
Summary of Concessions for Rates and Charges (Section 190(1)(g) LGR. 2012)																							
The annual report must contain a summary of all concessions for rates and charges granted by Council for the financial year.	<p>Pensioner Rates Remission</p> <p>Council provides a rates remission to eligible pensioners.</p> <ul style="list-style-type: none"> ▪ Council's remission is 30% on all rates and charges (except excess water charges) with a qualifying residency period of at least 10 years within the Shire boundary. ▪ The applicant must hold a Pensioner Concession Card and be of pensionable age for the purposes of qualifying for an aged pension under the Australian Government guidelines ▪ Any arrears of rates and charges associated with the residential allotment must be paid in full before a Pensioner becomes entitled to receive the rates remission. This policy is in accordance with State Government Pension Remission Guidelines. 																						

CHAPTER 5: STATUTORY INFORMATION

	<p>Rate Remission / Concessions (Other than Pensioners)</p> <p>Council considers applications for remission of rates lodged with Council where it considers the circumstances warrant such action as provided under the Local Government Act. Council may also consider the deferral of rates until a specified time if the circumstances warrant.</p>																							
Report on Internal Audit (Section 190(1)(h) LGR. 2012)																								
<p>The annual report must contain a summary on the internal audit for the financial year</p>	<p>Section 105(1) of the Local Government Act 2009 requires that each local government must establish an efficient and effective internal audit function</p> <p>The purpose of the internal audit function is to:</p> <ul style="list-style-type: none"> ▪ to provide a systematic and proactive assessment of the effectiveness and reliability of Council's internal controls and processes; ▪ to help ensure Council is achieving its desired outcomes; ▪ to ensure compliance with legislation, Council policy and procedures; and ▪ to identify and document those areas of significant operational risk to Council with a view to finding practical recommendations for improvements. <p>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 Internal Audit Committee.</p> <p>During the 2016-17 year, internal audits were carried out on the following functional areas:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Audit Area</th> <th colspan="3">Risk Identified</th> </tr> <tr> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>Risk Management</td> <td>1</td> <td>1</td> <td></td> </tr> <tr> <td>Governance</td> <td>Nil</td> <td>2</td> <td>1</td> </tr> <tr> <td>Complaints Process</td> <td>Nil</td> <td>2</td> <td>2</td> </tr> <tr> <td>Finance Management</td> <td>1</td> <td>2</td> <td>2</td> </tr> </tbody> </table> <p>Council's internal audit function is undertaken by Local Government Association Queensland (LGAQ) with 4 meetings held during the year.</p>	Audit Area	Risk Identified			High	Medium	Low	Risk Management	1	1		Governance	Nil	2	1	Complaints Process	Nil	2	2	Finance Management	1	2	2
Audit Area	Risk Identified																							
	High	Medium	Low																					
Risk Management	1	1																						
Governance	Nil	2	1																					
Complaints Process	Nil	2	2																					
Finance Management	1	2	2																					
Investigation Notices for Competitive Neutrality Complaints (Section 190(1)(i) LGR. 2012)																								
<p>The annual report must contain a summary of investigations notices given in the financial year under section 49 of the LGR for competitive neutrality complaints</p>	<p>Nil</p>																							
Responses to QCA's Recommendations (Section 190(1)(j) LGR. 2012)																								
<p>The annual report must contain the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3)</p>	<p>Nil</p>																							

APPENDICES

Appendix A: Councillor Reimbursement and Provision of Resources Policy

Appendix B: Audited Annual Financial Statements 2016/2017

APPENDIX: A

COUNCILLOR EXPENSES REIMBURSEMENT & PROVISION OF RESOURCES POLICY

Version 6 Adopted on 20 July 2016 by Council Resolution 0716/012

2. Repeal

The policy repeals the Councillor Expenses Reimbursement & Provision of Resources Policy (Version 5 adopted on 20 July 2015 by Resolution 0114/012).

3. Purpose

This purpose of this policy is to provide for the –

- a) Payment of reasonable expenses incurred, or to be incurred, by Councillors for discharging their duties and responsibilities as Councillors; and
- b) The provision of facilities and resources to Councillors for that purpose.

4. Scope

This policy applies to all Councillors.

5. Responsibilities

The administration of this policy is the responsibility of the Chief Executive Officer. The Chief Executive Officer may delegate the power to administer the policy or parts of the policy to the Deputy Chief Executive Officer/Director Corporate Services or other relevant officer.

6. Definitions

CEO means the Chief Executive Officer of Council.

Approved Council Business includes-

- a) Formal meetings of Council, including Ordinary, Statutory and Special Meetings;
- b) Official committee meetings, including advisory committee meetings of which a Councillor is a member;
- c) Formal public consultation meetings;
- d) Civic functions at which a Councillor is attending in his/her official capacity as a Councillor;
- e) Community functions to which a Councillor has been invited in his/her official capacity as a Councillor;
- f) Official inspections;
- g) Formal training, professional development and conferences approved by Council;
- h) Other activities approved by the Mayor and ratified at a subsequent meeting of Council.

Councillor includes the Mayor.

Incidental private use includes use incidental to Approved Council Business.

For example, stopping at a shop on the way to or from Approved Council Business.

APPENDIX: A

7. Policy

PART 1 – PAYMENT OF EXPENSES

All claims for reimbursement of expenses must be signed by the Councillor and submitted to the Executive Assistant as soon as practicable after the expense is incurred.

Claims must be accompanied by supporting documentation providing evidence of the claimed expenses, such as receipts or a Statutory Declaration declaring that the expenses claimed have been incurred in the course of the Councillor's duties.

PART 2 – ELIGIBLE EXPENSES AND LIMITS

1. *Professional Development*

- a) Council will reimburse all reasonable expenses incurred for professional development activities necessary for the performance of a Councillor's duties.
- b) All professional development activities must be approved in advance by resolution by Council or by the Mayor and later ratified by resolution of Council.

2. *Travel and Accommodation –*

- a) Council will reimburse all reasonable travel and accommodation expenses for a Councillor attending Approved Council Business.
- b) All travel and accommodation must be booked in advance by giving reasonable notice and full details to the Executive Assistant who will book through Council's corporate accounts to ensure maximum discounts and savings.
- c) Any increased costs incurred by changes made by a Councillor to the approved bookings must be reimbursed by the Councillor unless there is a reasonable excuse which is approved by the Mayor.

3. *Vehicle Use –*

- a) The Mayor will be provided with a suitable vehicle as determined by the Chief Executive Officer.
- b) Council will pay all costs associated with the vehicle, including fuel, servicing, repairs, maintenance and insurance.
- c) The Mayor's vehicle may be used for all Approved Council Business, together with incidental private use.
- d) If there is any doubt, the Chief Executive Officer will determine if any use is incidental private use.
- e) Other Councillors may use the Mayor's vehicle for Approved Council Business with the prior approval of and at the discretion of the Mayor.
- f) Any private use of the Mayor's vehicle must be recorded in a log book for the purpose of calculating fringe benefits tax which will be payable by the Mayor.

Payment to Council for private use will be at the rate of \$0.50c per kilometre as amended by the Chief Executive Officer from time to time in accordance with ATO rates.

- g) Councillors may be reimbursed for the use of their private vehicles to attend Approved Council Business. The applicable kilometric rate will be the approved Australian Taxation Office ("ATO") rate for the vehicle.
- h) Where a Councillor elects to use their private vehicle instead of other forms of travel, such as a plane travel, the total amount of reimbursement must be the lower of the calculated amounts.

For example, if an airfare costs \$1,000.00, then the kilometric claim for the vehicle cannot exceed \$1,000.00 even if the actual kilometric claim was, say, \$1,300.00.

- i) Where a Councillor utilises their own aircraft or helicopter to attend Approved Council Business, they may be reimbursed expenses equivalent to ATO kilometric rates for the largest class of motor vehicle. If another

APPENDIX: A

Councillor travels in the aircraft or helicopter, a claim may also be submitted by the owner equivalent to the number of Councillors travelling.

For example, the owner/Councillor and one other Councillor travel in the aircraft or helicopter on Approved Council Business. The owner may claim the kilometric rate equivalent to travel by two motor vehicles. The passenger is not entitled to any claim.

- j) Any fines arising from the use of the Mayor's vehicle or a private vehicle being used for Approved Council Business are the responsibility of the relevant Councillor and will not be reimbursed by Council.

4. Allowances –

- a) Council will pay allowances to cover the costs of meals and incidentals when a Councillor is away from the Shire on Approved Council Business.
- b) The allowances payable are –
- i. Breakfast \$20
 - ii. Lunch \$25
 - iii. Dinner \$40
 - iv. Incidental \$15
- c) The above allowances are payable upon production of receipts which must be attached to the signed claim form.
- d) Where actual reasonable costs are more than the amount of the allowances, such costs may be approved upon the production of receipts.
- e) Where a Councillor is away on Approved Council Business for only a part of a day, only part of the daily allowances will be paid.

For example, if a Councillor leaves on Approved Council Business, say, at 7am and returns at 1.30pm, the breakfast and lunch allowances are payable, together with half of the incidental allowance.

- f) Where meals are provided, no meal allowance will be payable.

For example, if a Councillor attends a conference and dinner is provided, only the breakfast and lunch allowances will be payable.

5. Councillor's Spouses –

The spouses or partners of Councillors may at Council's cost attend Approved Council Business in conjunction with the Councillor by approval of or ratification by resolution of Council.

For example, dinners at the annual LGAQ conference or civic functions.

6. Telephones

- a) The Mayor will be provided with a mobile phone by Council for Approved Council Business.
- b) Reasonable private use of the telephone is permitted.
- c) Councillors will be paid an annual allowance of \$600.00 to cover the costs of telephone calls and rental for a home and/or mobile telephone which are associated with the performance of their duties as Councillor. Actual expenses above this amount may be reimbursed upon the production of receipts.

7. Hospitality Expenses –

- a) The Mayor will be reimbursed for hospitality expenses up to an amount of \$2,000 per annum while on Approved Council Business. Copies of receipts must accompany all claims for reimbursement.
- b) The Mayor may approve the reimbursement of reasonable hospitality expenses by other Councillors at Approved Council Business at which the Mayor is not in attendance.
- c) Councillors may be reimbursed for hospitality expenses up to \$200 per annum when the hospitality is provided at official Council functions.

APPENDIX: A

PART 3 – PROVISION OF FACILITIES AND RESOURCES

1. Council may provide the use of Council facilities and resources to Councillors for Approved Council Business.
2. Resources that may be provided to Councillors include –
 - i. Use of the Councillors Room in the Normanton Office;
 - ii. A laptop and/or desktop computer and necessary software;
 - iii. An iPad or other tablet;
 - iv. Printer;
 - v. Photocopying for Approved Council Business;
 - vi. 3G equipment to enable wireless internet access;
 - vii. Stationery;
 - viii. Secretarial support for the Mayor;
 - ix. Secretarial support for Councillors with prior approval by the Chief Executive Officer;
 - x. Other resources as approved by the Mayor or Chief Executive Officer,
3. Council will maintain and replace resources as required.
4. The Chief Executive Officer may approve that Councillors, at the end of each term, retain any equipment issued for their use provided the Chief Executive Officer reasonably believes that the equipment would otherwise be valueless or would be written off. Any computers will not include operating systems or software as these items are licensed to Council.
5. Council will provide each Councillor with –
 - i. A name badge;
 - ii. Shirts embroidered with Council's logo (up to three shirts per annum);
 - iii. Jacket or blazer embroidered with Council's logo (1 per term).
 - iv. Promotional material necessary for Approved Council Business;
 - v. The use of safety equipment, including safety boots, vest and helmets, where required.
6. Councillors may use a Council pool vehicle for Approved Council Business provided that a vehicle is available and that it is booked at least one week in advance.

8. References

The Chief Executive Officer is delegated the power to review and amend the allowances and rates of payment annually.

All other amendments to the policy must be by resolution of Council.

9. References

Local Government Regulation 2012, sections 249 – 252 inclusive, as amended.

10. Associated documents

Nil.

11. Next Review

June 2018

12. Resolution

Adopted by Council on 20 July 2016 by Council Resolution 0716/012.

APPENDIX: B

Carpentaria Shire Council

Financial statements

For the year ended 30 June 2017

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Carpentaria Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	Council	
		2017	2016
		\$	\$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	7,554,972	6,987,142
Fees and charges		622,735	733,411
Rental income		408,639	336,158
Interest received		510,098	679,173
Sales revenue	3(b)	8,819,712	2,287,056
Other income	3(c)	85,052	701,845
Grants, subsidies, contributions and donations	4(a)	36,043,290	35,551,164
		<u>54,044,498</u>	<u>47,275,949</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	7,985,137	5,855,731
Total revenue		<u>62,029,636</u>	<u>53,131,680</u>
Capital (expense)/ income		(128,476)	(200,164)
Total income		<u>61,901,159</u>	<u>52,931,516</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(10,914,412)	(9,927,489)
Materials and services	6	(34,847,933)	(36,658,251)
Finance costs		(516,363)	(532,501)
Depreciation	9	(6,718,119)	(6,370,743)
		<u>(52,996,828)</u>	<u>(53,488,984)</u>
Capital expenses		(3,142,765)	-
Total expenses		<u>(56,139,593)</u>	<u>(53,488,984)</u>
Net result		<u>5,761,566</u>	<u>(557,469)</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus		(3,763,782)	(608,161)
Total other comprehensive income for the year		<u>(3,763,782)</u>	<u>(608,161)</u>
Total comprehensive income for the year		<u>1,997,784</u>	<u>(1,165,630)</u>

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

**Carpentaria Shire Council
Statement of Financial Position
as at 30 June 2017**

	Note	Council	
		2017 \$	2016 \$
Current assets			
Cash and cash equivalents	7	27,174,413	24,951,043
Trade and other receivables	8	3,250,611	2,687,417
Inventories		644,316	595,334
		<u>31,069,340</u>	<u>28,233,794</u>
Non-current assets held for sale		522,488	522,488
Total current assets		<u>31,591,828</u>	<u>28,756,282</u>
Non-current assets			
Trade and other receivables	8	222,391	260,932
Property, plant and equipment	9	335,821,373	336,562,761
Total non-current assets		<u>336,043,764</u>	<u>336,823,693</u>
Total assets		<u>367,635,592</u>	<u>365,579,975</u>
Current liabilities			
Trade and other payables	10	5,338,085	5,044,803
Borrowings	11	515,249	486,763
Provisions	12	273,555	302,908
Other Liabilities		403,419	403,418
Total current liabilities		<u>6,530,309</u>	<u>6,237,891</u>
Non-current liabilities			
Borrowings	11	8,868,106	9,383,356
Provisions	12	1,179,716	1,350,257
Total non-current liabilities		<u>10,047,823</u>	<u>10,733,613</u>
Total liabilities		<u>16,578,131</u>	<u>16,971,505</u>
Net community assets		<u>351,057,461</u>	<u>348,608,470</u>
Community equity			
Asset revaluation surplus	13	235,810,807	239,574,588
Retained surplus/(deficiency)		115,246,654	109,033,882
Total community equity		<u>351,057,461</u>	<u>348,608,470</u>

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

Carpentaria Shire Council
Statement of Changes in Equity
For the year ended 30 June 2017

Note	Asset revaluation surplus 13 \$	Retained Surplus/Deficit \$	Total \$
Balance as at 1 July 2016	239,574,588	109,033,882	348,608,470
Net result		5,761,566	5,761,566
Increase / (decrease) in asset revaluation surplus	(3,763,782)		(3,763,782)
Total comprehensive income for the year	<u>(3,763,782)</u>	<u>5,761,566</u>	<u>1,997,784</u>
Other Movements:			
Minor correction to Opening Balance - Unrecognised Assets		451,206	451,206
Balance as at 30 June 2017	<u>235,810,807</u>	<u>115,246,654</u>	<u>351,057,461</u>
Balance as at 1 July 2015	240,182,749	109,591,351	349,774,100
Net result	-	(557,469)	(557,469)
Total comprehensive income for the year	<u>-</u>	<u>(557,469)</u>	<u>(557,469)</u>
Increase/(Decrease) in asset revaluation surplus	(608,161)	-	(608,161)
Balance as at 30 June 2016	<u>239,574,588</u>	<u>109,033,882</u>	<u>348,608,470</u>

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

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

Note	Council	
	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	15,895,668	14,276,810
Payments to suppliers and employees	(45,086,018)	(49,573,483)
	(29,190,350)	(35,296,673)
Interest received	510,098	679,173
Rental income	408,639	336,158
Non capital grants and contributions	36,043,290	35,551,164
Borrowing costs	(486,135)	(501,481)
Net cash inflow (outflow) from operating activities	16	7,285,543
		768,341
Cash flows from investing activities		
Payments for property, plant and equipment	(13,283,776)	(11,570,491)
Proceeds from sale of property plant and equipment	723,227	631,500
Grants, subsidies, contributions and donations	7,985,137	5,855,731
Net cash inflow (outflow) from investing activities	(4,575,412)	(5,083,260)
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	(486,763)	(464,281)
Net cash inflow (outflow) from financing activities	(486,763)	(464,281)
Net increase (decrease) in cash and cash equivalent held	2,223,370	(4,779,200)
Cash and cash equivalents at the beginning of the financial year	24,951,043	29,730,243
Cash and cash equivalents at end of the financial year	7	24,951,043
	27,174,413	24,951,043

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

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

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

The financial statements have been rounded to the nearest \$1. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.B Statement of compliance

Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.C Adoption of new and revised Accounting Standards

This year Carpentaria Shire Council has applied the AASB124 *Related Party Disclosure* for the first time. This means that Council will disclose more information about related parties and transactions with those related parties. This information is disclosed in Note 19.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. The standards that may have material impact on Council's future financial statements are:

AASB15 Revenue from Contracts with Customers

AASB1058 Income of Not-for-Profit Entities and;

AASB2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

Council will apply these standards from 1 July 2019. These will replace several Standards and Interpretations including AASB118 Revenue, AASB111 Construction Contracts and part of AASB1004 Contributions. They contain a comprehensive and robust framework for the recognition measurement and disclosure of revenue by not-for-profit entities. Council is still reviewing the way that revenue is measured and recognised to identify whether they will have a material impact. To date the following impact has been identified.

As at 30 June 2017 Council had received pre-paid rates totalling \$55,266. These rates are recognised as Revenue in the Statement of Comprehensive Income.

If Council had applied AASB1058 this year the rates revenue would have been reduced by \$55,266 and these rates would have been recognised as a liability in the Statement of Financial Position and Council's net result would decrease by \$55,266. This amount is not material.

Council reviewed grant funding received under the various streams of State and Federal funding. The only funding that would be material if Council had adopted AASB15 as at 30 June 2017 would be the Works for Queensland Funding (W4Q) and the Natural Disaster Relief and Recovery Arrangements (NDRRA).

W4Q - Council received \$1,026,000 of which \$1,017,074 remains unspent.

NDRRA - Council has received \$32,335,415 of which \$3,294,152 remains unspent.

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

1.D Critical accounting judgements and key sources of estimation uncertainty

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

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

Contingent liabilities - Note 14

Valuation and depreciation of property, plant and equipment - Note 9

Provisions - Note 12

1.E Financial assets and financial liabilities

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

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

Financial assets

Cash and cash equivalents (Note 7)

Receivables - measured at amortised cost (Note 8)

Financial liabilities

Payables - measured at amortised cost (Note 10)

Borrowings - measured at amortised cost (Note 11)

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

1.F 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.

1.G Date of Authorisation

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

1.H Currency

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

1.I National Competition Policy

The Council has reviewed its activities and has identified the business activities to which the code of competitive conduct applies.

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

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:

Governance

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes. This function includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

Economic

The objective of this function is to ensure the community is serviced by a high quality and effective road network. The function provides and maintains transport infrastructure, including the maintenance and provision of the drainage network. It also facilitates the shires growth and prosperity through well planned and quality development. The objective of planning and development is to ensure that Carpentaria Shire is well designed, efficient and facilitates growth yet also preserves the character and natural environment of the Shire. This function includes activities and services related to town, neighbourhood and regional planning, and management of development approval processes.

Environment

The goals of this program is to protect and support a healthy, safe community through sustainable water services and includes all activities relating to water including flood and waterways management. This program also protects and supports the health of our community by sustainably managing sewerage infrastructure. The program also facilitates waste management to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services, mosquito and other pest management programs.

Social

The goal of social is to ensure a healthy, vibrant, contemporary and connected community. The function provides well managed and maintained community facilities, and ensures the effective delivery of cultural, welfare and recreational services.

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

2(b) Analysis of results by function

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 recurring operations	Net Result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	2017	2017	2017	2017		2017	2017				
\$	\$	\$	\$	\$	\$						
Governance	5,538,985	5,018,437	3,235,035	-	13,792,457	(5,130,081)	-	(5,130,081)	5,427,341	8,662,376	57,763,912
Economic	29,889,390	12,797,568	3,777,696	(128,476)	46,336,178	(43,275,883)	(3,142,765)	(46,418,648)	(588,925)	(82,470)	249,391,061
Environment	55,000	-	-	-	55,000	(334,898)	-	(334,898)	(279,898)	(279,898)	47,538,962
Social	559,915	185,203	972,406	-	1,717,524	(4,255,967)	-	(4,255,967)	(3,510,848)	(2,538,443)	12,941,657
Total Council	36,043,290	18,001,208	7,985,137	(128,476)	61,901,159	(52,996,828)	(3,142,765)	(56,139,593)	1,047,670	5,761,566	367,635,592

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				
\$	\$	\$	\$	\$	\$						
Governance	3,791,967	4,979,829	-	-	8,771,796	(3,321,796)	-	(3,321,796)	5,450,000	5,450,000	52,784,914
Economic	31,005,920	3,071,840	2,499,547	(200,164)	36,377,143	(39,070,731)	-	(39,070,731)	(4,992,972)	(2,693,588)	252,203,715
Environment	-	3,224,256	3,089,989	-	6,314,245	(5,744,564)	-	(5,744,564)	(2,520,308)	569,681	48,079,857
Social	753,277	448,860	266,195	-	1,468,332	(5,351,893)	-	(5,351,893)	(4,149,756)	(3,883,561)	12,511,489
Total Council	35,551,164	11,724,785	5,855,731	(200,164)	52,931,516	(53,488,984)	-	(53,488,984)	(6,213,035)	(557,468)	365,579,975

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

		Council	
		2017	2016
3	Note	\$	\$
3	Revenue analysis		
	Rates and charges, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.		
(a)	Rates, levies and charges		
	General rates	4,518,604	4,050,832
	Water	1,478,211	1,424,464
	Water consumption, rental and sundries	19,111	9,880
	Sewerage	1,439,411	1,382,598
	Waste management	850,324	621,213
	Total rates and utility charge revenue	<u>8,105,661</u>	<u>7,488,985</u>
	Less: Discounts	(489,167)	(457,909)
	Less: Pensioner remissions	(40,873)	(27,874)
	Less: Rates write-off	(20,649)	(16,061)
		<u>7,554,972</u>	<u>6,987,142</u>
	Rates and Charges		
	Where monies are received prior to the commencement of the levying period, the amount is recognised as revenue in the period in which they are received.		
(b)	Sales revenue		
	Recoverable Work		
	Roadworks Performance Contract (RPC) works	1,751,713	-
	Road Maintenance Performance Contract (RMPC) works	2,149,606	1,648,286
	Main Roads flood damage works	4,685,499	-
	Other works (Barra Hatchery, boat ramps, Visitor Information Centre etc)	232,894	638,770
		<u>8,819,712</u>	<u>2,287,056</u>
	The amount recognised as sale of goods and recoverable works revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end and the contract work carried out is not subject to retentions.		
	Contract works include construction and maintenance works for locals and local businesses.		
(c)	Other income		
	Other income	85,052	361,914
	Sale of subdivided land	-	339,931
		<u>85,052</u>	<u>701,845</u>
4	Grants, subsidies and contributions		
	All grants, subsidies and contributions are non-reciprocal in nature and are recognised as revenue in the year in which Council obtains control over them.		
(a)	Recurrent		
	General purpose grants	6,956,273	4,753,791
	Specific purpose government subsidies and grants	782,538	929,103
	Shire roads flood damage (NDRRA)	28,304,348	29,847,089
	Contributions	131	21,181
		<u>36,043,290</u>	<u>35,551,164</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.		
	Specific purpose government subsidies and grants	7,985,137	5,855,731
		<u>7,985,137</u>	<u>5,855,731</u>
	Conditions over contributions		
	Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
	Non-reciprocal grants for expenditure on services	1,156,749	7,037,440
		<u>1,156,749</u>	<u>7,037,440</u>

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

		Council	
		2017	2016
		\$	\$
5	Employee benefits	Note	
	Total staff wages and salaries		9,549,044
	Councillors' remuneration		452,360
	Annual, sick and long service leave entitlements		1,392,142
	Superannuation	15	1,002,593
			<u>12,396,139</u>
	Other employee related expenses		475,521
			<u>12,871,660</u>
	Less: Capitalised employee expenses		(1,957,248)
			<u>10,914,412</u>
			<u>9,927,489</u>
	Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.		
	Total Council employees at the reporting date:		
	Elected members		7
	Administration staff		43
	Depot and outdoors staff		79
	Total full time equivalent employees		<u>129</u>
			<u>98</u>
6	Materials and services		
	Airport operations		173,866
	Audit of annual financial statements by the Auditor-General of Qld		63,802
	Child care centre operations		299,933
	Community services		510,263
	Council road works		881,679
	Donations paid		34,684
	Flood damage maintenance works		22,558,679
	Other materials and services		240,984
	Pest Management		461,921
	Public facilities		1,447,845
	Recoverable works		1,705,269
	Road maintenance contracts		4,265,353
	Sewerage operations		548,632
	Tourism		327,915
	Waste operations		462,266
	Water operations		864,843
			<u>34,847,933</u>
			<u>36,658,251</u>
7	Cash and cash equivalents		
	Cash at bank and on hand		43,301
	Deposits at call		23,631,112
	Term deposits		3,500,000
	Balance per Statement of Cash Flows		<u>27,174,413</u>
			<u>24,951,043</u>

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

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

	Note	Council	
		2017 \$	2016 \$
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		6,820,378	7,037,440
Total unspent restricted cash		<u>6,820,378</u>	<u>7,037,440</u>
Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.			
Cash and deposits at call are held at both Westpac Banking Corporation (WBC) and Queensland Treasury Corporation (QTC) in term deposits, business cheque accounts and cash management accounts. WBC currently has a short term credit rating of A1+ and long term rating of AA- (<i>Standard & Poor's</i>). QTC is currently rated at 'AA+' (<i>Standard & Poor's</i>) (Australian Government Guaranteed) with a stable outlook.			
Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.			
The 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.			
8 Trade and other receivables			
Current			
Rateable revenue and utility charges		340,484	370,583
Water charges not yet levied		-	45,667
Trade debtors		2,935,129	2,242,193
Less impairment		(57,984)	(3,388)
Loans and advances to community organisations		32,982	32,362
		<u>3,250,611</u>	<u>2,687,417</u>
Non-current			
Loans and advances to community organisations		222,391	260,932
		<u>222,391</u>	<u>260,932</u>
Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date. The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. All known bad debts were written-off at 30 June. Because Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables. Loans and advances are recognised in the same way as other receivables. Terms for these loans are usually a maximum of ten years with interest charged at fifty percent of the applicable rate with Queensland Treasury Corporation. The credit risk on these loans is considered low. Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.			
Movement in accumulated impairment losses (other debtors) is as follows:			
Opening balance at 1 July		3,388	8,645
Impairment Debts written off during the year		-	-
Increment / (Decrement) of provision for impairment of debts		54,596	(5,257)
Closing Balance at 30 June		<u>57,984</u>	<u>3,388</u>
Ageing of past due receivables and the amount of any impairment is disclosed in the following table:			
Not past due		2,826,527	2,728,764
Past due 31-60 days		24,358	23,352
Past due 61-90 days		622,117	196,233
Impaired		57,984	3,388
Total		<u>3,530,987</u>	<u>2,951,737</u>

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

9 Property, plant and equipment

Council - 30 June 2017

Basis of measurement

Asset values

Opening gross value as at 1 July 2016

Correction to Opening Balances

Capital Assets Additions

Transfers between classes

Work in Progress Additions

Disposals

Revaluation adjustment to other comprehensive expense

Revaluation adjustment to asset revaluation surplus

Closing gross value as at 30 June 2017

Accumulated depreciation and impairment

Opening balance as at 1 July 2016

Correction to Opening Balances

Depreciation provided in period

Depreciation on disposals

Transfers between classes

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2017

Total written down value as at 30 June 2017

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

Land	Buildings	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
\$	\$	\$	\$	\$	\$	\$	\$	\$
3,809,055	41,556,386	14,307,744	309,769,553	58,695,352	22,520,514	17,027,260	23,767,698	491,453,562
	112,300					603,100		715,400
	1,153,228	1,724,148	6,804,562	239,695		5,039,417	(14,961,050)	-
	(343,650)					343,650		-
-							13,283,778	13,283,778
-		(1,890,677)						(1,890,677)
						(3,142,765)		(3,142,765)
	(3,953,364)	-		-	-	(3,360,762)	-	(7,314,126)
3,809,055	38,524,900	14,141,215	316,574,115	58,935,047	22,520,514	16,509,900	22,090,427	493,105,172

-	16,077,017	5,414,852	95,747,152	26,950,093	6,185,917	4,515,771	-	154,890,802
	24,311					239,884		264,195
-	1,227,340	1,133,802	2,157,863	960,274	534,195	704,645	-	6,718,119
-		(1,038,974)					-	(1,038,974)
	(341,594)					341,594		0
-	(2,578,870)	-	-	-	-	(971,474)	-	(3,550,344)
-	14,408,206	5,509,679	97,905,015	27,910,367	6,720,112	4,830,420	-	157,283,799
3,809,055	24,116,695	8,631,535	218,669,100	31,024,680	15,800,402	11,679,481	22,090,427	335,821,373
Land: Not depreciated.	40 - 100	2 - 20	12 - 1000	10 - 80	10 - 80	20 - 40	-	-

\$	\$	\$	\$	\$	\$	\$	\$	\$
	961,123	1,408,776	3,501,519	168,670		296,589		6,338,677
	192,105	315,372	3,303,043	71,025		4,742,828		8,624,373
-	1,153,228	1,724,148	6,804,562	239,695	-	5,039,417	-	14,961,050

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

9 Property, plant and equipment (continued)
Council - 30 June 2016

Basis of measurement

Asset values

Opening gross value as at 1 July 2015

Capital Assets Additions

Work in Progress Additions

Disposals

Revaluation adjustment to other comprehensive income(asset revaluation surplus)

Closing gross value as at 30 June 2016

Accumulated depreciation and impairment

Opening balance as at 1 July 2015

Depreciation provided in period

Depreciation on disposals

Accumulated depreciation as at 30 June 2016

Total written down value as at 30 June 2016

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

	Land	Buildings	Plant and Equipment	Road, drainage and bridge network	Water	Sewerage	Other infrastructure assets	Work in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2015	4,330,750	41,964,160	13,685,216	308,772,832	58,695,352	22,366,779	14,023,195	18,254,961	482,093,245
Capital Assets Additions	86,466	19,576	1,797,192	996,721	-	153,735	3,004,065	(6,057,754)	-
Work in Progress Additions	-	-	-	-	-	-	-	11,570,491	11,570,491
Disposals	-	(427,350)	(1,174,664)	-	-	-	-	-	(1,602,014)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	(608,161)	-	-	-	-	-	-	-	(608,161)
Closing gross value as at 30 June 2016	3,809,055	41,556,386	14,307,744	309,769,553	58,695,352	22,520,514	17,027,260	23,767,698	491,453,561
Accumulated depreciation and impairment									
Opening balance as at 1 July 2015	-	15,314,175	4,657,999	93,706,688	25,996,181	5,651,743	3,963,623	-	149,290,409
Depreciation provided in period	-	1,176,753	1,113,292	2,040,464	953,912	534,174	552,148	-	6,370,743
Depreciation on disposals	-	(413,911)	(356,439)	-	-	-	-	-	(770,350)
Accumulated depreciation as at 30 June 2016	-	16,077,017	5,414,852	95,747,152	26,950,093	6,185,917	4,515,771	-	154,890,802
Total written down value as at 30 June 2016	3,809,055	25,479,369	8,892,892	214,022,401	31,745,259	16,334,597	12,511,489	23,767,698	336,562,759
Range of estimated useful life in years	Land: Not depreciated.	40 - 100	2 - 20	12 - 1000	10 - 80	10 - 80	20 - 40	-	-
Additions comprise:									
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	-	19,576	1,433,555	109,222	-	6,568	712,974	5,512,737	7,794,633
Other additions	86,466	-	363,636	887,499	-	147,167	2,291,090	-	3,775,858
Total additions	86,466	19,576	1,797,191	996,721	-	153,735	3,004,064	5,512,737	11,570,491

Carpentaria Shire Council
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For the year ended 30 June 2017

9 Property, plant and equipment (continued)

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Land
Buildings
Plant and Equipment
Road, drainage and bridge network
Water
Sewerage
Other infrastructure assets
Work in progress

Acquisition of assets

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

Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure 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.

Valuation

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 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 Valuation Consultants (Australis Asset Advisory Group), along with 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 and buildings asset classes in the intervening years, management engage independent, professionally qualified valuers (Australis Asset Advisory Group) 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 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 identified components of assets are measured on the same basis as the assets to which they relate.

Capital work in progress

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

Depreciation

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

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

Where assets have separately significant 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.

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

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

Impairment of non-current assets

Each non-current physical and intangible asset and group of assets 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.

Fair value measurements

Recognised fair value measurements.

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

Property Plant & Equipment

Land
 Buildings
 Plant and equipment
 Road, drainage and bridge network
 Water infrastructure
 Sewerage infrastructure
 Other infrastructure assets

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

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

Council borrowings are measured at amortised cost with interest recognised in profit and loss when incurred. The fair value of borrowings in Note 11 is provided by Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2).

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (level 2)".

In accordance with AASB 13 *Fair Value Measurements* are categorised on the following basis:

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

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2017.

	Note	Level 2		Level 3		Total	
		Significant other observable		Significant unobservable			
		\$	\$	\$	\$	\$	\$
		2017	2016	2017	2016	2017	2016
Recurring fair value							
Buildings	9	-	13,030,149	24,116,695	12,449,219	24,116,695	25,479,368
Land	9	898,275	898,275	2,810,780	2,910,780	3,809,055	3,809,055
Roads and drainage	9	-	-	218,669,100	214,022,400	218,669,100	214,022,400
Water infrastructure	9	-	-	31,024,680	31,745,259	31,024,680	31,745,259
Sewerage infrastructure	9	-	-	15,800,402	16,334,597	15,800,402	16,334,597
Other infrastructure	9	-	-	11,679,480	12,511,489	11,679,480	12,511,489
		898,275	13,828,424	304,201,137	289,873,744	305,999,412	303,902,168

Non-recurring fair value measurements

Land held for resale	522,488	522,488
	522,488	522,488

There were no transfers between levels 1 and 2 during the year, however certain buildings were transferred from level 2 to 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.

Carpentaria Shire Council
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Valuation techniques used to derive fair values for level 2 and level 3 valuations

Land and Buildings (level 2)

Council obtains independent valuation at least every 5 years for all Council properties. Australis Asset Advisory Group undertook a comprehensive revaluation of buildings (including condition assessments) in April 2017 and effective 30 June 2017. Desktop revaluation (indexation) was performed on the land with full comprehensive revaluation scheduled for 2018.

Valuation/Revaluation Methodologies - Market Approach (Level 2)

Utilises prices gathered by way of market transaction evidence involving similarly comparable assets. Approaches under this methodology may include Direct Comparison, Summation or Income Capitalisation, all of which are accepted under the Australian Accounting Standards and Australian Property Institute guidelines.

The Direct Comparison Approach utilises sales evidence of similar properties as a basis of comparison in order to arrive at a value. The Valuer analyses these sales and its characteristics against that of the subject property, applying adjustments for differences in attributes where necessary.

The Summation Approach measures value by adding together the value of the land and the depreciated value of the improvements. Typically improved sales are analysed to a separate land and buildings apportioned value and/or vacant land sales are utilised to arrive at the land component of the sale providing a residual Improvements value. This method draws on elements of Direct Comparison.

The reliance that can be applied to comparable market data in the valuation process is determined by comparing various characteristics of the property being utilised as evidence, and the subject asset.

Buildings and Other Infrastructure (level 3)

Australis Asset Advisory Group undertook a comprehensive revaluation of Other Structures in April 2017 and effective 30 June 2017.

Valuation/Revaluation Methodologies - Current Replacement Cost Approach (Level 3):

For many assets such as specialised/government assets, there may not be readily available market evidence of similar assets that satisfy the definition of market value. In this instance the cost approach is considered the most reliable way to measure Fair Value.

The Current Replacement Cost Approach determines the cost to a market participant (buyer) to acquire or construct a substitute asset of comparable utility/service potential, adjusted (depreciated) for obsolescence.

Depreciation adjustments to measure the Fair Value of an asset typically take into account Physical Deterioration, Functional and Economic Obsolescence.

The Current Replacement Cost can be determined as the cost per unit of service potential of the most appropriate modern replacement asset (adjusted for any difference in future service potential), or as the cost of reproducing or replicating the future service potential of the asset.

Infrastructure Assets (level 3)

All Council Infrastructure assets categorised as Water assets, Sewerage assets and Road, Bridge and Drainage assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

1 (a) Road, bridge and drainage network (level 3) - calculation of current replacement cost

Current Replacement Cost

A full valuation of Council's road, bridge and drainage network was undertaken by independent valuers, Australis Asset Advisory Group effective 30 June 2015. Desktop revaluation has been undertaken in the subsequent years - with the next comprehensive revaluation scheduled for 2018 (with effective date of 30 June 2018). Due to the predominantly specialised nature of such assets, all infrastructure valuations were undertaken on a Cost Approach to valuation. The cost approach is deemed a Level 3 Input. Under this approach, the following process was adopted.

- Where there was no depth of market as determined for the assets, the net current value of an asset was considered the gross value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides were utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 Input.

Significant Inputs:

- Economic Useful Life (EUL) Assessment
- Remaining Service Potential (RSP) Assessment
- Optimised Replacement cost (ORC) analysis

Economic Useful Life (EUL) Assessment

The economic useful life has been assessed based on the aforementioned asset hierarchy, road type segregation and componentisation. These lives were initially measured utilising historical renewal data, regional aggregated data, published failure rates, and supplied data, these inputs were then supplied to Council engineering staff for input and review.

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Hierarchy	Component	EUL (Years)
Sealed	Top Seal	12
Sealed	Base Seal	60
Sealed	Pavement	60
Sealed	Formation	1000
Gravel	Pavement	200
Gravel	Gravel (Surface)	200
Gravel	Formation	1000
Formed	Formation	1000

Remaining Service Potential (RSP) Assessment

A condition assessment was applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

Accumulated Depreciation

To calculate the appropriate amount of 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 sampled visible assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life.

Optimised Replacement Cost (ORC) analysis

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life and asset condition) were also required (level 3).

The optimised replacement cost has been calculated with reference to unit rates calculated in consultation with Carpentaria Shire Council (CSC). These rates assume an Incremental Greenfields approach and exclude Brownfield cost components. Engineering staff of Council have been involved as much as possible when developing the unit rates and relied on a combination of sources, cost guides, historical costs, contractor rates, future works, regional information and the QLD Road Alliance project data. The primary factors used in assumptions on unit rates are below:

- Source of raw material, most has been sourced locally from gravel pits for unsealed roads.
- Source of water available at low to moderate cost for rural road works (<15km).
- Contract crushing utilised for road sealing aggregate and aggregation of sealing projects and renewals to reduce low quantity works and increase economies of scale.
- Quality of material utilised in pavement construction and extent of compaction of formation varied based on road type and hierarchy.

Infrastructure assets were componentised where required with unit rates applied to the individual components in order to determine the replacement cost.

The unit rates applied were based on Brownfield project costs and include all materials, labour and overheads. The unit rates were estimated in consultation with Council's Technical Services staff using information collated from recent project costs.

1(b) Road, bridge and drainage network - unobservable inputs

As detailed above Council's roads, drainage and bridge network 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 years of experience, different judgements could result in a different valuation. The table below summarises the most significant unobservable inputs that would have an impact on the valuation:

2(a) Water & Sewerage - calculation of current replacement cost

Current Replacement Cost

A full valuation of Council's Water & Sewerage assets was undertaken by independent valuers, Australis Asset Advisory Group, effective 30 June 2015. Desktop revaluation has been undertaken in the subsequent years - with the next comprehensive revaluation scheduled for 2018 (with effective date of 30 June 2018). Due to the predominantly specialised nature of such assets, all infrastructure valuations were undertaken on a Cost Approach to valuation. The cost approach is deemed a Level 3 input. Under this approach, the following process was adopted:

- Where there was no depth of market as determined for the assets, the net current value of an asset was considered the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides were utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

Significant inputs:

- Economic Useful Life (EUL) Assessment
- Remaining Service Potential (RSP) Assessment
- Optimised Replacement cost (ORC) analysis

Economic Useful Life (EUL) Assessment

The economic useful life has been assessed based on the aforementioned asset hierarchy, road type segregation and componentisation. These lives were initially measured utilising historical renewal data, regional aggregated data, published failure rates, and supplied data, these inputs were then supplied to Council engineering staff for input and review.

Hierarchy	Component	EUL (Years)
Reticulation	Main	70-80
Reticulation	Water Meters	20
Reticulation	Point Assets (Valves, manholes)	5-80
Active Water Assets	Structures, Pumps, Electrical	15-80
Active Water Assets	Structures, Pumps, Electrical	10-80

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Remaining Service Potential (RSP) Assessment

A condition assessment was applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

Accumulated Depreciation

To calculate the appropriate amount of 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 sampled visible assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life.

Optimised Replacement cost (ORC) analysis

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life and asset condition) were also required (level 3).

The optimised replacement cost has been calculated with reference to unit rates for network assets calculated in consultation with CSC, and lump sum figures for complex assets. The rates assume an incremental Greenfields approach and exclude Brownfield cost components. The valuer have involved the Council's engineering team as much as possible when developing the unit rates and relied on a combination of sources, cost guides, historical costs, contractor rates, future works and regional information.

Infrastructure assets were componentised where required with unit rates applied to the individual components in order to determine the replacement cost.

The unit rates applied were based on Brownfield project costs and include all materials, labour and overheads. The unit rates were estimated in consultation with Council's Technical Services staff using information collated from recent project costs.

2(b) Water and Sewer - unobservable Inputs

The method used to value Council's water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation.

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

The changes in level 3 assets with recurring fair value measurements are detailed in note 9 (property, plant and equipment). However, since certain asset classes disclosed in those notes comprise both level 2 and level 3 assets, the movement in level 3 assets are detailed below.

	Council	
	2017	2016
Changes in commercial buildings (Level 3)		
	\$	\$
Opening gross value as at 1 July 2016	12,449,219	13,021,009
Transfer from level 2	13,075,770	(571,790)
Closing gross value as at 30 June 2017	<u>25,524,989</u>	<u>12,449,219</u>
Accumulated depreciation and impairment		
Opening balance as at 1 July 2016 (Existing)	10,115,467	9,352,625
Depreciation provided in period	879,754	762,842
Accumulated depreciation as at 30 June 2017	<u>10,995,221</u>	<u>10,115,467</u>

Valuation processes

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

Where possible, Fair Value is to be measured by way of market comparison. With specialised and Local Government assets, or assets that are rarely transacted, there may not always be identifiable comparable market evidence, therefore the market or income approaches may not be deemed the most reliable measurement of valuation. As a general rule (Though still assessed on an asset-by-asset basis), it is considered that those assets which are able to be measured on a Market or Income Approach will be considered a Level 2 asset, while those assets measured on a Cost Approach will be considered a Level 3 Asset. Due to the thinly traded nature of the market evidence for the Carpentaria Shire region, added subjectivity was applied by Australis Advisory Group when assessing Council's assets, this has resulted in the reclassification of Building assets from Level 2 to Level 3.

Carpentaria Shire Council
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	Note	Council	
		2017 \$	2016 \$
10	Trade and other payables		
	Current		
	Creditors and accruals	4,457,865	3,195,837
	Annual Leave Liability	732,812	812,709
	Sick Leave Liability	127,192	398,256
	Other Employee Entitlements	20,215	24,833
	GST payable		613,168
		<u>5,338,085</u>	<u>5,044,803</u>

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

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Annual Leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs.

As council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Sick Leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.

11 **Borrowings**

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

All borrowing costs are expensed in the period in which they are incurred.

In accordance with the *Local Government Regulation 2012*, Council adopts an annual debt policy that sets out councils planned borrowings for the next 9 years. Council's current policy is to only borrow for capital projects and for terms no longer than the expected life of the asset. Council also aims to comply with QTC's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Current

Loans - Queensland Treasury Corporation	515,249	486,763
	<u>515,249</u>	<u>486,763</u>

Non-current

Loans - Queensland Treasury Corporation	8,868,106	9,383,356
	<u>8,868,106</u>	<u>9,383,356</u>

Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	9,870,119	10,334,399
Loans raised	-	-
Principal repayments	(486,763)	(464,280)
Book value at end of financial year	<u>9,383,356</u>	<u>9,870,119</u>

The QTC loan market value at the reporting date was \$10,362,752.16. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

When the Council borrows, it borrows from the Queensland Treasury Corporation. Borrowings by the Council are constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

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

The following table sets out the liquidity risk of borrowings held by Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

	0 to 1 year	1 to 5 years	over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2017					
Loans - QTC	515,249	2,146,554	6,721,553	9,383,356	9,383,356
2016					
Loans - QTC	486,763	1,931,646	7,451,710	9,870,119	9,870,119

The outflows in the above table are not expected to occur significantly earlier or for significantly different amounts than indicated in the table. Expected final repayment dates vary from 15 March 2019 to 15 March 2035.

Carpentaria Shire Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation (QTC).

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

	Note	2017 \$	Council 2016 \$
12 Provisions			
Current			
Long service leave		273,555	302,908
		<u>273,555</u>	<u>302,908</u>
Non-current			
Refuse restoration		817,624	1,078,997
Long service leave		362,092	271,260
		<u>1,179,716</u>	<u>1,350,257</u>
Details of movements in provisions:			
Refuse restoration			
Balance at beginning of financial year		1,078,997	1,125,088
Increase (decrease) in provision due to unwinding of discount		(261,373)	(46,091)
Balance at end of financial year		<u>817,624</u>	<u>1,078,997</u>

The refuse restoration closing balance of \$817,624 is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$3,462,037 and this site is expected to be closing in year 2066.

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2066 and that the restoration will occur progressively over the subsequent four years.

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

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

	Council	
Note	2017 \$	2016 \$
Long service leave		
Balance at beginning of financial year	574,168	548,038
Long service leave entitlement arising	213,915	179,799
Long Service entitlement paid	(152,436)	(153,669)
Balance at end of financial year	<u>635,647</u>	<u>574,168</u>

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.

13 Asset revaluation surplus

Land	1,995,611	1,995,611
Buildings	15,940,096	17,314,589
Road, drainage and bridge network	197,709,942	197,709,942
Water	18,883,946	18,883,946
Sewerage	1,281,212	1,281,212
Other infrastructure assets	-	2,389,288
	<u>235,810,807</u>	<u>239,574,588</u>

The asset revaluation surplus comprises adjustments relating to changes in value of Assets that don't 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 revaluation surplus in respect of that class. Any excess is treated as an expense.

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

14 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.

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

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 \$169,875.

Commission's Proportional Equity of Program funded Properties

In the years 1991 and 1997 Carpentaria Shire Council entered into Funding Agreements with what was then the Queensland Housing Commission, in relation to the construction of nine (9) housing units for the purpose of providing Rural and the Regional Housing Program.

Council is currently in negotiations with the Department of Housing and Public Works in opting out of the scheme (and subsequent housing programs). This decision could result in Council having to provide compensation to the Department for the acquisition of the properties. The final value of the payable amount has been determined and is \$619,970 due and payable prior to 31 December 2018 for the possible acquisition. It can be noted that when the funding agreements were entered into, the funding was for contribution towards the construction improvements – the land is solely owned by Council. Council are seeking further negotiations in regards to the contingent amount.

As at 30 June 2017, the properties in question (including the original funding construction contribution) are:

4 Henry Street, Karumba - 75.90%
23A Little Brown Street, Normanton - 75.90%
24 Henry Street, Karumba - 80.00%
72 Thompson Street, Normanton - 76.00%
64 Henry Street, Karumba - 76.00%
36 Green Street, Normanton - 93.77%
36 Karumba Point Road, Karumba - 93.77%
4 Anderson Street, Karumba - 75.90%
82 Green Street, Normanton - 75.90%

15 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 two elements referred to as:

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

The Accumulation Benefits Fund (ABF)

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

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.

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

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 three funds are 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 dated of 1st 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 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities. Carpentaria 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.

	Council	2017	2016
	Note	\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5	1,002,593	866,819
16 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities			
Net result		5,761,566	(557,469)
Non-cash items:			
Depreciation		6,718,119	6,370,743
Revaluation adjustments		3,142,765	-
		<u>9,860,884</u>	<u>6,370,743</u>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets		128,476	200,164
Capital grants and contributions		(7,985,137)	(5,855,731)
		<u>(7,856,661)</u>	<u>(5,855,567)</u>
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(1,137,819)	3,615,046
(Increase)/decrease in inventory		(48,983)	(59,515)
Increase/(decrease) in payables		898,270	(2,930,035)
Increase/(decrease) in liabilities		8,180	(20,203)
Increase/(decrease) in other provisions		(199,894)	5,341
		<u>(480,246)</u>	<u>610,634</u>
Net cash inflow from operating activities		<u>7,285,542</u>	<u>768,341</u>

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

17 Events after the reporting period

There have been no material adjusting events after the end of the reporting period.

		Council	
		2017	2016
Note		\$	\$
18	Commitments for expenditure		
	Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
	Wren Construction Pty Ltd Karumba construction of the Les Wilson Barramundi Discovery Centre Redevelopment	2,040,540	-
	Peter Watton - Project Management of Les Wilson Barramundi Discovery Centre Redevelopment	31,794	-
	Bynoe C.A.C.S Parks and Gardens maintenance contract 01/01/2017 to 31/12/2017	190,566	173,241
	Koppen Development Pty Ltd Contract 15/09/2015 to 31/12/2016	0	1,263,281
		<u>2,262,900</u>	<u>1,436,522</u>

19 Related Parties

(a) Transactions with Key Management Personnel (KMP)

KMP are the Mayor, Deputy Mayor, Councillors, Chief Executive Officer, Director of Corporate Services and Director of Engineering. The compensation paid to KMP for 2016/17 comprises

Details of Transaction	2017
	\$
Short-term employee benefits	996,285
Post-employment benefits	-
Long-term benefits	22,111
Termination benefits	509,669
Total	1,528,065

* 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
		\$
Purchase of materials and services from entities controlled by KMP	20(b)(i)	5,537,846
Purchase of materials and services from entities controlled by close family members of KMP	20(b)(ii)	7,257
Key management personnel services provided by related entity	20(b)(iii)	75,356
Employee expenses for close family members of KMP	20(b)(ii)	389,349
Total		6,009,808

(i) Council purchased the following material and services from entities that are controlled by KPM. All purchases were at arm's length and were in the normal course of Council operations:

Contracting Services (machinery hire and trade services)	5,510,930
Goods/Supplies	26,916
Total	5,537,846

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

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

Employee expenses 369,349

The council employs 122 staff of which only 4 are close family members of key management personnel

(iii) Payments totalling \$75,356 were made to Local Government Association Queensland (LGAQ) for the services of Mr Robert Holmes who acted in the Chief Executive Officer position during the period 10 October 2016 to 3 February 2017.

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to:

Receivables	Amounts owed by entities controlled by KMP	Amounts owed by KMP
Past due 31-60 days	3,890	-
Past due 61-90 days	-	-
More than 90 days overdue	-	-
Total	3,890	-

No expenses has been recognised in the current year or prior year for bad or doubtful debts in respect to amounts owed by related parties.

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

Council entered into a contract with Councillors Bradley Hawkins and Peter Wells as Pre-Qualified Supplier for Hire of Plant and Equipment for the 2017 Construction Season. This tender was effective on 1 March 2017. This is a continual contract with no total contract value available until completion of season. The contract was the result of a tender process in accordance with Council's normal procedures and policies. Councillors Bradley Hawkins and Peter Wells were not involved in the decision of awarding the contract.

(f) 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 Carpentaria 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 Normanton and Karumba Pools and Gyms
- Borrowing of books from the Council libraries

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.

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

20 Financial Instruments

Carpentaria Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.

**Carpentaria 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 2 to 34²⁷, 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

Name: Jack Bawden

Date:

29/11/2017



Chief Executive Officer

Name: Mike Hayward

Date:

29/11/17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Carpentaria Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Carpentaria 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 Carpentaria 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.

Other Matters

The council is required to comply with the Local Government Regulation 2012. The requirements include completing their financial statements in sufficient time to allow the audit to be completed no later than four months after the end of the financial year. When extraordinary circumstances exist, the Minister for Local Government (the Minister) may decide later dates.

Council advised the Minister in early October of the extraordinary circumstances.

Council is awaiting the Minister's decision.

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.



The image shows a handwritten signature in cursive that reads "C. G. Strickland". To the right of the signature is an oval-shaped stamp. The stamp contains the text "QUEENSLAND" at the top, "30 NOV 2017" in the center, and "AUDIT OFFICE" at the bottom.

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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

Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets:

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	1.9%	Between 0% and 15%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	88.2%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-27.8%	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
Name: Jack Bawden

Date: 29, 11 2017



Chief Executive Officer
Name: Mike Hayward

Date: 29, 11, 17

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Carpentaria Shire Council

Report on the Current Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Carpentaria 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 Carpentaria 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 Carpentaria 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 statements 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.

Other Matters

The council is required to comply with the Local Government Regulation 2012. The requirements include completing their financial statements, including the current year financial sustainability statement in sufficient time to allow the audit to be completed no later than four months after the end of the financial year. When extraordinary circumstances exist, the Minister for Local Government (the Minister) may decide later dates.

Council advised the Minister in early October of the extraordinary circumstances.

Council is awaiting the Minister's decision.

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
- 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
Carpentaria Shire Council

Queensland Audit Office
Brisbane
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Carpentaria Shire Council
Long-Term Financial Sustainability
Prepared as at 30 June 2017

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June	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	30 June 2026	30 June 2027
Council													
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 15%	1.9%	-4.2%	-10.2%	-8.1%	-6.1%	-5.6%	-4.3%	-2.4%	0.0%	0.0%	0.0%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	88.2%	241%	78%	86%	103%	96%	109%	95%	96%	104%	104%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-27.8%	-23%	-83%	-82%	-78%	-76%	-72%	-73%	-76%	-76%	-78%

Carpentaria Shire Council's

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
Name: Jack Bawden

Date: 06/11/2017



Chief Executive Officer
Name: Mike Hayward

Date: 06/11/17