

# Annual Report 2016 - 2017

Building a strong & sustainable local economy  
Celebrating our diverse & unique community  
Creating environmental value & balance  
Driving excellence in governance



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# Livingstone at a Glance

## LOCAL ECONOMY



## TOURISM



## AFFORDABILITY



More than **2,800** registered businesses in the Shire



**25** sport and recreational facilities  
**3** public swimming pools

**50+** beaches    **30** islands



## Regional Profile

The Livingstone Shire sits within the Capricornia region in Central Queensland; nestled along the beautiful Capricorn Coast which spans over 11,776 square kilometres and home to more than 37,000 residents.

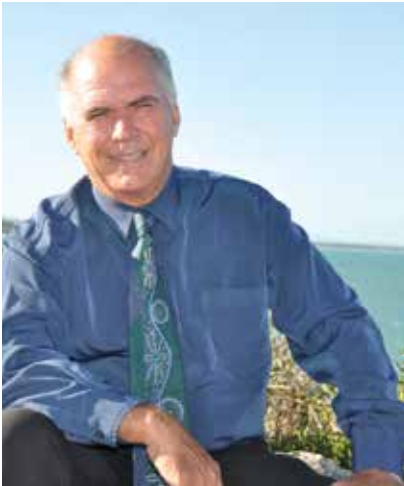
The major centres include the coastal towns of Yeppoon and Emu Park, with the smaller villages of Byfield, Farnborough, Cawarral, Keppel Sands, Glenlee, Glendale, The Caves, Yaamba, Marlborough, Stange Bay and Ogmoo making up the Shire.

The area has an abundance of natural features including countless beaches with sheltered swimming, picturesque national parks, pristine rainforests and idyllic offshore islands, making it an ideal tourist destination or place to live.

First established as a local government area in 1879, Livingstone Shire was amalgamated with three other councils to become Rockhampton Regional Council in 2008. After a successful de-amalgamation election in 2013, Livingstone Shire Council was re-established on 1 January 2014.

# Mayor's Report

*Over the last financial year, Livingstone Shire Council has remained very much strategically focused in a number of key areas. Those areas have included maintaining and improving overall service delivery, provision of critical infrastructure, supporting and facilitating economic development, and providing the highest possible level of support to community based organisations and clubs.*



Over the last financial year, Livingstone Shire Council has remained very much strategically focused in a number of key areas. Those areas have included maintaining and improving overall service delivery, provision of critical infrastructure, supporting and facilitating economic development, and providing the highest possible level of support to community based organisations and clubs.

Importantly Council has also been very focussed on ensuring we have sustainable and responsible long-term financial management. Continuing successes over recent years in securing over \$100 million in State and Federal funding has played a key role in that process and has also underpinned our economic development strategies of delivering significant investments in major job creating projects. These projects, which have included the staged redevelopment of both the Yeppoon and Emu Park foreshores, have created immediate economic stimulus and local jobs during the construction phase. As projects reach completion

they are in-turn generating flow-on full-time employment opportunities.

Continuing to facilitate our long-term economic recovery following the challenges presented by natural disasters and the cumulative effects over several years of prolonged downturns in the resource, construction and tourism sectors has been a vital investment in our future.

One of the most significant projects in 2016 was the opening of the much-needed Yeppoon Town Centre Car Park. Opening in time for the peak tourist season, the car park project has created more than 330 free parking spaces and has also provided a 'canvas' for large scale public art pieces featuring stunning ocean murals as well a portrait of our own nationally recognised performers Busby Marou. The car park was recently awarded the Best Commercial Building over \$5M at the 2017 CQ Master Builder Awards.

The opening of a further stage of the Emu Park Centenary of Anzac Precinct was another highlight along with commencement of the next \$4.55M stage of the Emu Park Village and Foreshore Revitalisation Master Plan. The joint funding commitment between Council, Queensland Government, Bendigo Bank, Emu Park RSL and Emu Park Lions Club will see the construction of formalised parking along Tennent Memorial Drive, dedicated bus set down area for tourist coaches visiting the Singing Ship, completion of kerb and channelling along Emu and Granville Streets, as well as the undergrounding of power-lines.

The year also saw works commence on the highly anticipated Yeppoon Foreshore Lagoon Precinct which

will feature a 'swim up' infinity edge pool overlooking Keppel Bay, lap swimming area, children's play areas, beautifully landscaped green-spaces and amenities. The lagoon will form the centre-piece of the overall \$53M Yeppoon Foreshore and Town Centre Revitalisation (Stages 3, 4 & 5) which combined has been jointly funded over three years by State Government (\$29M), Federal Government (\$10M) and Council (\$14M).

Livingstone Shire Council's long-term vision to position the Capricorn Coast as a destination of choice for significant sports tourism events also achieved a major milestone with the turning of the first sod at the \$4.75M Hartley Street Multi-Sport Precinct in Emu Park, jointly funded by Council (\$1.5M), State Government (\$1.5M), Federal Government (\$1.5M) and Bendigo Community Bank (\$250,000). Stage 1 of the project will include two irrigated rugby league fields with full lighting, multi-purpose amenities building complete with kiosk and storage facilities as well as upgraded access road and car park. Together with the hugely popular Barmaryee Multi-Sports Precinct, the Hartley Street Complex will ensure the Capricorn Coast is well positioned to cater for the current and long-term sporting requirements of our rapidly growing population.

Securing exceptional levels of State and Federal funding support has also allowed Council to undertake much needed major investments in critical infrastructure projects ranging from strategic road network projects like Panorama Drive, to the necessary expansion of our water and sewerage infrastructure to meet the needs of both our current population and projected future growth.



Now completed, Panorama Drive provides a vital new route linking Adelaide Park Road with Farnborough Road. The project, which generated almost 100 full-time jobs during construction, was once again jointly funded by Council and the State Government. Servicing the Capricorn Coast's northern growth corridor and providing a critical alternate evacuation and supply route during natural disasters, Panorama Drive will also play an integral role in relieving traffic congestion and making Yeppoon foreshore and CBD more pedestrian friendly.

At Statue Bay, work has progressed on the rebuilding and betterment work needed to restore the Scenic Highway. Once again successful representations and negotiations with State and Federal Governments have secured commitments of up to approximately \$15M to undertake the works with a major proportion coming through the Natural Disaster Relief and Recovery Arrangements. The project has been one of the most complex post-cyclone engineering challenges Council has had to face and I must commend both the State and Federal Governments for their funding support, the project team for their efforts and the community for their patience through what has been a prolonged but necessary process to ensure we get the best possible long-term outcomes.

Another major project now well underway is the \$6.225M Local Disaster Coordination Centre and Community Resilience Hub (LDCC). This state-of-the-art facility, being jointly funded by the State and Federal Governments and Livingstone Shire Council, will provide a central location for all emergency service

agencies to effectively manage and work cooperatively during major disasters.

A calculated investment in community safety, the LDCC will also function as a training centre to significantly expand tertiary study options in the field of disaster management and community resilience. When fully commissioned and operational the LDCC, through innovative partnerships being established with both CQUni and State Emergency Agencies, will have the potential to set new benchmarks for pro-active local disaster management and community resilience building.

In the past year, Council reaffirmed its commitment to generating economic uplift and long-term economic sustainability by establishing a dedicated Strategic Growth and Development Unit. This unit has been tasked with supporting and encouraging existing businesses to further develop and create new employment opportunities by providing assistance to new businesses looking to establish in our Shire. Another key role will be to work with State and Federal agencies to identify and attract new overseas investment, tourism, primary production and export opportunities.

While the 2016-17 financial year presented both opportunities and challenges, Council remained committed to efficient and effective utilisation of resources at hand to achieve the very best outcomes for our community. As Mayor, I would like to take this opportunity to acknowledge and thank my fellow Councillors, senior management team and the entire Council organisation for their efforts over the last 12

months. I would also like to recognise and thank the many businesses, community groups and volunteers for their on-going support and invaluable assistance.

# CEO's Report

*The 2016-17 Annual Report is Livingstone Shire Council's report card to the community. It provides a comprehensive overview of our key achievements, the challenges met and services delivered over the last financial year.*



The last 12-months have seen Council continue to develop as a local government organisation while at the same time striving to maintain the highest standards of service to our local community and delivering a significant capital works program.

Council remains one of the largest and most diverse employers on the Capricorn Coast, with a vast range of services that it delivers for the community. These services include roads, water, waste, sewerage, open spaces, library services, arts and cultural activities, community partnerships, natural resource and coastal management, cemeteries, development assessment, town planning, disaster management, sport and recreation, events and economic development.

In 2016 Council established a new Strategic Growth and Development Unit, dedicated to facilitating economic growth, attracting new investment and developing sustainable industry. Already this investment is paying dividends with a number of new businesses established and support being provided to assist the growth of new and established enterprise. Council's draft Economic Development Plan

will commence public consultation shortly, along with our Place Making Strategy, which is all about turning spaces into places that locals and visitors want to keep coming back to enjoy time and time again.

With hundreds of new residents making a permanent move to our Shire each year, the community is starting to see increased participation at our new facilities including the hugely popular Keppel Kraken, the Yeppoon Town Centre Carpark, Barmaryee Multisports Sports Precinct, Centenary of Anzac and Wreck Point. The development of the Yeppoon and Emu Park Foreshores will further enhance the liveability and attractiveness of our Shire as a desired destination to live and visit.

Over the past 12 months Council has also focussed on its internal operations to identify opportunities to increase efficiency and improve practices. For example; the roll out of mobile devices enables officers in the field access to update records on the go, reducing double handling of information and ensuring real time data is available. Implementation of our online customer self-service functionality provides users the ability to obtain information anytime/ anywhere and to transact their business with Council at a time that is most convenient to them. Further expansion of Online Services will ensure that Council stays abreast of current trends and customer expectations. An organisational review is currently underway which is focussed on building agility, flexibility and sustainability across Council with the overriding objective to grow into a more efficient organisation.

Through prudent management, Council is on track to achieve its long-term financial sustainability goals including reducing debt over the longer term, minimising the impact

of rate rises wherever possible and ensuring we are renewing community assets as and when required. Some of the challenges faced include the cost of de-amalgamation, five declared weather events in the period since 2014, the impact of the economic downturn and delivery of a significant capital program. The next couple of years, however, will be a period of consolidation for the organisation.

I thank the Mayor, Deputy Mayor and Councillors for their leadership and commitment to the community over the past year. Their aspirations for the Shire ensure the organisation strives for excellence in customer service and community outcomes.

I have the privilege of working with a diverse, highly committed and dedicated staff without whom the achievements detailed in this annual report would not be possible. I thank each and every one of them for their contribution and look forward to continuing our important work of providing services and facilities of a high standard while maintaining our focus on adding value to our community.





# Councillor Nigel Hutton

## Portfolios:

### Administration & Finance (including Regional Arts Development Fund), Sub-Portfolio of Youth Development & the Arts



#### Administration

Throughout the organisation the embedding of our cultural values of community, accountability, potential, teamwork and positivity has been a great success and testament to the work of both the leadership team and every officer.

In 2016/2017 our customer service team interacted with more than 100,000 customers and responded to over 43,400 calls. The introduction of Councils Online Service Portal in January has proved to be extremely successful with over 300 registered users. This service provides 24/7 access for residents to lodge applications, register animals and pay bills.

The engagement and events staff developed a whole of council community engagement framework which sets the standards and expectations for both community and sector engagement across the board. \$200,000 was also provided in sponsorships and support to local events throughout the shire including the Caves Show, Marlborough show and camp draft, Yeppoon Show, Yeppoon Lions Pinefest, Australia Day, Capricorn Running Festival, Beach Day Out, Festival of the Wind, and the Village Festival.

A further initiative which I'm incredibly proud of is that Livingstone Shire has provided all staff with domestic violence awareness training, a first for our state,

#### Finance

Our finance team continues to provide services across the organisation including work undertaken on the 2017/2018 budget and the management of council's assets and finances. The team is also advancing the 'Procurement Transformation Project' which will make it even easier for suppliers to work with and supply goods to council.

#### Youth Development

The funding of our Youth activities trailer will help ensure our young people across the shire have access to the full range of services we provide and is due for completion in 2018.

Activities, projects and programmes include;

1. Youth movies have been provided at Town Hall during School Holidays
2. The school holiday programme provided arts and craft, board games and technology focussed activities for children aged 5-10 years and 11+ with sessions occurring in Yeppoon, Emu Park, Byfield, Zilzie and Cawarral.
3. Operation Education - This initiative provided a central point of collection at the Yeppoon Community Centre, Shire Libraries and Customer Service Centre. Donations of school supplies were collected and distributed to families in need of support to fill book and stationary lists assisting them to prepare their children for the school year.

4. The Youth Support Service delivers counselling, information and referral support to young people aged 12 to 18 years who are at risk of disconnection.
5. The Alternative Learning Spaces in Yeppoon and Emu Park provided in partnership with Education Queensland, Capricornia School of Distance Education, Police Citizens Youth Club and the Lions Club of Emu Park offer students from Year's 10-12, who are disengaged from mainstream schooling, an education pathway that will lead to employment or support to re-enter mainstream school.
6. Young Leaders in Livingstone, originally developed as a result of our 'What Youth Want' survey in 2015 continues. The group comprises of young people from across the shire who meet regularly to discuss youth issues, provide input to key projects in the Shire and ensure young people have a voice.
7. A Youth Advisory Group has been meeting regularly throughout the year to consider strategic issues impacting young people living, working and recreating in the shire.

#### Arts

In 2016-2017 our Arts and Cultural Strategic Plan was developed with community consultation and offers a strategic and coordinated approach to cultural development with community partnerships pivotal to our future success. Early in 2017-2018 our Place Making Policy and Guideline along with our continued rounds of the Regional Arts Development Fund will be brought to the community for consultation and application.



# Councillor Graham Scott

## Portfolios:

### Planning & Strategic Infrastructure, including Economic Development & Tourism



The 2016-17 financial year has been yet another year focussed on the delivery of many strategic capital projects aimed at driving economic growth and community vitality. It is pleasing to see some positivity returning within the local economy and broader region.

Some major projects have reached significant milestones during this year including;

- The Gateway Business and Industry Park is located to capitalise on significant industrial and investment opportunities, offering premium services in a stunning coastal setting. Several lots in Stage 1 have settled and new business premises are now constructed and new lots have been developed in Stage 2. This project not only delivers a profit to our Community, but strengthens our position as not only a great place to live, but a great place to work.

- Panorama Drive reached completion in October 2017 and is being well utilised. The strategic road link has formed a key transport corridor to directly connect the northern suburbs of Yeppoon with resource nodes, airports and current and future industrial parks as well as meeting the access needs to accommodate the growth in the Northern areas of Yeppoon.
- The Yeppoon Foreshore and Town Centre Revitalisation Project is well underway with the construction of the beachfront Lagoon set to open in early 2018. This project will generate significant jobs during construction and create an enduring economic uplift for the Capricorn Coast region.

The Local Disaster Coordination Centre is a three level disaster resilience hub built to withstand a Category 5 cyclone of 306km/hr. Construction is progressing well and the facility due for completion late January 2018. These and many other projects have required an enormous effort from all staff and many members of our Community. This effort needs to be recognised. It is very pleasing indeed to see tangible progress and economic activity as these major projects roll through construction.

Council is committed to supporting business and investment development, retention and attraction and are currently developing the Capricorn Coast Region Economic Development

Strategy. This plan sets the framework to ensure a diverse, strong, innovative and sustainable local economy that aims to strengthen and grow investment in the Capricorn Coast region. Council is also developing an exciting new initiative called 'Place making' due to be launched in late 2017. For those of you who don't know what place making is, it's broadly about being more creative in the way we treat and interact with our public spaces in order to create a community that is more inviting, more interesting, more stimulating, more vibrant and more fun. Council understands that when people love a place/places it adds enormous social and economic value to a community, an outcome that is core to the role of Local Government.

The public consultation phase of the new draft Livingstone Planning Scheme was completed in January 2017 and it is with the Queensland Government for approval. The new plan will be aligned with the new Planning Act set to commence on 3 July 2017.

A recent surge in property market activity suggests that confidence is returning and our undeniable lifestyle benefits are being recognised. There are also many positive stories from our tourism operators.

The future appears to hold more opportunities than challenges with the completion of many key projects within sight and our staff and community are starting to see the benefits of a lot of hard work.

# Councillor Jan Kelly

## Portfolios:

### Community Development and Support



#### **John Street Community Centre**

During the 2016/2017 financial year, Council received increased funding of \$110,000 from the Queensland Government to assist the delivery of Community Centre activities and services to the people of Livingstone.

The number of residents accessing the Community Centre has increased to an average of 3,500 contacts per month and provides a free space for groups and visiting services, and opportunity for volunteers to build and enhance skills through the Capricorn Coast Interagency Network.

This year, the Community Centre team delivered Livingstone Loop activities for residents in Emu Park and Zilzie. These activities were in addition to the regular programmes and activities which include Yoga, Baby Beatz and Japanese language lessons.

The Community Centre Team also worked in partnership with the Cap Coast Indigenous Mob to ensure the success of NAIDOC Week celebrations.

#### **Domestic and Family Violence**

In partnership with community groups, Council has taken a very active role in raising awareness of, and working towards lowering the number of incidents in our community. The team at the

Community Centre working in partnership with other government agencies, have been instrumental in forming the Capricorn Coast Domestic and Family Violence Committee. This committee works in liaisons with the Capricornia Regional Steering Committee.

#### **Drug Education**

An Ice Summit, which helped to raise awareness of the scourge of ICE was held in the Yeppoon Town Hall and around 200 residents came along to get an understanding of just how insidious and bad this drug is. As a direct result of the Ice Summit, the Community Centre Team are working very closely with the Primary Health Network to develop strategies around dealing with this significant issue in our community.

#### **TECH SAVVY Seniors**

The Tech Savvy Seniors programme is a partnership between Queensland Government, Telstra and Council.

The programme focusses on encouraging seniors to embrace information technology and improve their digital skills. The programme was delivered in Yeppoon, Emu Park, Cawarral and Keppel Sands with approximately one hundred and fifty seniors undertaking the training.

Council was successful in securing an additional round of funding to deliver the programme again in 2017-2018.

#### **Strengthening Family Connections**

Strengthening Family Connections is a partnership between the Queensland Government and Council and has been in operation for fourteen years. The service embraces strengths-based early intervention and prevention philosophy and delivered a total of 4,752 hours of counselling support to children, young people (newborn to 18 years old) and their families on the Capricorn Coast.

#### **Community Grants Scheme**

In 2016-17, the Livingstone Shire Council/Keppel Bay Sailing Club Community Grants Scheme provided opportunity for sporting and community organisations to apply for funding (up to \$5,000) to support projects and initiatives.

Together, the partnership provided \$84,487 in community grants to supporting twenty-five local sporting and community organisations across the Shire.

#### **Beach Day Out 2016**

Beach Day Out is a regional inclusive event provided in partnership with Federal and State government agencies, Livingstone Shire Council, local service providers and sponsors. This celebration occurs as part of Disability Action Week and is supported by a planning committee of twenty members.

On 16 September, Bell Park was a hive of activity. From stage performances to amusement activities, animal shows, trackless train, stalls, beach activities and food, the day provided so much for everyone who attended.

3500 people attended on the day, there were 9 stage acts, and 57 stalls.

#### **Seniors Week 2016**

Seniors Week celebrations in Livingstone were provided in partnership with Council with the theme being Ageing Australia.

Livingstone Shire Council, in 2016 in partnership with the Seniors Week Planning Committee delivered several action packed weeks of entertainment and celebrations for our valued seniors.

From photo exhibitions to concerts, lunches and bus tours, Seniors Week celebrations were well attended by approximately 800 seniors across the Shire.

# Councillor Adam Belot

## Portfolios:

### Water, Waste Management & the Environment



*Hello to all who take the time to read this Annual Report for 2016 -17. With the passing of another year, it is a good time to reflect on the opportunities faced and challenges overcome throughout the year.*

#### **Water**

I have heard it said that water is more valuable than bricks and mortar, and for those not connected to the town water supply, this is especially true. Reports from the September community meetings indicated that many rural folk from Byfield, Cawarral and Stanage Bay could no longer ill afford to speculate on rain and had to buy in water. 'Blow me down' October came and with it, good sweet soaking rain, falling across a very dry and dusty Shire.

On the subject of water, a huge congratulation goes out to Livingstone Shire Council's Water Department, who won the best water in Queensland Competition at the QLD State Championships. The complexities of mixing Waterpark Creek and Fitzroy River water is quite challenging, yet LSC has a very dedicated team of water professionals who go to the utmost lengths to provide safe drinking water for residents connected to the reticulated system. Good luck for the National competition!

#### **Waste/Recycling**

Waste Management continues to be an evolving section of Council's business and it seems that many people within our communities are still uncertain as to what is actually recyclable and what is not. Soft plastic bags are not wanted in our yellow lid recycling bins and with a ban on single use plastic bags soon to be legislated by the QLD State Government, it is hoped that our Landfill sites will no longer be engulfed by plastic. This legislative change was driven by many people, over many years across Queensland. Locally, the Plastic Bag Free Committee, Member for Keppel Brittany Lauga and LSC all worked together to champion this important environmental outcome.

Education may well be the key to achieving best recycling outcomes and LSC has demonstrated a pragmatic approach on behalf of residents in the Northern areas surrounding Farnborough and Woodbury. Due to the high cost of dealing with excessive contamination levels at the Farnborough Recycling Station, closure was seen as the only option. However, resident's pleas were heard and several large instructional signs have been installed to inform users of the right way to recycle. Finally, a huge congratulations to all the teachers and students of our local schools for their innovative and determined efforts to recycle correctly and reduce our waste.

#### **Environment**

2017 has tested our people and our beautiful environment. From Stanage Bay in the North, to Keppel Sands in the South, from Great Keppel in the East, to Marlborough in the West. Everyone (I hope) will draw inspiration from Dorothea Mackellar's "My Country" which describes Australia as a 'land of droughts and flooding rains'.

On March 29, Cyclone Debbie brought the flooding rains and destructive weather that impacted our Agriculture and Tourism sectors. Hundreds of kilometres of rural fencing was damaged and Great Keppel Island was hit especially hard during this weather event. However, as they say 'when the going gets tough, the tough gets going' and once again the community came together, and got on with the job of putting things back together again.

The Q Coast 2100 Plan has been undertaken in 2016-17 to assist Coastal Councils in their efforts to manage our sensitive coastline and in particular deal with coastal infrastructure impacted by weather events. This plan will be critical in moving forward in a sensible and practical way.

The Community Nursery and Animal Shelter were new projects completed in 2016-17 and I believe the late Alby Wooler who sadly passed in 2017 (aged 86) would have been exceptionally proud of all involved in these two projects. Alby was a prominent builder in his younger years and an environmental, community champion in his later years. Alby will be sadly but fondly missed by all who knew his wonderful cheeky smile.

In closing, despite the challenges, the resilience of our community has only been strengthened throughout this year. Indeed, LSC will continue to work collectively with all levels of government and the dedicated volunteers and community groups that stand up to ensure that no person is left behind. Furthermore, I commend the Mayor, Deputy Mayor, and all Councillors for their positive, determined efforts throughout 2016 - 2017.



# Councillor Glenda Mather

## Portfolios:

### Civil Operations - Roads



With over 1,424 km of road network in our shire, 857 of those having only gravel surface, this infrastructure stands beside water and sewerage as being the three most critical and expensive shire responsibilities.

The 2017-18 operating costs to maintain the rural and urban road network is estimated to be \$19.9M - one million dollars more than the water infrastructure.

Council has estimated the total monies collected from road levies to be \$1,148,885 which is far short of the actual costs to maintain the network. The balance is subsidised by the General Rates.

The administration of the road network is a difficult one to manage financially, due to a number of variables. We've just been through some very dry months, causing the gravel sections to deteriorate more quickly due to the lack of moisture to bind the materials.

This leaves us with exposed stone (not good for tyres), corrugations, potholes and lots of dust, much to the distress of families living close by.

Carting water to the more isolated road jobs proves expensive when creeks are dry. This can't be avoided if we wish to save the road base.

Two of our biggest projects have been the construction of Panorama Drive, and repairs to Statue Bay following a cyclone. Both have been challenging and expensive projects.

Panorama Drive is a 3.8km link between Farnborough Road at the Iwasaki Roundabout and Adelaide Park Road at the western end, linking into Limestone Creek Road. This was a \$30.5M joint venture between the state and Council. UDP and Dileigh Consulting Engineers jointly designed the road, and was constructed by JRT Civil, using mostly local labour. The signalised intersection at the western end was designed and constructed

by Council staff and work crews at a cost of \$4.4M. Council's overall contribution was \$15.5M. The road was completed ahead of time on 23 September 2017.

The other major challenge still under construction is the restoration of the Scenic Highway around the bluff at Statue Bay. This has been a major undertaking by Earth Tec Pty Ltd, with numerous delays due to geotechnical difficulties with regards to the foundations for the revetment wall, and mechanically stabilised earth structure for the downslope contract. The delays in progress were unavoidable due to the need for revised plans and further geotechnical investigations.

The estimated cost of the Statue Bay project is \$21.2M, jointly funded by the National Disaster Relief and Recovery Arrangements (NDRRA) and TMR. Council's contribution is \$3M.

Given further setbacks due to recent heavy rain events, the new completion date is expected to be in the first quarter of 2018 all going well.

Council sincerely thanks the public for its patience and traffic behaviour during this very complex and extended repair. I'm sure the wait will be worth it.



# Councillor Tom Wyatt

## Portfolios:

### Sport, Recreation, Parks & Community Facilities



#### **Barmaryee Multi-sport Precinct**

This critical infrastructure has continued to grow in use and activity supporting several of the highest growing sports including Capricorn Coast Netball Association, Seagulls Junior Rugby League and Capricorn Touch Association.

The netball courts have enabled regional level competitions to be held at the venue with up to 100 teams from the region attending a weekend carnival.

#### **Hartley Street Recreation Reserve**

This project is delivered in partnership with State and Federal Government and the Emu Park Bendigo Bank. The all-inclusive multisport facility is a shared vision grown out of extensive community engagement.

Earthworks commenced at the Emu Park Hartley Street Recreation Reserve in June 2017 and the project will include construction of two lit, irrigated, rectangular fields, a multipurpose amenities building, a storage and maintenance shed.

#### **Glenlee Park and Olive Estate Park**

Glenlee Park received funding to support facilities enhancement through the Get Playing Places and Spaces (Queensland Government) initiative. Council, together with the Queensland Government (\$100,000) will deliver the project and further

work will be undertaken to consider facilities enhancement of Olive Estate Park.

#### **Skate Parks**

Since completion of the Caves Skate Park facility, community feedback has indicated that the facility has become increasingly popular for residents and visitors to the northern rural parts of the Shire.

#### **The Yeppoon Foreshore**

This redevelopment will see the Yeppoon Skate Park Facility upgraded and enhanced. Work has commenced and will continue into the coming financial year.

Other Capital Projects include:

1. A shade structure over the Appleton Park Liberty Swing has been installed through a partnership project including Council, Livingstone's Pinefest Ambassador 2016, Yeppoon Lions Club and Variety Australia.
2. Beautification and ongoing improvement to median strips across the Shire to create walkable options for passive recreation continues.

#### **Libraries**

Council received \$177,749 during the financial year from the State Library of Queensland to assist in delivery of library operations across the Shire.

Yeppoon Library has undergone an extensive internal renovation, including a new facelift to the exterior with an innovative mural and 'yarn-bombing'.

#### **Little Free Libraries**

Two more Little Free Libraries have been launched in Yeppoon, positioned at the Farnborough Store and another inside the Mill Gallery.

The popular book exchange points provide free access to literature and information for the whole community.

#### **First LEGO League Robotics Grant**

A State funded partnership between Council and the First LEGO League Robotics, encouraged by Keppel Sands and Coowonga State Schools to learn about robotics, coding and engineering first hand.

The Libraries conducted a six week programme which lead to enhanced skills for the children. The kits were then gifted to the schools for further use and robotics development.

#### **Children's Storybites and Babytime**

Storybites is delivered every Wednesday fortnight at Yeppoon or Emu Park Libraries, Storybites allows for social interaction between children and parents.

Babytime is a fun relaxed session of rhymes, singing and play for the 0-2 year old age group and allows social interaction for babies and toddlers and a networking opportunity for parents.

These popular programmes attracted over 1,500 hundred participants.

#### **First Five Forever**

An initiative of the State Library of Queensland, this universal family literacy program is aimed at babies and young children from 0-5 years and their families. This year included a boost by delivering innovative outreach to the community with sessions held at local parks, farms and a local gym.

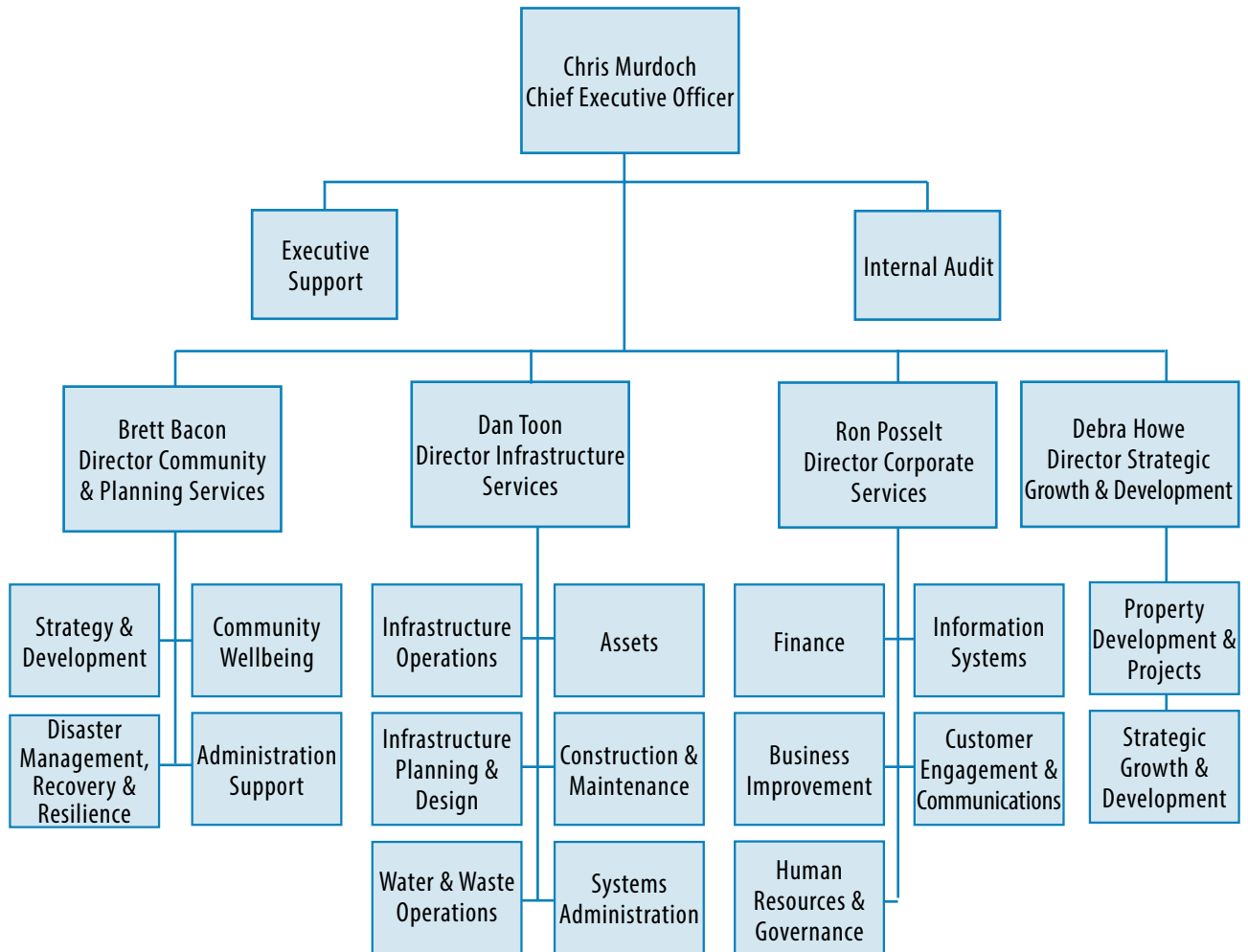
Sessions have attracted large attendance numbers with approximately 2,500 people attending for the year.

#### **Children's Book Week**

Celebrated in August 2016, Librarians visited four primary schools to inspire students to become members and showcase services available to them from the library. Three groups of preschoolers also visited Yeppoon Library during Children's Book Week, a national celebration of reading and literacy.

# Organisational Structure

The following represents the management structure of Council as at 30 June 2017:





# Executive Management Team



**Chris Murdoch – Chief Executive Officer (CEO)**

Chris was appointed Chief Executive Officer on 23rd April 2016, following her previous appointment with Livingstone Shire Council as Director Corporate Services in October 2014. Chris has held executive leadership roles in the public health and higher education sectors for close to 20 years as well as the role of Chief Finance Officer in the private sector. Chris is a highly experienced senior executive with skills in strategic development and planning, organisational development, and corporate transformation leading complex and varied functions throughout periods of growth and significant change. Chris is a Chartered Accountant with a degree in commerce and post graduate qualifications in psychology.



**Brett Bacon – Director Community and Planning Services**

Brett's extensive career in town planning has taken him from South East Queensland to Tasmania and now Central Queensland. With multiple degrees in Urban and Regional Planning along with a Master in Business Administration, Brett brings significant experience to his role as Director of Community and Planning Services. Brett is responsible for a team of 87 staff from Community Partnerships, Construction Services, Development Assessment, Growth Management, Libraries and the Arts, Local Laws and Compliance, Public Environments and Disaster Management Units. Brett worked for the former Livingstone Shire Council before taking up his role as Land Use Manager with Rockhampton Regional Council upon amalgamation in 2008. He has previously worked for the Tasmanian State Government and numerous local governments including Pine Rivers, West Tamar and the Whitsunday Shire Council.



**Dan Toon – Director Infrastructure Services**

After completing studies at the Capricornia Institute of Advanced Education and gaining a degree in Civil Engineering, Dan commenced his career in the Northern Territory before returning to Rockhampton to work for several engineering consultant companies. He started at the previous Livingstone Shire Council in 1996 working in several different infrastructure roles. With amalgamation in 2008, he was appointed Manager Civil Operations with the Rockhampton Regional Council. Dan brings many years' experience, both in the field and in management, to his role as Director Infrastructure Services. The Infrastructure Services Department comprises 210 staff members and incorporates the Infrastructure, Assets, Planning and Design, Construction and Maintenance, and Water and Waste Operations business units of Livingstone Shire Council.



**Ron Posselt – Director Corporate Services**

Ron has 18 years' experience in Local Government and has also worked in state and federal government departments. Ron's most recent role was as General Manager (CEO) Greater Taree City Council on the Mid North Coast of NSW. Ron is passionate about service delivery, business improvement and innovation. He has extensive experience in change management and delights in delivering quality, cost effective services to the community he lives in. His roles in local government include; General Manager, Greater Taree City Council; Executive Leader Service Delivery, Greater Taree City Council. Director Corporate and Community, Scenic Rim Regional Council. Director Corporate Support, Pine Rivers Shire Council. Director City Services, Lake Macquarie City Council. Ron has tertiary qualifications in computing, accounting and engineering



**Debra Howe – Director Strategic Growth and Development**

Debra Howe is an experienced economic development practitioner having worked in senior leadership roles within four local government authorities (LGA) in Queensland for 17 years and in two LGAs in Victoria for 3 years, primarily in economic and tourism development, place management and investment attraction. Debra has also worked with Tourism and Events Queensland delivering destination development across the state and has over 21 years' experience working in the private sector. Debra moved back from Victoria to Mackay in May 2014 and commenced with Mackay Regional Council as Manager Economic Development responsible for economic and tourism development, investment attraction, major projects facilitation, and events attraction. In September 2010, Debra won the 2010 Queensland Telstra Business Women's Community and Government Award.





# Key Highlights

## Major Projects

The Yeppoon Foreshore and Town Centre Revitalisation and Emu Park Village and Foreshore Revitalisation Projects have both made major progress in the first half of 2017, both aimed at revitalising existing public spaces and creating tourism, recreation and commercial land uses within their respected townships.

The Yeppoon Foreshore and Town Centre Revitalisation is a key regional project which dates back to the previous Livingstone Shire Council pre-amalgamation, with initial planning commencing in 2001 and the first two stages completed in 2003 and 2006.

Council has finished construction on Stage 4, which included the Yeppoon Town Centre Carpark, opening in December 2016, as well as a signalised intersection at Queen and Barry Streets.

The Town Centre Car Park – a \$10M project completed by local company Griffin Builders – also went on to be recognised in the 2017 Central Queensland Master Builders Awards for the Best Commercial Building over \$5M.

Stage 5 works for construction of the Lagoon Precinct officially commenced in May 2017, which will undoubtedly be the centrepiece of the Yeppoon Foreshore and Town Centre Revitalisation and encapsulate some of the unique attributes of the Capricorn Coast, including a world-class swim-up infinity edge pool with stunning views over the Keppel Islands.

The jointly funded project (State Government \$29M, the Federal Government \$10M and Livingstone Shire Council contributing \$14M) is a \$53M project that will see works across Stages 3, 4 and 5.

Work also commenced on the \$4.55M Emu Park Village and Foreshore Revitalisation Project in May this year, and will contribute towards the social, cultural and economic wellbeing of the Livingstone Shire community.

Council successfully applied for more than \$1.8M in funding for the project in November 2016, with Council contributing \$2.2M, Bendigo Community Bank contributing \$300,000 and the State Member securing funding of an additional \$250,000 for the project.

Once completed, the upgrades will include a 1.5km walking trail that links Kerr Park in the south with Peace Park in the north; through to the beautiful Bell Park and the town's business centre, as well as an extension of the headland boardwalk to link Fisherman's Beach and the Singing Ship monument.

The scheduled works will also include road and car park works, as well as a bus set down area for coach visitors to the Singing Ship, and is expected to take around 18 months to complete.

This project is another spectacular example of what can be achieved when Council and other levels of government work together in close partnership with the community.

Meanwhile, the Local Disaster Coordination Centre and Community Education Resilience Hub facility is progressing well, after works on the project commenced in June 2017.

After the devastation of ex-tropical Cyclone Marcia, the facility was highlighted as a key priority for the Livingstone Shire, and will be built to withstand natural disasters to ensure a structured and coordinated response that assists the community before, during and after an extreme weather event.









# Key Highlights

## Major Projects continued

The facility, located in Beaman Park, will be a focal part of the Town Centre, providing a community resource for advice, guidance, engagement and education. It will also provide a venue for multiple support agencies and their involvement in building community resilience.

The recently opened Panorama Drive project marks the culmination of more than 16 years of meticulous concept design and planning, government lobbying and rigorous geotechnical design works.

The \$30M project jointly funded by Council (\$15M) and the Queensland Government (\$15M), delivered in three planned works packages, is one that will unlock a significant range of opportunities for the region.

Stage One included the construction of a new signalised intersection at Panorama Drive, Adelaide Park Road, and Limestone Creek Road with upgrades and improvements to the Vaughan's Road intersection.

Stage Two – delivered nine months ahead of schedule by local civil works contractors saw Panorama Drive linking Adelaide Park Road to Farnborough Road, to become the strategic link to the northern suburbs, as well as a critical alternate evacuation and supply route during natural disasters.

The new Wreck Point Scenic Lookout was officially opened in June this year after it received a major facelift, transforming this spectacular site into a leading tourism drawcard on the Capricorn Coast.

The stunning location in Cooe Bay was identified by the Yeppoon Lions Club as an opportunity to visually enhance as far back as 1982, when they first proposed building a lookout at Wreck Point.

Fast-forward to February 2017 and the start of works for a contemporary viewing deck were welcomed with the Queensland Government contributing \$190,000 in funding under its Scenic Lookout Upgrade Program to the project with Yeppoon Lions contributing \$90,000 and Livingstone Shire Council \$134,000.

The lookout not only provides critical tourism infrastructure for visitors to the Capricorn Coast to visually connect with the Southern Great Barrier Reef region, but also gives residents the opportunity to enjoy a world class facility.

This project has had high community ownership and value and with the completion of the project, it has created a landscape to be enjoyed, to educate, and boost the local economy.

Hartley Street Sport and Recreation Reserve also took another major step forward in June 2017, with works for the construction of stages 2, 3, and 4 of the project underway.

These works will see several components of the facility take shape; including two irrigated rugby league fields with full lighting, a multi-purpose amenities building complete with training, change and first-aid rooms, kiosk and storage facilities as well as an upgraded access road and car park.

A major project for Emu Park, the \$4.75M complex has been funded by Livingstone Shire Council, State and Federal Governments and the Bendigo Community Bank, to provide an opportunity for the local community to participate in a range of structured physical activities, as well as active recreation.



# Council Activities and Performance

## Council Activities

The core business activities of Council during the 2016-17 financial year were:

- » Water and sewerage services;
- » Waste and recycling services;
- » Caravan parks; and
- » Building certification.

## Issues Relevant to Council's Operation and Performance

The results presented in the 2016-17 audited general purpose financial statements are reflective of a year of stable operations with a current operating surplus of \$2.13M. Council received the first half of the Federal Assistance Grant 2017-18 totalling \$1.9M in June 2017.

## Audit, Risk and Business Improvement Committee Performance

Audit, Risk and Business Improvement Committee (ARaBIC) is an advisory committee to Council to assist in the discharge of Council's responsibilities under the *Local Government Act 2009*. In accordance with best practice guidelines the committee operates under the Audit, Risk and Business Improvement Committee Policy, which is published on Council's website, and a supporting Terms of Reference. An annual programme of work has been put in place for ARaBIC to assist the committee with its responsibilities and ensure its purpose is achieved.

Council values the independence of ARaBIC and is committed to the committee membership possessing a suitable breadth of skills, experience and expertise to strengthen its ability to scrutinise and challenge the functions it monitors and reviews. During 2016 – 2017 the committee has operated with the maximum allowed membership with two Councillors and four external representatives. In February 2017 one member reached the end of their fixed term appointment and a recruitment process was completed. The members of the Committee in June 2017 were:

Member	Summarised areas of expertise
Cr Nigel Hutton (Chair)	Local government, governance, risk management, planning
Cr Jan Kelly	Local government, governance, finance, HR management
Mr Tony Trace	Local government, governance, asset management, project management, business improvement, water industry
Mr Tony Edwards	Financial management, governance, risk management, small business
Mr Pat Connor	Asset management, project management, business improvement, construction industry
Mr Russell Bickford	Financial management, risk management, project management, public sector utilities

Standing invitees of the committee are the Chief Executive Officer, Directors, Internal Auditor, Chief Financial Officer, Manager Human Resources and Governance, Deloitte (Contracted External Auditors) and the Queensland Audit Office.

During 2016 – 2017 the Committee has addressed each of its areas of responsibility, with time spent on the following key areas:

- » financial management and reporting including annual financial statement preparation, financial policy, processes and oversight;
- » complex financial transactions and areas of management judgement and estimates in terms of their effect on the financial statements;
- » the external audit plan, conduct and effectiveness of the audit, management implementation of recommendations and final audit results;
- » internal audit plans, internal control issues and agreed actions from internal audit reviews;





- » risk management framework;
- » risk and compliance matters that have a material impact on the financial statements, strategies, operations and reputation including insurance, fraud and corruption, legal matters and workplace health and safety (WHS);
- » corporate performance management and the status of the operational plan;
- » business improvement activities; and
- » QAO performance audit reports relevant to local government and opportunities of improvement.

Council has made a shift in its strategy for ongoing business improvement moving towards more business area led improvements with a focus on smaller incremental improvements as opposed to larger projects. The business improvement team has provided facilitation and support to the improvement activities, developed and supported the use of appropriate tools and worked to strengthen organisational capability for business improvement. ARaBIC has been provided with regular updates on these activities and provided feedback were appropriate.

The ARaBIC Terms of Reference set a high standard on meeting frequency, requiring 6 meetings per year. In 2016 - 2017 ARaBIC met in July, September, October, January, March and April. The ARaBIC Chair presents to Council following each meeting on key matters for the attention of Council.

The Queensland Auditor General has completed their annual financial statement audit at Livingstone Shire Council and delivered an unqualified audit opinion on the financial statements for 2016-17. While some unadjusted differences were identified during the course of the audit, these are not material and there were no control or process issues that were identified as seriously deficient during the conduct of the audit.

The Committee completed its annual self-assessment in June 2017 concluding that the key elements in the better practice guidelines are being met and identifying some specific opportunities for improvement. The Committee is seeking to balance the need to monitor compliance and operational aspects against a desire to provide additional value through consideration of strategic issues. An additional meeting of the core committee membership is now scheduled to follow each meeting to address strategic issues.



## Corporate Plan and Operational Plan Annual Progress

The Corporate Plan 2014-19 is Livingstone Shire Council's key long term planning document which guides Council in the allocation of resources and delivery of services to the community, and is the principal document from which Council's other plans and strategic documents are developed.

The Corporate Plan is implemented over its five year lifespan through annual operational plans and budgets. Livingstone Shire Council's Operational Plan 2016-17 identified the programmes, activities and targets for Council to deliver within the financial year in order to progress implementation of the Corporate Plan's goals and strategies.

Organisational performance in 2016-17 improved on the benchmark established in 2014-15 as the organisation continued to mature, and a strong annual result was achieved for the financial year.

Of the 348 Operational Plan targets:

- » 304 (87.4%) were within 5% of the target and were therefore achieved;
- » 10 (2.8%) were between 6-10% from the target and were therefore not achieved;
- » 1 (0.3%) were not applicable as they were unable to be measured or were not required and were therefore not achieved; and
- » 33 (9.5%) were 11% or more from the target and were therefore not achieved.

It is anticipated that future results from the 2017-18 Operational Plan will continue the trend of improvement across the organisation as further historical data becomes available and operational targets are ingrained in organisational culture and individual performance plans.

## Corporate Plan and Operational Plan Scorecard

An annual review was conducted of the Operational Plan targets and their associated links to the 23 Corporate Plan strategies. Of the 1823 Operational Plan/Corporate Plan links, 1571 (86%) were on track, 46 (2.5%) were close to on track, 25 (1.5%) weren't measureable at this stage, and 181 (10%) were off track. As the Corporate Plan is a long term document, it is anticipated that substantial progress of off track links can be made in the coming two years.



## Operational Plan/Corporate Plan Links by Theme

Assets				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
AM1: Develop an innovative and integrated framework for long term, cost effective asset management				
81	2		10	93
AM2: Identify infrastructure and asset requirements through community consultation and technical expertise				
43	2		6	51
AM3: Design and implement practical infrastructure solutions				
66	2		9	77
AM4: Operate, maintain and use Council assets to deliver efficient and cost effective services to the community				
132	4	1	10	147

Environment				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
EN1: Apply environmentally responsible land use planning to balance environmental and development outcomes				
48		1	2	51
EN2: Recognise and understand the various eco-systems of the Shire to encourage their sustainable use and appreciation through appropriate accessibility				
27			2	29
EN3: Minimise impact on the natural environment through effective waste management and pollution control policies and programs				
51			3	54
EN4: Actively participate in conservation and enhancement programs to ensure the preservation of natural assets and identifiable built form				
46			4	50
EN5: Proactively advocate to government on matters which impact on the health, wellbeing and sustainability of our Shire's natural environment				
15			3	18

Economy				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
EC1: Identify and capitalise on economic opportunities for the benefit of the community				
25	1	4	4	34
EC2: Facilitate, encourage and enable the establishment of businesses and industries and the retention, growth and diversification of existing businesses and industries in suitable locations				
61	1	4	9	75
EC3: Promote Livingstone Shire as a desirable destination for investment, business, industry, tourism and living				
55	2	4	7	68
EC4: Establish initiatives including partnerships with both government and the private sector to create enterprises and undertake projects that generate jobs, wealth creation opportunities and sustainable economic growth				
7		4	4	15

## Community

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
CO1: Facilitate, encourage and enable self-sustainable community associations and volunteer groups to pursue their diverse aspirations				
56	3		7	66
CO2: Facilitate programs and support local social, cultural, artistic and community building initiatives				
66	4		6	76
CO3: Provide community facilities and services to encourage and enable participation in active and healthy lifestyles				
80	2		6	88
CO4: Promote and encourage community health and wellbeing through programs addressing environmental health, community safety issues, social cohesion and inclusiveness				
105	3		5	113
CO5: Facilitate the provision of programmes activities, and facilities which create opportunities for the Shire's youth to develop skills and pursue endeavours to equip them for life and enable them to make a valued contribution to the community				
29	2		4	35

## Governance

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
GO1: Inform and empower the community through ongoing engagement and communication				
93	5	3	7	108
GO2: Develop strategic plans and policies to address local and regional issues and guide service provision				
102	3	3	14	122
GO3: Pursue financial sustainability through effective use of Council's resources and assets and prudent management of risk				
116	3	1	21	141
GO4: Provide transparent and accountable decision making reflecting positive leadership to the community				
90	2		16	108
GO5: Deliver customer focused and responsive services efficiently and effectively				
177	5		22	204

## Total of Corporate Plan / Operational Plan Links

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
1571	46	25	181	1823
86%	2.5%	1.5%	10%	100%





## Annual Business Plan 2016-17 Target Performance

Target	2016-17 Progress
(a) Achieve an Operating Surplus in six or more of the years within the 10 year planning period, with consistent 'moderate' rate rises and no disruptive service cuts from year to year	Operating surplus for 2016-17, operating surpluses predicted for seven (7) out of the ten (10) year planning period
(b) Robust analysis of services and activities prior to commencement (e.g. via Project Evaluation Methodology and periodically thereafter (e.g. via service level reviews)	Council continues to review its services to ensure they align with community needs and aspirations through an ongoing business improvement framework. Council has implemented a project management methodology and is further developing a project investment decision framework.
(c) Achieving performance measures listed in Council's Corporate Plan 2014-19 and Operational Plan 2016-17	As per "Corporate Plan & Operational Plan Scorecard"
(d) Deliver services in line with defined service standards	Council periodically reviews its services standards for each service it provides.
(e) Asset Replacement Expenditure (on average) = Optimal level for such expenditure shown in asset management plans (or depreciation in the absence of asset management plans for some asset classes)	1:0.63, asset renewal expenditure is less than optimal levels
(f) Asset Sustainability Ratio (Capital Expense on Replacement Assets/Depreciation Expenditure) above 90%	48.0% reported as per Financial Statements, does not meet benchmark
(g) % Spend on New vs Existing Assets (on average)	79.1% New Assets vs 20.9% Existing Assets
(h) Extent to which new assets are funded externally	\$28.1 million External Capital Funding, as per Financial Statements
(i) Percentage of General Rate change (excluding growth from new development revenue) for each land use category to be no more than +/- 2% from one year to the next (all other things being equal)	4.5%, does not meet benchmark
(j) Percentage of User Charges change (excluding growth from development revenue) for each classification of user charges to be no more than +/- % from one year to the next (all other things being equal)	1.5%, meets benchmark
(k) Net Financial Asset / Liabilities Ratio (Total Liabilities-Current Assets / Operating Revenue) of less than 60%	58.3% reports as per Financial Statements, achieves benchmark
(l) Working Capital Ratio of at least 1:1	2.17:1, meets benchmark
(m) Interest Coverage Ratio (Net Interest Expense / Total Operating Revenue) between 0-10%	4.6%, meets benchmark
(n) Operating Surplus Ratio of between 0-15%	2.5%, reported as per Financial Statements, meets benchmark



# Councillor Remuneration, Expenses and Attendance

## Councillor Remuneration

In accordance with the *Local Government Regulation 2012*, the Local Government Remuneration and Discipline Tribunal determines the maximum remuneration payable to the Mayor, Deputy Mayor and Councillors. As determined in the 2016 Local Government Remuneration and Discipline Tribunal Report, remuneration paid to councillors between July 2016 and June 2017 is detailed below. The table also shows expenses incurred by and the facilities provided to each Councillor during the financial year under the Councillor Facilities and Expenses Policy document.

Councillor	Gross Salary \$	Superannuation \$	Total Remuneration \$	Travel/Expense Reimbursement \$
Mayor Bill Ludwig	123,109.10	14,773.09	137,882.19	30,828.81
Deputy Mayor Graham Scott	76,938.14	9,232.58	86,170.72	8,395.28
Cr Nigel Hutton	65,397.88	7,847.75	73,245.63	10,975.37
Cr Jan Kelly	65,397.59	7,847.71	73,245.30	8,514.70
Cr Tom Wyatt	65,402.84	7,848.34	73,251.18	12,078.82
Cr Glenda Mather	65,402.68	7,848.32	73,251.00	16,219.00
Cr Adam Belot	65,397.18	7,847.66	73,244.84	3,890.16
<b>TOTAL</b>	<b>527,045.41</b>	<b>63,245.45</b>	<b>590,290.86</b>	<b>90,902.14</b>

In accordance with section 249 of the *Local Government Regulation 2012*, Council must prepare and adopt by resolution an expenses reimbursement policy for elected representatives. Council adopted the Councillor Facilities and Expenses Policy at its Ordinary meeting on 18 February 2014 and a Travel Policy on 8 April 2014.

The Councillor Facilities and Expenses Policy and the Travel Policy were formulated having regard to the nature and role of Councillors and community expectations of elected representatives. These policies make arrangements for reimbursing the following costs reasonably incurred by Councillors in the discharge of their civic duties:

- » Travel and accommodation
- » Conferences, seminars, training and professional development
- » Facilities including office accommodation, equipment, stationery and executive support
- » Safety equipment and uniforms
- » Home office expenses
- » Access to Council motor vehicles including fuel and tolls
- » Insurance cover and legal costs

Full copies of our Councillor Facilities and Expenses Policy and Travel Policies are available online at [www.livingstone.qld.gov.au](http://www.livingstone.qld.gov.au)

## Attendance at Council Meetings

There were 25 Council meeting held between 1 July 2016 and 30 June 2017. The following table indicates the number of meetings attended by each Councillor:

Councillor	Number of meetings attended in 2016-17 financial year
Mayor Bill Ludwig	22
Deputy Mayor Nigel Hutton	23
Cr Graham Scott	21
Cr Jan Kelly	24
Cr Tom Wyatt	23
Cr Glenda Mather	23
Cr Adam Belot	25







## Code of Conduct for Councillors and Staff

Council is committed to the ethical principles and obligations contained in the *Local Government Act 2009* and *Public Sector Ethics Act 1994*.

During the twelve months to 30 June 2017 Council fulfilled its statutory obligations under section 23 of the *Public Sector Ethics Act 1994* by ensuring the adopted Code of Conduct was made available publicly online and internally through the intranet, and providing all new permanent staff with access to the Code of Conduct and training as part of their induction process. No external inspections of the code were requested during the 2016-17 financial year.

Council is required to disclose figures relating to the Councillor Conduct Complaints received and actioned in accordance with the *Local Government Act 2009*. The following table provides details of those disclosures:

Complaints about the conduct or performance of Councillors for which there was no further action taken under section 176C(2) of the Act	0
Complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act	0
Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	0
Complaints referred to the department's Chief Executive under section 176C(4)(a) of the Act	0
Complaints assessed by the Chief Executive Officer as being about official misconduct and/or corrupt conduct	0
Complaints heard by a regional conduct review panel	0
Complaints heard by the tribunal	0
Complaints to which section 176C(6) of the Act applied	0
Orders and recommendations made under section 180(2) or (4) of the Act - orders by regional conduct review panel	0
Orders made under section 181 of the Act – in appropriate conduct	0



# Statutory Information

## Senior Management Remuneration Packages

Under section 201 of the *Local Government Act 2009* Council is required to report the total number of remuneration packages that are payable to the senior management and the number of employees in senior management who are paid each band of remuneration (in increments of \$100,000). For the 2016-17 financial year, the total remuneration packages paid to Council's senior management amounted to \$1,225,547.

The following table provides details of the remuneration bands applicable.

Number of Senior Management Staff	Band of Remuneration \$ per annum
4	200,000 - 300,000
1	300,000 - 400,000

## Administrative Action Complaints

Council is committed to providing a high level of service in relation to complaint management by recognising the value of receiving community feedback on its services. When this feedback is in a form of a complaint about a decision or other action, Council is committed to managing all complaints quickly and efficiently; ensuring the complaint management process is fair, objective, transparent and consistent, and facilitates the use of information obtained from the complaints management process to improve overall service delivery.

Complaints may be lodged by an affected person either in writing, by telephone or face to face. All complaints are recorded and tracked in Council's customer service management system with weekly status reports provided to all managers to ensure the complaint is being followed up and required actions are being addressed.

Administrative action complaints are initially managed as per Council's Administrative Action Complaint Management Policy. Complainants not satisfied with the outcome of the investigation undertaken by the department, may appeal the decision to the Chief Executive Officer for investigation under the Administrative Action Complaint Management Procedure.

Administrative Action complaints are reported to each meeting of the Audit, Risk and Business Improvement Committee and also to Council via quarterly Operational Plan reporting.

Key highlights in relation to administrative action complaints for the 2016-17 financial year are:

- » A total of nine (9) complaints were received by Council under the Administrative Action Complaints Policy during the financial year.
- » Seven (7) complaints received this year and in the previous financial year were finalised successfully through Council's complaints management process.
- » Two (2) complaint were unresolved and still under investigation at the end of the period.

Item	Number
Administrative action complaints made to the local government	9
Administrative action complaints resolved by the local government under the complaints management process	7
Administrative action complaints not resolved by the local government under the complaints management process	2
Number of administrative action complaints that were made and not resolved in a previous financial year	3



## Financial Assistance to Community Organisations

During the financial year, Council supported a number of community organisations by granting financial assistance. Under section 189 of the *Local Government Regulation 2012*, Council must provide a summary of such contributions. During 2016-17, Livingstone Shire Council provided financial assistance totalling \$84,487 to community organisations.

Additionally, under the 2016-17 budget, the Mayor was provided a discretionary fund to a maximum of \$10,000 to provide support to community organisations and individuals as follows:

Community Organisation	Purpose	Amount\$
Yeppoon Senior Citizens Association	Hall hire - meetings and functions	360.00
Emu Park Veterans Gold Club	Sponsorship for Open Golf Championship	500.00
Keppel Coast Girl Guides	Park hire and bin costs for annual Hobby horse Derby	383.06
Oak Tree Retirement Village	Fruit trays for Seniors Week Italian Luncheon	100.00
Pinefest Ambassador 2016 - Caitlyn Buttenshaw	Fees for temporary event application - Pinefest Ambassador entrant	248.00
Waru Permaculture Association	Donation towards annual event Waru OMFest	500.00
Anglican Parish of Keppel	Hall hire - Christmas Tree Festival	291.00
Capricornia Catchments	Representative from GenYadaba to attend a youth forum	500.00
Yeppoon State High School	Funds for two awards at the School's Night of Excellence Annual Academic and Achievements Awards	200.00
Emu Park Art Gallery	Funds for the People's Choice Award in Photographic Competition	250.00
Marlborough Pony Club Association	Trophies and ribbons for Horse Sports Day	500.00
Emu Park Swimming Club	Trophies for Novice Swimming Carnival	500.00
Sacred Heart Primary School - Year 6 Graduation Committee	Hall hire and catering costs for graduation	500.00
St Brendan's College	Torres Strait Islander chess teams' participation in Inter-School Championships	500.00
St Brendan's College	Funds for Local Mayor Award for Community Service	250.00
Emu Park Kindergarten	Erection of blue indicator sign on the corner of Richard and Arthur Streets	300.00
Capricorn Coast Disability Access Group	Engraving of two awards for International Day Recognising People with Disability	50.00
Combined Schools Choir	Watermelons for the Combined Schools Choir Practice	68.63
Emu Park and District Men's Activity Shed Inc.	LSC's lease fee on land occupied by the Emu Park Men's Shed	300.00
Rotary Club of Yeppoon	Club member to participate in National Youth Science Forum	300.00
Four Paws Adoption and Education Inc.	Park hire for Community dog walk	248.00
St Brendan's College	Sponsorship for Domestic Violence Walkathon	500.00
Coowonga State School P&C	Collection of waste from school	500.00
Bidgerdii - Binbi Meta Program	Erection of gardening beds and additional resources to enhance healthy lifestyles choices	2,000.00
<b>TOTAL</b>		<b>9,848.69</b>



## Concessions, Special Rates and Charges

Rebates and Remissions are provided to approved Government Pensioners and Not-For-Profit/Charitable Organisations under the Rates Rebates and Remissions Policy. Further concessions are provided to water consumers under the Concealed Leak Rebate Policy and Rebate for Residential Water Consumption for Health Related Uses Policy.

Full details of these rebates and concessions are available on Council's website at [www.livingstone.qld.gov.au](http://www.livingstone.qld.gov.au)

## Tenders

Under section 228(4) or (6)(b) of the *Local Government Regulation 2012*, a local government may invite all tenderers to change their tenders to take account of a change in the tender specifications.

Within the 2016-17 financial year there were no invitations to change tenders under section 228(7) of the *Local Government Regulation 2012*.

## Registers kept by Council

Section 190(1)(f) of the *Local Government Regulation 2012*, requires a local government to provide a list of registers maintained by Council in its annual report details of which are provided as follows:

- » Register of Complaints about the Conduct or Performance of Employees
- » Register of Complaints about the Conduct or Performance of Councillors
- » Register of Contact with Lobbyists
- » Register of Interests of Councillors and person related to a Councillor
- » Register of Interests of Senior Executive Employees and persons related to a Senior Executive Employee
- » Register of Interests of Chief Executive Officer and persons related to Chief Executive Officer
- » Council Fees and Charges (Cost-Recovery Fees) Register
- » Register of Pre-Qualified Suppliers
- » Contracts Register
- » Register of Delegations
- » Gift Register
- » Hazardous Substances Register
- » Asbestos Register
- » Register of Administrative Action Complaints Received
- » Cat and Dog Register
- » Register of Impounded Animals
- » Local Law Register
- » Register of Thermostatic Mixing Valves
- » Register of Development Applications
- » Register of Subdivisions Approved under the repealed *Local Government (Planning and Environment) Act 1990*
- » Adopted Infrastructure Charges Register
- » Register of Testable Backflow Prevention Devices
- » Register of Installed On-site Sewerage and Grey Water Use Facilities
- » Register of Master Plan Applications
- » Register of Resolutions about Land Liable to Flooding made under the *Building Act*
- » Cemetery Register
- » Asset Register
- » Register of Roads and Road Maps





# Livingstone Shire Council Corporate Plan Strategies

## **Assets**

Strategy AM1: Develop an innovative and integrated framework for long term, cost effective asset management.

Strategy AM2: Identify infrastructure and asset requirements through community consultation and technical expertise.

Strategy AM3: Design and implement practical infrastructure solutions.

Strategy AM4: Operate, maintain and use Council assets to deliver efficient and cost effective services to the community.

## **Environment**

Strategy EN1: Apply environmentally responsible land use planning to balance environmental and development outcomes.

Strategy EN2: Recognise and understand the various eco-systems of the Shire to encourage their sustainable use and appreciation through appropriate accessibility.

Strategy EN3: Minimise impact on the natural environment through effective waste management and pollution control policies and programs.

Strategy EN4: Actively participate in conservation and enhancement programs to ensure the preservation of natural assets and identifiable built form.

Strategy EN5: Proactively advocate to government on matters which impact on the health, wellbeing and sustainability of our Shire's natural environment.

## **Economy**

Strategy EC1: Identify and capitalise on economic opportunities for the benefit of the community.

Strategy EC2: Facilitate, encourage and enable the establishment of businesses and industries and the retention, growth and diversification of existing businesses and industries in suitable locations.

Strategy EC3: Promote Livingstone Shire as a desirable destination for investment, business, industry, tourism and living.

Strategy EC4: Establish initiatives including partnerships with both government and the private sector to create enterprises and undertake projects that generate jobs, wealth creation opportunities and sustainable economic growth.

## **Community**

Strategy CO1: Facilitate, encourage and enable self-sustainable community associations and volunteer groups to pursue their diverse aspirations.

Strategy CO2: Facilitate programs and support local social, cultural, artistic and community building initiatives.

Strategy CO3: Provide community facilities and services to encourage and enable participation in active and healthy lifestyles.

Strategy CO4: Promote and encourage community health and wellbeing through programs addressing environmental health, community safety issues, social cohesion and inclusiveness.

Strategy CO5: Facilitate the provision of programmes, activities and facilities which create opportunities for the Shire's youth to develop skills and pursue endeavours to equip them for life and enable them to make a valued contribution to the community.

## **Governance**

Strategy GO1: Inform and empower the community through ongoing engagement and communication.

Strategy GO2: Develop strategic plans and policies to address local and regional issues and guide service provision.

Strategy GO3: Pursue financial sustainability through effective use of the Council's resources and assets and prudent management of risk.

Strategy GO4: Provide transparent and accountable decision making reflecting positive leadership to the community.

Strategy GO5: Deliver customer focused and responsive services efficiently and effectively.

## Internal audit

Internal Audit is an independent, objective assurance and internal consulting activity designed to add value and improve the organisation's operations. It assists Council to accomplish its objectives by bringing a systematic, disciplined third line of defence to evaluate and improve the effectiveness and efficiency of the risk, control and governance processes.

An Internal Audit Policy and Charter provide the authority, responsibilities and operational framework for Internal Audit. Internal Audit operates as an independent function within Council, reporting directly to the Chief Executive Officer and provides reports to, and takes direction from, the Audit, Risk and Business Improvement Committee (ARaBIC) on matters relating to internal audit.

The Audit Planning Methodology was substantially updated with an expanded list of potential review areas and an improved scoring and prioritisation approach. An Annual and Strategic (3 year) Audit Plan was reviewed and endorsed by the Audit, Risk and Business Improvement Committee and subsequently approved by Council.

Seven reviews were completed in 2016-17 including those carried over from the previous year. Internal Audit also provided significant assistance to the project to establish an internal control framework and assurance approach for Council.

A basic continuous assurance methodology has been established using data analytics to provide assurance regarding ongoing operation of controls and transactions to be investigated. This currently examines several risks in HR and Payroll with plans to expand this into Procurement in 2017-18.

## Legislative Requirements Not Applicable

The following list provides legislative requirements of a local government annual report in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012* that do not apply to Livingstone Shire Council for the 2016-17 financial year:

- » • Identifying beneficial enterprises (section 41 of the *Local Government Act 2009*);
- » • Identifying significant business activities (section 45 of the *Local Government Act 2009*);
- » • Resolutions made under section 250(1) or 206(2) (section 185 of the *Local Government Regulation 2012*);
- » • Overseas travel (section 188 of the *Local Government Regulation 2012*);
- » • Other contents (section 190 of the *Local Government Regulation 2012*)
  - » (1)(c) An annual operations report for each commercial business unit
  - » (1)(d) Details of any action taken for, and expenditure on, a service, facility or activity–
    - » (i) Supplied by another local government under an agreement for conducting a joint government activity;
    - » (ii) For which the local government levied special rates or charges for the financial year;
  - » (1)(i) A summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints;
  - » (1)(j) The local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3); and
  - » (2) An annual operations report.







# Community Financial Report

## For the Year Ended 30 June 2017

Interpreting formally presented financial statements prepared in accordance with relevant accounting standards can often be a difficult process for all stakeholders. The aim of the Community Financial Report is to assist readers to evaluate Council's financial performance and financial position without the need to interpret the financial statements. In this way the financial operations of Council can be clearly understood by members of our community and interested stakeholders.

Councils are driven by community service obligations rather than profit. It is Council's responsibility to provide residents with services such as roadworks, street lighting, stormwater drainage, water supply, sewerage and garbage collection and disposal. Therefore, ratepayers need to be satisfied that funds are being used wisely for the benefit of the community, now and for the future.

Council's General Purpose Financial Statements are a record of our financial performance for the year ended 30 June 2017 and is subject to independent audit to verify the accuracy of the reports, as well as the systems Council has in place to record financial transactions. The three primary reports are the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows.

## Statement of Comprehensive Income

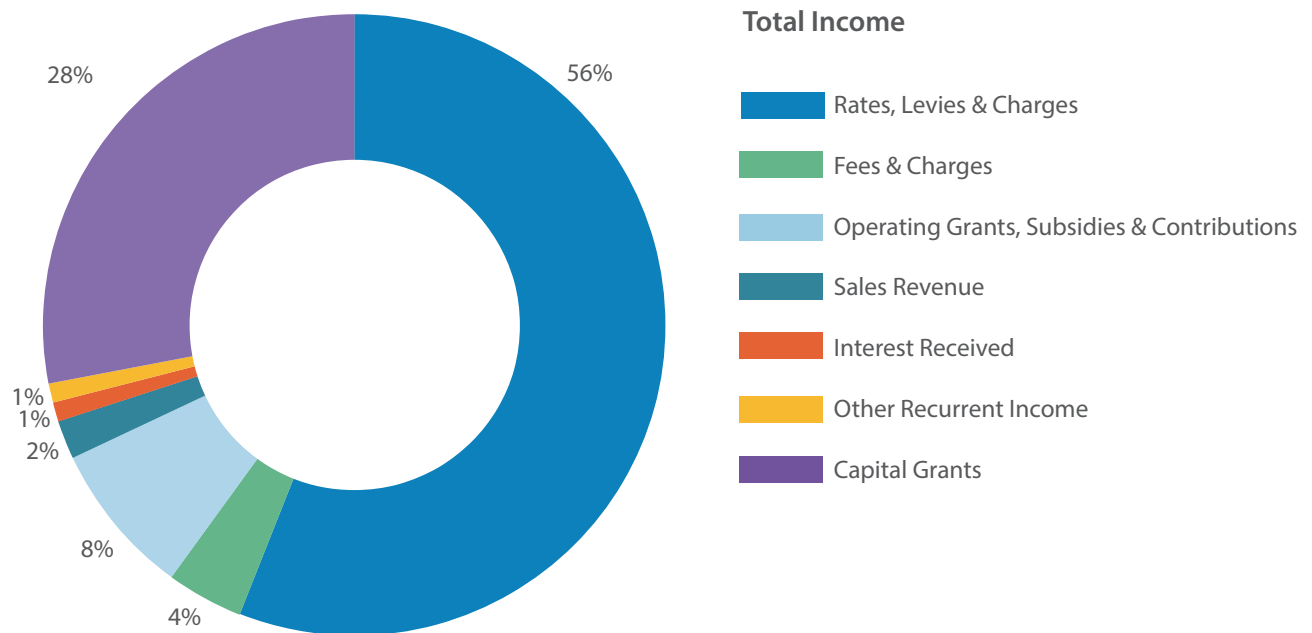
The Statement of Comprehensive Income details total income and expenses, and the net result attributable to Council as a result of Council's activities for the financial year.



## Sources of Income – Where our money comes from...

The majority of Council's income comes from rates & levies, fees & charges, interest, recoverable works and grants, subsidies & contributions. To provide services to the community, Council must collect revenue. Rates and utility charges are Council's principal source of revenue. Council also charges fees to developers, undertakes private & recoverable works and receives funding in the form of grants and subsidies from both State and Federal Government, to help construct and maintain our extensive infrastructure.

A total of approximately \$118.4 million was recognised as income during the financial year.



## Expenses – Where our money is spent...

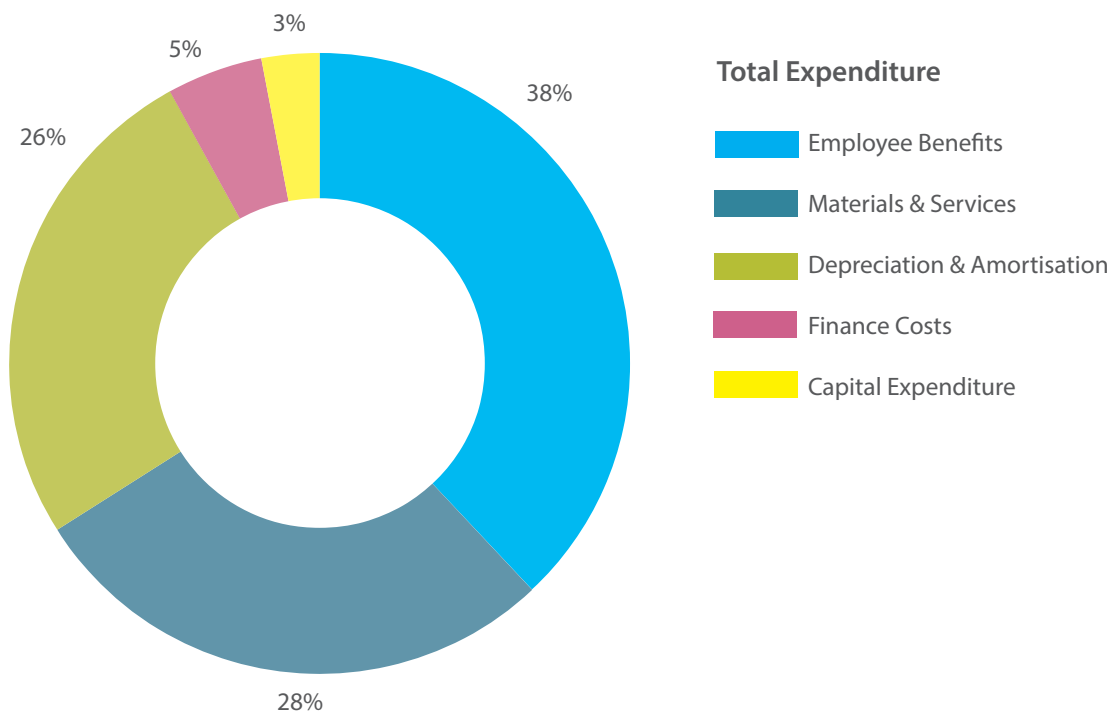
The three largest items of Council's expenditure are employee benefits, materials & services and depreciation. The level of expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year and are then constantly monitored throughout the year to ensure that funds are utilised efficiently.

Council requires a large workforce to provide the many and diverse services to our community. We also need to plan and monitor the future of the shire in respect to developments, so that our existing lifestyle is maintained and improved.

Council spends considerable funds on materials and services to operate effectively. In accordance with Council's Purchasing Policy, we give some preference to local businesses when work is tendered to external suppliers. As well as being a large employer in the community, it makes sound economic sense to keep our money circulating in the region for the benefit of all who live here.

Depreciation and amortisation is a way of allocating the cost of an asset over the assets' estimated useful life. Through the accurate calculation and allocation of depreciation and amortisation, we are confident that we will have the necessary funds to renew our existing assets.

Capital expenses of approximately \$2.4 million are mostly assets written off as part of our investment in renewing existing assets.



## Total Comprehensive Income for the Period

The total comprehensive income for the year was approximately \$49.4 million which is the difference between total income and total expenses and measures the change in Council's Net Community Assets. Total comprehensive income also includes approximately \$33.7 million of capital revenue and \$16 million in asset revaluation surplus. Capital revenue fluctuates each reporting year and is dependent on the value of assets contributed by developers and government grants for capital works projects.

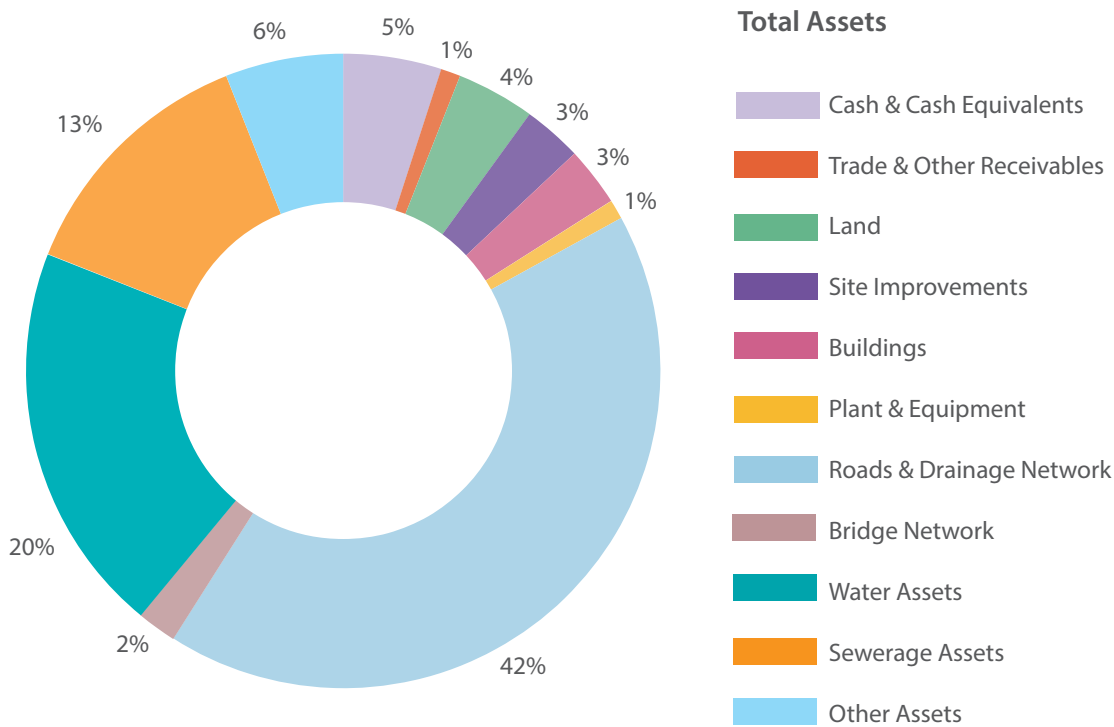
## Statement of Financial Position

The Statement of Financial Position lists Council's assets and liabilities. The result of these two components determines the net worth of Council.



## What Do We Own?

Council controls a variety of current and non-current assets of which approximately 93% is attributed to property, plant & equipment assets. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained.



Total assets are approximately \$964 million as at 30 June 2017.

## Capital Works

Capital works undertaken for the year totalled approximately \$24 million. These capital works were funded from depreciation, grants & subsidies, loans and cash holdings.

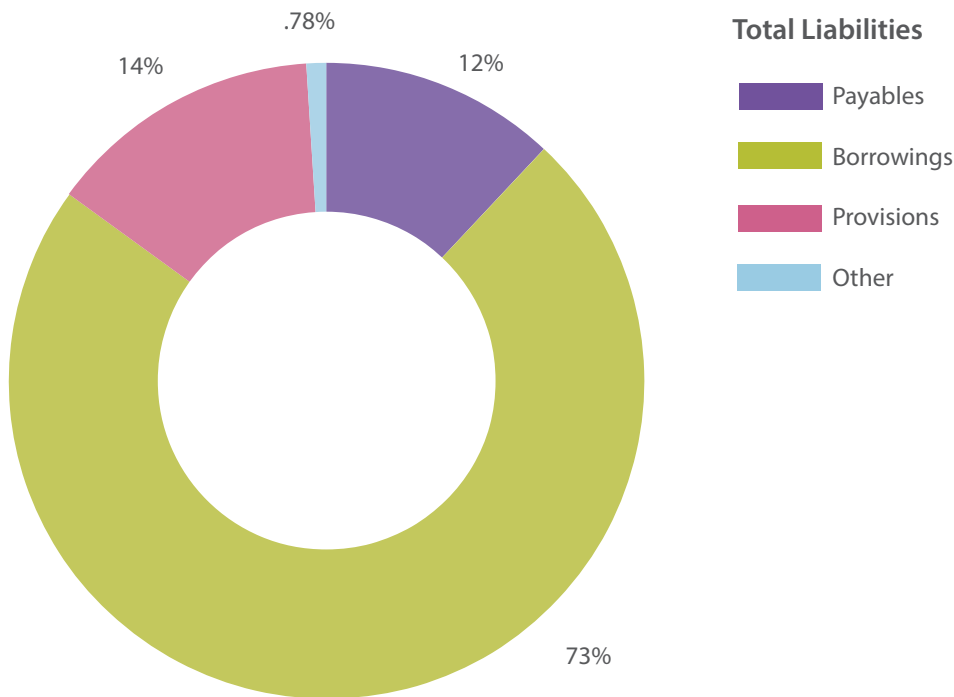
## Significant projects undertaken in 2016-17

- » Continuation of works on the Yeppoon foreshore including the finalisation of works on the Multi-Deck Carpark
- » Continuation of works on the Panorama Drive project
- » Continuation of development works on The Gateway Business and Industry Park
- » Continuation of works on the Statue Bay Landslip Project
- » Commencement of works on the construction of the Local Disaster Coordination Centre.

## What Do We Owe?

Council's borrowings at the 30 June 2017 totalled approximately \$79.5 million. The level of Council's long-term debt is regularly reviewed as a component of the long term financial strategic plan.

Interest expense on all loans, totalled 4.6% of total operating income.



Total liabilities were approximately \$108.7 million at 30 June 2017 of which 73% are borrowings with the Queensland Treasury Corporation.

## Financial Sustainability Ratios

An important indication in determining the financial health of Council is to calculate and review financial indicators or financial ratios. These ratios further assist in understanding the financial performance and position of Council, without reading through all of the details contained within the general purpose financial statements.

Three core ratios are the sustainability ratios. These have been calculated for the 2016-17 year and are listed below with a forecast for how the ratios will develop in Council's adopted Long Term Financial Forecast.

Council's Long Term Financial Forecast has been developed and adopted by Council and shows a continued high level of investment into assets. Whilst showing an operational deficit in the short term, the forecast shows that Council plans to move to a consistent operational surplus position by 2020-21.

## Relevant Measures of Financial Sustainability

	Forecast									
Target	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025	30/06/2026

### 1 Operating Surplus Ratio

**Net Result (excluding capital items) / Total Operating Revenue (excluding capital items) (%)**

Between 0% and 10%	2.5%	(4.2)%	(6.2)%	(3.1)%	2.5%	6.1%	9.6%	11.5%	15.0%	17.2%
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This ratio indicates the relationship between Councils operational result and total operating income, expressed as a percentage. It is an indication of Councils ability to fund its day-to-day operations. A result of up to 10% means that surplus income is available after Council has paid for the cost of delivering all its services to the community. Councils result of 2.5% indicates that Council had an operational surplus for the year.

### 2 Asset Sustainability Ratio

**(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense) (%)**

Greater than 90%	48.0%	61.3%	55.1%	51.6%	54.5%	56.4%	60.4%	63.4%	63.1%	57.9%
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This ratio indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. Council has asset management plans to develop strong, long-term plans for the management of its substantial asset base.

### 3 Net Financial Liabilities Ratio

**(Total Liabilities - Current Assets) / Total Operating Revenue (excluding capital items) (%)**

Not Greater than 60%	58.3%	105.2%	104.8%	96.4%	81.4%	68.5%	54.0%	36.8%	13.2%	(13.3)%
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This ratio indicates the extent to which Councils debts can be met by its operating income, expressed as a percentage. A result of less than 60% indicates that Council has the capacity to fund its liabilities and has the capacity to increase its loan borrowings if required. Councils long-term financial strategy indicates that whilst this ratio is anticipated to remain greater than 60% through until 2021-22 it will decrease thereafter.



## Statement of Changes in Equity

This statement demonstrates the movements between the differing elements of equity which is the net wealth of the Community.

## What Are We Worth?

Community equity is equal to assets less liabilities and is represented as retained surplus at 30 June 2017 of approximately \$855 million.

Over the long term Council is in a sound financial position. Council is holding an adequate reserve of cash, has substantial equity in its assets, and maintains debt at manageable levels.

The healthy financial position of Council combined with sound budgeting and forward planning, provides capacity for Council to meet its objectives as well as provide a large degree of flexibility if strategic directions change.

## Statement of Cash Flows

The Statement of Cash Flows reports the cash flows in and out of Council for the financial year. The statement is useful in assisting readers to assess Council's sources and uses of cash and ensuring that Council has the capacity to meet all of its financial commitments. The cash flows are classified into operating, investing, and financing activities.

Council pools and invests funds throughout the year in low-risk short-term to medium term investments in accordance with Council's investment policy. The net movement in cash for the 2016-17 year was a net increase of approximately \$1.65 million.

## Looking to the Future

Council is well placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the shire.

Livingstone Shire Council will continue to build on its management of infrastructure assets. This will permit more informed decisions about renewal and replacement of assets and associated funding.

Livingstone Shire Council aims to continue to maintain its strong financial base through the prudent use of annual rates collection, grants and subsidies, developer's contributions, borrowings and the use of cash reserves. Ongoing long term cash flow planning, sound budgeting, the recent adoption of long term asset management plans and extensive financial planning will assist Council greatly in achieving its objectives. This forward planning focus will put the Council in the best position possible to achieve the effective and efficient delivery of services to the community.









# Livingstone Shire Council Financial Statements

for the period 1 July 2016 to 30 June 2017



# General Purpose Financial Statements

for the year ended 30 June 2017

<b>Contents</b>	<b>Page</b>
<b>1. Understanding Council's Financial Statements</b>	<b>2</b>
<b>2. Primary Financial Statements:</b>	
Statement of Comprehensive Income	3
Statement of Financial Position	4
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Statement of Cash Flows	6
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<b>4. Management Certificate</b>	<b>43</b>
<b>5. Independent Auditor's Report</b>	<b>44</b>

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## Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Livingstone Shire Council.
  - (ii) All figures presented in these financial statements are presented in Australian dollars.
  - (iii) These financial statements were authorised for issue by the Council on    October 2017.
-

# Livingstone Shire Council

## General Purpose Financial Statements for the year ended 30 June 2017

### Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across Queensland are required to present a set of audited Financial Statements to their Council & Community.

#### What you will find in the financial statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2017.

The format of the Financial Statements complies with both the accounting & reporting requirements of Australian Accounting Standards.

#### About the management certificate

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

#### About the primary financial statements

The Financial Statements incorporate 4 "primary" financial statements:

##### **1. A Statement of Comprehensive Income**

A summary of Council's financial performance for the year, listing all income & expenses. The combined Other Comprehensive Income records items such as changes in the fair values of Council's Property, Plant & Equipment and Financial Instruments.

##### **2. A Statement of Financial Position**

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

##### **3. A Statement of Changes in Equity**

The overall change for the year (in dollars) of Council's Net Community Assets.

##### **4. A Statement of Cash Flows**

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

#### About the notes to the financial statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

#### About the auditor's reports

Council's Financial Statements are required to be audited by the Queensland Audit Office. The audit of many Queensland Councils is contracted to Audit firms that specialise in Local Government.

The Auditor provides an audit report which gives an opinion on whether the Financial Statements present fairly the Council's financial performance & position.

#### Who uses the financial statements?

The Financial Statements are publicly available documents & must be presented at a Council meeting after the date of the Audit Report.



# Livingstone Shire Council

## Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3a	66,460	62,780
Fees and charges	3b	4,826	5,179
Interest and investment revenue	3c	1,192	1,181
Sales revenue	3d	1,995	2,466
Profit on sale of land held for sale	3e	-	662
Other income	3f	1,068	2,748
Grants, subsidies and contributions	4a	9,193	14,788
<b>Total recurrent revenue</b>		<b>84,734</b>	<b>89,804</b>
<b>Capital revenue</b>			
Grants, subsidies and contributions	4b	32,145	37,669
<b>Total revenue</b>		<b>116,879</b>	<b>127,473</b>
Capital income	5	1,546	386
<b>Total Income</b>		<b>118,425</b>	<b>127,859</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	32,109	29,939
Materials and services	7	24,101	26,413
Finance costs	8	4,316	4,239
Depreciation and amortisation		22,081	22,534
<b>Total recurrent expenses</b>		<b>82,607</b>	<b>83,125</b>
Capital expenses	9	2,429	2,421
<b>Total expenses</b>		<b>85,036</b>	<b>85,546</b>
<b>Net result attributable to Council</b>		<b>33,389</b>	<b>42,313</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be classified to the net result</b>			
Increase in asset revaluation surplus	18	15,962	3,078
<b>Total comprehensive income for the year</b>		<b>49,351</b>	<b>45,391</b>

# Livingstone Shire Council

## Statement of Financial Position as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash, cash equivalents and investments	10	43,992	42,344
Trade and other receivables	11	11,134	8,832
Inventories	12	4,116	3,858
<b>Total current assets</b>		<b>59,242</b>	<b>55,034</b>
<b>Non-current assets</b>			
Inventories	12	6,699	3,614
Property, plant and equipment	13	896,909	845,729
Intangible assets		887	1,317
<b>Total non-current assets</b>		<b>904,495</b>	<b>850,660</b>
<b>TOTAL ASSETS</b>		<b>963,737</b>	<b>905,694</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	13,530	9,707
Borrowings	16	4,336	3,860
Provisions	17	4,020	4,030
Other liabilities		329	244
<b>Total current liabilities</b>		<b>22,215</b>	<b>17,841</b>
<b>Non-current liabilities</b>			
Borrowings	16	75,122	71,300
Provisions	17	10,826	10,391
Other liabilities		521	460
<b>Total non-current liabilities</b>		<b>86,469</b>	<b>82,151</b>
<b>TOTAL LIABILITIES</b>		<b>108,684</b>	<b>99,992</b>
<b>NET COMMUNITY ASSETS</b>		<b>855,053</b>	<b>805,702</b>
<b>COMMUNITY EQUITY</b>			
Asset revaluation surplus	18	19,040	3,078
Retained surplus		836,013	802,624
<b>TOTAL COMMUNITY ASSETS</b>		<b>855,053</b>	<b>805,702</b>

## Livingstone Shire Council

### Statement of Changes in Equity for the year ended 30 June 2017

	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
<b>Balance as at 1 July 2016</b>	3,078	802,624	805,702
Net result attributable to Council	-	33,389	33,389
Other comprehensive income Increase in asset revaluation surplus	15,962	-	15,962
<b>Total comprehensive income for the year</b>	<b>15,962</b>	<b>33,389</b>	<b>49,351</b>
<b>Balance as at 30 June 2017</b>	<b>19,040</b>	<b>836,013</b>	<b>855,053</b>

	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
<b>Balance as at 1 July 2015</b>	-	760,311	760,311
Net result attributable to Council	-	42,313	42,313
Other comprehensive income Increase in asset revaluation surplus	3,078	-	3,078
<b>Total comprehensive income for the year</b>	<b>3,078</b>	<b>42,313</b>	<b>45,391</b>
<b>Balance as at 30 June 2016</b>	<b>3,078</b>	<b>802,624</b>	<b>805,702</b>

# Livingstone Shire Council

## Statement of Cash Flows

for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		79,574	76,895
Payments to suppliers and employees		<u>(59,695)</u>	<u>(62,815)</u>
		19,879	14,080
Interest received		1,111	1,181
Non capital grants and contributions		9,478	16,263
Proceeds from the sale of land held for sale		-	1,216
Borrowing costs		(4,104)	(3,988)
Payments for land held for sale		<u>(3,390)</u>	<u>(1,152)</u>
<b>Net cash inflow from operating activities</b>	22	<u>22,974</u>	<u>27,600</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		448	640
Grants, subsidies, infrastructure charges and donations		31,927	29,197
Payments for property, plant and equipment including intangibles	13	<u>(57,999)</u>	<u>(42,027)</u>
<b>Net cash outflow from investing activities</b>		<u>(25,624)</u>	<u>(12,190)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		8,000	6,200
Repayment of borrowings		<u>(3,702)</u>	<u>(3,303)</u>
<b>Net cash inflow from financing activities</b>		<u>4,298</u>	<u>2,897</u>
<b>Net increase in cash and cash equivalent held</b>		<u>1,648</u>	<u>18,307</u>
<b>Cash and cash equivalents - at the beginning of the financial year</b>		42,344	24,037
<b>Cash and cash equivalents - at the end of the financial year</b>	10	<u><u>43,992</u></u>	<u><u>42,344</u></u>





# Livingstone Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2017

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>
<b>1</b>	Summary of significant accounting policies
<b>2(a)</b>	Council functions - Component descriptions
<b>2(b)</b>	Council functions - Analysis of results by function
<b>3</b>	Revenue analysis
<b>4</b>	Grants, subsidies and contributions
<b>5</b>	Capital income
<b>6</b>	Employee benefits
<b>7</b>	Materials and services
<b>8</b>	Finance costs
<b>9</b>	Capital expenses
<b>10</b>	Cash, cash equivalents and investments
<b>11</b>	Trade and other receivables
<b>12</b>	Inventories
<b>13</b>	Property, plant and equipment
<b>14</b>	Fair value measurements
<b>15</b>	Trade and other payables
<b>16</b>	Borrowings
<b>17</b>	Provisions
<b>18</b>	Asset revaluation surplus
<b>19</b>	Commitments for expenditure
<b>20</b>	Contingent liabilities
<b>21</b>	Superannuation
<b>22</b>	Reconciliation of net result for the year to net cash inflow from operating activities
<b>23</b>	Events occurring after the reporting period
<b>24</b>	Financial instruments
<b>25</b>	National competition policy
<b>26</b>	Transactions with related parties
<b>27</b>	Council information and contact details

### Note 1. Summary of Significant Accounting Policies

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#### 1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

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

#### 1.3 Constitution

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

#### 1.4 Date of authorisation

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

#### 1.5 Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

#### 1.6 Taxation

Council is subject to Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and Payroll Tax on certain activities. The net amount of GST recoverable from or payable to the Australian Taxation Office is shown as an asset or liability. Income of local authorities and public authorities is exempt from income tax due to the provisions of the *Income Tax Assessment Act 1997*.

#### 1.7 Adoption of new and revised Accounting Standards

##### Changes in Accounting Policy

Council did not voluntarily change any of its accounting policies during 2016-17.

##### Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2016-17.

##### Accounting Standards Applied for the First Time

The only Australian Accounting Standard that became effective for the first time in 2016-17 was AASB 124 *Related Party Disclosures*. As a result Council has disclosed information about related parties and transactions with those related parties. Related parties include the Mayor, Councillors and some Council staff. In addition the close family members of these people and organisations that they control or are associated with are classified as related parties. This information is presented in Note 26.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. These include AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities and AASB16 Leases*. These standards have not been applied in these financial statements. Council will implement them when they are effective. Council is still reviewing any potential disclosures required in accordance with the requirements of these standards and whether there will be any material impact arising from these standards.

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 1. Summary of Significant Accounting Policies (continued)

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#### **1.8 Critical accounting judgements and key sources of estimation uncertainty**

Financial statements are subject to the use of estimates and judgements. The estimates and judgements that have a risk of causing an adjustment to the carrying amounts of assets and liabilities relate to:

- Valuation of property, plant and equipment including depreciation rates, asset useful lives and residual values
- Provisions – employee long service leave and restoration
- Employee benefits – annual leave
- Receivables – impairment
- Contingent liabilities

### Note 2(a). Council Functions - Component Descriptions

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**Council has determined the functions and activities based on service delivery. The streams are Office of the Mayor & CEO, Corporate Services, Community & Planning Services, Infrastructure Services and Strategic Growth & Development. The significant activities of Waste, Water & Sewerage services and the Central Funds function, are reported separately as management considers that such disclosures are meaningful to users of Council's financial reports.**

#### **OFFICE OF THE MAYOR & CEO**

The Office of the Mayor & CEO provides for the executive management of Livingstone Shire Council and includes the offices of the Mayor, Councillors, Chief Executive Officer and internal audit functions. The objective of this function is to provide direction for Council to be open, accountable, transparent and deliver value for money community outcomes.

#### **INFRASTRUCTURE SERVICES**

The objective of Infrastructure Services is to ensure that the community is serviced by a high quality and effective roads and drainage, bridges, parks & open space networks. This includes council's construction and maintenance activities (roadwork maintenance, roadwork construction and parks & open space management), engineering activities, planning and design activities, asset management, fleet and facilities management activities. This function also has responsibility for Council's depot operations and recoverable works.

#### **WASTE SERVICES**

This function protects and supports our community and natural environment by sustainably managing refuse. This includes waste collection and disposal, recycling collection and management of Council's landfill facilities.

#### **WATER & SEWERAGE SERVICES**

The goal of this function is to support a healthy and safe community through managing sustainable water and sewerage services. Council's water and sewerage business activity is responsible for the provision of water and sewerage activities to the residents of Livingstone Shire Council including operations of water treatment plants, reservoirs, water distribution network, water quality control, sewerage treatment plants, trunk sewers, sewerage pump stations and sewerage mains and services.

#### **CORPORATE SERVICES**

Corporate Services comprises the corporate support functions of Council. The corporate support function includes Council's information technology, finance, human resources & governance, customer engagement & communications and business improvement activities. These units provide the organisation with a high level of support for their operations, to facilitate the provision of accurate, timely and appropriate information to support sound decision making. The support provided by Corporate Services assists with meeting statutory requirements and provides a governance structure to support open, accountable and transparent delivery of value for money community outcomes.

#### **COMMUNITY & PLANNING SERVICES**

The goals of Community & Planning Services are to ensure that Livingstone Shire is a healthy, vibrant, contemporary and connected community by providing well managed and maintained community facilities and ensuring delivery of cultural, health, welfare, environmental and recreational services.

The department is also responsible for the facilitation of the Shire's growth and prosperity through well planned and quality development. The objective of planning and development is to ensure that Livingstone Shire is well designed, efficient and facilitates growth while preserving the character and natural environment of the Shire.

This function's responsibilities include Council's town planning activities such as development assessment, development compliance and strategic planning, as well as a variety of community service activities such as local laws, libraries, community partnerships, natural resource management activities and disaster management.

#### **STRATEGIC GROWTH & DEVELOPMENT**

Strategic Growth & Development is responsible for strategic growth and economic development initiatives that drive growth in the local economy by delivering major game-changing projects, socio-economic development programs and activities, tourism destination development, innovative placemaking and urban design initiatives along with effective management of Council's property portfolio and land holdings.

#### **CENTRAL FUNDS**

This activity provides for a range of central support functions. This includes recognition and allocation of general rates and grant revenue, interest revenue and expenses not allocated to Council's other functions above.



Notes to the Financial Statements  
for the year ended 30 June 2017

Note 2(b) Analysis of results by function

Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants	Other				
	\$'000	\$'000				
<b>2017</b>			<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Office of the Mayor & CEO	-	1	1	(2,121)	(2,120)	-
Infrastructure Services	18,181	4,365	22,546	(31,332)	(8,786)	527,748
Waste Services	-	6,537	6,537	(5,796)	741	10,757
Water & Sewerage Services	1,322	26,286	27,608	(23,023)	4,585	321,782
Corporate Services	72	1,835	1,907	(14,653)	(12,746)	2,611
Community & Planning Services	1,488	2,201	3,689	(9,273)	(5,584)	1,447
Strategic Growth & Development	11,422	3	11,425	(680)	10,745	8,927
Central Funds	5,513	39,199	44,712	1,842	46,554	90,465
<b>Total</b>	<b>37,998</b>	<b>80,427</b>	<b>118,425</b>	<b>(85,036)</b>	<b>33,389</b>	<b>963,737</b>

Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants	Other				
	\$'000	\$'000				
<b>2016</b>			<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Office of the Mayor & CEO	-	21	21	(2,161)	(2,140)	-
Infrastructure Services	22,335	11,592	33,927	(31,418)	2,509	495,167
Waste Services	-	6,491	6,491	(6,491)	-	10,728
Water & Sewerage Services	1,299	27,733	29,032	(24,728)	4,304	307,568
Corporate Services	11,168	2,229	13,397	(14,271)	(874)	7,903
Community & Planning Services	1,895	2,319	4,214	(9,043)	(4,829)	1,024
Central Funds	3,704	37,073	40,777	2,566	43,343	83,304
<b>Total</b>	<b>40,401</b>	<b>87,458</b>	<b>127,859</b>	<b>(85,546)</b>	<b>42,313</b>	<b>905,694</b>

# Livingstone Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 3. Revenue analysis

	2017	2016
	\$'000	\$'000

Revenue is recognised at the fair value of consideration received or receivable, on the basis it meets the recognition criteria as set out below.

#### (a) Rates, levies and charges

Revenue for rates, levies and utility charges is recognised upon issue of the levies within the respective rating period, or where earlier, upon receipt of the rates and utility charges.

General rates	30,886	29,513
Separate rates	9,809	9,297
Special rates	402	396
Water	15,304	14,908
Sewerage	9,794	9,215
Garbage charges	5,999	5,600
<b>Total rates and utility charge revenue</b>	<b>72,194</b>	<b>68,929</b>
Less: Discounts	(4,945)	(5,430)
Less: Pensioner remissions	(789)	(719)
<b><u>TOTAL NET RATES, LEVIES AND CHARGES</u></b>	<b><u>66,460</u></b>	<b><u>62,780</u></b>

#### (b) Fees and charges

Fees and charges are recognised upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

Waste fees	1,080	1,364
Venues, events, tourism and cultural fees	1,316	1,352
Building, plumbing and development fees	1,381	1,466
Local laws and health licencing fees	347	359
Irrigator and commercial water fees	415	354
Other fees and charges	287	284
<b><u>TOTAL FEES AND CHARGES</u></b>	<b><u>4,826</u></b>	<b><u>5,179</u></b>

#### (c) Interest and investment revenue

Interest is accrued over the term of the investment. Interest is charged on outstanding rates at a rate of 11% per annum compounded monthly.

Interest received from investments	937	941
Interest from overdue rates and utility charges	255	240
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>	<b><u>1,192</u></b>	<b><u>1,181</u></b>

## Livingstone Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 3. Revenue analysis (continued)

	2017	2016
	\$'000	\$'000
<b>(d) Sales revenue</b>		
The amount recognised as revenue from contract works during the financial year is the amount received or receivable in respect of contract work services rendered during the period.		
The contract work carried out is not subject to retentions.		
Recoverable and private works	1,995	2,466
<b><u>TOTAL SALES REVENUE</u></b>	<b><u>1,995</u></b>	<b><u>2,466</u></b>
<b>(e) Profit on sale of land held for sale</b>		
The profit on the sale of land is recognised when the contract of sale is settled.		
Proceeds on sale	-	1,216
Cost of land sales	-	(554)
<b><u>TOTAL PROFIT ON SALE OF LAND HELD FOR SALE</u></b>	<b><u>-</u></b>	<b><u>662</u></b>
<b>(f) Other operating income</b>		
Other operating income is recognised in the reporting period in which the services are rendered and/or goods transferred. This is for the ancillary activities of Council's operations.		
Insurance recoveries	79	1,815
Rental / lease income	165	140
Commission and collection fees	61	61
Payroll recoveries	27	32
Car wash income	62	36
Property related recoveries	294	15
Other operating income	380	649
<b><u>TOTAL OTHER INCOME</u></b>	<b><u>1,068</u></b>	<b><u>2,748</u></b>

# Livingstone Shire Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 4. Grants, subsidies and contributions

	2017	2016
	\$'000	\$'000

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them, which is usually upon receipt of the funds. Capital Revenue includes grants and subsidies received. It also includes cash and non-cash contributions tied to specific projects for the replacement or upgrade of existing non-current assets, which are usually infrastructure contributions or assets received from developers. All other revenue is classified as operating.

#### (a) Operating - grants, subsidies and contributions are analysed as follows:

General purpose grants	5,513	3,704
Government subsidies and grants	3,594	11,005
Contributions	86	79
<u>TOTAL OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>	<u>9,193</u>	<u>14,788</u>

#### (b) Capital - grants, subsidies and contributions are analysed as follows:

##### (i) Monetary revenue designated for capital funding purposes:

Government subsidies and grants	28,891	25,692
Infrastructure contributions	3,036	3,505

##### (ii) Non-monetary revenue received is analysed as follows:

Assets contributed at fair value	218	8,472
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<u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>	<u>32,145</u>	<u>37,669</u>
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## Livingstone Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 5. Capital income

	Notes	2017 \$'000	2016 \$'000
<b>(a) Gain on disposal of non-current assets</b>			
Proceeds from the disposal of property, plant and equipment		579	-
Less: book value of property, plant and equipment disposed	13	(466)	-
		<u>113</u>	<u>-</u>
<b>(b) Provision for restoration of quarries</b>			
Change in discount rate		10	15
		<u>10</u>	<u>15</u>
<b>(c) Other capital income</b>			
Gain from assets not previously recognised	13	1,423	371
		<u>1,423</u>	<u>371</u>
<b><u>TOTAL CAPITAL INCOME</u></b>		<b><u>1,546</u></b>	<b><u>386</u></b>

#### Note 6. Employee benefits

Total staff wages and salaries		30,607	28,610
Annual, sick and long service leave entitlements		372	387
Superannuation	21	3,397	3,108
Councillors' remuneration		681	673
		<u>35,057</u>	<u>32,778</u>
Other employee related expenses		1,337	1,087
		<u>36,394</u>	<u>33,865</u>
Less: Capitalised employee expenses		(4,285)	(3,926)
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>		<b><u>32,109</u></b>	<b><u>29,939</u></b>
<b>Additional information:</b>			
<b>Total employees at year end:</b>		<b>No.</b>	<b>No.</b>
Administration staff		251	241
Depot and outdoors staff		123	121
<b>Total full time equivalent employees</b>		<b><u>374</u></b>	<b><u>362</u></b>
<b>Total elected members</b>		<b><u>7</u></b>	<b><u>7</u></b>

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

## Livingstone Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 7. Materials and services

	2017	2016
	\$'000	\$'000
Advertising and marketing	212	185
Administration supplies and consumables	649	595
Audit of annual financial statements *	170	190
Bulk water purchases	3,701	3,723
Communications and information technology	2,196	2,256
Consultants	1,874	2,271
Contractors	4,677	5,279
Donations and subscriptions paid	950	1,061
Electricity	2,605	2,202
Insurance	754	730
Repairs and maintenance	6,045	6,497
Operating leases - Rentals	52	131
Other materials and services	216	1,293
<b><u>TOTAL MATERIALS AND SERVICES</u></b>	<b><u>24,101</u></b>	<b><u>26,413</u></b>

\* There were no non-audit fees incurred during the financial year or the prior period.

#### Note 8. Finance costs

Finance costs charged by the Queensland Treasury Corporation	3,888	3,721
Bank charges	167	154
Impairment of receivables	49	113
Change to landfill and quarry provisions due to a change in present value over time	212	251
<b><u>TOTAL FINANCE COSTS</u></b>	<b><u>4,316</u></b>	<b><u>4,239</u></b>

## Livingstone Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 9. Capital expenses

	Notes	2017 \$'000	2016 \$'000
<b>(a) Loss on disposal of non-current assets</b>			
Proceeds from the disposal of property, plant and equipment		-	640
Less: book value of property, plant and equipment disposed	13	-	(839)
<b>Loss on disposal of non-current assets</b>		<b>-</b>	<b>199</b>
<b>(b) Provision for restoration of quarries</b>			
Change from revision of future restoration expense		16	18
		<b>16</b>	<b>18</b>
<b>(c) Other capital expenses</b>			
Loss on write-off of assets		2,413	1,939
Assets previously recognised incorrectly		-	265
		<b>2,413</b>	<b>2,204</b>
<b><u>TOTAL CAPITAL EXPENSES</u></b>		<b><u>2,429</u></b>	<b><u>2,421</u></b>

#### Note 10. Cash, cash equivalents and investments

Cash and cash equivalents includes cash on hand, cash at bank and other cash equivalents which are readily convertible to cash and are used in the cash management function on a day-to-day basis.

##### Cash and cash equivalents

Cash in operating bank account	2,206	2,763
Cash on hand	5	4
Investments with Queensland Treasury Corporation	38,781	37,577
<b>Total cash and cash equivalents</b>	<b>40,992</b>	<b>40,344</b>

##### Investments

Short term deposits	3,000	2,000
<b>Total current investments</b>	<b>3,000</b>	<b>2,000</b>

##### **TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS**

<b>43,992</b>	<b>42,344</b>
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In accordance with the *Local Government Act 2009*, a separate trust bank account and separate trust accounting records are maintained for funds held in the trust account on behalf of outside parties. Funds held in trust account include deposits lodged to guarantee performance and unclaimed monies. As 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. Council holds \$243,639 in trust monies at 30 June 2017 (2016: \$812,833).

## Livingstone Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 11. Trade and other receivables

	2017	2016
	\$'000	\$'000

Under the *Local Government Act 2009* Council has the power to sell an owner's property to recover outstanding rates debts. Council will only impair rates receivables when outstanding debt exceeds unimproved capital values or when a state lease has been cancelled and it is likely that the debt cannot be received from the debtor.

Receivables are due for settlement in 30 days and are recognised at the amounts due. 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 2017. If an amount is recovered in a subsequent period it is recognised as revenue.

#### Current

Rateable revenue and utility charges	5,238	4,821
Other debtors	3,663	1,912
GST recoverable	1,073	999
Prepayments	1,374	1,266
<b>Total</b>	<b>11,348</b>	<b>8,998</b>
<b>less: accumulated impairment</b>		
Rateable revenue and utility charges	(139)	(93)
Other debtors	(75)	(73)
<b>Total accumulated impairment - receivables</b>	<b>(214)</b>	<b>(166)</b>
<b><u>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</u></b>	<b><u>11,134</u></b>	<b><u>8,832</u></b>

The movement in accumulated impairment-receivables is as follows:

Opening balance at 1 July	166	86
Impairment adjustment in the period	48	80
<b>Closing balance</b>	<b>214</b>	<b>166</b>

Interest is charged on outstanding rates at a rate of 11% per annum (2016: 11%). There is no concentration of credit risk for rates and utility charges, fees and other debtors.

Analysis of the age of Council's receivables is as follows:

#### Receivables

Less than 30 days	5,954	3,925
Past due:		
- 31 to 60 days overdue	283	150
- 61 to 90 days overdue	117	14
- Greater than 90 days overdue	3,620	3,643
- Impaired	(214)	(166)
<b>Total Receivables</b>	<b>9,760</b>	<b>7,566</b>



## Livingstone Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 12. Inventories

	2017	2016
	\$'000	\$'000

Inventories held for distribution are:

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

Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. As an inventory item, this land is recognised as a current asset once subdivision is complete, survey plans are registered and identified parcels of land are being advertised for sale. Council is currently developing and marketing The Gateway Business & Industry Park and the Homemaker Centre.

#### Current Inventories

##### (a) Inventories held for sale

Other trading inventories	47	50
	<u>47</u>	<u>50</u>

##### (b) Inventories held for distribution

Quarry and road materials	787	806
Stores and materials	421	446
	<u>1,208</u>	<u>1,252</u>

(c) Land purchased for sale	<u>2,861</u>	<u>2,556</u>
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<u>TOTAL CURRENT INVENTORIES</u>	<u>4,116</u>	<u>3,858</u>
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#### Non-current Inventories

Land purchased for sale	<u>6,699</u>	<u>3,614</u>
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<u>TOTAL NON-CURRENT INVENTORIES</u>	<u>6,699</u>	<u>3,614</u>
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During the year ended 30 June 2017, no interest was capitalised to land purchased for sale.

Livingstone Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2017

Note 13. Property, plant and equipment

30 June 2017	Measurement Basis	Note	Land		Site improvements		Buildings		Plant and equipment		Road and drainage network		Bridge network		Water		Sewerage		Heritage and cultural assets		Work in progress		Total	
			\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value
	Opening gross balance - at cost		-	-	-	-	-	22,213	-	-	-	-	-	-	-	-	-	-	-	-	-	23,754	-	45,967
	Opening gross balance - at fair value		34,518	42,653	39,273	39,273	-	-	-	492,805	31,160	302,047	154,775	329	329	302,047	154,775	251	1,748	329	23,754	-	1,097,560	
	Opening gross balance		34,518	42,653	39,273	39,273	-	-	-	492,805	31,160	302,047	154,775	329	329	302,047	154,775	251	1,748	329	23,754	-	1,143,527	
	Assets not previously recognised		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Additions*		51	1,747	7,610	9	89	78	42	9,118	515	1,383	1,748	-	-	1,172	1,748	-	-	-	32,932	-	57,999	
	Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218
	Disposals	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,866)
	Write-offs	9	-	(98)	(952)	-	-	-	-	(3,133)	(24)	(572)	(76)	-	-	(572)	(76)	-	-	-	-	-	-	(4,855)
	Revaluation increments to equity	18	-	-	2,097	-	-	-	-	234	234	4,828	472	-	-	234	4,828	472	-	-	-	-	-	7,159
	Work in progress transfers		-	175	3,935	-	-	-	-	6,761	1,020	276	-	-	-	276	-	-	-	-	(12,639)	-	(19)	
	Transfers from/(to) Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19)	-	-	
	Increase in Landfill rehabilitation asset due to change in discount rate		-	109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	109	
	Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	-	-	23,320	-	-	-	-	-	-	-	-	-	-	-	-	-	44,028	-	67,348
	Total Gross Value of Property, Plant and Equipment - at Fair Value		34,569	44,675	51,972	51,972	-	-	-	505,593	32,671	304,540	161,998	329	329	304,540	161,998	40,553	1,748	329	44,028	-	1,136,347	
	Total Gross Value of Property, Plant and Equipment		34,569	44,675	51,972	51,972	-	-	-	505,593	32,671	304,540	161,998	329	329	304,540	161,998	40,553	1,748	329	44,028	-	1,203,695	
	Opening Accumulated Depreciation		-	11,729	17,308	-	9,007	-	9,007	89,583	12,112	119,059	39,000	-	-	119,059	39,000	-	-	-	-	-	-	297,798
	Depreciation expense		-	1,333	1,299	-	2,385	-	2,385	8,889	545	4,518	2,664	-	-	4,518	2,664	-	-	-	-	-	-	21,633
	Disposals	5	-	-	-	-	(1,400)	-	(1,400)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,400)
	Write-offs	9	-	(46)	(944)	-	-	-	-	(1,024)	(13)	(389)	(26)	-	-	(389)	(26)	-	-	-	-	-	-	(2,442)
	Revaluation increments to equity		-	-	2,021	-	-	-	-	-	(9,739)	(1,085)	-	-	-	(9,739)	(1,085)	-	-	-	-	-	-	(8,803)
	Total Accumulated Depreciation - Property, Plant and Equipment	18	-	13,016	19,684	-	9,992	-	9,992	97,448	12,644	113,449	40,553	-	-	113,449	40,553	-	-	-	-	-	-	306,786
	Total Net Book Value of Property, Plant and Equipment		34,569	31,659	32,288	32,288	13,328	408,145	20,027	191,091	121,445	121,445	329	44,028	44,028	191,091	121,445	1,748	329	44,028	-	-	896,909	

Other Information		Not Depreciated	15 - 100	10 - 80	5 - 50	4 - 216	10 - 120	10 - 150	10 - 140	Not Depreciated	Not Depreciated
Residual Value		-	-	-	5,032	-	-	-	-	-	-
Range of Estimated Useful Life (years)		-	-	-	5 - 50	-	-	-	-	-	-

*Asset Additions Comprise		51	1,747	7,610	2,895	9,118	1,748	32,932
Asset Renewals		-	384	586	2,878	3,131	358	3,661
Other Additions		51	1,363	7,024	17	5,987	1,390	29,271
Total Asset Additions		51	1,747	7,610	2,895	9,118	1,748	32,932

Notes to the Financial Statements  
for the year ended 30 June 2017

Note 13. Property, plant and equipment (continued)

Measurement Basis	Land		Site improvements		Buildings		Plant and equipment		Road and drainage network		Bridge network		Water		Sewerage		Heritage and cultural assets		Work in progress		Total
	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	
Opening gross balance - at cost	-	-	-	-	-	-	21,892	-	-	-	-	-	-	-	-	-	-	-	15,438	37,330	
Opening gross balance - at fair value	28,785	31,170	37,613	37,613	37,613	21,892	477,837	477,837	477,837	29,966	29,966	301,264	301,264	150,835	150,835	329	329	15,438	1,057,799		
Assets not previously recognised	-	-	-	-	-	-	-	371	-	-	-	-	-	-	-	-	-	-	-	371	
Correction to opening balances	-	(123)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(123)	
Additions*	5,606	6,232	1,710	1,710	1,710	2,944	7,285	7,285	7,285	287	287	981	981	406	406	-	-	16,581	42,032		
Contributed assets	-	-	-	-	-	-	(2,655)	5,995	5,995	-	-	-	-	1,523	1,523	-	-	-	-	8,472	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,655)	
Write-offs	-	(291)	-	(288)	-	-	-	(1,651)	-	-	-	(1,297)	-	-	(605)	-	-	-	-	(4,132)	
Revaluation increments to equity	-	3,858	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,858	
Work in progress transfers	127	1,228	238	238	238	32	2,968	2,968	2,968	907	907	145	145	2,616	2,616	-	-	(8,265)	(4)		
Increase in Landfill rehabilitation asset due to change in discount rate	-	579	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	579	
<b>Total Gross Value of Property, Plant and Equipment - at Cost</b>	<b>34,518</b>	<b>42,653</b>	<b>39,273</b>	<b>39,273</b>	<b>39,273</b>	<b>22,213</b>	<b>492,805</b>	<b>492,805</b>	<b>492,805</b>	<b>31,160</b>	<b>31,160</b>	<b>302,047</b>	<b>302,047</b>	<b>154,775</b>	<b>154,775</b>	<b>329</b>	<b>329</b>	<b>23,754</b>	<b>1,097,560</b>		
<b>Total Gross Value of Property, Plant and Equipment - at Fair Value</b>	<b>34,518</b>	<b>42,653</b>	<b>39,273</b>	<b>39,273</b>	<b>39,273</b>	<b>22,213</b>	<b>492,805</b>	<b>492,805</b>	<b>492,805</b>	<b>31,160</b>	<b>31,160</b>	<b>302,047</b>	<b>302,047</b>	<b>154,775</b>	<b>154,775</b>	<b>329</b>	<b>329</b>	<b>23,754</b>	<b>1,143,527</b>		
Opening Accumulated Depreciation	-	9,591	16,399	16,399	16,399	8,534	81,528	81,528	81,528	11,532	11,532	114,754	114,754	36,359	36,359	-	-	-	-	278,697	
Correction to opening balances	-	(19)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19)	
Depreciation expense	-	1,443	1,128	1,128	1,128	2,289	8,839	8,839	8,839	580	580	4,901	4,901	2,902	2,902	-	-	-	-	22,082	
Disposals	-	-	-	-	-	(1,816)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,816)	
Write-offs	-	(66)	(219)	(219)	(219)	-	(784)	(784)	(784)	-	-	(596)	(596)	(261)	(261)	-	-	-	-	(1,926)	
Revaluation increments to equity	-	780	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	780	
<b>Total Accumulated Depreciation - Property, Plant and Equipment</b>	<b>-</b>	<b>11,729</b>	<b>17,308</b>	<b>17,308</b>	<b>17,308</b>	<b>9,007</b>	<b>89,583</b>	<b>89,583</b>	<b>89,583</b>	<b>12,112</b>	<b>12,112</b>	<b>119,059</b>	<b>119,059</b>	<b>39,000</b>	<b>39,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297,798</b>	
<b>Total Net Book Value of Property, Plant and Equipment</b>	<b>34,518</b>	<b>30,924</b>	<b>21,965</b>	<b>21,965</b>	<b>21,965</b>	<b>13,206</b>	<b>403,222</b>	<b>403,222</b>	<b>403,222</b>	<b>19,048</b>	<b>19,048</b>	<b>182,988</b>	<b>182,988</b>	<b>115,775</b>	<b>115,775</b>	<b>329</b>	<b>329</b>	<b>23,754</b>	<b>845,729</b>		
<b>Other Information</b>																					
<b>Residual Value</b>																					
Range of Estimated Useful Life (years)																					
Not Depreciated																					
15 - 100																					
20 - 80																					
4 - 216																					
10 - 120																					
10 - 150																					
10 - 150																					
Not Depreciated/ Not Depreciated																					
<b>*Asset Additions Comprise</b>																					
<b>Asset Renewals</b>																					
319																					
445																					
264																					
2,891																					
2,804																					
799																					
187																					
5,287																					
5,787																					
1,446																					
53																					
2,944																					
2,944																					
7,285																					
7,285																					
406																					
219																					
13,842																					
16,581																					
42,032																					
31,529																					
10,503																					
42,032																					

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 13. Property, plant and equipment (continued)

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#### (a) Recognition

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 and included in the relevant asset class.

A complex asset is a physical asset capable of disaggregation into significant components, such as road infrastructure where the components may include initial earthworks, formation, pavement, seal, kerb and channel, road furniture and footpaths.

Land under the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government pursuant to the relevant legislation. As such this land is not recognised in these financial statements.

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

#### (c) Acquisition

Acquisitions of property, plant and equipment are initially recorded at cost plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs. Donated items of property, plant and equipment, except reserve land, are recognised as assets and revenue at fair value.

#### (d) Valuation

Land, site improvements, buildings, road and drainage network, bridge network, sewerage, water and heritage and cultural assets are measured on the revaluation basis, at fair value. Plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued as necessary so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. A full revaluation was undertaken for the building, water and sewerage asset classes as at 31 December 2016.

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 13. Property, plant and equipment (continued)

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In the intervening years, Council uses internal staff resources to assess the condition and cost assumptions associated with property, plant and equipment assets. These results are considered in combination with the Australian Bureau of Statistics indices for Queensland and other measures deemed suitable, which may include professional advice from appropriate qualified external valuers. Together this information is used to form the basis of a management valuation for property, plant and equipment asset classes in each of the intervening years.

Revaluation of an asset is deemed necessary when the difference between the carrying amount and the fair value of an asset is material. 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 of revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, the carrying amount of the asset is adjusted to the revalued amount. At the date of the revaluation, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

#### (e) Impairment of non-current assets

Property, plant and equipment is assessed for indicators of impairment on an annual basis.

If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

No impairments have been recognised in the 2016-17 year.

#### (f) 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.

Within the site improvements asset class, Council has recognised a landfill restoration asset. This asset is amortised progressively based on the annual consumption and estimated useful life of the current cell. A number of assumptions including projected waste taken at the landfill, estimated closure dates of the current cell and the estimated cost and timing of future capping outlays have been used in measuring this asset.

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.



Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Property, plant and equipment (continued)

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

Accumulated Depreciation

In determining the level of accumulated depreciation of roads infrastructure, water and sewerage active infrastructure and site improvement assets all were disaggregated into significant components which exhibited different useful lives. The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available. The age in days was then multiplied by its daily depreciation amount to determine the accumulated depreciation amount.

Note 14. Fair value measurements

(a) Recognised fair value measurements

The methods used to estimate fair value comprise:

Level 1: the fair value is calculated based on quoted prices in active markets.

Level 2: the fair value is estimated using inputs that are observable for the asset.

Level 3: the fair value is estimated on unobservable inputs for the asset.

The following table represents all assets that have been measured and recognised at fair values:

	Date of latest valuation	Fair Value Measurement using:		Total
		Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
<b>2017</b>				
<b>Recurring Fair Value Measurements Property, Plant and Equipment</b>				
Land	1/1/14	34,569	-	34,569
Site improvements	30/6/16	-	31,659	31,659
Buildings	31/12/16	-	32,288	32,288
Road and drainage infrastructure	1/1/14	-	408,145	408,145
Bridge infrastructure	1/1/14	-	20,027	20,027
Water infrastructure	31/12/16	-	191,091	191,091
Sewerage infrastructure	31/12/16	-	121,445	121,445
Heritage and cultural assets	30/6/13	-	329	329
<b>Total Property, Plant and Equipment</b>		<b>34,569</b>	<b>804,984</b>	<b>839,553</b>

Note 14. Fair value measurements (continued)

The following table represents all assets that have been measured and recognised at fair values: (cont'd)

		Fair Value Measurement using:		Total
		Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
<b>2016</b>				
<b>Recurring Fair Value Measurements</b>				
<b>Property, Plant and Equipment</b>				
Land	1/1/14	34,518	-	34,518
Site improvements	30/6/16	-	30,924	30,924
Buildings	1/1/14	-	21,965	21,965
Road and drainage infrastructure	1/1/14	-	403,222	403,222
Bridge infrastructure	1/1/14	-	19,048	19,048
Water infrastructure	1/1/14	-	182,988	182,988
Sewerage infrastructure	1/1/14	-	115,775	115,775
Heritage and cultural assets	30/6/13	-	329	329
<b>Total Property, Plant and Equipment</b>		<b>34,518</b>	<b>774,251</b>	<b>808,769</b>

During the year, there were no transfers between Level 1, Level 2 or Level 3 fair value hierarchy levels. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

**(b) Valuation techniques used to derive fair values for Level 2 and Level 3 valuations**

**Land**

The fair value of land is measured at current market value, which is derived by reference to market based evidence including observable historical sales data for properties of similar nature and specification in the same localities. Where there is a lack of appropriate comparable sales evidence, the valuation is based on the closest comparable sale in terms of the characteristics of the parcel and sales evidence.

Land fair values were determined by independent valuer, Shepherd Services Pty Ltd via Herron Todd White Valuers. The last revaluation of land was undertaken effective 1 January 2014. A review undertaken by Herron Todd White Valuers in June 2017 outlined that there were no significant, material movements in fair value.

**Site Improvements**

The fair value of site improvements was determined by independent valuer, AssetVal Pty Ltd at current replacement cost (CRC). A revaluation of site improvements was undertaken effective 30 June 2016. Council categorises a portion of its site improvements assets into five distinct park categories being fencing, furniture, playground, services and special. The balance of this class is made up of non-park assets which incorporate waste, waterway, beach and cemetery assets. These assets have been individually and comprehensively valued effective 30 June 2016. An internal review of cost assumptions undertaken in May 2017 coupled with a review of the applicable Australian Bureau of Statistics index, concluded no significant, material movements in fair value since the last full revaluation undertaken.

Notes to the Financial Statements  
for the year ended 30 June 2017

Note 14. Fair value measurements (continued)

Condition assessments for site improvements used the following table to determine the remaining life of an asset:

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
1	Brand new or rehabilitated to new with no visible deterioration.	100-80%
2	Excellent overall early stages of deterioration.	80-60%
3	Fair overall condition, obvious deterioration, some serviceability loss.	60-40%
4	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs.	40-20%
5	Extremely poor condition, severe serviceability problems. Renewal required immediately.	20-0%

**Buildings**

The fair value of buildings is determined using the CRC method. Fair values are benchmarked by the valuer to externally available and internally generated civil works and building cost data. The fair value of buildings was determined by way of a full revaluation by AssetVal Pty Ltd effective 31 December 2016.

Due to the predominantly specialised nature of public assets, the revaluation undertaken has been based on CRC. This approach is deemed a level 3 input. In accordance with this approach where there is no market, the net current value of the building is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. A condition assessment is applied, which is based on factors such as the age of the asset, overall condition, economic and/or functional obsolescence. The conditional assessment directly translates to the level of depreciation applied.

**Infrastructure Assets**

The fair value of infrastructure assets is determined using the CRC method. 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 Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset component were based on a "greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced such as earthworks. Unit rates were developed using first principal methods taking into account current plant, labour and material costs as well as productivity considerations and current modern equivalent infrastructure.

There are some assets where a service percentage is applied to the CRC to represent the proportion of asset that is providing the desired service level. Of particular note is the unsealed road asset category.

Notes to the Financial Statements  
for the year ended 30 June 2017

Note 14. Fair value measurements (continued)

**Roads Infrastructure**

The fair value of roads infrastructure assets was determined by independent valuer Shepherd Services Pty Ltd at CRC. The last valuation of roads infrastructure was undertaken effective 1 January 2014. Council categorises its road infrastructure into urban and rural roads and further sub-categorises these into sealed and unsealed roads. All road segments are componentised into formation, pavement and surface (where applicable). An internal review of cost assumptions undertaken in May 2017 coupled with a review of the applicable Australia Bureau of Statistics index, concluded no significant, material movements in fair value since the last full revaluation undertaken.

Condition assessments for roads infrastructure used the following table to determine the remaining life of the asset:

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
1	Excellent only normal maintenance required	95%
2	Good minor defects only/minor maintenance required up to 25%	75%
3	Average significant maintenance required 50%	50%
4	Poor requires replacement within next 1-2 years	20%
5	Asset failure requires immediate replacement	5%

**Water Infrastructure and Sewerage Infrastructure**

The fair value of water and sewerage infrastructure assets were determined by independent valuer, AssetVal Pty Ltd at CRC. The fair value of water and sewerage infrastructure was determined by way of a full revaluation by AssetVal Pty Ltd effective 31 December 2016.

Council categorises its water and sewer infrastructure into active and passive assets. Water assets are split across the region into five distinct schemes, these being Capricorn Coast, The Caves, Marlborough, Ogmoo and Rockhampton (Nerimbera). Sewer assets are split across two distinct areas being Yeppoon and Emu Park. The water treatment plants are categorised by process with the pump stations categorised by civil, electrical, mechanical and chemical.

Condition assessments for water and sewerage used the following table to determine the remaining life of an asset:

Condition Rating	Condition Description	Percentage of Life Remaining
1	Near new with no visible deterioration.	90-100%
2	Excellent overall condition early stages of deterioration.	80-90%
3	Very good overall condition with obvious deterioration evident.	70-80%
4	Good overall condition, obvious deterioration, serviceability impaired very slightly.	60-70%
5	Fair overall condition, obvious deterioration, some serviceability loss.	50-60%
6	Fair to poor overall condition, obvious deterioration, some serviceability loss.	40-50%
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs.	30-40%
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	20-30%
9	Extremely poor condition, severe serviceability problems, renewal required immediately.	10-20%
10	Failed asset, no longer serviceable. Should not remain in service.	0-10%

# Livingstone Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 14. Fair value measurements (continued)

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#### **Bridges**

The fair values of bridges were determined by independent valuer Shepherd Services Pty Ltd via Ricor Infrastructure Support. The last revaluation of bridges was undertaken effective 1 January 2014.

The current replacement value for each structure was determined by componentising the bridges and major drainage structures into surface, substructure, superstructure and miscellaneous assets to reflect the different useful lives of each. From there unit rates and quantities were applied to determine the CRC of each asset component. A review of the applicable Australian Bureau of Statistics index concluded no significant, material movements in fair value since the last full revaluation undertaken.

#### **Other Assets**

##### **Heritage and Cultural Assets**

The fair value of heritage assets was determined by independent valuers, AssetVal Pty Ltd and Byjoel. The last revaluation of heritage assets was undertaken effective 30 June 2013 under the auspices of Rockhampton Regional Council. As the value of these assets is immaterial no re-assessment of the fair values has been undertaken as at reporting date. As these assets relate to artworks and community monuments that are unlikely to be replaced in the event of loss or disposal, they are not depreciable assets.



## Livingstone Shire Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 15. Trade and other payables

	2017	2016
	\$'000	\$'000

Trade creditors are recognised as a liability at the time the amount owed can be measured reliably and when it is probable the amount will have to be paid, or when the goods are received or the service is performed. Amounts owing are unsecured and are generally settled on 7 day or 30 day terms.

Accrued employee benefits comprise annual leave and accrued salaries and wages. Annual leave represents the amount which Council has a present obligation to pay resulting from employees' services provided up to balance date. The accrual is based on the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs. As Council does not have an unconditional right to defer this liability beyond 12 months, annual leave is classified as a current liability.

##### Current

Creditors and accruals	9,908	6,134
Annual leave	3,250	3,212
Other entitlements	372	361
<b><u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u></b>	<b><u>13,530</u></b>	<b><u>9,707</u></b>

#### Note 16. Borrowings

All loan borrowings payable at balance date are with Queensland Treasury Corporation (QTC) and are measured at amortised cost. Borrowing costs are normally expensed in the period in which they are incurred. No borrowing costs have been capitalised in 2016-17.

##### Current

Loans - Queensland Treasury Corporation	4,336	3,860
<b><u>TOTAL CURRENT BORROWINGS</u></b>	<b><u>4,336</u></b>	<b><u>3,860</u></b>

##### Non-current

Loans - Queensland Treasury Corporation	75,122	71,300
<b><u>TOTAL NON-CURRENT BORROWINGS</u></b>	<b><u>75,122</u></b>	<b><u>71,300</u></b>

##### Reconciliation of loan movements for the year

###### Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	75,160	72,263
Loans raised	8,000	6,200
Principal repayments	(3,702)	(3,303)
<b>Book value at end of financial year</b>	<b><u>79,458</u></b>	<b><u>75,160</u></b>

The QTC loan market value at the reporting date was \$88,479,705. 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 Council for any liabilities, however all loans are guaranteed by the Queensland Government.

# Notes to the Financial Statements

for the year ended 30 June 2017

## Note 17. Provisions

	2017	2016
	\$'000	\$'000

### Employee provisions

The provision for long service leave represents the present value of the estimated future cash outflows to be made by Council resulting from services provided by employees up to the reporting date. The provision is calculated by using an estimate of future obligations taking into account future increases in wages and salary rates, periods of service and pattern of employee departures. Related on-costs are also included in the provision. The long service leave provision has been discounted using discount rates derived from Commonwealth Government bond rates as at 30 June 2017.

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.

### Restoration provisions

#### Quarry restoration

The provision for quarry restoration represents the present value of the anticipated future costs associated with the closure of the quarries and restoration of these sites. The provision recognised for quarry restoration is reviewed at least annually and updated based on the facts and circumstances available at the time. The projected cost is \$273,912 (undiscounted) and this cost is expected to be incurred over the period 2017 to 2036.

#### Landfill restoration

Obligations for future landfill restoration work are determined annually, estimating the nature and extent of work associated with the closure of the landfill facilities, monitoring of historical residues and leaching on these sites. As Council has a present obligation, it is probable that restoration work will be undertaken and a reliable estimate of the amount can be made, it is recognised as a provision. The projected cost is \$12,399,054 (undiscounted) and this cost is expected to be incurred over the period 2021 to 2053.

### Current

Long service leave	4,000	4,010
Quarry restoration	20	20
<b><u>TOTAL CURRENT PROVISIONS</u></b>	<b><u>4,020</u></b>	<b><u>4,030</u></b>

### Non-current

Long service leave	874	765
Landfill and quarry restoration	9,952	9,626
<b><u>TOTAL NON-CURRENT PROVISIONS</u></b>	<b><u>10,826</u></b>	<b><u>10,391</u></b>

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 17. Provisions (continued)

#### Details of movements in provisions:

Class of Provision	Opening	Additional	Decrease	Remeasure	Unused	Closing
	Balance		due to	-ment		Amounts
	as at	Provision	Payments	due to	Reversed	as at
	01/07/2016			Discounting		30/06/2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Long service leave	4,775	565	(466)	-	-	4,874
Landfill and quarry restoration	9,646	114	-	212	-	9,972
<b>TOTAL</b>	<b>14,421</b>	<b>679</b>	<b>(466)</b>	<b>212</b>	<b>-</b>	<b>14,846</b>

### Note 18. Asset revaluation surplus

	Notes	2017	2016
		\$'000	\$'000

The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of property, plant and equipment.

#### Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year		3,078	-
Net adjustment to non-current assets at end of year to reflect a change in			
Site improvements	13	-	3,078
Buildings	13	76	-
Water	13	9,973	-
Sewerage	13	5,913	-
Balance at end of financial year		<u>19,040</u>	<u>3,078</u>

## Livingstone Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 19. Commitments for expenditure

	2017	2016
	\$'000	\$'000
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Road construction	18,546	17,567
Waste services	20,113	24,016
Water and sewerage services	10,806	14,446
Yeppoon foreshore revitalisation	21,614	5,889
Other	6,483	176
	<u>77,562</u>	<u>62,094</u>

#### Note 20. Contingent liabilities

##### Contingent Liability - Local Government Mutual

The Livingstone Shire 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.

##### Contingent Liability - Local Government Workcare

The Livingstone Shire 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 \$757,908.

##### Contingent Liability - Legal Claims

Council is a defendant in a number of claims that arise as a result of the operations of Council and its ownership of public assets. All liability claims are subject to review and are only provided for when genuine and not contingent on a future event. Information in respect of individual claims has not been disclosed on the basis that Council considers such disclosures would seriously prejudice the outcome of these claims.

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 21. Superannuation

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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."



## Livingstone Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 21. Superannuation (continued)

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

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

There are currently 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities. Livingstone Shire Council made less than 4% of the total contributions to the plan in the 2016-17 financial year.

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

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	Notes	2017 \$'000	2016 \$'000
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	<u>3,397</u>	<u>3,108</u>

## Livingstone Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 22. Reconciliation of net result for the year to net cash inflow from operating activities

	2017	2016
Notes	\$'000	\$'000
Net result from income statement	33,389	42,313
<b>Adjusted for:</b>		
Depreciation and amortisation	22,081	22,534
Capital grants and contributions	(31,927)	(29,197)
Net profit on sale of land held for sale	-	(662)
Capital expenses	2,431	2,403
Gain from assets not previously recognised	(1,423)	(371)
Contributed assets	(218)	(8,472)
	<u>(9,056)</u>	<u>(13,765)</u>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in receivables	(2,302)	(1,050)
(Increase)/decrease in inventories	47	(168)
(Increase)/decrease in other assets	-	104
Increase/(decrease) in payables and accruals	3,774	(985)
Increase/(decrease) in other liabilities	195	566
Increase/(decrease) in other provisions	317	521
(Increase)/decrease in land held for sale	(3,390)	64
	<u>(1,359)</u>	<u>(948)</u>
<b>Net cash provided from operating activities from the statement of cash flows</b>	<u><u>22,974</u></u>	<u><u>27,600</u></u>

#### Note 23. Events occurring after the reporting period

There were no material adjusting events after the reporting period.

# Livingstone Shire Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 24. Financial instruments

	Notes	2017 \$'000	2016 \$'000
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#### (a) Categorisation of financial instruments

Council has the following categories of financial assets and financial liabilities:

##### Financial assets

Cash and cash equivalents		43,992	42,344
Trade and other receivables		9,760	7,566

##### Financial liabilities

Payables		9,908	6,134
Borrowings and borrowing costs		79,458	75,160

#### (b) 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 Audit, Risk and Business Improvement Committee and/or management (as appropriate) 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.

#### (c) 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

Interest rate risk refers to the possible fluctuations caused by changes in the value of interest bearing financial instruments as a result of market rates. The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury Corporation.

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

Council's interest rate sensitivity to an expected 1% maximum fluctuation in interest rates if all other variables were held constant is as follows:

Notes to the Financial Statements

for the year ended 30 June 2017

Note 24. Financial instruments (continued)

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
<b>2017</b>					
Financial assets	41,780	418	(418)	418	(418)
Financial liabilities	(79,459)	(795)	795	(795)	795
<b>Net</b>	<b>(37,679)</b>	<b>(377)</b>	<b>377</b>	<b>(377)</b>	<b>377</b>
<b>2016</b>					
Financial assets	39,577	395	(395)	395	(395)
Financial liabilities	(75,159)	(751)	751	(751)	751
<b>Net</b>	<b>(35,582)</b>	<b>(356)</b>	<b>356</b>	<b>(356)</b>	<b>356</b>

(d) Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting financial obligations as and when they fall due. Council is exposed to liquidity risk through its normal course of business. Council's objective is to maintain adequate access to highly liquid investments and borrowings.

The following table discloses the contractual maturity of Council's financial liabilities, calculated based on undiscounted cash flows, relating to the liabilities at the reporting date.

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2017</b>					
Trade and other payables	9,908	-	-	9,908	9,908
Loans - QTC	8,142	32,591	69,529	110,262	79,458
	<b>18,050</b>	<b>32,591</b>	<b>69,529</b>	<b>120,170</b>	<b>89,366</b>
<b>2016</b>					
Trade and other payables	6,134	-	-	6,134	6,134
Loans - QTC	7,589	30,374	68,810	106,773	75,160
	<b>13,723</b>	<b>30,374</b>	<b>68,810</b>	<b>112,907</b>	<b>81,294</b>

Note 24. Financial instruments (continued)

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(e) Credit risk exposure

The credit risk of financial assets that have been recognised in the Statement of Financial Position is the carrying amount net of any impairment. No significant concentration of credit risks has been identified, as exposure is spread over a large number of counterparties and customers. An analysis of outstanding receivables is shown in Note 11.

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

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

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



## Livingstone Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 25. National competition policy

##### Business activities to which the code of competitive conduct is applied

Livingstone Shire Council applies the competitive code of conduct to the following activities:

Water and Sewerage Services  
Waste Services  
Caravan Parks  
Building Certification

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

The following activity statements are for activities subject to the competitive code of conduct:

	Water & Sewerage Services \$'000	Waste Services \$'000	Caravan Parks \$'000	Building Certification \$'000
Revenue for services provided to the Council	94	810	-	-
Revenue for services provided to external clients	24,388	6,552	1,334	184
Community service obligations	-	8	-	-
	<u>24,482</u>	<u>7,370</u>	<u>1,334</u>	<u>184</u>
Less : expenditure	(23,122)	(6,629)	(1,334)	(184)
Surplus/(deficit)	<u>1,360</u>	<u>741</u>	<u>-</u>	<u>-</u>

##### Description of CSO's provided to business activities:

Activities	CSO Description	Actual \$'000
Waste Services	Non-commercial community services	8

## Livingstone Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 26. Transactions with related parties

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##### (a) Subsidiaries

Council has no interest in any Subsidiaries.

##### (b) Associates

Council has no interest in any Associates.

##### (c) Joint ventures

Council has no interest in any Joint Ventures.

##### (d) Transactions with key management personnel (KMP)

Key management personnel include the positions of the Mayor, Councillors, Chief Executive Officer, Directors and Chief Financial Officer. The compensation paid to KMP in 2016-17 is comprised of:

Benefit Type	2017
	\$'000
Short-term employee benefits	1,872
Post-employment benefits	307
Long-term benefits	31
<b>Total</b>	<b>2,210</b>

Please refer to detailed remuneration disclosures that are provided in the annual report.

##### (e) Transactions with other related parties

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

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

Details of Transaction	Additional Information	2017
		\$'000
Purchase of materials and services from entities controlled by key management personnel	26(e)(i)	296

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 26. Transactions with related parties (continued)

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(i) The consultancy services disclosed above were purchased from Calibre Consulting (Qld) Pty Ltd and Butler Partners Regional Pty Ltd during 2016-17. During this time Councillor Graeme Scott and a close family member had control over the operations of these two companies respectively. All purchases were at arm's length, on normal terms and conditions and were in the normal course of Council's operations.

#### (f) Outstanding balances

There were no material outstanding balances owing from related parties at reporting date.

#### (g) Loans and guarantees to/from related parties

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

#### (h) Commitments to/from other related parties

Council currently has a small number of open purchase orders with Butler Partners Regional Pty Ltd pertaining to geotechnical, pavement or subgrade investigations and soil testing for a number of construction projects Council is currently undertaking. These commitments total approximately \$89,000.

#### (i) Transactions with related parties that have not been disclosed

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

- Payment of rates
- Use of Council swimming pools
- Dog registration
- Borrowing books from Council's libraries

Council has not disclosed transactions of this type, where they are made on the same terms and conditions available to the general public.

# Livingstone Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 27. Council information and contact details

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#### Principal Place of Business:

70 Anzac Parade  
YEPPOON QLD 4703

#### Contact Details

##### Mailing Address:

PO Box 2292  
YEPPOON QLD 4703

##### Opening Hours:

Monday to Friday  
8:00am to 5:00pm

**Telephone:** 07 4913 5000

**Facsimile:** 07 4836 4776

**Internet:** [www.livingstone.qld.gov.au](http://www.livingstone.qld.gov.au)

**Email:** [enquiries@livingstone.qld.gov.au](mailto:enquiries@livingstone.qld.gov.au)

#### Officers

##### CHIEF EXECUTIVE OFFICER

C.A. Murdoch

#### Elected Members

##### MAYOR

F.W. Ludwig

#### AUDITORS

Queensland Audit Office  
Level 14, 53 Albert Street  
BRISBANE QLD 4000

#### COUNCILLORS

Glenda Mather  
Tom Wyatt  
Jan Kelly  
Adam Belot  
Nigel Hutton  
Graham Scott

#### Other Information

**ABN:** 95 399 253 048

## Livingstone Shire Council

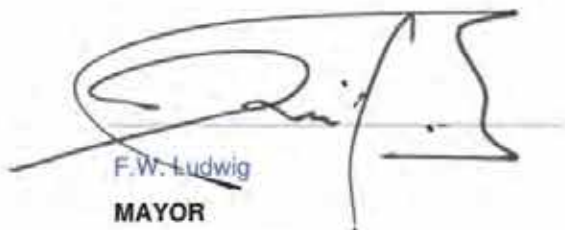
### General Purpose Financial Statements for the year ended 30 June 2017

### Management Certificate for the year ended 30 June 2017

These General Purpose Financial Statements have been prepared pursuant to Sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 3 to 42, 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.



F.W. Ludwig  
MAYOR

13 October 2017



C.A. Murdoch  
CHIEF EXECUTIVE OFFICER

13 October 2017



## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Livingstone Shire Council

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of Livingstone Shire Council.

In my opinion, the financial report:

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

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

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.


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

#### Other information

Other information comprises the information included in Livingstone Shire Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the Current Year Financial Sustainability Statement and Long-Term Financial Sustainability Statement.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the Current Year Financial Sustainability Statement.

In connection with my audit of the financial report, my responsibility is to read the other information approved by the Councillors and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the council for the financial report**

The council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The council is also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.


C G STRICKLAND  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane



Livingstone Shire Council

Sustainability Statements  
for the year ended 30 June 2017

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# Current Year Financial Sustainability Statement

for the year ended 30 June 2017

	Actual 2017	Target 2017
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## Measures of Financial Sustainability

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

### Performance Indicators

#### 1. Operating Surplus Ratio

<u>Net result (excluding capital items) <sup>(1)</sup></u>	2.5%	0 - 10%
Total operating revenue (excluding capital items) <sup>(2)</sup>		

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

#### 2. Asset Sustainability Ratio

<u>Capital expenditure on the replacement of assets (renewals) <sup>(3)</sup></u>	48.0%	more than 90%
Depreciation expense		

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

#### 3. Net Financial Liabilities Ratio

<u>Total liabilities less current assets</u>	58.3%	less than 60%
Total operating revenue (excluding capital items) <sup>(2)</sup>		

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 2017.

#### Notes

- (1) Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions. Also excludes capital income items such as movements in provisions for restoration and any capital expenditure such as loss on disposal and write-off of assets.
- (2) Includes only recurrent revenue disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions. Also excludes any capital income items such as movements in provisions for restoration.
- (3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Excludes land, plant and equipment.



Livingstone Shire Council

Current Year Financial Sustainability Statement  
for the year ended 30 June 2017

Certificate of Accuracy  
for the year ended 30 June 2017

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

In accordance with Section 212(5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.



F.W. Ludwig

**MAYOR**

**13** October 2017



C.A. Murdoch

**CHIEF EXECUTIVE OFFICER**

**13** October 2017

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Livingstone Shire Council

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

#### Opinion

I have audited the accompanying Current Year Financial Sustainability Statement of Livingstone Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Livingstone Shire Council for the year ended 30 June 2017 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

#### Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The Current Year Financial Sustainability Statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

#### Other information

Other information comprises the information included in Livingstone Shire Council's annual report for the year ended 30 June 2017, but does not include the Current Year Financial Sustainability Statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and Long-Term Financial Sustainability Statement.

My opinion on the Current Year Financial Sustainability Statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government regulation 2012, I have expressed a separate opinion on the General Purpose Financial Report.

In connection with my audit of the financial report, my responsibility is to read the other information approved by the Councillors and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of the council for the Current Year Financial Sustainability Statement**

The council is responsible for the preparation and fair presentation of the Current Year Financial Sustainability Statement in accordance with the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibilities for the audit of the Current Year Financial Sustainability Statement**

My objectives are to obtain reasonable assurance about whether the Current Year Financial Sustainability Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

*C. G. Strickland*



C G STRICKLAND  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

Long-Term Financial Sustainability Statement  
prepared as at 30 June 2017

	Target	Actual	Forecast									
	2017	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

Measures of Financial Sustainability

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

Performance Indicators

**1. Operating Surplus Ratio**

Net result (excluding capital items) <sup>(1)</sup>	0 - 10%	2.5%	-4.2%	-6.2%	-3.1%	2.5%	6.1%	9.6%	11.5%	15.0%	17.2%	18.0%
Total operating revenue (excluding capital items) <sup>(2)</sup>												

An indicator of 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) <sup>(3)</sup>	> 90%	48.0%	61.3%	55.1%	51.6%	54.5%	56.4%	60.4%	63.4%	63.1%	57.9%	53.0%
Depreciation expense												

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

**3. Net Financial Liabilities Ratio**

Total liabilities less current assets	< 60%	58.3%	105.2%	104.8%	96.4%	81.4%	68.5%	54.0%	36.8%	13.2%	-13.3%	-39.1%
Total operating revenue (excluding capital items) <sup>(2)</sup>												

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



## Livingstone Shire Council

### Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2017

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#### **Livingstone 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.

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#### Notes

- (1) Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as movements in provisions for restoration and any capital expenditure such as loss on disposal and write-off of assets.
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- (3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Excludes land, plant and equipment.



Livingstone Shire Council

Long-Term Financial Sustainability Statement

**Certificate of Accuracy**

for the long-term financial sustainability statement prepared as at 30 June 2017

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

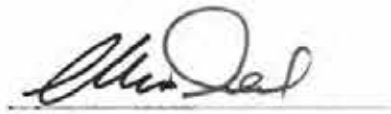
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



F.W. Ludwig

**MAYOR**

**13** October 2017



C.A. Murdoch

**CHIEF EXECUTIVE OFFICER**

**13** October 2017







# *Livingstone Lifestyle*



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