



Annual Report

2018-2019



Livingstone
SHIRE COUNCIL

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National Tree Day 2019

MAYOR'S MESSAGE

The Livingstone Shire Council 2018-19 Annual Report reflects Council's performance in achieving its overarching objectives outlined both in 2018-19 Budget, Council's long-term financial plan and the strategic direction Council has set for the future.

Year on year Council has successfully sought to strategically build on the solid foundation of previous years since our community regained its independence following the de-amalgamation and re-establishment as a separate local government area on the 1st January 2014.

This strategic approach has seen Council continue to grow our well-maintained asset base and remain well-positioned to deliver the necessary future capital works and facilities our community needs and expects.

The 2018-19 budget provided \$48.3 million for a diverse and well-targeted capital program. This capital works program saw the substantive delivery of a broad range of projects including:

- » the first stage of works to augment the Yeppoon Sewerage Treatment Plant;
- » further stages of the Emu Park Village & Foreshore Revitalisation;
- » Yeppoon Town Centre Smart Precinct and Lighting project;
- » stage one of the new Capricorn Coast Memorial Gardens; and
- » the completion of the majority of the civil works for the Capricorn Coast Homemaker Centre.

Key projects within the capital works program included:

- » the new roundabout construction at Old Rockhampton and Barmaryee Road;
- » sealing of the final 2.1km of Svendsen Road
- » upgraded parking facilities at St Christopher's Chapel Road in conjunction with Transport and Main Roads;
- » planned upgrades at the Nerimbera Boat Ramp along with the widening of the carriage way to 8m to suit Type 1 road trains; and
- » 2.9km of additional shared pathway along the Scenic Highway.

Other major road and transport related works have seen the signalised intersection on Taranganba Road to improve school safety, continuation of our unsealed rural gravel roads and sealed rural roads renewal programs as well as the urban resealing program. Rural road network upgrades also saw the replacement and widening of Daly Creek Bridge along with the upgrading and construction of thirteen new concrete rural flood-ways across the Shire.

In all, a total of more than \$17 million of the capital budget was set aside to deliver capital

projects in the area of roads and associated transport infrastructure with a further \$6.6m budgeted for expenditure on related maintenance programs.

The other major infrastructure milestone was the final completion of approximately \$26 million in reconstruction and upgrading of the Scenic Highway, seawall and associated headland stabilisation works at Statue Bay following the catastrophic damage inflicted by Tropical Cyclone Marcia in 2015. The project was one of the most complex post-cyclone engineering challenges Council has ever had to face. It is important to once again acknowledge the exceptional level of support Council received from State and Federal Governments who collectively contributed approximately 85% of the funding for this massive reconstruction project through the Natural Disaster Relief and Recovery Arrangements.

In the area of Economic Development Council continued to support and facilitate major economic stimulus projects, business development and networking as well as supporting and encouraging existing and new sporting, cultural and festival events that grow our local economy and jobs.

This year was supported by Council finalisation and delivery of a comprehensive Economic Development Plan for the Shire in consultation with local business and industry sectors. Provisions in the 2018-19 budget supported and facilitated the objectives of the plan and provided continuing support for previous initiatives like the business E-newsletter, "For Business and Investment" Council website, digital economy investment, supporting local start-up businesses and entrepreneurs, Capricorn Coast Joblink and economic modelling services. Where possible, Council also continued to support local businesses in making funding applications to other levels of government to assist their businesses to grow and create new jobs.

These initiatives continued to complement Council's on-going support in the areas of tourism promotion and economic development through funding

commitments to Capricorn Enterprise and initiatives like Council's highly successful 'place-making' strategy.

With the significant investment Council has made in the areas of job creating projects and major trunk infrastructure of the previous five budgets, there were no new borrowings in this budget or future budgets until 2024-25. This has seen total net debt remain contained below Council's initial combined de-amalgamation debt levels of 2014 and remains on track to reduce by approximately 75% to below \$20 million over the 10 year financial forecast period.

On another positive note the total value of the community's net assets has further increased over the past 12 months to value of approximately \$930 million at 30 June 2019.

The budget's positive long-term forecast is a direct reflection of Council's pro-active commitment in supporting

and implementing the recommended streamlining of organisational structures to realise greater operational efficiencies. These measures have seen a surplus operating position for 2018-19 financial year of approximately \$4.9 million with Council on track to continue delivering operating surpluses from the 2020-21 budget onward.

In commending the 2018-19 Annual Report I would like to once again acknowledge the excellent collaborative efforts of our Executive Leadership Team and the Council workforce. Collectively their efforts, and the assistance they provide in working closely with elected representatives, underpin both the positive operational outcomes achieved in the 2018-19 financial year, while also playing a key role in delivering Council's long-term objectives of liveability, sustainability and a sound economic base for our region's future.



A handwritten signature in black ink, appearing to read "Bill Ludwig". The signature is stylized and fluid.

Mayor Bill Ludwig

CEO'S REPORT



During the past twelve months, Council continued to deliver a wide range of initiatives to support our growing economy, protect our environment, and provide high-level services to our community.

The 2018-19 financial year has seen Council continue to strengthen its financial position with the achievement of the fourth consecutive year of operating surplus. Increasing net community assets by some 24.4% between 1 January 2014 and 30 June 2019 coupled with the fact that Council has less debt now than it inherited at de-amalgamation, has contributed to this outcome.

A continued effort on asset management ensures that Council is renewing its assets within appropriate timeframes with our asset renewals being in line with our asset management plans.

Within the organisation, there has been a strong focus on building capability to meet the current and future needs of Council as well as encouraging improvement initiatives and innovation. We have developed our workforce plan that informs strategies to meet the needs of our diverse workforce to build individual and organisational capability and to attract and retain a skilled group of employees aligned with community and corporate planning.

Council continued to deliver

against its operational and capital commitments with the capital works programme focused on renewing existing community infrastructure to ensure it remains fit for purpose.

A continued focus on prioritising capital works based on sound data and evidence ensures resources are applied to best meet the diverse needs of our community. Of note this financial year, is the substantial completion of the Yeppoon Sewage Treatment Plant, which accommodates the future growth needs of our Shire.

Council enjoys high levels of customer satisfaction from its interactions with the community. Customers can now engage with Council 24/7 through a range of online services. Some 75% of all building applications for example are now received online with 98% of applications lodged by private certifiers also being lodged online. We have seen a 10% increase in online applications under the Planning Act and increasingly notices being distributed electronically to members of the community with this trend expected to grow as people want to conduct business more and more outside normal business hours.

Council's workforce is embracing mobile technology with hand held devices being used in the field ensuring real time data is captured and reduction in administrative time to enter information into Council's systems. The use of technology from a disaster resilience and community safety perspective is also an increasing area of focus for Council.

Council remains one of the largest and most diverse employers on the Capricorn Coast, with some 198 different services it delivers to the community. These services include roads, water, waste, sewerage, open spaces, library services, arts and cultural activities, community

partnerships, natural resource management, coastal management, cemeteries, development assessment, town planning, disaster management, sport and recreation, events and economic development just to name a few.

The development of a thirty-year community plan was advanced during this financial year through considerable community engagement across the Shire and is expected to be adopted by the end of 2019. Council guided the development of the plan, which reflects the community's priorities and aspirations. Once adopted, the community plan will provide the key overarching vision and strategy for Livingstone. The plan will shape and define Council's decisions on its long-term financial planning, service delivery, asset management, own source revenue opportunities and rates. Just as important, the thirty year community plan will assist Council to advocate for the community's bigger goals regarding education, health and transport planning etc. to other levels of government.

I would like to extend my sincere thanks to Mayor Bill Ludwig and all Councillors for their leadership and vision for the Shire. I also thank my executive leadership team members for their support as well as the collective leadership across the organisation who guide the operational activities of Council.

In closing, I would like to acknowledge Council's highly committed workforce who are dedicated to providing the best service possible and making a difference for our community, and to thank them for their efforts.

Chris Murdoch
Chief Executive Officer



COUNCILLORS

The role of Councillors is to represent the community. They make decisions that benefit the whole of Livingstone Shire, now and into the future. Livingstone Shire Council is represented by the Mayor and six (6) Councillors. Our Councillors represent all areas of the Shire as Livingstone is an undivided local government area.



Livingstone Shire Councillors (From Left to Right) Councillor Adam Belot, Councillor Tom Wyatt, Councillor Jan Kelly, Mayor Bill Ludwig, Councillor Nigel Hutton (Deputy Mayor), Councillor Glenda Mather, Councillor Pat Eastwood

Mayor Bill Ludwig

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Councillor Nigel Hutton, Deputy Mayor

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Councillor Jan Kelly

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Councillor Pat Eastwood

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Councillor Tom Wyatt

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Councillor Glenda Mather

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Councillor Adam Belot

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EXECUTIVE LEADERSHIP TEAM



Chris Murdoch

Chief Executive Officer

Chris was appointed Chief Executive Officer in 2016, after her previous position with Livingstone Shire Council as Director Corporate Services. Chris has held executive leadership roles in the public health and higher education sectors, as well as the role of Chief Finance Officer in the private sector. Chris will be the first female CEO in history of Livingstone Shire Council. 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.



Brett Bacon

Executive Director Liveability & Wellbeing

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 and a Masters in Business Administration (MBA), Brett brings significant experience to his new role as Executive Director Liveability and Wellbeing. He is responsible for a team of over 140 council staff from Community Wellbeing, Built Environments, Open Spaces, Development Assessment, Growth Management, Libraries and the Arts, Local Laws and Compliance, and Public Environments.



Dan Toon

Executive Director Infrastructure

After completing studies at the Capricornia Institute of Advanced Education and obtaining a degree in Civil Engineering, Dan started at the previous Livingstone Shire Council in 1996 working in several different infrastructure roles. Dan brings to the position of Executive Director Infrastructure many years of experience, both in the field and management. He manages over 180 staff members and leads the Infrastructure, Assets, Planning and Design, Construction and Maintenance, and Water and Waste Operations business units of Livingstone Shire Council.



Andrea Ellis

Chief Financial Officer

Andrea Ellis is the Chief Financial Officer at Livingstone Shire Council where she leads the Finance & Business Excellence business unit, which includes Accounting, Revenue, Procurement, Governance, Business Transformation and the Project Management Office. Andrea is a Certified Practising Accountant (CPA) and holds a degree in accounting from Central Queensland University. Andrea is passionate about continuous improvement, and how this translates to delivering services in the community now and into the future.



Matthew Willcocks

Chief Technology Officer

Matt has joined Livingstone Shire Council after 12 years of Local Government experience in New South Wales and brings with him formal and post graduate qualifications in information technology, business, both project and business management and is currently completing his Masters of Business Administration. Matt now leads the technology focus of the organisation and is passionate about the benefits and efficiencies that the use of technology can enable for Council, its residents and visitors.



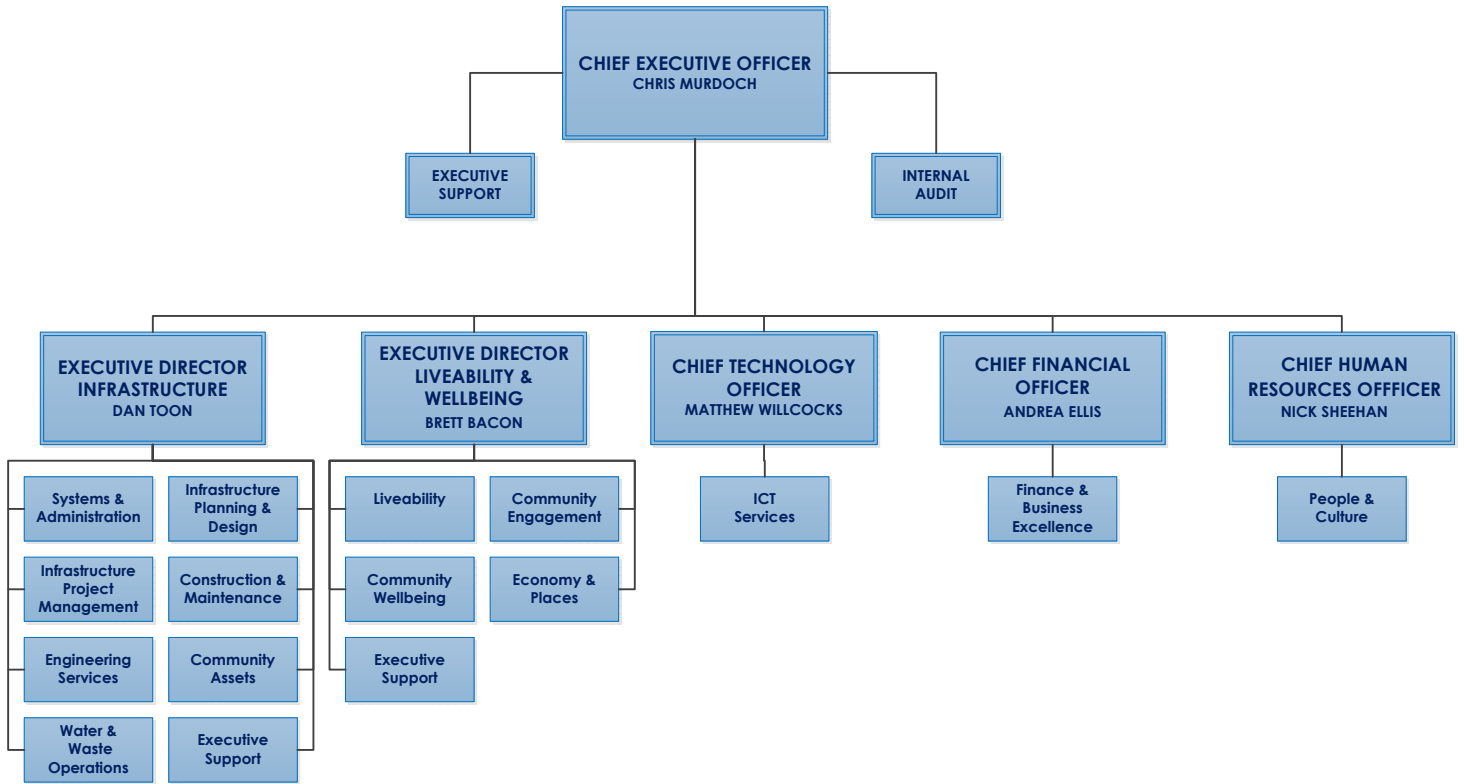
Nick Sheehan

Chief Human Resources Officer

Nick joined Livingstone Shire Council after 11 years with Sunshine Coast Council as Manager of People and Culture. With a passion for organisational development and building a great workplace culture, Nick leads the People and Culture function within Council reporting to the Chief Executive Officer. Nick has a Bachelor of Business from Griffith University majoring in Human Resource Management and he values the opportunity to partner with the Executive Leadership Team at Council to innovate and prepare the workforce to be at its best to service the community.

ORGANISATIONAL STRUCTURE

The following represents the management structure of Council as at 30 June 2019



Homemaker Centre



Statue Bay



COUNCIL ACTIVITIES AND PERFORMANCE

Council Activities

"Pursuant to Sections 45 and 47 of the Local Government Act 2009, each financial year Council is required to identify those activities that are business activities and determine whether competition reform needs to be applied to assist in removing anti-competitive conduct, encourage greater transparency in the operation of Council's business activities and improve the allocation of Council's limited resources. Activities of Council will be identified as business activities if they trade in goods and services to clients and could potentially be delivered by a private sector firm for the purposes of earning profits in the absence of Council's involvement. They do not include activities of Council considered non-competitive.

Council reviewed its operations in the lead up to the 2018-19 financial year and applied the Code of Competitive Conduct during the year to the following force (4) Business Activities:

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

Issues Relevant to Council's Operation and Performance

Financial sustainability underpins all of Council's operations which is reflected in the results of the 2018-19 audited general purpose statements. Council delivered an operating surplus for the fourth consecutive year, reduced borrowings by \$4.8 million, and invested \$41.3 million into community infrastructure.

The ongoing strong fiscal results demonstrates that Council continues to plan for, and respond to the changing expectations of our community and the challenging business environment within which local government operates.

Council's ongoing commitment to an organisation wide continuous improvement approach to service reviews has assisted to achieve operational efficiencies as well as improvements in customer service.

Audit, Risk and Business Improvement Committee Performance

The Audit, Risk and Business Improvement Committee (ARaBIC) is an advisory committee to Council. The committee assists Council to discharge its 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 is 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 2018 – 2019 the committee has operated with the maximum allowed membership with two Councillors and four external representatives. Two new members commenced in February 2019.

The members of the Committee as at 30 June 2019 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 Pat Connor	Asset management, project management, business improvement, construction industry
Mr Russell Bickford	Financial management, risk management, project management, public sector utilities
Ms Kerry Phillips	Financial management, corporate services, local government, governance, project management
Mr Stephen Coates	Risk management, internal audit, information systems, governance, business improvement, consulting to public and private sector

Standing invitees of the committee are the Chief Executive Officer, Executive Directors, Chief Financial Officer, Chief Technology Officer, Chief Human Resources Officer, Internal Auditor, Deloitte Touche Tohmatsu (Contracted External Auditors) and the Queensland Audit Office. All Councillors are also invited as observers, with several in attendance at the June meeting.

The ARaBIC Terms of Reference sets a high standard on meeting frequency, requiring 6 meetings per year. In 2018 - 2019 ARaBIC met in August, October, December, February, May and June. The ARaBIC Chair presents to Council following each meeting on key matters for the attention of Council. During 2018 – 2019 the Committee has addressed each of its areas of responsibility.

The Queensland Auditor General has completed their annual financial statement external audit at Livingstone Shire Council and delivered an unqualified audit opinion on the general purpose financial statements for 2018-19. While one (1) unadjusted difference was identified during the course of this audit, this was not material. There was one (1) significant internal control deficiency outlined in the Queensland Audit Office closing audit report. This was closely examined by the Committee and they were satisfied with both management's response to the outlined risk and management's conclusion that this matter has been successfully resolved.

With two new members joining in 2019, the Committee has deferred its annual self-assessment to December. The committee remains confident that it continues to meet the legislative requirements and the key elements in the better practice guidelines.



Sustainable Livingstone Expo 2019

Corporate Plan and Operational Plan Annual Progress

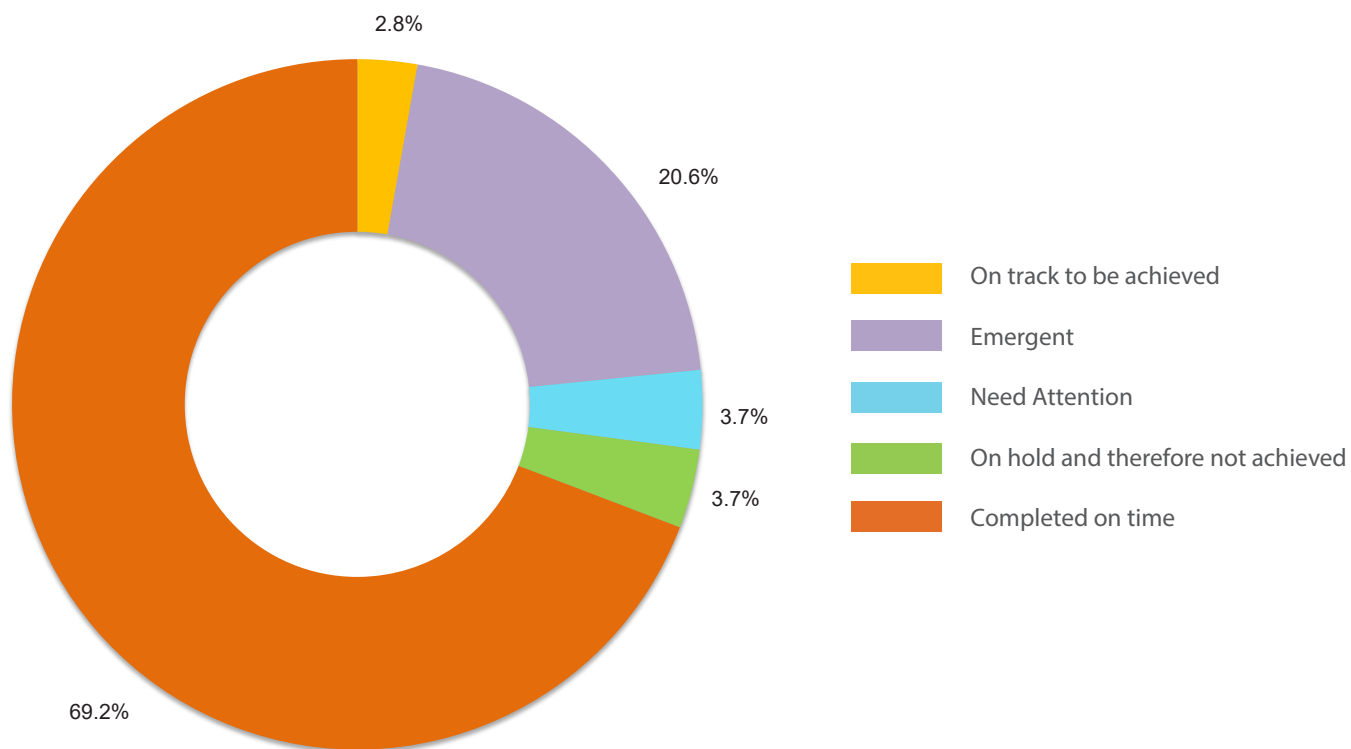
The Corporate Plan 2014-19 is Livingstone Shire Council's key long term planning document which guides Council in the allocation of resources and delivery of services to the community, and is the principal document from which Council's other plans and strategic documents are developed.

The Corporate Plan is implemented over its five year lifespan through annual operational plans and budgets. Livingstone Shire Council's Operational Plan 2018-19 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 2018-19 took a more streamlined approach reducing the number of targets from 296 to 107 as the organisation continued to mature.

Of the 107 Operational Plan targets:

- » 74 (69.2%) completed on time;
- » 3 (2.8%) are on track to be achieved;
- » 22 (20.6%) are emergent;
- » 4 (3.7%) need attention; and
- » 4 (3.7%) are on hold and therefore not achieved.

Corporate Plan and Operational Plan Scorecard



Operational Plan/Corporate Plan Links by Theme

Assets					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
AM1: Develop an innovative and integrated framework for long term, cost effective asset management					
1	0	3	1	0	5
AM2: Identify infrastructure and asset requirements through community consultation and technical expertise					
3	0	0	0	0	3
AM3: Design and implement practical infrastructure solutions					
4	0	1	0	0	5
AM4: Operate, maintain and use Council assets to deliver efficient and cost effective services to the community					
6	0	2	1	0	9

Environment					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
EN1: Apply environmentally responsible land use planning to balance environmental and development outcomes					
4	0	1	0	0	5
EN2: Recognise and understand the various eco-systems of the Shire to encourage their sustainable use and appreciation through appropriate accessibility					
1	0	0	0	0	1
EN3: Minimise impact on the natural environment through effective waste management and pollution control policies and programs					
1	0	1	0	0	2
EN4: Actively participate in conservation and enhancement programs to ensure the preservation of natural assets and identifiable built form					
1	0	0	0	0	1
EN5: Proactively advocate to government on matters which impact on the health, wellbeing and sustainability of our Shire's natural environment					
0	0	0	0	0	0

Economy					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
EC1: Identify and capitalise on economic opportunities for the benefit of the community					
0	0	1	0	0	1
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					
1	0	0	1	0	2
EC3: Promote Livingstone Shire as a destination for investment, business, industry, tourism and living					
2	0	0	0	0	2
EC4: Establish initiatives including partnerships with both government and the private sector to create enterprises and undertake projects that generates jobs, wealth creation opportunities and sustainable economic growth					
0	0	1	0	0	1

Community					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
CO1: Facilitate, encourage and enable self-sustainable community associations and volunteer groups to pursue their diverse aspirations					
1	0	0	0	0	1
CO2: Facilitate programs and support local social, cultural, artistic and community building initiatives					
4	0	0	0	0	4
CO3: Provide community facilities and services to encourage and enable participation in active and healthy lifestyles					
3	0	1	0	0	4
CO4: Promote and encourage community health and wellbeing through programs addressing environmental health, community safety issues, social cohesion and inclusiveness					
6	0	0	0	0	6
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					
1	0	0	0	0	1

Governance					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
GO1: Inform and empower the community through ongoing engagement and communication					
2	0	1	0	0	3
GO2: Develop strategic plans and policies to address local and regional issues and guide service provision					
4	0	2	0	0	6
GO3: Pursue financially sustainability through effective use of Council's resources and assets and prudent management of risk					
10	2	4	0	2	18
GO4: Provide transparent and accountable decision making					
2	0	0	1	1	4
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					
17	1	4	0	1	23

Total of Corporate Plan/Operational Plan Links					
Completed	On Track	Emergent	Needs Attention	On Hold	TOTAL
74	3	22	4	4	107
69.2%	2.8%	20.6%	3.74%	3.74%	100%

Annual Business Plan 2018-19 Target Performance

SERVICE DELIVERY	
COUNCIL ROLE	
<i>Robust analysis of services and activities prior to commencement (e.g. via Project Evaluation Methodology) and periodically thereafter (e.g. via service level reviews)</i>	<i>Council has implemented a project management framework methodology and is reviewing all services as part of an ongoing internal Service Delivery Review Programme.</i>
PROGRAM STABILITY	
<i>Achieving performance measures listed in Council's Corporate Plan and Operational Plan</i>	<i>As per Corporate Plan and Operational Plan scorecard</i>
<i>Deliver services in line with defined service standards</i>	<i>Council is systematically reviewing its service standards for each service it provides.</i>
OPERATING PERFORMANCE	
FINANCIAL SUSTAINABILITY	
<i>Achieve a sustainable Operating Surplus Ratio of between 0-10%</i>	<i>5.5% reported as per Financial Statements, meets target.</i>
<i>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</i>	<i>Operating Surplus for 2018-19, operating surpluses predicted for 9 out of the 10 year planning period.</i>
FUNDING	
<i>Own Source Operating Revenue Coverage Ratio (own source operating revenue/operating expense) of greater than 60%</i>	<i>87.1%, meets target.</i>
<i>Percentage of fees and charges change (excluding growth from development revenue) for each classification of fees & charges to be no more than +/- 2% from one year to the next (all other things being equal)</i>	<i>1.9% meets benchmark.</i>
RATING STABILITY	
<i>Percentage of rate change (excluding growth from new development revenue) for each rating category to be no more than +/- 2% CPI (March Quarter)</i>	<i>Overall increase excluding growth 1.1% and meets target. March Quarter CPI was 1.6%. Council reviewed its rating strategy for the 2018-19 budget with the Long Term Financial Plan for 2019-20 being predicated at CPI rate increase (excluding the impact of fluctuation in land values)</i>
FISCAL FLEXIBILITY	
BORROWINGS AND FINANCIAL POSITION	
<i>Net Financial Asset/Liabilities Ratio (Total Liabilities-Current Assets/Operating Revenue) of less than 60%</i>	<i>52.0% reported as per Financial Statements, meets target.</i>
<i>Total debt service cover ratio (operating result before interest and depreciation/principal and interest) of > 2 times</i>	<i>3.3 times, meets target</i>
<i>Interest Coverage Ratio (Net Interest Expense/Total Operating Revenue) of greater than 2 times over</i>	<i>7.0 time, meets target</i>
INTERGENERATIONAL EQUITY	
<i>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</i>	<i>Operating Surplus for 2018-19, operating surpluses predicted for 9 out of the 10 year planning period.</i>

Borrowing capacity (total borrowings/operating revenue) reduces to 50% within the ten year planning period

Council remains on track to achieve borrowing capacity in 2024-25. Council entered amalgamation in 2008 with \$29.0 million in debt and at de-amalgamation received \$81.2 million in debt. At 30 June 2018 had total borrowings \$80.5m and has delivered \$270 million in capital works during that period. Council's current Long Term Financial Plan only includes \$2.0 million in borrowings in 2024-25 with projected borrowings being reduced to \$18.5 million at the end of the forecast period (2028-29).

LIQUIDITY

Cash expense cover of at least 3 months

8.3 months, meets target.

Working Capital Ratio of at least 2:1

2.7:1, meets target.

ASSET SUSTAINABILITY

EXISTING INFRASTRUCTURE

Asset Sustainability Ratio (Capital Expense on Replacement Assets/Depreciation Expenditure) above 90%

45.4% reported as per Financial Statements, does not meet benchmark. As a growth council, Livingstone Shire Council needs to ensure the 10 year forecast maintains an appropriate balance between new infrastructure to address growth population demands and renewal of existing infrastructure. Council consistently exceeds its Asset Management Plan requirements in terms of asset renewals.

Asset renewal funding ratio (net present value of planned capital renewals over 10 years/net present value of required capital expenditure over 10 years as per Asset Management Plans) above 75%

120.2%, Asset renewal ratio for 2017-18 exceeds target

NEW INFRASTRUCTURE

% Spend on New vs Existing Assets

75.1% New Assets vs 24.9% Existing Assets.

Extent to which new assets are funded externally

\$14.8 million External Capital Grant funding, as per Financial Statements.

COUNCILLOR REMUNERATION, EXPENSES & 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 2017 Local Government Remuneration and Discipline Tribunal Report, remuneration paid to Councillors between July 2018 and June 2019 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.

Councillor	Gross Salary \$	Superannuation \$	Total Remuneration \$	Home Office Allowance \$	Car Klm's Claimed \$
Mayor Bill Ludwig	127,898	15,348	143,246	1,200	0
Deputy Mayor Nigel Hutton	79,936	9,592	89,528	1,200	5,435
Cr Jan Kelly	67,945	8,153	76,098	1,200	3,430
Cr Tom Wyatt	67,945	8,153	76,098	1,200	2,553
Cr Glenda Mather	67,945	8,153	76,098	1,200	11,491
Cr Adam Belot	67,945	8,153	76,098	1,200	1,315
Cr Pat Eastwood	67,945	8,153	76,098	1,200	1,586
TOTAL	547,559	65,705	613,264	8,400	25,810

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 14 June 2016 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 fuels and tolls
- » Insurance cover and legal costs

Full copies of our Councillor Facilities and Expenses Policy and Travel Policy are available online at www.livingstone.qld.gov.au

Attendance at Council Meetings

Councillor	Ordinary Meetings (23 Held)	Special Meetings (13 Held)	Total
Cr Bill Ludwig (Mayor)*	15	13	28
Cr Nigel Hutton (Deputy Mayor)	23	11	34
Cr Adam Belot	22	12	34
Cr Pat Eastwood	22	12	34
Cr Jan Kelly	21	12	33
Cr Glenda Mather	22	12	34
Cr Tom Wyatt	22	11	33

*Please note Mayor was on leave during the period of May-June 2019



Queensland
Mental Health
Week

Take
Notice

Be
Active

Connect

Keep
Learning

Give

20

Wellness at the Coast

time

Code of Conduct for Councillors

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

2018 saw significant changes for legislation governing the management of Councillor Conduct matters. The Queensland State Government introduced the *Local Government (Councillor Complaints) and Other Legislation Amendment Act 2018* which took effect on 3 December 2018. The new legislation introduced a mandatory Code of Conduct for Councillors and new processes for complaint handling, including the introduction of the Office of the Independent Assessor to investigate complaints against Councillors.

The subsequent amendments to the *Local Government Act 2009* and *Local Government Regulation 2012* have resulted in a change in reporting requirements in relation to Councillor Conduct matters.

The below table provides data relating to requirements both previous and subsequent to the *Local Government (Councillor Complaints) and Other Legislation Amendment Act 2018* relating to 2018-19.

1 July 2018 to 2 December 2018 (previous legislation)

Complaints about the conduct or performance of Councillors for which there was no further action taken under section 176C(2) of the Act	1
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	2
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	1
Orders made under section 181 of the Act – inappropriate conduct	3

3 December 2018 to 30 June 2019 (current legislation)

Orders made under section 150I(2) of the Act – (dealing with unsuitable meeting conduct)	0
Orders made under section 150AH(1) of the Act – (disciplinary action against a Councillor by local government)	0
Decisions, orders and recommendations made under section 150AR(1) of the Act – (decisions on misconduct by a Councillor determined by the tribunal)	0
Complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government – (complaint referred to Independent Assessor by another government entity)	0
Matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	0
Notices given under section 150R(2) of the Act - (complaint referred to independent assessor by local government official about inappropriate conduct or misconduct)	0
Notices given under section 150S(2)(a) of the Act – (inappropriate conduct 3 times in 1 year)	0
Decisions made under section 150W(a), (b) and (d) of the Act – (decision by Independent Assessor about conduct)	2
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act – (matter referred by Independent Assessor back to Council for investigation)	0
Occasions information was given under section 150AF(4)(a) of the Act – (during investigation, further notification to Independent Assessor of misconduct)	0
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor	0
Applications heard by the conduct tribunal about the alleged misconduct of a councillor	0



Seniors Week 2019

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 2018-19 financial year, the total remuneration packages paid to Council's senior management amounted to \$1,342,582.00

The following table provides details of the remuneration bands applicable.

Number of Senior Management Staff	Band of Remuneration \$ per annum
1	0-100,000
2	100,000 - 200,000
2	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 the 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 managed as per Council's Administrative Action Complaint Management Policy and Procedure.

Stage 1 – Initial Complaint

Council will make every effort to resolve the complaint at the point of first contact however if this cannot be achieved the initial complaint will be investigated by a Council Officer. Once the investigation is complete the Complainant will be advised of the decision and any remedy action.

Stage 2 – Internal Review

If the Complainant is not satisfied with the outcome of Stage 1, they may request an internal review. This will include an independent review of the original investigation. At the conclusion of this investigation the Complainant will be advised of the decision and provided with a Statement of Reasons for the decision.

Stage 3 – External Review

If the Complainant is not satisfied with the outcome of Stage 2, they may lodge a complaint with the Queensland Ombudsman or use other external review processes through the courts where appropriate.

Key statistics in relation to administrative action complaints for the 2018 -19 financial year are:

Item	Number
<i>Administrative action complaints made to the local government</i>	92
<i>Administrative action complaints resolved by the local government under the complaints management process (including complaints received in previous year)</i>	93
<i>Administrative action complaints not resolved by the local government under the complaints management process</i>	2
<i>Number of administrative action complaints that were made and not resolved in a previous financial year</i>	3

Financial Assistance to Community Organisations

During the 2018-19 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 2018-19, Livingstone Shire Council provided financial assistance totalling \$143,811 to community organisations as follows:

Community Grants Scheme

In 2018-19, the Livingstone Shire Community Grants Scheme, sponsored by Livingstone Shire Council (\$50,000), Inverness Yeppoon (\$10,000), and Keppel Bay Sailing Club (\$10,000) provided local community and sporting groups an opportunity to apply for funding for up to \$2,000 for initiatives which support the local community and build resilience for the groups. A total of \$69,372 was awarded to thirty-six (36) sporting and community groups across Livingstone Shire.

Community Organisation	Purpose	Amount\$
Cap Coast Landcare	Equipment and tools.	\$816.00
Capricorn Coast Football Club	Purchase of a canteen refrigerator.	\$1,969.00
Capricorn Coast PCYC	Safety harnesses for indoor rock wall	\$1,949.00
Capricorn Coast Rotary Club	Sandstone for Mulambin project.	\$2,000.00
Cawarral Cricket Club	Top soil to improve cricket ground	\$2,000.00
CQ Rural Health - Livingstone	Suicide prevention information and resources.	\$850.00
Emu Park & District Men's Activity Shed.	Purchase of tools and equipment for metal working.	\$2,000.00
Emu Park Surf Life Saving Club	New training manikins, upgrade of existing manikins, purchase of training defibrillators	\$2,000.00
Fitzroy Frogs Triathlon	Hosting Tri-Star and Tri-Active coaching development sessions	\$2,000.00
Jack's Paddock Inc	Water connection and meter set up for community garden	\$2,000.00
Keppel Coast Country Music Club	Purchase patio blinds for the barbecue area.	\$978.50
Keppel Coast Girl Guides	Lifesaving training, purchase of security screens, purchase of printer.	\$1,967.00
Keppel Sands Community Advancement League	Purchase of a new bowls mat for indoor bowls.	\$2,000.00
Lions Club of Yeppoon	Solar lighthouse installation on Welcome to Yeppoon Sign	\$2,000.00
Marlborough Agricultural Show Association	Purchase of electronic timers for horse events.	\$1,750.00
Marlborough Public Hall Committee	Purchase new tables for the community hall.	\$2,000.00
Marlborough Public Swimming Pool Club	Training of community members in Swim Instruction (accredited).	\$2,000.00
Mt Chalmers Community History Centre Inc	Purchase of new generator	\$1,499.00
NAG Radio Broadcasting Association	Purchase of generator and associated equipment.	\$1,599.40
QCWA Emu Park	Ballet Barres.	\$2,000.00
RSL of Australia (QLD Branch) Yeppoon Sub-Branch	Purchase of shade sails for the deck.	\$1,500.00
Sandhills Community Sports & Social Club Inc	Upgrade of cricket equipment	\$2,000.00
Scared Heart Primary School Yeppoon	Printmaking equipment and tuckshop equipment	\$2,000.00
SeaQboardriders Inc.	Communication system.	\$2,000.00
The Caves Progress and Agricultural Society	Repairs to range hood fan.	\$2,000.00
The Caves State School P&C Association	Purchase of flexible seating for outdoor classroom.	\$2,000.00
Wildlife Rehabilitation HQ.	Purchase of washing basins for care of rescued animals.	\$1,450.00
Yeppoon AFL Club	New line marking machine	\$1,999.00
Yeppoon Golf Club	Purchase driving/hitting nets.	\$2,000.00

Yeppoon Gymnastics and Movement Centre	Replace chairs in gym with multipurpose aluminium bench seats.	\$2,000.00
Yeppoon Junior Rugby League	Shade shelters.	\$1,963.50
Yeppoon Little Theatre Group	Purchase of communication system.	\$2,000.00
Yeppoon Probus Club	Purchase of a projector.	\$1,299.00
Yeppoon Rugby League Football Club	Purchase of a Lifepak CR Plus Defibrillator for Webb Park.	\$2,000.00
Yeppoon Scouts	Tents.	\$600.00
Yeppoon Senior Citizens Assoc Inc	Upgrade of musical equipment	\$2,000.00
Yeppoon State School P&C	Air-conditioner for tuckshop.	\$2,000.00
Yeppoon Surf Life Saving Club Inc	Hosting an intensive training course	\$1,500.00
Yeppoon Swimming Club Inc	Equipment to support training sessions at night - outdoor heaters	\$1,683.00

Mayor's Discretionary Fund

Under the 2018-19 budget, the Mayor was provided a discretionary fund to a maximum of \$10,000 to provide support to community organisations and individuals.

Community Organisation	Purpose	Amount
Oak Tree Retirement Village	Financial assistance for lucky door price at Seniors Week Events	\$200.00
Cockscomb Veterans Bush Retreat	Financial assistance for National Veterans Day Commemorations for 50th Anniversary of the SVN Battles of Coral and Balmoral	\$500.00
Yeppoon Choral Society	Financial assistance for production 'The King and I'	\$500.00
Emu Park Veterans Golf Club	Financial assistance for Veterans Open Golf Championships 2018 including prize money	\$500.00
St Benedict's and Sacred Heart School P&C	Financial assistance to run a community presentation 'Happier on Purpose'	\$500.00
Marlborough District Pony Club	Financial assistance for the purchase of additional equipment at Pony Club	\$500.00
Yeppoon State High School P&C	Financial assistance for the Yeppoon State High School Night of Excellence Awards	\$200.00
St Brendan's College P&F	Financial assistance for the Local Mayor Award for Community Service	\$250.00
Emu Park Swimming Club	Financial assistance for the purchase of trophies for the Emu Park Novice Swimming Carnival	\$500.00
Paul Mitchell	Financial assistance for the purchase of gifts and food for the survivors of domestic and family violence across Livingstone Shire	\$499.00
Queensland Country Women's Association	Financial assistance for the 90th Anniversary of the QCWA Rotunda and re-opening	\$500.00
Emu Park & District Men's Activity Shed	Reimbursement of annual lease fee	\$300.00
Queensland Country Women's Association Capricornia Division	Town Hall hire for the Meet 'n' Greet Function	\$122.00
Queensland Parliament Flood Appeal	Financial assistance for the Queensland Parliament's Flood Appeal	\$1500.00
Sisters of North Flood Appeal	Financial assistance towards the Mark Coombe 'Up-from-here' painting	\$250.00
Community Solutions	Financial assistance towards catering for the disability workshop	\$260.00
CQU Village Festival	Financial assistance towards the 2019 Village Festival	\$500.00
Yeppoon Rugby League Football Club	Financial assistance for the connection of the sewerage system	\$1900.00
	TOTAL DONATED AS 30 JUNE 2019	\$9481.00

Regional Arts Development Fund (RADF)

In 2018-19 a partnership between Livingstone Shire Council (\$30,000) and Queensland State Government (\$35,000) resulted in \$64,958 in funding being awarded to nineteen (19) individuals and community groups to support arts and cultural activities within Livingstone Shire.

Community Group/Individual Professional Development	Amount
<i>Erica Golding (IPD)</i>	<i>\$2,000.00</i>
<i>Capricorn Coast Writers</i>	<i>\$4,800.00</i>
<i>Richard Moorfield</i>	<i>\$4,003.00</i>
<i>Yvonne Moloney-Law</i>	<i>\$4,000.00</i>
<i>Yeppoon Ukulele Movement</i>	<i>\$2,250.00</i>
<i>Keppel Coast Arts</i>	<i>\$3,500.00</i>
<i>Bolton Clarke Sunset Ridge</i>	<i>\$3,960.00</i>
<i>Capricorn Film Festival</i>	<i>\$5,215.00</i>
<i>Kaylene Butler</i>	<i>\$5,600.00</i>
<i>Matthew Bresolin (IPD)</i>	<i>\$1,500.00</i>
<i>Beach Potters Assoc Inc</i>	<i>\$2,750.00</i>
<i>Kristen Hannaford</i>	<i>\$2,500.00</i>
<i>Deborah Dekovic</i>	<i>\$4,300.00</i>
<i>Gallery of Fine Arts</i>	<i>\$1,220.00</i>
<i>Karen Jones</i>	<i>\$1,980.00</i>
<i>Club 28</i>	<i>\$5,700.00</i>
<i>Tropical Bloom Festival</i>	<i>\$3,600.00</i>
<i>Rockhampton Woodworkers Guild Inc</i>	<i>\$2,546.00</i>
<i>CQU Village Festival</i>	<i>\$5,400.00</i>
<i>Refunds Returned</i>	<i>\$1,866.00</i>
TOTAL	\$64,958.00

Concessions, Special Rates and Charges

Rebates and Remissions are provided to approved Government Pensioners, Not-For-Profit/Charitable Organisations, and land holders with approved Nature Refuge Agreements under the Rates, Rebates and Remissions Policy. Further concessions are provided to water consumers under the Concealed Leak Refund Policy and Water Consumption Charge Refund – Health Related Uses Policy. Full details of these rebates and concessions are available on Council’s website at 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 2018-19 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

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 the Audit, Risk and Business Improvement Committee (ARaBIC) on matters relating to internal audit.

The established Audit Planning Methodology was followed to develop an Annual and Strategic (total 4 year) Audit Plan. The plan was reviewed and endorsed by the ARaBIC and subsequently approved by Council.

Internal Audits were performed in accordance with the Internal Audit Process Management Manual. Compliance with the Institute of Internal Auditors practice standards was self-assessed with good results for a small internal audit function. Work was completed to review and provide advice to the further rollout of the Internal Control Framework and development of Business Continuity Planning. Five standard reviews were also completed in 2018-19.

During the year the continuous assurance methodology was further developed using data analytics to provide assurance regarding ongoing operation of controls and identification of transactions to be investigated. This now provides assurance regarding Payroll and HR, Purchase Cards and Accounts Payable.

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 2018-19 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*);
- » 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.

Workplace Health and Safety

The safety and wellbeing of our workers is integral to the way Livingstone Shire Council conducts its business. To ensure this, Council sets both strategic and operational safety objectives and targets related to safety performance across the business. The implementation of effective risk management protocols and strategies is critical in reducing harm across all Council work areas. In 2018-19 Council has implemented proactive risk management programmes, focusing on its diverse safety risk profile. Council has embarked on a continual improvement model in relation to safety systems and safety performance.

Overseas Travel

The following table provides details of travel made in an official capacity during the financial year by Councillors and officers, including flights, accommodation and associated expenses:

Destination	Date of Travel	Purpose	Councillors Attending	Cost (\$)
Yangzhong, China	5 March - 10 March 2019	<p>LSC lead delegation to formalise sister school relationships within Yangzhong City as further progress on the already established Friendship agreements that were signed in 2017.</p> <p>After considerable work by all parties, the three secondary schools located within Livingstone Shire were in a position to formally enter into sister school relationships with counterparts in Yangzhong.</p>	Mayor Bill Ludwig	\$6,723.84
			Deputy Mayor Nigel Hutton	
Taipei, Taiwan	23 March - 29 March 2019	Qld Government lead delegation, Trade and Investment Queensland to attend and participate in 2019 Taiwan Smart Cities Expo. Conditioned airfares and accommodation provided.	Mayor Bill Ludwig	\$663.24



Tsunami and Storm Surge Information Day

COMMUNITY FINANCIAL REPORT

For the Year Ended 30 June 2019

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 other 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 benefit of future generations.

Council's General Purpose Financial Statements are a record of our financial performance for the year ended 30 June 2019 and are subject to an independent audit process 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.

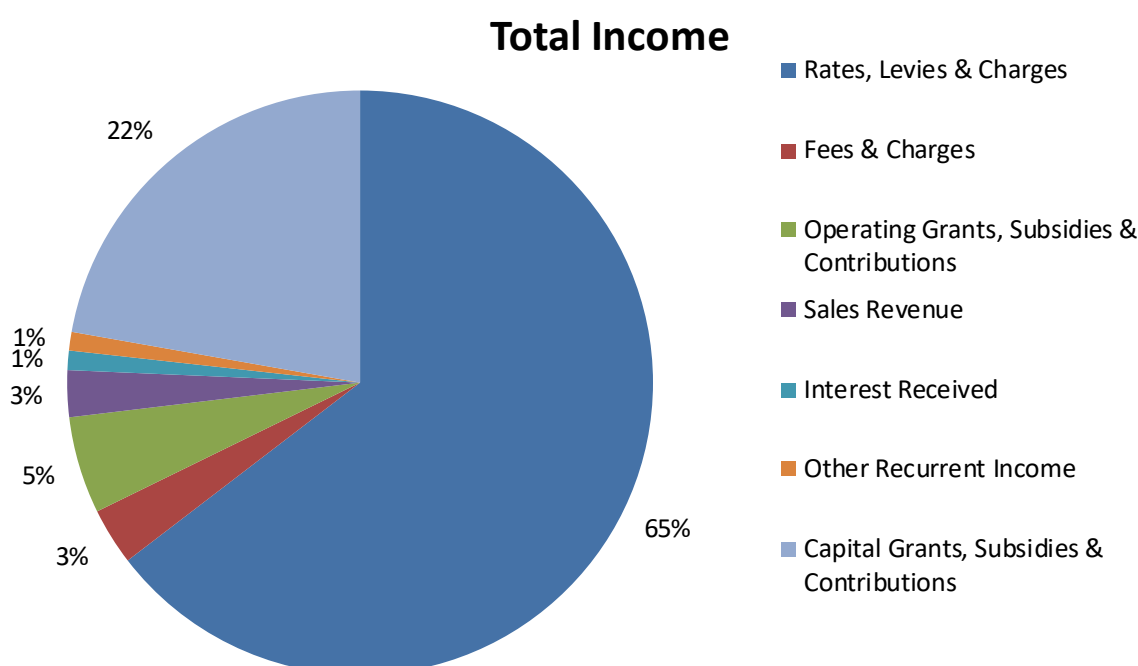
Statement of Comprehensive Income

The Statement of Comprehensive Income details total income and total 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 & charges, fees & charges, interest, sales revenue, 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 and receives funding in the form of grants and subsidies from other levels of government and in some cases the private sector, to help construct and maintain our extensive infrastructure. A total of approximately \$113.9 million was recognised as income during the financial year.

A total of approximately \$139.3 million was recognised as income during the financial year.

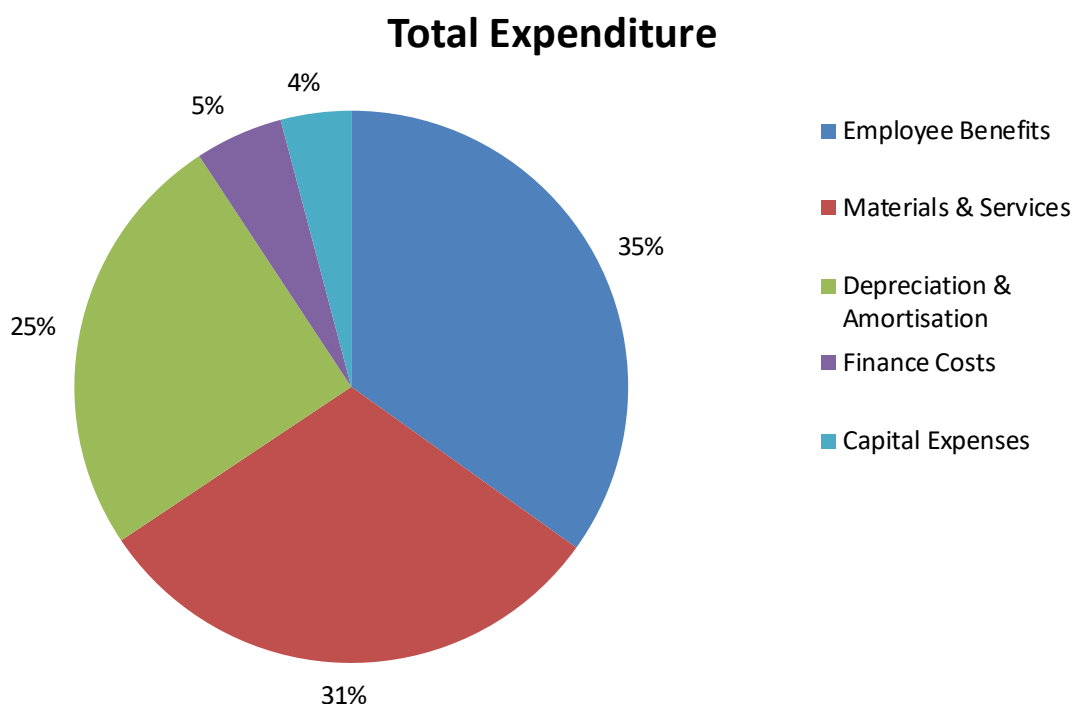


Expenses – Where our money is spent...

The three largest items of Council's expenditure are employee benefits, materials and 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 as part of a quarterly budget review process to ensure that funds are utilised efficiently. Council requires a diversified workforce to provide the many and varied services to our community. Council also needs 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 Procurement Policy, some preference is given to local businesses when work needs to be 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 is a way of allocating the cost of an asset over the assets' estimated useful life. Through the accurate calculation and allocation of depreciation, Council is confident that it will have the necessary funds to renew existing assets.



Total Comprehensive Income for the Period

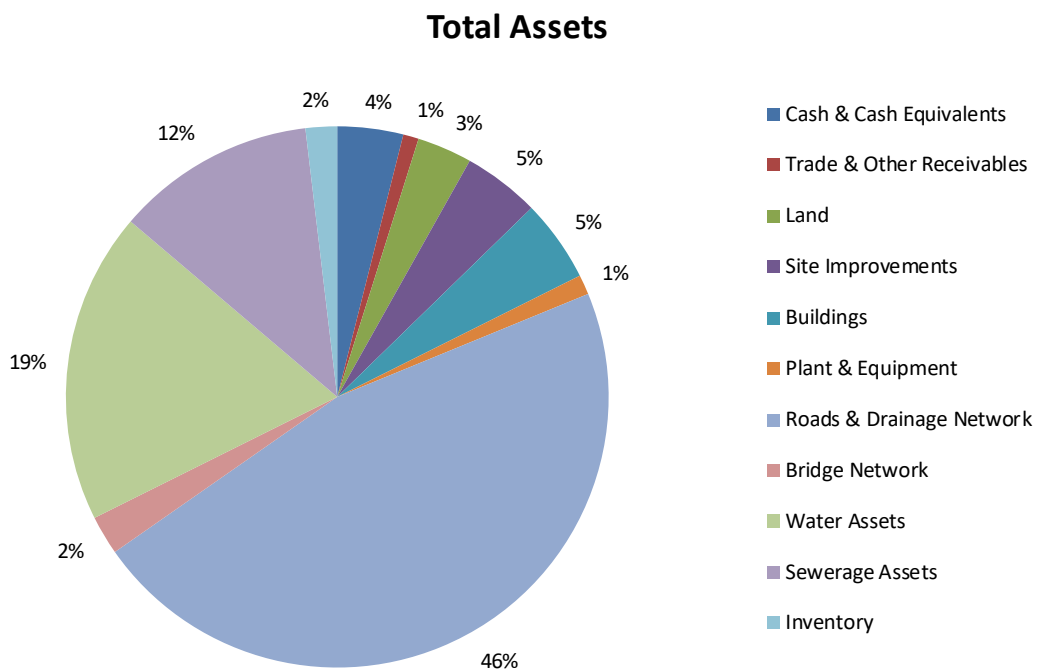
Total comprehensive income for the year was approximately \$26.7 million which is the difference between total income and total expenses and measures the change in Council's net community assets. Total comprehensive income also includes approximately \$25.3 million of capital revenue. Capital revenue fluctuates each reporting year and is dependent to a large extent on the value of assets contributed by developers and government grants received for capital works projects. Total capital revenue in the 2018-19 financial year was approximately \$29 million lower than the previous financial year due to substantial funding received in the prior year from both the State and Commonwealth Governments for a number of Council's capital works projects including the Yepoon Foreshore Revitalisation and Local Disaster Co-ordination Centre.

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 board range of current and non-current assets of which approximately 93% is attributed to property, plant and 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 over the long-term.



Total assets are approximately \$1.04 billion as at 30 June 2019.'

Capital Works

Capital works undertaken for the year totalled approximately \$41 million. These capital works were funded from different sources including grants and subsidies, loans and cash holdings.

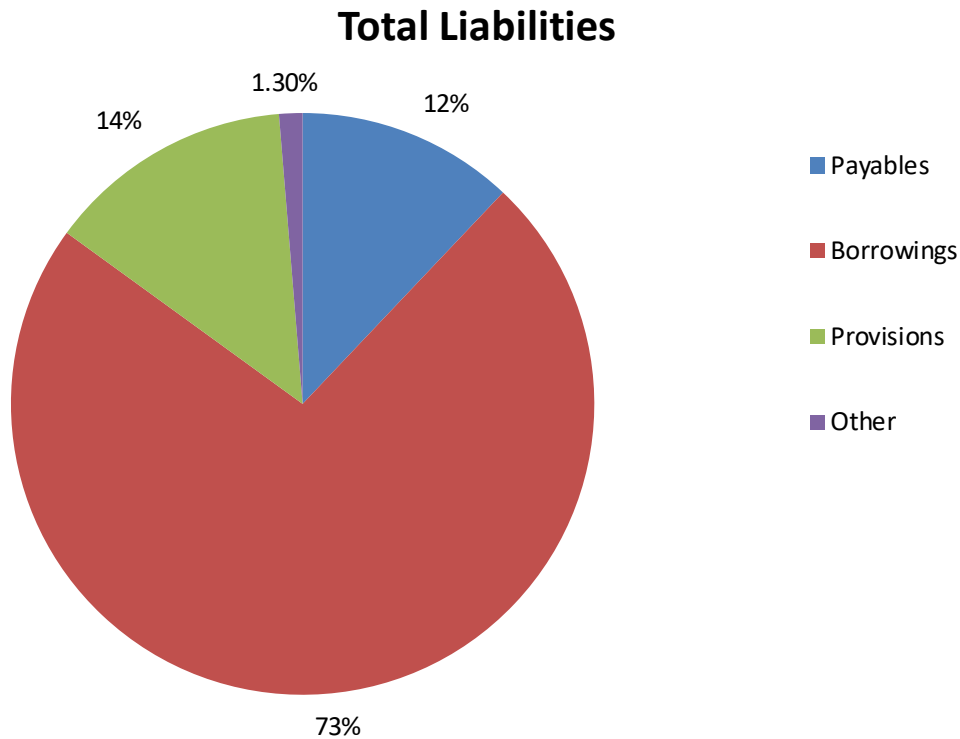
Significant projects undertaken in 2018-19

- » Finalisation of works on the Yeppoon Foreshore Revitalisation
- » Finalisation of works on Panorama Drive
- » Finalisation of works on the construction of the Local Disaster Co-ordination Centre
- » Continuation of development works on The Gateway Business and Industry Park and the Capricorn Coast Homemaker Centre
- » Continuation of works on the Statue Bay Landslip Project

What Do We Owe?

Council's borrowings at the 30 June 2019 totalled approximately \$80.5 million. The level of Council's long-term debt is regularly reviewed as a component of the long term financial forecast.

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



Total liabilities were approximately \$110.4 million at 30 June 2019 of which 73% are borrowings with the Queensland Treasury Corporation which are used to pay for Council's capital works.

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 relative to predetermined local government sector benchmarks, without reading through all of the details contained within the general purpose financial statements.

Three core ratios are the sustainability ratios. The calculation of each of these ratios is independently audited each financial year. Each ratio is listed below with a forecast of how each ratio changes over the longer term as adopted in Council's 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 Council has budgeted for an operational deficit for 2019-20, Council is budgeting for a small operating surplus for the 2020-21 financial year. The long term forecast outlines that Council expects to be in a surplus operational budget position through to at least the last year of the current long term financial forecast in 2028-29, noting that operating surplus have also been achieved in each of the past four years.

RELEVANT MEASURES OF FINANCIAL SUSTAINABILITY

	Target	FORECAST										
		30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025	30/06/2026	30/06/2027	30/06/2028	30/06/2029
1 Operating Surplus Ratio												
Net Result (excluding capital items) / Total Operating Revenue (excluding capital items) (%)	Between 0% and 10%	5.5%	(2.6)%	0.7%	3.7%	3.6%	2.6%	5.9%	8.2%	9.2%	8.3%	9.0%

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 5.5% indicates that Council had an operational surplus for the 2018-19 financial year.

2 Asset Sustainability Ratio												
(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense) (%)	Greater than 90%	45.4%	64.9%	49.3%	58.0%	72.7%	51.7%	56.4%	87.1%	92.5%	80.5%	55.8%

This ratio indicates whether Council is renewing or replacing it's 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 it's substantial asset base. Renewal of assets is based on those asset management plans.

Capital expenditure can broadly be classified as New (building something entirely new) or renewal (replacing an existing asset with a new one). This ratio measures how much capital expenditure goes towards replacing existing assets each year when divided by depreciation expense. As the 10-year forecast indicates, Council's ratio is below the target of 90%, however improves significantly over the medium to long term which reflects Councils current commitment to investing in assets required for a growing community to the future commitments for investing in existing assets over new assets

3 Net Financial Liabilities Ratio												
(Total Liabilities - Current Assets) / Total Operating Revenue (excluding capital items) (%)	Not Greater than 60%	52.0%	75.7%	63.5%	52.5%	47.0%	38.1%	29.0%	20.0%	10.5%	0.8%	(8.0)%

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% in the 2019-20 and 2020-21 financial years, it will decrease thereafter to below 60% for all financial years 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 total assets less total liabilities and at 30 June 2019 is approximately \$930 million. Over the long term Council's adopted long term financial forecast outlines that Council is holding adequate reserves of cash, has substantial equity in its assets and is substantially reducing total debt over the course of the next 10 years through to 2028-29.

The healthy financial position of Council combined with sound budgeting practices and forward planning, provides capacity for Council to meet its objectives as well as provide a 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. This statement is useful in assisting readers to assess Council's sources and uses of cash whilst indicating that Council has the capacity to meet all of its financial commitments as and when they fall due. Cash flows are classified into operating, investing and financing activities. In regards to financing activities Council did not need to borrow any funds to pay for capital works undertaken in 2018-19.

Council pools and invests ratepayer's funds throughout the year in low-risk short to medium term investments in accordance with Council's Investment Policy. The net movement in cash for the 2018-19 year was a net decrease of approximately \$3.4 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. Council intends to finalise a 30 year community plan and update its Corporate Plan in the short to medium term. Both of these plans are important forward planning documents to enable the effective and efficient delivery of services to the community. 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.

Council also aims to continue to maintain its strong financial base through the prudent use of rates collected, grants and subsidies, developer's contributions, borrowings and the use of cash reserves. Ongoing cash flow planning, adhering to sound budgeting principles, the implementation of Council's long term asset management plans, quarterly budget reviews and long term financial planning will assist Council in achieving its strategic objectives.

Livingstone Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



Livingstone Shire Council

General Purpose Financial Statements for the year ended 30 June 2019

Contents

1. Understanding Council's Financial Statements

2. Primary Financial Statements:

Statement of Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows

3. Notes to the Financial Statements

4. Management Certificate

5. Independent Auditor's Report

Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations of 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 Council on 10 October 2019.
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General Purpose Financial Statements

for the year ended 30 June 2019

Understanding Council's Financial Statements

Introduction

Each year, individual local governments across Queensland are required to present a set of audited financial statements to their council and community.

What you will find in the financial statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

The format of the financial statements complies with both the accounting & reporting requirements of the 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" Council's financial results for the year and are required to be adopted by Council; ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate four "primary" financial statements:

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income and 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 and liabilities.

3. A Statement of Changes in Equity

The overall change for the year 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 four primary financial statements.

About the auditor's reports

Council's financial statements are required to be audited by the Queensland Audit Office. The audit of many Queensland councils is contracted to audit firms that specialise in local government.

The auditor provides an audit report which gives an opinion on whether the financial statements present fairly the Council's financial performance and position.

Who uses the financial statements?

The financial statements are publicly available documents and 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 2019

	Notes	2019 \$'000	2018 \$'000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	73,571	69,975
Fees and charges	3b	3,594	4,276
Interest and investment revenue	3c	1,223	1,166
Sales revenue	3d	2,940	2,134
Other income	3e	1,132	1,037
Grants, subsidies and contributions	4a	6,115	6,829
Profit on sale of land held for sale		37	-
Total recurrent revenue		88,612	85,417
Capital revenue			
Grants, subsidies and contributions	4b	23,691	51,921
Other capital income	5	1,618	1,956
Total capital revenue		25,309	53,877
Total Income		113,921	139,294
Expenses			
Recurrent expenses			
Employee benefits	6	30,470	31,675
Materials and services	7	26,821	24,020
Finance costs	8	4,490	4,416
Depreciation and amortisation		21,949	20,973
Loss on sale of land held for sale		-	290
Total recurrent expenses		83,730	81,374
Capital expenses	9	3,589	9,606
Total expenses		87,319	90,980
Net result attributable to Council		26,602	48,314
Other comprehensive income			
Items that will not be classified to the net result			
Increase in asset revaluation surplus	19	69	-
Total comprehensive income for the year		26,671	48,314

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

Livingstone Shire Council

Statement of Financial Position as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current assets			
Cash, cash equivalents and investments	10	39,758	43,197
Trade and other receivables	11	9,368	8,626
Inventories	12	15,209	5,567
Total current assets		64,335	57,390
Non-current assets			
Inventories	12	3,812	9,314
Property, plant and equipment	13	971,984	949,963
Intangible assets		291	474
Total non-current assets		976,087	959,751
TOTAL ASSETS		1,040,422	1,017,141
LIABILITIES			
Current liabilities			
Trade and other payables	15	13,307	13,800
Borrowings	16	5,160	4,911
Provisions	17	4,468	3,782
Other liabilities	18	1,080	132
Total current liabilities		24,015	22,625
Non-current liabilities			
Borrowings	16	75,370	80,370
Provisions	17	10,648	10,477
Other liabilities	18	351	302
Total non-current liabilities		86,369	91,149
TOTAL LIABILITIES		110,384	113,774
NET COMMUNITY ASSETS		930,038	903,367
COMMUNITY EQUITY			
Asset revaluation surplus	19	19,109	19,040
Retained surplus		910,929	884,327
TOTAL COMMUNITY EQUITY		930,038	903,367

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

Livingstone Shire Council

Statement of Changes in Equity for the year ended 30 June 2019

	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2018	19,040	884,327	903,367
Net result attributable to Council	-	26,602	26,602
Other comprehensive income Increase in asset revaluation surplus	69	-	69
Total comprehensive income for the year	69	26,602	26,671
Balance as at 30 June 2019	19,109	910,929	930,038
Balance as at 1 July 2017	19,040	836,013	855,053
Net result attributable to Council	-	48,314	48,314
Total comprehensive income for the year	-	48,314	48,314
Balance as at 30 June 2018	19,040	884,327	903,367

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

Livingstone Shire Council

Statement of Cash Flows for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers		86,971	87,785
Payments to suppliers and employees		<u>(62,889)</u>	<u>(65,119)</u>
		24,082	22,666
Interest received		1,223	1,166
Non capital grants and contributions		6,161	8,195
Proceeds from the sale of land held as inventory		230	1,344
Borrowing costs		(4,264)	(4,185)
Payments for land held as inventory		<u>(2,254)</u>	<u>(5,862)</u>
Net cash inflow from operating activities	23	<u>25,178</u>	<u>23,324</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		504	1,447
Grants, subsidies, infrastructure charges and donations		16,110	47,630
Other cash flows from investing activities		837	-
Payments for property, plant and equipment including intangibles		<u>(41,317)</u>	<u>(79,019)</u>
Net cash outflow from investing activities		<u>(23,866)</u>	<u>(29,942)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	10,000
Repayment of borrowings		<u>(4,751)</u>	<u>(4,177)</u>
Net cash inflow/(outflow) from financing activities		<u>(4,751)</u>	<u>5,823</u>
Net decrease in cash and cash equivalents held		<u>(3,439)</u>	<u>(795)</u>
Cash and cash equivalents - at the beginning of the financial year		43,197	43,992
Cash and cash equivalents - at the end of the financial year	10	<u><u>39,758</u></u>	<u><u>43,197</u></u>

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

Notes to the Financial Statements for the year ended 30 June 2019

Contents of the Notes accompanying the Financial Statements

Note	Details
1	Summary of significant accounting policies
2(a)	Council functions - component descriptions
2(b)	Council functions - analysis of results by function
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4	Grants, subsidies and contributions
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Notes to the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 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 the Australian Taxation Office is shown as an asset. 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

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

Livingstone Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council will implement them when they are effective.

This year Council considered whether the new Australian Accounting Standard *AASB 9 Financial Instruments*, which replaces *AASB 139 Financial Instruments*, would require Council to change the way it recognises, measures and discloses financial assets and financial liabilities. The results of this assessment concluded that the introduction of *AASB 9 Financial Instruments* would not materially change the way Council currently calculates impairment provisions which are now based on expected credit losses instead of incurred credit losses.

Effective for annual reporting periods beginning on or after 1 January 2019, the standards that are expected to have a material impact upon Council's future financial statements are:

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 and

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

AASB 2016-8. These standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in *AASB 1004 Contributions*.

Identifiable impacts at the date of this report are:

Some grants received by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Commonwealth Government and State Government for which there are no sufficiently specific performance obligations and these grants are expected to continue to be recognised as revenue upfront assuming no change to the current grant arrangements. One of these grants is the Financial Assistance Grant from the Commonwealth Government.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period commences. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no material impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue decrease of approximately \$3.4 million due to the deferral of grant funding and pre-paid rates (based on the facts available to Council at the date of the assessment).

- There would be an equal reduction in the reported equity as the reduced revenue will require an

increase in recognition of contract liabilities and statutory receivables.

- Net result would be lower on initial application as a result of decreased revenue.

A range of new disclosures will also be required by the new standards in respect of Council's revenue.

Transition method

Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*.

Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018-19), these also do not require restatement.

Effective for annual reporting periods beginning on or after 1 January 2019, the standards that are not expected to have a material impact upon Council's future financial statements are:

- *AASB 16 Leases*

Council has assessed the impact that the initial application of AASB 16 will have on its financial statements. However the actual impact may differ as the new accounting policies are subject to change until Council presents its 2019-20 general purpose financial statements.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Peppercorn Leases

Council is the lessee of a number of Deed of Grant in Trust Leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Transition Method

Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

Council intends to apply the practical expedient for the definition of a lease on transition. This means that Council will apply AASB 16 on transition only to contracts that were previously identified as leases applying *AASB 117 Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease*.

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
- Contingent liabilities
- Financial instruments and financial liabilities.

Notes to the Financial Statements for the year ended 30 June 2019

Note 2(a) Council Functions - Component Descriptions

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

Council has determined the functions and activities based on service delivery. The streams of the organisational structure are Office of the Chief Executive Officer, Infrastructure Services and Liveability and Wellbeing Portfolios. The significant activities of Waste Services, Water & Sewerage Services and Central Funds are reported separately as management considers that such disclosures are meaningful to users of Council's financial reports.

OFFICE OF THE CHIEF EXECUTIVE OFFICER

The Office of the Chief Executive Officer provides for the executive management of Livingstone Shire Council and includes the offices of the Mayor, Councillors, Chief Executive Officer, Internal Audit and the enabling business units of Finance & Business Excellence, Information Technology and People & Culture. The three enabling 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.

INFRASTRUCTURE SERVICES

The goal of Infrastructure Services is to ensure that the community is serviced by high quality and effective road, drainage and bridge networks. This includes Council's road construction and maintenance activities, engineering, planning and design activities, asset management and fleet & facilities management activities. This function also has responsibility for Council's depot operations and recoverable works.

LIVEABILITY AND WELLBEING

The goal of Liveability and Wellbeing is to ensure that Livingstone shire is a healthy, vibrant, contemporary and connected community by providing well managed and maintained community facilities, managing Council's parks and open spaces and ensuring delivery of cultural, health, welfare, environmental and recreational services. The portfolio is also responsible for the facilitation of the shire's growth and prosperity through well planned and quality development, and to ensure that Livingstone shire is well designed, efficient and facilitates growth while preserving the character and natural environment of the shire. Responsibilities pertain to Council's town planning activities including development assessment, development compliance and strategic planning, local laws, libraries, community partnerships, natural resource management activities and disaster management. Additional responsibilities include strategic growth and economic development initiatives, socio-economic development programs and activities, tourism destination development, innovative placemaking and urban design initiatives.

WASTE SERVICES

The goal of this function is to support 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 including operation of water treatment plants, reservoirs, water distribution network, water quality control, sewerage treatment plants, trunk sewers, sewerage pump stations and sewerage mains & services.

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.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 2(b) Analysis of results by function

Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants \$'000	Other \$'000				
2019			\$'000	\$'000	\$'000	\$'000
Office of the Chief Executive Officer	45	262	307	(11,007)	(10,700)	815
Infrastructure Services	12,629	12,300	24,929	(29,600)	(4,671)	610,503
Liveability and Wellbeing	4,099	3,398	7,497	(16,998)	(9,501)	11,403
Waste Services	10	7,091	7,101	(6,160)	941	9,487
Water & Sewerage Services	-	27,593	27,593	(22,917)	4,676	316,165
Central Funds	4,082	42,412	46,494	(637)	45,857	92,049
Total	20,865	93,056	113,921	(87,319)	26,602	1,040,422
Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants \$'000	Other \$'000				
2018			\$'000	\$'000	\$'000	\$'000
Office of the Chief Executive Officer	61	190	251	(9,933)	(9,682)	993
Infrastructure Services	21,053	10,582	31,635	(31,881)	(246)	587,343
Liveability and Wellbeing	26,817	3,138	29,955	(19,776)	10,179	8,838
Waste Services	-	6,867	6,867	(5,881)	986	9,654
Water & Sewerage Services	-	25,769	25,769	(23,855)	1,914	317,471
Central Funds	3,733	41,084	44,817	346	45,163	92,842
Total	51,664	87,630	139,294	(90,980)	48,314	1,017,141

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 3. Revenue analysis

	2019	2018
	\$'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.

Garbage charges	6,601	6,316
General rates	32,936	32,561
Separate rates	11,038	10,242
Sewerage charges	10,744	10,175
Special rates	380	404
Water access charges	10,082	9,683
Water consumption charges	7,948	6,616
Total rates and utility charge revenue	79,729	75,997
Less: Discounts	(5,348)	(5,230)
Less: Pensioner remissions	(810)	(792)
TOTAL NET RATES, LEVIES AND CHARGES	73,571	69,975

(b) Fees and charges

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

Building, plumbing and development fees	1,247	1,441
Irrigator and commercial water fees	398	496
Local laws and health licencing fees	502	379
Venues, events, tourism, and cultural fees	178	668
Waste fees	918	1,050
Other fees and charges	351	242
TOTAL FEES AND CHARGES	3,594	4,276

(c) Interest and investment revenue

Interest is accrued over the term of the investment. Interest is charged on outstanding rates at a rate of 7% per annum compounded monthly (2018: 11%).

Interest received from investments	1,063	908
Interest from overdue rates and utility charges	160	258
TOTAL INTEREST AND INVESTMENT REVENUE	1,223	1,166

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Revenue analysis (continued)

	2019	2018
	\$'000	\$'000
(d) Sales revenue		
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 and invoices issued during the period.		
The contract work carried out is not subject to retentions.		
Recoverable and private works	2,940	2,134
<u>TOTAL SALES REVENUE</u>	<u>2,940</u>	<u>2,134</u>

(e) Other income

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.

Car wash income	189	166
Commission and collection fees	65	63
Insurance recoveries	25	42
Payroll recoveries	13	14
Property related recoveries	180	158
Rental / lease income	360	268
Other operating income	300	326
<u>TOTAL OTHER INCOME</u>	<u>1,132</u>	<u>1,037</u>

Note 4. Grants, subsidies and contributions

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 for the replacement or upgrade of existing non-current assets, which are usually infrastructure contributions or assets received from developers.

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

Contributions	57	63
General purpose grants	4,082	3,733
Government subsidies and grants	1,976	3,033
<u>TOTAL OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>	<u>6,115</u>	<u>6,829</u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Grants, subsidies and contributions (continued)

	Notes	2019 \$'000	2018 \$'000
(b) Capital - grants, subsidies and contributions are analysed as follows:			
Assets contributed at fair value		7,581	4,291
Government subsidies and grants		14,807	44,898
Infrastructure contributions		1,303	2,732
<u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>		<u>23,691</u>	<u>51,921</u>

Note 5. Capital income

(a) Gain on disposal of non-current assets

Proceeds from the disposal of property, plant and equipment		-	698
Less: book value of property, plant and equipment disposed	13	-	(656)
		<u>-</u>	<u>42</u>

(b) Provision for restoration of quarries

Change in discount rate		20	37
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(c) Other capital income

Gain from assets not previously recognised	13	761	1,877
Other capital income		837	-
		<u>1,598</u>	<u>1,877</u>

<u>TOTAL CAPITAL INCOME</u>		<u>1,618</u>	<u>1,956</u>
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Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6. Employee benefits

	Notes	2019 \$'000	2018 \$'000
Total staff wages and salaries		28,479	29,228
Annual, sick and long service leave entitlements		591	674
Superannuation	22	3,273	3,367
Restructuring costs		-	928
Councillors' remuneration		709	658
		<u>33,052</u>	<u>34,855</u>
Other employee related expenses		1,177	1,187
		<u>34,229</u>	<u>36,042</u>
Less: capitalised employee expenses		(3,759)	(4,367)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u>30,470</u>	<u>31,675</u>
Additional information:			
Total employees at year end:		No.	No.
Administration staff		219	222
Depot and outdoors staff		126	126
Total full time equivalent employees		<u>345</u>	<u>348</u>
Total elected members		<u>7</u>	<u>7</u>

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

Note 7. Materials and services

Administration supplies and consumables	530	487
Advertising and marketing	224	289
Audit of annual financial statements	186	191
Bulk water purchases	4,044	3,795
Communications and information technology	1,969	1,577
Consultants	1,646	1,535
Contractors	5,830	4,981
Donations and subscriptions paid	877	1,224
Electricity	2,519	2,456
Insurance	1,030	826
Operating leases - rentals	47	77
Repairs and maintenance	6,947	5,225
Other materials and services	972	1,357
<u>TOTAL MATERIALS AND SERVICES</u>	<u>26,821</u>	<u>24,020</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are \$186,000 (2018: \$182,500).

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Finance costs

	Notes	2019 \$'000	2018 \$'000
Bank charges		137	179
Change to landfill and quarry provisions due to a change in present value over time		226	249
Finance costs charged by the Queensland Treasury Corporation		4,082	3,964
Impairment of receivables		45	24
<u>TOTAL FINANCE COSTS</u>		<u>4,490</u>	<u>4,416</u>

Note 9. Capital expenses

(a) Loss on disposal of non-current assets

Proceeds from the disposal of property, plant and equipment		504	749
Less: book value of property, plant and equipment disposed	13	(575)	(1,616)
		<u>71</u>	<u>867</u>

(b) Provision for restoration of quarries

Change from revision of future restoration expense		24	3
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(c) Revaluation decrement*

Downwards revaluation of property, plant and equipment	13	-	4,009
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(d) Other capital expenses

Assets previously recognised incorrectly		172	1,355
Loss on write-off of assets		3,322	3,372
		<u>3,494</u>	<u>4,727</u>

TOTAL CAPITAL EXPENSES

3,589 **9,606**

*This represents the combined decrease in the carrying values of Council's land, road & drainage network and bridge network asset classes as a result of the comprehensive revaluations undertaken in the 2017-18 financial year.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Cash, cash equivalents and investments

	2019 \$'000	2018 \$'000
Cash and cash equivalents include cash on hand, all cash and cheques receipted but not yet banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Investments include any term deposits with a investment horizon of greater than 90 days.		
Cash, cash equivalents and investments		
Cash in operating bank account	1,412	2,530
Cash on hand	6	5
Deposits at call with the Queensland Treasury Corporation	36,540	39,662
Term deposits	1,800	1,000
<u>TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>39,758</u>	<u>43,197</u>

Deposits at call with the Queensland Treasury Corporation at 30 June 2019 includes \$956,607 received from the state government to mitigate the direct impacts on households of the state waste levy, which comes into effect from 1 July 2019. This money has been set aside to help fund Council's 2019-20 levy expense.

In accordance with the *Local Government Act 2009*, a separate trust bank account and separate trust accounting records are maintained for funds held in trust on behalf of third parties. Funds held in Council's 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 \$403,368 in trust monies at 30 June 2019 (2018: \$457,509).

Note 11. Trade and other receivables

Under the *Local Government Act 2009* Council has the power to sell an owner's property to recover outstanding rates debts. Council impairs 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. Debts are assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off by 30 June 2019. If an amount is recovered in a subsequent period it is recognised as revenue.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Trade and other receivables (continued)

	2019 \$'000	2018 \$'000
Receivables (Financial Instruments)		
Rates and charges	3,709	3,554
Other debtors	1,761	2,086
	<u>5,470</u>	<u>5,640</u>
Less: loss allowance	(182)	(167)
	<u>5,288</u>	<u>5,473</u>
Receivables (Non-Financial Instruments)		
GST recoverable	1,133	709
Prepayments	1,031	930
Water charges not yet levied	1,916	1,514
	<u>4,080</u>	<u>3,153</u>
	<u>9,368</u>	<u>8,626</u>

TOTAL CURRENT TRADE AND OTHER RECEIVABLES

Movement in accumulated impairment losses - receivables is as follows:

Opening balance at 1 July	167	214
Impairment adjustment in the period	15	(47)
Closing balance	<u>182</u>	<u>167</u>

An analysis of the age of Council's receivables (excluding prepayments) is as follows:

Receivables

Less than 30 days	4,603	3,656
Past due:		
- 31 to 60 days overdue	505	420
- 61 to 90 days overdue	8	120
- Greater than 90 days overdue	3,404	3,667
- Impaired	(182)	(167)
Total Receivables	<u>8,338</u>	<u>7,696</u>

Notes to the Financial Statements
for the year ended 30 June 2019

Note 12. Inventories

	2019 \$'000	2018 \$'000
Inventories held for distribution are valued at cost and 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	50	53
	<u>50</u>	<u>53</u>
(b) Inventories held for distribution		
Quarry and road materials	684	683
Stores and materials	372	357
	<u>1,056</u>	<u>1,040</u>
(c) Land held for sale		
	<u>14,103</u>	<u>4,474</u>
<u>TOTAL CURRENT INVENTORIES</u>	<u>15,209</u>	<u>5,567</u>
Non-current inventories		
Land held for sale	<u>3,812</u>	<u>9,314</u>
<u>TOTAL NON-CURRENT INVENTORIES</u>	<u>3,812</u>	<u>9,314</u>

During the year ended 30 June 2019, no interest was capitalised to land purchased for sale.

Livingstone Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 13. Property, plant and equipment

30 June 2019	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	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value		\$'000	Cost
	Opening gross balance - at cost		-	-	-	-	-	-	23,441	-	-	-	-	-	-	-	-	-	-	-	-	32,029	-	55,470	
	Opening gross balance - at fair value		35,058	60,458	72,603	-	-	-	-	38,527	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	1,230,049
	Opening gross balance		35,058	60,458	72,603	-	-	-	23,441	38,527	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	307,768	162,926	1,285,519
	Assets not previously recognised		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Additions*		317	644	684	52	684	1,432	1,432	695	846	503	846	503	846	503	846	503	846	503	846	503	20,662	41,062	
	Contributed assets		-	211	39	-	39	-	(1,033)	-	1,077	1,859	1,077	1,859	1,077	1,859	1,077	1,859	1,077	1,859	1,077	1,859	-	7,581	
	Disposals	9	(300)	(352)	(172)	-	(172)	-	(14)	-	(222)	(833)	(1,417)	(833)	(1,417)	(833)	(1,417)	(833)	(1,417)	(833)	(1,417)	(833)	-	(1,333)	
	Write-offs	9	-	890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,764)
	Revaluation increments to equity	19	-	191	33	-	33	-	-	-	21	683	560	683	560	683	560	683	560	683	560	683	-	890	
	Work in progress transfers		22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfer to inventories		(1,874)	256	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,874)	
	Increase in landfill rehabilitation asset due to change in discount rate		-	-	-	-	-	-	23,826	-	-	-	-	-	-	-	-	-	-	-	-	-	-	256	
	Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	-	-	-	23,826	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,104	
	Total Gross Value of Property, Plant and Equipment - at Fair Value		33,223	62,932	73,239	-	73,239	-	593,542	39,021	308,899	165,138	308,899	165,138	308,899	165,138	308,899	165,138	308,899	165,138	308,899	165,138	308,899	1,275,994	
	Total Gross Value of Property, Plant and Equipment		33,223	62,932	73,239	-	73,239	-	593,542	39,021	308,899	165,138	308,899	165,138	308,899	165,138	308,899	165,138	308,899	165,138	308,899	165,138	308,899	1,326,098	
	Opening Accumulated Depreciation		-	14,091	21,340	10,709	10,709	114,653	14,941	117,021	42,801	117,021	42,801	117,021	42,801	117,021	42,801	117,021	42,801	117,021	42,801	117,021	-	335,556	
	Depreciation expense		-	1,814	2,202	1,938	1,938	8,899	479	4,141	2,294	4,141	2,294	4,141	2,294	4,141	2,294	4,141	2,294	4,141	2,294	4,141	-	21,766	
	Disposals	9	-	-	-	(758)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(758)
	Write-offs	9	-	(167)	(94)	(8)	(8)	(1,450)	(105)	(876)	(570)	(876)	(570)	(876)	(570)	(876)	(570)	(876)	(570)	(876)	(570)	(876)	-	(3,270)	
	Revaluation increments to equity	19	-	821	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	821	
	Total Accumulated Depreciation - Property, Plant and Equipment		-	16,559	23,448	11,881	11,881	122,102	15,315	120,286	44,525	120,286	44,525	120,286	44,525	120,286	44,525	120,286	44,525	120,286	44,525	120,286	-	354,114	
	Total Net Book Value of Property, Plant and Equipment		33,223	46,373	49,791	11,945	49,791	471,441	23,706	188,613	120,613	188,613	120,613	188,613	120,613	188,613	120,613	188,613	120,613	188,613	120,613	188,613	26,278	971,984	
	Other Information		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Residual Value		-	-	-	-	-	-	5,826	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Range of Estimated Useful Life (years)		Not Depreciated	4 - 134	5 - 110	4 - 40	4 - 216	9 - 120	8 - 151	15 - 141	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	
	*Asset Additions Comprise		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Asset Renewals		0	236	433	1,232	5,011	690	624	501	1,517	501	624	501	624	501	624	501	624	501	624	501	1,517	10,244	
	Other Additions		317	398	251	200	10,278	5	222	2	19,145	2	19,145	2	19,145	2	19,145	2	19,145	2	19,145	2	19,145	30,818	
	Total Asset Additions		317	634	684	1,432	15,289	695	846	503	20,662	503	846	503	846	503	846	503	846	503	846	503	20,662	41,062	

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, plant and equipment (continued)

(a) Recognition

Items of plant and equipment with a total value of less than \$5,000 and infrastructure assets, buildings & site improvement assets 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 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, 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 and water 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 five 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 of the site improvements asset class as at 1 July 2018.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, plant and equipment (continued)

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, 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, however only to the extent 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 impairment has been recognised in the reporting period.

(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 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 landfill 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 2019

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.

(g) Accumulated Depreciation

In determining the level of accumulated depreciation of road & drainage network, bridge network, water & sewerage active infrastructure, buildings 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 useful 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	
2019				
Recurring Fair Value Measurements Property, Plant and Equipment				
Land	31/03/18	11,331	21,892	33,223
Site improvements	01/07/18	-	46,373	46,373
Buildings	31/12/16	-	49,791	49,791
Road and drainage infrastructure	01/07/17	-	471,441	471,441
Bridge infrastructure	01/07/17	-	23,706	23,706
Water infrastructure	31/12/16	-	188,613	188,613
Sewerage infrastructure	31/12/16	-	120,613	120,613
Total Property, Plant and Equipment		11,331	922,429	933,760

Notes to the Financial Statements
for the year ended 30 June 2019

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	Level 3	
		Significant observable inputs	Significant unobservable inputs	
		\$'000	\$'000	\$'000
2018				
Recurring Fair Value Measurements				
Property, Plant and Equipment				
Land	31/03/18	11,331	23,727	35,058
Site improvements	30/06/16	-	46,367	46,367
Buildings	31/12/16	-	51,263	51,263
Road and drainage infrastructure	01/01/17	-	438,056	438,056
Bridge infrastructure	01/07/17	-	23,586	23,586
Water infrastructure	31/12/16	-	190,747	190,747
Sewerage infrastructure	31/12/16	-	120,125	120,125
Total Property, Plant and Equipment		11,331	893,871	905,202

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

Land

Land fair values were determined by independent valuer Herron Todd White. A comprehensive revaluation was last undertaken effective 31 March 2018.

The fair value of land has been determined by way of the direct comparison approach and 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 (Level 2 fair value measurement). Where there is a lack of comparable sales evidence, the valuation is based on the closest comparable sale in terms of the characteristics of the parcel and an allowance has been made by the valuer for restrictive zoning where applicable (Level 3 fair value measurement). This is the case for land parcels that have a zoning particular to Council's ownership such as open space and special purpose.

Site Improvements

The fair value of site improvements was determined by independent valuer, AssetVal Pty Ltd at current replacement cost (CRC). The site improvements asset class was revalued in the current reporting period, effective 1 July 2018. Council categorises a portion of its site improvement 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, heritage, cultural and cemetery assets.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Fair value measurements (continued)

Condition assessments for site improvements used the following table to determine the remaining useful lives.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
1	Near new with no visible deterioration - excellent overall condition early stages of deterioration.	81-100%
2	Good overall condition, obvious deterioration, serviceability impaired very slightly.	61-80%
3	Fair to poor overall condition, obvious deterioration, some serviceability loss.	41-60%
4	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	21-40%
5	Extremely poor condition, severe serviceability problems, renewal required immediately.	0-20%

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. An internal review of cost assumptions undertaken, coupled with a review of the applicable Australian Bureau of Statistics index, concluded that there was no material movement in the fair value of buildings since the last full valuation undertaken.

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 a first principles approach taking into account current plant, labour and material costs as well as productivity considerations and current modern equivalent infrastructure.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Fair value measurements (continued)

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.

Roads and Drainage Infrastructure

The fair value of roads and drainage infrastructure assets was determined by independent valuer Shepherd Services Pty Ltd at CRC. Roads and drainage infrastructure were comprehensively revalued as at 1 July 2017. Council categorises its roads infrastructure into urban and rural roads and further sub-categorises these into sealed and unsealed roads. Road segments are componentised into formation, pavement base, pavement sub-base, surface base and surface seal (where applicable). An internal review of cost assumptions undertaken, coupled with a review of the applicable Australian Bureau of Statistics index, concluded that there was no material movement in the fair value of the roads and drainage infrastructure asset class since the last full valuation undertaken.

Condition assessments for roads infrastructure used the following table to determine the remaining useful lives.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
0	Brand new.	100%
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%

Condition assessments for drainage infrastructure used the following table to determine the remaining useful lives.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
0	Brand new.	100%
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 in 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 by way of a full revaluation effective 31 December 2016.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Fair value measurements (continued)

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 split by process with the pump stations categorised by civil, electrical, mechanical and chemical. An internal review of cost assumptions undertaken, coupled with a review of the applicable Australian Bureau of Statistics index, concluded that there was no material movement in the fair value of water and sewerage infrastructure assets since the last full valuation undertaken.

Condition assessments for water and sewerage used the following table to determine the remaining useful lives.

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%

Bridges

The fair values of bridges were determined by independent valuer AssetVal Pty Ltd effective 1 July 2017. The current replacement value for each structure was determined by componentising the bridges and major drainage structures into surface, substructure, superstructure, waterway, deck and miscellaneous assets to reflect the different useful lives of each, from their unit rates and quantities were applied to determine the CRC of each asset component. An internal review of cost assumptions undertaken, coupled with a review of the applicable Australian Bureau of Statistics index, concluded that there was no material movement in the fair value of bridges since the last full valuation undertaken.

The condition assessments undertaken to determine the remaining useful lives of bridges assets were based on the same condition ratings for water and sewerage infrastructure assets, as outlined in the table immediately above.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Trade and other payables

	2019 \$'000	2018 \$'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 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		
Annual leave	2,855	3,016
Creditors and accruals	10,135	10,336
Other entitlements	317	448
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>13,307</u>	<u>13,800</u>

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 expensed in the period in which they are incurred. No borrowing costs have been capitalised during the current or comparative reporting period.

Current		
Loans - Queensland Treasury Corporation	5,160	4,911
<u>TOTAL CURRENT BORROWINGS</u>	<u>5,160</u>	<u>4,911</u>
Non-current		
Loans - Queensland Treasury Corporation	75,370	80,370
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>75,370</u>	<u>80,370</u>
Reconciliation of loan movements for the year		
Opening balance at beginning of financial year	85,281	79,458
Loans raised	-	10,000
Principal repayments	(4,751)	(4,177)
Book value at end of financial year	<u>80,530</u>	<u>85,281</u>

The QTC loan market value at the reporting date was \$93,428,430. 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. Council currently has an approved working capital facility with the Queensland Treasury Corporation with a limit of \$20,000,000. This facility remained fully undrawn at 30 June 2019 and is available for use in the next reporting period.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Provisions

	2019	2018
	\$'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 the Commonwealth Government bond rates as at 30 June 2019.

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 long service leave 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 and restoration of quarry 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 \$250,077 (undiscounted) and this cost is expected to be incurred over the period 2020 to 2039.

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 \$12,046,186 (undiscounted) and this cost is expected to be incurred over the period 2023 to 2055.

Current

Long service leave	4,448	3,762
Quarry restoration	20	20

TOTAL CURRENT PROVISIONS

<u>4,468</u>	<u>3,782</u>
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Non-current

Landfill and quarry restoration	10,089	9,603
Long service leave	559	874

TOTAL NON-CURRENT PROVISIONS

<u>10,648</u>	<u>10,477</u>
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Notes to the Financial Statements
for the year ended 30 June 2019

Note 17. Provisions (continued)

Details of movements in provisions:

Class of Provision	Opening Balance as at 01/07/2018 \$'000	Changes in estimates of the provision \$'000	Decrease due to Payments \$'000	Remeasure-ment due to Discounting \$'000	Unused Amounts Reversed \$'000	Closing Balance as at 30/06/2019 \$'000
Landfill and quarry restoration	9,623	260	-	226	-	10,109
Long service leave	4,636	1,025	(654)	-	-	5,007
TOTAL	14,259	1,285	(654)	226	-	15,116

Note 18. Other Liabilities

	2019 \$'000	2018 \$'000
Current		
Unearned revenue	123	132
Waste levy refund received in advance	957	-
<u>TOTAL CURRENT OTHER LIABILITIES</u>	<u>1,080</u>	<u>132</u>
Non-current		
Infrastructure charges	351	302
<u>TOTAL NON-CURRENT OTHER LIABILITIES</u>	<u>351</u>	<u>302</u>

The infrastructure charges liability reflects cash contributions from developers for which the related service obligations have yet to be fulfilled by Council.

The State Government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the state waste levy, which takes effect from 1 July 2019. Council will be liable to the State Government for payment of the levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State Government is required to make an annual payment to Council that essentially refunds Council for the portion of the levy that relates to households. Council will fund the portion of the levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State Government in June 2019 is for a refund of Council's 2019-20 levy expense, the full amount has been recognised as a liability as at 30 June 2019.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 19. Asset revaluation surplus

	Notes	2019 \$'000	2018 \$'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		19,040	19,040
Net adjustment to non-current assets at end of year to reflect a change in:			
Site improvements	13	69	-
Balance at end of financial year		<u>19,109</u>	<u>19,040</u>

Asset revaluation surplus analysis

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

Buildings		76	76
Sewerage		5,913	5,913
Site improvements		3,147	3,078
Water		9,973	9,973
Balance at end of financial year		<u>19,109</u>	<u>19,040</u>

Note 20. Commitments for expenditure

Contractual commitments

Contractual commitments at the end of financial year but not recognised in the financial statements are as follows:

Waste services		13,586	16,149
Water and sewerage services		2,960	21,491
Other		2,583	1,583
		<u>19,129</u>	<u>39,223</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Contingent liabilities

Local Government Mutual

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 to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

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. Council's maximum exposure to the bank guarantee is \$709,424.

Legal Claims

Council is a defendant in a number of legal actions that have arisen as a result of the operations of Council and its ownership of public assets as at the reporting date. 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.

Note 22. Superannuation

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically, Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to Council's obligations will only be made on the advice of an actuary.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 22. Superannuation (continued)

Notes	2019 \$'000	2018 \$'000
<p>The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date. No changes have 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.</p>		
<p>The next triennial actuarial review is not due until 1 July 2021.</p>		
<p>The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:</p>		
<p>Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.</p>		
<p>Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.</p>		
<p>There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Council made less than 4% of the total contributions to the plan in the 2018-19 financial year.</p>		
Superannuation contributions made to the Regional Defined Benefits Fund	131	155
Other superannuation contributions for employees	3,142	3,212
Total superannuation contributions paid by Council for employees	6 <u>3,273</u>	<u>3,367</u>
		2020
		\$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2019-20		<u>126</u>

Notes to the Financial Statements
for the year ended 30 June 2019

Note 23. Reconciliation of net result for the year to net
cash inflow from operating activities

	2019 \$'000	2018 \$'000
Net result from income statement	26,602	48,314
Adjusted for:		
Capital expenses	3,565	9,561
Capital grants and contributions	(16,110)	(47,630)
Contributed assets	(7,581)	(4,291)
Depreciation and amortisation	21,949	20,973
Gain from assets not previously recognised	(761)	(1,877)
Profit/(loss) on sale of land held for sale	(37)	290
Other capital income	(837)	-
	<u>188</u>	<u>(22,974)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(742)	2,508
(Increase)/decrease in inventories	(13)	162
Increase/(decrease) in payables and accruals	(201)	270
Increase/(decrease) in other liabilities	705	(416)
Increase/(decrease) in other provisions	663	(22)
Increase in land held for sale	(2,024)	(4,518)
	<u>(1,612)</u>	<u>(2,016)</u>
Net cash provided from operating activities from the statement of cash flows	<u><u>25,178</u></u>	<u><u>23,324</u></u>

Note 24. Reconciliation of liabilities arising from financing activities

	Notes	As at 30-Jun-18 \$'000	Cash flows \$'000	Non-Cash Changes \$'000	As at 30-Jun-19 \$'000
Loans	16	85,281	(4,751)	-	80,530

	Notes	As at 30-Jun-17 \$'000	Cash flows \$'000	Non-Cash Changes \$'000	As at 30-Jun-18 \$'000
Loans	16	79,458	5,823	-	85,281

Notes to the Financial Statements
for the year ended 30 June 2019

Note 25. Events occurring after the reporting period

There were no material adjusting events after the reporting period.

Note 26. Financial instruments

	2019	2018
	\$'000	\$'000

(a) Categorisation of financial instruments

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

Financial assets

Cash and cash equivalents	39,758	43,197
Trade and other receivables (excluding prepayments)	8,338	7,696

Financial liabilities

Borrowings	80,530	85,281
Trade and other payables	10,135	10,336

(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 market, liquidity and credit risk.

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. Council aims to manage volatility to minimise potential adverse effects on its financial performance.

Council's Audit, Risk and Business Improvement Committee oversees how management monitors compliance with Council's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Council. This committee is assisted in its oversight role by internal audit. Internal audit undertakes regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Business Improvement Committee.

(c) Market risk

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 26. Financial instruments (continued)

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. Council is exposed to interest rate risk through investments and borrowings with the Queensland Treasury Corporation (QTC).

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

Council does not account for any fixed-rate financial assets or financial liabilities at fair value through the profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2019					
Financial assets	38,340	383	(383)	383	(383)
Financial liabilities	(80,530)	(805)	805	(805)	805
Net	(42,190)	(422)	422	(422)	422
2018					
Financial assets	40,662	407	(407)	407	(407)
Financial liabilities	(85,281)	(852)	852	(852)	852
Net	(44,619)	(445)	445	(445)	445

(d) Liquidity risk

Liquidity risk refers to the situation where 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.

Council's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Council's reputation. This is done by maintaining sufficient cash deposits and undrawn facilities to cater for unexpected volatility in cash flows. Council has in place a working capital facility with the Queensland Treasury Corporation. Further details on this facility are disclosed in Note 16.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 26. Financial instruments (continued)

The following table sets out the liquidity risk in relation to financial liabilities held by Council. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period.

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2019					
Trade and other payables	10,135	-	-	10,135	10,135
Loans - QTC	8,844	35,376	62,984	107,204	80,530
	<u>18,979</u>	<u>35,376</u>	<u>62,984</u>	<u>117,339</u>	<u>90,665</u>
2018					
Trade and other payables	10,336	-	-	10,336	10,336
Loans - QTC	8,833	35,376	71,828	116,037	85,281
	<u>19,169</u>	<u>35,376</u>	<u>71,828</u>	<u>126,373</u>	<u>95,617</u>

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

(e) Credit risk

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

The credit risk of financial assets that has been recognised in the Statement of Financial Position is the carrying amount net of any impairment. No significant concentration of credit risk 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 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 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 Council. The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for Council.

Council has assessed its exposure to credit risk at the reporting date. In the case of rates receivables Council has the power to sell the property to recover defaulted amounts and in case of sundry debtors Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise risk. Given the vast majority of Council's credit risk relates to general rates and utility charges receivables and other receivables due from the Queensland and Commonwealth governments, Council's exposure to credit risk is not material at the reporting date.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 27. National competition policy

Business activities to which the code of competitive conduct was applied during the reporting period:

Livingstone Shire Council applied the code of competitive conduct to the following business 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. 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 by 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 Council	53	311	-	-
Revenue for services provided to external clients	27,800	7,088	335	200
Community service obligations	-	317	-	-
	27,853	7,716	335	200
Less : expenditure	(22,388)	(6,794)	(268)	(155)
Surplus	5,465	922	67	45

Description of CSO's provided to business activities:

Business Activity	CSO Description	Actual \$'000
Waste Services	Waste vouchers	312
	Charity waste disposal	5
		<u>317</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 28. Transactions with related parties

(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 (KMP) include the positions of the Mayor, Councillors, Chief Executive Officer, Executive Directors, Chief Financial Officer, Chief Technology Officer and Chief Human Resources Officer. The compensation paid to KMP comprises:

Benefit Type	2019	2018
	\$'000	\$'000
Short-term employee benefits	1,803	2,054
Post-employment benefits	267	270
Long-term benefits	29	29
Termination benefits	-	47
Total	2,099	2,400

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 and may include extended family members if they could be expected to influence, or be influenced by, KMP.

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

Details of Transaction	Additional Information	2019	2018
		\$'000	\$'000
Purchase of materials and services from entities controlled by key management personnel or their close family members.	27(e)(i)	61	181

Notes to the Financial Statements

for the year ended 30 June 2019

Note 28. Transactions with related parties (continued)

(e) Transactions with other related parties (continued)

(i) Council purchased the following services from entities controlled by key management personnel or their close family members.

Consultancy services were purchased from Alderson & Associates Landscape Architects during both 2018-19 and 2017-18. During this time a close family member of the Executive Director of Council's Liveability and Wellbeing Portfolio had control over the operations of this company. The total purchases in 2018-19 and 2017-18 were \$60,670 and \$37,838 respectively. Council also purchased consultancy services from Calibre Consulting (Qld) Pty Ltd and Butler Partners Regional Pty Ltd in the 2017-18 year totalling \$143,143. Both of these entities were a related party of former Councillor Graham Scott.

All purchases were at arm's length 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 had commitments with Alderson & Associates Landscape Architects pertaining to consultancy services for projects Council was undertaking as at the reporting date. These commitments total \$56,593 as at the reporting date.

(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 within 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 and/or utility charges
- 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 2019

Note 29. Council information and contact details

Principal Place of Business:

4 Lagoon Place
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

Email: 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
Patrick Eastwood

Other Information

ABN: 95 399 253 048

Livingstone Shire Council

General Purpose Financial Statements

for the year ended 30 June 2019

Management Certificate

for the year ended 30 June 2019

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 43, 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

10 October 2019



C.A. Murdoch

CHIEF EXECUTIVE OFFICER

10 October 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Livingstone Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Livingstone Shire Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, 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 2019, 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 management certificate given by the Mayor and the 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 2019, 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 the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

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

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

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 2019:

- 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.



14 October 2019

Patrick Flemming
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Livingstone Shire Council

Sustainability Statements for the year ended 30 June 2019

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- 1. Current Year Financial Sustainability Statement**
- 2. Certificate of Accuracy** for the Current Year Financial Sustainability Statement
- 3. Independent Auditor's Report** for the Current Year Financial Sustainability Statement
- 4. Long Term Financial Sustainability Statement**
- 5. Certificate of Accuracy** for the Long Term Financial Sustainability Statement

Current Year Financial Sustainability Statement

for the year ended 30 June 2019

	Actual 2019	Target 2019
Measures of Financial Sustainability		
Council's performance at 30 June 2019 against key financial ratios and targets.		
Performance Indicators		
1. Operating Surplus Ratio		
<u>Net result (excluding capital items) ⁽¹⁾</u>	5.5%	0 - 10%
Total operating revenue (excluding capital items) ⁽²⁾		
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) ⁽³⁾</u>	45.4%	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>	52.0%	less than 60%
Total operating revenue (excluding capital items) ⁽²⁾		
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 2019.

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 2019

Certificate of Accuracy for the year ended 30 June 2019

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

10 October 2019



C.A. Murdoch

CHIEF EXECUTIVE OFFICER

10 October 2019

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 statement of financial sustainability of Livingstone Shire Council (the council) for the year ended 30 June 2019 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 2019 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 2019, 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 the long-term financial sustainability statement.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

Responsibilities of the council for the current year financial sustainability statement

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

Auditor's responsibilities for the audit of the current year financial sustainability statement

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

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

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

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

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



14 October 2019

Patrick Flemming
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Livingstone Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2019

	Target 2019	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
							Forecast					

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net result (excluding capital items) ⁽¹⁾

Total operating revenue (excluding capital items) ⁽²⁾

0 - 10%	5.5%	-2.6%	0.7%	3.7%	3.6%	2.6%	5.9%	8.2%	9.2%	8.3%	9.0%
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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) ⁽³⁾

Depreciation expense

> 90%	45.4%	64.9%	49.3%	58.0%	72.7%	51.7%	56.4%	87.1%	92.5%	80.5%	55.8%
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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

Total operating revenue (excluding capital items) ⁽²⁾

< 60%	52.0%	75.7%	63.5%	52.5%	47.0%	38.1%	29.0%	20.0%	10.5%	0.8%	-8.0%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

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.

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.
- (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 movement 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

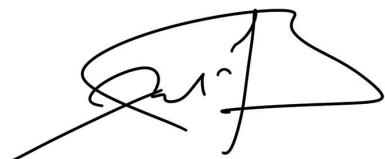
Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2019

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

10 October 2019



C.A. Murdoch

CHIEF EXECUTIVE OFFICER

10 October 2019



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