

Flinders Shire Council Annual Report 2015-2016



Adopted 13th October 2016
Resolution Number 979

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OUR ANNUAL REPORT

This introductory session of the 2015/2016 Annual report outline information about the Flinders Shire Council and the Shire. It gives summary to our operational and financial performance for the 2015/2016 financial year.

The Annual Report details our performance during the financial year of 2015/2016 in meeting the strategic priorities outlines in our Corporate Plan 2014 – 2019 and our Long Term Financial Plan.

This information is relevant to the Flinders Shire residents, ratepayers, local businesses owners, potential investors, community groups, government agencies, funding bodies, current and potential staff.



VISION, MISSION, VALUES AND GUIDING PRINCIPLES

OUR VISION

Flinders Shire – a place of discovery, opportunity and lifestyle

OUR MISSION

To promote quality of life through leadership, attitude and respect

OUR VALUES

A Caring Philosophy
Pursuit of Excellence
Teamwork
Local Ownership
Communication
Leadership
Recognition

OUR GUIDING PRINCIPLES

At Flinders Shire we are committed to making decisions responsibly and sustainably acting with integrity, honesty and respect.

Our Environment – We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries.

Our Resources – We will encourage sustainable resource utilisation by providing support to businesses and their associated industries.

Our Community – We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community.

Our Economy – We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome.

Our Infrastructure – We will aim to continuously improve products, services and processes through sustainable management of Council's core assets.

Our Governance – We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents.



PERFORMANCE SUMMARY

We are reporting according to Flinders Shire Council's Corporate Plan 2014-2019, which focuses on 6 Guiding Principles. Our Corporate Plan identifies our Councillor's long term vision and priority areas over a five year period.

We deliver on our priorities by implementing our Annual Operational Plan, which includes key projects and measures that directly respond to the priority areas from the Corporate Plan.

We focus on developing meaningful performance measures in all areas and creating key performance indicators at the organisational level. This will continue over the coming years as we strive to continuously improve both our internal and external reporting processes and accountability.

A Performance against our 2015/2016 Operational Plan is measured against project milestones and targets set at the beginning of the financial year. The performance is reported to Council and the community on a quarterly basis.

Council produces a quarterly Operational Plan Performance Report, which provides a more detailed analysis of our performance and identifies progress on projects and performance against KPIs during the financial year.

Amendments were made to our Quarterly Performance Reporting format during the first quarter of the 2015/2016 year to enable more precise clarification of our performance results.

This was a necessary and positive change that has enabled the organisation to report performance in a more open and transparent way to both the elected Council and the Community.



OUR SHIRE

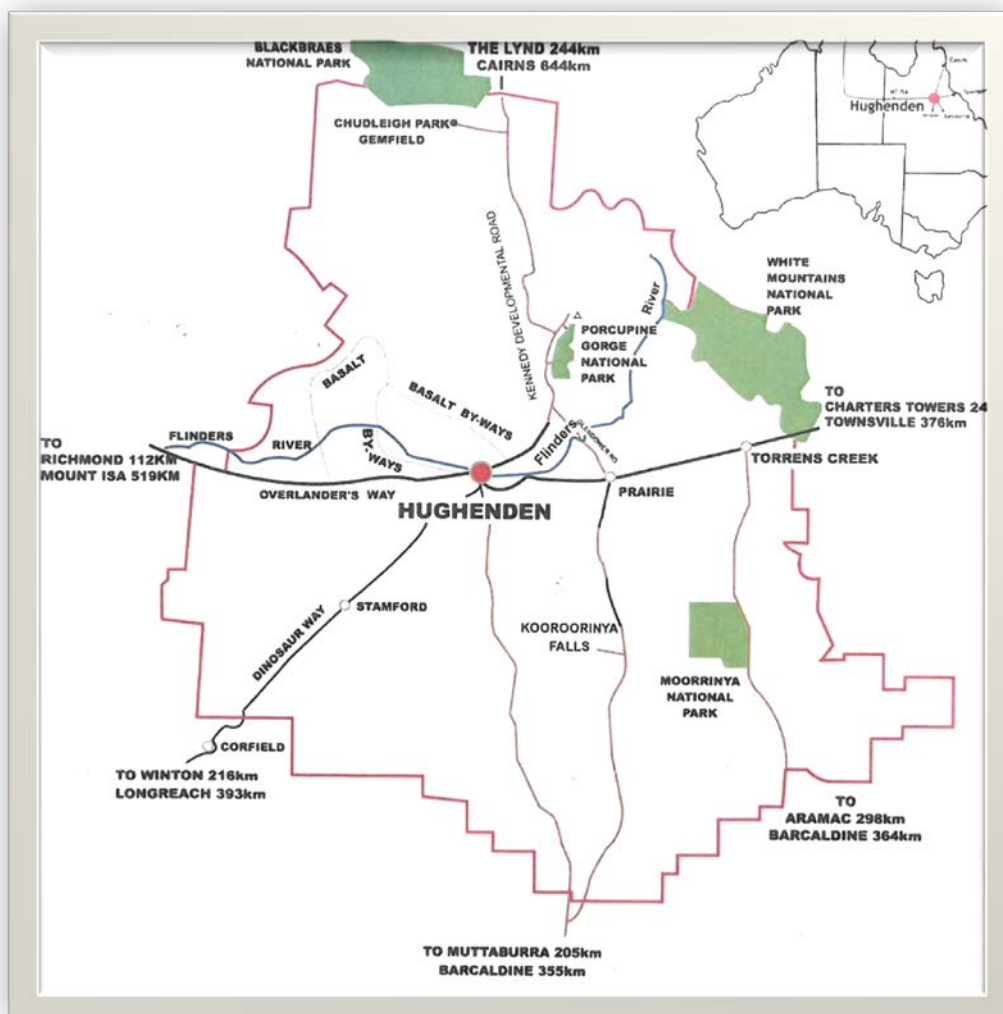
INTRODUCTION

The Flinders Shire is one of the larger rural shires in Queensland, encompassing Hughenden and the smaller communities of Prairie, Torrens Creek and Stamford. Hughenden being the main centre for the Shire was settled on the banks of the Flinders River, Queensland's longest river. Today, with an estimated population of 1,154 live in the Flinders Shire, which is predominantly a grazing area, was once known as a major rail centre in the outback. Hughenden is the hub of the West having 5 major roads that enter the township.

Located amongst mountainous volcanic basalt country, sweeping black soil plains and rich fossil and dinosaur areas, Hughenden boasts diverse picturesque landscape and sits above the great Artesian Basin relying on sub-artesian bores for its water supply.

The history of Hughenden is a colourful recital of the past, including many explorers and pioneers of the west. The Great Shearers Strike in 1891, the rise and fall of many hotels and businesses, flooding rivers and stories of pioneer's hardship in the outback are just some of the stories known to many locals.

In the Flinders Shire there are four National Parks and a Nature Reserve. Well known for its natural beauty Hughenden also has a much longer history dating back to the Dinosaur era. The outskirts of Hughenden hold many untold secrets from fossils of dinosaurs and marine reptiles.



DINOSAUR COUNTRY

Hughenden has been the site of some of Australia's most important dinosaur discoveries. More than 3000 fossil discoveries have been recovered from the country side around Hughenden, including bones of the giant plant eater, *Muttaburrasaurus*.

THE HISTORIC COOLABAH TREE

Situated on the banks of Station Creek near the Hughenden Showgrounds this splendid tree holds many stories of the bygone days of our explores who passed through this area long ago. Placed at the Historic Coolabah Tree are two monuments in remembrance of these explorers.



PORCUPINE GORGE NATIONAL PARK

This spectacular Gorge fondly known as Australia's "Little Grand Cannon" is situated 63km north of Hughenden on the Kennedy Development Road. The spectacular walls of the Gorge in some areas measure up to 120m high. The Gorge has a history of up to 500 million years including the many varieties of sedimentary rock formations and the basalt cap from the from the Mount Sturgeon volcanic areas from about 5 million years ago.



4WD BASALT BYWAYS

The basalt Byways are two 4WD tracks winding between the landscapes North of Hughenden. These tracks take you on a journey through some amazing country featuring rolling landscapes of basalt walls and deep valleys. Basalt Rock is typically the first lava to issue from a volcano, bringing us back to our Dinosaur days.

WHITE MOUNTAINS NATIONAL PARK

This spectacular national park is on the boundary of Flinders and the Dalrymple Shires. The complex gorge system is characterised by spectacular white sandstone formations. The pure white colouring of the sandstone, from which the name White Mountains was derived, makes it one of the mist scenic parks in Queensland.

PRAIRIE

The township of Prairie is situated on the Flinders Highway about 332km west of Townsville and 44km east of Hughenden with a population of approximately 50 residents. The name Prairie would seem to come from the “Prairie-like” setting. In the 1870's, Prairie was a main horse change centre for Cobb & Co Coaches.

The coach line came from Pentland and followed the Christison track to Hughenden. The Prairie Hotel is well worth a visit.

Just a short distance from Prairie is Kooroorinya, a Nature reserve that is open to the public. Kooroorinya offers camping grounds, hot showers and toilet facilities. Enjoy fishing, bushwalking and swimming in this natural billabong setting.



TORRENS CREEK

Torrens Creek is located 88km east of Hughenden and 166km west of Charters Towers. The town’s population is approximately 20. Torrens Creek has a long and interesting history. The creek, which rises in the Great Diving Range and runs southward to the Thomson River system eventually, reaches Lake Eyre. It was discovered in 1862 by explorer William Landsborough when on an expedition from Adelaide to the Gulf in search of Burke and Wills.

STAMFORD

Stamford is situated 61km south of Hughenden on the Kennedy Development Road to Winton, dubbed the “Dinosaur Way’. Named after the adjoining pastoral land “Stamford Ham”, Stamford was originally part of “Katandra Station”. Stamford is a town steeped in history and was once an overnight stop fro Cobb & Co Coaches travelling from Hughenden to Winton. The Stamford of today is a much more relaxed place coming alive once a year in July for the Annual Stamford Races.

STATISTICS

General

Land Area	41,422km ²
Population	1,154
Metres above sea level	324m
Rateable Valuation	\$265,605,150
Net Rate Revenue	\$3,483,000
Gross Actual Revenue	\$23,056,000
Gross Actual Expenditure	\$21,938,000

State Controlled Roads:

Sealed	541.63km
Gravelled	96.49km
Formed	123.18km
Total	761.30km

Shire Controlled Roads:

Sealed – Rural	84.60km
Sealed – Urban	35.49km
Gravelled – Urban	11.76km
Gravelled – Rural	285.0km
Formed	1575.15km
Total	1992.0km

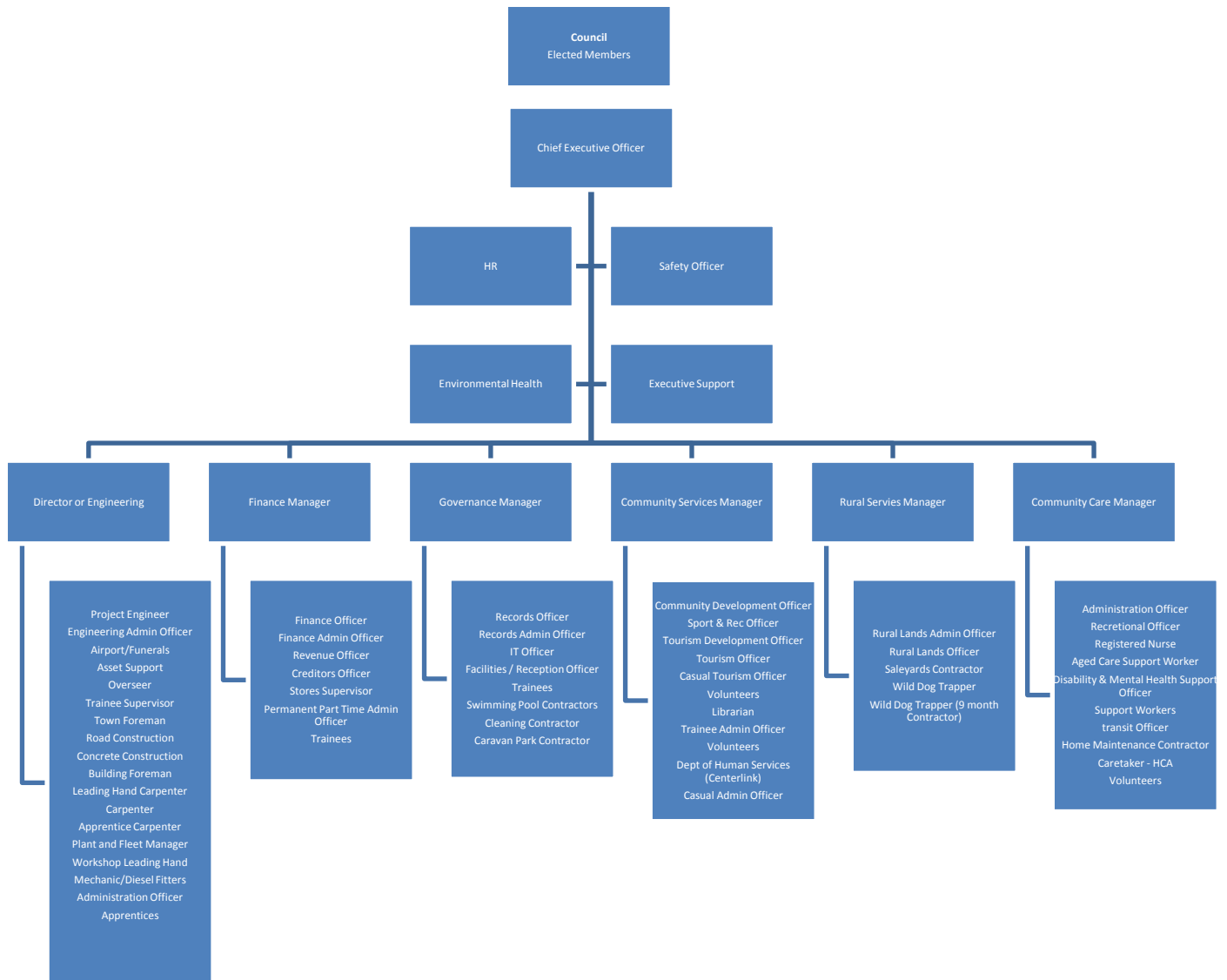


OUR COUNCIL

ORGANISATIONAL 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 one Director and 5 Line Managers as our leadership team, delivering services through the 10 streams of operations.



REMUNERATION PACKAGES – SENIOR EXECUTIVE STAFF

Remuneration levels for council executives take many factors into account, including work value and the complexity of the job. This ensures remuneration levels for executives are appropriate and that Council is well placed to retain and attract executives with skills necessary to help deliver value for money services to the community. In accordance with s201 of the Act, the total number of remuneration packages available to senior management during the period was:

Package Band	Number of Employees
\$100,000 to \$199,999	4
\$200,000 to \$299,999	0

ELECTED MEMBERS

Flinders Shire Council comprising of the Mayor and 6 councillors, is 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 future needs of the community.

Their role also includes other responsibilities such as providing high quality leadership to the community, participating in Council meetings, developing policy and making decisions that in the interests of the whole community. Elected members are bound by a Code of Conduct, with is their public commitment to open, accountability and ethical standards of behaviour.



ELECTED COUNCILLORS 2012-2016

<p>Cr Greg Jones Mayor</p>	<p>PORTFOLIOS</p> <ul style="list-style-type: none"> • Governance • Finance • Residential Facilities • Workshop – Plant and Equipment
<p>Cr Ninian Stewart-Moore Deputy Mayor</p>	<p>PORTFOLIOS</p> <ul style="list-style-type: none"> • Governance • Finance • Local and Regional Economic Development and Planning • Rural Roads and Town Streets – North and South West Sector • Rural Lands - Wild Dogs, Pests, Permits to Occupy and Leases • Saleyards
<p>Cr Sean O’Neill</p>	<p>PORTFOLIOS</p> <ul style="list-style-type: none"> • Governance • Finance • Tourism and Area Promotion • Sport, Recreation and Parks • Utilities – Water, Sewerage and Refuse • Cemeteries / Undertaker
<p>Cr Jane Charuba</p>	<p>PORTFOLIOS</p> <ul style="list-style-type: none"> • Governance • Finance • Sport, Recreation and Parks • Community Care and Aged Care
<p>Cr Arthur Bode</p>	<p>PORTFOLIOS</p> <ul style="list-style-type: none"> • Governance • Finance • Workshop – Plant and Equipment • Rural Roads and Town Streets – North East and South East
<p>Cr Barbara Geisler</p>	<p>PORTFOLIOS</p> <ul style="list-style-type: none"> • Governance • Finance • Tourism and Area Promotion • Arts and Culture • Community Care and Aged Care
<p>Cr Shane McCarthy</p>	<p>PORTFOLIOS</p> <ul style="list-style-type: none"> • Governance • Finance • Residential Facilities • Rural Roads and Town Streets - South • Rural Lands – Wild Dogs, Pests, Permits to Occupy and Leases • Small Towns - Stamford • Saleyards

NEWLY ELECTED COUNCILLORS 2016

<p>Cr Jane McNamara Mayor</p>	<p>Portfolios:</p> <ul style="list-style-type: none"> • Governance • Finance • Tourism and Regional Promotion • Rural Streets and Roads • Stamford • Community Care and Aged Care 	<ul style="list-style-type: none"> • Local and Regional Economic Development and Planning / Communication Systems • South West Sector Flinders Highway – Hughenden Muttaborra Road • Workshop – Plant and Equipment
<p>Cr Sean O'Neill Deputy Mayor</p>	<p>Portfolios:</p> <ul style="list-style-type: none"> • Governance • Finance • Audit • Tourism and Regional Promotion • Town Street • Residential / Council Owned Facilities 	<ul style="list-style-type: none"> • Sport Recreation and Parks • Saleyards • Community Care and Aged Care • Community Relations • Arts and Culture • Environmental Health / Nuisance Control
<p>Cr Graham Sealy</p>	<p>Portfolios:</p> <ul style="list-style-type: none"> • Governance • Finance • Audit • Prairie • Rural Streets and Roads • Workshop – Plant and Equipment • North and South Sector Prairie – Hughenden Muttaborra Road across to Prairie Muttaborra Road 	<ul style="list-style-type: none"> • Residential / Council Owned Facilities • Rural Lands – Wild Dogs, Pests Permits to Occupy and Leases • Utilities – Water, Sewerage and Refuse • Local and Regional Economic Development and Planning / Communication Systems
<p>Cr Kelly Carter</p>	<p>Portfolios:</p> <ul style="list-style-type: none"> • Governance • Finance • Town Streets • Local and Regional Economic Development and Planning / Communication Systems 	<ul style="list-style-type: none"> • Sport Recreation and Parks • Community Care and Aged Care • Community Relations • Youth Relations / Education • Arts and Culture
<p>Cr Kate Downie</p>	<p>Portfolios:</p> <ul style="list-style-type: none"> • Governance • Finance • Tourism and Regional Promotion • Town Streets • Community Relations 	<ul style="list-style-type: none"> • Residential / Council Owned Facilities • Community Relations • Youth Relations / Education • Arts and Culture • Environmental Health / Nuisance Control
<p>Cr Arthur Bode</p>	<p>Portfolios:</p> <ul style="list-style-type: none"> • Governance • Finance • Torrens Creek • Saleyards • Rural Street and Roads • North and South of Torrens Creek – Torrens Creek to Aramac Road across to Prairie to Muttaborra 	<ul style="list-style-type: none"> • Workshop – Plant and Equipment • Rural Lands – Wild Dogs, Pests, Permits to Occupy and Leases • Utilities – Water, Sewerage and Refuse • Cemeteries / Undertaker • Environmental Health / Nuisance Control
<p>Cr Kim Middleton</p>	<p>Portfolios:</p> <ul style="list-style-type: none"> • Governance • Finance • Rural Streets and Roads • North and North West Sector from Hughenden – Hann Highway – Basalt Byways • Workshop Plant and Equipment 	<ul style="list-style-type: none"> • Sport Recreation and Parks • Rural Lands – Wild Dogs, Pests, Permit to Occupy and Leases • Saleyards (Chair) • Youth Relations / Education • Utilities – Water, Sewerage and Refuse

COUNCILLOR REMUNERATION

In accordance with s186 of the Local Government Regulation 2012 (Regulation) Annual Reports for a financial year must contain particulars of the total remuneration, including superannuation contributions, paid to each Councillor during the financial year as well as expenses incurred by, and the facilities provided to, each Councillor during the financial year under the Council Expense Reimbursement Policy.

In accordance with the recommendation of the Local Government Remuneration and Discipline Tribunal, for the period 1 January 2015 to 31 December 2015 unless otherwise resolved, Council authorise the payment of remuneration to a Councillor of the Flinders Shire Council, for carrying out the duties of the office as undermentioned at the rate of remuneration as detailed in the Remuneration Schedule for the Category of Local Government to which Flinders Shire Council belongs:

Remuneration fees are 01/07/15 to 31/03/16:

Current remuneration fees are 01/04/16 to

30/06/16:

Mayor	\$73,262	Mayor	\$24,420
Deputy Mayor	\$42,266	Deputy Mayor	\$14,088
Councillor	\$36,631	Councillor	\$12,210

There is no superannuation paid to Councillors.

DETAILS FOR COUNCILLORS 01 JULY 2015 – 31 MARCH 2016

COUNCILLOR	COUNCIL MEETINGS ATTENDED	OTHER MEETINGS ATTENDED	EXPENSES AND FACILITIES	ALLOWANCE \$	TRAVEL \$	TOTAL \$
MAYOR Cr. G J Jones	9	99	\$11,214	\$73,262		\$84,476
DEPUTY MAYOR Cr. D N Stewart-Moore	9	30	\$9,145	\$42,266	\$1,782	\$53,193
Cr. S M O'Neill	9	70	\$8,262	\$36,631		\$44,893
Cr. A W Bode	9	37	\$11,937	\$36,631	\$2,925	\$51,493
Cr. J G Charuba	9	71	\$2,897	\$36,631		\$36,528
Cr. B L Geisler	8	89	\$3,148	\$36,631		\$39,779
Cr. S T McCarthy	8	113	\$9,406	\$36,631	\$5,550	\$51,587
TOTAL	61	509	\$56,009	\$298,683	\$10,257	\$361,949

DETAILS FOR COUNCILLORS EFFECTIVE FROM 01 APRIL 2016 to 30 JUNE 2016

COUNCILLOR	COUNCIL MEETINGS ATTENDED	OTHER MEETINGS ATTENDED	EXPENSES AND FACILITIES	ALLOWANCE \$	TRAVEL \$	TOTAL \$
MAYOR Cr J McNamara	3	67	\$2,893	\$24,420		\$27,313
Deputy Mayor Cr Sean O'Neill	3	36	\$1,471	\$14,088		\$15,559
Cr Graham Sealy	3	36	\$4,327	\$12,210		\$16,537
Cr Bill Bode	2	22	\$4,047	\$12,210	\$750	\$17,007
Cr Clancy Middleton	3	31	\$2,291	\$12,210		\$14,501
Cr Kelly Carter	3	34	\$2,260	\$12,210		\$14,470
Cr Kate Downie	3	33	\$4,082	\$12,210		\$16,292
TOTAL	20	259	\$21,371	\$99,558	\$750	\$121,679

EXPENSES REIMBURSEMENT POLICY FOR COUNCILLORS

Council adopted a revised Expenses Reimbursement Policy for Councillors in April 2016 in accordance with s249-252 of the *Local Government Regulation 2012*. This policy outlines what is to be provided to the Mayor and Councillors with reimbursement of legitimate expenses incurred, or to be incurred, and the facilities necessary while carrying out civic duties as elected representatives of the Shire.

- Conferences and seminars, including travel and accommodation
- Civic related expenses
- Daily meals and refreshments
- Facilities – office support and equipment

Details of the facilities provided to Councillors are contained in the Councillor Reimbursement of Expenses and Provision of Facilities Policy – available on Council's Website. See Appendix B

COMPLAINTS ABOUT COUNCILLORS

In accordance with the requirements of s186(d), (e) and (f) of the regulation, there were no breaches or complaints to report during 2015-2016.

Legislation	Reference	Number of Complaints
LGR 2012: S186 – Councillors (d) (i)	Orders and recommendations made under S180(2) or (4); and	Nil
LGR 2012: S186 – Councillors (d) (ii)	Orders made under S181; and	Nil
LGR 2012: S186 – Councillors (e) (i)	The name of each councillor for whom an order or recommendation was made under S180 of the Act or an order was made under S181 of the Act;	Nil
LGR 2012: S186 – Councillors (e) (ii)	A description of the misconduct or inappropriate conduct engaged in by each of the councillors;	Nil
LGR 2012: S186 – Councillors (e) (iii)	A summary of the order or recommendation made for each councillor;	Nil
LGR 2012: S186 – Councillors (f) (i)	Complaints about the conduct or performance of councillors for which no further action was taken under S176C(2) of the Act;	Nil
LGR 2012: S186 – Councillors (f)(ii)	Complaints referred to the departments by the Chief Executive Officer under S176c(3)(a)(i) of the Act;	Nil
LGR 2012: S186 – Councillors (f)(iii)	Complaints referred to the Mayor under S176C(3)(a) of the Act; (ii) or (b)(i) of the Act	Nil
LGR 2012: S186 – Councillors (f)(iv)	Complaints referred to the department's Chief Executive under S176C(4)(a) of the Act;	Nil
LGR 2012: S186 – Councillors (f)(v)	Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the Crime and Corruption Act;	Nil
LGR 2012: S186 – Councillors (f)(vi)	Complaints heard by a regional conduct review panel;	Nil
LGR 2012: S186 – Councillors (f)(vii)	Complaints heard by the tribunal;	Nil
LGR 2012: S186 – Councillors (f)(viii)	Complaints to which S176C(6) of the Act applied;	Nil

AUDIT COMMITTEE, INTERNAL AUDIT, RISK MANAGEMENT AND BUSINESS CONTINUITY PLANNING

AUDIT COMMITTEE

Our 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 QAO audit and resolution of those matters;
- The draft financial statements before adoption by Council;
- The financial implications of the Council's financial position;
- The trend indicated in the Financial Sustainability Statement;
- The Council's annual report before adoption by Council;
- Implications of the budget on the long term financial sustainability of the Council;
- The process for 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.

The audit committee meets at least twice per year. The timing of the meetings has been aligned with the completion of the financial statements and the completion of the annual report. Additional meetings will be arranged as required. The Finance Manager arranges the meeting notice and agenda.

INTERNAL AUDIT

In the past 12 months, internal audits has reviewed, provided assurances and recommended control and efficiency improvements across our diverse operations in areas including some of the following risk associated areas:

Risk Area	Audit Recommendation
Management Reporting (Medium)	<ul style="list-style-type: none"> • Integrate and link the ongoing periodical internal performance reports (e.g. monthly Briefings, Quarterly Reports) with the Annual Report and the Corporate Plan using the same set of performance indicators and targets • Review the continued relevance and usefulness of the performance outcomes, performance objectives and strategies as well as the performance indicators and targets on an annual basis to reflect changing context and requirements
Fraud Control Risk (Medium)	<ul style="list-style-type: none"> • Audit Committee to take lead in overseeing the finalisation and implementation of the draft fraud control policy and plan • Management to implement the redrafted procurement policy and guidelines • Management to consider fraud awareness training for all managers and staff involved in procurement activities • Management to implement regular (at least annually) fraud risk identification process
Procurement (Medium)	<ul style="list-style-type: none"> • Procurement policy be maintained as a separate document to the procurement procedures • Procurement policy be enhanced with sections considering:- • Risk management and incorporating such principles into the procurement process • Identification of key internal controls and the responsibility of all purchasing officers to maintain such controls • Procurement planning as a direct step in each procurement • Ownership of the procurement process be assigned to a manager and documented in the procurement policy • How to assess value for money including making provisions for the fair consideration of sustainable local industry principles • Procurement manual be developed and available to all staff which incorporates the detailed procurement procedures, workflow diagrams, forms and checklists, approved lists (e.g. preferred suppliers), FAQ's and worked examples

<p>Procurement (Major)</p>	<ul style="list-style-type: none"> • That Council considers how its wishes officers to implement its risk management practices within the procurement process and update it's procurement procedures, checklists and templates accordingly • Recommend a post implementation review of the Authority system be conducted with a particular emphasis on the procurement process. • Recommend that the procurement process be documented and communicated to all staff through distribution of the updated policy and a procurement manual, with specific training on the requirements of the policy identified for those staff actively engaged in the procurement process. • Recommend that all documentation pertaining to each purchase should be retained on file to create a transparent audit trail of the purchasing decision.
<p>Grant Administration (Medium)</p>	<ul style="list-style-type: none"> • Develop and implement a formal Grants Administration Policy • Implement a formal risk assessment process at the planning stages of the grants • Implement a formal project selection criteria linked to council's key performance areas articulated in the corporate plan • Develop and implement performance criteria and targets at the planning stage and monitor projects • Implement a formal evaluation process of the value for money arising out of selected grants projects/programs
<p>Plant Hire Financials (Medium)</p>	<ul style="list-style-type: none"> • Arrange for a thorough review of the existing plant hire rates • Establish a monitoring process for plant hire rates to keep these updated and relevant • Develop and implement a robust pricing model related to plant hire for external contracts • Redesign the Plant Financial Performance Report to reflect a more realistic and accurate information • Develop awareness, appreciation and understanding of the information presented to the recipients of the report
<p>Recruitment Practices (Medium)</p>	<ul style="list-style-type: none"> • Develop and implement a formal recruitment policy and document a set of procedures to guide managers and supervisors and to ensure that the process meets current legislative requirements and better practice principles • Provide managers and supervisors with awareness training on the requirements of an appropriate recruitment and selection process • Consider segregating the payroll function from the HR function and place payroll either under finance or governance functional areas • Undertake workforce planning to plan the human resource requirements that aligns with the Council's strategic plans and objectives.

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 December 2015 an Enterprise Risk Management Policy, Enterprise Risk Management Framework and Guidelines was adopted by Council. A Corporate Risk Register has been developed containing 13 strategic risks. An Operational Risk Register has been developed containing:

- Asset Management – 4 Operational Risks
- Engineering Civil Works – 4 Operational Risks
- Civil Works – 8 Operational Risks
- NDRAA – 3 Operational Risks
- HR – 7 Operational Risks
- Water & Sewerage – 6 Operational Risks
- Parks & Gardens – 10 Operational Risks
- WH&S – 4 Operational Risks
- Community Services – 6 Operational Risks
- IT – 4 Operational Risks
- Finance – 5 Operational Risks
- Governance – 6 Operational Risks

BUSINESS CONTINUITY PLANNING

It was identified in the Audit Register that the Business Continuity Plan is updated as soon as possible. The BCP has been reviewed internally and found to be very out of date and not consistent with the Enterprise Risk Management Framework. The key to business continuity planning is to ensure that a sufficiently robust framework is developed, whilst still allowing for flexibility in responses that reflect the uncertain nature of interruption events.

Council has engaged (April 2016) an external consultant and is currently in Phase 1:

- 1.1 Establishing BCM Policy and Commitment – Project Plan and Policy
- 1.2 Understanding Flinders Shire Councils vulnerabilities and risks – Identify key risk functions

This project is planned to be finalised by December 2016.

PERFORMANCE REPORTING

This section explains how we manage our reporting within the organisation and introduces the directorate and the 6 Guiding Principles that we provide for the community. It outlines our performance in delivery key projects for the community and meeting our KPIs as per our 2015/2016 Operational Plan

FRAMEWORKS

Our Strategic planning and performance management framework sets of the context for our reporting requirements and comprises:

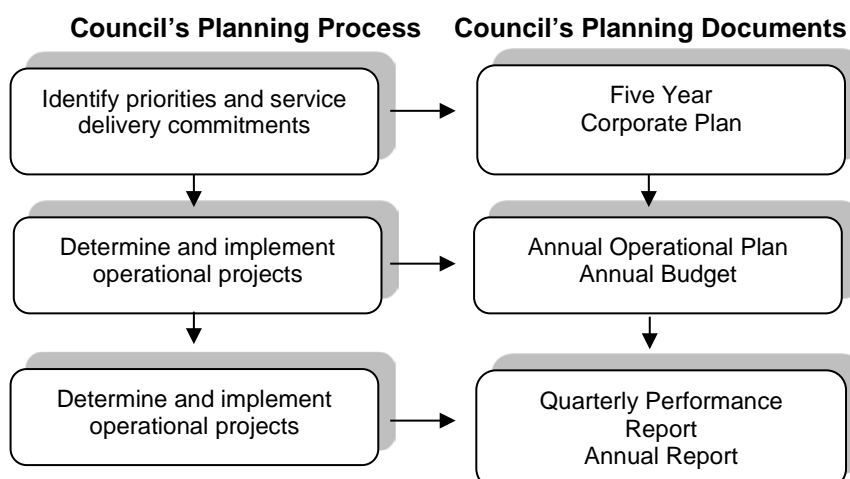
- Linked Planning Documents
- Process of explaining how these documents are developed and reviewed
- Explanation of the focus for each document
- Explanation of how each document influences others

It integrates the performance management process so progress against our plans is measured, tracked and reported to the right audiences and at the right times. It is an important part of delivering effective corporate governance through open and transparent practices. This ensures we exceed the standards of good governance as set in the national frameworks for financial sustainability, asset management, financial planning and reporting.

Implementation

Strategic Planning ensures that our council remains sustainable for current and future generations and that all key stakeholders are aware of, and have a say in its development.

The Corporate Plan 2014-2019, which came into effect from 1st July 2014, is the council's key strategic plan as it translates the needs and expectation of our community into priorities. The plan identifies our long term Shire vision and priorities for the organisation over a five year period. Significant community consultation played a key part in development of the Corporate Plan. The diagram below represents the strategic planning framework used by Council and illustrates where the Corporate Plan fits within the framework.



Operational Plan and Budget

We identify our work commitments every year through an Operational Plan, which includes key projects and key performance indicators that respond directly to the priorities of the Corporate Plan. The annual budget is then developed based on the agreed priority areas.

The Operational Plan then becomes an accountability document that reports progress on important projects and performance against KPIs throughout the financial year (on a quarterly basis) to Council and the Community. It is important that we remain accountable for delivery key projects and meeting KPIs, as per our Operating Plan, and this will remain a key focus over the coming years.

Strategic Review

The Annual Strategic review process involves Councillors and the Executive Managers to assess the current situation and determine a position to moving forward in line with our strategic objectives. By completing this exercise on an annual basis, we are able to adapt to changes by internal and external influences in a timely manner.

The annual strategic review process consists of three phases:

- Review the previous years performance
- Identify the emerging issues
- Setting organisational priorities

This approach to strategic review approach was introduced in 2015/2016 and has been incorporated into the annual planning cycle for Managers. This assists in the Operational Planning and budget development.

Asset Management

Council's Assessment Management service delivery is coordinated by the Director of Engineering. This team is responsible for reviewing the strategy and various plans on an ongoing basis. It also provides effective communication between elected members, staff and the executive management team to promote and raise awareness of asset management principles.

Council has continued to improve the approach to assets management planning for all asset classes. Assets Management Plans provide a critical link between the Corporate Plan, strategic documents, Long Term Financial Plan and the Local Government Infrastructure Plan. The strategy guides the management of various assets under Council's control, and takes a whole of life cycle approach to ensure all assets are well managed throughout their life from creation to disposal.



OUR ENVIRONMENT

We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries.

PROTECTION OF THE GREAT ARTESIAN BASIN

Report monthly to Council and the Community on progress with the Bore Capping Scheme

The Great Artesian Basin provides vital, reliable water supplies for stock, domestic, town water, industrial and mining purposes. Responsible and productive management of the basin is being achieved through a combination of water resource planning and continued investment in capping and piping programs.

Great Artesian Basin Sustainability Initiative (GABSI) is a joint program between Australian, New South Wales, Queensland, South Australia and Northern Territory governments that provides strategic government investments in groundwater infrastructure to repair uncontrolled bores and replace bore drains with pipelines reticulation systems to ensure the long term sustainability of The Great Artesian Basin.

To date under the GABSI and its predecessor programs, over 200,000 megalitres per annum of flow has been saved in Queensland through the rehabilitation of 686 uncontrolled bores and the replacement of 14,090 kilometres of bore drains with pipes and troughs.

In Queensland, there remain approximately 215 bores to be rehabilitated, and approximately 5500 kilometres of associated bore drains to be replaced with piping.

Cr Bill Bode is a long standing member of the Great Artesian Basin Advisory Council (GABAC) and is a strong advocate for this region.



Indicator – Quarterly reports to Council
Measure – Delivery of reports
Target – 4 Reports PA
Result – 100% Reached - 4 Verbal reports have been presented to Council throughout the year

FLINDERS SHIRE IS RECOGNISED AS A RENEWABLE ENERGY HUB

Report to council and the Community on the installation of new renewable energy sources within the Council area

Hughenden is almost unique in that it enjoys one of the best wind resources in Australia, co-located with one of the best solar resources. Furthermore, they are highly consistent and complementary; when the sun sets the wind ramps up and continues through to the morning after the sun rises. It is this unique characteristic that will allow Kennedy to provide a near base load generation profile.

Kennedy Energy Park has been designed to demonstrate how quality wind and solar resources of comparable size can be combined with grid scale storage to address the challenges of intermittency that are otherwise emphasised when there is any particular dominant renewable energy generation source.



Windlab Systems Pty Ltd – Kennedy Energy Park Phase 1 is currently with the State Assessment Referral Agency.

Overland Sun Farming Company has a proposal for the construction of a solar energy generation facility. This project proposes to utilise approximately 35 hectares of freehold “Industry Zones” land on the south west side of Hughenden to host a ground mounted solar photovoltaic power plant and associated electrical and operational infrastructure.

Indicator – Quarterly reports to Council
Measure – Delivery of reports
Target – 4 Reports PA
Result – 100% Reached - Monthly reports presented to Council

We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries.

BEST PRACTICE WASTE MANAGEMENT AND RECYCLING

Source Funding where possible for approved recycling activities.

Council received funding for the purchase of an Eco-crusher recycling bin this year through Keep Australia Beautiful Beverage Grant. The bin is currently located at the landfill and is used for crushing cans.



Indicator – Number of funding sources Identified
Measure – Delivery of reports
Target – As Identified
Result – 100% Reached – 1 funding source was available for Council

ECOLOGICAL SYSTEMS ARE PROTECTED –

Establishment of effective education on identification and perseveration of identified Eco systems

Roads crews undertake Environmental and Cultural Heritage Inductions and training prior to each job.

Indicator – Cultural Heritage Training
Measure – Staff Trained
Target – 100%
Result – 100% Reached -

Include the development of Nature Based Tourism in the Shire

Tourism Development Plan is to be updated with 5 Catalysr projects identified

Indicator – Implementation of the Tourism development Plan
Measure – % of Implementation of nature based tourism initiatives
Target – 100%
Result – 0% Reached

ONGOING CONTROL OF INVASIVE PEST ANIMALS AND PLANTS

Establish relations with relevant Government agencies and advocate for support for Pest Management aims

Flinders Shire Council has 41,422sq kms of land and 202 Rural Properties in its boundaries. Council is proactive in its approach to Pest Managements and has implemented strategies and programs to address these issues, to minimise their negative impacts.

Indicator – Plan Outcomes delivered
Measure – % of Plan targets achieved
Target – 90%
Result – 100% Complete – Case Study report from DAFF – War on Western Weeds

Implement Council Pest Management Plan as per Legislation

The Flinders Shire Pest Management Plan is currently under review with the new Biosecurity Act that comes into effect 1st July 2016.

Indicator – Plan Completed
Measure – Adopted
Target – 100%
Result – 0%

Effective Management of Pests in line with Budgetary Constraints

The Good Neighbour Program (GNP) is a concept that was developed to address Pests. It is currently in the implementation stage, however, over time will become an industry standard to minimise the impacts of pests in the shire. Funding has now been secured in co-operation with Flinders, McKinlay and Desert Channels Queensland (DCQ) through State Drought Funding, to allow the supply of herbicide for participating properties to establish GNP buffer zones around their properties.

Indicator – Plan Outcomes delivered
Measure – % of Plan Targets
Target – 90%
Result – 23.3% of Rural Properties have signed up for GNP.



We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries.

SUSTAINABLE DEVELOPMENT

Commence Review of Planning Scheme

Flinders Shire Council existing Town Plan was adopted in 2005. The Sustainability Planning Act requires that local governments review their planning scheme every 10 years, and that the Scheme reflects the Queensland Planning Provisions (the QPP) when the review is due.



A budget of \$110,000 was provided for in 2015/2016. With a number of stages until Submission of completed Planning Scheme to Council for approval to commence (Planned September 2016), the Council's Planner has submitted Council's Comments to the State Interest Review.

Indicator – Commence Review
Measure – review Implementation
Target – 100%
Result – 100% Reached – review commenced and implemented

FLINDERS SHIRE IS A COMMUNITY WITH STRONG ENVIRONMENTAL VALUES

Attend Health Expos, advice public of notifiable diseases and precautionary measures and vaccines available

Flinders Shire Environmental Health Department has ensured the Community is keep up to date on emerging health issues



Indicator – Newsletters
Measure – Number
Target – 10 PA
Result – 100% Reached – Information distributed through weekly local newsletter

Report to Council Landfill Usage – Type of Waste

Amount of Residential Kerbside Waste Collected

- Approx. 1146.12 Tonnes

Amount of Construction and Demolition waste received

- Approx. 5.59 Tonnes

Amount of Batteries Recycled

- Approx. 8.18 Tonnes

Amount of Aluminium Cans Recycled

- Approx. 0.13 Tonnes

Amount of Ferrous Metal Recycled

- Approx. 0.19 Tonnes

Amount of Non Ferrous Metal Recycled

- Approx., 2.47 Tonnes

Amount of Mineral Oil Recycled

- Approx. 9 tonnes

Indicator – Type of Waste Disposed
Measure – Recording of Waste Type
Target – Completed report on waste type for year
Result – 100% Complete



Report to Council Landfill Usage – Traffic Flow

Indicator – Traffic flow through refuse Tip
Measure – Traffic Numbers
Target – 1,200 PA
Result – 8,400 PA



OUR RESOURCES

We will encourage sustainable resource utilisation by providing support to businesses and their associated industries

A SUSTAINABLE IRRIGATION INDUSTRY HAS BEEN DEVELOPED

Maintain relations with relevant Government Agencies and Irrigation Industry Bodies and document opportunities for the Shire

The vision of the FRAP group is about diversified agriculture and sustainable utilisation of the water resource available in the Flinders River to improve on the existing economic sustainability of the region.

The total annual budget for FRAP is \$20,000 and is shared between Flinders & McKinlay. The Flinders and Gilbert Agricultural Resource Assessment Report by CSIRO have now been completed. The Report identified that each catchment offers the possibility of irrigation developments approaching (Flinders) or exceeding (Gilbert) the scale of the current Ord River Irrigation Area.

The Department of Natural Resources and Mines has undertaken a review of the Gulf Resource (Gulf) Plan 2007 and the Gulf Resources Operations Plan 2007.

DNRM has advised that assessments have been completed for the significant number of tenders received and the Assessment is preparing correspondence seeking clarification on a wide range of issues for all conforming tenders. This part of the process has taken much longer than anticipated because of the number of tenders and the complex nature of some individual projects.

Indicator – Quantity of Surface Water Allocated
Measure –ML
Target – 120,000ml
Result – Allocated Surface Water Data unavailable Flinders Catchment:
Indigenous unallocated water 8,500ML
Water for State Purposes 17,850ML
Total volumes for general unallocated water 239,650ML



LOCAL AND REGIONAL WATER SUPPLIES ARE SECURE FOR DOMESTIC, COMMERCIAL, INDUSTRIAL AND AGRICULTURAL PURPOSES

Maintain relations with relevant Government Agencies and Irrigation Industry bodies and document off stream water storage opportunities in the Shire.

Flinders Shire completed an initial study titled ‘Flinders River Water Resources and Irrigation Project – Hughenden Section’ by SMEC and Peter Chapman in December 2014. .

The Minister for Agriculture and Fisheries, has advised that an officer has been appointed to work with landholders and industry in the Flinders and Gilbert catchments to support new irrigated cropping industries. The Minister has stated that this is part of a \$500,000 investment by the State Government. Work started in April 2016 and contact has been made to organise a visit to the Shire to discuss Council’s proposal.

Indicator – Number of off-river storages
Measure –Numbers
Target – >1
Result –0

Develop and implement a draft water supply demand management strategy for review by Council

Indicator – Town Water Supplies
Measure –>80%
Target – % of allocation utilised
Result – Currently utilising 50% to 60% of water allocation

BEST PRACTICE LAND MANAGEMENT

Review and renew Council Stock Routes Management plan as per Legislation

Indicator – Plan Development
Measure – Progress with Plan
Target – Complete
Result – 0% Review has been forwarded to 2016/2017

Manage Stock Routes Water facilities and commence the Water Agreement Process

Indicator – Permit with Number of Cattle
Measure – Number of Cattle
Target – Compliance with Permit
Result – 0% Review has been forwarded to 2016/2017 due to existing drought conditions

OUR COMMUNITY

We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community

ESTABLISHMENT OF A RECREATIONAL LAKE

Monitor and progress Recreational Lake Development

Council-appointed consulting Engineers UDP to complete a preliminary design in the area of Station Creek and reported on feasibility issues.

The Lake design will take account of the existing contours in the area and will include substantial excavation. The project will be undertaken and supervised by Council staff, and is subject to funding. (Approx. \$7.5 Million Project)

Council’s Manager of Community Services has finalised the grant application and it has been submitted to the National Stronger Regions Fund. Council has recommitted to funding its proportion of the total project costs as discussed.

Indicator – Application Preparedness
Measure – Progress with Application Preparation
Target – Complete
Result – 100% - Design and Costing Completed
Cost Benefit Analysis – Completed
National Stronger Regions Grant Funding – Application Submitted

AGED FACILITIES AND SERVICES TO MEET THE COMMUNITY NEEDS

Deliver services to eligible clients as prescribed by the funding bodies

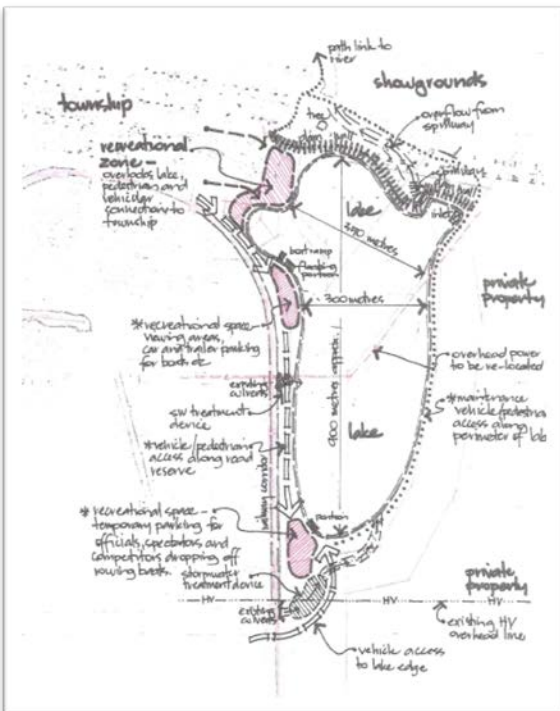


The Flinders Shire Council Community Care Program aims to assist the frail and aged, people with a disability and their carers, and people living with a mental illness who need support services to live independently in the community. Our services help prevent premature admission to nursing homes or other long term residential care facilities. Flinders Shire Council Community Care offers the following Programs:

- CHSP (Commonwealth Home Support Program)
- QCCS (Queensland Community Care Services)
- HCP (Home Care Packages, Levels 1, 2, 3 &4)
- VHC (Veterans Home Care)
- MOW (Meals on Wheels)
- DS (Disability Services)

Our organisation provides services to the entire Flinders Shire district as well as some services to the Richmond Shire. We believe our clients have the right to be involved in the planning of their services.

Indicator – Accreditation Compliance
Measure – Level of Compliance
Target – Maintain Accreditation
Result – 100% - Accreditation Compliance Maintained



We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community

Manage Aged Persons Accommodation Facilities

The Hughenden Centre for the Aged, is an independent living accommodation facility, consisting of 12 individual semi self contained units, a separate two bedroom caretaker cottage, communal dining room, a recreational hall with state of the art audio visual technology, an industrial kitchen and beautifully landscaped gardens.

The units are designed to cater for residents requiring the next level of care, where they are no longer fully able to look after a large home or garden. They provide a friendly, peaceful and secure environment where freedom and privacy can be enjoyed.



Indicator – Budget Performance
Measure – Budget
Target – Within 10%
Result – Facilities are monitored. Keeping within 10% of Budget

A VIBRANT ACTIVE COMMUNITY

Assist and Support Community Groups in running Community Events

Council receives a range of requests for financial support and assistance from community organisations and individuals to assist with the development of events, sports, arts, heritage, recreation or other community activities within the Shire. A policy has been developed to provide a structure for making donations and sponsorships funds available to community organisations, which is open, transparent, legal, equitable, and furthers the aims and objectives of the Council and to ensure that funds, gifts and concessions to community organisations are provided in an equitable and accountable manner and produce the benefits towards which they are aimed.



Indicator – Sponsorship, Donations and Grants for Community Events
Measure – Number of Events
Target – Support 25
Result – 100% Reached – 16 Sponsorship \$38,680.40
12 Donations \$4,011.65
5 Community Grants \$38,680.40

We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community

VISUALLY APPEALING AND WELL PRESENTED TOWNS

Develop Open Spaces Master Plan

In 2002 council engaged a landscape Architect to prepare an Open Spaces Master Planning Report for the whole of the Shire. The report covers the preparation of park/landscape plans for the five open spaces in the Flinders Shire. These parks include

- Discovery Park
- Brodie Street Park
- Robert Gray Park
- Skate Park
- Riverbank Parks – Eco walks and Riverbanks



Indicator – Development of Plan
Measure – % of Plan Development
Target – 100%
Result – 96% Completed
Discovery Park – 100% completed
Brodie Street Park – 80% completed
Robert Gray Park – 100%
Skate Park – 100%
Eco Walks – 100%
Riverbanks – 100%

FULL RANGE OF EDUCATIONAL OPPORTUNITIES TO MEET THE NEEDS OF THE COMMUNITY

Allocate funding for scholarships, traineeships and apprenticeships in line with Council Policy and Operational Activities

Council has continued to create opportunities for students studying and school leavers to gain employment at Flinders Shire. Torgas has built a very strong partnership with Flinders Shire Council to provide quality employment opportunities for apprenticeships and traineeships.

On an annual basis, Council will provide a \$5,000 per annum Scholarship for the duration of the successful applicant's full-time studies towards a Bachelor degree in Environmental Health, Civil Engineering or Accounting (or another approved course). Council is targeting these particular courses as employees in these fields are in short supply throughout Local Government in Queensland and it is hoped that Council's Scholarship will assist in retaining qualified professionals in these fields, particularly in regional areas.

Indicator – Continued training opportunities throughout the Shire
Measure – Number of positions
Target – 10 PA
Result – 100% Reached
Apprentices – 8
Trainees – 3
Scholarships - 1



We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community

A SAFE AND PREPARED COMMUNITY

Ongoing review, update and Test Disaster Management Plan as required.

Under the Get Ready Day Grant, this program has allowed Council to provide assistance towards undertaking community resilience-building activities.

A Multi Agency Community Expo – Get Ready Qld was held on Sunday the 18th October in the Robert Gray Park. There was a water slide for the children as well as a free BBQ for all participants. Representatives from QFES, QAS, SES and QPS joined Council for the day.



*Indicator – Continuous review
Measure – compliance with review recommendations
Target – 100%
Result – 100% LDGM reviewed DMP in December 2015*

Develop and implement strategies to support emergency service volunteers

*Indicator – Strategy development and implementation
Measure – Progress with implementation Strategy
Target – Adopt and Implement
Result – 45% Logistical assistance is provided to SES through LDGM*

COMMUNITY FACILITIES THAT MEETS THE NEEDS OF THE COMMUNITY

Funding sought for the implementation of the priorities for the Hughenden Memorial Pool Master Plan

*Indicator – Implementation of the adopted Hughenden Memorial Pool Master Plan
Measure – % of Plan Implemented
Target – 100%
Result – 0% - Application held back*

Continuous review and implementation of Showgrounds Master Plan



*Indicator – Implementation of the adopted Hughenden Showgrounds Master Plan
Measure – % of Plan Completed
Target – 100%
Result – 20% Plan Implemented*

Carry out all operations, maintenance and replacement of community facility assets in line with Asset Management Plan



*Indicator – Implementation of plan recommendations
Measure – % of Plan Implemented
Target – 100%
Result – 50% Water Main Replacement
100% Building Maintenance Plan
100% Sewerage System*

We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community

A COMMUNITY THAT VALUES ART, CULTURE AND HISTORY

Implementation of the Collections Policy

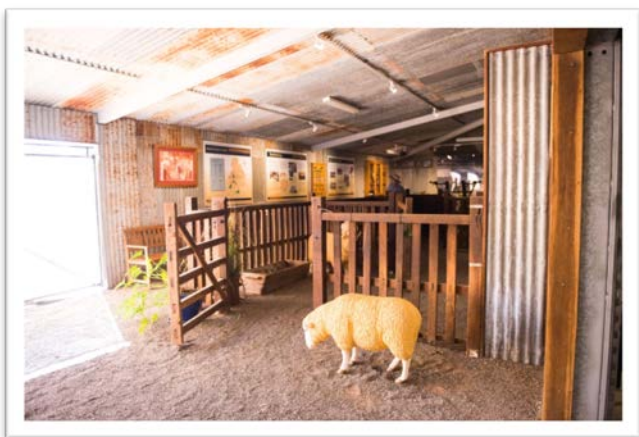
Flinders Discovery Centre has a huge display area which houses an amazing exhibition of fossils from around the world, as well as an extensive and growing display of fossils from the local area.

'Hughie' is the star attraction; a life size skeletal replica of a Muttaborrasaurus. 'Hughie' is a daunting figure as you enter the display area. Although this dinosaur is believed to have been a herbivore, you get the impression he is something that you would not want to meet on a dark night!



There is an amazing light and sound show that takes you back over 500 million years to the beginning of the formation of Porcupine Gorge.

'Shearing the Stragglers' tells the story of the demise of the sheep industry throughout the Finders Shire. Tales of hardship and change are told through stories of men who lived this gruelling life from 1865 to present day times.



While wandering around the centre, visitors can enjoy the video on Hughenden and district, telling the story of how Hughenden came to be.

Hughenden is the home of many impressive sculptural pieces adorning buildings and garden areas throughout the town. The sculptures are made and designed by local artists



*Indicator – Implementation of collections Policy
Measure – % of Policy review and implementation
Target – 100%
Result – 0% of Policy reviewed*

Seek Funding for the Development of the Arts and Cultural Centre

*Indicator – Development of the Arts and Cultural Centre Master Plan
Measure – % of Plan Developed
Target – 100%
Result – 20% of Draft Brief Completed*



OUR ECONOMY

We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome

BUSINESS GROWTH AND DEVELOPMENT

Maintain relations with private sector industry representatives

Emphasis has been on developing sound working relationships with Flinders Shire Beef Producers through NorthBeef and developing a strategy for attracting a Meat Processing Facility to Hughenden.

In August, 2015 Council entered into a Memorandum of Understanding (MOU) with DSCY (Aust.) Investments Pty Ltd, and NorthBEEF Inc. To provide for the implementation of the MOU, Council provided \$200,000 in its 2015/16 Budget which was revised in March 2016 to \$150,000. Council has spent \$37,548 covering work by Consultants Estate and associated legal costs.



The main focus of NorthBeef was initially to investigate the lack of access to processing facilities [competition for livestock] in the north, and the associated inefficiencies in the transport of both live cattle to slaughter and the processed product to its destination. The aim was to instigate feasibility studies to look at all aspects of the beef supply chain from farm gate to the domestic and international retail outlet, from a northern Australian point of view.



Indicator – Number of People Employed in Shire
Measure – Numbers
Target – 50%
Result – Unemployment Rate 1.19%

Develop and Implement Business and Industry Development and Support Policy

Indicator – Implementation of Plan Recommendations
Measure – Implementation of Plan
Target – 100%
Result – 0% - No action taken at this time

GROWTH AT A SUSTAINABLE LEVEL HAS INCREASED THE SHIRE POPULATION

Planning Scheme review is progressing

Council is working on attracting value adding industries to the area through Meat Processing Facilities and Intensive Agriculture Projects.

Indicator – Monthly reports to Council
Measure – Delivery of reports
Target – Progress of Planning Scheme
Result – 100% - Monthly reporting

Increase Tourism Numbers by 100%

FLINDERS DISCOVERY CENTRE	
Visitor Numbers	
2013/2014	17,399
2014/2015	18,183
2015/2016	20,070
Volunteer Numbers	
2013/2014	33
2014/2015	24
2015/2016	24
Facebook Likes	
2015	381
2016	610
Wifi Users	
May to 15 October 2015	444
October to 30 June 2016	977
Porcupine Gorge Challenge	
2013	114
2014	126
2015	174
2016	160
Mount Walker Fun Run	
2013	53
2014	58
2015	47
2016	44

We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome

Increase Tourism Numbers by 100% (Cont)

Freestyle on Flinders Event

Drought has not dried up the enthusiasm of more than 400 outback Queensland residents and visitors, who took part in Hughenden's new event, Freestyle on Flinders.

Taking on the sandy surface of the Flinders River, the weekend was a festival for all ages, featuring boat races, tug-o-war and ironman events, an RV rally, markets, karaoke and opera. The boat races, which proved to be a popular highlight, involved groups of participants racing down the river in foot-powered boats of many wild and whacky designs.

The two years of planning had paid off, and the Shire expects future Freestyle on Flinders events would attract crowds from across Australia.



In further celebration of the Flinders River, Opera Queensland attracted an enthusiastic crowd of around 350 people on the river bank for their high-energy performance of 'The Adventures of Figaro'.



Rydweld Porcupine Gorge Challenge Event

Despite unseasonal rain threatening just days before the 2016 Rydweld Porcupine Gorge Challenge, the weather couldn't have been more perfect.

The 16th Annual Rydweld Porcupine Gorge Challenge saw 160 competitors take the run (or walk) within the spectacular National Park 73km north of Hughenden. This year's challenge saw participants make their way through creeks, over boulders and thick brush, before making the ascent to the top of the Gorge.

This unique run combines all the advantages of being outdoors with the exhilaration of putting your body and mind to the test. For adults, the 8km track follows Porcupine Creek along the base of the gorge before the climb to the top. This challenge is family friendly, with children as young as four taking part alongside adults and seniors.

Competitors came from Roma, Sarina, Townsville, Cairns and Mount Isa and as far as Victoria and promised to return again next year, with the goal of bringing more runners with them.

To entertain those runners who back up the challenge with the Mt Walker Fun Run on the Sunday a Barefoot Bowls evening and free barbeque was held at the local Hughenden Bowls Club. Unfortunately only several ends were completed before the heavens opened up giving us the best June rainfall in 10 years, but still a wonderful night was had by all.

Mt Walker greeted us with fog, wet track and cold weather but this didn't stop competitors running the steep climb to the top. With the Open Male Winner setting a new record run of 14.21min.



OUR INFRASTRUCTURE

We will aim to continuously improve products, services and process through sustainable management of Council's core assets

WATER AND SEWERAGE INFRASTRUCTURE MEETS COMPLIANCE STANDARDS

Compliance with Drinking Quality Management Plan

Council's updated Drinking Water Quality Management Plan was submitted 14th February 2015. Changes have been made in order to reflect the requirements set out in the Information Requirement Notice. The updated version includes the following changes:

- Details of future infrastructure and monitoring are included in the RMIP only.
- Details pertaining to Stamford have been removed from the document.
- Additional details have been added to the Operational and Verification Monitoring Program.

The Drinking Water Management Plan has been approved with conditions. Council is required to provide the Regulator with a report summarising Council's progress in implementing the Risk Management Improvement Program items outlined below:

- Chlorination at Hughenden.
- Chlorination at Torrens Creek.
- Chlorination at Prairie.
- Operational and Maintenance Procedures.

The first review of the DWQMP was in May 2015. Further reviews are required to be completed every two years from that date.

An annual report must be prepared for each financial year after a financial year in which a DWQMP has been approved. A copy of the annual report must be given to the Regulator within 120 business days after the end of the financial to which it relates. A copy of the first annual report is required to be given to the Regulator by 18 December 2015.

DEWS did request some additional information about the DWQMP report for the 2014/2015 financial year.

DEWS have informed Council that the DWQMP has met their requirements.

*Indicator – Annual Report
Measure – Compliance with Plan
Target – 100%
Result – 100% Complainant*

ROAD NETWORK MEETS THE COMMUNITY NEEDS

Carry out operations, maintenance and replacement of water supply and sewerage assets in line with the Asset management Plans

*Indicator – Quality of Assets
Measure – Assets management Work plan carried out
Target – 100%
Result – Asset Management Plan for Water – 100%
Asset Management Plan for sewerage – In Progress*

Maintain relations with the relevant State and Federal Ministers and Government Agencies to seek a funding commitment for sealing of the Kennedy Development Roads and Torrens Creek – Aramac Roads

Council continues to lobby Agencies on the importance of secured funding for the upgrading of the Kennedy Development Roads and Torrens creek – Aramac Roads.

Cost Variations are the latest block road for the groups working to seal the remainder of the Hann Highway and the Torrens Creek Aramac Roads.

State Treasurer Curtis Pitt visited Hughenden in November 2015 to inspect the missing link between Cairns and Melbourne. This meeting with Flinders Shire Council, Etheridge Shire Council, Advance Cairns, Rob Katter, NorthBEEF, Hughenden Chamber of Commerce and Hann Highway Action Group gave the Treasurer a good understanding of how much money the State Government would need to commit.



*Indicator – Number of Meetings with Ministers and Agencies
Measure – Number of meetings
Target – 1
Result – 100% - various meetings held over 2014/2015*

We will aim to continuously improve products, services and process through sustainable management of Council's core assets

Establish relations with the State and Federal Ministers and Government Agencies to seek a funding commitment for the upgrading of the Flinders Highway

Funding was announced and Flinders Shire Council to receive \$8 Million in funding over the 2015/2016 and 2016/2017 Financial Years for the Flinders Highway Upgrade.



The Federal Government, working with the State Government has established a \$25 Million National Highway Upgrade Programme (NHUP) as part of the Infrastructure Growth Package with funding towards priority improvements to Australia's key national highway networks, to be delivered by June 2017.

The NHUP is focussing on pavement widening and strengthening in priority sections of the Flinders Highway between Hughenden and Cloncurry.



Indicator – Number of Meetings with Ministers and Agencies
Measure – Number of Meetings
Target – 1
Result – 100% Continual lobbying to both State and Commonwealth Government for Funding.

Maintain relations with relevant State and Federal Ministers and Government Agencies to seek funding commitments for the widening of the Flinders River Bridge

As part of developing New Town Plan, a North/south Bypass has been identified which will warrant a new location for the bridge over the Flinders River.



Indicator – Number of Meetings with Ministers and Agencies
Measure – Number of meetings
Target – 1
Result – 100% - various meetings held over 2014/2015

RELIABLE COMMUNICATIONS THROUGHOUT THE SHIRE

Engage with relevant agencies to improve telecommunications across the State

The Flinders Shire Mobile Network has been upgraded to 4GX which has allowed users to have access to improved and more consistent data speeds. There has been the constant battle to try and get reliable telecommunication out in the Western Areas and there are many areas in need of upgraded services.

The NBN announced the Sky Muster Migrations and connection process in May 2016. Sky Muster is designed to deliver wholesale speeds of up to 25/5Mbps and data allowances of up to 150GB per month. Internet service providers will provide retail plans at different price points and data allowances.

NBN will continue to work with council in regards to Land access Notices and cabinet locations during the design stage.

Indicator – Number of mobile towers in shire
Measure – Number
Target – 4
Result – 3 Mobile Towers

OUR GOVERNANCE

We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents

BEST PRACTICE GOVERNANCE

Council's Governance Framework reviewed through internal and external audit process



Indicator – Audit report and Internal Report
Measure – Number of Non-compliance
Target – 0
Result – 4 Non-compliance issues identified
2 Completed – Grants and administration
2 Outstanding – Plant Operations and Management Reporting

Work with Local Government Mutual to establish appropriate Enterprise Risk Management Strategies



Indicator – Strategy Development
Measure – Progress with ERM Plan
Target – Complete
Result – 100% Completed

Review and Implement skill assessment and training needs analysis with the aim of developing a compressive skills development program



Indicator – % of training costs v's Employee Costs
Measure – % of training costs v's Employee Costs
Target – 4%
Result – 0.12%

Review and Implement all Human Resource Management Policies and Practices

Indicator – Monthly report to council
Measure – Number of Policies developed, reviewed and implemented
Target – 100%
Result – 100% - continually reviewed

Review and Implement all Human Resource Management Policies and Practices with the view to establishing current best practice Workplace Health and Safety in the council



Indicator – Review of Policies
Measure – Implementation
Target – Complete
Result – 60% - Project forwarded onto 2017

Manage staff and carryout work activities in line with Councils workplace Health and Safety Policy and Procedure

Indicator – Workplace Safety
Measure – Lost Time frequency rate and average lost time
Target – >25.5->13.22
Result – Time Lost Frequency Rate – 0
Average Time Lost Rate - 1

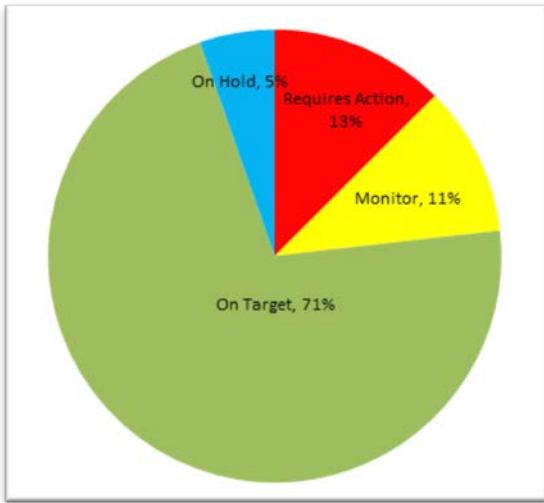
It is the Primary Goal of council to eliminate or reduce risk by developing risk strategies

Indicator – Workplace Safety
Measure – Minimise all risks
Target – Reduce by 10% on previous years
Result – Quarterly Action Plans in place
Council has developed approach to minimise risks
Have reduced risks by 10% from 14/15



We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents

Carry out Effective Administration and Operations



Indicator – Operational Plan Activities
Measure – Quarterly Report Targets Met
Target – >80%
Result – 71% of Operational Activities Targets have been met

Provide access to appropriate Councillor Training and networking opportunities

Indicator – Training and conferences Attended
Measure – Number
Target – 5PA
Result – Ongoing opportunities to attend training and conferences

Ensure Councillors are given opportunities to partake in community engagement activities

Indicator – Meetings Attended
Measure – Number
Target – 10 per month
Result – Councillors are averaging 12 per month

Review, Adopt and Implement a Customer Service Policy for the Organisation – Complaints Management



Indicator – Complaints Register
Measure – Number of Administrative Action Complaints
Target – 0
Result – 3 Administrative Action Complaints received

Review, Adopt and Implement a Customer Service Policy for the Organisation – Customer Service Charter

Indicator – Review Policy
Measure – Adopt Policy
Target – Implement Policy
Result – 100% Adopted
100% Implemented

Review, Adopt and Implement a Customer Service Policy for the Organisation – Customer Request Management

Indicator – Customer Request Management Database
Measure – Report to Council
Target – Ongoing
Result – Monthly reports to Council on Number and types of CRM received

Bi-Annual review and update of council's 10 Year Strategic Financial Forecast

Indicator – Quality Strategic Financial Modelling
Measure – Report of the Strategic Financial Forecast
Target – Half Yearly
Result – 50% of Report completed – Subject to Council approval

Conduct training with elected members to ensure that they understand and utilise strategic financial management tools and information

Indicator – Elected member use of Strategic Financial Modelling
Measure – Review of Strategic Financial Management Plan by Council
Target – Half Yearly
Result – Councillors have attended QTC Training

Ensure Directors and managers undertake relevant professional development activities

Indicator – Professional and Leadership Skills
Measure – Number of Activities attended
Target – 1PA
Result – Managers have attended Elected Members Update training as well as attended relevant PD activities

Annually report to council and Community on involvement in regional cooperation

Indicator – Regional Representation
Measure – Involvement in nominated group
Target – 100%
Result – 100% - Councillors update each month to community on various activities working on

Have regular input into the Review and Maintenance of Strategic Plans and Policies

Indicator – Number of regional groups council involved with
Measure – Number of groups
Target - 10
Result - >10

ORGANISATIONAL REPORTING REQUIREMENTS

BENEFICIAL ENTERPRISES

Section 41 of the act requires that the Annual Report contain a list of all beneficial enterprises conducted during the year.

Flinders Shire Council has had no beneficial enterprises that the Council conducted during 2015-2016

SIGNIFICANT BUSINESS ACTIVITIES

Section 45(a) of the act requires that the Annual Report contain a list of all the business activities the local government conducted during the financial year.

Flinders Shire Council conducted no Significant Business Activities during 2015-2016. Due to no significant business activities the competitive neutrality principle is not applicable for 2015-2016.

GENERAL PURPOSE FINANCIAL STATEMENTS - FINANCE

See Appendix 3

COMMUNITY FINANCIAL REPORT – 1 JULY 2015 TO 30 JUNE 2016

The Community Financial Report is designed to give interested parties a better understanding of the financial performance and financial position of Council.

This report focuses on:

- The Statement of Comprehensive Income
- The Statement of Financial Position
- The Statement of Changes in Equity
- The Statement of Cash Flows
- The Key Financial Ratios

The Statement of Comprehensive Income

The Statement of Comprehensive Income is often referred to as the P & L (Profit and Loss Statement) and shows how Council has performed throughout the period. This statement conveys what Council has earned (Revenue) and what Council has spent (Expenses) throughout the year. The net result of these two figures represents the money that is available for Council to renew, upgrade or build new community assets.

Revenue:

The two main categories of revenue are recurrent revenue and capital revenue.

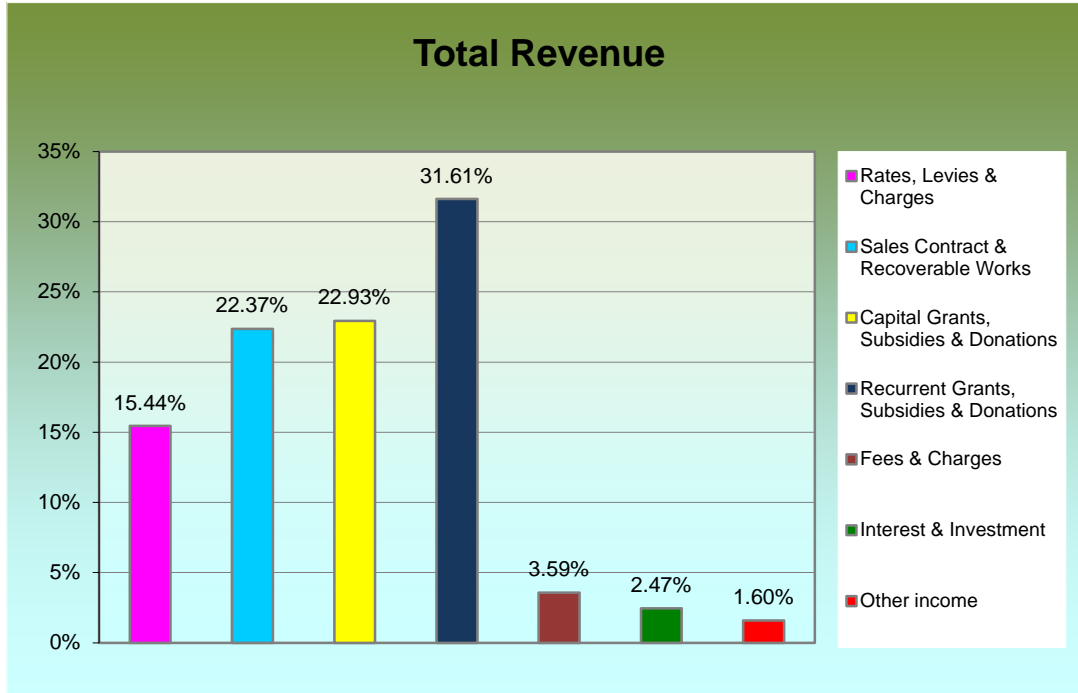
Council's recurrent revenue is money raised that is used to fund the operations of Council. Council raises recurrent revenue from income sources such as rates, levies and charges, grants, subsidies and donations, contract and recoverable works revenue, interest, fees and charges, rents and other income. Council's capital revenue is sourced for the purpose of constructing and/or reconstructing Council's assets now and into the future. Capital revenue consists of grants, subsidies and donations, as well as gains/losses on disposal of assets.

Total revenue has decreased significantly by \$7.6M compared to the previous year. This decrease was mainly related to sales contract and recoverable works revenue as other items remained reasonably stable. The main source of income for the year was sales contract and recoverable works revenue comprising 22.37% of Council's total revenue.

It is important to note that sales contract and recoverable works revenue is almost all related to Transport and Main Roads contract and flood damage works on state owned assets. An analysis of income shows these works have reduced by \$7.8M compared to the previous financial year. Council is heavily reliant on both sales contract and recoverable works and grant revenue.

Capital revenue increased marginally during the year. Almost \$5M of Council's total capital revenue related to restoration of essential public assets. These assets comprised Council owned road network assets.

Council's ability to raise income from rates, levies and charges is limited by the population. The income generated from this source is 15.44% of total revenue. This percentage increase to the previous year does not entirely represent an increase in rates, but rather a decrease in the total revenue on which this percentage is calculated

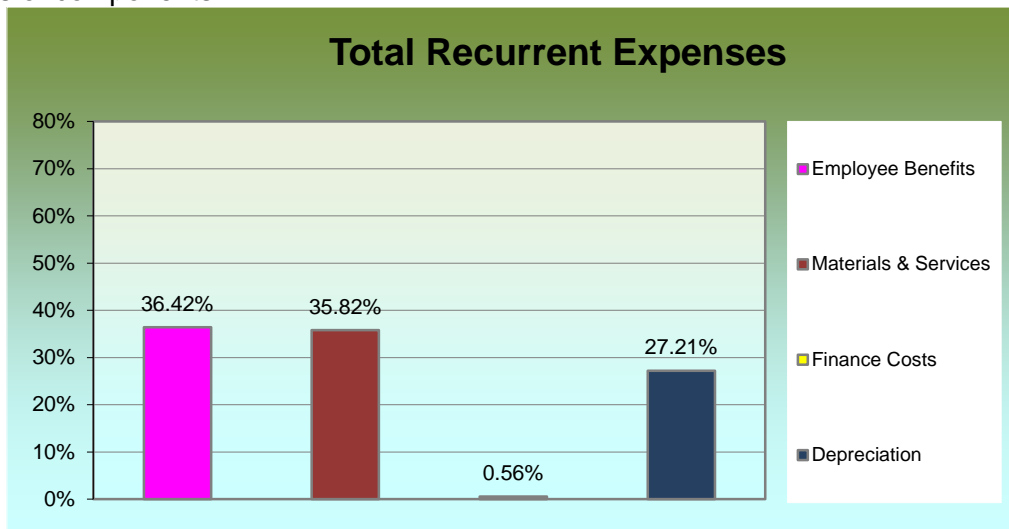


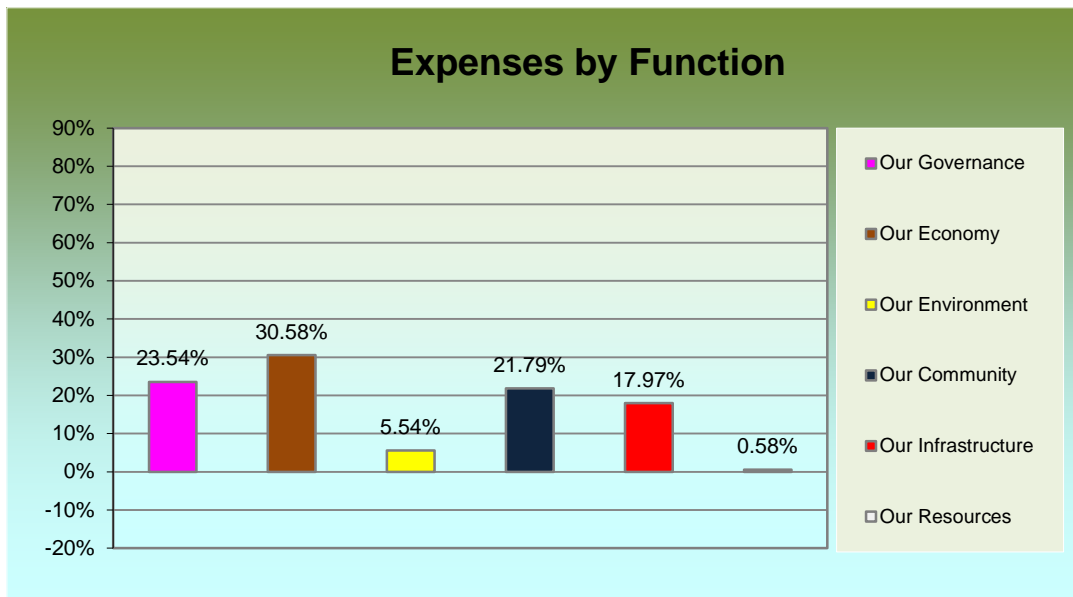
Expenses:

Council's recurrent expenses include employee benefits, materials and services, finance costs and depreciation. These line items represent the cost to Council of providing services, operating facilities and maintaining assets.

Council's recurrent expenditure decreased by \$7.28M compared to the previous year. This was not surprising given the significant decrease in sales contract and recoverable works from \$12.9M in 2015 to \$5.17M in 2016. The graph shows employee benefits made up the largest type of recurrent expenditure at 36.42%, followed by materials and services at 35.82%.

Depreciation decreased significantly from \$5.6M in 2015 to \$4.5M in 2016. This decrease was related to a significant downwards revaluation of Council's road network, including a revision of assumptions around the useful lives of components.





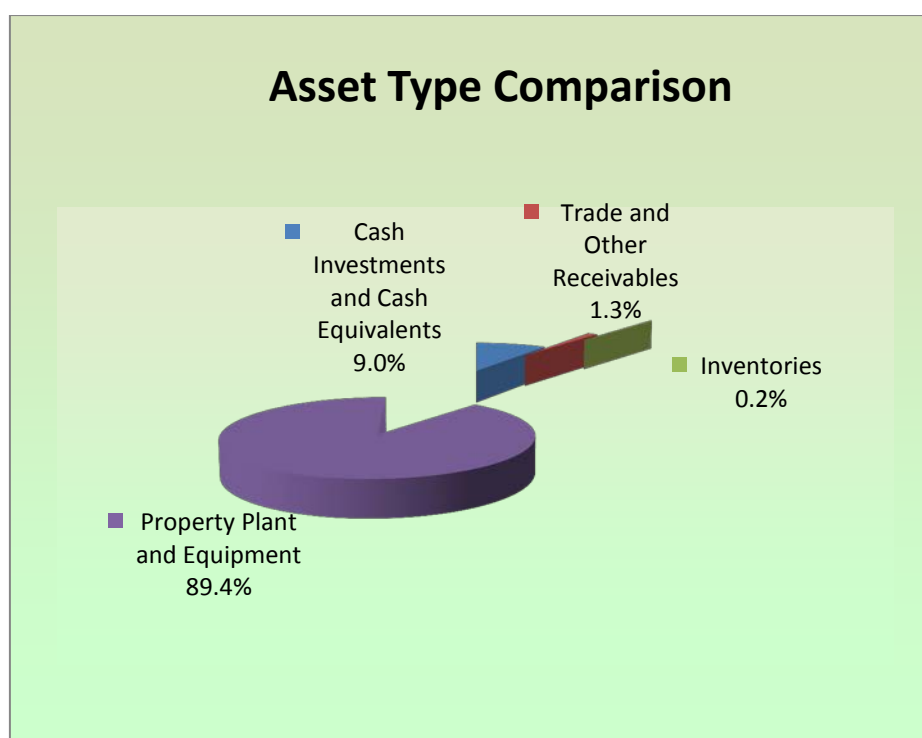
The Statement of Financial Position:

This statement is often referred to as the balance sheet and 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).

Assets:

Council’s current assets decreased marginally by \$119 thousand. Property plant and equipment decreased significantly by \$21.9M which is mostly related to the revaluation of Councils road network. Trade and other receivables decreased by \$571 thousand. This decrease but was largely due to the nature of receivables as there was little sales contract and recoverable works or reconstruction works underway at year end. There was an increase in the cash balance of \$432 thousand.

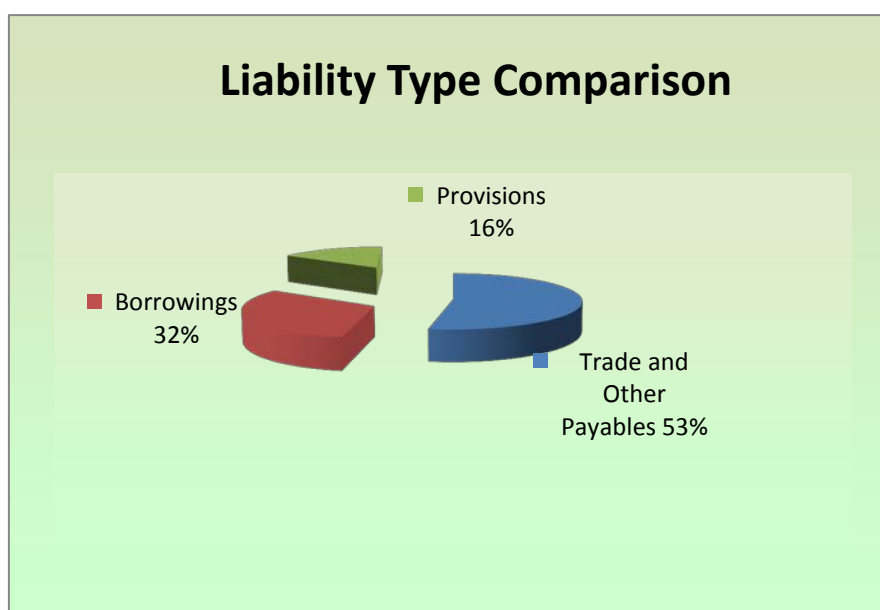
Council has \$15.21M invested in a cash management account with Queensland Treasury Corporation. A short term deposit amounting to \$3M was also held with the National Australia Bank. Interest received on cash investments for the year was \$571 thousand.



Property plant and equipment is the largest asset type comprising \$182M. Property plant and equipment is made up of Council asset classes including land, buildings, recreation facilities, plant and equipment, corporate and IT, road network, water network, sewer network, stormwater drainage network, waste / landfill and works in progress. Council’s road network assets are the largest component of property plant and equipment.

Liabilities:

Council’s liabilities comprise amounts owing for provisions, borrowings and trade and other payables. The provisions balance comprises employee entitlements for long service leave and the restoration of the tip in future years. Trade and other payables is made up of annual leave entitlements in future years. Borrowings relate to loans from Queensland Treasury Corporation for \$2.05M for the North Hughenden Sewerage Network and Caravan Park Infrastructure. Council has not had any borrowings for many years and these loans have been taken out to construct a new sewer network in North Hughenden, upgrade the Sewerage Treatment Plant and replace Caravan Park Infrastructure whilst also taking advantage of the low cost of borrowing.



The Statement of Changes in Equity:

Community equity is represented by Council’s net worth. This is calculated by what Council own, minus what Council owes.

Total Assets \$203.84M – Total Liabilities \$6.5M = Community Equity \$197.34M

Community equity decreased by \$23.805M from the previous year. A revaluation of Council’s road network assets undertaken by Council’s engineers resulted in a \$25M decrease in the asset revaluation surplus.

Council’s retained surplus represents amounts which have been invested into assets to provide services. The asset revaluation surplus comprises amounts representing the asset retained capital and other change in the value of Council’s assets over time.

The Statement of Cash Flows:

The Statement of Cash Flows identifies the cash received and cash spent throughout the year. The statement shows Council’s ability to cover its expenditures and where those funds are derived. Council’s cash balance increased by \$436 thousand compared to the previous year.

Council’s cash flows from operating activities incorporate the recurrent activities of Council. The cash flows from investing activities shows Council spent \$2.45M investing in property plant and equipment. This includes capital works on Council’s road network assets and other asset classes.

Cash flows from financing activities shows that Council drew down a loan of \$600 thousand. Repayments of \$160 thousand have been made on all loans during the year.

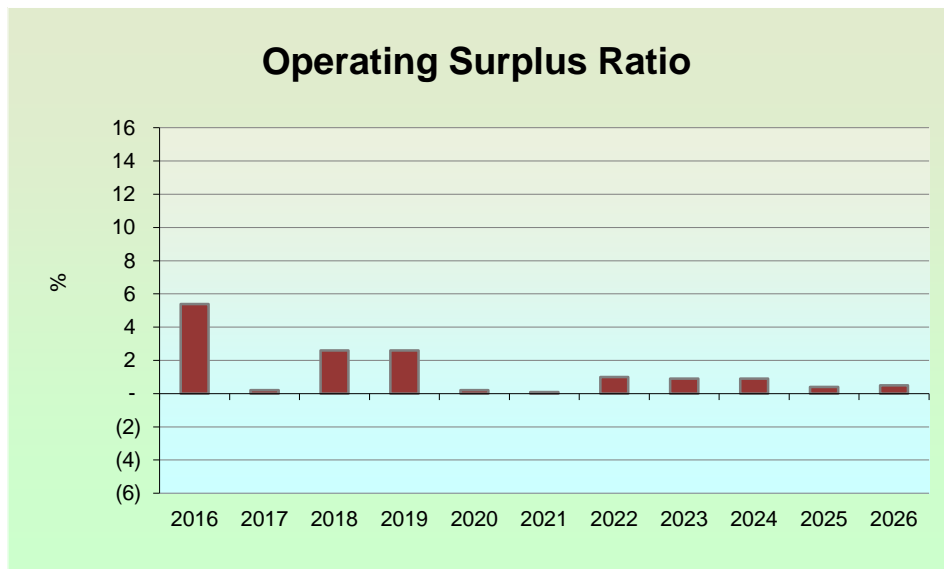
Financial Ratios:

Section 169 of the *Local Government Regulation 2012* requires the inclusion of the relevant measures of financial sustainability. These ratios are also included in Council’s long term financial plan with reviews conducted on a regular basis. The targets have been set by the Department of Local Government and Planning.

The Operating Surplus Ratio:

The operating surplus ratio measures the extent to which revenue raised (excluding capital grants and contributions) covers operational expenses. At the end of the financial year Council’s operating surplus ratio was a surplus of 5.39%.

In future years’ forecasts indicate Council will operate close to break even, with small surpluses through to 2026.. Council is mindful that changes can occur during the year, and Management regularly conducts reviews to ensure any budget variances are address as soon as possible. Council is aware of the need to conduct service level reviews to ensure operational expenses are going to be sustainable in the longer term. The target for the operating surplus ratio is between 0 and 10%.



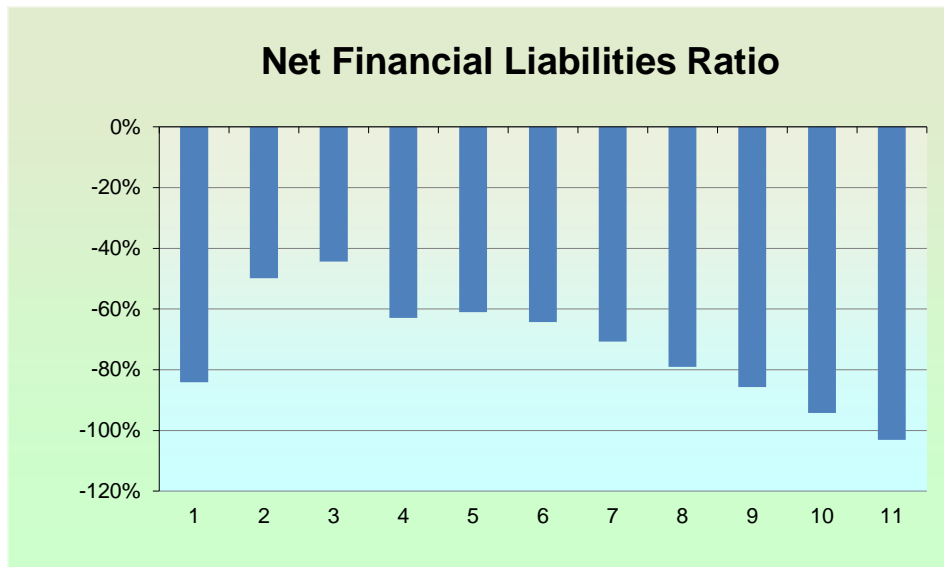
Asset Sustainability Ratio:

This ratio measures the amount of capital expenditure on renewal of existing assets compared to the depreciation expense. The target for this ratio is for it to be greater than 90%. The long term forecast indicates that Council may not meet this target in all of the coming years. It should be noted that Council’s assumptions in its long term forecast were to be conservative in capital expenditure given the reliance on grant funding for large capital projects, therefore it is probable actual expenditure on asset renewals will be higher than predicted.



Net Financial Liabilities Ratio:

This ratio measures the extent to which Council can fund its liabilities through its operating revenues. The target for this ratio is less than 60%. Council has very little borrowings of \$2.05M and has few liabilities which is why the ratio is so low.



PARTICULAR RESOLUTIONS

As required by Section 185 of the Regulation, the annual report for a financial year must contain a copy of the resolutions made during the financial year under s250 (1) and s206 (2). See [Appendix 1](#) and [Appendix 2](#)

ADMINISTRATIVE ACTION COMPLAINTS

S187 of the Regulation requires that an Administrative Action Complaints Process is to be developed and implemented which is designed to assist Council manage complaints efficiently, effectively, objectively and fairly.

Effective complaints management is fundamental to the provision of quality services that Council aims to provide and enables a mechanism for obtaining feedback from customers and resolving disputes. To this end, Council recognises that errors and mistakes may occur and all reasonable attempts will be made to rectify failures to ensure community confidence is maintained.

Council is committed to effectively handling administrative complaints promptly and professionally and takes all complaints received seriously.

During the period 3 Administrative Action Complaints were received with all of these complaints being fully resolved. There were no complaints received in a prior financial year that were left unresolved. Further detailed information in relation to Council's complaints management processes is available from Council website.

OVERSEAS TRAVEL

In accordance with s188 of the Regulation, no Councillor or Employee undertook any work related overseas travel during 2015-2016.



EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

In accordance with s189 of the regulation, an annual report must contain a summary of the expenditure for the financial year on grants to community groups. During 2015-2016 Council paid \$77,581.00 as Donations, Sponsorships, Community Small Grants and RADF Grant to community organisations as per the following:

COMMUNITY GRANTS		
Community Small Grants		
2015/2016	Prairie Town Rural Fire Brigade – Shed Fit Out	3,647.00
	Hughenden Golf Club – Food Preparation Area	3,218.81
	Hughenden Jockey Club – Shelter and Equipment Upgrade	14,000.00
	St Vincent de Paul Society – Accessibility Modifications	2,905.00
	Oakley Amateur Race Club Inc. – Power Upgrade	3,950.00
	TOTAL	\$27,720.81
RADF Grants		
2015/016	Flinders Poppy Arts, Craft and Resource Group Inc – Photography Workshop	3,409.00
	Flinders Poppy Arts, Craft and Resource Group – Pottery Workshop	2,450.00
	Hughenden Country Music Association Inc - Music, verse, musical instruments, song writing workshops	2,970.00
	TOTAL	\$ 8,829.00

COMMUNITY & DONATIONS		
Donations		
2015/2016	Victoria Variety Bash 2015 – Hire of DEC	500.00
	Royal Flying Doctor – Donation	250.00
	Hughenden State School P&C Association – Primary Citizen Award	100.00
	RSL Hughenden Sub Branch – Remembrance Day 2015	500.00
	Hughenden Ambulance Committee – Christmas Raffle	100.00
	SES Hughenden – Christmas Party	485.65
	Outback QLD Tourism Association – Accommodation	76.00
	New South Wales Variety Bash 2016 – Hire of DEC	500.00
	Ikins' Angels – Donation	250.00
	Oakley Amateur Picnic Race Club Inc. – Vests for Clerks of the Course	500.00
	Hughenden Country Music Association Inc. – Upgrade of road signs	500.00
	Hughenden Show Society – Donation towards prizes	250.00
	TOTAL	\$40,011.65
Sponsorship		
2015/2016	Flinders Horse Sports and Pony Club Association – Western Games	570.00
	Hughenden Town and Country – Hughenden Rugby 7's	2,000.00
	Hughenden State School P&C Association – Lyeard Workshops	1,600.00
	ICPA – Hughenden Branch – Kooroorinya Ladies Day	2,200.00
	Prairie State School P&C - Sand for Playground	2,710.40
	Scripture Union – Flinders Chaplain	10,000.00
	Hughenden Jockey Club – Hughenden Races	2,000.00
	Hughenden Bulls RLFC – Cluster Day	2,000.00
	Hughenden Show Society – 2016 Hughenden Show	2,000.00
	Flinders Horse Sports – Horsemanship School	2,000.00
	Flinders Hack and Pony Club – Show Prep Event	2,000.00
	Heart of Australia – Heart Van	1,800.00
	Hughenden RSL Club – ANZAC Day 2016	1,800.00
	Hughenden Camp Draft Association – 2016 Camp Draft	2,000.00
	Hughenden Country Music Festival – 2016 Festival	2,000.00
Hughenden Gold Club – Hughenden Golf Open	2,000.00	
	TOTAL	\$38,680.40

COUNCILLORS' DISCRETIONARY FUND

In accordance with s189, the Annual Report must contain a summary of the expenditure from each Councillor's discretionary fund. Flinders Shire does not have discretionary funds and therefore there is no report for 2015-2016 for the purpose of allocation as community grants.

DETAILS OF SPECIAL RATES AND CHARGES - FINANCE

In accordance with s190 (i)(d) of the regulation, Flinders Shire council does not have any special rates and charges.

SUMMARY OF RATES REBATES AND CONCESSIONS - FINANCE

Rating Rebates and Concessions

Flinders Shire has a policy with reference to rebate concessions, as detailed below:

Council Pensioner Rate Concessions

Council continued its current Pensioner Rate Concession policy. This policy provided a 50 per cent concession to ratepayers in a residential category on General, Garbage, Sewerage and Water Rates up to a maximum of \$475 per year for all eligible pensioners. A copy of Council's Pensioner Rate Concession Policy is available at the Shire Office

COUNCIL REGISTERS - RECORDS

In accordance with s190 (1)(f) of the Regulation, below is a listed registers kept of Council:

- Register of Delegations
- Authorised Persons
- Register of Interests – Councillors
- Register of Local & Subordinate Local Laws
- Register of Regulatory Fees
- Register of Impounded Animals
- Register of Commercial Charges
- Cemetery Register.

Council also makes available other information, including copies of Minutes of Council Meetings on the website www.flinders.qld.gov.au

CONTRACTS - ENGINEERING

As required by s190 (1) of the Regulation, the number of invitations to change tenders under s228(7) during the financial year was 0.

COMPETITIVE NEUTRALITY

In accordance with s49 of the regulation, there were no investigation notices for competitive neutrality complaints nor were there any required responses to the Queensland Competition Authority.

INTERNAL AUDIT - FINANCE

The Local Government Association of Queensland (LGAQ) was contracted to undertake Council's internal audit. The role of internal audit is to conduct independent and objective assurance activities. The scope of work is set out in the Strategic Internal Audit Plan which is reviewed by the Management and Audit Committee.

Audit Committee

The Audit Committee comprises of Councillors, independent external representative from reputed Accounting firm and senior management.

Scope

Internal Audit visited council and reviewed the following key areas in 2015-2016 based on the risk assessment and audit plan approved by management:

- Plant Operations
- Grants administration
- Management Reporting and record keeping process
- Recruitment and Training practices

Methodology and compliance

The methodology is risk based and has been developed in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

LGAQ's Internal Audit methodology has been designed to ensure Council's compliance with Section 207 of the *Local Government Regulation 2012*.

Risk Review

The strategic audit plan was developed based on risk assessment. The management will regroup and review the existing risk register and the current audit plan, to identify additional areas that needs to be included in the audit plan.

Audit Follow up process

The Council developed an Audit Issues Register to monitor the status and implementation of the recommendations raised in the internal audit reports. The Audit issue register and status of implementation of the recommendations is reviewed by the Audit Committee.

Key Areas for improvement recommended by Internal Audit in 2015-2016**Plant Operations**

- Review of the existing plant hire rates, relevant cost calculations and establish a regular monitoring process of the hire rates.
- Develop and implement a robust pricing model for the plant hire.
- Enhancements to the Plant Financial Performance Reports.
- Develop a formal policy and procedure for the Plant hire.

Grants Administration

Overall, the council has conducted its grant administration responsibilities efficiently and has complied with the legislation and other terms and conditions set out by the grantors. Recommendations were raised for development of a formal policy, maintenance of central records for grants, formal risk identification and assessment, implement performance criteria and performance targets for the projects.

Management Reporting and Recording process

Recommendations were raised to enhance the current reporting process which is being reviewed by the management.

Recruitment and Training practices

- Develop and implementation of a formal recruitment policy and procedure document for the recruitment and selection process in accordance with the legislation and best practices.
- Undertake workforce planning to identify the human resource requirements to align with the council's strategic plan.
- Training of staff on the recruitment process and segregation of the Human Resources and payroll function to improve the controls.

APPENDIX 1 – PARTICULAR RESOLUTIONS

Extract of the minutes of the Post Election Meeting held on 6th April 2016.

14. COUNCILLORS EXPENSES REIMBURSEMENT POLICY

Background

Council is required to adopt a Reimbursement of Expenses and Provision of Facilities for Councillors Policy.

Council in its previous term adopted a policy, however it is appropriate that the in-coming Council review this policy and adopt it again.

Budget Implications

The estimated potential costs of Councillors Reimbursement Expenses as proposed by this policy can be catered for in the current budget.

Officer's Recommendation

That Council adopt the Councillors Expenses Reimbursement Policy.

Resolution No: 710

Moved Cr Kelly Carter

Seconded Cr Kim (Clancy) Middleton

That Council adopt the Officer's Recommendation.

CARRIED

Note:

No resolutions were passed during the period in relation to s206(2) of the regulation which deals with setting an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.



APPENDIX 2 – COUNCILLOR EXPENSES REIMBURSEMENT POLICY

POLICY TITLE:	Councillor Expenses Reimbursement Policy
POLICY NUMBER:	17
REVISION NUMBER:	2
TRIM REFERENCE:	SF14/411 - R16/1066
RESOLUTION NUMBER:	710
POLICY TYPE:	Statutory
APPROVING OFFICER:	Council Adoption
DATE OF ADOPTION:	06 April 2016
TIME PERIOD OF REVIEW:	1 Year
DATE OF NEXT REVIEW:	06 April 2017
RESPONSIBLE DEPARTMENT:	Governance
LINK TO CORPORATE PLAN:	Governance – Best Practice Governance

1. PURPOSE

To provide the Mayor and Councillors with reimbursement of legitimate expenses incurred, or to be incurred, and the facilities necessary while carrying out civic duties as elected representatives of the Shire.

2. SCOPE

This Expenses Reimbursement Policy applies to the Mayor, Deputy Mayor and Councillors and is made pursuant to Section 249-252 of the Local Government Regulations 2012 (Expenses Reimbursement Policy).

3. PRINCIPLES

Reasonable expenses reimbursement to Councillors

Councillors should not be financially disadvantaged when carrying out the requirements of the role of Councillor and should be fairly and reasonable compensated in this regard in accordance with community expectations.

Public accountability and transparency

The Councillor reimbursement of expenses and provision of facilities policy will be available to the public. The use of the provided facilities will be open for review to the extent appropriate to the proper performance of a Councillor's responsibilities.

Public perceptions and community expectations

The Council will provide only those facilities and reimbursements necessary for the efficient performance of a Councillor's responsibilities.

No private benefit to be derived

All reimbursement of expenses or provision of facilities must be for legitimate business use only ie: to enable Councillors to effectively and efficiently carry out their civic duties. Facilities and resources provided to Councillors are for the sole use of Councillors in undertaking their duties and should be used responsibly and appropriately. Spouses, partners and family members of Councillors are not entitled to receive any reimbursement of expenses or provision of Council facilities.

Equity and Participation

To maximise equity and the participation of Councillors from diverse backgrounds and circumstances, this Councillor reimbursement of expenses and provision of facilities policy expressly permits the reimbursement of expenses that are necessarily incurred to allow the participation of Councillors who experience unusual barriers to participation, such as disability or cultural responsibilities.

4. DEFINITIONS

Council Business – This is official business of a Councillor as generally described in the Local Government Act 2009, conducted on behalf, of and approved by, Council where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the Council. Council business should result in a benefit being achieved either for the local government and/or the local government area. Participating in a community group event or being a representative on a board not associated with Council is not regarded as Council Business.

Expense – Expenses are payments made by Council's to reimburse Councillors for their reasonable expenses incurred or to be incurred when discharging their duties as Councillors. These payments are not regarded as remuneration. The expenses may be either reimbursed to Councillors or paid direct by Council for something that is deemed a necessary cost or charge when performing their roles.

Facility – Facilities provided by Council's to Councillors are the 'tools of the trade' required to enable them to perform their duties with relative ease and at a standard appropriate to fulfil their professional role for the community.

Reasonable – Council's must make sound judgements and consider what is prudent, responsible and acceptable to their communities when determining reasonable levels of facilities and expenditure., The community expects limits and does not want to see excessive use or abuse of public funds.

5. ROLES AND RESPONSIBILITIES**Chief Executive Officer**

The Chief Executive Officer is responsible for ensuring this policy is understood and adhered to by the Mayor and Councillors.

6. POLICY

The Council will reimburse Councillors for expenses and provide Councillors with facilities as set out in this policy. In addition to the expenses and facilities expressly referred to in the section of this Policy headed Expense Categories, the Council will reimburse other expenses that are necessarily incurred to allow the participation of Councillors who experience unusual barriers to participation, such as disability or cultural responsibilities.

Expense Categories:**1. Professional Development**

The Council will reimburse expenses incurred for -

- All mandatory professional development – where Council resolved that all Councillors are to attend training courses or workshops for skills development related to a Councillor's role, the Council may reimburse the total costs of the course; and
- Discretionary professional development deemed essential for the Councillor's role subject to budget constraints – where a Councillor identifies a need to attend a conference, workshop or training to improve skills relevant to their role as a Councillor, other than mandatory training.

2. Travel as required to represent Council

The Council will reimburse local and in some cases interstate (e.g. flights, car, accommodation, meals and associated registration fees) deemed necessary to achieve the business of Council where:

- A Councillor is an official representative of Council; and
- The activity/event and travel has been endorsed by resolution of Council.

If it's a part of the Councillor's portfolio, the Councillor is automatically required to go, with expenses reimbursed. Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

Council will pay for reasonable expenses incurred for overnight accommodation when a Councillor is required to stay outside the Local Government's region.

NOTE

Any fines incurred while travelling in Council-owned vehicles or privately owned vehicles when attending to Council business, will be the responsibility of the Councillor incurring the fine.

2.1 Travel bookings

All Councillor Travel approved by Council will be booked and paid for by Council. Economy class is to be used where possible although Council may approve business class in certain circumstances.

Airline tickets are not transferable and can only be procured for the Councillor's travel on Council business. They cannot be used to offset other unapproved expenses. (e.g. cost of partner or spouse accompanying the Councillor.)

2.2 Travel transfer costs

Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed.

Example: Trains, taxis, buses and ferry fares

Cab charge vouchers may also be used if approved by Council where Councillors are required to undertake duties relating to the business of Council.

2.3 Private vehicle usage

When a Councillor has decided to not receive a Council vehicle, or a Council vehicle is not available, payment for use of the Councillor's private vehicle usage on Council business will be reimbursed to the Councillor on a kilometre rate as set out in the Australian Taxation Office allowable deductions for motor vehicles. Councillors may instead choose to be reimbursed for fuel by presenting receipts. In other circumstances, Councillors private vehicle usage will be reimbursed by Council if the:

- Travel has been endorsed by Council Resolution
- Claim for mileage is substantiated with log book details; and
- Total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

ATO Rates per Business Kilometre

Engine capacity		Cents per kilometre
Ordinary car	Rotary engine car	2013-2014 income year
1600cc (1.6 litre) or less	800cc (0.8 litre) or less	65 cents
1601cc - 2600cc (1.601 litre - 2.6 litre)	801cc - 1300cc (0.801 litre - 1.3 litre)	76 cents
2601cc (2.601 litre) and over	1301cc (1.301 litre) and over	77 cents

2.4 Accommodation

All Councillor Accommodation for Council business will be booked and paid for by Council. Council will pay for the most economical deal available. Where possible, the minimum standards for Councillors' accommodation should be three or four star rating. Where particular accommodation is recommended by conference organisers, Council will take advantage of the package deal that is the most economical and convenient to the event.

2.5 Meals

Councillors will be reimbursed for the actual cost of meals when:

- The Councillor incurs the cost personally; and
- The meal was not provided –
- Within the registration costs of the approved activity/event
- During an approved flight.

The following limits apply to the amount Councils will reimburse for meals:

- Breakfast \$23.00
- Lunch \$26.00
- Dinner \$45.00

No alcohol will be paid for by Council.

If private accommodation is provided by a relative or friend, then they are entitled to be reimbursed at a rate of \$70/night.

2.6 Incidental Allowance

Up to \$20 per day may be paid by Council to cover any incidental costs incurred by Councillors required to travel, and who are away from home overnight for official Council business.

3. Hospitality

Councillors may have occasion to incur hospitality expenses while conducting Council business apart from official civic receptions organised by Council. The Mayor will be reimbursed up to \$1000 per annum for hospitality expenses deemed necessary in the conduct of Council business. Councillors will be reimbursed up to \$500 per annum for hospitality expenses deemed necessary in the conduct of Council business. These costs will be reimbursed on presentation of receipts.

4. Provision of Facilities

Councillors will be provided with facilities as set out in this policy. In addition to the facilities expressly referred to in the section of this policy headed Facilities, the Council will provide other facilities that are necessary to allow the participation of Councillors who experience unusual barriers to participation such as disability or cultural responsibilities. All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

The Facilities provided will include:**4.1 Uniform Entitlement**

Councillors will be entitled to receive a name badge and all necessary safety equipment to the standard supplied to employees. Councillors are expected to observe the appropriate Workplace Health and Safety measures when at any workplace. Council will reimburse them the cost of obtaining their Construction Industry Training White card.

Councillors will also be provided with corporate uniform equivalent to that provided to staff and will be provided with a corporate jacket.

4.2 Mobile Telecommunication Facilities

- Council does not currently provide a mobile telephone or hand held device.
- Personal calls made by Councillors via the mobile telephone are to be reimbursed to Council via the appropriate administrative procedure.
- If Councillors are using their personal mobile phone, they will be reimbursed for expenses over the plan value on production of the phone bill.

4.3 Home Office Facilities

- Laptop with Windows software; and
- iPad
- Printer

4.4 Council Office Facilities

Council will provide the following to Councillors -

- Facilities such as office space and Council meeting rooms
- Secretarial support for Mayors and Councillors
- Use of Council landline telephone and internet access
- Fax and or scanner
- Printer, photocopier, paper shredder
- Stationary
- Publications – copies of the act and other legislation, books journals considered necessary
- Another administrative necessities which Council consider necessary to meet the business of Council

4.5 Vehicle Use

Council approved of the home garaging by the Mayor of a Council supplied vehicle (4x4 Station Wagon or equivalent) for Council business purposes.

Councillors may claim reimbursement for business use of their own vehicle, refer to Private vehicle usage 2.3 of this policy or elect to receive a Council vehicle on the following conditions:

- Councillors will be provided with a motor vehicle for Council business.
- No private use is allowed.
- Fuel cards are provided for each vehicle and motor vehicle insurance is covered by Council.
- Council approves the Chief Executive Officer to approve authorised support drivers as needed.

4.6 Maintenance costs of any Council owned equipment

Council will cover all ongoing maintenance costs associated with Council owned equipment to ensure it is operating for optimal professional use.

4.7 Legal Costs and Insurance Cover

Council will insure Councillors in the event of injury sustained while discharging their civic duties. Council will pay the excess for injury claims made by a Councillor resulting from conducting official Council business.

7. IMPLEMENTATION

This Policy will be made available to all Councillors, corporate staff on Council's intranet site/network. Council reserves the right to vary, replace or terminate this policy from time to time.

8. RELATED LEGISLATION

- Local Government Regulations 2012 Section 249-252

9. REVIEW TRIGGER

Policy is to be reviewed every 1 year.

10. PRIVACY PROVISION

Council respects and protects people's privacy and collects, stores, uses and discloses personal information responsibly and transparently when delivering Council services and business.

11. APPROVAL

Adopted at the April 2016 Post Election Meeting - Resolution Number 710.

APPENDIX 3 – FINANCIAL STATEMENTS

Flinders Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Discovery • Opportunity • Lifestyle



Flinders Shire Council

General Purpose Financial Statements

for the year ended 30 June 2016

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Flinders Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Income			
Revenue			
<i>Recurrent Revenue</i>			
Rates, Levies and Charges	3a	3,575	3,518
Fees and Charges	3b	830	840
Rental Income		147	141
Interest and Investment Revenue		571	518
Sales Contract and Recoverable Works Revenue		5,178	12,999
Other Income		223	231
Grants, Subsidies, Contributions and Donations	4a	7,318	7,321
Total Recurrent Revenue		17,842	25,568
<i>Capital Revenue</i>			
Grants, Subsidies, Contributions and Donations	4b	5,287	5,183
Total Revenue		23,129	30,751
Capital Income		20	-
Total Income		23,149	30,751
Expenses			
<i>Recurrent Expenses</i>			
Employee Benefits	5	6,148	7,456
Materials and Services	6	6,046	11,019
Finance Costs		94	62
Depreciation	10	4,593	5,624
Total Recurrent Expenses		16,881	24,161
Capital Expenses	7	5,060	160
Total Expenses		21,941	24,321
Net Result		1,208	6,430
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to the Net Result</i>			
Gain/(Loss) on Revaluation of Property, Plant and Equipment	15	(25,013)	(3,577)
Total Other Comprehensive Income		(25,013)	(3,577)
Total Comprehensive Income		(23,805)	2,853

Flinders Shire Council

Statement of Financial Position

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	8	18,396	17,964
Trade and Other Receivables	9	2,709	3,282
Inventories		402	380
Total Current Assets		21,507	21,626
Non-Current Assets			
Trade and Other Receivables		2	-
Property, Plant and Equipment	10	182,331	204,243
Total Non-Current Assets		182,333	204,243
TOTAL ASSETS		203,840	225,869
LIABILITIES			
Current Liabilities			
Trade and Other Payables	12	3,435	2,211
Borrowings	13	207	148
Provisions	14	135	126
Total Current Liabilities		3,777	2,485
Non-Current Liabilities			
Borrowings	13	1,848	1,467
Provisions	14	876	773
Total Non-Current Liabilities		2,724	2,240
TOTAL LIABILITIES		6,501	4,725
NET COMMUNITY ASSETS		197,339	221,144
COMMUNITY EQUITY			
Asset Revaluation Surplus	15	80,142	105,155
Retained Surplus/(Deficiency)		117,197	115,989
TOTAL COMMUNITY EQUITY		197,339	221,144

Flinders Shire Council

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2016				
Opening Balance as at 1 July 2015		105,155	115,989	221,144
a. Net Result		-	1,208	1,208
b. Other Comprehensive Income				
- Increase/Decrease in Asset Revaluation Surplus	15	(25,013)	-	(25,013)
Total Comprehensive Income		(25,013)	1,208	(23,805)
Equity Balance as at 30 June 2016		80,142	117,197	197,339
2015				
Opening Balance as at 1 July 2014		108,732	107,487	216,219
a. Correction of Prior Period Errors		-	2,072	2,072
Revised Opening Balance (as at 1/7/14)		108,732	109,559	218,291
b. Net Result		-	6,430	6,430
c. Other Comprehensive Income				
- Increase/Decrease in Asset Revaluation Surplus		(3,577)	-	(3,577)
Total Comprehensive Income		(3,577)	6,430	2,853
Equity Balance as at 30 June 2015		105,155	115,989	221,144

Flinders Shire Council

Statement of Cash Flows

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		10,318	22,154
Payments to Suppliers and Employees		(15,814)	(21,884)
		(5,496)	270
Receipts:			
Investment and Interest Revenue Received		571	518
Rental Income		147	141
Non Capital Grants and Contributions		7,318	7,321
Payments:			
Finance Costs		(94)	(62)
Net Cash Flow - Operating Activities	20	2,446	8,188
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		363	443
Grants, Subsidies, Contributions and Donations		5,287	5,183
Payments:			
Purchase of Property, Plant and Equipment		(8,104)	(8,331)
Net Cash Flow - Investing Activities		(2,454)	(2,705)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings and Advances		600	700
Payments:			
Repayment of Borrowings and Advances		(160)	(85)
Net Cash Flow - Financing Activities		440	615
Net Increase/(Decrease) for the year		432	6,098
plus: Cash and Cash Equivalents - beginning		17,964	11,866
CASH AND CASH EQUIVALENTS - CLOSING	8	18,396	17,964

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Significant Accounting Policies

1A Basis of preparation

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:

- Financial assets and liabilities and certain classes of property, plant and equipment which are measured at fair value.

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. It also includes non-cash contributions which are usually infrastructure assets received from developers.

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
- Restoration of essential public assets

All other revenue and expenses have been classified as “recurrent”

1B Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards

Board (AASB) that are relevant to Council's operations and effective for the current reporting period. 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.

1C Constitution

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

1D Constitution

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

1E Currency

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

1F 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.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Significant Accounting Policies (continued)

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

- Valuation and depreciation of property, plant and equipment - Note 1K and Note 10;
- Provisions - Note 1M and Note 14; and
- Contingent liabilities - Note 17.

1G 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 the rating period.

Grants and subsidies

Grants and subsidies that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Internal restrictions that have been placed on Council's cash and cash equivalents are disclosed in Note 8.

Sales contracts and recoverable works revenue

Council generates revenues from services including 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.

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.

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

1H 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.

Flinders 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 1I); and
- Receivables - measured at amortised cost (Note 1J).

Financial liabilities

- Payables - measured at amortised cost (Note 1L); and
- Borrowings – measured at amortised cost (Note 1N).

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

1I Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Significant Accounting Policies (continued)

1J Receivables

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.

1K 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 displayed in Note 10.

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.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

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 the expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, where as 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 and Land Improvements, Buildings and Other Structures, Recreation Facilities, Road Network, Water Network, Sewer Network and Stormwater Drainage Network assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Plant and Equipment, Corporate and IT, Waste/Landfill 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 comprehensively revaluing these assets at least once every five years. This is achieved by either engaging an independent, professionally qualified valuer to determine the fair value for each class of property, plant and equipment or internally by Council engineers. This process involves physically sighting a representative sample of Council assets

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Significant Accounting Policies (continued)

and making assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region.

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 to 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.

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

Depreciation methods and estimated useful lives of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 10.

1L 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.

1M Liabilities - Employee Benefits

Wages and salaries

A liability for wages and salaries is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 12 as a payable.

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. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 12 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.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Significant Accounting Policies (continued)

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 14 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.

1N 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.

1O Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000.

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

1P Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds for prepaid funeral deposits, security deposits lodged to guarantee performance, housing bonds, key deposits and monies from Community Groups that no longer operate to be spent on specific projects. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 19.

1Q 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.

1R Adoption of New and Revised Accounting Standards

In the current year, 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.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of *AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 2 of the fair value hierarchy.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Significant Accounting Policies (continued)

At the date of authorisation of the financial report, *AASB 9 Financial Instruments*, and *AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 *AASB 124 Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.

Council is still reviewing the way that revenue is measured and recognised to identify whether *AASB 15 Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 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 the recognition, measurement and disclosure of revenue from contracts with customers.

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.

1S Date of Authorisation

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

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2(a). Council Functions - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:

OUR GOVERNANCE

We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents. This function includes the following:

- Elected Members, Corporate Operations, Shire Office, Statutory Requirements, Disaster Management;
- Finance, Rates, Information Technology, Risk Management, Employee Housing;
- Employee Provisions, Human Resources, Workplace Health and Safety, Animal Control; and
- Engineering Technical Services, Store and Procurement, Plant, Workshop and Depot Operations.

OUR ECONOMY

We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome. This function includes the following:

- Airports, Caravan Park, Saleyards, Cemeteries, Mitez Projects and Hann Highway Development;
- Main Roads Contracts, Private Works, Town Planning, Meatworks, Industrial Estate Development; and
- Area Promotion, Flinders Discovery Centre, Interpretive Signage, Porcupine Gorge Challenge, Tourism.

OUR ENVIRONMENT

We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries. This function includes the following:

- Pest/Vermin Destruction and Land Management.
- Refuse Collection & Disposal, Environmental Health and Noxious Weeds Control.

OUR COMMUNITY

We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community. This function includes the following:

- Our Library, Community Bus, Centrelink Services, Arts & Culture, Emergency Services (SES);
- Swimming Pool, Racecourse, Skate Park, Showgrounds, Community Development, Community Grants;
- Hughenden Centre for the Aged, Aged Housing, Halls & Community Centres, Museums & Cultural Centres;
- Commonwealth Home Support Program, Meals on Wheels, Disability Services, Veterans Home Care;
- Home Care Packages Level 2, Home Care Packages Level 4, Qld Community Care Services; and
- TV & Radio Services, Street Lighting, Public Conveniences, Parks, Gardens and Reserves.

OUR INFRASTRUCTURE

We will aim to continuously improve products, services and processes through sustainable management of Council's core assets. This function includes the following:

- Shire Roads, Town Streets, Stormwater Drainage, Water Services and Sewer Services.

OUR RESOURCES

This function includes the following:

- Rural Lands Stock Routes, Pest and Vermin Destruction, Irrigation Project and Flinders River Water Forum.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2(b). Analysis of Results by Function

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

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Our Governance	4,847	2,114	-	-	6,961	(3,679)	-	(3,679)	3,282	3,282	38,678
Our Economy	-	5,988	18	-	6,006	(6,689)	-	(6,689)	(701)	(683)	14,554
Our Environment	57	265	-	-	322	(1,212)	-	(1,212)	(890)	(890)	131
Our Community	1,245	405	110	20	1,780	(4,768)	-	(4,768)	(3,118)	(2,988)	19,517
Our Infrastructure	1,145	1,750	5,159	-	8,054	(406)	(5,060)	(5,466)	2,489	2,588	130,960
Our Resources	24	2	-	-	26	(127)	-	(127)	(101)	(101)	-
Total	7,318	10,524	5,287	20	23,149	(16,881)	(5,060)	(21,941)	961	1,208	203,840

Functions	Gross Program Income				Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Our Governance	4,738	1,809	-	-	6,547	(3,061)	-	(3,061)	3,486	3,486	36,078
Our Economy	-	13,804	242	-	14,046	(13,680)	-	(13,680)	124	366	13,420
Our Environment	53	289	-	-	342	(1,329)	-	(1,329)	(987)	(987)	259
Our Community	1,413	434	182	-	2,029	(4,237)	-	(4,237)	(2,390)	(2,208)	19,780
Our Infrastructure	1,102	1,903	4,747	-	7,752	(1,676)	(160)	(1,836)	1,329	5,916	156,332
Our Resources	15	8	12	-	35	(178)	-	(178)	(155)	(143)	-
Total	7,321	18,247	5,183	-	30,751	(24,161)	(160)	(24,321)	1,407	6,430	225,869

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 3. Revenue Analysis

	Notes	2016 \$'000	2015 \$'000
(a). Rates, Levies and Charges			
General Rates / Community Levy		1,805	2,187
Separate Rates		76	80
Water		855	812
Sewerage		679	785
Garbage Charges		178	199
Other Rates, Levies and Charges		23	24
Total Rates, Levies and Charges		3,616	4,087
Less: Discounts		-	(527)
Less: Pensioner remissions		(41)	(42)
TOTAL RATES, LEVIES AND CHARGES		3,575	3,518
(b). Fees and Charges			
Building and Development Fees		5	2
Infringements		2	2
Licences and Registrations		22	18
Airport Landing Fees		36	27
Cemetery and Funeral		65	49
Private Works		16	131
Community Care Packages		42	35
Saleyards		53	50
Parks and Reserves		24	35
Caravan Park		455	363
Flinders Discovery Centre		42	32
Other Fees and Charges		68	96
TOTAL FEES AND CHARGES		830	840

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Grants, Subsidies, Contributions and Donations

	Notes	2016 \$'000	2015 \$'000
(a) Recurrent			
General Purpose Grants		5,870	5,734
State Government Subsidies and Grants		562	586
Commonwealth Government Subsidies and Grants		876	978
Donations		1	3
Contributions		9	15
Other		-	5
TOTAL RECURRENT GRANTS, SUBSIDIES AND DONATIONS		7,318	7,321

(b) Capital

State Government Subsidies and Grants		3,563	4,470
Commonwealth Government Subsidies and Grants		1,724	713
TOTAL CAPITAL GRANTS, SUBSIDIES AND DONATIONS		5,287	5,183

Note 5. Employee Benefits

	Notes	2016 \$'000	2015 \$'000
Wages and Salaries		5,561	5,727
Annual, Sick and Long Service Leave Entitlements		968	996
Superannuation	18	708	682
Councillors' Remuneration		398	228
Subtotal Employee Related Expenses		7,635	7,633
Other Employee Related Expenses		177	396
Subtotal Other Employee Related Expenses		7,812	8,029
Less: Capitalised Employee Expenses		(1,664)	(573)
TOTAL EMPLOYEE BENEFITS		6,148	7,456

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

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 5. Employee Benefits (continued)

Notes	2016 \$'000	2015 \$'000
Additional information:		
Total Employees at year end:		
Administration Staff	46	39
Depot and Outdoors Staff	61	56
Total full time equivalent employees	107	95
Total Elected members	7	7

Note 6. Materials and Services

Notes	2016 \$'000	2015 \$'000
Advertising and Marketing	304	265
Audit Services	36	43
Communications and IT	272	304
Community Services	3,454	2,889
Donations Paid	46	45
Recoverable Works	340	6,163
Road Construction	934	879
Special Projects	96	292
Other Materials and Services	564	139
TOTAL MATERIALS AND SERVICES	6,046	11,019

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 7. Capital Expenses

	Notes	2016 \$'000	2015 \$'000
(a) Loss on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		343	443
Less: Book Value of Property, Plant and Equipment Disposed	10	(407)	(451)
Subtotal Loss on Disposal of Non-Current Assets		64	8
(b) Revaluation decrement			
Downwards Revaluation of Property, Plant and Equipment	10	-	42
Subtotal Downwards Revaluation of Property, Plant and Equipment		-	42
(c) Other capital expenses			
Loss on Write-Off of Assets		-	110
Restoration of Essential Public Assets		4,996	-
Subtotal Other Capital Expenses		4,996	110
TOTAL CAPITAL EXPENSES		5,060	160

Note 8. Cash and Cash Equivalents

	Notes	2016 \$'000	2015 \$'000
Cash and Cash Equivalents			
Cash at Bank and on Hand		179	195
Cash Equivalent Assets			
- Deposits at Call		15,217	14,769
- Short Term Deposits		3,000	3,000
TOTAL CASH AND CASH EQUIVALENTS		18,396	17,964

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 8. Cash and Cash Equivalents (continued)

Notes	2016 \$'000	2015 \$'000
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Restricted Cash, Cash Equivalents and Investments

Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use.

These include:

Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:

Unspent Government Operating Grants - Various	80	1
Unspent Government Operating Grants - Qld Community Care Services (QCCS)	-	26
Unspent Government Operating Grants - Extended Aged Care Packages (EACH)	48	145
Unspent Government Operating Grants - Home and Community Care Packages (HACC)	20	4
Unspent Government Capital Grants - Various	10	-
Total External Restrictions	158	176

Cash and short term deposits at call are held in the National Australia Bank in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-.

Unspent government Operating Grants represent the total amount of grants held in cash not yet used. Government Capital Grants are retained as they are required to be spent on specific projects.

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

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

\$ '000	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
2016 Financial Assets	18,396	184	(184)	184	(184)
2015 Financial Assets	17,964	180	(180)	180	(180)

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 9. Trade and Other Receivables

Notes	2016 \$'000	2015 \$'000
Current		
Rateable Revenue and Utility Charges	364	277
Other Debtors	2,289	2,659
Less: Impairment of Other Debtors	(30)	(26)
GST Recoverable	-	342
Prepayments	86	30
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	2,709	3,282

Ageing of Past Due Receivables

Past due:		
- Less than 30 days overdue	365	646
- 31 to 60 days overdue	-	4
- 61 to 90 days overdue	60	51
- Greater than 90 days overdue	-	-
- Impaired	30	26
Total Past Due Receivables	455	727

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.

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts therefore protecting Council against credit risk in the case of defaults. In other cases, the Council assesses credit risk before providing goods and services and applies normal business credit protection procedures to minimise risk.

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

Flinders Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 10. Property, Plant and Equipment

30 June 2016	as at 30/6/2015				Asset Movements during the Reporting Period										as at 30/6/2016				Range of Estimated Useful Lives in Years
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	Correction to Opening Balances - WDV	Asset Additions - New	Asset Additions - Renewal	Depreciation Expense	Asset Disposals - WDV (Note 7)	Asset Write-offs - WDV (Note 7)	Revaluation Decrements to P&L - WDV (Note 7)	Revaluation Decrements to Equity (ARR) - WDV (Note 15)	Revaluation Increments to Equity (ARR) - WDV (Note 15)	Adjustments and Other Transfers - WDV	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Work in Progress	3,319	-	-	3,319	-	(1,537)	-	-	-	-	-	-	-	-	1,782	-	-	1,782	n/a
Land and Land Improvements	-	4,361	-	4,361	-	239	-	-	-	-	-	-	-	-	-	4,600	-	4,600	n/a
Buildings and Other Structures	-	41,366	12,413	28,953	54	1,744	300	(1,083)	-	-	-	-	-	48	-	43,511	13,495	30,016	10 to 100
Recreation Facilities	-	1,900	233	1,667	(102)	122	-	(44)	-	-	-	-	-	-	-	1,920	277	1,643	5 to 70
Plant and Equipment	14,187	-	7,002	7,185	-	336	1,340	(1,483)	(407)	-	-	-	-	-	14,725	-	7,754	6,971	3 to 8
Corporate and IT	435	-	226	209	-	44	-	(14)	-	-	-	-	-	-	479	-	240	239	3 to 50
Road Network	-	148,431	17,308	131,123	-	1,004	4,238	(891)	-	-	-	(25,013)	-	-	-	118,146	7,685	110,461	10 to 175
Water Network	-	14,053	6,149	7,904	-	-	271	(304)	-	-	-	-	-	-	-	14,324	6,453	7,871	20 to 100
Sewer Network	-	21,632	2,715	18,917	-	-	-	(639)	-	-	-	-	-	-	-	21,634	3,356	18,278	5 to 60
Stormwater Drainage Network	-	474	21	453	-	-	-	(9)	-	-	-	-	-	-	-	474	30	444	50
Waste / Landfill	626	-	474	152	-	-	-	(126)	-	-	-	-	-	-	628	-	602	26	5
Total Property, Plant and Equipment	18,567	232,217	46,541	204,243	(48)	1,952	6,149	(4,593)	(407)	-	-	(25,013)	-	48	17,614	204,609	39,892	182,331	

30 June 2015	as at 30/6/2014				Asset Movements during the Reporting Period										as at 30/6/2015				Range of Estimated Useful Lives in Years
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	Correction to Opening Balances - WDV	Asset Additions - New	Asset Additions - Renewal	Depreciation Expense	Asset Disposals - WDV (Note 7)	Asset Write-offs - WDV (Note 7)	Revaluation Decrements to P&L - WDV (Note 7)	Revaluation Decrements to Equity (ARR) - WDV (Note 15)	Revaluation Increments to Equity (ARR) - WDV (Note 15)	Adjustments and Other Transfers - WDV	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Work in Progress	6,530	-	-	6,530	-	(3,211)	-	-	-	-	-	-	-	-	3,319	-	-	3,319	n/a
Land and Land Improvements	-	4,113	-	4,113	-	-	-	-	-	-	-	248	-	-	-	4,361	-	4,361	n/a
Buildings and Other Structures	-	37,661	4,722	32,939	-	447	7	(715)	-	(110)	-	(3,564)	-	(51)	-	41,366	12,413	28,953	10 to 100
Recreation Facilities	-	894	129	765	-	925	-	(32)	-	-	(42)	-	-	51	-	1,900	233	1,667	5 to 70
Plant and Equipment	13,226	-	6,105	7,121	-	248	1,825	(1,558)	(451)	-	-	-	-	-	14,187	-	7,002	7,185	3 to 8
Corporate and IT	417	-	207	210	-	-	19	(20)	-	-	-	-	-	-	435	-	226	209	3 to 50
Road Network	-	147,570	17,216	130,354	-	801	1,703	(2,372)	-	-	-	637	-	-	-	148,431	17,308	131,123	10 to 100
Water Network	-	11,559	6,420	5,139	2,072	148	170	(234)	-	-	-	609	-	-	-	14,053	6,149	7,904	20 to 100
Sewer Network	-	20,000	4,186	15,814	-	3,811	1,357	(558)	-	-	-	(1,507)	-	-	-	21,632	2,715	18,917	5 to 60
Stormwater Drainage Network	-	393	13	380	-	81	-	(8)	-	-	-	-	-	-	-	474	21	453	50
Waste / Landfill	627	-	348	279	-	-	-	(127)	-	-	-	-	-	-	626	-	474	152	5
Total Property, Plant and Equipment	20,800	222,190	39,346	203,644	2,072	3,250	5,081	(5,624)	(451)	(110)	(42)	(3,564)	(13)	-	18,567	232,217	46,541	204,243	

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 11. Fair Value Measurements

(1) Recognised Fair Value Measurements

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

Property, Plant and Equipment

- Land and Land Improvements
- Buildings and Other Structures
- Recreation Facilities
- Road Network
- Water Network
- Sewer Network
- Stormwater Drainage Network

Council does not measure any liabilities 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 or loss when incurred. The fair value of borrowings disclosed in Note 13 is provided by the 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).

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Table 1 categorises fair value measurements as either level 2 or 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 any 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. These assets are valued using a combination of observable and unobservable inputs.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Fair Value Measurements (continued)

(1) Recognised Fair Value Measurements (continued)

Table 1 presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2016.

Table 1 - All assets and liabilities that have been measured and recognised at fair values:

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts \$'000	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2016					
Property, Plant and Equipment					
Land and Land Improvements	30/06/15	-	3,946	654	4,600
Buildings and Other Structures	30/06/15	-	781	29,235	30,016
Recreation Facilities	30/06/15	-	-	1,643	1,643
Road Network	30/06/16	-	-	110,461	110,461
Water Network	30/06/15	-	-	7,871	7,871
Sewer Network	30/06/15	-	-	18,278	18,278
Stormwater Drainage	30/06/12	-	-	444	444
Total Property, Plant and Equipment		-	4,727	168,586	173,313
2015					
Property, Plant and Equipment					
Land and Land Improvements	30/06/15	-	3,707	654	4,361
Buildings and Other Structures	30/06/15	-	781	28,172	28,953
Recreation Facilities	30/06/15	-	-	1,667	1,667
Road Network	30/06/14	-	-	131,123	131,123
Water Network	30/06/15	-	-	7,904	7,904
Sewer Network	30/06/15	-	-	18,917	18,917
Stormwater Drainage	30/06/12	-	-	453	453
Total Property, Plant and Equipment		-	4,488	188,890	193,378

(2) Transfers between Level 1 and Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Fair Value Measurements (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Specific valuation techniques used to value Council assets comprise:

a) Land and Land Improvements (Level 2 and Level 3)

Land and Land Improvements were subject to a comprehensive revaluation by AssetVal, Registered Valuers at 30 June 2015. In their methodology AssetVal determined that an analysis of available market evidence indicated that the direct comparison approach to the land valuations was the most appropriate method. At 30 June 2016 recent sales did not indicate a significant change in value, as such, no adjustment has been made to fair value.

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

Land that is utilised for footpath or access restriction purposes, land that is a volumetric title, or due to its general characteristics land that had no observable active market, have now been assessed as Level 3. For assets valued under Level 3 Land and Land Improvements the unobservable input was deemed to be the rate per square metre applied to the asset.

Land under infrastructure and reserve land does not have a value for the purpose of the Flinders Shire Council's Financial Statements.

b) Buildings and Other Structures (other) and Recreation Facilities (Level 3)

A comprehensive independent revaluation was performed at 30 June 2015 by AssetVal, Registered Valuers. There is no current market for Council's buildings (other) and recreation facilities as these are held to provide essential services to the community. Accordingly the fair value of all building (other) and recreation facilities assets are measured at written down current replacement cost. The valuation of the buildings, structural improvements and site services includes those items which form part of the building services installation. The value was derived from reference to the costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's Construction Handbook and AssetVal's internal market research and costings. At 30 June 2016 the Asset Revaluation Index: Engineering and Construction, Queensland was reviewed and the index recorded a movement of 2.22% since the last comprehensive valuation at 30 June 2015. This movement was not considered material, as such no adjustment was made to fair value.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives, allowance has been made for the typical asset life cycle and renewal treatments of each component, and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. The estimates of useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (Level 3).

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Fair Value Measurements (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

c) Residential Rental Property (Level 2)

Council obtained an independent valuation at 30 June 2015. The valuation was undertaken by AssetVal, Registered Valuers. At 30 June 2016 recent property sales did not indicate a significant change in market value of Residential Rental Properties, as such, no adjustment has been made to fair value.

Council's rental properties are all residential properties in areas with sales of comparable properties. Therefore they were valued using the sales comparison approach. Sales prices of comparable residential properties in close proximity are adjusted for key attributes such as property size (Level 2). The most significant input into this approach is price per square metre of land, price per square metre of house living areas and number of bedrooms.

Accumulated depreciation on Level 2 residential properties is determined using the same method as Level 3 Buildings and Other Structures by disaggregating assets into significant components exhibiting different useful lives, and taking into consideration asset life cycles, renewal treatments and asset condition.

d) Infrastructure Assets (Level 3)

All Council infrastructure assets were 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.

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

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Fair Value Measurements (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

(i) Road Network

The road network was comprehensively valued by Council engineers, at 30 June 2016. CRC was developed from plant and wages hourly rates, Council on-costs, Queensland Reconstruction Authority restoration submissions and construction works contracts. On cost rates have been revised since the last comprehensive revaluation in 2014, and other inputs to road construction such as contractor costs have also decreased. As a result of the change in accounting estimates there has been a significant change in the valuation in 2016 compared to 2014.

a. Current Replacement Cost

Council categorises its road infrastructure by five (5) road types:

- A) Rural Major Street
- B) Rural Minor Road
- C) Urban Access Street
- D) Urban Major Street
- E) Urban Minor Street

Council's road infrastructure assets include:

- 1) Roads (formation, pavement, surfacing)
- 2) Signage - type and location
- 3) Kerb and Channel and Medians - type and location
- 4) Culverts - type and location
- 5) Floodways
- 6) Footpaths
- 7) Other Road Furniture
- 8) Airport

Council has taken into consideration the terrain and environment in which each road is located. Flinders Shire Council has two classes of terrain, level (L) and rolling (R). Council also has two general types of soil, non-reactive and reactive. Each of the roads in Flinders Shire has been classified into four (4) classes:

- 1) LDR - Level, dry reactive soil;
- 2) LDNR - Level, dry non-reactive soil;
- 3) RoDR - Rolling, dry, reactive soil; and
- 4) RoDNR - Rolling, dry non-reactive soil.

Work breakdown cost structures (WBS) have been developed for replacement of each asset type based on their material type, terrain and environmental conditions. The unit rates used within each WBS have been developed using recent and relevant local data and construction work contracts from Council and independent sources.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Fair Value Measurements (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

b. Accumulated Depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Useful lives are disclosed in Note 10.

Condition ratings were between 1 and 5 with 1 being excellent condition and 5 very poor condition. The higher the condition rating the lower the fair value.

(ii) Water and Sewer Network

A comprehensive revaluation was undertaken by Council engineers at 30 June 2015. CRC at 30 June 2016 was determined by Council engineers using the Asset Revaluation Index: Engineering and Construction, Queensland. The index recorded a movement of 2.22% since the last comprehensive valuation at 30 June 2015. This movement was not considered material, as such no adjustment was made to fair value.

a. Current Replacement Cost

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

Council Engineer's cost models were derived from the following sources:

- schedule rates for construction of asset or similar asset;
- recent contract and tender data;

Factors taken into account in determining replacement cost included:

Development factors - The area in which development takes place (eg rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).

Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).

Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/trench cage which increases costs and slows production).

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Fair Value Measurements (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

b. Accumulated Depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were performed (ie for on the ground assets), provision was made to adjust remaining useful lives based on condition and performance.

Assets were allocated a condition assessment rating between 1 and 5 which was used to estimate remaining useful life. 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating the higher the fair values.

Where site inspections were not performed (ie for in the ground assets), provision was made to adjust remaining useful lives based on performance and planned maintenance records.

(iii) Stormwater Drainage

a. Current Replacement Cost

CRC was calculated based on expected replacement costs. In all cases assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life. Similar to roads, drainage assets are in segments with pits, pipes and channels being major components. A full revaluation will be conducted at 30 June 2017. Existing stormwater assets have not been subject to revaluation since being constructed in 2012. CRC at 30 June 2016 was determined by Council engineers using the Asset Revaluation Index: Engineering and Construction, Queensland. The index recorded a movement of 2.96% since these assets were constructed in 2012. This movement was not considered material, as such no adjustment was made to fair value.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across stormwater assets. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to sewerage.

b. Accumulated Depreciation

In determining the level of accumulated depreciation stormwater drainage assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

(4) Valuation Process

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Finance Manager 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 (recurring fair value measurements) is set out in Note 1K and Note 11 respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 12. Trade and Other Payables

	Notes	2016 \$'000	2015 \$'000
Current			
Creditors and Accruals		2,161	1,031
Annual Leave		895	902
Goods Received not yet invoiced		88	234
ATO - Net GST Payable		130	-
Security Bonds, Deposits and Retentions		1	-
Payments Received in Advance		3	7
Other Employee Entitlements		155	37
Other		2	-
TOTAL CURRENT TRADE AND OTHER PAYABLES		3,435	2,211

Although Annual Leave has all been reflected as current, the portion expected to be taken in the next twelve months is \$554,000.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2016 Trade and Other Payables	2,249	-	-	2,249	2,249
2015 Trade and Other Payables	1,265	-	-	1,265	1,265

Note 13. Borrowings

	Notes	2016 \$'000	2015 \$'000
Current			
Loans - Queensland Treasury Corporation		207	148
TOTAL CURRENT BORROWINGS		207	148
Non-current			
Loans - Queensland Treasury Corporation		1,848	1,467
TOTAL NON-CURRENT BORROWINGS		1,848	1,467

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13. Borrowings (continued)

Notes	2016 \$'000	2015 \$'000
Reconciliation of Loan Movements for the year		
Loans - Queensland Treasury Corporation		
Opening Balance at Beginning of Financial Year	1,615	1,000
Loans Raised	600	700
Principal Repayments	(160)	(85)
Book value at end of financial year	2,055	1,615

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2016 Loans - QTC	273	1,092	1,022	2,387	2,055
2015 Loans - QTC	204	811	889	1,904	1,615

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

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

\$ '000	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
2016 Loans - QTC	2,055	(20)	20	(20)	20
2015 Loans - QTC	1,615	(16)	16	(16)	16

Loan Disclosures

The fair value of borrowings with QTC is based on the market value of debt outstanding. The QTC loan market value at the reporting date was \$2,150,114.

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.

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

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2024 to 15 March 2026.

There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 14. Provisions

	Notes	2016 \$'000	2015 \$'000
Current			
Long Service Leave		132	123
Refuse Restoration		3	3
TOTAL CURRENT PROVISIONS		135	126

Non-current

Long Service Leave		826	723
Refuse Restoration		50	50
TOTAL NON-CURRENT PROVISIONS		876	773

Details of movements in Provisions:

Class of Provision	Opening	Additional	Decrease	Remeasure	Unused	Closing
	Balance			ment		
	as at	Provision	due to	due to	Reversed	as at
	01/07/15	\$'000	Payments	Discounting	\$'000	30/06/16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Long Service Leave	846	65	(29)	75	-	958
Refuse Restoration	53	-	-	-	-	53
TOTAL	899	65	(29)	75	-	1,011

Note 15. Asset Revaluation Surplus

	Notes	2016 \$'000	2015 \$'000
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Asset Revaluation Surplus analysis

The closing balance of the Asset Revaluation Surplus comprises the following asset categories:

Land and Land Improvements	3,034	3,034
Buildings and Other Structures	16,461	16,461
Road Network	56,690	81,703
Water Network	2,688	2,688
Sewer Network	1,269	1,269
Balance at end of financial year	80,142	105,155

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 16. Commitments for Expenditure

Notes	2016 \$'000	2015 \$'000
Contractual Commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Caravan Park Infrastructure	-	124
Civica Software Implementation and Licenses	114	60
Civica Software Management and Support	17	125
Other Commitments	109	827
Contract and Recoverable Works	818	161
Road Construction	46	45
Purchase of Housing	142	-
TOTAL CONTRACTUAL COMMITMENTS	1,246	1,342

Note 17. Contingent Liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 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 \$251,803.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 18. 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 Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits 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 either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

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

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

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

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

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 18. Superannuation (continued)

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Flinders 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 made as at 1 July 2018.

	Notes	2016 \$'000	2015 \$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	5	708	682

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Trust Funds

Notes	2016 \$'000	2015 \$'000
Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	73	66
Security Deposits	1	1
Total Trust Funds	74	67

Note 20. Reconciliation of Net Operating Result for the Year

Notes	2016 \$'000	2015 \$'000
Net operating result from Income Statement	1,208	6,430
Non-cash items:		
Depreciation	4,593	5,624
Unwinding of Discount Rates on Reinstatement Provisions	75	-
Write Offs of Property, Plant and Equipment	-	152
Net Losses/(Gains) on Disposal of Assets	44	8
Non Operating Cash Flows		
Capital Grants and Contributions	(5,287)	(5,183)
Changes in operating assets and liabilities:		
(Increase)/Decrease in Receivables	571	4,333
(Increase)/Decrease in Inventories	(22)	(17)
Increase/(Decrease) in Payables and Accruals	1,133	(3,309)
Increase/(Decrease) in Other Liabilities	94	-
Increase/(Decrease) in Employee Leave Entitlements	112	-
Increase/(Decrease) in Other Provisions	(75)	150
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	2,446	8,188

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 21. Events Occurring After the Reporting Period

Council is unaware of any material or significant "non adjusting events" after the reporting period that should be disclosed.

Note 22. Financial Instruments

Council has exposure to interest rate risk, credit risk (refer to Note 9), and liquidity risk that should be disclosed.

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial Risk Management

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

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

Council does not enter into derivatives.

Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 13.

The tables presented in Note 12 and Note 13 set out the liquidity risk in relation to financial liabilities held by the Council. They represent the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 22. Financial Instruments (continued)

Market Risk

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

Interest Rate Risk

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury.

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.

Interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the net result and equity, based on the carrying values at the end of the reporting period. The sensitivity analysis table in Note 8 (Cash and Cash Equivalents) and Note 13 (Borrowings) assumes that the change in interest rates would be held constant over the period and are based on the carrying amount at reporting date.

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 23. Council Information and Contact Details

Principal Place of Business:

34 Gray Street
HUGHENDEN QLD 4821

Contact Details**Mailing Address:**

PO Box 274
HUGHENDEN QLD 4821

Opening Hours:

8:30 am to 5:00 pm

Telephone: 07 4741 2900

Facsimile: 07 4741 1741

Internet: <http://www.flinders.qld.gov.au/web/guest/home>

Email: flinders@flinders.qld.gov.au

Officers**CHIEF EXECUTIVE OFFICER**

Graham King

Elected Members**MAYOR**

Cr Jane McNamara

AUDITORS

Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

COUNCILLORS

Cr Sean O'Neill
Cr Arthur (Bill) Bode
Cr Kim (Clancy) Middleton
Cr Kelly Carter
Cr Graham Sealy
Cr Kate Downie

Other Information

ABN: 24 420 911 643

Flinders Shire Council

General Purpose 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 1 to 37, 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.



Cr Jane McNamara

MAYOR

Date: 13/10/16



Graham King

CHIEF EXECUTIVE OFFICER

Date: 13/10/16

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Flinders Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Flinders 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 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 Flinders 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 CA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Flinders Shire Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2016

	Actual 2016	Target 2016
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Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	5.39%	0 - 10%
Total Operating Revenue (excluding capital items)		

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

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)	155.33%	more than 90%
Depreciation Expense		

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	-84.10%	less than 60%
Total Operating Revenue (excluding capital items)		

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

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.

Flinders Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2016

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.



Cr Jane McNamara

MAYOR

Date: 13/10/16



Graham King

CHIEF EXECUTIVE OFFICER

Date: 13/10/16

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Flinders 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 Flinders Shire Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and 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

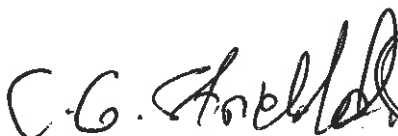
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Flinders Shire Council, for the year ended 30 June 2016, has been accurately calculated.

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

Flinders Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2016

	Target 2016	Actual 2016	2017	2018	2019	2020	Forecast					
							2021	2022	2023	2024	2025	2026

Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	0 - 10%	5.39%	0.20%	0.60%	0.60%	0.20%	0.10%	1.00%	0.90%	0.90%	0.40%	0.50%
Total Operating Revenue (excluding capital items)												

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

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)	> 90%	155.33%	202.30%	137.40%	85.80%	132.10%	99.10%	109.00%	82.30%	104.50%	80.00%	93.10%
Depreciation Expense												

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	< 60%	-84.10%	-49.90%	-44.40%	-62.90%	-61.00%	-64.30%	-70.70%	-79.10%	-85.70%	-94.30%	-103.10%
Total Operating Revenue (excluding capital items)												

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Flinders Shire Council Financial Management Strategy

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

Flinders Shire Council

Long-Term Financial Sustainability Statement

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.



Cf Jane McNamara

MAYOR

Date: 13/10/16



Graham King

CHIEF EXECUTIVE OFFICER

Date: 13/10/16