



ANNUAL  
REPORT

Carpentaria Shire Council

2015/2016

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# ABOUT THIS REPORT

## 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](http://www.carpentaria.qld.gov.au)

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Karumba Civic Centre: Walker Street, Karumba

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Facebook [www.facebook.com/CarpentariaShireCouncil](http://www.facebook.com/CarpentariaShireCouncil)

## REGION AT A GLANCE

### Region at a glance

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. 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 11<sup>th</sup> 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 6<sup>th</sup> February 1886, and amalgamated with Shire of Carpentaria in 1910.

#### Area

64,373km<sup>2</sup>

#### Population

Normanton: 1,468

Karumba: 587

Total Shire Population: 2,140

*\*2011 Census*



## REGION AT A GLANCE

### Distance to Major Centres

	Normanton	Karumba
Mount Isa:	484 km	556 km
Cairns:	707 km	779 km
Townsville:	938 km	1,010 km

### Reserves, Land Controlled by Council

The Council has control of some 9,591 hectares of Reserves subject to the provisions of *the Land Act 1999*.

### Roads Controlled, but not owned by Council

Carpentaria Shire Council has four declared roads with funding for maintenance being granted by the Department of Transport and Main Roads.

Road Name	Description	Distance
84A Karumba Development Road	Sealed	41 km
89A Burke Development Road Part A	Sealed	183 km
89B Burke Development Road Part B	Sealed	30 km
89B Burke Development Road Part B	Unsealed	273 km
92A Gulf Development Road	Sealed	47 km
	<b>Total</b>	<b>574km</b>

## REGION AT A GLANCE

### Roads Controlled and Owned by Council

Shire Roads are developed and maintained by funds supplied from Carpentaria Shire Council's rates base, as well as from the usual road grants.

Road Name	Description	Distance
Rural Roads – Unsealed	Principal	116.5 km
	Secondary	549.3 km
	Minor	618.9 km
	Access	281.7 km
Rural Roads - Sealed		34.0 km
Airport Runways		3.1 km
Town Streets – Sealed and Unsealed	Normanton	20.7 km
	Karumba	20.8 km
	<b>Total</b>	<b>1,645 km</b>



# ABOUT COUNCIL

## 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.

# ABOUT COUNCIL

## MAYORS REPORT

It is with great pride that I present the 2015-2016 Annual Report for the Carpentaria Shire Council.

It is an honour to serve this region as Mayor and to report in a time of considerable change. I, along with my fellow 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 commit myself 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 letting them know what we are doing and how 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 major community facilities like the Karumba Pool, waterparks at Normanton and Karumba and the Normanton Airport Runway upgrade have certainly value-added to the community. A credit to all the staff, contractors and those involved!

I also wish to acknowledge the work of all those Councillors who have come before us, in helping make the Shire what it is today.

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 challenge of serving as your Mayor

All the best!

Jack Bawden  
**Mayor**



# ABOUT COUNCIL

## ABOUT COUNCIL

Following the quadrennial elections held on 19 March 2016, Carpentaria Shire Council welcomed a new Mayor along with four new Councillors. On that basis, Carpentaria Shire Council is comprised of the Mayor and six (6) Councillors. They are the elected body responsible for the planning for the future of their communities and developing strategic strategies and policies to achieve those plans. Councillors need to demonstrate strategic vision and leadership by putting in place principles, policies and local laws. A strategic focus helps ensure that the Council can plan for and meet the current (and future) needs of the community.

Council meets every third Wednesday and the following Thursday of each month in the Carpentaria Shire Council Chambers. The meetings are open to the general public.



Cr Jack Bawden  
Mayor



Cr Craig Young  
Deputy Mayor



Cr Ashley Gallagher  
Councillor



Cr Andrew Murphy  
Councillor



Cr John Beard  
Councillor

## COMMITTEE REPRESENTATION

Between them, elected Councillors sit on the following committees:

- Australia Day
- Barramundi Discovery Centre Advisory Committee
- Carpentaria Interagency Network
- Gulf Chamber of Commerce
- Gulf Savannah Development
- Karumba Town Development Advisory Committee
- Local Disaster Management Group
- Local Health Committee
- Muttonhole Wetlands Advisory Committee
- Normanton Heritage Precinct Steering Committee
- Northern Gulf Resource Management Group
- North Queensland Local Government Association
- North Queensland Sports Foundation
- North West Queensland Regional Organisation of Councils
- North West Queensland Regional Roads and Transport Group
- Pensioner Housing Committee
- Ports North Advisory Group
- Regional Arts Development Fund
- Southern Gulf Catchments Inc.



Cr Bradley Hawkins  
Councillor



Cr Peter Wells  
Councillor

# ABOUT COUNCIL

The *Local Government Act 2009* outlines the roles and responsibilities of the Mayor, Deputy Mayor, Councillors and the Chief Executive Officer.

## THE MAYOR

- Presides at, and is responsible for the orderly conduct of Council meetings, at which the Mayor is present
- Ensures the carrying out of Council decisions and exercises the power, and performs the duties given to role by Council
- Ensure appropriate representation of the Local Government at civic and ceremonial functions

## DEPUTY MAYOR

- Acts in the office and performs the role of the Mayor during a vacancy in the office of the Mayor or the absence or temporary incapacity of the Mayor
- Appointed by vote at Council's first meeting after the calling of the elections.

## COUNCILLORS

- Represent the overall public interest of the area
- Decide on the facilities, services and enterprises appropriate for the area
- Formulate, adopt and review corporate and operational plans, policies and goals of Council
- Decide how to achieve those goals and implement appropriate policies

## CHIEF EXECUTIVE OFFICER

- Implements the Local Government's policies and decisions
- Is responsible for the organising the presentation of reports and reporting to the Local Government
- Conducts correspondence between Council and other persons
- Manages and oversees the administration of Council and its Corporate Plan and coordinates the activities of all Council employees.

## REMUNERATION TO COUNCILLORS

Councillor remuneration is set by the independent Local Government Remuneration Tribunal established under the *Local Government Act*. The tribunal determines the levels of remuneration for Mayors, Deputy Mayors and Councillors. These pay scales take into consideration factors such as the size of the Council, the area it covers and the population it serves.

## ABOUT COUNCIL

During the 2015/2016 financial year, the remuneration paid for the Mayor, Deputy Mayor and Councillors are set out in the table below.

Councillor	Position	Equipment Provided	Remuneration	Superannuation	Travel Reimbursement	Phone Allowance	Total
Jack Bawden*	Mayor	Vehicle, iPad, Mobile	\$22,542	\$2,705			\$25,247
Craig Young*	Deputy Mayor	iPad	\$13,005	\$1,561	\$665		\$15,231
John Beard	Councillor	iPad, Laptop	\$48,842	\$2,896	\$566	\$600	\$52,904
Ashley Gallagher	Councillor	Laptop, iPad	\$48,842	\$4,933	\$634		\$54,409
Bradley Hawkins*	Councillor	iPad	\$11,741	\$1,409			\$13,150
Andrew Murphy*	Councillor	iPad	\$11,741	\$1,409			\$13,150
Peter Wells*	Councillor	iPad	\$11,741	\$1,409	\$475		\$13,625
Fred Pascoe+	Mayor	Vehicle, Mobile, iPad	\$75,140	\$7,138			\$82,278
Alan Gurney+	Deputy Mayor	iPad	\$43,351	\$5,202	\$2,597		\$51,150
Merle Johnson+	Councillor	iPad	\$37,101	\$4,452	\$820		\$42,473
Duane Amos+	Councillor	Laptop, iPad	\$37,101	\$4,452			\$41,653
Joyce Zahner+	Councillor	Computer, iPad	\$37,101	\$4,452	\$518		\$42,171

\*elected into office following quadrennial elections on 19 March 2016

+concluded term following quadrennial elections on 19 March 2016



## ABOUT COUNCIL

### COUNCIL MEETINGS

Council meetings are held on the third Wednesday and Thursday of each month (subject to alteration in special circumstances). The Council meetings are chaired by the Mayor.

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.

Councillor	Position	Meetings Held	Meetings Attended
Jack Bawden*	Mayor	3	3
Craig Young*	Deputy Mayor	3	3
John Beard	Councillor	12	11
Ashley Gallagher	Councillor	12	12
Bradley Hawkins*	Councillor	3	3
Andrew Murphy*	Councillor	3	3
Peter Wells*	Councillor	3	3
Fred Pascoe+	Mayor	9	8
Alan Gurney+	Deputy Mayor	9	9
Merle Johnson+	Councillor	9	7
Duane Amos+	Councillor	9	8
Joyce Zahner+	Councillor	9	6

\*elected into office following quadrennial elections on 19 March 2016

+concluded term following elections on 19 March 2016

### CODE OF CONDUCT FOR COUNCILLORS

The *Local Government Act* requires elected members to declare any material personal interests, in matters before Council and to remove themselves from any discussions or decision making on that matter. For a Councillor to have a material personal interest there must be an expectation of personal benefit gain or loss for the Councillor or an associate.

It is so important the community has confidence in its Council and Councillors. *The Local Government Act* sets out specific rules Councillors must follow to ensure transparency and accountability, particularly in relation to receiving gifts and conflicts of interest.

Carpentaria Shire Council follows the Councillor Code of Conduct in accordance with the procedures set down in the Act and Regulations. The Code provides Councillors with a frame of reference about their roles, obligations and acceptable behavioural standards.

## ABOUT COUNCIL

There are a number of requirements contained within Section 187 of the *Local Government Regulation 2012*, that are required to be reported within the Annual Report, regarding complaints made about Councillors.

For the period 1 July 2015 through till 30 June 2016 there were nil complaints received against sitting Councillors.

Breaches against the Code of Conduct	
Total number of staff code of conduct breaches	Nil
Information on Councillors breaching the code of conduct	Nil
Number of complaints about code of conduct breaches by Councillors	Nil
Number of recommendations from conduct review panel	Nil
Number of complaints resolved	2
Number of complaints to Ombudsman	Nil



# THE ORGANISATION

## The Organisation

### CHIEF EXECUTIVE OFFICER'S REPORT

On behalf of all staff of the Carpentaria Shire Council, it's with great pleasure that I have the opportunity to contribute to the annual report and reflect on the operations of Council during the 2015/2016 financial year.

Throughout the year Council continued with providing good governance, sound financial management and constant community consultation. The many achievements contained in this report demonstrated Council's commitment to looking at long term strategies for the betterment of the Shire.

The whole workforce continued to provide vital infrastructure and services to support the requirements of the Shire. From roads being maintained and reconstructed following flood damage events through to the upkeep of the towns parks, gardens and recreational areas, Council's dedicated workforce have put in a great effort and they certainly need to be commended for that.

It was certainly pleasing to hear and be made aware of comments regarding "how good the towns were looking" or "good work/effort by staff" - these came not only from residents but also from visitors including tourists and State and Federal representatives. Certainly helps put the Shire on the map!

The elections in March brought about some major changes in the elected members, with former Mayor Fred Pascoe saying farewell and Mayor Jack Bawden taking up the leadership reins. The elections also saw the retirement of two long standing members in Merle Johnson and Joyce Zahner. We also welcomed into the fold Craig Young, Andrew Murphy, Bradley Hawkins, and Peter Wells in their first term as Councillors - joining stalwarts Ashley Gallagher and John Beard as the elected members for the next four years.

Congratulations to Mayor Jack and Councillors and we look forward to working with the new team for the continued betterment of the Shire. I would also like to bid a quick farewell and thank you to the former members for their work and contribution during their term.

Cheers and stay safe!

Oliver Pring  
**Acting Chief Executive Officer**

# THE ORGANISATION

## REMUNERATION FOR SENIOR CONTRACT EMPLOYEES

An annual report of a local government must state –

- the total remuneration packages\* that are payable (in the year to which the annual report relates) to senior contract employees; and
- the number of senior contract employees who are being paid each of the total remuneration packages.

Under the *Local Government Act*, a senior contract employee is –

- the Chief Executive Officer; or
- any other local government employee who is employed -
  - a) on a contractual basis; and
  - b) in a position that reports directly to the Chief Executive Officer.

### 2015/2016 Carpentaria Shire Council Senior Contract Employee information

- 2 senior contract employee with a total remuneration package in the range of \$200,000 – \$300,000
- 1 senior contract employee with a total remuneration package in the range of \$130,000 – \$200,000

*\*Remuneration Packages includes salary, housing, vehicle use and other expenses and entitlements under a contract of employment.*

## CODE OF CONDUCT FOR STAFF

The Carpentaria Shire Council has developed and adopted a Code of Conduct for Staff.

The staff code has been incorporated in the Human Resources Policies and Procedures Manual for Council employees and remains the focal point of reference for questions on ethics for our organisation.

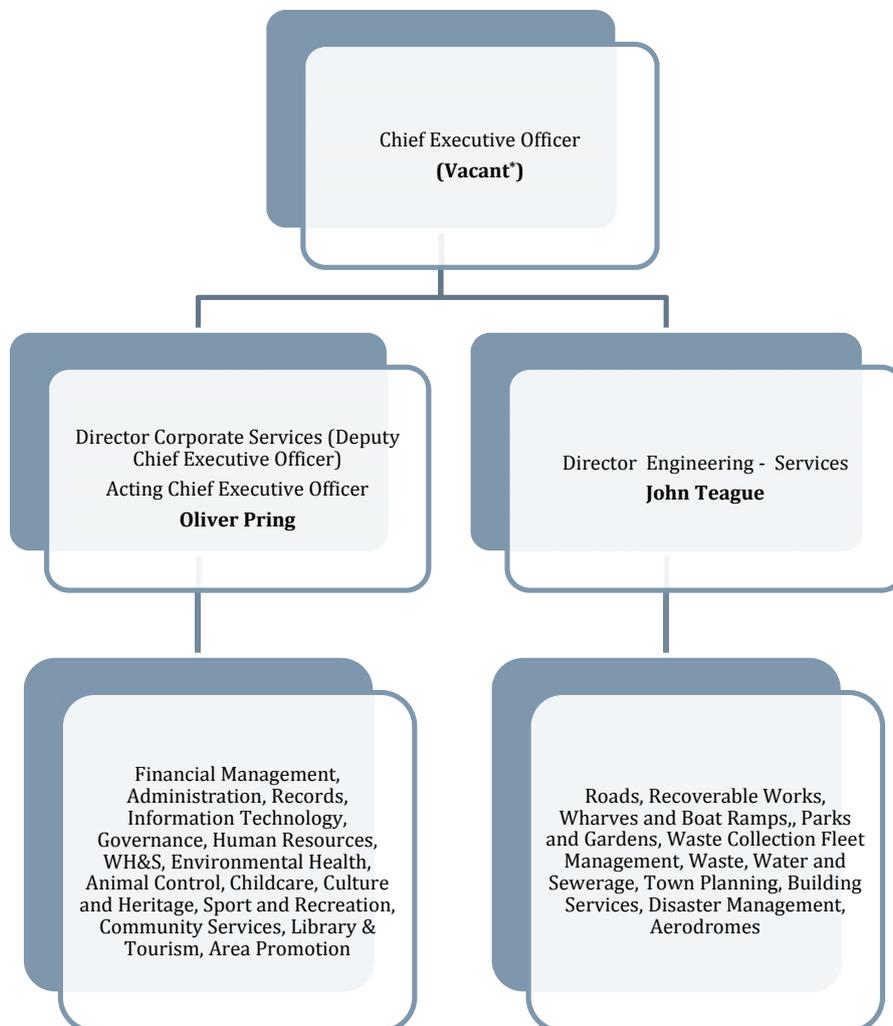
- There were no complaints lodged under the staff Code of Conduct.

# THE ORGANISATION

## CORPORATE STRUCTURE

The operational arm of a local government authority consists of the Chief Executive Officer (CEO) and other staff. They are charged with implementing Council's resolutions (decisions) and reporting on the outcomes of those resolutions. The CEO also provides executive leadership to the Organisation. It is important to note that individual Councillors do not have the authority to make decisions. They are made collectively when sitting as a Council.

Council receives its authority from the community through its elected members. Council's administration is lead by the CEO, followed by two Directors delivering services through the various streams of operations.



*\* Bob Owen formally concluded duties as the Chief Executive Officer on 26 September 2016*

# THE ORGANISATION

## SERVICES OVERVIEW

### **Governance**

To provide a decision making process for the efficient allocation of resources:

- Finance – rates and charges, grants and subsidies, investments and debt management.
- Executive - corporate governance
- Administration - general administration, employee costs, plant and workshop, depot, stores and purchases, recoverable works.

### **Social**

To establish and efficiently manage infrastructure and resources which will help the social wellbeing of the community:

- Housing - aged persons, staff.
- Sport and Recreation – libraries, public halls, sporting facilities, parks, public conveniences.
- Children’s Services – childcare, after school care, vacation care.
- Community Development - youth services, community programs.
- Emergency Services – SES, fire brigade

### **Economic**

To provide effective and efficient transport services to the community. Promotion of the shire and improvement of its economic wellbeing:

- Transport – roads, recoverable road works, airports, wharfs and boat ramps.
- Planning and Development – subdivisions, building services, town planning.
- Tourism - area promotions.

### **Environment**

To provide services required by the community. The provisions of an operational framework for good community health:

- Waste Management - rates and charges, refuse collection, recycling.
- Animal Control - animal control.
- Environmental Health - health inspections, mosquito eradication, pest and weed control.
- Cemeteries - cemeteries.
- Water - rates and charges, water operations.
- Sewerage - rates and charges, sewerage operations.

# COMMUNITY FINANCIAL REPORT

## Community Financial Report

This Community Financial Report is a plain English summary of Council's Financial Statements and has been prepared pursuant to Sect 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.

### THE 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

For the year ended 30 June 2016

	\$ 000	\$ 000
Operating Revenue	47,778	
less Discounts and remissions	(502)	
less Expenses	(52,956)	
less Interest and finance charges	(533)	
Surplus / (Deficit) from operations		(6,213)
add Capital grants and contributed assets		5,856
Gain / (loss) on disposal of non-current assets		(200)
<b>Net result for the period</b>		<b>(557)</b>

# COMMUNITY FINANCIAL REPORT

## THE 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

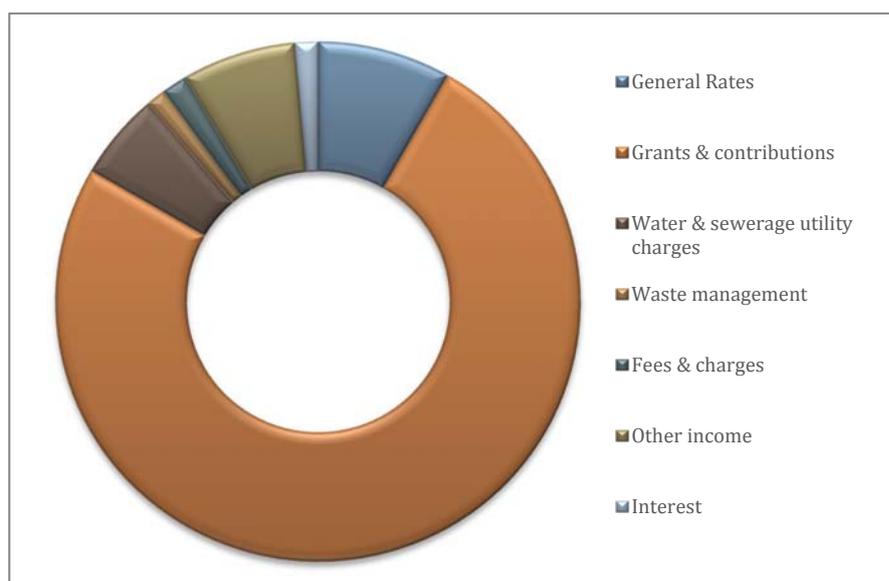
For the year ended 30 June 2016

	\$ 000
What we have in the bank	24,951
What we own	337,681
What we are owed	2,948
<b>Our total assets</b>	<b>365,580</b>
What we owe our suppliers and employees	7,102
What we have borrowed	9,870
<b>Our total liabilities</b>	<b>16,972</b>
<b>Net community assets (wealth)</b>	<b>348,608</b>

# COMMUNITY FINANCIAL REPORT

## OUR OPERATING REVENUE

Council achieved an operating income of \$47,275,949 (after discounts and remissions) during the 2015/2016 financial year. How we earned our Operating Revenues



Operating Revenue	%	Amount \$'000
General Rates	8.2%	3,876
Grants & contributions	75.2%	35,551
Water & sewerage utility charges	5.4%	2,548
Waste management	1.2%	563
Fees & charges	1.6%	734
Other income	7.0%	3,325
Interest	1.4%	679
<b>Total</b>		<b>47,276</b>

Council endeavors 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).

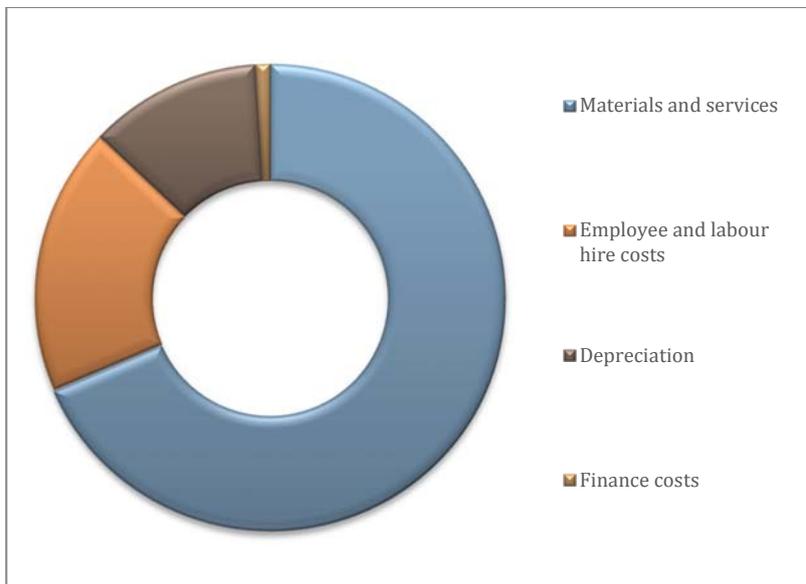
Fees and charges, and utility charges are generally applied on a full cost recovery basis to ensure as much as possible the user pays for the service they are using. These strategies help to minimise the reliance on the general rate to fund Council's operations.

# COMMUNITY FINANCIAL REPORT

## 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 68.5 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.



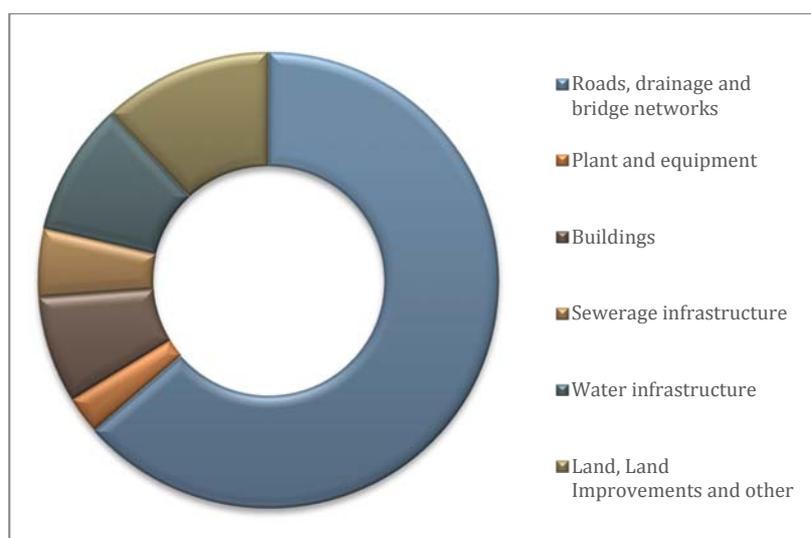
Operating Expenses	%	Amount \$'000
Materials and services	68.5%	36,658
Employee and labour hire costs	18.6%	9,927
Depreciation	11.9%	6,371
Finance costs	1.0%	533
<b>Total</b>		<b>53,489</b>

# COMMUNITY FINANCIAL REPORT

## THE COMMUNITY INFRASTRUCTURE WE MANAGE

Council owns and manages more than \$336 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.



<b>Our community infrastructure (as at 30 June 2016)</b>	<b>%</b>	<b>Amount \$'000</b>
Roads, drainage and bridge networks	63.6%	214,022
Plant and equipment	2.6%	8,893
Buildings	7.6%	25,479
Sewerage infrastructure	4.9%	16,335
Water infrastructure	9.4%	31,745
Land, Land Improvements and other	11.9%	40,089
<b>Total</b>		<b>336,563</b>

# COMMUNITY FINANCIAL REPORT

## CAPITAL WORKS UNDERTAKEN

There was some considerable works accomplished by Council workforce during the year including major flood damage restoration works both on Council and Transport 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 2015/2016 Financial Year, some of these include:

### Roads Program

- Footpath construction works both in Normanton and Karumba
- Extension of sealed pavement along Burketown Road to Little Bynoe River
- Commencement of construction of the sealed pavement between Little Bynoe and Bynoe Rivers
- Construction of sealed pavement on Burketown Road at Inverleigh West
- Resealing of Riverview Drive and the Truck Stop on Allen Howie Way
- Widening of 3km section on Burke Developmental Road (between Cloncurry and Normanton)
- Sealing of Normanton Landfill along with construction of entry/exit road
- Kerb and channel construction at Gilbert Street

### Other

- Raising Glenore Weir Project
- Reconstruction of Normanton Aerodrome runway
- Improvements to flood camera network
- Construction of Karumba Point Carpark
- Pontoon extension at Normanton Boat Ramp
- Construction of Clarina Street Overflow Carpark in Karumba
- Improvements to Normanton Landfill
- Continued Water and Sewer Assets Upgrades

## SUMMARY

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

## FINANCIAL PLANNING

Council's total borrowing costs for year ending 30 June 2016 represented 7.62% of total net rates and charges. Council's total loan liability as at 30 June 2016 was \$9.87m compared to \$10.3m as at June 2015. 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.

# COMMUNITY FINANCIAL REPORT

## 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.

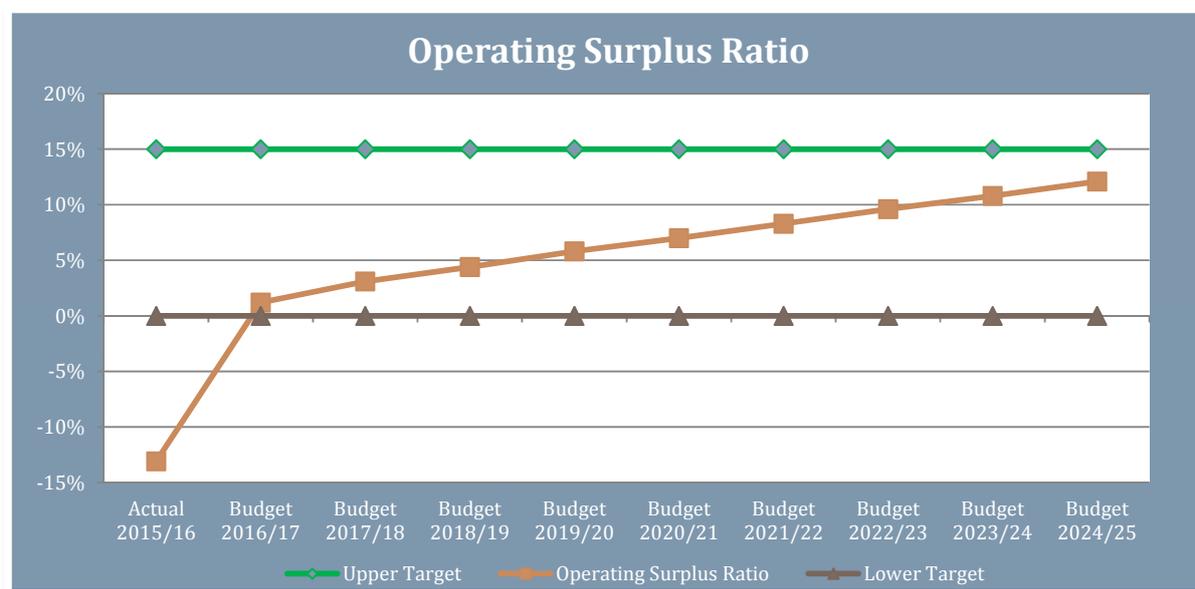
### Operating Surplus Ratio

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%

2015/2016 Result: -13.1% = this result indicates that Council's operating revenues are less than its operating expenses.



# COMMUNITY FINANCIAL REPORT

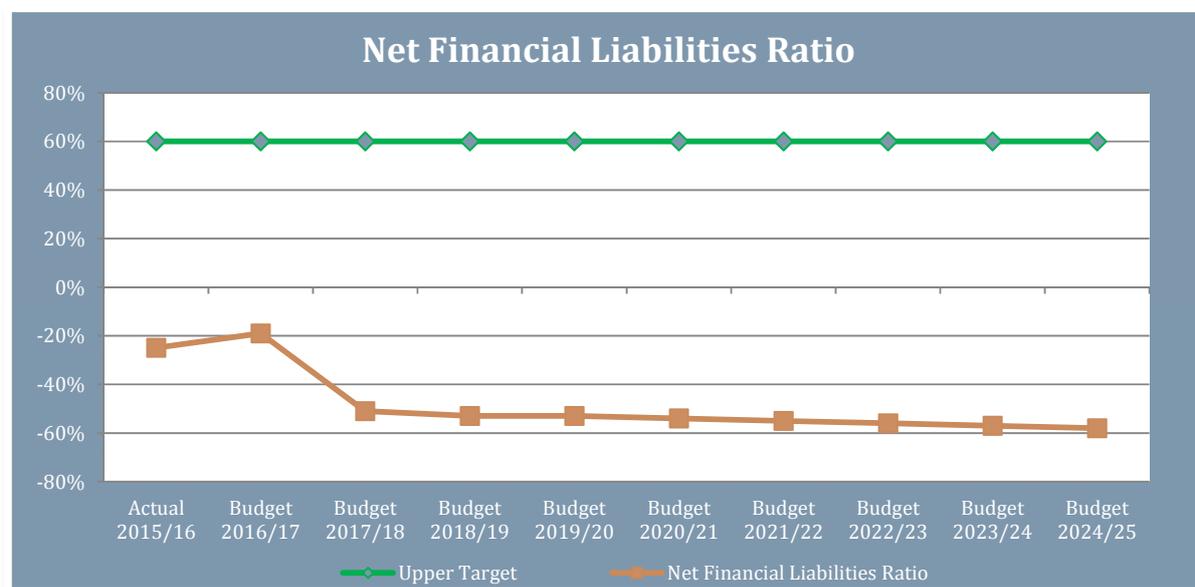
## Net Financials Liabilities Ratio

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) indicates 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%

2015/2016 Result: -24.9% = 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.



# COMMUNITY FINANCIAL REPORT

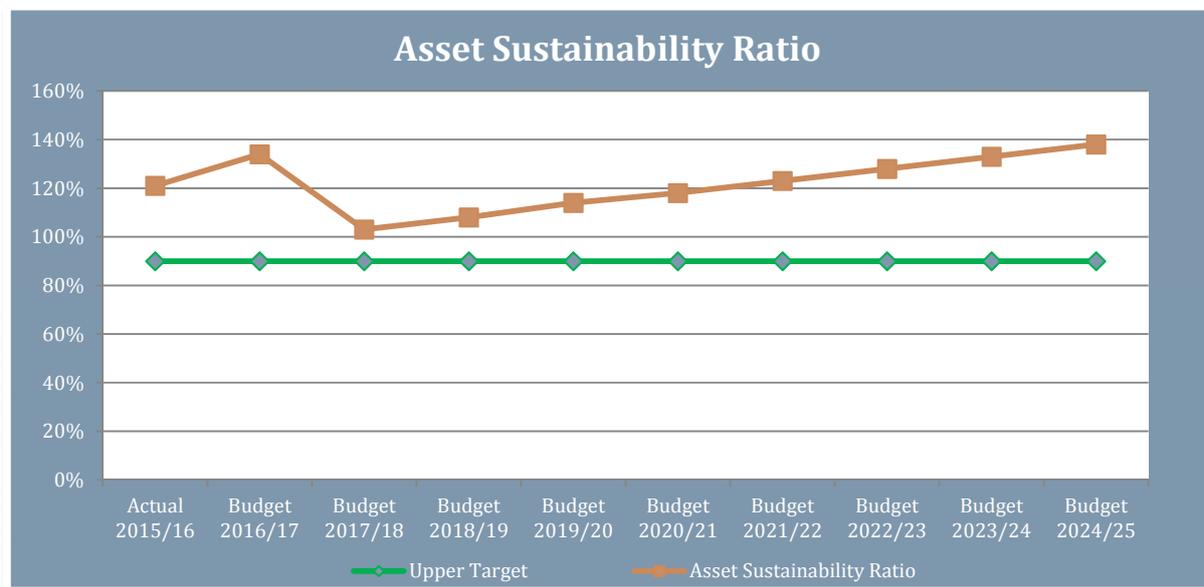
## Asset Sustainability Ratio

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%

2015/2016 Result: 121.0% - indicates that Council is fully renewing/replacing existing non-financial assets at the same/higher rate they are wearing out



## 2015/2016 SNAPSHOT

Key highlights of the 2015/2016 financial year include

- Unqualified Audit
- Low Risk Sustainability

# APPENDICES

## Appendices

COUNCILLOR EXPENSES REIMBURSEMENT & PROVISION OF RESOURCES POLICY

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## COUNCILLOR EXPENSES REIMBURSEMENT & PROVISION OF RESOURCES POLICY

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*Version 4 Adopted on 29 January 2014 by Council Resolution 0114/012*

### 1. REPEAL

The policy repeals the "Expense Reimbursement Policy for Local Government Councillors" adopted on 20 January 2010 (Council Resolution 0110/009).

### 2. 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.

### 3. SCOPE

This policy applies to all Councillors.

### 4. 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 to the Deputy Chief Executive Officer/Director Corporate Services.

### 5. 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) Approved public consultation meetings;
- d) Civic functions at which a Councillor is attending in his/her capacity as a Councillor;
- e) Community functions to which a Councillor has been invited in his/her capacity as a Councillor;
- f) Official inspections;
- g) Other activities approved by the Mayor or 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.*

## 6. POLICY

### PART 1 – PAYMENT OF EXPENSES

All claims for reimbursement of expenses must be signed off 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, 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 Councillors duties.
- b) All professional development activities must be approved in advance by resolution by Council or by the Mayor.

#### 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 should be booked in advance by giving reasonable notice to the Executive Assistant, including full travel details, who will book through Council's corporate accounts.
- 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. Additional payment to Council for private use will be at the rate of \$0.50c per kilometre as announced by the Chief Executive Officer from time to time.
- 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 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 no greater than the other form of travel.

*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) 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 receipts
- 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.

*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.

## **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 and Councillors;
  - ix. 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 licences to Council.
5. Council will provide each Councillor with –
  - i. A name badge;
  - ii. Shirts embroidered with Council's logo;
  - iii. Promotional material necessary for approved Council business;
  - iv. 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.

## **7. 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.

## **8. REFERENCES**

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

## **9. ASSOCIATED DOCUMENTS**

Nil.

## 10. NEXT REVIEW

June 2016

## 11. RESOLUTION

Adopted by Council on the 29 January 2014 by Council Resolution 0114/012.



Chief Executive Officer

# APPENDICES

## OTHER STATUTORY REQUIREMENTS

### *Local Government Regulation 2012*

*This regulation requires a local government to set out a range of information for the benefit of the community.*

*This includes:-*

- *details of Councillor and senior executive remuneration*
- *details of any complaints lodged against Councillors*
- *details of any complaints made against Council administrative actions*
- *details of any overseas travel by Councillors or staff*
- *details of grants and concessions provided to community organisations*

*In addition to statutory requirements, our Council is committed to keeping our community informed and has included additional details such as the cost of services provided by consultants.*

## PENSIONER RATES REMISSION

Council provides a rates remission to eligible pensioners.

- 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.

## RATE REMISSION / CONCESSIONS (OTHER THAN PENSIONERS)

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.

## REGISTERS

The following registers are held by Council and are available for viewing by members of the public on request:

- Register of Electoral Gifts
- Register of Interest of each Councillor
- Register of Interest of persons related to Councillor
- Minutes of Local Government Meetings
- Road Register/Road Maps
- Schedule of Fees and Charges
- Register of Local Laws and Subordinate Local Laws
- Register of Burials
- Register of Regulatory Fees
- Register of Delegations

## APPENDICES

- Register of Council Policies
- Register of Contact by Lobbyists

### AUDIT COMMITTEE

Council's Audit Committee is an advisory committee established under the Audit Policy. The objectives of the Audit Committee are to provide advice to Council on audit matters and provide oversight of the Internal Audit Process.

The Audit Committee will review the following and make recommendations to Council:

- Internal Audit Plan and how that plan relates to the risks identified in the risk register for Enterprise and Operational Risks;
- Progress on matters raised in the internal audit reports;
- Matters raised by the Queensland Audit Office audit and resolution of those matters;
- The process of risk identification, assessment and treatment;
- Matters identified as being outside the scope of the current internal audit plan that have or have the potential to create additional risk exposure for Council.

### INTERNAL AUDIT FUNCTION

Council's internal audit function is undertaken by Local Government Association Queensland (LGAQ) with 4 meetings held during the year. The purpose of the internal audit function for Council has been

- 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
- to identify and document those areas of significant operational risk to Council with a view to finding practical recommendations for improvements.

In the past twelve (12) months, internal audit has reviewed, provided assurances and recommended control and efficiency improvements across the diverse operations and made the following observations and recommendations

Risk No.	Risk Area	Issue Identified	Risk Rating	Internal Audit Recommendation
1	Risk Management	The current risk management framework, processes and practices have not been aligned and integrated with the council's 5 year Corporate Plan (CP) and Annual Operational Plans (ACP). The risk registers provided to us for review were not sufficiently referenced to the outcome, strategies and activities articulated in the CP and AOP.	Medium	<ul style="list-style-type: none"> <li>i. Integrate and align risk management with the corporate planning process, annual operating plans, performance management and reporting, decision making processes as well as in day –to –day governance activities.</li> <li>ii. Enhance senior management commitment to implementing a compliant risk management principles and practice across the organization as per the risk management policy intent; and</li> <li>iii. Arrange training for the staff including senior managers, on appropriate enterprise risk management principles and practice.</li> </ul>

## APPENDICES

2	Risk Management	Risk Registers are incomplete and risk treatments stated in the risk registers are not always verifiably robust and may not be operating in practice as intended.	High	<ul style="list-style-type: none"> <li>i. Arrange to finalize the operational risk registers and secure council's approval and endorsement via appropriate resolution.</li> <li>ii. Arrange for appropriate assessment of residual risks, where appropriate.</li> <li>iii. Include fraud as a potential source of risk in council's operations and develop appropriate mitigation strategies.</li> <li>iv. Separate risks pertaining to airport, cemeteries and landfill management from water &amp; sewerage risk management.</li> <li>v. Review and assess the risk appetite and risk tolerance levels of the local government and document the reasons and rationale for such decisions for future reference and evaluation.</li> <li>vi. Review residual risk ratings vis-à-vis the risk treatments and correct these as appropriate.</li> <li>vii. Guard against approaches that only cater to compliance rather than the quality of the risk program.</li> <li>viii. Raise awareness among council staff (including senior managers) of better practice internal control principles, risk management practices and governance.</li> <li>ix. Review the stated risk treatments and controls in the risk registers and determine whether they are operating as intended. If considered appropriate, involve internal and external auditors more to gain independent assurance on the operations of the stated risk treatments.</li> </ul>
3	Risk Management	<ul style="list-style-type: none"> <li>1. Regular reviews, monitoring, evaluation and reporting of risk framework needed improvement.</li> <li>2. Independent assurance via internal audit and external audit on high risk areas were not carried out; also, internal audit was not timely</li> </ul>	Medium	<ul style="list-style-type: none"> <li>i. Develop performance measures and ensure these measures assess the effectiveness of risk treatments and controls and are sufficiently detailed, but not overwhelming, for the relevant audience.</li> <li>ii. Implement a process to periodically report to council on risk management performance, progress and status. The frequency of such reports is recommended not to be more than quarterly.</li> <li>iii. Engage with internal and external audit more proactively to complete independent assurance of major risk areas. This would entail reassessment of risks and the internal audit plan to ensure major risk areas are audited and reported.</li> <li>iv. Ensure there is a formal review of the local government's risk management framework and practice at least annually.</li> <li>v. Arrange to record and document the results of all internal management reviews and monitoring (e.g. spot checks, inspection, policy reviews, project/program evaluation etc.) for future reference.</li> </ul>
4	Risk Management	Training, awareness, communication and development of positive risk culture was found to be inadequate.	Medium	<ul style="list-style-type: none"> <li>1. Ensure that executive commitment to the benefits of risk management is communicated to all stakeholders – internal and external.</li> <li>2. Encourage senior managers and line managers to demonstrate awareness of risk management when undertaking their day-to-day responsibilities, including speaking with staff regularly about opportunities for managing risks well.</li> <li>3. Appoint a senior executive sponsor to lead and promote risk management within the local government and include responsibilities for this in their performance agreement.</li> <li>4. Reward and recognise those that manage risks well, both publicly and through the performance assessment process.</li> <li>5. Increase staff awareness of risk issues through a variety of information dissemination methods e.g. use of newsletters, surveys and intranet.</li> <li>6. Conduct periodic training needs analysis to determine</li> </ul>

## APPENDICES

				<p>the risk management competencies required for the staff.</p> <p>7. Provide appropriate risk management, insurance and risk related awareness training to all staff and ensure that staff receive periodic refresher courses after the training is held.</p> <p>8. Ensure the local government's induction program includes an overview of the risk management framework.</p> <p>9. Arrange training on risk management for newly elected Councillors.</p> <p>10. Encourage managers to develop knowledge and skills in risk management through training programs and self-development.</p> <p>11. Identify and train risk experts. These may be the local government's project management experts, finance professionals or other groups that the council relies on as part of key management processes.</p> <p>12. Identify opportunities to develop skills through more informal learning methods e.g. lunchtime discussion sessions or opportunities for people to learn through practical experiences.</p>
5	Legislative Compliance	Entertainment & Hospitality, Advertising, Privacy, Budget and Annual Operating Plan were not uploaded on the website		Arrange to upload the missing policies and documents (i.e. Entertainment & Hospitality Policy, Advertising Policy, Privacy Policy, Budget 2014-15 and Annual Operating Plan 2015-16) on to the council website.
6	Legislative Compliance	Asset management plan did not reflect the same figures as in the 10 year long term financial forecast; Some features of better practice AMP were deficient		<ol style="list-style-type: none"> <li>1. Review the existing Asset Management Policy and if appropriate, update the document to reflect changes in operating and strategic context.</li> <li>2. Review the inconsistencies between the financial information disclosed in the AMP and the long term financial forecast and arrange to correct these.</li> <li>3. Implement business process improvement by progressively complying with better practice principles on AMPs.</li> </ol>
7	Legislative Compliance	On the date of review (6 April 2016) the website did not disclose any major contracts as per s 237 of the Regulations. It was explained to us that as per the prevalent practice, relevant contracts for each month are uploaded and the previous month's data is deleted from the website. We are of the view that such a practice breaches s 237(2) of the Regulations, which stipulates that these details must be published or displayed for a period of at least 12 months.		We recommend that management should arrange for retention of particulars of major contracts for a period of at least 12 months as required under s 237(2) of the Regulations
8	Legislative Compliance	Deficiencies were found in maintenance of register of interests for senior executives and related persons		<ol style="list-style-type: none"> <li>1. Arrange to obtain relevant information from new Councillors and complete the registers of interests for the new Councillors, Senior Executives and related persons.</li> <li>2. Arrange to implement a process to periodically confirm the relevant particulars from Councillors, senior management employees and relevant relatives and update their respective registers with such particulars whenever there is a change and certainly at least annually.</li> <li>3. Implement business processes to identify and capture related party transactions coming under the purview of AASB 124 which is a wider requirement than the s289 and s290 of the Regulations.</li> </ol>
9	Legislative Compliance	Council did not have the policy on its website. As a result, the visibility of and access to the council's complaints management process was limited. Our queries indicated that the actual policy document was not available either in hard or soft copy form. We are of the view that this is a weakness that heightens the risk of incomplete identification and reporting of fraudulent and corrupt activities.		Review the complaints management policy and procedures and update these to reflect current business requirements and, thereafter, upload these onto the website.

## APPENDICES

10	Legislative Compliance	Financial delegation has been given to 37 employees across the council. Widespread delegations are not conducive to sound internal controls, especially in the specific context of Carpentaria Shire Council where oversight and supervision is limited and checks and balances are not regularly monitored and assessed.		Strengthen internal controls by reviewing the need for all the financial delegations authorised for various employees with reference to the actual business needs. If all the delegations are not required then it is recommended that the number of delegations be reduced to be consistent with actual business needs.
11	Legislative Compliance	The performance indicators in the Corporate Plan did not have sufficient linkages with the KPIs in the Annual Operating Plan and the Quarterly report under s174 of the Local Government Regulations.		Review the performance indicators stated in the Corporate Plan and the Annual Operating Plan and arrange to align and link these to achieve better integration between these indicators and strengthen performance reporting.
12	Legislative Compliance	Process to develop the financial projections may be inadequate and the weaknesses make such projections potentially misleading to readers.		1. Arrange annual review and update of the relevant input into the financial sustainability ratios in the long term financial forecasts to reflect the actual trend in such ratios disclosed in the audited financial statements. 2. Explore options to better align the QTC model.
13	Legislative Compliance	The Chief Executive Officer's report contained in the annual report does not sufficiently address the assessment of the local government's progress towards implementing the 5 year Corporate Plan and the Annual Operational Plan.		Expand the CEO's report in the Annual Report to specifically address the progress towards implementation of the 5 year CP and AOP in a manner that is relevant and useful to council's accountability and decision making purposes
14	Legislative Compliance	The quarterly report did not adequately disclose the quantitative or qualitative extent to which progress was achieved against the planned targets.		Integrate and link local government regulations internal performance reports (e.g. Quarterly Reports under section 174) with the Annual Report and the Corporate Plan using the same set of performance indicators and targets. Data that is used to report performance information in the Annual Report should be built on information used for ongoing management and decision-making. This will achieve consistency and uniformity in performance reporting. Enhance and improve the Quarterly Reports on performance under s 174, to reflect the exact extent of achievement against the performance targets - quantitatively and/or qualitatively.
15	Legislative Compliance	Section 190 (1) (h) of the LGR disclosure for internal audit in the Annual Report was erroneous.		Include the internal audit's progress against audit plan, key findings, recommendations and progress made against such recommendations in the Annual Report for better compliance with s190 (1) (h) of the LG Regulations.
16	Legislative Compliance	Details under s 190 (1) (i) and (j) of the Local Government Regulations were not included in the annual report.		Include missing information in the Annual Report as per s 190 (1) (i) and (j) of the Regulations. If these are nil the annual report should state as nil.
17	Legislative Compliance	Under s 201 of the Local Government Act, senior management remuneration needs to be disclosed for each band of \$100,000. Our review identified that disclosure was made for remuneration levels starting from \$130,000.		Review and correct disclosure of senior management employees' remuneration in the Annual Report to be compliant with section 201 of the Local Government Act.

### COMPLAINTS MANAGEMENT

The Council has a complaints management process in place. That complaints management process is designed to ensure that any member of the public can lodge a complaint about how they have been dealt with by Council staff or how they have been affected by any Council administrative decision.

The complaints management process is available to the public on Council's website.

During 2015/2016, there were nil complaints lodged with Council under the complaints management process.

# APPENDICES

## RISK MANAGEMENT

Risk Management for Council refers to the culture, process and structure developed to effectively manage potential opportunities and adverse effects for any activity, function or process undertaken by Council. Managing a risk is achieved through the systematic application of policies, procedures and practices to identify, analyse, evaluate, treat, monitor and communicate risk.

In August 2015 Council adopted its Risk Management Policy along with the Risk Management Guidelines. Following from this the draft Corporate Risk Register and Operational Risk Register were populated and are currently being workshopped for adoption. The Operational Risk Register contains the following areas of Council operations;

- Finance
- Fraud
- Governance
- Asset Management
- Engineering – Roads
- Human Services
- Airports
- Parks and Gardens
- Workplace Health and Safety
- Community Services
- Information Technology
- Childcare
- Workshop and Fleet

## EQUAL EMPLOYMENT OPPORTUNITY

Carpentaria Shire Council is an Equal Employment Opportunity (EEO) Employer, maintaining that skills and potential are recognised, developed and used to best advantage, so that the best person is selected for the job. Council has formalised this concept into written policy, so as to align with legislative requirements.

The objective of the policy is to ensure a workplace free of discrimination and to promote Equal Employment Opportunity.

Council's EEO Management Plan is aimed at ensuring all employees and applicants for employment are treated fairly, basing selection and promotion only on factors relevant to the job, such as skills, qualifications, abilities and aptitude.

## ASSESSMENT OF CORPORATE AND OPERATIONAL PLANS

Council's Operational Plan for 2015/2016 was reviewed throughout the year with the majority of actions completed. Information was fed back to Council through regular management reports and specific Operational Plan Review reports.

# APPENDICES

## BENEFICIAL ENTERPRISES

Section 41 of the Act requires that the Annual Report contain a list of all beneficial enterprises conducted during the year. There were no beneficial enterprise activity identified throughout the year

## SIGNIFICANT BUSINESS ACTIVITIES

Section 45(a) of the Act requires that the Annual Report contain a list of all the business activities that the local government conducted during the financial year. Council did not conduct any significant business activities during the reported financial year and as such the competitive neutrality principle is not applicable.

## TRAINING AND DEVELOPMENT

Council has a commitment to learning and development and supports staff with assistance towards course fees, travel, accommodation and paid hours to attend undertake external studies.

## OVERSEAS TRAVEL

There was no overseas travel undertaken by Councillors or staff during the reporting period.

## WORKPLACE HEALTH AND SAFETY

Council is committed to ensuring employees are provided with the knowledge and resources to self-manage their workplace and lifestyles. There is a high level of awareness by staff of the requirement to report incidents to ensure appropriate actions can be implemented to reduce the risk of occurrence of similar incidents to fellow workers.

Council is providing a continuous safety management improvement program to ensure all workplaces are meeting the requirements under the Work Health & Safety Act and Regulation 2011

# APPENDICES

## GRANTS TO COMMUNITY ORGANISATIONS

Council has adopted a *Grant to Community Organisations Policy* which prescribes the types of grants given to community organisations.

The grants provided are

- Direct cash grants to community organisations
- Assets given to community organisations
- Concessions (e.g. rates remitted) for community organisations

Type of Grant	Cost(\$)
Direct cash grants	55,467.00
Concessions	83,310.61
<b>Total</b>	<b>138,777.61</b>

These grants were provided to the following organisations

Name of organisation	Amount of Grant (\$)
MMG	100.00
Karumba Gun Club	500.00
North West Remote Health	500.00
Normanton State School P&C	500.00
Karumba Seniors Xmas Luncheon Committee	500.00
Normanton State School	356.00
Karumba Town Xmas Tree Committee	500.00
North West Remote Health	207.00
Ikin's Angels	500.00
Gulf Christian College	1,000.00
Normanton Gun Club	500.00
Normanton Social Fishing Club	1,000.00
Gulf Barramundi Restocking Association	1,000.00
Various – Annual Christmas Lights Competition	2,300.00
Bravehearts 777 Marathon (Cr Belinda Murphy – McKinlay)	504.00
Mt Isa CareFlight Helicopter	15,000.00
Georgetown Progress Association	500.00
Karumba Children's Centre	30,000.00
<b>TOTAL</b>	<b>55,467.00</b>

## APPENDICES

Concessions were provided to the following organisations. These were mainly the waiver of hire or rental fees associated with Council facilities

Name of Organisation	Concession	Amount of Concession (\$)
Normanton State School	Hall hire fee waiver	372.23
Normanton State School	Hall hire fee waiver	442.02
Karumba Cancer Cuppa Committee	Hire fee waivers and donation of merchandise	9,625.98
Normanton State School	Hire fee waiver and field marking work	4,779.90
Normanton State School	Hire fee waiver and field marking work	292.00
Normanton Rodeo Association	Hire fee waiver	1,169.67
Milboe Ltd.	Hire fee waiver	630.00
Normanton Rugby League Football Club	Hire fee waiver	1,886.16
Mount Isa School of the Air	Hire fee waiver	1,406.00
Centacare	Hire fee waiver	265.00
Kurtjar Aboriginal Corporation	Hire fee waiver	244.83
Kurtjar Aboriginal Corporation	Hire fee waiver	244.83
Karumba Gun Club	Rubbish bin hire and collection	434.06
Karumba State School P&C	Hire fee waiver	1,328.60
Postie Bike Challenge	Hire fee waiver	210.00
Gulf Christian College	Hire fee waiver	66.00
QCWA Normanton Branch	Hire fee waiver	185.00
QCWA Normanton Branch	Hire fee waiver	925.00
North West Remote Health	Hire fee waiver	296.38
Gulf Christian College	Hire fee waiver	273.11
Normanton Sprint Races Committee	Hire fee waiver	2,595.36
Gulf Chamber of Commerce	Hire fee waiver	185.00
North West Remote Health	Hire fee waiver	230.00
Normanton Arts Council Incorporated	Hire fee waiver	1,455.30
Karumba State School	Hire fee waiver and field marking work	1,056.10
Normanton State School P&C	Hire fee waiver	1,746.92
Carpentaria Shire Council	Hire fee waiver	1,521.41
Outback Air Race	Hire fee waiver	1,048.32
Carpentaria Shire Council	Donation - community event	84.99
PCYC Normanton Community Centre	Hire fee waiver	343.92
North West Remote Health	Hire fee waiver	560.91
Bynoe	Equipment purchase donation	358.33
Department of Communities and Disability Services	Hire fee waiver	230.00

## APPENDICES

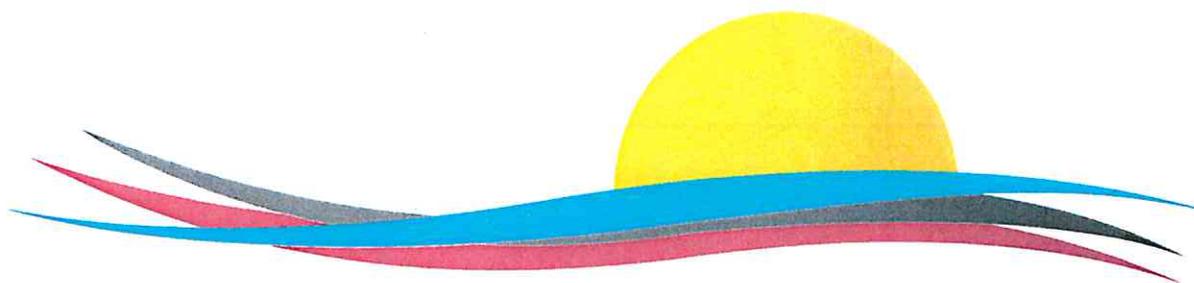
Karumba State School	Hire fee waiver	414.34
Karumba Sports Group	Hire fee waiver	230.00
Normanton Rugby League Football Club	Hire fee waiver	1,097.23
Carpentaria Shire Council	Hire fee waiver	162.55
North West Remote Health	Hire fee waiver	644.67
Karumba Pink Ribbon Committee	Hire fee waiver	871.88
Carpentaria Shire Council	Equipment purchase donation	619.11
Carpentaria Shire Council	Donation - community event	1,045.63
PCYC Normanton Community Centre	Hire fee waiver and field marking work	2,579.46
Karumba State School	Hire fee waiver	185.00
Gulf Christian College	Hire fee waiver	1,268.81
Karumba State School	Hire fee waiver	254.46
Go Gulf	Hire fee waiver	244.50
Gulf Christian College	Hire fee waiver	1,631.47
Karumba Town Xmas Tree Committee	Hire fee waiver	185.00
Department of Agriculture and Fisheries	Hire fee waiver	324.23
PCYC Normanton Community Centre	Hire fee waiver	230.00
Carpentaria Shire Council	Donation - community event	985.23
Normanton State School	Ground maintenance	494.72
North West Remote Health	Hire fee waiver	460.34
Milboe Ltd.	Hire fee waiver	738.63
Gulf Christian College	Hire fee waiver	460.00
Normanton Rodeo Association	Hire fee waiver	10,027.37
Gulf Christian College	Hire fee waiver	4,506.64
Normanton Cricket Club	Council merchandise donation	100.00
Karumba Sports Group	Hire fee waiver	1,110.00
Normanton Rugby League Football Club	Hire fee waiver	6,837.46
North West Remote Health	Hire fee waiver	185.00
Carpentaria Shire Council	Donation - community event	185.00
Normanton Social Fishing Club	Hire fee waiver	1,407.50
Carpentaria Shire Council	Donation - community event	141.41
Carpentaria Shire Council	Donation - community event	185.00
Gulf Barramundi Restocking Association	Hire fee waiver	1,201.63
Rural Fire Service QLD	Hire fee waiver	265.00
Red Chair and Carpentaria Shire Council	Hire fee waiver	344.94
PCYC Normanton Community Centre	Hire fee waiver	120.00
Carpentaria Land Council	Hire fee waiver	765.00

## APPENDICES

Karumba State School	Hire fee waiver	230.00
Karumba State School	Hire fee waiver	569.97
Riverside Christian College	Hire fee waiver	1,680.00
Centacare	Hire fee waiver	530.00
Normanton Rugby League Football Club	Hire fee waiver	608.10
Karumba State School	Hire fee waiver	230.00
Gulf Christian College	Hire fee waiver	230.00
Gulf Christian College	Hire fee waiver	230.00
<b>TOTAL</b>		<b>83,310.61</b>

# FINANCIAL STATEMENTS

## Financial Statements



**CARPENTARIA SHIRE**

*Outback by the Sea<sup>®</sup>*

**CARPENTARIA SHIRE COUNCIL**

**Annual Financial Statements**

For the year ended 30 June 2016

# **Carpentaria Shire Council**

## **Financial statements**

### **For the year ended 30 June 2016**

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**Carpentaria Shire Council**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2016

	Note	Council	
		2016	2015
		\$	\$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	6,987,142	7,448,536
Fees and charges		733,411	645,549
Rental income		336,158	254,776
Interest received		679,173	998,320
Sales revenue	3(b)	2,287,056	20,035,072
Other income	3(c)	701,845	1,171,494
Grants, subsidies, contributions and donations	4(a)	35,551,164	36,779,233
		<u>47,275,949</u>	<u>67,332,981</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	5,855,731	1,849,330
<b>Total revenue</b>		<u>53,131,680</u>	<u>69,182,312</u>
Capital (expense)/ income		(200,164)	(10,882)
<b>Total income</b>		<u>52,931,516</u>	<u>69,171,430</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(9,927,489)	(9,390,738)
Materials and services	6	(36,658,251)	(46,046,917)
Finance costs		(532,501)	(271,354)
Depreciation	9	(6,370,743)	(6,103,743)
<b>Total expenses</b>		<u>(53,488,984)</u>	<u>(61,812,752)</u>
<b>Net result</b>		<u>(557,469)</u>	<u>7,358,678</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus		(608,161)	24,495,519
<b>Total other comprehensive income for the year</b>		<u>(608,161)</u>	<u>24,495,519</u>
<b>Total comprehensive income for the year</b>		<u>(1,165,630)</u>	<u>31,854,197</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 2016**

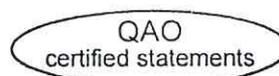
	Note	Council	
		2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents	7	24,951,043	29,730,243
Trade and other receivables	8	2,687,417	5,650,004
Inventories		595,334	639,337
		<u>28,233,794</u>	<u>36,019,585</u>
Non-current assets held for sale		522,488	418,968
<b>Total current assets</b>		<u>28,756,282</u>	<u>36,438,553</u>
<b>Non-current assets</b>			
Trade and other receivables	8	260,932	300,224
Property, plant and equipment	9	336,562,761	332,802,836
<b>Total non-current assets</b>		<u>336,823,693</u>	<u>333,103,059</u>
<b>Total assets</b>		<u>365,579,975</u>	<u>369,541,613</u>
<b>Current liabilities</b>			
Trade and other payables	11	5,044,803	7,737,509
Borrowings	12	486,763	468,393
Provisions	13	302,908	1,428,515
Other Liabilities		403,418	22,480
<b>Total current liabilities</b>		<u>6,237,891</u>	<u>9,656,897</u>
<b>Non-current liabilities</b>			
Borrowings	12	9,383,356	9,866,006
Provisions	13	1,350,257	244,611
<b>Total non-current liabilities</b>		<u>10,733,613</u>	<u>10,110,617</u>
<b>Total liabilities</b>		<u>16,971,505</u>	<u>19,767,514</u>
<b>Net community assets</b>		<u>348,608,470</u>	<u>349,774,100</u>
<b>Community equity</b>			
Asset revaluation surplus	14	239,574,588	240,182,749
Retained surplus/(deficiency)		109,033,882	109,591,351
<b>Total community equity</b>		<u>348,608,470</u>	<u>349,774,100</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 2016

Note	Asset revaluation surplus 14 \$	Retained Surplus/Deficit \$	Total \$
Balance as at 1 July 2015	240,182,749	109,591,351	349,774,100
Net result	-	(557,469)	(557,469)
Increase / (decrease) in asset revaluation surplus	(608,161)	-	(608,161)
<b>Total comprehensive income for the year</b>	<b>(608,161)</b>	<b>(557,469)</b>	<b>(1,165,630)</b>
Balance as at 30 June 2016	239,574,588	109,033,882	348,608,470
Balance as at 1 July 2014	215,687,230	102,232,671	317,919,901
Net result	-	7,358,677	7,358,677
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>7,358,677</b>	<b>7,358,677</b>
Increase/(Decrease) in asset revaluation surplus	24,495,519	-	24,495,519
Balance as at 30 June 2015	240,182,749	109,591,351	349,774,100

*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 2016**

	Note	Council	
		2016	2015
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		14,276,810	42,715,428
Payments to suppliers and employees		(49,573,483)	(54,610,282)
		(35,296,673)	(11,894,854)
Interest received		679,173	998,320
Rental income		336,158	254,776
Non capital grants and contributions		35,551,164	36,779,233
Borrowing costs		(501,481)	(278,171)
<b>Net cash inflow (outflow) from operating activities</b>		<b>768,341</b>	<b>25,859,304</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(11,570,491)	(24,423,893)
Proceeds from sale of property plant and equipment		631,500	995,507
Grants, subsidies, contributions and donations		5,855,731	1,849,330
<b>Net cash inflow (outflow) from investing activities</b>		<b>(5,083,260)</b>	<b>(21,579,055)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	6,003,242
Repayment of borrowings		(464,281)	(250,325)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(464,281)</b>	<b>5,752,917</b>
<b>Net increase (decrease) in cash and cash equivalent held</b>		<b>(4,779,200)</b>	<b>10,033,165</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>29,730,243</b>	<b>19,697,078</b>
<b>Cash and cash equivalents at end of the financial year</b>	7	<b>24,951,044</b>	<b>29,730,243</b>

*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 2016**

**1 Significant accounting policies**

**1.A Basis of preparation**

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

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 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.

These financial statements have been prepared under the historical cost convention except for the following:

- certain classes of property, plant and equipment which are measured at fair value;
- assets held for sale which are measured at fair value less cost of disposal

**Recurrent/capital classification**

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

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.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses.

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of property, plant and equipment.

All other revenue and expenses have been classified as "recurrent".

The financial statements have been rounded to the nearest \$1.

**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**

In the current year, Carpentaria Shire Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective and are expected to have a material impact on council's Financial Statements. Council has not applied any Australian Accounting Standards and Interpretations that have been issued but not yet effective, other than AASB2015-7 amendments to Australian Accounting Standards- Fair value disclosures of Not-for-Profit Public Sector Entities

The update to AASB 13- Fair Value Measurement, provides relief for not-for-profit public sector entities from making some previously-required disclosures about the fair value measurement of property, plant and equipment assets which are primarily held for internal or policy use, rather than to earn revenue. More specifically, the disclosure of quantitative information about significant unobservable inputs used in fair value measurements and the sensitivity of certain fair value measurements to changes in unobservable inputs will no longer be required.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

AASB 9- Financial Instruments, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

AASB 15-Revenue from contracts with Customers: is effective from 1 January 2018 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. It contains a comprehensive and robust framework for recognition, measurement and disclosure of revenue from contracts with customers.

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 will have a material impact. To date no impact has been identified.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, Councillors and some Senior Management and their close family members, any organisations that they control or are associated with will be classified as related parties.

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

**1.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 15

Valuation and depreciation of property, plant and equipment - Note 1.G, Note 9 and Note 10

Provisions - Note 1.J, 1.L and Note 13.

**1.E Revenue**

**Rates and levies**

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.

**Interest**

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

**Grants and subsidies**

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The council generates revenues from a number of services including child care, Barra Hatchery & Discovery Centre, Library, Visitor Information Centre and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

**1.F 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 1.I)

Borrowings - measured at amortised cost (Note 1.K)

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

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**1.G Property, plant and equipment**

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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

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 in Note 10.

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.

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 in Note 10.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**1.H 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.

**1.I Payables**

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.

**1.J Liabilities - employee benefits**

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. This liability represents an accrued expense and is reported in Note 11 as a payable.

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. This liability represents an accrued expense and is reported in Note 11 as a payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 16.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 13 as a provision.

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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**1.K Borrowings and borrowing costs**

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.

**1.L Restoration provision**

A provision is made for the cost of restoration in respect of council's refuse dumps as it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of this facility. The provision is measured at the expected cost of the work required discounted to current day values using the current QTC lending rate.

The provision represents the present value of the anticipated future costs associated with the closure of the dump site, decontamination and monitoring of historical residues and leaching on this site. 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 the dump site 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 2030 and that the restoration will occur progressively towards the end of its useful life.

The council has this dump refuse site located on State Reserve Land.

**1.M 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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**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 :

**Corporate**

the objective of this function is to run the day to day operation of the council.

**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**

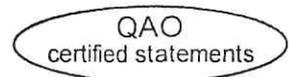
The goal of social is to ensure a healthy, vibrant, contemporary and connected community. The function provides well managed and maintained community facilities, and ensures the effective delivery of cultural, welfare and recreational services.

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016**

(b) Analysis of results by function  
income and expenses defined between recurring and capital are attributed to the following functions:

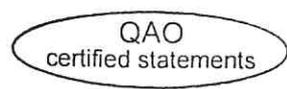
Functions	Year ended 30 June 2016						Total income	Gross program expenses Recurring	Capital	Total expenses	Net result from recurring operations	Net Result	Assets
	Gross program income			Gross program expenses									
	Recurring		Other	Capital		Other							
	Grants	Other	2016	Grants	Other	2016							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance	3,791,967	4,979,829	-	8,771,796	(3,321,796)	-	(3,321,796)	5,450,000	5,450,000	5,450,000	5,450,000	52,784,914	
Economic	31,005,920	3,071,840	2,499,547	36,377,143	(39,070,731)	-	(39,070,731)	(4,992,972)	(4,992,972)	(2,693,588)	(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)	(2,520,308)	569,681	569,681	48,079,857	
Social	753,277	448,860	266,195	1,468,332	(5,351,893)	-	(5,351,893)	(4,149,756)	(4,149,756)	(3,883,561)	(3,883,561)	12,511,489	
<b>Total Council</b>	<b>35,551,164</b>	<b>11,724,785</b>	<b>5,855,731</b>	<b>52,931,516</b>	<b>(53,488,984)</b>	<b>-</b>	<b>(53,488,984)</b>	<b>(6,213,035)</b>	<b>(6,213,035)</b>	<b>(557,468)</b>	<b>(557,468)</b>	<b>365,579,975</b>	

Functions	Year ended 30 June 2015						Total income	Gross program expenses Recurring	Capital	Total expenses	Net result from recurring operations	Net Result	Assets
	Gross program income			Gross program expenses									
	Recurring		Other	Capital		Other							
	Grants	Other	2015	Grants	Other	2015							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance	3,787,527	6,056,765	-	9,844,292	(2,143,646)	-	(2,143,646)	7,700,646	7,700,646	7,700,645	7,700,645	37,217,038	
Economic	32,436,214	20,887,337	1,163,598	54,476,267	(49,625,081)	-	(49,625,081)	3,698,470	3,698,470	4,851,187	4,851,187	269,489,630	
Environment	59,091	3,092,605	335,211	3,486,907	(5,741,730)	-	(5,741,730)	(2,590,034)	(2,590,034)	(2,254,823)	(2,254,823)	52,206,856	
Social	496,400	517,041	350,522	1,363,963	(4,302,295)	-	(4,302,295)	(3,288,854)	(3,288,854)	(2,938,332)	(2,938,332)	10,628,089	
<b>Total Council</b>	<b>36,779,232</b>	<b>30,553,748</b>	<b>1,849,331</b>	<b>69,171,429</b>	<b>(61,812,752)</b>	<b>-</b>	<b>(61,812,752)</b>	<b>5,520,228</b>	<b>5,520,228</b>	<b>7,358,677</b>	<b>7,358,677</b>	<b>369,541,614</b>	



**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

		Council	
		2016	2015
3	Revenue analysis	Note	\$
(a)	<b>Rates, levies and charges</b>		
	General rates		4,638,345
	Water		1,344,776
	Water consumption, rental and sundries		78,890
	Sewerage		1,309,377
	Waste management		581,981
	Total rates and utility charge revenue		<u>7,953,370</u>
	Less: Discounts		(466,013)
	Less: Pensioner remissions		(27,870)
	Less: Rates write-off		(10,951)
			<u>6,987,142</u>
(b)	<b>Sales revenue</b>		
	<b>Recoverable Work</b>		
	Roadworks Performance Contract (RPC) works		14,960,024
	Road Maintenance Performance Contract (RMPC) works		1,458,998
	Main Roads flood damage works		3,076,862
	Other works (Barra Hatchery, boat ramps, Visitor Information Centre etc)		539,187
			<u>20,035,072</u>
			<u>2,287,056</u>
			<u>22,322,148</u>
	The amount recognised as 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. The contract work carried out is not subject to retentions.		
(c)	<b>Other income</b>		
	Dividend		
	Gain on revaluation of finance leases		
	Other income		477,673
	Sale of subdivided land		339,931
			<u>701,845</u>
			<u>477,673</u>
4	<b>Grants, subsidies and contributions</b>		
(a)	<b>Recurrent</b>		
	General purpose grants		4,757,702
	Specific purpose government subsidies and grants		555,491
	Shire roads flood damage (NDRRA)		31,461,040
	Contributions		5,000
			<u>36,779,233</u>
(b)	<b>Capital</b>		
	Specific purpose government subsidies and grants		1,849,330
			<u>5,855,731</u>
			<u>1,849,330</u>
	<b>Conditions over contributions</b>		
	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	7	3,564
			<u>7,037,440</u>
			<u>3,564</u>



**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

		Council	
		2016	2015
Note		\$	\$
<b>5</b>	<b>Employee benefits</b>		
	Total staff wages and salaries	8,269,671	6,929,068
	Councillors' remuneration	497,807	382,564
	Annual, sick and long service leave entitlements	1,471,299	1,385,982
	Superannuation	866,819	878,390
		<u>11,105,596</u>	<u>9,576,004</u>
	Other employee related expenses	276,295	210,266
		<u>11,381,891</u>	<u>9,786,270</u>
	Less: Capitalised employee expenses	(1,454,402)	(395,532)
		<u>9,927,489</u>	<u>9,390,738</u>
	Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.		
	Total Council employees at the reporting date:	<b>2016</b>	<b>2015</b>
	Elected members	7	7
	Administration staff	40	45
	Depot and outdoors staff	51	62
	Total full time equivalent employees	<u>98</u>	<u>114</u>
<b>6</b>	<b>Materials and services</b>		
	Airport operations	149,736	273,616
	Audit of annual financial statements by the Auditor-General of Qld	85,348	82,919
	Child care centre operations	108,310	229,762
	Community services	175,389	321,376
	Council road works	713,142	823,502
	Donations paid	198,272	80,583
	Flood damage maintenance works	26,625,779	34,056,923
	Other materials and services	918,429	1,014,306
	Pest Management	335,945	301,299
	Public facilities	1,741,939	1,405,511
	Recoverable works	2,011,528	1,565,405
	Road maintenance contracts	1,265,941	2,482,122
	Sewerage operations	445,677	751,221
	Tourism	334,320	560,244
	Waste operations	846,136	674,669
	Water operations	702,360	1,423,460
		<u>36,658,251</u>	<u>46,046,917</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Council	
	2016	2015
Note	\$	\$
<b>7</b>		
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	119,292	1,257,535
Deposits at call	21,331,752	24,972,708
Term deposits	3,500,000	3,500,000
Balance per Statement of Cash Flows	<u>24,951,043</u>	<u>29,730,243</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:

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	7,037,440	3,564
Unspent loan monies drawn down	-	6,003,243
Total unspent restricted cash	<u>7,037,440</u>	<u>6,006,807</u>

Cash and cash equivalents includes cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to 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- (*Standard & Poor's*). QTC is currently rate at 'AAA' (*Standard & Poor's*) (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	370,583	420,845
Water charges not yet levied	45,667	96,678
Trade debtors	2,242,193	4,162,728
Less impairment	(3,388)	(8,647)
Loans and advances to community organisations	32,362	31,824
GST Receivable	-	946,576
	<u>2,687,417</u>	<u>5,650,004</u>

**Non-current**

Loans and advances to community organisations	260,932	300,224
	<u>260,932</u>	<u>300,224</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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

	Note	Council	
		2016 \$	2015 \$
Movement in accumulated impairment losses (other debtors) is as follows:			
Opening balance at 1 July		8,645	209,701
Impairment Debts written off during the year		-	(162,478)
Decrement of provision for impairment of debts		(5,257)	(38,578)
Closing Balance at 30 June		<u>3,388</u>	<u>8,645</u>

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

Not past due	2,728,764	3,949,376
Past due 31-60 days	23,352	210,604
Past due 61-90 days	196,233	843,673
Impaired	3,388	8,645
Total	<u>2,951,737</u>	<u>5,012,298</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**9 Property, plant and equipment**  
**Council - 30 June 2016**

Basis of measurement	Land		Buildings		Plant and equipment		Road, drainage and bridge network		Water		Sewerage		Other infrastructure assets		Work in progress		Total
	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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								
Disposals	-	(427,350)	(1,174,664)	-	-	-	-	-	-								
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	(608,161)	-	-	-	-	-	-	-	-								
Closing gross value as at 30 June 2016	3,809,055	41,556,386	14,307,743	309,769,553	58,695,352	22,520,514	17,027,260	23,767,698	491,453,562								

**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	-	149,280,409
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)
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2016	-	16,077,018	5,414,851	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	25,479,368	8,892,892	214,022,400	31,745,259	16,334,597	12,511,489	23,767,698	336,562,761
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	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other additions	86,466	19,576	1,433,555	109,222	6,568	712,974	5,512,737	7,794,633	
Total additions	86,466	19,576	1,797,192	996,721	147,167	2,291,090	3,004,065	5,512,737	11,570,491

**Carpentaria Shire Council  
Notes to the financial statements  
For the year ended 30 June 2016**

**9 Property, plant and equipment (continued)  
Council - 30 June 2015**

Basis of measurement  
Asset values  
Opening gross value as at 1 July 2014  
Capital Assets Additions  
Work in Progress Additions  
Disposals  
Revaluation adjustment to other comprehensive income(asset revaluation surplus)  
Closing gross value as at 30 June 2015  
Accumulated depreciation and impairment  
Opening balance as at 1 July 2013  
Adjustment to opening value  
Depreciation provided in period  
Depreciation on disposals  
Accumulated depreciation as at 30 June 2015  
Total written down value as at 30 June 2015  
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
\$	\$	\$	\$	\$	\$	\$	\$	\$
4,810,011	40,303,213	12,732,698	247,504,462	46,995,312	23,902,106	11,186,830	5,893,842	393,328,475
55,729	292,201	3,260,556	1,531,996	3,989,107	501,537	2,431,649	-	12,062,775
-	-	-	-	-	-	-	12,361,119	12,361,119
(534,990)	1,368,746	(2,308,038)	-	-	(2,036,865)	404,716	-	(2,308,038)
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
-	12,300,888	4,963,357	54,736,467	20,386,644	6,704,502	3,243,065	-	102,334,923
-	808,453	996,290	2,856,432	602,349	469,730	370,488	-	6,103,742
-	-	(1,301,648)	-	-	-	-	-	(1,301,648)
-	2,204,834	-	36,113,789	5,007,188	(1,522,489)	350,070	-	42,153,392
-	15,314,175	4,657,999	93,706,688	25,996,181	5,651,743	3,963,623	-	149,290,409
4,330,750	26,649,985	9,027,217	215,066,144	32,699,171	16,715,036	10,059,572	18,254,961	332,802,836
Land: Not depreciated.	40 - 100	2 - 20	12 - 1000	10 - 80	10 - 80	20 - 40	-	-
\$	\$	\$	\$	\$	\$	\$	\$	\$
-	292,201	2,549,866	1,492,902	479,669	489,134	183,442	4,872,645	10,359,859
55,729	-	710,689	39,094	3,509,438	12,404	2,248,207	7,488,474	14,064,035
55,729	292,201	3,260,555	1,531,996	3,989,107	501,538	2,431,649	12,361,119	24,423,894

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**10 Fair value measurements**

**(i) Recognised fair value measurements.**

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

**Property Plant & Equipment**

Land

Buildings

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 12 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 2016.

	Note	Level 2		Level 3		Total	
		Significant other observable inputs		Significant unobservable inputs			
		\$	\$	\$	\$	\$	\$
		2016	2015	2016	2015	2016	2015
<b>Recurring fair value measurements</b>							
Buildings	9	13,030,149	13,628,975	12,449,219	13,021,009	25,479,368	26,649,984
Land	9	3,809,055	4,330,750	-	-	3,809,055	4,330,750
Roads and drainage	9	-	-	214,022,400	215,066,144	214,022,400	215,066,144
Water infrastructure	9	-	-	31,745,259	32,699,171	31,745,259	32,699,171
Sewerage infrastructure	9	-	-	16,334,597	16,715,036	16,334,597	16,715,036
Other infrastructure	9	-	-	12,511,489	10,059,572	12,511,489	10,059,572
		<u>16,839,204</u>	<u>17,959,725</u>	<u>287,062,964</u>	<u>287,560,932</u>	<u>303,902,168</u>	<u>305,520,657</u>
<b>Non-recurring fair value measurements</b>							
Land held for resale		522,488	418,968				
		<u>522,488</u>	<u>418,968</u>				

There were no transfers between levels 1 and 2 during the year, however certain buildings were transferred from level 3 to level 2.

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**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

(ii) 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. The last full comprehensive valuation of buildings was undertaken by Brandon and Associates as at 30 June 2012. Australis Asset Advisory Group have scheduled a comprehensive revaluation of buildings (including condition assessments) to be undertaken in early 2017 and effective 30 June 2017. In the interim annual desktop valuations have been undertaken since 2012 with Australis Asset Advisory Group performing this on behalf of Council since 2015 (Reporting dates 17th March 2015 for 30 June 2015 and 25th March 2016 for 30 June 2016).

**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)**

The last full valuation of Buildings was undertaken by Brandon and Associates as at 30 June 2012, with the last full comprehensive valuation of Other Infrastructure assets being undertaken effective 30 June 2015 (Reporting date 17th March 2015) by Australis Asset Advisory Group. Assets were comprehensively revalued at their written down replacement cost as at that date by the independent registered valuers, Australis Asset Advisory Group. Australis Asset Advisory Group performed a desktop valuation on these asset categories for the period effective to 30 June 2016 (reporting date 25th March 2016).

**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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**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. 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.

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

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**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. 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

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**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

**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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

iii **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	
	2016	2015
<b>Changes in commercial buildings (Level 3)</b>		
	\$	\$
Opening gross value as at 1 July 2015	13,021,009	16,557,723
Transfer from level 2	(571,790)	- 679,123
Revaluation adjustment to Other Comprehensive income (Asset Revaluation/surplus)	-	- 2,857,591
<b>Closing gross value as at 30 June 2016</b>	<u>12,449,219</u>	<u>13,021,009</u>
<b>Accumulated depreciation and impairment</b>		
Opening balance as at 1 July 2015 (Existing)	9,352,625	9,425,404
Depreciation provided in period	762,842	450,406
Revaluation adjustment to Asset Revaluation/surplus	-	- 523,186
<b>Accumulated depreciation as at 30 June 2016</b>	<u>10,115,467</u>	<u>9,352,625</u>

(iv) **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 in note 1.G. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

		Council	
		2016	2015
11	Note	\$	\$
	<b>Trade and other payables</b>		
	<b>Current</b>		
	Creditors and accruals	3,195,837	6,495,892
	Annual Leave Liability	812,709	762,733
	Sick Leave Liability	398,256	446,363
	Other Employee Entitlements	24,833	32,522
	GST payable	613,168	-
		<u>5,044,803</u>	<u>7,737,509</u>
	<b>12 Borrowings</b>		
	<b>Current</b>		
	Loans - Queensland Treasury Corporation	486,763	468,393
		<u>486,763</u>	<u>468,393</u>
	<b>Non-current</b>		
	Loans - Queensland Treasury Corporation	9,383,356	9,866,006
		<u>9,383,356</u>	<u>9,866,006</u>
	<b>Loans - Queensland Treasury Corporation</b>		
	Opening balance at beginning of financial year	10,334,399	4,581,482
	Loans raised	-	6,003,242
	Principal repayments	(464,280)	(250,325)
	Book value at end of financial year	<u>9,870,119</u>	<u>10,334,399</u>

The QTC loan market value at the reporting date was \$11,454,049. 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.

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
	\$	\$	\$	\$	\$
<b>2016</b>					
Loans - QTC	486,763	1,931,646	7,451,710	9,870,119	9,870,119
<b>2015</b>					
Loans - QTC	468,393	2,420,543	7,445,463	10,334,399	10,334,399

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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**Council**

	Note	2016 \$	2015 \$
<b>13 Provisions</b>			
<b>Current</b>			
Long service leave		302,908	442,180
Refuse restoration		-	986,334
		<u>302,908</u>	<u>1,428,515</u>
<b>Non-current</b>			
Refuse restoration		1,078,997	138,754
Long service leave		271,260	105,857
		<u>1,350,257</u>	<u>244,611</u>
Details of movements in provisions:			
<b>Refuse restoration</b>			
Balance at beginning of financial year		1,125,088	1,224,755
Increase (decrease) in provision due to unwinding of discount		(46,091)	(99,667)
Balance at end of financial year		<u>1,078,997</u>	<u>1,125,088</u>
<p>The refuse restoration closing balance of \$1,078,997 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 \$3,461,990 and this site is expected to be closing in year 2067.</p>			
<b>Long service leave</b>			
Balance at beginning of financial year		548,038	524,004
Long service leave entitlement arising		179,799	133,771
Long Service entitlement paid		(153,669)	(109,738)
Balance at end of financial year		<u>574,168</u>	<u>548,038</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

		Council	
		2016	2015
14	Note	\$	\$
	<b>Asset revaluation surplus</b>		
	The closing balance of the asset revaluation surplus comprises the following asset categories:		
	Land	1,995,611	2,603,771
	Buildings	17,314,589	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	2,389,288
		<u>239,574,588</u>	<u>240,182,749</u>

During the year, Land revaluation reserve was reduced by \$608,160 due to a reduction in value of Land owned by council. The fair value assessment is done by an external consultant

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

**15 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 2016 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$183,900.

**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 yet to be determined and a deadline set for 30 June 2017 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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

As at 30 June 2016, 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%

**16 Superannuation**

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

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

The scheme has three elements referred to as:

The City Defined Benefit Fund (CDBF) which covers former members of the City Super Defined Benefit Fund;

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*.

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

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

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.

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Carpentaria Shire Council made less than 4% of the total contributions to the plan in the 2015-16 financial year.

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

	Council	
	2016	2015
Note	\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5	
	866,819	878,390

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

		Council	
		2016	2015
		\$	\$
17	<b>Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>		
	Net result	(557,469)	7,358,677
	Non-cash items:		
	Depreciation	6,370,743	6,103,743
		<u>6,370,743</u>	<u>6,103,743</u>
	Investing and development activities:		
	Net (profit)/loss on disposal of non-current assets	200,164	10,882
	Capital grants and contributions	(5,855,731)	(1,849,330)
		<u>(5,655,567)</u>	<u>(1,838,448)</u>
	Changes in operating assets and liabilities:		
	(Increase)/ decrease in receivables	3,615,046	13,207,048
	(Increase)/decrease in inventory	(59,515)	108,064
	Increase/(decrease) in payables	(2,930,035)	955,664
	Increase/(decrease) in liabilities	(20,203)	(59,477)
	Increase/(decrease) in other provisions	5,341	24,034
		<u>610,634</u>	<u>14,235,333</u>
	Net cash inflow from operating	<u><u>768,342</u></u>	<u><u>25,859,304</u></u>
18	<b>Events after the reporting period</b>		
	There have been no material adjusting events after the end of the reporting period.		
19	<b>Commitments for expenditure</b>		
	Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
	Civil Teknix Pty Ltd Causeway Contract 28/04/2015 to 31/12/2015	-	853,964
	Wren Construction Pty Ltd Karumba Swimming Pool, Normanton and Karumba Water Park Construction 04/03/2015 to 31/12/2015	-	637,193
	Bynoe C.A.C.S Parks and Gardens maintenance contract 01/01/2015 to 31/12/2016	173,241	173,241
	Koppen Development Pty Ltd Contract 15/09/2015 to 31/12/2016	1,263,281	-
	Keri Prandolini Karumba facilities cleaning contract 01/01/2015 to 31/06/2016	-	108,360
		<u>1,436,522</u>	<u>1,772,758</u>

**Carpentaria Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**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 2016**

**Management Certificate  
For the year ended 30 June 2016**

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.

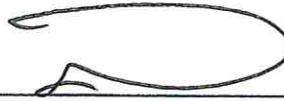
In accordance with section 212(5) of the Regulation we certify that:

- (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 34, 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: 24/10/16



Acting Chief Executive Officer  
Name: Oliver Pring

Date: 24/10/16

# Carpentaria Shire Council

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

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

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Carpentaria Shire Council

### Report on the Financial Report

I have audited the accompanying financial report of Carpentaria Shire Council, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Acting Chief Executive Officer.

#### *The Council's Responsibility 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 prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

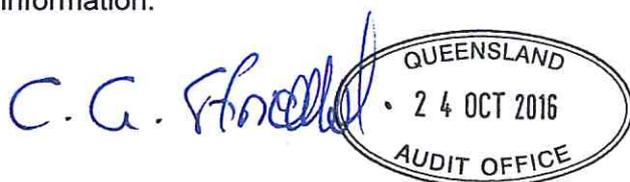
In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Carpentaria Shire Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

C. G. Strickland



C G STRICKLAND CA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane

**Carpentaria Shire Council  
Current-year Financial Sustainability Statement  
For the year ended 30 June 2016**

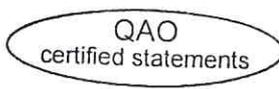
**Measures of Financial Sustainability**

Council's performance at 30 June 2016 against key financial ratios and targets:

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio			
Asset sustainability ratio			
Net financial liabilities ratio			
	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-13.1%	Between 0% and 15%
	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	121.0%	greater than 90%
	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-24.9%	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 2016.



**Carpentaria Shire Council**  
**Financial statements**  
**For the year ended 30 June 2015**

**Certificate of Accuracy**  
**For the year ended 30 June 2016**

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: 24, 10, 16



\_\_\_\_\_  
Acting Chief Executive Officer  
Name: Oliver Pring

Date: 24, 10, 16

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Carpentaria Shire Council

### Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Carpentaria Shire Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Acting Chief Executive Officer.

#### *The Council's Responsibility 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 Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Carpentaria Shire Council for the year ended 30 June 2016, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn 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.

### **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.


C G STRICKLAND CA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane

# Carpentaria Shire Council

Long Term Financial Sustainability Statement - Unaudited

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

**Carpentaria Shire Council  
Long-Term Financial Sustainability  
Prepared as at 30 June 2016**

Measures of Financial Sustainability	Measure	Target	Projected for the years ended									
			Actuals at 30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025

**Council**

Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 15%	-13.1%	1.2%	3.1%	4.4%	5.8%	7.0%	8.3%	9.6%	10.8%	12.1%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	121.0%	134%	103%	108%	114%	118%	123%	128%	133%	138%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-24.9%	-19%	-51%	-53%	-53%	-54%	-55%	-56%	-57%	-58%

**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.

**Carpentaria Shire Council  
Financial statements  
For the year ended 30 June 2016**

**Certificate of Accuracy  
For the long-term financial sustainability statement prepared as at 30 June 2016**

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: 24 / 10 / 16



Acting Chief Executive Officer

Name: Oliver Pring

Date: 24 / 10 / 16