

Livingstone Shire Council **Annual Report**

2017-18

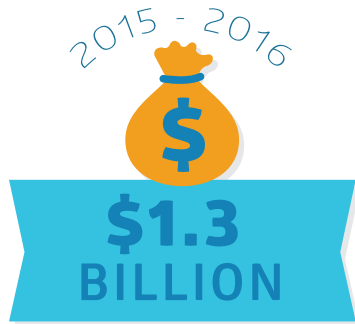


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Livingstone at a Glance

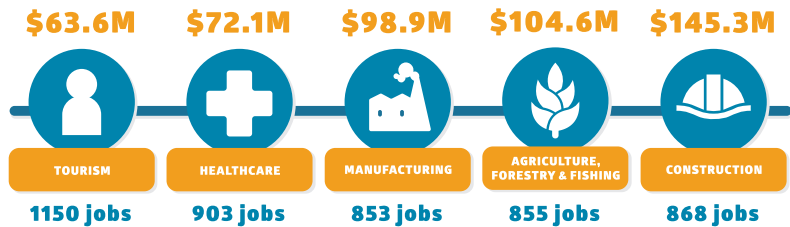
LOCAL ECONOMY



LIVINGSTONE SHIRE ECONOMY

Source: ID Profile (2017)

TOP FIVE SECTORS (2015 - 2016)



Source: ID Profile (2017)

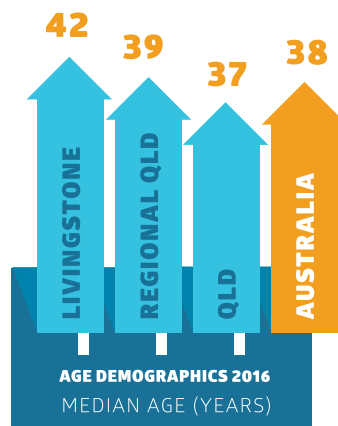


Source: ABS (2017)

PEOPLE



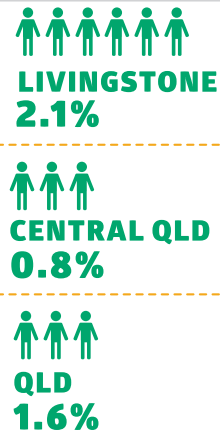
Source: QGSO (2017); ABS (2017); Lucid Economics



Source: ABS 2016 Census

POPULATION GROWTH

5-year Avg Annual Growth to 2016



Source: ABS

TOURISM



Source: Tourism Research Australia (2017); ID (2017) Lucid Economics



JOBS

LIVINGSTONE SHIRE
47.8%

Live and work in Livingstone

34.5%

Work in Rockhampton

12.6%

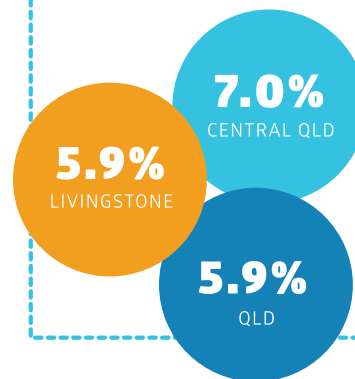
Work elsewhere

Source: ABS 2016 Census



+838 Jobs added in Livingstone between Sept 2016 & Sept 2017

UNEMPLOYMENT RATE
DECEMBER 2016



Source: Department of Employment

AFFORDABILITY

MAY 2017



COMMERCIAL OFFICE RENT

BRISBANE
AVG. \$524/SQM
LIVINGSTONE
AVG. \$277/SQM

Source: Savills (2017); Realcommercial.com (2017)



INDUSTRIAL LAND PRICES

BRISBANE
AVG. \$270/SQM
LIVINGSTONE
AVG. \$150/SQM

MEDIAN HOUSE PRICES

YE JUNE 2017



QLD Dept of Natural Resources and Mines

FUTURE JOBS

EXPECTED FUTURE EMPLOYMENT GROWTH 2015-2020 IN THE FITZROY REGION



Source: Department of Employment

Regional Profile



The Livingstone Shire located within the Capricornia region in Central Queensland; is nestled along the beautiful Capricorn Coast which spans over 11,776 square kilometres from north of the Fitzroy River to Ogmoo, and home to more than 37,000 residents.

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

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

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

Mayor's Report

As Mayor of Livingstone Shire Council I'm extremely proud of the pro-active role that Council has continued to play in delivering critical infrastructure and economic development enabling projects for our community.



Over the past four years Council has been able to set a clear vision for the future and with well-considered strategic approach has secured over \$107.8 million in State and Federal funding to help deliver an extraordinary \$225.0 million of critical trunk infrastructure and major job-creating economic development projects. The other exceptional outcome in delivering this ambitious and much needed capital works program has been Council's ability to limit total combined increase in overall borrowings to only \$9.0 million.

Projects completed or advanced since the 2017-18 financial year have included major strategic infrastructure like the Statue Bay reconstruction and waste-water treatment and reuse facilities,

tourism infrastructure like the foreshore and town centre redevelopments in both Yeppoon and Emu Park, additional stages of the Centenary of Anzac Precinct, The Gateway Business and Industry Precinct (Stage 2A), Capricorn Coast Homemaker Centre, The Centre of Excellence for Disaster Management, Innovation and Community Resilience, Emu Park Sport and Recreation Reserve, and continued shire-wide improvements to community playground, recreation and parkland upgrades.

The Yeppoon Lagoon Precinct – the stunning centrepiece of the \$53.0 million Yeppoon Foreshore and Town Centre Revitalisation Project – which was officially opened in May this year has already welcomed an estimated 66,000 visitors and

will continue to generate a much-needed boost to tourism and local business on the Capricorn Coast.

Works will also continue to progress the next stage of the Emu Park Village and Foreshore Revitalisation Project; a \$4.5 million partnership project jointly funded by Council, Queensland Government, Bendigo Bank, Emu Park RSL and Emu Park Lions Club. With the works along Tennent Memorial Drive now complete including kerb and channelling along Emu Street and electrical infrastructure relocated underground, the next focus will be on the transformation of Kerr Park with a signature playground, shelters and enhanced green space areas.

The other key infrastructure projects completed at the southern end of the Capricorn Coast have been the upgrade and sealing of Svendsen Road to the Coorooman Creek boat ramp and fishing reserve with funding from the State Government's Works For Queensland Program, as well as the final completion of upgrades and sealing of Coowonga Road.

Several other additional key transport upgrades have been incorporated into this financial year's capital works budget, including upgrades to Daly Creek Bridge at Bungundarra, thirteen concrete rural floodway upgrades



across the Shire, flood mitigation works for Yeppoon Creek outlets as well as the completion of civil works for the Capricorn Coast Homemaker Centre.

In the area of sport and recreation facility advancement, the Emu Park Sport and Recreation Reserve has been the stand-out new addition in our strategy to achieving Council's long-term vision to position the Capricorn Coast into a premier destination of choice for significant sports tourism events. With two irrigated rugby league fields with full lighting, multi-purpose amenities building complete with kiosk and storage facilities as well as upgraded access road and car park works now completed, planning is already underway to advance future stages when funding opportunities become available.

Along with the hugely popular Barmaryee Multi-Sports Precinct, these two facilities ensure the Capricorn Coast is well-equipped to cater for the current and long-term sporting needs of our rapidly growing population.

Another milestone achievement for the year has been completion of the rebuild and repair work required to restore the Scenic Highway, sea-

wall, and major landslip at Statue Bay. This project remains without doubt, one of the most complex and costly post-cyclone engineering challenges Council has ever undertaken.

It was a great team effort on the part of our project management team and successful representations and negotiations with State and Federal Governments through the Natural Disaster Relief and Recovery Arrangements secured the majority of the funding required to complete this critical project.

Looking forward, key infrastructure projects in the 2018-19 budget include completion of the \$15.0 million Yeppoon Sewage Treatment Plant Augmentation which will involve building pipework, water storage and pumping equipment to connect the upgraded sewage treatment plant to the recycled water reticulation network.

Another signature project due to be completed this year is the Capricorn Coast Memorial Gardens. Situated on Tanby Rd midway between Yeppoon and Emu Park, this \$3.5 million project jointly funded by Council and the Queensland Government, and will service our community for the next

50 years and beyond. In beautifully landscaped parkland setting, the Memorial Gardens will provide a serene final resting place for loved ones as well as future crematorium facilities.

Combined, the major projects Council has completed, or is in the process of undertaking, will play a significant role either directly or indirectly in continuing to grow the region's economy through providing immediate construction jobs and, importantly, through enabling private sector investment and generating longer-term sustainable employment opportunities.

As Council continues working toward realising the long-term vision for our region in terms of economic prosperity, it remains committed to efficient and effective utilisation of resources to achieve the very best service delivery outcomes for our community.

In closing I would like to acknowledge my fellow Councillors, senior management team and the entire Council organisation for their efforts over the last 12 months and thank the community for their ongoing support of Council.

CEO's Report



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

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

In 2016 Council established a new Strategic Growth and Development Unit, dedicated to facilitating economic growth, attracting new investment and developing sustainable industry. Already this investment is paying dividends with a number of new businesses establishing, and support being

provided to assist local businesses grow. Council's draft economic development plan will shortly commence public consultation along with our place making strategy which is all about turning space into place that people want to keep coming back to enjoy time and time again regardless of whether they are a locals or visitors.

With hundreds of new residents making a permanent move to our Shire each year, it's a responsibility that we don't take lightly and already the community is starting to see the results through the impact of the Keppel Kraken, the Yeppoon multi storey car park, Barmaryee sports precinct, Centenary of Anzacs and Wreck Point just to name a few. The development of the Yeppoon and Emu Park Foreshores will further enhance the liveability and attractiveness of our Shire as a place to live and visit.

Over the past 12 months Council has also focused on its internal operations to identify opportunities to increase efficiency and improve its practices. The roll out of mobile devices for example has enabled officers in the field update records on the go, reducing double handling of information and ensuring real time data is available. Implementation of online customer self-service functionality is giving residents the ability to obtain information anytime/ anywhere and to transact their business with Council at a time that is most convenient to them. Further expansion of online access is planned for the future to continue to deliver the kind of service our community wants and expects.

An organisational review is currently underway which is focused on building agility, flexibility and sustainability across Council with the overriding objective to grow into a smaller organisation over time.

Through prudent management, Council is on track to achieve its long-term financial sustainability goals including reducing debt over the longer term, minimising the impact of rate rises wherever possible and ensuring we are renewing community assets as and when required. On the back of the cost of de amalgamation, the five declared weather events in the period since de-amalgamation, the impact of the economic downturn and the significant capital program Council has delivered over the past few years this has certainly been a challenge. The next couple of years however, will be a period of consolidation for the organisation.

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

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



Community Trailer



Get Ready Disaster Day

Councillor Nigel Hutton

Committee Chair:

Planning, Finance, Innovation and Business Excellence



This year has seen a shift in focus for Council beyond the immediate needs of our community post de-amalgamation, towards setting the agenda for the next decade with strategic planning occurring across the organisation in conjunction with community engagement. Behind the scene, we're preparing the organisation to meet the needs of community today, tomorrow and into the future.

Innovation: Innovation lies at the heart of this work, and is occurring across every portfolio of Council, with our aim to provide the highest quality of access and service at the fingertips of residents with the least possible cost. The aim for our business is to ensure it is as operationally efficient and effective as it can be. Examples from this transformation include;

- » Local laws officers are carrying devices, which allow them to connect directly with Council's cloud based database; bring up ownership details for lost pets, making contact with owners immediate.
- » The parks and gardens team are able to do on-site inspections of all equipment and in real time provide details of damage, item

numbers, and a photo to staff who can order the replacement parts and set the date for maintenance. Thus, maximising the usability of community assets, and reducing the down time for any broken items.

- » The community and arts officers are using an online platform for community grants, which provides greater transparency for applicants but also reduces the environmental footprint for our planet.
- » Building certifiers having access to 3D and other images of building plans while on sites improving inspection times and reducing the need for follow up visits.

While we are taking these opportunities for business excellence, our size and community impact means, we are not at the bleeding front. We benefit from the opportunity to see the results of larger Council's product testing, becoming adopters with lower risks, that meets the need of Council and community into the future.

Finance: Our finance team are embedding their function into the everyday work of business units across the organisation. They are enhancing the reporting and real time feedback available to management in controlling expenditure of Council.

Beyond providing services across the organisation including work undertaken on the 2018-19 budget, they dealt with 5,000 assessment requests within a two-week window.

Under the leadership of Chief Financial Officer, Andrea Ellis, the team is continuing to advance the 'Procurement Transformation Project' with 21 projects delivered and a further 17 in action; ultimately making it easier for suppliers to work

with and supply goods to Council.

Planning: The introduction of the Livingstone Shire Planning Scheme in May 2018 saw Council's planning teams integrated and respond to more than 480 public submissions to create a scheme fit for the future of our Shire.

With a focus on user-friendly language and a framework for preserving and enhancing Livingstone's liveability, the schemes approval is a significant development, which aligns with the new Planning Act of 2017.

Together these documents introduced significant changes to way in which Council and the development industry manage the development application process. We also completed our first Local Government Infrastructure Plan, which sets out the planned provision for public infrastructure and aims to ensure cost-effective delivery of new assets in sync with the shire's growth. In addition, the planning, building, plumbing and drainage units have all transitioned to electronic administrative processes, making it easier and more efficient for customers to conduct business with Council.

Business Excellence: Ultimately the values of our organisation; Teamwork, Accountability, Community, Positivity, and Potential are seen in the business excellence occurring throughout our organisation. We strive to best meet the needs of our community both for today and in planning for the future of our shire.

Councillor Jan Kelly

Committee Chair:

Community Development & Support and Senior Citizens



John Street Community Centre

During 2017-18 Council's Community Centre provided interaction and programmes that enhanced community knowledge and awareness. The centre created opportunities for community engagement, participation, access and inclusion for Livingstone residents.

The Community Centre provided a free venue where government and non-government visiting services were delivered locally, through the Capricorn Coast Interagency Network. Thus providing different levels of external support without the need for residents to travel to Rockhampton.

Community Programmes – Yeppoon

Some of the services available were Seniors Computer Skills, Alternate Learning Space, Taxation Help, Introduction to Japanese and French Languages, NDIS Information Sessions, Women's Wellness, Budgeting for the Unexpected, Navigating Aged Care and Facebook for Beginners, were also subjects covered at the Community Centre.

1,308 participants attended a total of 299 sessions at the Community Centre from 1 July 2017 to 30 June 2018.

Livingstone Loop Programs

438 participants attended a total of 38 sessions in the Emu Park and Zilzie regions.

The programmes provided - Beginners Chair Yoga, Baby Beatz (Emu Park and Zilzie), Women's Wellness including a Creative Art program, Kids Speak (Emu Park), Facebook for Beginners, Yoga for Beginners (Zilzie), and an Introduction to Tai Chi (Zilzie).

Participants identified their appreciation of the relaxed atmosphere, attending an event in their own town, the opportunity to meet people and increasing their knowledge on the topics.

Seniors Week Activities

1,393 Seniors participated in a variety of activities throughout the Shire. These included the Seniors Week Launch (Cawarral), a Poets Breakfast, the Great Debate, Grandparents Reading (Byfield), Seniors on Wheels, a Hawaiian Lunch, Seniors Expo, Story Time (Emu Park Library), CWA Morning (Emu Park), a Seniors Dance, and a Coral Cruise on Keppel Bay.

Livingstone Community Grants

Livingstone's Community Grant program continues to provide funding, in partnership with the Keppel Bay Sailing Club and Inverness Yeppoon, to eligible community groups. Livingstone's annual budget includes \$50,000 each year for community grants. There are two funding rounds each year in February and August.

Dignity First Washroom

The Washroom facilities were launched on 20 December 2017, and have been made possible through Dignity First Funding received from the Queensland Government Department of Housing and Public Works.

Dignity First Laundry and Washroom door counter statistics:

Total 12,726

**December 2017 to March 2018
(97 days): 6,682**

April to June 2018 (91 days): 6,044

ICare Community Project

Officers at the Community Centre identified there were local men, women and children experiencing significant financial stress and family hardship. Local community members, groups and businesses wanting to donate money and items have also been identified.

The Community Centre is a central point for accepting donations of money into a specified Council account, code designated as ICare. When there are funds available in this account, fuel and/or grocery-only vouchers are purchased and allocated to people who meet the critical eligibility criteria.

Vouchers totalling \$5,860 have been distributed in the period between November 2017 and June 2018.

Also accepted for distribution, are donation items for other programmes connected to the ICare Project and Dignity First Washroom facility. The Community Centre connects people accessing ICare to a wide range of other services and support options that can help them.

Capricorn Coast Domestic and Family Violence

Working in liaison with the Capricornia Regional Steering Committee for Domestic and Family Violence, Council has taken a very active role in raising awareness of, and continues to work towards lowering the number of Domestic and Family Violence incidents in Livingstone.

Statistics clearly demonstrate a link between drug and alcohol abuse and domestic violence. A support group for ICE awareness has been formed by the community and meets regularly in the John Street centre.

Each year Council continues to involve our communities in numerous awareness raising community programs.

Councillor Adam Belot

Committee Chair:

Recycling & Waste Management, Water Cycle and Local Laws



War on Waste

The popular TV series 'War on Waste' has been a major influence on Livingstone Shire Council's Waste Management Plan throughout 2017-18. As Committee Chairman for all things to do with Water and Waste Management, it is both challenging and exciting to see the area of Waste Management becoming a higher priority across the Livingstone Shire. In 2017 Council joined the Local Authority Waste Management Advisory Committee (LAWMAC). LAWMAC is an organisation of North Queensland Council's dedicated to best practice waste management through its regional forum and interactive participation across the North Qld region on current and future Waste Management Practices and Technologies.

Reduce, Reuse, Recycle

Reduce, Reuse and Recycle. If you haven't heard this phrase before, then I believe you certainly will, in the not too distant future. Why? Essentially Reduce, Reuse and Recycle is becoming the consistent message that Council's are promoting to educate their communities on better waste management. This change has come primarily as a result of China saying, 'no' to importing Australia's (and other Countries) waste, which has created the need for Council's to reassess their waste management.

This excess waste has motivated a Council Waste Management Policy to explore new strategies and initiatives aimed at Reducing, Reusing and Recycling waste. Furthermore, a waste audit revealed that our household bin (red lid) was being used to discard 53% of organic matter which should not be entering Council landfill sites. Organic matter can be problematic in our landfill by creating untapped methane (Green House Gas) and taking up valuable space. The Waste audit also revealed that 27% of the recycling (yellow lid) bins were contaminated with non-recyclable waste, which is then discarded into landfill sites. This information will be very important as we move into 2018-19 and explore waste management options.

Thanking our Local Partners

Council continues its strong partnership with various community and not for profit groups that help make our community even greater. The Fitzroy Basin Association, Local Marine Advisory Council and Capricornia Catchments have contributed valuable support to Council throughout the year. Furthermore in 2017 Council endorsed its Reef Guardian Action Plan which outlines many strategies to improve the health of the Great Barrier Reef. Much of these strategies relate to water quality that enters the Keppel Bay system through waterways like Yeppoon's Fig Tree Creek and the mighty Fitzroy River.

Four Paws Adoption and Education Inc, Capricorn Animal Aid and the RSPCA have continued to be supported by Council in the fantastic work they do to find suitable homes for cats and dogs. These positive partnerships were displayed with another very successful free micro-chipping day held at Merv Anderson Park Yeppoon in 2018. There were over 100 cats and dogs microchipped and a big thankyou to all involved.

That was the year that was 2017-18 and it has been an honour to serve you through this time.

Councillor Glenda Mather

Committee Chair:

Municipal Infrastructure



The 2017-18 financial year was defined by the delivery of two substantial and critical infrastructure projects for Livingstone Shire. The first was the completion of the \$30.0 million Panorama Drive, which provides an important commuter and emergency link for the northern suburbs of Yeppoon and is a key enabler for the future expansion of the Iwasaki Resort (a project of State Significance).

The second was the completion of the \$23.2 million reconstruction of the Scenic Highway at Statue Bay, with valuable assistance from the Queensland Government and the NDRRA. This road had been badly damaged during Cyclone Marcia and has taken three years to reconstruct,

due to the testing of coastal and geomorphological conditions. The opportunity was taken to extend the coastal pathway along the ocean side of the reconstructed road and is proving very popular with pedestrians, cyclists and runners. Council was fortunate to receive \$20.7 million of funding from external sources for this essential project and the residents along the detour of Clayton Road and Mulambin Road are thanked for their patience over the past three years and hopefully traffic volumes have now returned to pre-cyclone Marcia levels.

Approximately sixty per cent of Council's 1,424 kilometre road network is unsealed and thus many of Council's maintenance activities are influenced by weather conditions (with prolonged periods of wet or dry impacting upon when maintenance work is required). Consequently, it is always nice to be able announce the completion of the sealing of a section of existing road. 2017-18 saw the remaining unsealed section of Coowonga Road (approximately 2.6 kilometres) reconstructed and sealed. This road is popular with residents and tourists alike and this is only expected to increase now that it is fully sealed.

Council's pathway programme continued, with the network being

extended through Cooe Bay and Barmarye. An upgrade to the Yeppoon Bus Interchange was also commenced to bring it into compliance with the requirements for equitable access.

Council undertook several flood mitigation projects, including works at Appleton Drive, the upgrading of several gravel floodways to concrete floodways, and improvements to several existing concrete floodways. These works have been performed to increase the level of flood immunity or to improve the trafficability of roads during, and most importantly immediately following, wet periods. This work is considered critical, as Council is very aware of the importance of the road network to residents and businesses in the rural areas.

My portfolio gives me cause to be out and about on a regular basis, meeting people and getting firsthand experience of Council's road and stormwater networks. The management of these extensive networks requires substantial resources (financial and staff) but with careful planning, appropriate prioritisation and constantly scanning for external assistance, we can certainly make a difference.

Councillor Tom Wyatt

Committee Chair:

Parks, Open Spaces and Environment



Parks, Open Spaces and the Environment

2017-18 saw numerous very successful open space and environmental programmes and projects delivered across the shire.

Parkland and Open Space

Numerous parks had improvements undertaken to increase their functionality for local residents and appeal to visitors and tourists. Whilst the most notable was the Yeppoon Foreshore, many of the smaller suburban areas across the shire also received attention from Council's dedicated Open Spaces team.

Glenlee Park received funding to support facilities enhancement through the Get Playing Places and Spaces (Queensland Government) initiative. Council, together with the Queensland Government (\$100,000) will deliver the project and further work will be undertaken to consider enhancing the facilities within Olive Estate Park. A shade structure over the Appleton Park Liberty Swing has been installed through a partnership project including Council, Livingstone's Pinefest Ambassador 2016, Yeppoon Lions Club and Variety Australia.

Beautification and ongoing improvement to median strips across the Shire, to create walkable options for passive recreation continues. Council also continues

with its programme of implementing irrigation to parklands across the Shire, with the express purpose of improving the aesthetic value and general usability.

Sporting Tourism is a key priority for Livingstone Shire Council in support of the development of vibrant local clubs and associations which are nurturing tomorrow's sporting champions, as well as in delivering economic outcomes for local business and the wider community. With an appreciation of the benefits provided by sporting tourism Council is continuing to ensure it is positioned with the required infrastructure to host large scale regional, state, and national events and competitions.

As well as infrastructure which supports participation in structured sport, Council has also leveraged its capital budget to access external funding in the delivery of significant community infrastructure projects, such as the Yeppoon Foreshore and Lagoons Precinct and Emu Park Foreshore and Town Centre Revitalisation, which have enabled the benefits of tourism to be realised through both participation-based and competitive events. Events including the Yeppoon Triathlon Festival, Fitzroy Frogs Triathlons, Queensland Youth Sailing Championships, Yeppoon Running Festival, regional swim meets in Yeppoon and Emu Park, and many others have been facilitated by considered investment in the requisite infrastructure by Council, and continue to deliver immense economic benefits to the local community.

In addition to investment in and delivery of infrastructure to support tourism through large scale regional, state, and national events and competitions, Council is also working with local clubs and associations in building individual capacities to plan for, bid on, and deliver these events and competitions in order to ensure the positive impacts of sporting tourism can continue to grow and be

maximised into the future.

Council's strategic investment through the delivery of infrastructure and capacity building of local community organisations will ensure that the Livingstone Shire community gains access to high-quality facilities, and benefits from strong economic stimulus through sporting tourism for years to come.

Environmental

Council is proud of its ongoing involvement in the Reef Guardian programme, to which it was one of the original participants. 2017-18 saw Council involved in numerous projects and programmes designed to further protect the reef and raise awareness of the reef and the impacts of human activity on the reef.

In September 2017, Council partnered with Queensland Parks and Wildlife Service, the Department of Natural Resources, Mines and Energy, and Fitzroy Basin Association to undertake a very successful fox detection programme. The success of the programme was evident in the ensuing turtle breeding season, which was one of the more successful in recent times. The programme will be continued in the 2018-19 financial year, as Council continues to proactively counter the impacts of predatory pests.

Council completed a carbon audit of the entire organisation and its operations in early 2018. This report is being used to modify Council's practices to reduce its environmental footprint and realise real efficiencies which can be passed onto the community.

In recognition of the contribution that the custodians of nature refuges make to the shire, environmentally and culturally, Council has introduced a rebate in the 2018-19 financial year. This rebate provides some recognition to the efforts which are required to ensure the nature refuges are appropriately managed.

Councillor Pat Eastwood

Committee Chair:

Libraries, Arts, Culture, Sport, Recreation and Youth



Being the most recently elected Councillor, I have only been actively involved in my portfolios for about five months and have thoroughly enjoyed the time engaging with the community and particularly seeing some great things occur within my specific areas.

Libraries

Council completed the upgrade of its library branch at Marlborough with the renovation of the former Marlborough Railway Station within the Heritage Precinct. The upgrade also included the establishment of a wifi network and increased opening hours.

Council's digital literacy programme continues to develop, with the Library partnering with the Community Centre to deliver Tech Savy Seniors into five localities across the Shire. At the other end of the demographic, Council's First 5 Forever is delivering critical pre-literacy skills to 0 to 5 year olds in seven locations across the Shire.

The book launches and author talks, held in conjunction with the Library, are another example of Council's desire to support and promote local authors.

Arts and Culture

The Regional Arts Development Fund distributed \$68,778 to 28 recipients, supporting activities such as individual professional development,

artist workshops and exhibitions. The 2017-18 suite of music, theatre and film offerings proved very popular, with the transition to electronic ticketing also being well received.

Sport and Recreation

In 2018, Council, with funding assistance from the State and Federal governments, opened its latest sporting facility, the Emu Park Sports and Recreation Reserve. The Emu Park Rugby League Club joins the Emu Park Men's Shed as the principal tenants of this magnificent reserve, with plans for additional fields and courts to link in with the population growth on the southern end of the coast.

In Yeppoon, the Barmaryee Multi-Sport Precinct provided an insight into its potential, hosting a netball event which attracted 100 clubs. Barmaryee Multi-Sport Precinct is an example of what can be achieved when different sports and clubs co-operate and collaborate.

Council also delivered its first Active Livingstone Strategy. This strategy is about unstructured and incidental recreation activities and how this can be achieved around the Shire and how these elements can also be capitalised upon to drive greater tourism opportunities and economic development.

The expansion of the pathway network continues, with the opening of the pedestrian and cyclist link around Statue Bay. It is hoped that by the end of 2018-19, the pathway network will extend from Yeppoon to Rosslyn Bay and Kemp Beach.

Finally, the Yeppoon Foreshore redevelopment saw the upgrading and enhancement of the Skate Park, which is now experiencing high usage across all age groups and abilities and has already hosted competitions.

Youth

At Livingstone Shire Council we are proud of the contributions young people make to our community and we are working to support them. We

look forward to working alongside the community to provide opportunities for our young people and help them achieve their goals.

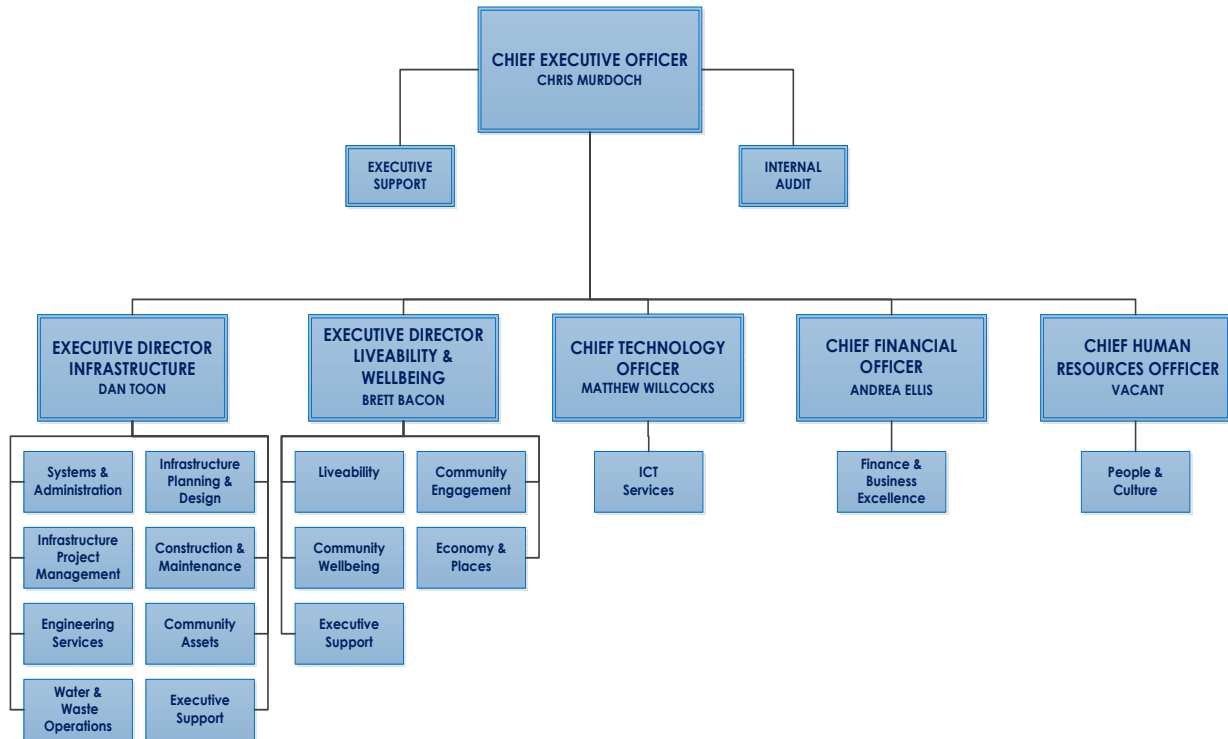
The Mobile Community Youth Trailer is finished and is ready for use. This trailer is going to provide another platform for Council to engage with our young people, not only on the coast but in our rural and remote regions of the Shire. This is going to increase our community outreach and improve the way we deliver services and activities for young people in our community.

The 2018 Youth Needs Analysis has recently been completed, and it touches on a range of topics affecting young people in our community and presents some key findings, as well as what we plan to do with the information. Based on these findings, Council is in the process of developing an action plan to ensure the identified needs are met, and this will include developing a framework for engaging with young people in the ways they want to be engaged. A youth committee will be developed to ensure ongoing information sharing with young people, and a youth review will be conducted annually to update key parts of this analysis and ensure programs and events Council delivers are still meeting the needs of local young people. We'll also look at ways of sharing information about supports and opportunities with young people.

Council itself also provides a youth support service which offers one-on-one support, information and advice, school holiday activities, the Alternative Learning Spaces in Emu Park and Yeppoon and community outreach. There is a lot of support available to young people to help them grow and achieve.

Organisational Structure

The following represents the management structure of Council as at 30 June 2018



Executive Leadership Team



Chris Murdoch – Chief Executive Officer

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



Brett Bacon – Executive Director Liveability and 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 along with a Master in Business Administration, Brett brings significant experience to his role as Executive Director of Liveability and Wellbeing. Brett is responsible for a team of 87 staff from Community Partnerships, Construction Services, Development Assessment, Growth Management, Libraries and the Arts, Local Laws and Compliance, Public Environments and Disaster Management Units. Brett worked for the former Livingstone Shire Council before taking up his role as Land Use Manager with Rockhampton Regional Council upon amalgamation in 2008. He has previously worked for the Tasmanian State Government and numerous local governments including Pine Rivers, West Tamar and the Whitsunday Shire Council.



Dan Toon – Executive Director Infrastructure

After completing studies at the Capricornia Institute of Advanced Education and gaining a degree in Civil Engineering, Dan commenced his career in the Northern Territory before returning to Rockhampton to work for several engineering consultant companies. He started at the previous Livingstone Shire Council in 1996 working in several different infrastructure roles. With amalgamation in 2008, he was appointed Manager Civil Operations with the Rockhampton Regional Council. Dan brings many years' experience, both in the field and in management, to his role as Executive Director of Infrastructure. The Infrastructure Department comprises 210 staff members and incorporates the Engineering, 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 commenced her local government career in 1999 as a Local Government Trainee with the former Calliope Shire Council. She has also worked at the former Miriam Vale Shire Council and through the amalgamation in 2008 which became Gladstone Regional Council. Andrea is a Certified Practising Accountant (CPA) and holds a degree in accounting from Central Queensland University and has also obtained Black Belt qualifications in Lean Six Sigma. 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 the use of technology can enable for Council, it's residents and visitors.



Key Highlights

Major Projects

Yeppoon Foreshore and Town Centre Revitalisation

The Yeppoon Foreshore and Town Centre Revitalisation Project represents a \$53.0 million investment into the region, jointly funded with the Australian Government contributing \$10.0 million, the Queensland Government \$29.0 million and Council \$14.0 million. Now completed, the overall objective was to revitalise existing public spaces and increase tourism, recreation and commercial land uses within the Yeppoon Foreshore and Town Centre Precinct.

The Yeppoon Foreshore and Town Centre Revitalisation Project also includes the newly-completed Yeppoon Lagoon Precinct, which features a shallow-depth children's play area as well as an informal lap swimming area, plus shaded areas in and around the lagoon. The two-storey pavilion overlooking the lagoon will offer new dining and entertainment opportunities.

This project has transformed the Yeppoon foreshore, creating a hive of resident and visitor activity and spend, enhancing future private sector investment across the region.

With its beachside location and proximity to the revitalised Yeppoon Foreshore and Town Centre the current site of the Council chambers is a prime future site for high-end tourism development to fully complement the transformation.

Emu Park Village and Foreshore Revitalisation Project

Stage 3 of the Emu Park Village and Foreshore Revitalisation Project is continuing to ramp up, with road-works and street-scaping of Emu Street, Granville Street and Tennent Memorial Drive and Kerr Park completed earlier this year.

With the next focus of works on the transformation of Kerr Park with a signature playground, shelters and enhanced green space areas, the innovative design will ultimately

create a destination drawcard for locals to enjoy and builds on the Emu Park Village Centre Master Plan.

The \$4.5 million partnership project is proudly funded by the Queensland Government in association with Livingstone Shire Council and Emu Park Bendigo Community Bank.

Scenic Highway Reconstruction Project at Statue Bay

One of the most challenging engineering projects in the history of Livingstone Shire came to completion in July 2018, following the devastating impact of Cyclone Marcia in 2015.

Funded under the Natural Disaster Relief and Recovery Arrangements, Livingstone Shire Council and Department of Transport and Mains Roads, extensive civil and geotechnical engineering design work was carried out to construct an ocean protection revetment wall and road reconstruction as well as slope stabilisation involving soil nailing and shotcrete surfacing.

The project was an extensive and complex operation to ensure long-term stability at the site to withstand extreme weather events in future.

The Gateway Business and Industry Park

The Gateway Business and Industry Park is a Council owned master planned business park on 56 hectares located five minutes from Yeppoon Town Centre. The park has preliminary approval offering simple self-assessment for light-to-medium (low impact) business and industry uses.

Stage 1 of the project is complete (2016) and Stage 2 was developed in 2017 with lots ranging from 2,000m² to 12,000m² available for purchase. Once fully developed with active businesses, The Gateway Business and Industry Park has the potential to generate hundreds of local jobs.

Capricorn Coast Homemaker Centre

The Capricorn Coast Homemaker Centre is a dedicated "Homemaker Centre" fronting the Yeppoon to Rockhampton Road. The site is in a central location on nine hectares of land close to town and is earmarked for large format retail, bulky goods and associated businesses.

Stage 1 went to market in 2016 and commenced development in 2017. Stage 2 will be developed in future years subject to demand. The total development has the potential to add around 300 local jobs to the Capricorn Coast region and, with the right tenancy mix will retain local spend within the community. Council received \$3.0 million funding from the Queensland Government through the Works for Queensland program which is an initiative to assist with local job creation.

Centre of Excellence for Disaster Management, Innovation and Community Resilience, known as 'The Hub'

The Centre of Excellence for Disaster Management, Innovation and Community Resilience, known as 'The Hub' is a \$6.2 million project jointly funded by the Australian and Queensland governments and Livingstone Shire Council. It is a cyclone-proof three-storey building in Yeppoon Town Centre, designed to function as a strategic hub for managing and coordinating disaster situations and recovery efforts and building community resilience.

Additionally, and potentially more importantly, the centre can also function as a state-of-the-art centre of excellence for an education and research facility to encourage entrepreneurship, and provide flexible co-working space via a high-technology learning space. The centre has the potential to become a hub of innovation and economic development for the Capricorn Coast region, providing a catalyst for future employment.

Council Activities and Performance

Council Activities

The core business activities of Council during the 2017-18 financial year were;

- » 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 on the results presented in the 2017-18 audited general purpose statements. During the year, Council undertook an organisational review which resulted in a new structure and a reduction in the size of its workforce. Council also undertook a comprehensive review of depreciation through extensive condition assessments which has also resulted in significant reduction in the depreciation expense. The fiscal consolidation programme will continue during 2018-19 with a review of Council's rating methodology along with a reduction in the Capital budget.

An operating surplus of \$4.0 million demonstrates that Council is in a more stable financial position than what it was 12 months ago. Council also delivered a record \$84.9 million in capital works which was funded by grants from both Federal and State governments to a total of \$44.1 million and \$10.0 million in borrowings for the Yeppoon Sewerage Treatment Plan Augmentation.

Audit, Risk and Business Improvement Committee Performance

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

Council values the independence of ARaBIC and is committed to the committee membership possessing a suitable breadth of skills, experience and expertise to strengthen its ability to scrutinise and challenge the functions it monitors and reviews. During 2017-18 the committee has operated with the maximum allowed membership with two Councillors and four external representatives. The members of the Committee in June 2018 were:

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

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

The ARaBIC Terms of Reference set a high standard on meeting frequency, requiring 6 meetings per year. In 2017-18 ARaBIC met in July, September, October, January, February, May and June. The ARaBIC Chair presents to Council following each meeting on key matters for the attention of Council. During 2017-18 the Committee has addressed each of its areas of responsibility.

The Queensland Auditor General has completed their annual financial statement audit at Livingstone Shire Council and

delivered an unqualified audit opinion on the financial statements for 2017-18. While a small number of unadjusted differences were identified during the course of the audit, these are not material and there were no control or process issues that were identified as seriously deficient during the conduct of the audit.

The Committee commenced its annual self-assessment in May 2018. The results and proposed improvements will be discussed in the October meeting. The committee continues to meet the key elements in the better practice guidelines. The introduction of strategic briefing sessions during the year has been a positive with further improvements to focus on higher value activities being considered.



Pop-Up Library, Beman Park



Community Volunteer Day, Kemp Beach

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 2017-18 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 2017-18 took a more streamlined approach reducing the number of targets from 348 to 296 as the organisation continued to mature.

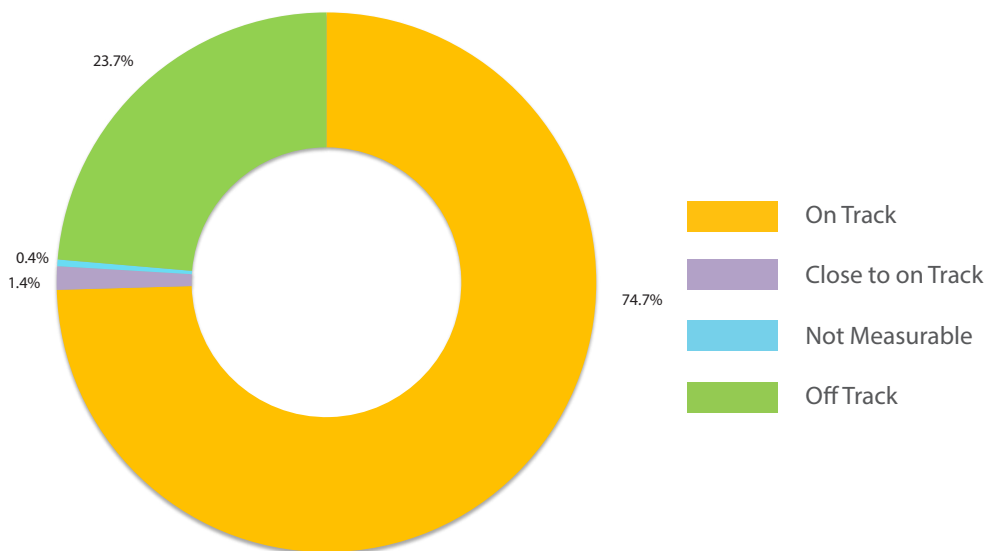
Of the 296 Operational Plan targets:

- » 221 (74.7%) were within 5% of the target and were therefore achieved;
- » 4 (1.35%) were between 6-10% from the target and were therefore not achieved;
- » 1 (0.35%) were not applicable as they were unable to be measured or were not required and were therefore not achieved; and
- » 70 (23.7%) were 11% or more from the target and were therefore not achieved.

The achievement of some operational plan targets was impacted by the implementation of the new organisational structure and the significant Capital Works Programme which diverted resources during this financial year. It is anticipated that these projects will be delivered early in the 2018-19 financial year.

Corporate Plan and Operational Plan Scorecard

An annual review was conducted of the Operational Plan targets and their associated links to the 23 Corporate Plan strategies. Of the 296 Operational Plan/Corporate Plan links, 221 (74.7%) were on track, 4 (1.4%) were close to on track, 1 (0.4%) weren't measurable at this stage, and 70 (23.7%) were off track. As the Corporate Plan is a long term document, it is anticipated that substantial progress of off track links can be made within the next financial year.



Operational Plan/Corporate Plan Links by Theme

Assets				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
AM1: Develop an innovative and integrated framework for long term, cost effective asset management				
5			5	10
AM2: Identify infrastructure and asset requirements through community consultation and technical expertise				
3			1	4
AM3: Design and implement practical infrastructure solutions				
16		1	7	24
AM4: Operate, maintain and use Council assets to deliver efficient and cost effective services to the community				
26	1		18	45

Environment				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
EN1: Apply environmentally responsible land use planning to balance environmental and development outcomes				
2			1	3
EN2: Recognise and understand the various eco-systems of the Shire to encourage their sustainable use and appreciation through appropriate accessibility				
1				1
EN3: Minimise impact on the natural environment through effective waste management and pollution control policies and programs				
4			1	5
EN4: Actively participate in conservation and enhancement programs to ensure the preservation of natural assets and identifiable built form				
1				1
EN5: Proactively advocate to government on matters which impact on the health, wellbeing and sustainability of our Shire's natural environment				
1				1

Economy				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
EC1: Identify and capitalise on economic opportunities for the benefit of the community				
3			2	5
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				
2				2
EC3: Promote Livingstone Shire as a desirable destination for investment, business, industry, tourism and living				
1			2	3
EC4: Establish initiatives including partnerships with both government and the private sector to create enterprises and undertake projects that generate jobs, wealth creation opportunities and sustainable economic growth				
6			3	9

Community

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
CO1: Facilitate, encourage and enable self-sustainable community associations and volunteer groups to pursue their diverse aspirations				
1				1
CO2: Facilitate programs and support local social, cultural, artistic and community building initiatives				
5			3	8
CO3: Provide community facilities and services to encourage and enable participation in active and healthy lifestyles				
8				8
CO4: Promote and encourage community health and wellbeing through programs addressing environmental health, community safety issues, social cohesion and inclusiveness				
16				16
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				
4			2	6

Governance

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
GO1: Inform and empower the community through ongoing engagement and communication				
14	1		6	21
GO2: Develop strategic plans and policies to address local and regional issues and guide service provision				
27			4	31
GO3: Pursue financial sustainability through effective use of Council's resources and assets and prudent management of risk				
20			6	26
GO4: Provide transparent and accountable decision making reflecting positive leadership to the community				
7	1		1	9
GO5: Deliver customer focused and responsive services efficiently and effectively				
48	1		8	57

Total of Corporate Plan / Operational Plan Links

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
221	4	1	70	296
74.7%	1.35%	0.35%	23.7%	100%

Annual Business Plan 2017-18 Target Performance

SERVICE DELIVERY	
COUNCIL ROLE	
Robust analysis of services and activities prior to commencement (e.g. via Project Evaluation Methodology) and periodically thereafter (e.g. via service level reviews)	Council continues to review its services to ensure they align with community needs and aspirations through an ongoing business improvement framework. Council has implemented a project management methodology and is further developing a project investment decision framework.
PROGRAM STABILITY	
Achieving performance measures listed in Council's Corporate Plan and Operational Plan	"As per Corporate Plan and Operational Plan Scorecard"
Deliver services in line with defined service standards	Council periodically reviews its service standards for each service it provides.
OPERATING PERFORMANCE	
FINANCIAL SUSTAINABILITY	
Achieve a sustainable Operating Surplus Ratio of between 0+/-10%	4.7% reported as per Financial Statements, meets target.
Achieve an Operating Surplus in six or more of the years within the 10 year planning period, with consistent moderate rate rises and no disruptive service cuts from year to year	Operating Surplus for 2017-18, operating surpluses predicted for 9 out of the 10 year planning period.
FUNDING	
Own Source Operating Revenue Coverage Ratio (own source operating revenue/operating expense) of greater than 60%	87.2%, meets target.
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)	1.5% meets benchmark.
RATING STABILITY	
Percentage of rate change (excluding growth from new development revenue) for each rating category to be no more than +/- 2% CPI (March Quarter)	Overall increase excluding growth 5.2%, does not meet target. March Quarter 2017 CPI was 2.1%. 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)

FISCAL FLEXIBILITY

BORROWINGS AND FINANCIAL POSITION

Net Financial Asset/Liabilities Ratio (Total Liabilities-Current Assets/Operating Revenue) of less than 60%	66% reports as per Financial Statements, does not meet target.
Total debt service cover ratio (operating result before interest and depreciation/principal and interest) of > 2 times	3.5 times, meets targets.
Interest Coverage Ratio (Operating Result + depreciation & amortisation + gross interest expense) / gross interest expense	7.3 times

INTERGENERATIONAL EQUITY

Achieve an Operating Surplus in six or more of the years within the 10 year planning period, with consistent 'moderate' rate rises and no disruptive service cuts from year to year	Operating Surplus for 2017-18, operating surpluses predicted for 9 out of the 10 year planning period.
Borrowing capacity (total borrowings/operating revenue) reduces to 50% within the ten year planning period	Maximum borrowing capacity in 2017-18, target achieved in 2024-25. Council entered amalgamation in 2008 with \$29.0 million in debt and at de-amalgamation received \$76.0 million in debt. Since de-amalgamation Council has borrowed a net amount of \$9.0 million to deliver \$225.0 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 \$26.6 million at the end of the forecast period (2027-28).

LIQUIDITY

Cash expense cover of at least 3 months	9.2 months, meets target.
Working Capital Ratio of at least 2:1	2.5:1, meets target.

ASSET SUSTAINABILITY

EXISTING INFRASTRUCTURE

Asset Sustainability Ratio (Capital Expense on Replacement Assets/Depreciation Expenditure) above 90%	54.5% 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%	133%, asset renewal expenditure for 2017-18 exceeded the target, and is above discounted 10-year average asset renewal requirements.

NEW INFRASTRUCTURE

% Spend on New vs Existing Assets	84.9% New Assets vs 15.1% Existing Assets.
Extent to which new assets are funded externally	\$44.9 million External Capital Grant funding, as per Financial Statements.

Councillor Remuneration, Expenses and Attendance

Councillor Remuneration

In accordance with the *Local Government Regulation 2012*, the Local Government Remuneration and Discipline Tribunal determines the maximum remuneration payable to the Mayor, Deputy Mayor and Councillors. As determined in the 2017 Local Government Remuneration and Discipline Tribunal Report, remuneration paid to Councillors between July 2017 and June 2018 is detailed below. The table also shows expenses incurred by and the facilities provided to each Councillor during the financial year under the Councillor Facilities and Expenses Policy document.

Councillor	Gross Salary \$	Superannuation \$	Total Remuneration \$	Travel/Expense Reimbursement \$
Mayor Bill Ludwig	125,087	15,154	140,242	23,364
Deputy Mayor Graham Scott	38,726	4,736	43,463	6,558
Deputy Mayor Nigel Hutton	77,230	9,412	86,641	8,105
Cr Jan Kelly	66,452	8,118	74,570	7,297
Cr Tom Wyatt	66,452	8,118	74,570	7,220
Cr Glenda Mather	66,452	8,118	74,570	8,532
Cr Adam Belot	66,452	8,118	74,570	6,097
Cr Pat Eastwood	17,411	2,123	19,533	2,775
TOTAL	524,804	63,963	588,766	69,341

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 Policies are available online at www.livingstone.qld.gov.au

Attendance at Council Meetings

Councillor	Ordinary Meetings (24 Held)	Special Meetings (4 Held)	Total
Cr Bill Ludwig (Mayor)	22	4	26
Cr Graham Scott (Deputy Mayor) – Finished February 2018	12	1	13
Cr Nigel Hutton (Deputy Mayor)	23	4	27
Cr Adam Belot	24	4	28
Cr Pat Eastwood (elected April 2018)	5		5
Cr Jan Kelly	21	4	25
Cr Glenda Mather	22	4	26
Cr Tom Wyatt	22	4	26



Code of Conduct for Councillors and Staff

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

During the twelve months to 30 June 2018 Council fulfilled its statutory obligations under section 23 of the *Public Sector Ethics Act 1994* by ensuring the adopted Code of Conduct was made available publicly online and internally through the intranet, and providing all new permanent staff with access to the Code of Conduct and training as part of their induction process. No external inspections of the code were requested during the 2017-18 financial year.

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

Complaints about the conduct or performance of Councillors for which there was no further action taken under section 176C(2) of the Act	0
Complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act	0
Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	0
Complaints referred to the department's Chief Executive under section 176C(4)(a) of the Act	1
Complaints assessed by the Chief Executive Officer as being about official misconduct and/or corrupt conduct	1
Complaints heard by a regional conduct review panel	0
Complaints heard by the tribunal	1
Complaints to which section 176C(6) of the Act applied	0
Orders and recommendations made under section 180(2) or (4) of the Act - orders by regional conduct review panel	0
Orders made under section 181 of the Act – in appropriate conduct	1

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 2017-18 financial year, the total remuneration packages paid to Council's senior management amounted to \$1,459,188.

The following table provides details of the remuneration bands applicable.

Number of Senior Management Staff	Band of Remuneration \$ per annum
2	100,000 - 200,000
5	200,000 - 300,000
1	300,000 - 400,000

* inclusive of acting higher duties for 30 April 2018 to 30 June 2018

** 1 July 2017 to 30 April 2018 organisational structure included 1 CEO and 4 Directors

*** 30 April 2018 to 30 June 2018 organisational structure included 1 CEO, 2 Executive Directors and 3 Chief Officers



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.

Change to Administrative Action Complaint reporting 2017-18

In previous years Council has categorised Administrative Action Complaints as only those complaints escalated to the Office of the Chief Executive Officer, while other complaints investigated and resolved at departmental level were categorised as Actionable Communications. Upon consultation and recommendation from the Queensland Ombudsman, Council has since adopted updated recording practices that capture complaints reviewed at all levels of the organisation as Administrative Action Complaints. This change in procedure has resulted in a significant increase to the reporting statistics from previous years.

Key statistics in relation to administrative action complaints for the 2017-18 financial year are:

Item	Number
Administrative action complaints made to the local government	137
Administrative action complaints resolved by the local government under the complaints management process (including complaints received in previous year)	136
Administrative action complaints not resolved by the local government under the complaints management process	3
Number of administrative action complaints that were made and not resolved in a previous financial year	2

Financial Assistance to Community Organisations

During the 2017-18 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 2017-18, Livingstone Shire Council provided financial assistance totalling \$137,783 to community organisations as follows:

Community Grants Scheme

In 2017-18, 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 \$66,896 was awarded to thirty-six (36) sporting and community groups across Livingstone Shire.

Community Organisation	Purpose	Amount\$
Capricorn Coast Mallet Sports Club Inc	Purchase of sporting equipment	\$1,398
Capricorn Coast Netball Association Incorporated	Installation of aqua bubbler drinking fountain	\$2,000
Capricorn Coast Outrigger Canoe Club	Aocra Level one sport specific outrigger coaching course	\$2,000
Capricorn Coast Parkana Cricket Club Inc	Cricket Pitch Synthetic Turf	\$2,000
Capricorn Coast PCYC Leadership Development Centre	Purchase of portable speaker/PA with a headset mic	\$1,900
Cawarral School of Arts Assoc Inc	Purchase of ride on mower	\$2,000
Cockscomb Veteran Retreat	Purchase of bore pump	\$2,000
Emu Park Surf Life Saving Club Inc	Expansion of Youth Education Program at Emu Park SLSC	\$2,000
Keppel Coast Arts	Purchase of a 6 x 3m marquee	\$2,000
Keppel Coast Country Music Club Inc	Upgrade musical equipment	\$2,000
Keppel Sands Community Advancement League Inc	Purchase of polyester marquee	\$2,000
Mt. Chalmers Community History Centre Inc	Purchase and installation of window blinds	\$2,000
Sandhills Community Sports and Social Club Inc	Water Tank	\$2,000
The Caves Progress & Agricultural Society Inc	Installation of fans in the Pavillion	\$2,000
Wildlife Rehabilitation HQ Inc	Wildlife Rehabilitation Enclosures	\$1,528
Yeppoon Junior Rugby League Football Club Inc	Install 100v Line System for PA system	\$2,000
Yeppoon Meals on Wheels	Essential Kitchen Equipment	\$1,870
Yeppoon Recreation Youth Club Inc	Projector screen	\$1,900
Australian South Sea Islander Movement Inc	Purchase of fridge, table and chairs	\$2,000
Capricorn Coast Football Club	Repair and upgrade speaker system	\$1,960
Capricorn Coast Landcare Group	Purchase of new four stroke whipper snipper	\$1,081
Capricorn Equestrian Group Inc	Purchase of laptop and printer for live scoring and updates at events	\$2,000
Capricornia Cruising Yacht Club	Replacement stanchions and safety rails for training yacht "Bendigo"	\$1,556
Emu Park Branch Queensland Country Women's Association	Rark fund the purchase of a color printer	\$2,000

Emu Park Rugby League Football Club Inc	Purchase of 8x5 box trailer	\$1,996
Excelcare Australia	Purchase of sensory items	\$1,995
Girl Guides Queensland	Guide training opportunities	\$1,662
Keppel Coast Dirt Bike Club Inc	New PA and speaker system	\$2,000
The Caves State School P&C	Purchase a bain marie and pan kit with lids	\$1,396
Yeppoon & District Lapidary Association Inc	Provision of a six wheel stainless steel Cabbing machine	\$2,000
Yeppoon Australian Football Club Inc	Purchase of a two door upright display fridge for canteen	\$2,000
Yeppoon Golf Club Inc	Establishment of a turf nursery	\$1,654
Yeppoon Gymnastics & Movement Centre Inc	Purchase of a box trailer to transport equipment to venues around Livingstone	\$2,000
Yeppoon Hack and Pony Club	Replace old, broken hot water system and piping at the club's canteen	\$2,000
Yeppoon Rotary Club	Rotary Youth awareness program	\$1,000
Yeppoon RSL	Purchase of commercial gas top and oven	\$2,000
Total		\$66,896

Regional Arts Development Fund (RADF)

In 2017–18 a partnership between Livingstone Shire Council (\$30,000) and Queensland State Government (\$35,000) resulted in \$62,565 in funding being awarded to twenty-seven (27) individuals and community groups to support arts and cultural activities within Livingstone Shire.

Community Group / Individual Professional Development	Amount
Hey There Happiness	\$5,925
Bruce Lloyd	\$1,000
Peta Lloyd	\$1,500
Taranganba State School	\$2,600
Yeppoon Recreation Youth Club Inc	\$3,758
Julie Barratt IPD	\$1,980
Angela Burke/Maaret Sinkko	\$1,100
Capricorn Gospel Choir	\$6,292
Footlights Theatre Restaurant	\$940
Gallery of Fine Arts	\$8,970
Kym Harris IPD	\$1,000
Keppel Coast Camera Club	\$1,160
Lock & Hock	\$3,834
Erin Messenger	\$1,750
Rotary Club of Yeppoon (1)	\$7,100
Tropic Bloom	\$5,500
Uniting Care	\$870
Yeppoon Little Theatre	\$1,200

Community Group / Individual Professional Development	Amount
Youth Arts Yeppoon (YAY)	\$2,215
Maaret Sinkko	\$1,000
Nanette Balchin	\$1,500
Janyce Boyd	\$1,000
Michelle Black	\$813
Angela Burke (IPD)	\$260
Keppel Coast Arts	\$1,500
Leo Honek (Tropical Bloom)	\$2,300
Rockhampton Woodworker's Guild	\$1,710
Refunds returned	-\$6,212
Total	\$62,565

Mayor's Discretionary Fund

Under the 2017-18 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
St Vincent de Paul Society	Donation for CEO Sleep out – Peter Maher	\$50
Yeppoon Choral Society Inc.	Financial assistance for annual production costs – Cinderella	\$500
Yeppoon State High School	Financial assistance for school musical – The Sound of Music	\$500
Yeppoon Bowls Club Inc.	Financial assistance to purchase competition prizes and Mayoral trophy for the Bowls Club Mayoral Competition	\$500
Yeppoon Swans Australian Football Club – Robert McElhone	Financial assistance for Robert McElhone to compete at the Australian Rules Football League in Melbourne	\$500
Anglican Parish of Keppel	Hire of Yeppoon Town Hall for Community Christmas Tree Festival	\$301
Oak Tree Retirement Village	Financial assistance to purchase fruit trays for Seniors Week Event	\$200
Yeppoon State High School P&C – Kolby Green	Financial assistance for Kolby Green to compete at World Crossfit Games in USA	\$300
Cawarral Rural Fire Brigade	Financial assistance for the establishment of an all-weather access to fire station	\$500
Emu Park Swimming Club	Financial assistance to purchase trophies for the Emu Park Novice Swimming Carnival	\$500
Home Support Association Inc.	Financial assistance to replace mobile sign used by Clients and volunteers	\$330
St Ursula's College Parents and Friends Association – Abi Cooper	Financial assistance for Abi Cooper to participate in Youth Parliament	\$300
Yeppoon Senior Citizens Association Inc.	Hire of Yeppoon Town Hall for meetings and functions up until 14 December 2017	\$275
Emu Park Veterans Golf Club	Financial assistance for Emu Park Veteran's Golf Day	\$500
Cawarral Cockscorn Veteran's Retreat	Delivery of tank water for Veteran's Day Service	\$286
Yeppoon State High School P&C	Financial assistance for two awards, Cultural Award and Community Service Award	\$200
Aussie Cheer and Dance	Financial assistance for members to compete at Cheerleading Nationals in Melbourne	\$500
Emu Park JRL – Under 11's Team	Financial assistance for hire of bus to Townsville	\$500
St Brendan's College Parents and Friends Association	Sponsorship for Local Mayor Award for Community Service	\$250
Marlborough District Pony Club	Financial assistance to purchase trophies and ribbons for Horse Sports Weekend	\$500
Capricorn Coast Community Access and Equity Group	Engraving of award shields for International Day of People with a Disability including the Mayor's award shield	\$30
Emu Park and District Men's Activity Shed Inc.	Reimbursement of lease fees up until November 2018	\$300
Paul Mitchell	Financial assistance for the purchase of Christmas roasts for residents at the Women's Domestic Violence Shelter	\$200
Rotary Club of Yeppoon Inc.	Financial assistance for the fundraising event, Venetian Masquerade Charity Dinner	\$300
TOTAL		\$8322

Concessions, Special Rates and Charges

Rebates and Remissions are provided to approved Government Pensioners, Not-For-Profit/Charitable Organisations, and from 1 July 2018 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 Rebate Policy and Rebate for Residential Water Consumption for Health Related Uses Policy.

Full details of these rebates and concessions are available on Council's website at www.livingstone.qld.gov.au

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 2017-18 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, and takes direction from, 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. Five reviews were completed in 2017-18 including one carried over from the previous year. Work also continued to review and provide input to the improvements to Council's Business Continuity Planning.

A basic continuous assurance methodology has been established using data analytics to provide assurance regarding ongoing operation of controls and transactions to be investigated.

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 2017-18 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 2017-18 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. In October 2017, Council achieved an audit outcome of 70.3% against the National Self-Insurance Audit Tool V3, exceeding the benchmark set by Local Government WorkCare and the Regulator. Council has embraced the recommendations from this audit to enhance and continue to build a strong safety culture across the organisation.

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:

Attendee	Destination	Purpose	Cost (\$)	Month
Mayor Bill Ludwig	Singapore	Australian Government Ministerial Business Mission hosted by Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment and Senator the Hon Marise Payne, Minister for Defence.	\$3,095	August 2017
Director Strategic Growth & Development, Debra Howe	Singapore	Australian Government Ministerial Business Mission hosted by Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment and Senator the Hon Marise Payne, Minister for Defence.	\$2,752	August 2017
Mayor Bill Ludwig	China	Livingstone Shire Council Trade and Investment Mission.	\$7,808	September 2017
Councillor Nigel Hutton	China	Livingstone Shire Council Trade and Investment Mission.	\$5,808	September 2017
Director Strategic Growth & Development, Debra Howe	China	Livingstone Shire Council Trade and Investment Mission.	\$5,808	September 2017

Community Financial Report

For the Year Ended 30 June 2018

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

Councils are driven by community service obligations rather than profit. It is Council's responsibility to provide residents with services such as roadworks, street lighting, stormwater drainage, water supply, sewage 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 2018 and are subject to independent audit to verify the accuracy of the reports, as well as the systems Council has in place to record financial transactions. The three primary reports are the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows.

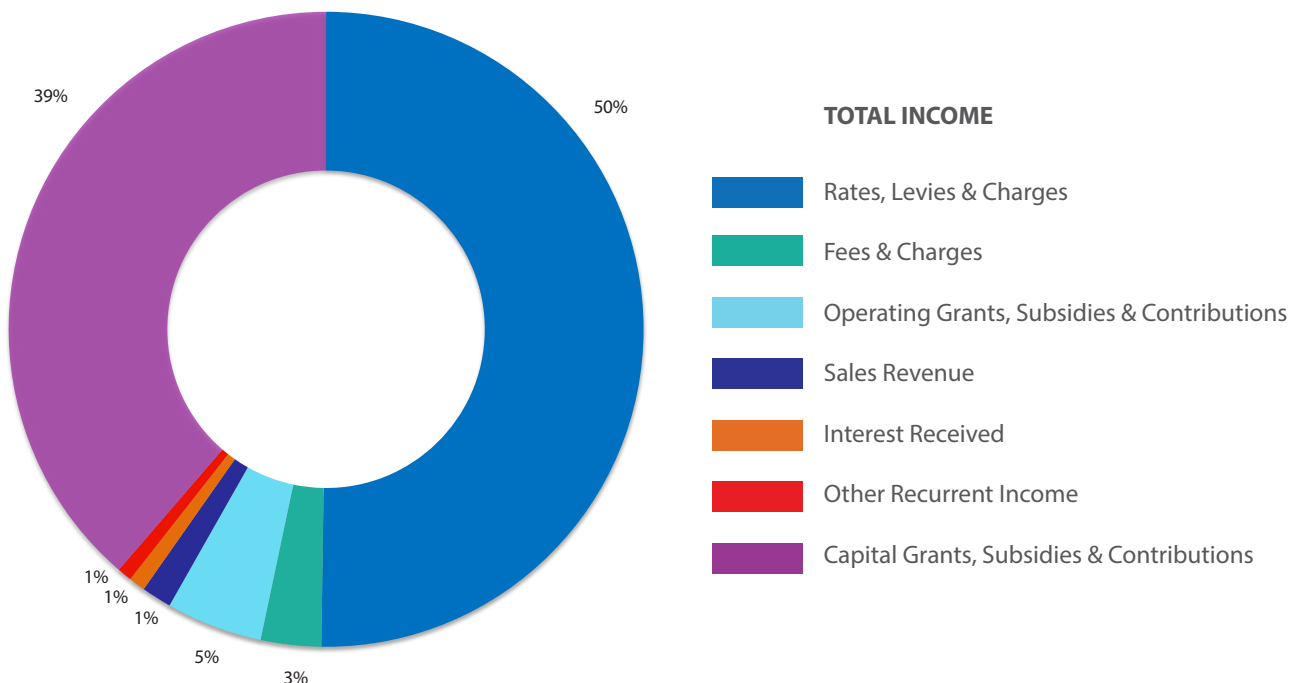
Statement of Comprehensive Income

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

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

The majority of Council's income comes from rates, levies and charges, fees and charges, interest, recoverable works and grants, subsidies and 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 governments and in some cases the private sector, to help construct and maintain our extensive infrastructure.

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



Expenses – Where our money is spent...

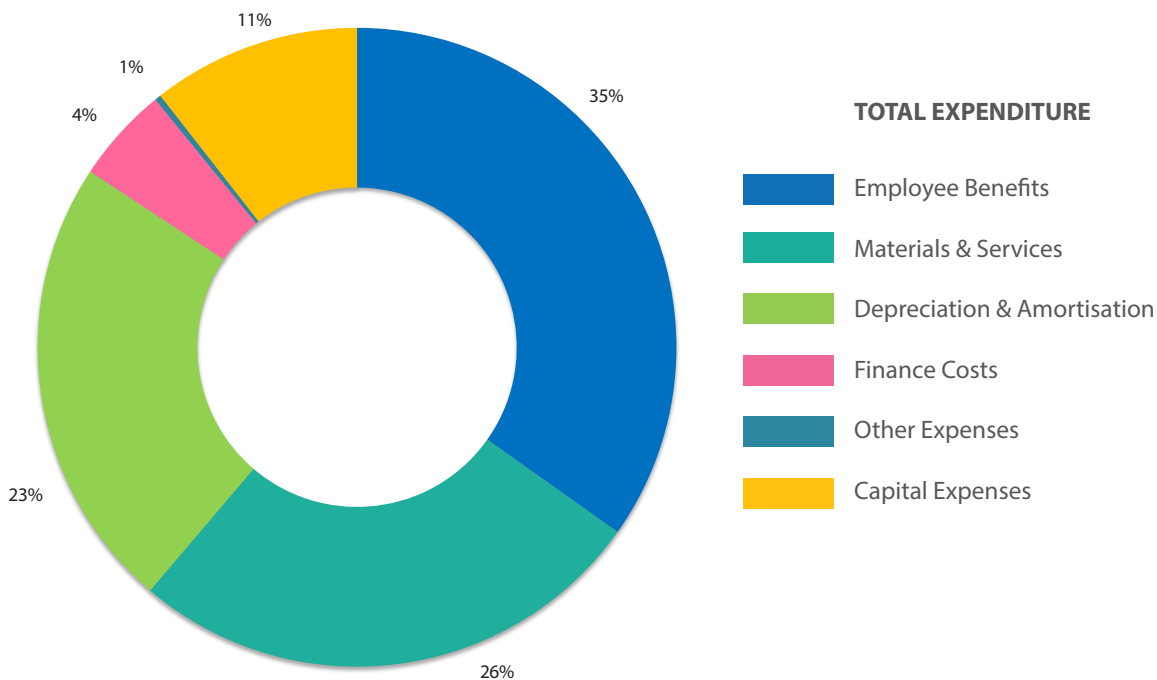
The three largest items of Council's expenditure are employee benefits, materials and services and depreciation. The level of expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year and are then constantly monitored throughout 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. We also need to plan and monitor the future of the shire in respect to developments, so that our existing lifestyle is maintained and improved.

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

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

Capital expenses totalled approximately \$9.6 million. Council completed a comprehensive revaluation of its road and drainage, bridges and land assets in the 2017-18 financial year. These revaluations were undertaken by professionally qualified, experience valuers. Of this \$9.6 million approximately \$4.0 million was the result of a decrease in the value of these non-current assets. The majority of the balance of this capital expenditure related to assets written off as part of our investment in renewing existing assets.



Total Comprehensive Income for the Period

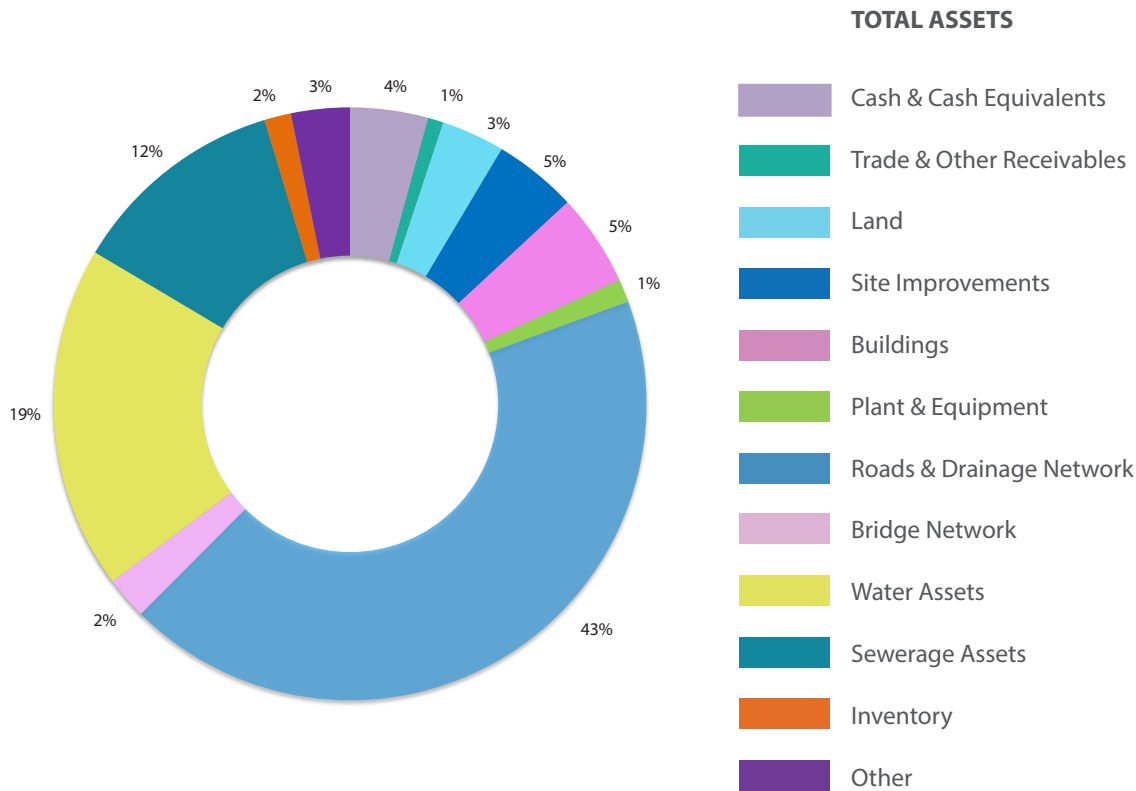
The total comprehensive income for the year was approximately \$48.3 million which is the difference between total income and total expenses and measures the change in Council's Net Community Assets. Total comprehensive income also includes approximately \$53.9 million of capital revenue. Capital revenue 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 2017-18 financial year was approximately \$20.0 million higher than the previous financial year due to substantial funding received from both the State and Commonwealth Governments for a number of Council's capital works projects.

Statement of Financial Position

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

What Do We Own?

Council controls a variety of current and non-current assets of which approximately 93% is attributed to property, plant 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.



Total assets are approximately \$1.0 billion as at 30 June 2018

Capital Works

Capital works undertaken for the year totalled approximately \$84.9 million. These capital works were funded from different sources including grants and subsidies, loans and cash holdings.

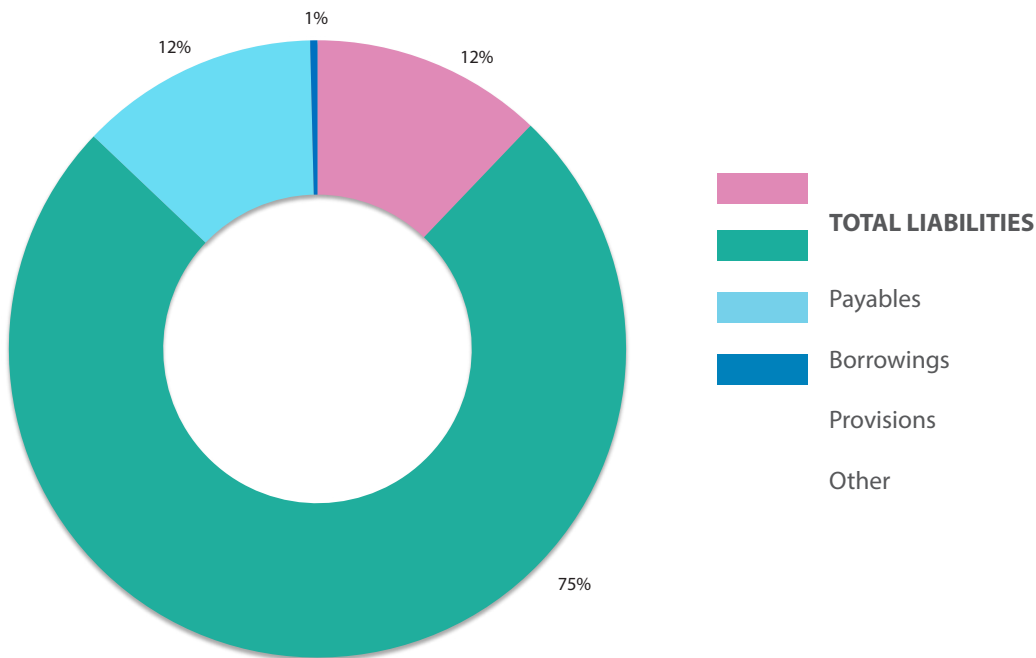
Significant projects undertaken in 2017-18

- » 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 2018 totalled approximately \$85.3 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 4.65% of total operating income.



Total liabilities were approximately \$113.8 million at 30 June 2018 of which 75% are borrowings with the Queensland Treasury Corporation.

Financial Sustainability Ratios

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

The core ratios are the sustainability ratios. These have been calculated and independently audited for the 2017-18 year and are listed below with a forecast of how the ratios develop 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 reduced level of capital works. Whilst showing an operational deficit for the 2018-19 financial year, Council plans to move into an operational surplus position from the 2019-20 financial year and continue to be in a surplus position through to the last year of the current Long Term Financial Forecast in 2027-28.

Relevant Measures of Financial Sustainability

	Forecast										
Target	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025	30/06/2026	30/06/2027	30/06/2028

1 Operating Surplus Ratio

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

Between 0% and 10%	4.7%	(1.6)%	0.4%	0.9%	4.9%	4.0%	3.9%	4.8%	7.2%	7.7%	6.2%
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This ratio indicates the relationship between Council's operational result and total operating income, expressed as a percentage. It is an indication of Council's 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. Council's result of 4.7% indicates that Council had an operational surplus for the 2017-18 financial year.

2 Asset Sustainability Ratio

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

Greater than 90%	54.5%	51.5%	48.1%	47.2%	61.1%	76.8%	77.0%	66.4%	89.5%	94.0%	81.8%
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This ratio indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. Council has asset management plans to develop strong, long-term plans for the management of its substantial asset base.

3 Net Financial Liabilities Ratio

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

Not Greater than 60%	66.0%	78.6%	71.4%	58.2%	46.0%	41.6%	38.1%	36.3%	27.6%	19.4%	10.7%
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This ratio indicates the extent to which Council's 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. Council's Long Term Financial Strategy indicates that whilst this ratio is anticipated to remain greater than 60% through until 2019-20, 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 assets less liabilities and at 30 June 2018 is approximately \$903.0 million. Over the long term Council is in a sound financial position. Council's adopted Long Term Financial Forecast outlines that Council is holding adequate reserves of cash, has substantial equity in its assets and maintains debt at manageable levels.

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 large degree of flexibility if strategic directions change.

Statement of Cash Flows

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

Council pools and invests funds throughout the year in low-risk short-term to medium term investments in accordance with Council's Investment Policy. The net movement in cash for the 2017-18 year was a net decrease of approximately \$0.8 million.

Looking to the Future

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

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

Livingstone Shire Council aims to continue to maintain its strong financial base through the prudent use of annual rates collection, grants and subsidies, developer's contributions, borrowings and the use of cash reserves. Ongoing cash flow planning, adhering to sound budgeting principles, the implementation of Council's Long Term Asset Management Plans, quarterly budget reviews and extensive financial planning will assist Council greatly in achieving its objectives. This forward planning focus will put the Council in the best position possible to achieve the effective and efficient delivery of services to the community.

Livingstone Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Livingstone Shire Council.
- (ii) All figures presented in these financial statements are presented in Australian dollars.
- (iii) These financial statements were authorised for issue by the Council on 16th October 2018.

General Purpose Financial Statements for the year ended 30 June 2018

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 & Community.

What you will find in the financial statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2018.

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

About the management certificate

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

About the primary financial statements

The Financial Statements incorporate 4 "primary" financial statements:

1. A Statement of Comprehensive Income

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

2. A Statement of Financial Position

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

3. A Statement of Changes in Equity

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

4. A Statement of Cash Flows

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

About the notes to the financial statements

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

About the auditor's reports

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

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

Who uses the financial statements?

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

Livingstone Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	69,975	66,460
Fees and charges	3b	4,276	4,826
Interest and investment revenue	3c	1,166	1,192
Sales revenue	3d	2,134	1,995
Other income	3e	1,037	1,068
Grants, subsidies and contributions	4a	6,829	9,193
Total recurrent revenue		85,417	84,734
Capital revenue			
Grants, subsidies and contributions	4b	51,921	32,145
Total revenue		137,338	116,879
Capital income	5	1,956	1,546
Total Income		139,294	118,425
Expenses			
Recurrent expenses			
Employee benefits	6	31,675	32,109
Materials and services	7	24,020	24,101
Finance costs	8	4,416	4,316
Depreciation and amortisation		20,973	22,081
Loss on sale of land held for sale		290	-
Total recurrent expenses		81,374	82,607
Capital expenses	9	9,606	2,429
Total expenses		90,980	85,036
Net result attributable to Council		48,314	33,389
Other Comprehensive Income			
Items that will not be classified to the net result			
Increase in asset revaluation surplus	18	-	15,962
Total comprehensive income for the year		48,314	49,351

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

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Statement of Financial Position
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash, cash equivalents and investments	10	43,197	43,992
Trade and other receivables	11	8,626	11,134
Inventories	12	5,567	4,116
Total current assets		57,390	59,242
Non-current assets			
Inventories	12	9,314	6,699
Property, plant and equipment	13	949,963	896,909
Intangible assets		474	887
Total non-current assets		959,751	904,495
TOTAL ASSETS		1,017,141	963,737
LIABILITIES			
Current liabilities			
Trade and other payables	15	13,800	13,530
Borrowings	16	4,911	4,336
Provisions	17	3,782	4,020
Other liabilities		132	329
Total current liabilities		22,625	22,215
Non-current liabilities			
Borrowings	16	80,370	75,122
Provisions	17	10,477	10,826
Other liabilities		302	521
Total non-current liabilities		91,149	86,469
TOTAL LIABILITIES		113,774	108,684
NET COMMUNITY ASSETS		903,367	855,053
COMMUNITY EQUITY			
Asset revaluation surplus	18	19,040	19,040
Retained surplus		884,327	836,013
TOTAL COMMUNITY EQUITY		903,367	855,053

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

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Livingstone Shire Council

Statement of Changes in Equity for the year ended 30 June 2018

	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
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

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

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

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Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		87,785	79,574
Payments to suppliers and employees		<u>(65,119)</u>	<u>(59,695)</u>
		22,666	19,879
Interest received		1,166	1,111
Non capital grants and contributions		8,195	9,478
Proceeds from the sale of land held for sale		1,344	-
Borrowing costs		(4,185)	(4,104)
Payments for land held for sale		<u>(5,862)</u>	<u>(3,390)</u>
Net cash inflow from operating activities	22	<u>23,324</u>	<u>22,974</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,447	448
Grants, subsidies, infrastructure charges and donations		47,630	31,927
Payments for property, plant and equipment including intangibles	13	<u>(79,019)</u>	<u>(57,999)</u>
Net cash outflow from investing activities		<u>(29,942)</u>	<u>(25,624)</u>
Cash flows from financing activities			
Proceeds from borrowings		10,000	8,000
Repayment of borrowings		<u>(4,177)</u>	<u>(3,702)</u>
Net cash inflow from financing activities		<u>5,823</u>	<u>4,298</u>
Net increase/(decrease) in cash and cash equivalent held		<u>(795)</u>	<u>1,648</u>
Cash and cash equivalents - at the beginning of the financial year		43,992	42,344
Cash and cash equivalents - at the end of the financial year	10	<u>43,197</u>	<u>43,992</u>

Notes to the Financial Statements for the year ended 30 June 2018

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Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1.2 Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.3 Constitution

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

1.4 Date of authorisation

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

1.5 Rounding and comparatives

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

1.6 Taxation

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

1.7 Adoption of new and revised Accounting Standards

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.

This year Council has applied AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 23.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 *Financial Instruments* This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

Effective for annual reporting periods beginning on or after 1 July 2019

- 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 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. Council is to review the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

- AASB 16 *Leases*

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Council is yet to undertake a detailed assessment of the impact of AASB 16 *Leases* on its financial statements.

1.8 Critical accounting judgements and key sources of estimation uncertainty

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

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

Note 2(a) Council Functions - Component Descriptions

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. Council adopted a new organisational structure on 2 March 2018. The streams of the new 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 and internal audit functions. Additionally as part of the 2017-18 organisational review, the Office of the Chief Executive Officer comprises the corporate support functions of Council. The corporate support functions include Council's information technology, finance, procurement, human resources, governance and business improvement activities. These units provide the organisation with a high level of support for their operations, to facilitate the provision of accurate, timely and appropriate information to support sound decision making.

INFRASTRUCTURE SERVICES

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

LIVEABILITY AND WELLBEING

The goals of Liveability and Wellbeing are 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 department is also responsible for the facilitation of the Shire's growth and prosperity through well planned and quality development. The objective of planning and development is to ensure that Livingstone Shire is well designed, efficient and facilitates growth while preserving the character and natural environment of the Shire. This function's responsibilities include Council's town planning activities such as development assessment, development compliance and strategic planning, as well as a variety of community service activities such as local laws, libraries, community partnerships, natural resource management activities and disaster management. Additional responsibilities include strategic growth and economic development initiatives that drive growth in the local economy by delivering major game-changing projects, socio-economic development programs and activities, tourism destination development, innovative placemaking and urban design initiatives.

WASTE SERVICES

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

WATER & SEWERAGE SERVICES

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

Notes to the Financial Statements

for the year ended 30 June 2018

Note 2(b) Analysis of results by function

Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants \$'000	Other \$'000				
2018						
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
Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants \$'000	Other \$'000				
2017						
Office of the Chief Executive Officer	64	265	329	(11,391)	(11,062)	1,445
Infrastructure Services	18,264	6,478	24,742	(27,363)	(2,621)	524,453
Liveability and Wellbeing	12,835	3,731	16,566	(19,305)	(2,739)	16,259
Waste Services	-	6,537	6,537	(5,796)	741	10,821
Water & Sewerage Services	1,322	24,217	25,539	(23,023)	2,516	320,294
Central Funds	5,513	39,199	44,712	1,842	46,554	90,465
Total	37,998	80,427	118,425	(85,036)	33,389	963,737

The 2017 comparative note has been restated in accordance with the adoption of Council's new organisational structure on the 2 March 2018.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Revenue analysis

	2018	2017
	\$'000	\$'000

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

(a) Rates, levies and charges

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

General rates	32,561	30,886
Separate rates	10,242	9,809
Special rates	404	402
Water access charges	9,683	9,134
Water consumption charges	6,616	6,170
Sewerage charges	10,175	9,794
Garbage charges	6,316	5,999
Total rates and utility charge revenue	75,997	72,194
Less: Discounts	(5,230)	(4,945)
Less: Pensioner remissions	(792)	(789)
TOTAL NET RATES, LEVIES AND CHARGES	69,975	66,460

(b) Fees and charges

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

Waste fees	1,050	1,080
Venues, events, tourism and cultural fees	668	1,316
Building, plumbing and development fees	1,441	1,381
Local laws and health licencing fees	379	347
Irrigator and commercial water fees	496	415
Other fees and charges	242	287
TOTAL FEES AND CHARGES	4,276	4,826

(c) Interest and investment revenue

Interest is accrued over the term of the investment. Interest is charged on outstanding rates at a rate of 11% per annum compounded monthly (2017: 11%).

Interest received from investments	908	937
Interest from overdue rates and utility charges	258	255
TOTAL INTEREST AND INVESTMENT REVENUE	1,166	1,192

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Revenue analysis (continued)

	2018	2017
	\$'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 during the period.		
The contract work carried out is not subject to retentions.		
Recoverable and private works	2,134	1,995
<u>TOTAL SALES REVENUE</u>	<u>2,134</u>	<u>1,995</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.

Insurance recoveries	42	79
Rental / lease income	268	165
Commission and collection fees	63	61
Payroll recoveries	14	27
Car wash income	166	62
Property related recoveries	158	294
Other operating income	326	380
<u>TOTAL OTHER INCOME</u>	<u>1,037</u>	<u>1,068</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 tied to specific projects for the replacement or upgrade of existing non-current assets, which are usually infrastructure contributions or assets received from developers. All other revenue is classified as operating.

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

General purpose grants	3,733	5,513
Government subsidies and grants	3,033	3,594
Contributions	63	86
<u>TOTAL OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>	<u>6,829</u>	<u>9,193</u>

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Grants, subsidies and contributions (continued)

	2018	2017
	\$'000	\$'000
(b) Capital - grants, subsidies and contributions are analysed as follows:		
(i) Monetary revenue designated for capital funding purposes:		
Government subsidies and grants	44,898	28,891
Infrastructure contributions	2,732	3,036
(ii) Non-monetary revenue received is analysed as follows:		
Assets contributed at fair value	4,291	218
<u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>	<u>51,921</u>	<u>32,145</u>

Note 5. Capital income

(a) Gain on disposal of non-current assets		
Proceeds from the disposal of property, plant and equipment	698	579
Less: book value of property, plant and equipment disposed	13 (656)	(466)
	<u>42</u>	<u>113</u>
(b) Provision for restoration of quarries		
Change in discount rate	37	10
(c) Other capital income		
Gain from assets not previously recognised	13 1,877	1,423
<u>TOTAL CAPITAL INCOME</u>	<u>1,956</u>	<u>1,546</u>

Notes to the Financial Statements
for the year ended 30 June 2018

Note 6. Employee benefits

	Notes	2018 \$'000	2017 \$'000
Total staff wages and salaries		29,228	30,607
Annual, sick and long service leave entitlements		674	372
Superannuation	21	3,367	3,397
Restructuring costs		928	-
Councillors' remuneration		658	681
		<u>34,855</u>	<u>35,057</u>
Other employee related expenses		1,187	1,337
		<u>36,042</u>	<u>36,394</u>
Less: capitalised employee expenses		(4,367)	(4,285)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u><u>31,675</u></u>	<u><u>32,109</u></u>
Additional information:			
Total employees at year end:		No.	No.
Administration staff		222	251
Depot and outdoors staff		126	123
Total full time equivalent employees		<u>348</u>	<u>374</u>
Total elected members		<u>7</u>	<u>7</u>

Council adopted a new organisational structure on 2 March 2018. The restructuring costs outlined above are redundancy payments made to employees who accepted a retrenchment package.

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

Note 7. Materials and services

Advertising and marketing	289	212
Administration supplies and consumables	487	649
Audit of annual financial statements	191	170
Bulk water purchases	3,795	3,701
Communications and information technology	1,577	2,196
Consultants	1,535	1,874
Contractors	4,981	4,677
Donations and subscriptions paid	1,224	950
Electricity	2,456	2,605
Insurance	826	754
Repairs and maintenance	5,936	6,045
Operating leases - Rentals	77	52
Other materials and services	646	216
<u>TOTAL MATERIALS AND SERVICES</u>	<u>24,020</u>	<u>24,101</u>

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

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 8. Finance costs

	Notes	2018 \$'000	2017 \$'000
Finance costs charged by the Queensland Treasury Corporation		3,964	3,888
Bank charges		179	167
Impairment of receivables		24	49
Change to landfill and quarry provisions due to a change in present value over time		249	212
<u>TOTAL FINANCE COSTS</u>		<u>4,416</u>	<u>4,316</u>

Note 9. Capital expenses

(a) Loss on disposal of non-current assets

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

(b) Provision for restoration of quarries

Change from revision of future restoration expense		3	16
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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

Loss on write-off of assets		3,372	2,413
Assets previously recognised incorrectly		<u>1,355</u>	<u>-</u>
		<u>4,727</u>	<u>2,413</u>
<u>TOTAL CAPITAL EXPENSES</u>		<u>9,606</u>	<u>2,429</u>

*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 reporting period.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 10. Cash, cash equivalents and investments

Notes	2018 \$'000	2017 \$'000
Cash and cash equivalents includes cash on hand, cash at bank and other cash equivalents which are readily convertible to cash and are used in the cash management function on a day-to-day basis.		
Cash and cash equivalents		
Cash in operating bank account	2,530	2,206
Cash on hand	5	5
Investments with Queensland Treasury Corporation	39,662	38,781
Total cash and cash equivalents	<u>42,197</u>	<u>40,992</u>
Investments		
Short term deposits	1,000	3,000
Total current investments	<u>1,000</u>	<u>3,000</u>
<u>TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>43,197</u>	<u>43,992</u>

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 outside 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 \$457,509 in trust monies at 30 June 2018 (2017: \$243,639).

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Trade and other receivables

	2018	2017
	\$'000	\$'000
Under the <i>Local Government Act 2009</i> Council has the power to sell an owner's property to recover outstanding rates debts. Council will only impair rates receivables when outstanding debt exceeds unimproved capital values or when a state lease has been cancelled and it is likely that the debt cannot be received from the debtor.		
Receivables are due for settlement in 30 days and are recognised at the amounts due. The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. All known bad debts were written-off at 30 June 2018. If an amount is recovered in a subsequent period it is recognised as revenue.		
Current		
Rateable revenue and utility charges	3,554	5,238
Water charges not yet levied	1,514	-
Other debtors	2,086	3,663
GST recoverable	709	1,073
Prepayments	930	1,374
Total	<u>8,793</u>	<u>11,348</u>
less: accumulated impairment		
Rateable revenue and utility charges	(132)	(139)
Other debtors	(35)	(75)
Total accumulated impairment - receivables	<u>(167)</u>	<u>(214)</u>
<u>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</u>	<u><u>8,626</u></u>	<u><u>11,134</u></u>

The movement in accumulated impairment - receivables is as follows:

Opening balance at 1 July	214	166
Impairment adjustment in the period	(47)	48
Closing balance	<u>167</u>	<u>214</u>

Interest is charged on outstanding rates at a rate of 11% per annum (2017: 11%). There is no concentration of credit risk for rates and utility charges, fees and other debtors.

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

Receivables

Less than 30 days	3,656	5,954
Past due:		
- 31 to 60 days overdue	420	283
- 61 to 90 days overdue	120	117
- Greater than 90 days overdue	3,667	3,620
- Impaired	(167)	(214)
Total Receivables	<u><u>7,696</u></u>	<u><u>9,760</u></u>

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 12. Inventories

	2018 \$'000	2017 \$'000
Inventories held for distribution are:		
- goods to be supplied at no or nominal charge, and		
- goods to be used for the provision of services at no or nominal charge.		
Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.		
Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. As an inventory item, this land is recognised as a current asset once subdivision is complete, survey plans are registered and identified parcels of land are being advertised for sale. Council is currently developing and marketing The Gateway Business & Industry Park and developing the Homemaker Centre.		
Current Inventories		
(a) Inventories held for sale		
Other trading inventories	53	47
	<u>53</u>	<u>47</u>
(b) Inventories held for distribution		
Quarry and road materials	683	787
Stores and materials	357	421
	<u>1,040</u>	<u>1,208</u>
(c) Land purchased for sale		
	<u>4,474</u>	<u>2,861</u>
<u>TOTAL CURRENT INVENTORIES</u>	<u><u>5,567</u></u>	<u><u>4,116</u></u>
Non-current Inventories		
Land purchased for sale	<u>9,314</u>	<u>6,699</u>
<u>TOTAL NON-CURRENT INVENTORIES</u>	<u><u>9,314</u></u>	<u><u>6,699</u></u>

During the year ended 30 June 2018, no interest was capitalised to land purchased for sale.

Note 13. Property, plant and equipment

30 June 2018	Measurement Basis	Note	Land	Site improvements	Buildings	Plant and equipment	Road and drainage network	Bridge network	Water	Sewerage	Heritage and cultural assets	Work in progress	Total
			\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost
	Opening gross balance - at cost		-	-	-	23,320	-	-	-	-	-	44,028	67,348
	Opening gross balance - at fair value		34,569	44,675	51,972	-	505,593	32,671	304,540	161,998	329	-	1,136,347
	Opening gross balance		34,569	44,675	51,972	23,320	505,593	32,671	304,540	161,998	329	44,028	1,203,695
	Assets not previously recognised		-	-	-	-	1,877	-	-	-	-	-	1,877
	Additions*		557	14,817	17,378	2,152	15,436	1,110	2,635	236	-	24,698	79,019
	Contributed assets		-	-	-	(2,114)	3,015	207	480	589	-	-	4,291
	Disposals		(1,616)	-	-	-	-	-	-	-	-	-	(3,730)
	Write-offs	9	(135)	(644)	(101)	-	(5,098)	(81)	(942)	(75)	(29)	-	(7,105)
	Revaluation movements to comprehensive income statement	9	(1,494)	-	-	-	9,018	558	-	-	-	-	8,082
	Work in progress transfers		3,177	1,875	3,354	83	22,868	4,062	1,055	178	-	(36,652)	-
	Transfers between asset classes		-	300	-	-	-	-	-	-	-	-	-
	Transfers from/(to) intangible assets		-	-	-	-	-	-	-	-	-	-	-
	Decrease in landfill rehabilitation asset due to change in discount rate		-	(565)	-	-	-	-	-	-	(300)	(45)	(45)
	Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	23,441	-	-	-	-	-	32,029	55,470
	Total Gross Value of Property, Plant and Equipment - at Fair Value		35,058	60,458	72,603	-	552,709	38,527	307,768	162,926	-	-	1,230,049
	Total Gross Value of Property, Plant and Equipment		35,058	60,458	72,603	23,441	552,709	38,527	307,768	162,926	-	32,029	1,285,519
	Opening Accumulated Depreciation		-	13,016	19,684	9,992	97,448	12,644	113,449	40,553	-	-	306,786
	Depreciation expense		-	1,398	1,740	2,175	8,316	451	4,152	2,283	-	-	20,515
	Disposals		-	-	-	(1,458)	-	-	-	-	-	-	(1,458)
	Write-offs	9	-	(323)	(84)	-	(1,334)	(22)	(580)	(35)	-	-	(2,376)
	Revaluation movements to comprehensive income statement	9	-	-	-	-	10,223	1,868	-	-	-	-	12,091
	Total Accumulated Depreciation - Property, Plant and Equipment		-	14,091	21,340	10,709	114,653	14,941	117,021	42,801	-	-	335,556
	Total Net Book Value of Property, Plant and Equipment		35,058	46,367	51,263	12,732	438,056	23,586	190,747	120,125	-	32,029	949,963
	Other Information												
	Residual Value		-	-	-	5,311	-	-	-	-	-	-	-
	Range of Estimated Useful Life (years)		Not Depreciated	5 - 100	5 - 80	5 - 40	4 - 216	10 - 120	10 - 150	10 - 140	Not Depreciated	Not Depreciated	-
	*Asset Additions Comprise												
	Asset Renewals		-	802	482	1,976	3,330	-	2,238	40	-	3,100	11,968
	Other Additions		557	14,015	16,896	176	12,106	1,110	397	196	-	21,598	67,051
	Total Asset Additions		557	14,817	17,378	2,152	15,436	1,110	2,635	236	-	24,698	79,019

Notes to the Financial Statements
for the year ended 30 June 2018

Note 13. Property, plant and equipment (continued)

30 June 2017	Measurement Basis	Note	Land	Site improvements	Buildings	Plant and equipment	Road and drainage network	Bridge network	Water	Sewerage	Heritage and cultural assets	Work in progress	Total
			\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost
	Opening gross balance - at cost		34,518	42,653	39,273	22,213	492,805	31,160	302,047	154,775	-	23,754	45,967
	Opening gross balance - at fair value		34,518	42,653	39,273	22,213	492,805	31,160	302,047	154,775	329	-	1,097,560
	Assets not previously recognised		-	-	-	-	-	-	1,172	251	-	-	1,423
	Additions*		51	1,747	7,610	2,895	9,118	515	1,383	1,748	-	32,932	57,999
	Contributed assets		-	89	9	78	42	-	-	-	-	-	218
	Disposals	5	-	-	-	(1,866)	-	-	-	-	-	-	(1,866)
	Write-offs	9	-	(98)	(952)	-	(3,133)	(24)	(572)	(76)	-	-	(4,855)
	Revaluation increments to equity	18	-	-	2,097	-	-	-	234	4,828	-	-	7,159
	Work in progress transfers		-	175	3,935	-	6,761	1,020	276	472	-	(12,639)	-
	Transfers from/(to) intangible assets		-	-	-	-	-	-	-	-	-	(19)	-
	Decrease in landfill rehabilitation asset due to change in discount rate		-	109	-	-	-	-	-	-	-	-	109
	Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	23,320	-	-	-	-	-	44,028	67,348
	Total Gross Value of Property, Plant and Equipment - at Fair Value		34,569	44,675	51,972	-	505,593	32,671	304,540	161,998	329	-	1,136,347
	Total Gross Value of Property, Plant and Equipment		34,569	44,675	51,972	23,320	505,593	32,671	304,540	161,998	329	44,028	1,203,695
	Opening Accumulated Depreciation		-	11,729	17,308	9,007	89,583	12,112	119,059	39,000	-	-	297,798
	Depreciation expense		-	1,333	1,299	2,385	8,889	545	4,518	2,664	-	-	21,633
	Disposals	5	-	-	-	(1,400)	-	-	-	-	-	-	(1,400)
	Write-offs	9	-	(46)	(944)	-	(1,024)	(13)	(389)	(26)	-	-	(2,442)
	Revaluation increments to equity	18	-	-	2,021	-	-	-	(9,739)	(1,085)	-	-	(8,803)
	Total Accumulated Depreciation - Property, Plant and Equipment		-	13,016	19,684	9,992	97,448	12,644	113,449	40,553	-	-	306,786
	Total Net Book Value of Property, Plant and Equipment		34,569	31,659	32,288	13,328	408,145	20,027	191,091	121,445	329	44,028	896,909

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

*Asset Additions Comprise	Asset Renewals	Other Additions	Total Asset Additions
-	384	586	61
51	1,363	7,024	454
51	1,747	7,610	515
-	-	-	358
-	-	-	1,390
-	-	-	1,748
-	-	-	3,661
-	-	-	29,271
-	-	-	32,932
-	-	-	12,123
-	-	-	45,876
-	-	-	57,999

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

(b) Capital and operating expenditure

Direct labour and materials, and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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

(c) Acquisition

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

(d) Valuation

Land, site improvements, buildings, road and drainage network, bridge network, sewerage 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 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. A full revaluation was undertaken of the road & drainage and bridge network asset classes as at 1 July 2017. A full revaluation of land assets was undertaken as at 31 March 2018.

Notes to the Financial Statements for the year ended 30 June 2018

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, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase. No 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 the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

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

Notes to the Financial Statements
for the year ended 30 June 2018

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 \$'000
		Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2018				
Recurring Fair Value Measurements Property, Plant and Equipment				
Land	31/3/18	11,331	23,727	35,058
Site improvements	30/6/16	-	46,367	46,367
Buildings	31/12/16	-	51,263	51,263
Road and drainage infrastructure	1/7/17	-	438,056	438,056
Bridge infrastructure	1/7/17	-	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

Notes to the Financial Statements

for the year ended 30 June 2018

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
2017				
Recurring Fair Value Measurements				
Property, Plant and Equipment				
Land	1/1/14	34,569	-	34,569
Site improvements	30/6/16	-	31,659	31,659
Buildings	31/12/16	-	32,288	32,288
Road and drainage infrastructure	1/1/14	-	408,145	408,145
Bridge infrastructure	1/1/14	-	20,027	20,027
Water infrastructure	31/12/16	-	191,091	191,091
Sewerage infrastructure	31/12/16	-	121,445	121,445
Heritage and cultural assets	30/6/13	-	329	329
Total Property, Plant and Equipment		34,569	804,984	839,553

During the reporting period, as an outcome of the comprehensive revaluation of the land asset class, there were transfers between Level 2 and Level 3 fair value hierarchy levels. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

Land

Land fair values were determined by independent valuer Herron Todd White. A comprehensive revaluation was 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 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 last revaluation of site improvements was undertaken effective 30 June 2016. 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. Council transferred all heritage and cultural assets with a value of over \$10,000 into the site improvement assets class effective from 1 July 2017. All remaining heritage and cultural assets with a value of under \$10,000 were derecognised as non current assets as at 1 July 2017.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 14. Fair value measurements (continued)

The total value of heritage and cultural assets at 1 July 2017 was \$329,000. 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 site improvements since the last full revaluation undertaken.

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	Brand new or rehabilitated to new with no visible deterioration.	100-80%
2	Excellent overall early stages of deterioration.	80-60%
3	Fair overall condition, obvious deterioration, some serviceability loss.	60-40%
4	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs.	40-20%
5	Extremely poor condition, severe serviceability problems. Renewal required immediately.	20-0%

Buildings

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

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

Infrastructure Assets

The fair value of infrastructure assets is determined using the CRC method. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset component were based on a "greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced such as earthworks. Unit rates were developed using first 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 2018

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).

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

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. The fair value of water and sewerage infrastructure was determined by way of a full revaluation by AssetVal Pty Ltd effective 31 December 2016.

Notes to the Financial Statements
for the year ended 30 June 2018

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, Ogmore and Rockhampton (Nerimbera). Sewer assets are split across two distinct areas being Yeppoon and Emu Park. The water treatment plants are categorised by process with the pump stations categorised by civil, electrical, mechanical and chemical.

Condition assessments for water and sewerage used the following table to determine the remaining 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 there unit rates and quantities were applied to determine the CRC of each asset component.

Condition assessments for bridges 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%

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 15. Trade and other payables

	2018 \$'000	2017 \$'000
<p>Trade creditors are recognised as a liability at the time the amount owed can be measured reliably and when it is probable the amount will have to be paid, or when the goods are received or the service is performed. Amounts owing are unsecured and are generally settled on 7 day or 30 day terms.</p> <p>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.</p>		
Current		
Creditors and accruals	10,336	9,908
Annual leave	3,016	3,250
Other entitlements	448	372
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>13,800</u>	<u>13,530</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	4,911	4,336
<u>TOTAL CURRENT BORROWINGS</u>	<u>4,911</u>	<u>4,336</u>
Non-current		
Loans - Queensland Treasury Corporation	80,370	75,122
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>80,370</u>	<u>75,122</u>
Reconciliation of loan movements for the year		
Loans - Queensland Treasury Corporation		
Opening balance at beginning of financial year	79,458	75,160
Loans raised	10,000	8,000
Principal repayments	(4,177)	(3,702)
Book value at end of financial year	<u>85,281</u>	<u>79,458</u>

The QTC loan market value at the reporting date was \$93,586,578. 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 2018 and is available for use in the next reporting period if required.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 17. Provisions

	2018 \$'000	2017 \$'000
Employee provisions		
<p>The provision for long service leave represents the present value of the estimated future cash outflows to be made by Council resulting from services provided by employees up to the reporting date. The provision is calculated by using an estimate of future obligations taking into account future increases in wages and salary rates, periods of service and pattern of employee departures. Related on-costs are also included in the provision. The long service leave provision has been discounted using discount rates derived from Commonwealth Government bond rates as at 30 June 2018.</p> <p>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.</p>		
Restoration provisions		
Quarry restoration		
<p>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 \$271,196 (undiscounted) and this cost is expected to be incurred over the period 2019 to 2038.</p>		
Landfill restoration		
<p>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 \$13,689,458 (undiscounted) and this cost is expected to be incurred over the period 2023 to 2055.</p>		
Current		
Long service leave	3,762	4,000
Quarry restoration	20	20
<u>TOTAL CURRENT PROVISIONS</u>	<u>3,782</u>	<u>4,020</u>
Non-current		
Long service leave	874	874
Landfill and quarry restoration	9,603	9,952
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>10,477</u>	<u>10,826</u>

Notes to the Financial Statements
for the year ended 30 June 2018

Note 17. Provisions (continued)

Details of movements in provisions:

Class of Provision	Opening Balance as at 01/07/2017	Changes in estimates of the provision	Decrease due to Payments	Remeasurement due to Discounting	Unused Amounts Reversed	Closing Balance as at 30/06/2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Long service leave	4,874	390	(628)	-	-	4,636
Landfill and quarry restoration	9,972	(598)	-	249	-	9,623
TOTAL	14,846	(208)	(628)	249	-	14,259

Note 18. Asset revaluation surplus

	Notes	2018 \$'000	2017 \$'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	3,078
Net adjustment to non-current assets at end of year to reflect a change in			
Buildings	13	-	76
Water	13	-	9,973
Sewerage	13	-	5,913
		-	15,962
Balance at end of financial year		<u>19,040</u>	<u>19,040</u>

Asset revaluation surplus analysis

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

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

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Commitments for expenditure

	2018	2017
	\$'000	\$'000
Contractual commitments		
Contractual commitments at the end of financial year but not recognised in the financial statements are as follows:		
Road construction	580	18,546
Waste services	16,149	20,113
Water and sewerage services	21,491	10,806
Yeppoon foreshore revitalisation	-	21,614
Other	1,003	6,483
	<u>39,223</u>	<u>77,562</u>

Note 20. Contingent liabilities

Local Government Mutual

The Livingstone Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Livingstone Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$777,586.

Legal Claims

Council is a defendant or second defendant in a number of claims 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 20. Contingent liabilities (continued)

Organisational Restructuring Costs

Council undertook a comprehensive organisational review during the 2017-18 financial year. An outcome of this review was that Council adopted a new organisational structure on 2 March 2018. This new structure resulted in 38 positions being identified as no longer required with 10 of these positions being vacant at the time of the adoption of the restructure. Council entered into a negotiation process with all 28 staff directly impacted, with these staff either electing to accept a retrenchment package or enter into redeployment. In accordance with Council's enterprise bargaining agreements, both the employee and Council have a period of three months from the redeployment date to conclude that the redeployment has resulted in an unsatisfactory outcome. In this circumstance Council's enterprise bargaining agreements provide that the impacted employees may still be entitled to redundancy payments. As eight employees were redeployed into other positions within a period of three months before the 30 June 2018, these employees may be entitled to redundancy payments post 30 June 2018. As any redundancy payments in this circumstance are subject to a future event which may or may not occur, no provision is made as at 30 June 2018. Any future payments made in these circumstances are expected to be a combination of the payout of all employee accrued leave entitlements and applicable redundancy payments in accordance with the provisions of Council's enterprise bargaining agreements.

Note 21. 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 Livingstone Shire 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 advise of an actuary.

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Superannuation (continued)

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

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

The most significant risks that may result in LGIA super increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities. Livingstone Shire Council made less than 4% of the total contributions to the plan in the 2017-18 financial year.

	Notes	2018 \$'000	2017 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		155	161
Other superannuation contributions for employees		3,212	3,236
Total superannuation contributions paid by Council for employees	6	3,367	3,397
			2019 \$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2018-19			124

Notes to the Financial Statements
for the year ended 30 June 2018

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

	Notes	2018 \$'000	2017 \$'000
Net result from income statement		48,314	33,389
Adjusted for:			
Depreciation and amortisation		20,973	22,081
Capital grants and contributions		(47,630)	(31,927)
Loss on sale of land held for sale		290	-
Capital expenses		9,561	2,431
Gain from assets not previously recognised		(1,877)	(1,423)
Contributed assets		(4,291)	(218)
		<u>(22,974)</u>	<u>(9,056)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		2,508	(2,302)
(Increase)/decrease in inventories		162	47
Increase/(decrease) in payables and accruals		270	3,823
Increase/(decrease) in other liabilities		(416)	146
Increase/(decrease) in other provisions		(22)	317
(Increase)/decrease in land held for sale		(4,518)	(3,390)
		<u>(2,016)</u>	<u>(1,359)</u>
Net cash provided from operating activities from the statement of cash flows		<u>23,324</u>	<u>22,974</u>

Note 23. Reconciliation of liabilities arising from financing activities

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

Note 24. Events occurring after the reporting period

There were no material adjusting events after the reporting period.

Notes to the Financial Statements
for the year ended 30 June 2018

Note 25. Financial instruments

Notes	2018 \$'000	2017 \$'000
(a) Categorisation of financial instruments		
Council has the following categories of financial assets and financial liabilities:		
<u>Financial assets</u>		
Cash and cash equivalents	43,197	43,992
Trade and other receivables (excluding prepayments)	7,696	9,760
<u>Financial liabilities</u>		
Trade and other payables	10,336	9,908
Borrowings	85,281	79,458

(b) Financial risk management

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

Council's Audit, Risk and Business Improvement Committee and/or management (as appropriate) approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

Council does not enter into derivatives.

(c) Market risk

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

Interest rate risk

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2018

Note 25. Financial instruments (continued)

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2018					
Financial assets	40,662	407	(407)	407	(407)
Financial liabilities	(85,281)	(852)	852	(852)	852
Net	(44,619)	(445)	445	(445)	445
2017					
Financial assets	41,780	418	(418)	418	(418)
Financial liabilities	(79,458)	(795)	795	(795)	795
Net	(37,678)	(377)	377	(377)	377

(d) Liquidity risk

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

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

	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Trade and other payables	10,336	-	-	10,336	10,336
Loans - QTC	8,833	35,376	71,828	116,037	85,281
	19,169	35,376	71,828	126,373	95,617
2017					
Trade and other payables	9,908	-	-	9,908	9,908
Loans - QTC	8,142	32,591	69,529	110,262	79,458
	18,050	32,591	69,529	120,170	89,366

Notes to the Financial Statements
for the year ended 30 June 2018

Note 25. Financial instruments (continued)

(e) Credit risk exposure

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2018

Note 26. National competition policy

Business activities to which the code of competitive conduct is applied

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

Water and Sewerage Services
Waste Services
Caravan Parks
Building Certification

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

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

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

	Water & Sewerage Services \$'000	Waste Services \$'000	Caravan Parks \$'000	Building Certification \$'000
Revenue for services provided to the Council	140	709	-	-
Revenue for services provided to external clients	26,000	6,875	680	226
Community service obligations	-	5	-	-
	26,140	7,589	680	226
Less : expenditure	(23,534)	(6,566)	(650)	(193)
Surplus/(deficit)	2,606	1,023	30	33

Description of CSO's provided to business activities:

Activities	CSO Description	Actual \$'000
Waste Services	Non-commercial community services	5

Notes to the Financial Statements
for the year ended 30 June 2018

Note 27. 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 and Chief Financial Officer. The compensation paid to KMP comprises:

Benefit Type	2018 \$'000	2017 \$'000
Short-term employee benefits	2,054	1,872
Post-employment benefits	270	307
Long-term benefits	29	31
Termination benefits	47	-
Total	2,400	2,210

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	2018 \$'000	2017 \$'000
Purchase of materials and services from entities controlled by key management personnel or their close family members.	27(e)(i)	181	307

Notes to the Financial Statements for the year ended 30 June 2018

Note 27. Transactions with 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 Calibre Consulting (Qld) Pty Ltd and Butler Partners Regional Pty Ltd during both 2017-18 and 2016-17. During this time Councillor Graham Scott and a close family member had control over the operations of these two companies respectively. The total purchases in 2017-18 and 2016-17 were \$143,143 and \$295,543 respectively.

Consultancy services were also purchased from Alderson & Associates Landscape Architects during both 2017-18 and 2016-17. 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 2017-18 and 2016-17 were \$37,838 and \$11,913 respectively.

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 Butler Partners Regional Pty Ltd and Alderson & Associates Landscape Architects pertaining to consultancy services for projects Council was undertaking as at the reporting date. These commitments total \$32,196 and \$15,160 respectively.

(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 2018

Note 28. 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

COUNCILLORS

Glenda Mather

Tom Wyatt

Jan Kelly

Adam Belot

Nigel Hutton

Patrick Eastwood

Graham Scott (resigned 6 February 2018)

AUDITORS

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

Other Information

ABN: 95 399 253 048

Livingstone Shire Council

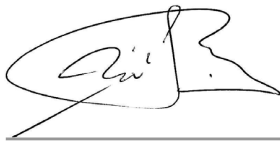
General Purpose Financial Statements for the year ended 30 June 2018

Management Certificate for the year ended 30 June 2018

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 3 to 42, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



F.W. Ludwig

MAYOR

15 October 2018



C.A. Murdoch

CHIEF EXECUTIVE OFFICER

15 October 2018

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 2018, 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 2018, 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 the Livingstone Shire Council's annual report for the year ended 30 June 2018, 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 2018:

- 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.



Patrick Flemming
as delegate of the Auditor-General

16 October 2018

Queensland Audit Office
Brisbane

Livingstone Shire Council

Sustainability Statements for the year ended 30 June 2018

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Current Year Financial Sustainability Statement
for the year ended 30 June 2018

	Actual 2018	Target 2018
--	----------------	----------------

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net result (excluding capital items) ⁽¹⁾

4.7% **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

Capital expenditure on the replacement of assets (renewals) ⁽³⁾

54.5% **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

Total liabilities less current assets

66.0% **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 2018.

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.

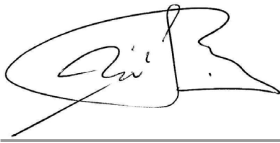
Livingstone Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2018

Certificate of Accuracy for the year ended 30 June 2018

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

15 October 2018



C.A. Murdoch

CHIEF EXECUTIVE OFFICER

15 October 2018

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 for the year ended 30 June 2018 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 2018 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 2018, 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.



16 October 2018

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 2018

	Target 2018	Actual 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
							Forecast					

Measures of Financial Sustainability

Council's performance at 30 June 2018 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%	4.7%	-1.6%	0.4%	0.9%	4.9%	4.0%	3.9%	4.8%	7.2%	7.7%	6.2%
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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%	54.5%	51.5%	48.1%	47.2%	61.1%	76.8%	77.0%	66.4%	89.5%	94.0%	81.8%
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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%	66.0%	78.6%	71.4%	58.2%	46.0%	41.6%	38.1%	36.3%	27.6%	19.4%	10.7%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2018

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 2018

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

15 October 2018



C.A. Murdoch

CHIEF EXECUTIVE OFFICER

15 October 2018



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