



Hinchinbrook Shire Council

ANNUAL REPORT

2016/2017



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Attached Documents:

Annual Financial Statements

Council Banker: Commonwealth Bank of Australia

Auditor: CG Strickland as Delegate of the Auditor General of Queensland

Copies of this Annual Report can be obtained by telephoning Council on 4776 4600.

A fee of \$30 applies for printed copies or see Council's website www.hinchinbrook.qld.gov.au to download a pdf version.

HINCHINBROOK AT A GLANCE

A snapshot of the Hinchinbrook Local Government area in figures*.



Median Age
50



Population
10,918



Families
2,975



Median Weekly
Household Income
\$1,039

2.3 persons

*Hinchinbrook Shire Council uses a range of sources to compile this information including the Australian Bureau of Statistics, Data by Region, 2016.

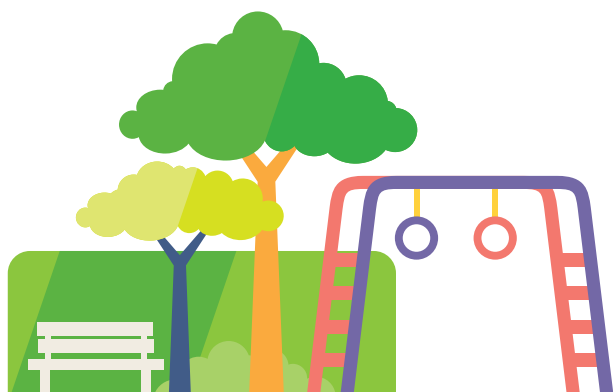


Local Government Area

2,810km²

Population Density

3.9 persons/km²



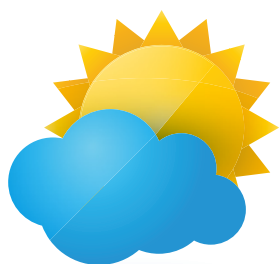
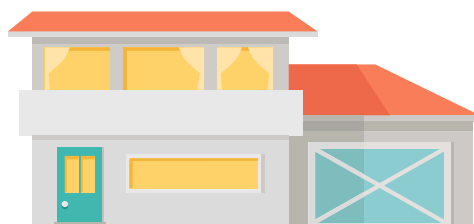
Public Parks

46

**Rates, Levies and
Charges Revenue**

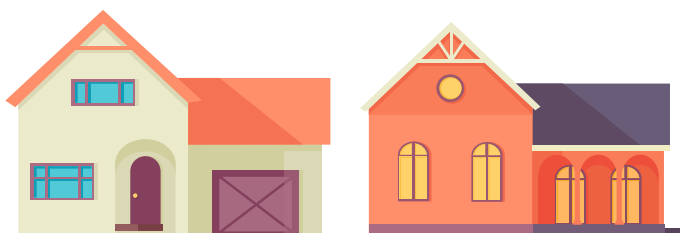
(2016/2017)

\$24.4m



Average Temperature Range

18.8°C - 27.8°C



Rateable Properties

6,648

OUR MISSION

Our Council mission is to shape a positive future for the Hinchinbrook community by understanding community needs and wants, building on our inherent strengths, recognising and maximising opportunities and facing our challenges head on.

To do this Council will wisely prioritise the use of our resources and deliver meaningful services.

We will celebrate small town living and continue to be inspired by our natural environment.

We will value our heritage and embrace the future as a can do, inclusive and resilient community.

Our Council will be an active participant in shaping a prosperous future for Hinchinbrook. Council will work together with our community groups, organisations, individuals and other levels of government to deliver a flourishing community that is an exemplar of modern Northern Australian tropical living.

OUR VISION

Hinchinbrook Shire – Small Town Northern Australia – Tropical Living at its Best.

Our vision for Hinchinbrook Shire is to position our community as offering the best whole of life, birth to active aged living, small town, Northern Australian, tropical lifestyle experience.

We want Hinchinbrook to be known for offering a wonderful lifestyle, in one convenient, culturally diverse, prosperous and incredibly beautiful location.



MAYOR'S MESSAGE



Councillor Ramon Jayo

Mayor

Office of the CEO Portfolio

0427 875 607

mayor@hinchinbrook.qld.gov.au

SERVICE TO COUNCIL: ELECTED 30 MARCH 2016

Council has been active in its endeavours to foster diverse opportunities within the local economy over the course of the last year with a particular focus on supporting business growth, and advancing tourism, events and jobs within the community. We have endeavoured to stimulate job creation through budgetary allocation of a substantial capital works program, and I am pleased to report that over the course of the past financial year 95% of such works valued at over \$7.6 Million have been awarded to, and have been undertaken by, local contractors and local businesses, ensuring that monies are retained within the district.

A key tool in the establishment of tourism in our district has been the ongoing roll out of *The Hinchinbrook Way* brand. Statistics indicate that destination marketing and exposure to the Hinchinbrook lifestyle through *The Hinchinbrook Way* stories and videos are having the desired effect of attracting people to our district. Further work still needs to continue to establish Hinchinbrook as an enviable district of destination.

A significant amount of patrons to the Hinchinbrook Visitor Information Lounge in 2016/2017 were from outside the region. Visitation statistics are as follows:

14%	locals
29%	day visitors
9%	domestic overnight visitors
29%	interstate visitors
18%	from international western markets
1%	from international eastern markets

Significant works have also progressed in relation to establishing our district as an events hub, and in that regard Council has been successful in assisting various local community organisations attract new events to the district. These include *Cruise for Charity*, *Autofest*, and *TYTO-Mt Fox* mountain bike rally to name a few. Five (5) conferences including the *2018 Northern Alliance of Councils Conference* and *Australian Local Government Women's Association Conference* will be taking place at TYTO in the forthcoming year as a result of expressions of interest submitted.

Council continues to be active in ensuring transparency of Council operations with the newly re-vamped website allowing for easier access to Council information, including monthly General Meeting Minutes and relevant financial and work related reporting. Works in relation to the website will continue with features such as online request application processes to be finalised.

Investigations continue concerning agricultural product diversification opportunities with Council researching potential markets for product capable of being utilised in rotation to current sugar cane cropping practices.

Council has maintained a no frills course of action regarding all facets of service operation and which has allowed rate increases to be kept at a minimum. This has been achieved by holding operating costs across the organisation to the same level as previous years, without diminution in service level and notwithstanding significant impost being imposed upon Council by increasing commodity costs, particularly in relation to electricity charges. We are committed to continuing to find additional cost savings and efficiencies so as to limit future rate rises having regard to the acknowledgment of stress upon our community through ever increasing living costs. Our efficiency gains are very much the product of a whole of Council effort.

Our Chief Executive Officer - Dan McKinlay and all employees, from our executive leadership team to our works crews and officers, are to be congratulated for attaining such achievements.

I thank Council staff, Councillors and our many dedicated volunteers for the work they have done throughout the year in enhancing the values of our district and community.

Cr Ramon Jayo

A handwritten signature in black ink, appearing to read 'Ramon Jayo', with a stylized flourish at the end.

Mayor

ELECTED REPRESENTATIVES



Councillor Mary Brown

Deputy Mayor

Development and Planning Portfolio

Office of the CEO (Deputy)

0409 356 252

mbrown@hinchinbrook.qld.gov.au

SERVICE TO COUNCIL: ELECTED 30 MARCH 2016

"The past twelve months have been an exceptionally busy time in Council generally. Through my involvement as portfolio Councillor for Economic Development and Planning, I continue to observe how the work this team is undertaking in building economic diversity of the Shire.

Building on the branding and marketing strategies that were rolled out last year, the focus has now moved to tourism product development to meet the growing visitation to the Shire. Events and conferences being hosted throughout the TYTO precinct continue to experience growth both in numbers and diversity of visitor attendance.

The significant task of the complete review of the planning scheme, which has seen a very large body of work undertaken by the team, is nearing completion. Continuing to grow, develop and capitalise on economic opportunities for the Shire remains a priority for Council, and I very much enjoy being part of working to ensure the future sustainability of this Shire."



Councillor Maria Bosworth

Community Services Portfolio

Corporate Services Portfolio (Deputy)

0429 771 696

mbosworth@hinchinbrook.qld.gov.au

SERVICE TO COUNCIL: RE-ELECTED 30 MARCH 2016

PREVIOUS TERMS: 6 APRIL 2004 TO 9 MAY 2012

"Councillor for Community Services has been more rewarding than one could ever expect. Along with the everyday tasks of maintaining structures Shire-wide, in the immediate past 12 months this department of Council partnered with Engineering and has fulfilled the following new projects:

- Increased shared pathways in Ingham and Forrest Beach
- Commissioning of the limited ability access lift at Hinchinbrook Aquatic Centre
- Established plans and commenced construction of the 'Wild and Wilderness Themed Water Playground' for 1-10 year olds at the Hinchinbrook Aquatic Centre.

For the above new works to be achieved it is important to acknowledge grant money from the State Government "Works 4 Queensland" funding, plus the wisdom of Councillors to award necessary funds at budget time to answer the requests of ratepayers."



Councillor Andrew Lancini

**Environmental Health Services Portfolio
Development and Planning Portfolio (Deputy)**

0409 342 209

alancini@hinchinbrook.qld.gov.au

SERVICE TO COUNCIL: RE-ELECTED 30 MARCH 2016

PREVIOUS TERMS: 6 APRIL 1994 TO 9 MAY 2012

"2016/2017 has been a great year for Hinchinbrook. The Annual Report will show Council has completed an array of projects, for example the pathways which have all been completed by local businesses. I see next year as being even better with the 2017/2018 budget and with the completion of the Works for Queensland Projects. I believe this Council's success has been its leadership."



Councillor Kathrine (Kate) Milton

Engineering Services Portfolio (Deputy)

0428 180 412

kmilton@hinchinbrook.qld.gov.au

SERVICE TO COUNCIL: ELECTED 30 MARCH 2016

"The last 18 months of my 4 year term serving the community of Hinchinbrook as an elected Councillor have been both interesting and rewarding. I have learnt a great deal and have always kept the best interests of the community at heart. I believe Hinchinbrook residents are seeing a difference in the way their issues are being responded to and there is a much more positive attitude around town.

There has been a lot happening around town over the last 12 months. The roadworks South of Ingham, although being restrictive and I must admit down right annoying at times, has brought a lot of work to our local contractors as well as bringing people into the town. The Toobanna section of the road is very near completion and once completed will make travel into town much more enjoyable and it will be well worth the wait.

The Frances and Cattle Creek works are expected to be completed toward the end of next year, so there will be financial stimulus into the community for at least another 12 months from the State and Federal Governments.

The State Government's Works for Queensland funding has been extremely well received by Council. We have tried hard to share the works evenly throughout the community, providing both economic stimulus to local contractors and dealing with issues that have been on our budget radar for many years, but have not been able to be carried out because of cost restrictions. The Hinchinbrook Aquatic Centre Water Playground, planned for completion in November of this year, will be great for the community to enjoy in the hot months."



Councillor Marc Tack

Corporate Services Portfolio

Community Services Portfolio (Deputy)

0437 015 884

mtack@hinchinbrook.qld.gov.au

SERVICE TO COUNCIL: 17 MAY 2012 TO PRESENT

"Hinchinbrook Shire faces the challenge of a decreasing population while trying to build and maintain a financially sustainable Council. One of the key challenges has been coping with the government changes and regulations. Council recognises that with a limited rate base it must contain expenditure. Council has held operating expenditure in line with the previous year. This has enabled the increase in rates along with fees and charges to be kept to a minimum."



Councillor Wally Skinner

Engineering Services Portfolio

Environmental Health Services Portfolio (Deputy)

0408 724 324

wskinner@hinchinbrook.qld.gov.au

SERVICE TO COUNCIL: 17 MAY 2012 TO PRESENT

"Much of the last year has been spent undertaking a review of a range of Infrastructure Services Policies and Procedures. The outcome of this work is to ensure equity and certainty for ratepayers with regard to Council's service standards. It also delivers cost effective utilisation of our workforce and resources.

The wet season had less of an impact on Council this year and saw us better able to maintain the road and public open spaces. However, a major amount of Capital Works, including the expansion of the shared footpath network, design and development of boating infrastructure, expansion of the road network and the replacement and refurbishment of selected bridges meant our staff were kept busy.

We are expecting a busy year ahead with the delivery of numerous large projects already in the pipeline.

I want to commend our staff for their efforts over the last twelve months. Their commitment had a significant bearing on allowing us to adopt a very moderate rate rise as compared to most other Councils."



2016/2017 COUNCIL COMMUNITY EVENTS

JULY

- NAIDOC Week Silk Screen Printing Workshops (TRAG)
- LittleRed in the Hood - interactive, educational performance for children (HSL)
- NAIDOC Exhibition (TRAG)
- Book Club (HSL)

AUGUST

- The First World War Treasures: A White Gloves Experience (HSL)
- Seniors Week - Art Workshops - Mastering Watercolour and Acrylic Painting Techniques (TRAG)
- Seniors Week Morning Tea (REC)

SEPTEMBER

- 38th Hinchinbrook Art Awards (TRAG)
- School Holiday Program (TYTO)
- Treasure Hunt – (REC)
- Travellers Table (REC)
- Movie Magic (REC)
- Forever Mini Fair at TYTO and Lucinda (HSL)

OCTOBER

- South Pacific Taekwondo (TYTO)
- Sunday Kids Craft (TYTO)
- Exhibition: Ingham Community Kindergarten – Walk on the Wildside (TRAG)

NOVEMBER

- South Pacific Taekwondo (REC)
- Hinchinbrook Birdlife Art Awards (TRAG/HVIL)
- Digital Storytelling Group – Photography, Film and Writing (HSL)

DECEMBER

- Summer Reading Club (HSL)
- Christmas in Hinchinbrook (REC)
- Mayor's Light Up the Tree Event (REC)

JANUARY

- Freestyle Audio – Making Music (DDCS)
- Sugar Tracks – Heritage Display and Tour (TYTO)
- Exhibition: In Memory of our Heroes – 31st Battalion – The Kennedy Regiment Mini

FEBRUARY

- Hinchinbrook Bird Count (TIWC)
- Exhibition: Beetroot by David Rowe (TRAG)
- First 5 Forever Launch (HSL)
- First 5 Forever – Storytime (HSL)

MARCH

- Just for Kids Activities (HVIL)
- Active Girls Only – Youth Fitness (TYTO)
- eSkills Classes (HSL)
- In the Bin Short Film Festival (REC)

APRIL

- GOMA Touring – Gathering by the Sea (TRAG)
- The Matchbox Show – Touring Exhibition (TRAG)
- Seniors Early Morning Walk (HVIL)
- StoryTime Forever with Baby Naming Ceremony (HSL)

MAY

- National Simultaneous Story Time (HSL)
- Volunteer Afternoon Tea (REC)
- Find Your Future in Hinchinbrook 2017 (REC)
- Yoga for over 40's (REC)
- Camerata of St John's Qld Chamber Orchestra at Forrest Beach, Ingham State Primary School and TYTO (REC)

JUNE

- Hinchinbrook Market Day (REC)
- Tasman Turtle's Picnic Day (REC)
- Sunday Session (REC)
- Tea and Trivia for Seniors (REC)
- Artist in Residence (TRAG)

TRAG - TYTO Regional Art Gallery
HSL - Hinchinbrook Shire Library
DDCS - Double Daw Creative Studio

HVIL – Hinchinbrook Visitor Information Lounge
REC – Regional Events Coordinator
TYTO - TYTO Parklands



Hinchinbrook Shire Council is committed to hosting community events throughout the Shire that engage, educate and inspire our community. The events listed are only a small summary of what was achieved in the 2016/2017 financial year with over 300 events taking place during this time. These included regular events such as the Hinchinbrook Market Day, Sunday Sessions, Baby Rhyme Time, craft activities and much more.

Image: Jessica Potts, 8, with her favorite books for the Summer Reading Club 2016, Hinchinbrook Shire Library.

CEO'S MESSAGE



I am pleased to present my report for the 2016/2017 financial year.

Council had a significant focus on controlling its operating cost and ended the financial year in a sound financial position. There is an active Business Improvement Team operating that looks at innovation, efficiencies and has a fresh look at the way we do things so as to improve our capacity to deliver the services the community require, while at the same time limiting rate increases. The Business Improvement Team has across Council representation.

To assist Council gauge its level of operating cost and rating levels when compared with similar sized Councils, a Consultant was engaged to complete a Financial Health Check Report and Rating Review Report. As a result of this review a Reorganisation Report was adopted by Council which resulted in a streamlining of departments with a reduction in one Executive Manager. Halifax Transfer Station operations were also contracted out during the year.

A significant effort went into the development of a new website, with implementation to occur in early July 2017. This new website is a vast improvement over the previous website.

After a number of years Council entered a team into the North Queensland Rural Management Challenge held in the Tablelands and I was thrilled that Hinchinbrook Shire Council won the challenge.

Again in 2016/2017 Council continued to participate with local service providers and regional neighbours in raising awareness of flood and cyclone preparedness. Only through constant vigilance in this space will we go some way to avoiding human tragedy and minimising property loss in future events.

Local Government is the closest form of Government to the community and together Councillors, staff and our volunteers, through their dedication and commitment continue to provide many services and outcomes for the Hinchinbrook community. Our aim is to make the Hinchinbrook region a better place to live.

A handwritten signature in black ink, reading 'D. McKinlay'.

Dan McKinlay
Chief Executive Officer



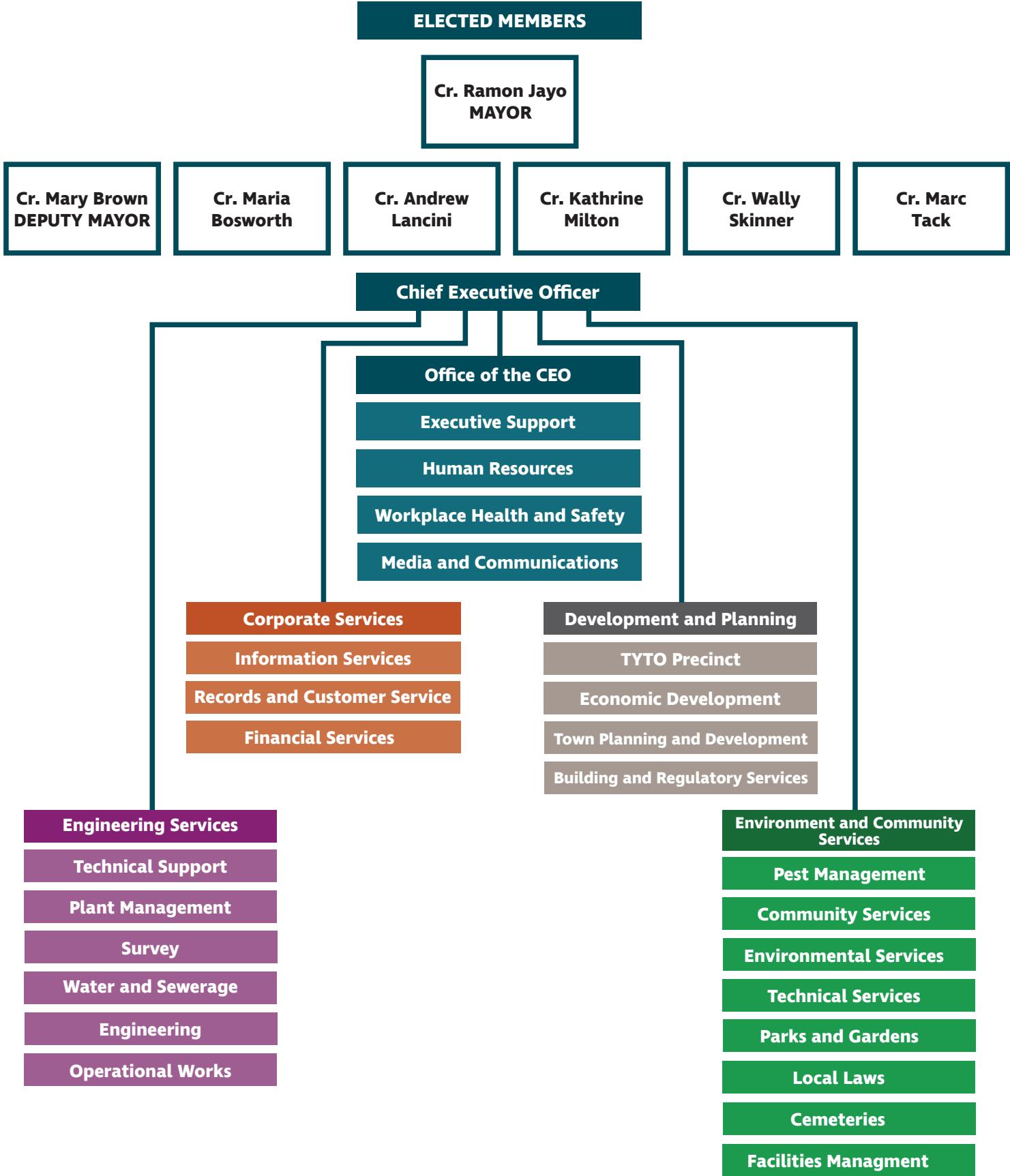
LANNERCOST

EXECUTIVE MANAGEMENT TEAM

	CORPORATE SERVICES	DEVELOPMENT AND PLANNING
RESPONSIBILITIES	<ul style="list-style-type: none"> • Strategic Financial Management • Information Technology and Communication Services • Customer Services • Records Management • Finance and Accounts • Governance 	<ul style="list-style-type: none"> • Economic Development • Town Planning • Building and Regulatory Services • TYTO Precinct
HIGHLIGHTS	<ul style="list-style-type: none"> • Successfully maintaining the financial activities, records and resources of Council • Overseeing Council's operations to be within Budget for 2016/2017 • Successful completion of the year's statutory accounts, including an unqualified audit report • Continued successful delivery of the internal audit program • Continued successful management of Council's Governance activities 	<ul style="list-style-type: none"> • Participation with the North Queensland Economic Development Practitioners Network • Development of a new Town Plan • Commencement of a Local Government Infrastructure Plan • Implementation of an events program at TYTO • Continuation of a trial RV parking site at TYTO • Trial of another RV site at Forrest Beach. • Employment of a Regional Events Coordinator at TYTO • Membership of Tropical Coast Tourism
CHALLENGES	<ul style="list-style-type: none"> • Management of ever-changing IT environment • Ongoing management of budgetary pressures • Continued 'bedding down' of new finance system 	<ul style="list-style-type: none"> • Resourcing constraints for economic development initiatives and planning compliance • Attracting suitably skilled staff to fill positions

ENGINEERING SERVICES	ENVIRONMENT AND COMMUNITY SERVICES	OFFICE OF THE CEO
<ul style="list-style-type: none"> • Roads • Drainage • Water and Sewerage Services • Technical Support • Assets and Geospatial Information Services • Plant Management • Survey 	<ul style="list-style-type: none"> • Environmental Services • Business Licensing • Mosquito Control • Animal Management • Local Laws • Cemeteries • Waste Management • Public Amenities • Natural Resource Management • Parks and Gardens • Community Services • Facilities Management • Disaster Management 	<ul style="list-style-type: none"> • Human Resources • Workplace Health and Safety • Executive Support • Media and Communications
<ul style="list-style-type: none"> • Successfully improving asset data, condition rating information and updating the Asset Management Plans by 30 June 2017 • All Council maintained roads, sealed and unsealed, have been captured and assessed using Council rough-o-meter and GPS enabled video camera • Securing funding from the <i>Building Our Regions</i> grant program to undertake \$1.6M of shared footpaths throughout Ingham connecting up existing footpaths to create extensive connectivity • Rehabilitation and renewal of the Lucinda Low Level Reservoir • Completing gravity sewer relining program • Completing the \$600,000 Principle Cycle Network project along McIlwraith Street 	<ul style="list-style-type: none"> • Progressing with planning to expend the \$560,000 of external funding via <i>Get Ready Plus</i> for the construction of the Ingham Showgrounds Covered Multi Purpose Sports Arena • Continuation of the Hard Rubbish Support Program for eligible residents in conjunction with Council's project partner Hinchinbrook Community Support Centre • Continuation of virtual waste vouchers for Halifax Transfer Station • Implementation of waste management practices and adoption of new services for next financial year • Commissioning of a pilot solar power system at the Hinchinbrook Aquatic Centre • Continuation of the Pelorus Island Feral Goat Eradication Program 	<ul style="list-style-type: none"> • Maintenance of Hinchinbrook Shire Council and Hinchinbrook Disaster Information Facebook pages • Community shed meetings held throughout the year • Reduced proposed general rate for 2016/2017 • Customer Service Strategy implemented • Continuing employment of trainees and apprentices • Performance Appraisal templates finalised for whole of organisation • Business Improvement Team continuing to operate • Enterprise Strategic Risk Register implemented • Staff survey undertaken • Financial Health Check and Rating Review implemented • New Procurement Policy implemented. • Planning of new Enterprise Bargaining Agreement
<ul style="list-style-type: none"> • Developing a policy and framework aimed at addressing maintenance of the unsealed road network to minimize liability to Council and maximize the effectiveness of the road network to support the local community and industry • Ongoing development of the Asset Management Software • Managing and completing Annual Maintenance and Capital Works Programs on time and on budget • Managing community expectations regarding the unsealed road network and maintenance budget 	<ul style="list-style-type: none"> • Maintaining service levels of parks and reserves maintenance in the context of available resources and increasing public expectations • Management of options for Flying Fox colony management for one of the very few sites in Australia home to four protected species 	<ul style="list-style-type: none"> • Funding constraints, ability of community to pay • Devolution of responsibilities • Workplace Health and Safety • Procurement practices

ORGANISATIONAL STRUCTURE



REPORTING SYSTEM



Council's 2016/2017 Annual Report demonstrates our desire to improve our commitment to accountability and transparency. The report provides an overview of our activities, actions and outcomes from the period of 1 July 2016 through to 30 June 2017.

This year we will again use the traffic light indicator system to give a visual representation to our performance in key areas. These areas link back to our 12 month Operational Plan and five year Corporate Plan. The Community Financial Report for this year commences on page 61.

As a resident, ratepayer, investor, business or community member you have an interest in understanding what Council is achieving. This report aims to give you that information in a user friendly format while fulfilling our legislative responsibilities to govern and deliver in an open and transparent manner.

Some of the information in this report is what Council is required to present, some is ancillary information that may be of interest and some is clearly provided for the feel good factor, to celebrate what we are and who we are as an organisation and as a community.

At a glance the following can be understood when referring to the traffic light system: being green is good, amber is ok and red is a situation requiring review.



More specifically a green marker indicates we are well on track to delivering our desired outcome, somewhere between 70% and 100% completion for this 12 month period.



An orange marker means progress has been made, somewhere between 30% and 70% of work has been done and there is more to come.



While a red marker means issues have arisen, less than 30% of the work or project has been completed and we need to pay attention to this matter moving forward and get things back on track, assuming that it is still a priority for Council.

Overall we are aiming for more greens than ambers and very few red.

The following pages detail Key Performance Indicators (KPI) that are taken from the 12 month Operational Plan.



CORPORATE AND OPERATIONAL PLAN OUTCOMES

STRATEGIC DIRECTION ONE

FISCALLY RESPONSIVE AND RESPONSIBLE MANAGEMENT OF PUBLIC INFRASTRUCTURE AND ASSETS






Hinchinbrook Shire Council builds, owns and funds the maintenance of infrastructure that it sees as a benefit to the community. In some areas Council is the only entity that will perform the function of providing public infrastructure. Council provides public infrastructure on the basis that it is an asset to the community, that the community values the provision of this infrastructure and that the infrastructure provides a contribution to the community that is tangible, vital and essential.

Council is committed to supplying infrastructure in an efficient and coordinated manner that provides consistent delivery of services and is seen as value for money by the users of such infrastructure. Further, Council considers infrastructure provision with regard to the impacts on the natural environment, the value add of the amenity to existing infrastructure, and health and safety of the community.

Council will ensure a coordinated and integrated approach to infrastructure planning, implementation, maintenance and renewal. Public infrastructure and assets provided by Council can include:

- Road and drainage network
- Water and sewerage network
- Waste management and transfer station facilities
- Hinchinbrook Aquatic Centre
- TYTO Precinct
- Parks, gardens and reserves with pathways, structures, playgrounds, fitness equipment and picnic facilities
- Marine recreational infrastructure - boat ramps, jetties and fishing platforms
- Buildings, like the Shire Hall, smaller community halls and the Kelly Theatre

CORPORATE PLAN

PROGRESS	STRATEGIC DIRECTION
	1.1 Plan and execute timely preventative maintenance regimes that extend the useful life of roads, water and sewerage network infrastructure in a cost effective manner
	1.2 Plan and execute timely preventative maintenance regimes for building assets that extend the useful life in a cost effective manner
	1.3 Ensure that proposed extensions to road, water or sewerage networks have a demonstrated social and economic imperative
	1.4 Be open to innovative and alternate solutions for the provision of ongoing public infrastructure needs
	1.5 Ensure that public infrastructure contributes to lifestyle aspirations of current residents, underpins population attraction and acts as an enabler for economic growth in tourism in particular

CHALLENGES FACED DURING 2016/2017

- Council is constantly balancing public expectations regarding service levels and the available resources and budgets set aside to manage this infrastructure. This is compounded by a decreasing population and lack of growth which impacts council's ability to increase revenue without rates increases. Effectively meaning Council is required to do more with less.

KEY PROJECTS

1.1 PLAN AND EXECUTE TIMELY PREVENTATIVE MAINTENANCE REGIMES THAT EXTEND THE USEFUL LIFE OF ROADS, WATER AND SEWERAGE NETWORK INFRASTRUCTURE IN A COST EFFECTIVE MANNER

Asset Management Activities

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Continued refinement of long term asset management plans	1.1.1	Review and update Road Register Policy by June 2017	Engineering Services	Corporate Services

Throughout 2016/2017 Engineering Services has continued to assess on a road by road basis those roads which should be added to the Road Register. For example sections of Milton Road and Allendale Road have been added to the road register and works commenced to bring those roads up to a standard which is fit for use. Engineering Services have also comprehensively investigated and mapped all roads which are formed but not actively maintained. The data from this investigation has been analysed to be included in the updated Road Register and Policy. These roads are named as Class 6 roads or access roads. A draft Policy was circulated to Councillors prior to 30 June 2017, however is continued to be developed and workshopped to ensure the Policy is robust and affordable to all.

Roads Hierarchy

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of a roads hierarchy and associated service levels	1.1.2	Undertake quantitative assessment of all roads and adopt revised roughness benchmarks for intervention June 2017	Engineering Services	Corporate Services

All roads (sealed and unsealed) have been assessed using the assets rough-o-meter and also captured using the high definition video camera and GPS. The policy for maintenance of unsealed roads has been developed into a draft copy and circulated to Council for comment and workshopping to ensure the policy is robust and affordable to all.

Maintenance Regimes

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Planned preventative maintenance regimes are comprehensive in nature and costed for inclusion in ten year forward budgets	1.1.3	Undertake design and project estimates for 2017/2018 bridge renewals.	Engineering Services	Corporate Services

Working closely with bridge specialists Engineering Services completed a thorough assessment, scoping design, cost estimate and prioritisation of the 10 year Bridge Renewal Program. The results of this have now been incorporated into the updated Capital Works budget for funding consideration.

1.2 PLAN AND EXECUTE TIMELY PREVENTATIVE MAINTENANCE REGIMES FOR BUILDING ASSETS THAT EXTEND THE USEFUL LIFE IN A COST EFFECTIVE MANNER

Preventative Maintenance Plans

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of preventive maintenance plans for all building assets, including exit strategies for assets deemed surplus to needs	1.2.1	Preventative Maintenance Plan documented and included in ten year budgets 2016-2026 for Council owned buildings	Environment and Community Services	Corporate Services

During 2016/2017 Council continued development of Preventative Maintenance Plans for all building assets.

1.3 ENSURE THAT PROPOSED EXTENSIONS TO ROAD, WATER OR SEWERAGE NETWORKS HAVE A DEMONSTRATED SOCIAL AND ECONOMIC IMPERATIVE

Reticulated Water to Forrest Beach

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Investigate Water Security options for the Hinchinbrook Shire Water Scheme	1.3.1	Develop a Water Security and Consumption Management Plan June 2017	Engineering Services	Corporate Services

In conjunction with GHD, Engineering Services developed a Water Security and Consumption Management Plan. This includes working hydraulic modelling of the existing water assets and identifying areas for improvement to the network.

Cane Expansion Areas

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Investigation of access to identified cane expansion areas in collaboration with industry stakeholders	1.3.2	Business case and funding models explored on a case by case basis	Development and Planning	Engineering Services

Council reviewed the road access to cane production areas in 2016/2017.

1.4 BE OPEN TO INNOVATIVE AND ALTERNATE SOLUTIONS FOR THE PROVISION OF ONGOING PUBLIC INFRASTRUCTURE NEEDS

Ingham and Beaches Sewerage Upgrade Project

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Prior to the end of useful life of current assets review innovative and alternate solutions	1.4.1	Review and update Priority Infrastructure Plan by June 2017	Engineering Services	Environment and Community Services

Consultancy firm PIE Solutions were engaged by Development and Planning, project status briefing to Council completed on 6 June 2017.

1.5 ENSURE THAT PUBLIC INFRASTRUCTURE CONTRIBUTES TO LIFESTYLE ASPIRATIONS OF CURRENT RESIDENTS, UNDERPINS POPULATION ATTRACTION AND ACTS AS AN ENABLER FOR ECONOMIC GROWTH IN TOURISM IN PARTICULAR

Boating and Fishing Facilities

Proposed Actions Over 2014-2019	2015/2016 Action Measure		Lead	Associated
Maintain access to and improve recreational boating and fishing facilities	1.5.1	Investigate feasibility of wave protection infrastructure at Forrest Beach ramp	Engineering Services	Development and Planning

Engineering Services have been assisting the Forrest Beach Boat Ramp Committee and have engaged the services of a coastline modelling specialist to undertake wave attenuation modelling and sand migration (build up/erosion) for the infrastructure solution as proposed by the Committee.

Dungeness Parking

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Maintain access to and improve recreational boating and fishing facilities	1.5.2	Extension to the Dungeness parking area completed by June 2017	Engineering Services	Development and Planning

This project has been placed on hold indefinitely due to Indigenous Land Use Agreement negotiations.

Parks and Reserves Hierarchy

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of a parks and reserves hierarchy and associated service levels	1.5.3	Complete development of a parks and reserves hierarchy by December 2016	Engineering Services	Corporate Services





A draft Parks and Open Spaces Management Plan has been developed, the Plan is expected to be finalised in 2017/2018

STRATEGIC DIRECTION TWO

RESPONSIVE AND RESPONSIBLE MANAGEMENT OF LAND

Hinchinbrook Shire Council seeks to achieve a sustainable, well managed and enviable natural and built environment. That is a Shire that provides a balance between the development of built infrastructure, demonstrating sound land use principles, while valuing the conservation of our diverse natural resources for the enjoyment of all. This will be achieved by delivering an enabling Town Planning Scheme, by the development of natural resource management plans, and increasing community awareness of associated issues.

CORPORATE PLAN

PROGRESS	STRATEGIC DIRECTION
	2.1 Delivery of a robust and meaningful Town Planning Scheme
	2.2 Provision of reliable flood data and intelligence
	2.3 Riverine and riparian environment and management
	2.4 Natural Resource Management

CHALLENGES FACED DURING 2016/2017

- Hinchinbrook's location on a flood plain increases the cost and complexity for the built environment
- The Shire's proximity to our wonderful world heritage areas requires more careful consideration and management
- Steady reduction in amount of State and Federal funding for Natural Resource Management projects

KEY PROJECTS

2.1 DELIVERY OF A ROBUST AND MEANINGFUL TOWN PLANNING SCHEME

Strategic Framework – Town Planning Scheme

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Consultation for and development of a new Town Planning Scheme that acts as an enabler for lifestyle aspirations, supports population growth and the realisation of opportunities	2.1.1	Commence public consultation for draft planning scheme by September 2016	Development and Planning	Engineering Services

The *Draft Hinchinbrook Shire Planning Scheme 2017* and the *Herbert River Flood Mapping Update 2015* were in draft prior to 30 June 2017.

Codes – Town Planning Scheme

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of a new Town Planning Scheme that acts as an enabler for lifestyle aspirations, supports population growth and the realisation of opportunities	2.1.2	Adoption of final scheme by December 2016	Development and Planning	Engineering Services

The *Draft Hinchinbrook Shire Planning Scheme 2017* was prepared prior to 30 June 2017 and was endorsed by council to proceed public consultation.

Regularisation of Levees

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Regularisation of levees	2.1.3	Implementation of criteria developed to regulate levy construction by December 2016	Development and Planning	Engineering Services

The regulations and guidelines in relation to levee banks was placed on the Council website during 2016.

2.2 PROVISION OF RELIABLE FLOOD DATA AND INTELLIGENCE

Revised Flood Study

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Revision of the existing flood study	2.2.1	Revised flood study developed in December 2015 which will inform the development of the Town Planning Scheme	Development and Planning	Engineering Services

The *Herbert River Flood Mapping Update 2015* was prepared prior to 30 June 2017 and was endorsed by council to proceed to public consultation.

2.3 RIVERINE AND RIPARIAN ENVIRONMENT AND MANAGEMENT

Funding of the Herbert River Improvement Trust

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Funding of the Herbert River Improvement Trust	2.3.1	Funds allocated and payment will be made in accordance with arrangements by <i>Herbert River Improvement Trust</i>	Office of the CEO	Corporate Services

Council contribution for 2016/2017 was paid to the *Herbert River Improvement Trust*.

2.4 NATURAL RESOURCE MANAGEMENT

Pest and Weed Management – Vector Control and Public Education

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Pest and weed management activities	2.4.1	Continuous monitoring and improvement of vector control practices and public education delivered by June 2017	Environment and Community Services	Engineering Services

Council reviewed and adopted the *Pest Management Plan* and the *Hinchinbrook Local Government Area Biosecurity Plan* (HLGABP) in 2016/2017.

Hinchinbrook Pest Management Plan

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Pest and weed management activities	2.4.2	Implement the Hinchinbrook Pest Management Plan in co-operation with primary producers and other key stakeholders by June 2017	Environment and Community Services	Engineering Services

Council reviewed the *Pest Management Plan* and adopted the *Hinchinbrook Local Government Area Biosecurity Plan* (HLGABP) in 2016/2017.

Hinchinbrook Community Feral Pig Management

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Pest and weed management activities	2.4.3	Continue the Hinchinbrook Community Feral Pig Management Program – implement all activities by June 2017	Environment and Community Services	Engineering Services

This program has continued to provide excellent results with 564 feral pigs caught and keeping the level of lost sugar cane down from \$1.2 million in 2009 to around \$200,000 during 2016/2017.

Revegetation Projects

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Pest and weed management activities	2.4.4	Comprehensive Flying Fox Roost Management Program implemented by 30 June 2017 Preparation of Statement of Intent for commencement of community consultation to be finalised by December 2016	Environment and Community Services	External agencies

Council continues to lobby the State Government for realistic management options for the Ingham Flying-Fox Roost.

Reef Guardian Action Plan

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Involvement in catchment management activities	2.4.5	Develop, assist with and carry out revegetation projects including promotion of National Tree Day by June 2017	Environment and Community Services	External agencies

Council worked closely with a number of the Shire's key stakeholders during 2016/2017, these organisations included the Herbert River Catchment and Landcare Group, Terrain NRM and Greening Australia. Together we implemented a number of catchment management projects to improve and strengthen the resilience of some of the Shire's river, creek and wetland ecosystems. These included the Waterview Creek Vine and Aquatic Weed Restoration Project, the Palm Creek Aquatic Weed and Revegetation Project and the TYTO Wetlands Aquatic, Terrestrial Weed Control and Tree Planting Project. Council also hosted a National Tree Planting Day along Sandy Waterhole, where members of the public took part in planting around 300 trees.

Reef Guardian Action Plan

Proposed Actions Over 2014-2019	2015/2016 Action Measure		Lead	Associated
Stewardship of the Great Barrier Reef	2.4.6	Implement agreed activities from the Reef Guardian Action Plan by June 2017	Environment and Community Services	External agencies

All actions identified in the 2016/2017 Reef Guardian Action Plan have been carried out as planned. Council continues its commitment to the protection of the Great Barrier Reef.

Biosecurity

Proposed Actions Over 2014-2019	2015/2016 Action Measure		Lead	Associated
Biosecurity	2.4.7	Meet Council's obligations under the new Biosecurity Act 2014 preventing, responding to and assisting recovery from pests and diseases, thereby keeping Hinchinbrook's land and environment healthy and resilient	Environment and Community Services	External agencies

Council had a very productive year meeting all obligations under the Biosecurity Act 2014 by managing numerous pest species across the Shire. These species included Acacia, Mikania Vine, Pond apple, Thunbergia, Hygrophila and Singapore Daisy eradication programs. Council also continued with the Wild Dog and Feral Pig Management Programs and promoted to the community the control of many other species through various media outlets during 2016/2017.



Image: Hinchinbrook Shire Council Nursery, native plant propagation workshop, February 2017.

STRATEGIC DIRECTION THREE

RESPONSIVE AND RESPONSIBLE LOCAL REPRESENTATION

Councillors will provide strong local leadership, underpinned by responsible governance processes, demonstrating respect for the democratic process. Councillors will communicate openly, be accountable for decisions made and be willing to engage with the community.

Council will advocate to State and Federal Governments and agencies to deliver outcomes that address the needs of our community.

Council will create an organisation that is empowered to act and develops an internal capacity to respond and to change. Council will seek to be aware of external factors that impact on Local Government as a whole and on Hinchinbrook specifically.

CORPORATE PLAN

PROGRESS	STRATEGIC DIRECTION
	3.1 Councillor two way engagement with our community
	3.2 Communication with the community
	3.3 Influencing other levels of Government
	3.4 Policy and Procedure
	3.5 Organisational Capacity

CHALLENGES FACED DURING 2016/2017

- Building organisation capacity during a continuing year which lacked of ratepayer growth, pressure on cost of doing business and increasing demand on services.

KEY PROJECTS

3.1 COUNCILLOR TWO WAY ENGAGEMENT WITH OUR COMMUNITY

Community Shed Meetings

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Community Shed Meetings	3.1.1	Hold annual community shed meetings	Office of the CEO	All

Community shed meetings were held for Trebonne, Lower Herbert, Forrest Beach, Ingham and Mt Fox from July to November 2016.

Councillor Representation

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Provide Councillor representation at recognised community group meetings	3.1.2	Facilitate an annual review of Councillor nominations for representational roles	Office of the CEO	All

Annual review of Councillor nominations for representational roles occurred in July 2017.

3.2 COMMUNICATION WITH THE COMMUNITY

Annual Communication Plan

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Communications Plan developed and executed	3.2.1	Annual Communication Plan developed and presented to Council by September 2016	Office of the CEO	All

Annual Communication Plan developed and presented to Council on 14 March 2017.

Communication Plan Activity Report

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Communications Plan developed and executed	3.2.2	Activity and outcome report presented twice a year to Councillors	Office of the CEO	All

Activity and outcome report presented to Councillors twice during the financial year.

Media Policy

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Communications Plan developed and executed	3.2.3	Media Policy reviewed by September 2016	Office of the CEO	All

Media Policy adopted May 2017.

Council Website

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Council website	3.2.4	Implementation of web based website for community consultation	Office of the CEO	All

New Hinchinbrook Shire Council website was developed.

Facebook Pages

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Further development of online content	3.2.5	Facebook pages for Council, TYTO, Hinchinbrook Way and Hinchinbrook Disaster Management further developed	Office of the CEO	All

Council's social media presence continues to grow with increased engagement by the community evident.

Ratepayers Newsletter

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Continued publication of a ratepayers newsletter	3.2.6	Three ratepayer newsletters published by June 2017	Office of the CEO	Corporate Services

Three ratepayers newsletters published, August 2016, November 2016, May 2017.

3.3 INFLUENCING OTHER LEVELS OF GOVERNMENT

Rates Relief Policy

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Advocate for the provision of youth social services delivered locally	3.3.1	Support for local not for profit providers by way of the Rates Relief Policy	Office of the CEO	Corporate Services

Rates Relief Policy was adopted as part of the 2016/2017 Budget.

Grant Funding

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Advocate for the provision of youth social services delivered locally	3.3.2	Review the grant funding service as provided by the Hinchinbrook Community Support Centre by June 2017	Office of the CEO	Corporate Services

Council reviewed the Community Grant Policy and the Support for Festivals and Events Policy to combine them into one policy.

Advocacy Role - Youth Social Services

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Advocate for the provision of youth social services delivered locally	3.3.3	On an as identified basis an advocacy role with other levels of government and service providers of youth social services	Office of the CEO	Environment and Community Services

Not progressed during the 2016/2017 financial year.

Advocacy Role - At Risk Community Members

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Support for community health service providers to address the needs of at risk community members	3.3.4	On an as identified basis an advocacy role with other levels of government and service providers of programs to address the needs of at risk community members	Office of the CEO	Environment and Community Services

Advocacy role applied as required.

Senior Activities

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Support for community health service providers to address the needs of at risk community members	3.3.5	Continue TYTO activities focused on seniors	Office of the CEO	Development and Planning

TYTO hosted Tea and Trivia Seniors Morning Tea during the event seasons April to September with an average of 70 seniors per event. These combine brain teasing questions for mental health, group interaction for wellbeing and guests who address health or other Senior related issues at some events.

e-Skills computing classes are hosted at the Shire Library and average 10 people per class with three classes every Thursday. These are dominated by Senior patrons and are enthusiastically embraced. Topics cover beginners' basics through to relevant topics across all spectrums of computing and are assessed based on participant feedback and hence remain relevant for patrons. As required, a smaller specialised fourth class is added sporadically for patrons with no computer/technology experience at all. This course runs for 4 weeks each time, designed to prepare patrons for the new technological age, as well as the already existing Thursday computer classes.

Get Out Get Active programming, presented for community health and wellbeing, hosted 'Yoga for over 40's' and approximately 60% (on average over four sessions) of the patrons identified as Senior.

State Advocacy

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Advocate for the delivery of the State's rationalisation agenda specifically as it relates to population growth and regional investment	3.3.6	Participate in State Government forums to influence the regional agenda	Office of the CEO	Development and Planning

Ongoing collaboration as required.

LGAQ Conferences

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Membership of LGAQ and participation in relevant discussions and agendas	3.3.7	State and Regional LGAQ conferences and meetings attendance	Office of the CEO	Nil

Attended by Councillors and CEO as required.

3.4 POLICY AND PROCEDURE

Procurement Policy

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Local buy first preference policy development	3.4.1	Policy to be reviewed by 30 September 2016	Corporate Services	All

During 2016/2017 the Procurement Policy was amended and adopted.

3.5 ORGANISATIONAL CAPACITY

Organisational Structure

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Review of the organisational structure and resourcing in response to our strategic direction	3.5.1	Present to Council an updated building organisation capacity adaptability report by 31 March 2017	Office of the CEO	All

Report presented to Council at briefing 28 February 2017.

Employee Induction Program

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Review of the organisational structure and resourcing in response to our strategic direction	3.5.2	Implement a program of introducing apprentices and trainees into Council for 2016/2017	Office of the CEO	All

Ongoing implementation of Apprentices and Trainees

Corporate Culture

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Review of the organisational structure and resourcing in response to our strategic direction	3.5.3	Continued implementation of a corporate culture program into Council by 30 June 2017	Office of the CEO	All

Staff survey implemented late 2016 and ongoing actions resulting from the survey occurring.

Business Improvement Initiatives

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Review of the organisational structure and resourcing in response to our strategic direction	3.5.4	Continued program of business improvement initiatives and innovations leading to enhanced service delivery and operational efficiencies and sustainable work practices. This will occur through the Business Improvement Team.	Office of the CEO	All

Business Improvement Team continue to implement initiatives across the organisation to enhance service delivery.

Financial Review

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Review of the organisational structure and resourcing in response to our strategic direction	3.5.5	Undertake a financial health check for the organisation	Office of the CEO	All

Financial Health Check report completed by Orion Consulting presented to Council in December 2016, Rating Review report presented also.

Staff Training - New Employees

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of our human resources	3.5.6	Continuation of the new employee induction program	Office of the CEO	All

Ongoing

Staff Training - Code of Conduct

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of our human resources	3.5.7	Annual delivery of the Code of Conduct training to all employees	Office of the CEO	All

Continuing to be reviewed, however covered for all new staff.

Workplace Training

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of our human resources	3.5.8	Workplace training identified and delivered on an as needs basis	Office of the CEO	All

Training undertaken as required.

Performance Appraisals

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of our human resources	3.5.9	Implement performance appraisals for all staff (format finalised by 31 July 2016)	Office of the CEO	All

Format finalised, performance appraisals being rolled out across the organisation.



STRATEGIC DIRECTION FOUR

COUNCIL'S ROLE IN CREATING AN ENVIABLE LIFESTYLE AND CONTRIBUTION TO THE WHOLE OF LIFE LIVEABILITY OF OUR SHIRE

Notwithstanding the delivery of roads, water and sewerage networks, Council makes many other contributions to our community to endeavor to create a highly desirable environment, where lifestyle, liveability and prosperity are key outcomes. Our community values our relaxed lifestyle and seeks to preserve this in tandem with creating a healthy, vibrant and inclusive place to live.

Arts and culture are an integral part of life for our communities. Council recognises the importance arts and culture plays in our region and is committed to developing and expanding arts and cultural activities that have the capacity to enrich the lives of our residents. Council actively supports arts and cultural groups through its ongoing support for the Regional Arts Development Fund, together with its community donations program.

Community partnerships are about Council working with residents, community groups and other government agencies to improve the social well-being of the community, making our community a more desirable place to live. It is about partnerships, building capacity, listening to and learning from the community and building the future together.

Council acknowledges the issues of our ageing population and will work to identify strategies to support the needs of older people. We want to recognise the skills and experience of older people to ensure they feel valued and supported in our community. Council sees direct employment opportunities and support service provision for older people as a way to diversify our employment base and assist in the attraction of new residents to Hinchinbrook.

CORPORATE PLAN

PROGRESS	STRATEGIC DIRECTION
	4.1 Arts and Cultural Investment
	4.2 Provision of Recreation Opportunities
	4.3 Community Partnership Support
	4.4 Living well over 60 with a highly desirable lifestyle
	4.5 Regulatory functions that underpin liveability
	4.6 Educational opportunities that support population attraction

CHALLENGES FACED DURING 2016/2017

- Being able to target providers that would attract a range of individuals, couples, families and businesses to the region, contributing to the creation of a new economy and better jobs.
- The rapidly ageing demographic requires more specialised approaches to addressing issues.
- Late notification of RADF grant funding success after a whole of state extension of applications due to Cyclone Debbie. While Hinchinbrook Shire Council was successful in obtaining funding, the delay impacted opening of applications and hence full programming and projects.
- Delay in grant funding assessment (Cyclone Debbie) and lack of successful funding regarding *Queensland Driver Demand Tourism Infrastructure Funding* which delayed tourism projects including the *The Hinchinbrook Way* Wayfinding, Walk Signage and Drive Towers and the CBD Redevelopment projects of Tully Street shade awning, Lannercost St pedestrian crossover enhancement.
- Alteration to core planning alongside additional projects created time management challenges in prioritisation and staffing of project.

KEY PROJECTS

4.1 ARTS AND CULTURAL INVESTMENT

TYTO Signature Event

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Maximise the use of the TYTO Precinct for the delivery of arts and cultural programs	4.1.1	Continue annual Tasman Turtle signature event for TYTO	Development and Planning	Environment and Community Services

Tasman Turtle Picnic Day has become a favourite event for families; this year 1,212 attendee's enjoyed the day. With activities that promote healthy, sustainable liveability and protection of our environments the day is both fun and educational. This year a number of new activities were introduced including:

- Worm Your Way – making your very own compost and learning about food waste
- Rec Fish – learning about sustainable fishing practices, catch and release guidelines and marine habitats
- Tomato Patch – how to grow your own vegies

The day was postponed due to inclement weather and hence attendance figures may have been affected with the alternate date competing with key Townsville events

Feedback included: "Great to have a local family event – kids look forward to it", "Wonderful Family Event" and we like the "Community Spirit" the most.

Events to attract tourists

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Maximise the use of the TYTO Precinct for the delivery of arts and cultural programs	4.1.2	Provide events and activities to attract visitors from the Townsville Region	Development and Planning	Environment and Community Services

TYTO presents an annual event program from April to September which is distributed as a booklet throughout the region at Visitor Information Centres and small businesses, it is also marketed in both Duo (lifestyle) and Huxley (creative arts and music) Magazines all within the Townsville Region and its catchment areas. Word of mouth identifies success in the space alongside annual statistics, which from the Hinchinbrook Visitor Information Lounge, recorded 4,061 visitors who identified as residing within 400km of Ingham and primarily are from the Townsville catchment. We do also identify that a larger number may visit TYTO without entering the Hinchinbrook Visitor Information Lounge due to a secondary brochure station within the TYTO Piazza which is heavily used by visitors to TYTO.

Regional Arts Development Fund

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Continued funding of the Regional Arts Development Fund program	4.1.3	Implement RADF program in accordance with adopted guidelines	Development and Planning	Environment and Community Services

TYTO Regional Art Gallery was successful in securing funding to the value of \$30,000 contributing to the following projects:

Completed projects for 2016/2017:

- Basket weaving workshop by Indigenous Artists at the 2017 NAIDOC Deadly Day Out;
- Fabric design workshops for the Herbert Valley Quilters in Halifax;
- Screen printing and art workshops as part of NAIDOC Celebrations at the TYTO Regional Art Gallery;
- Art Masterclasses for Seniors Week;
- Screen Printing from Scratch Workshops for Ingham Disability Services Clients and Youth.

2016/17 Projects still in progress include:

- Allingham Timeline Mural at Forrest Beach State School;
- Mural at Victoria Plantation State School; Restoration of Important Artwork (Canossa Collection);
- Turtle Sculpture and sculpture workshops facilitated by John Heard;
- Pottery workshops during school holidays for youth;
- Pottery workshops for Adults;
- Murano Glass Bead making workshops for adults.

The Herbert Valley Quilters workshop participants feedback quoted that it was 'Inspiring, thought provoking and motivational'.

The RADF program is a successful and well utilised grant program contributing to the growth in traditional and modern art and craft practices.

4.2 PROVISION OF RECREATION OPPORTUNITIES

External Funding for Fresh Water Recreational Facility Feasibility Study

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Exploration of fresh water recreation facility	4.2.1	Commence communications phase of the study to give the community, results of the Freshwater Retention Basin Feasibility Report	Engineering Services	Environment and Community Services

Feasibility studies have now been released to the public.

Kelly Theatre Lease

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Continued community partnerships for the delivery of services at the Kelly Theatre and Hinchinbrook Aquatic Centre	4.2.2	Continue engagement with the lessees of the Kelly Theatre	Environment and Community Services	Development and Planning

Continued cooperation with Ingham Disability Support Group.

Hinchinbrook Aquatic Centre Lease

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Continued community partnerships for the delivery of services at the Kelly Theatre and Hinchinbrook Aquatic Centre	4.2.3	Continue engagement with the lessees of the Hinchinbrook Aquatic Centre	Environment and Community Services	Development and Planning / Engineering Services

Continued engagement with the lessees of the Hinchinbrook Aquatic Centre and continued development of services provided.

School Holidays Program

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
School holidays program featuring children/youth activities	4.2.4	Delivery of a TYTO based school holiday program during the September, January and April school holiday periods	Development and Planning	Environment and Community Services

TYTO through all outlets continues to deliver School Holiday programing with a number of Inflight activities that travel to the outlying townships, the most noted and popular being Movie Magic which is shown at Lucinda and Forrest Beach.

Festivals and Events

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Continued support for Hinchinbrook based events that provide both economic returns by way of visitation and opportunities for participation by the community	4.2.5	Budget provision made to support a mix of Hinchinbrook based events	Development and Planning	Environment and Community Services

Applications were called under Council's Festival and Events Policy. These were assessed and funding was distributed to various local festivals and events which provide an economic benefit to the Shire. A total of 18 organisations received funding totalling \$95,000. These events brought approximately 10,180 people to the Shire for a total number of 31 nights.

4.3 COMMUNITY PARTNERSHIP SUPPORT

Community Partnership Support

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Continue to provide funding for community groups to deliver on the wider social welfare agenda	4.3.1	Apply the policy and procedure for community grants and provide financial and non financial assistance to community groups	Environment and Community Services	Corporate Services

Council reviewed the Community Grants Policy and the Support for Festivals and Events Policy to combine them into one policy.

4.4 LIVING WELL OVER 60 WITH A HIGHLY DESIRABLE LIFESTYLE

Forrest Glen Retirement Village

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Advocate for adequate local facilities and services to support older residents, particularly those that allow them to live longer in their own homes	4.4.1	Progress the handover of ownership of Forrest Glen Retirement Village to the Hinchinbrook Community Support Centre	Environment and Community Services	Office of the CEO

Council has been progressing the improvements to the biocycle unit and addressing Native Title matters with acquiring additional land prior to the site being handed over.

Advocacy Role – Older Residents

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Advocate for adequate local facilities and services to support older residents, particularly those that allow them to live longer in their own homes	4.4.2	On an as identified basis an advocacy role with other levels of government and service providers of programs to address the needs of older residents	Office of the CEO	Environment and Community Services

Aging In Place Committee formed.

Checklist of Essential Features of Age Friendly Cities

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Self-assess Hinchinbrook against the World Health Organisation Checklist of Essential Features of Age Friendly Cities	4.4.3	To review report with Council and prepare a long term strategy to work towards ensuring that the needs of the aged community are met	Development and Planning	Environment and Community Services

The *Ageing in Place Committee* has been formed to address this action.

Plan to Address Shortcomings on essential features

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Plan to address shortcomings	4.4.4	Report prepared for Council with budget items for consideration in 2016/2017	Development and Planning	Environment and Community Services

Council provided a capital budget of \$10,000 in 2016/2017 for use on projects.

4.5 REGULATORY FUNCTIONS THAT UNDERPIN LIVEABILITY

Response to Animal Complaints

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Provide meaningful Animal Control Services	4.5.1	Respond to complaints in a timely manner and execute appropriate actions	Environment and Community Services	External Agencies

Council aimed to respond to animal complaints within a timely manner. Some response breaches noted during the year.

Re-home Unwanted Animals – Welfare Organisation Partnership

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Provide meaningful Animal Control Services	4.5.2	Continue to partner with animal welfare organisations to attempt to re-home unwanted animals	Environment and Community Services	External Agencies

Council continued to partner with various welfare organisations to rehouse unwanted animals.

Response to Business Licensing Complaints

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Provide meaningful business licensing activities	4.5.3	Respond to complaints in a timely manner and execute appropriate actions	Environment and Community Services	External Agencies

Very few food related complaints were received in 2016/2017 and no major food safety issues were identified.

Business Licensing

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Provide meaningful business licensing activities	4.5.4	Continue to provide opportunities for business owners to meet their compliance responsibilities	Environment and Community Services	External Agencies

Three new food businesses were established and eight food businesses were sold to new owners. Businesses are utilising Council's subscription to the comprehensive and interactive I'm Alert Food Handling course which is available free of charge on Council's website.

Regulatory and Enforcement Action

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Provide timely building regulatory functions and enforcement action as necessary	4.5.5	Respond to complaints in a timely manner and execute appropriate actions that safe guard the public interest	Development and Planning	Engineering Services

Various complaints lodged in regard to Development and Planning have been processed with success in persons lodging applications prior to development or stopping the illegal activity. Successful court action has been undertaken prosecuting illegal building works.

4.6 EDUCATIONAL OPPORTUNITIES THAT SUPPORT POPULATION ATTRACTION

Higher Education

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Foster partnership opportunities with vocational and tertiary educational service providers	4.6.1	Continue to collaborate with James Cook University to establish course components within the Shire	Development and Planning	Environment and Community Services

In March 2017 James Cook University continued the course delivery of the under graduate and post graduate subject Environmental and Regional Planning on Orpheus Island, bringing 30 students into the Hinchinbrook Shire for the four (4) day intensive course. Dr Sharon Harwood has confirmed that James Cook University will continue to deliver the course in the Hinchinbrook Shire in 2018.

Training and Education

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Foster partnership opportunities with vocational and tertiary educational service providers	4.6.2	Continue to provide training and educational activities through the Hinchinbrook Shire Library	Development and Planning	Environment and Community Services

The Hinchinbrook Shire Library has continued to focus on computer skilling and hosts weekly e-Skills computing classes with an average attendance of 10 people per class with three classes every Thursday. Topics cover beginners' basics through to relevant topics across all spectrums of computing and are assessed based on participant feedback and hence remain relevant for patrons. As required, a smaller specialised fourth class is added sporadically for patrons with no computer/technology experience at all. This course runs for 4 weeks each time, designed to prepare patrons for the new technological age, as well as the already existing Thursday computer classes. These classes are run by Volunteers.

The library also presents the State Library First Five Forever Program where the use of music, storytelling and interaction assists with early childhood development. The programing is an early intervention family literacy initiative with a strong focus on providing literacy foundations to Queensland children 0 – 5 years old. Up to 90% of early childhood development occurs in the first 5 years of life, henceforth early literacy intervention provides a solid foundation for literacy development. Weekly and specialist events are presented under this banner and literacy bags/kits are also available for new parents.

Double Daw Creative Studio, coordinated by the library, provides freelance sound recording/mixing opportunities via one on one mentor training and workshops.

Edu Tourism

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Foster partnership opportunities with vocational and tertiary educational service providers	4.6.3	Continue to participate in the Edu Tourism program	Development and Planning	Environment and Community Services

TYTO hosted its first Edu-Tourism Itinerary for the The University of North Carolina covering local government planning and infrastructure of how TYTO progressed from concept to reality and Water Quality (WQ) and role of wetlands in the Herbert Valley: A local luncheon was provided and thereafter the participants were involved in a legacy project at the wetlands contributing to a revegetation project.

Testimonial: “Absolutely gorgeous facility!! The wetlands look fantastic and I hope they just keep getting better. The lunch was so delicious, thank you so much for the warm welcome!” We look to host further with a similar theme.



TYTO Wetlands and walk ways (top), Ingham.



STRATEGIC DIRECTION FIVE

COUNCIL'S ROLE IN CREATING AND SUPPORTING THE ECONOMIC PROSPERITY OF OUR SHIRE

The identification of opportunities to enhance the economic viability of our community is a key priority for Council. To this end we will implement strategies to achieve a strong and sustainable local economy that supports the growth of new and existing industry and business activities and provide long term employment opportunities for all age groups.

The focus of Council's Disaster Management Program is on minimising the effects of natural disasters on our community, both from an individual harm prevention minimisation perspective and more widely from an economic loss perspective. Council will continue to liaise with emergency service providers and will strive to build resilience and capacity in our communities to survive natural disaster events, to manage the immediate outcomes of such events and to thrive afterwards.

CORPORATE PLAN

PROGRESS	STRATEGIC DIRECTION
	5.1 Our Ingham CBD is attractive, alive and diverse
	5.2 Support for business diversity and employment growth
	5.3 Tourism development
	5.4 Natural disaster management
	5.5 Shire wide branding

CHALLENGES FACED DURING 2016/2017

- Being able to target providers that would attract a range of individuals, couples, families and businesses to the region, continuing to the creation of a new economy and better jobs.
- The rapidly ageing demographic requires more specialised approaches to addressing issues.

5.1 OUR INGHAM CBD IS ATTRACTIVE, ALIVE AND DIVERSE

Ingham CBD Revitalisation Project – Master Plan

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
CBD refresh and associated actions	5.1.1	Deliver the Rotary Park component by December 2016	Development and Planning	Engineering Services

Project proceeding following stakeholder consultation.

CBD - Christmas in Hinchinbrook

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
CBD refresh and associated actions	5.1.2	Continuation and expansion of the Christmas in Hinchinbrook Project by December 2016	Development and Planning	Engineering Services

Christmas in Hinchinbrook was presented as a newly combined event with the Lighting of the Mayoral Tree complementing the Carols program in Rotary Park. Approximately 400 people attended in December 2016 which looks to grow in the future with general feedback as positive.

5.2 SUPPORT FOR BUSINESS DIVERSITY AND EMPLOYMENT GROWTH

Procurement Policy – Local Preference Mechanism

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Local buy first preference policy development	5.2.1	Policy to be reviewed with new Council	Office of the CEO	All

Procurement Policy amended and adopted during 2016/2017.

Agricultural diversification

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Implement Economic Development Strategy and focus on short term actions	5.2.2	Promote diversification in agricultural practices and enhance focus and delivery of tourism product including economic and agricultural tourism	Development and Planning	Office of the CEO

Council has participated in the NQROC and REDROC Pathfinders Program and is the champion of the value-add to the agriculture project. A working group has been formed to progress this item.

Economic Development Strategy - short term actions

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Implement Economic Development Strategy and focus on short term actions	5.2.3	Work with Townsville Enterprise Limited to partner on projects of benefit to the Hinchinbrook Shire	Development and Planning	External Agency

During 2016/2017 Council worked with Townsville Enterprise Limited on a number of initiatives including Edu Tourism, marketing, and business capability workshops.

Focus Group Meetings

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Implement Economic Development Strategy and focus on short term actions	5.2.4	Coordination of at least two focus group meetings to progress into economic development actions	Development and Planning	External Agency

During 2016/2017 this included the Tourism Working Group and Townsville Enterprise Limited Cruise Ship Workshops.

Renewable Energy

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Implement Economic Development Strategy and focus on short term actions	5.2.5	Investigate opportunities for renewable energies (solar) for cost reduction purposes	Development and Planning	External Agency

Council has investigated opportunities for renewable energy to reduce the cost of electricity supply for Council buildings. A grant was applied for but unfortunately it was unsuccessful.

Hinchinbrook Chamber of Commerce, Industry and Tourism

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Funding of the Hinchinbrook Chamber of COmmerce Industry and Tourism	5.2.4	Budget Allocation made and funds transferred by December 2016.	Development and Planning	External Agency

Financial support was provided to the Hinchinbrook Chamber of Commerce, Industry and Tourism during 2016/2017.

5.3 TOURISM DEVELOPMENT

Events at TYTO Activity Plan

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Event activity at the TYTO Precinct	5.3.1	Yearly activity plan formulated prior to the commencement of 2017	Development and Planning	Office of the CEO

TYTO presented a calendar of events which was approved and is being presented through programing in all outlets.

Events at TYTO Activity Plan Presentation

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Event funding support program	5.3.2	Activity and outcomes report presented twice a year to Councillors	Development and Planning	Environment and Community Services

This measure has been amended and outcomes are presented monthly via figures for attendance within outlets and a specific isolation of those via the TYTO Conference and Events Coordinator and Regional Events Coordinator relating to events, activities, workshops and conferencing. New infographic reporting style will be introduced in 2017/2018 to further support the event programing and its impact on both visitation and contribution to the economy.

Support Community Events

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Event funding support program	5.3.3	Budget provision made to support a mix of Hinchinbrook based events	Development and Planning	Corporate Services

Council has funded a number of grants for local events in the Hinchinbrook Shire. This has been well received by the community and local organisations.

Membership with Townsville Enterprise Limited

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Ongoing membership of Townsville Enterprise Limited	5.3.4	Continued membership of Townsville Enterprise Ltd and annual review of service level agreement	Development and Planning	Environment and Community Services

Council maintained its silver level membership with Townsville Enterprise Limited.

5.4 NATURAL DISASTER MANAGEMENT

Local Disaster Management Plan

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Local Disaster Management coordination, awareness raising, planning, service provision and recovery activities	5.4.1	Local Disaster Management plan in place, reviewed annually and adopted by Council prior to December 2016	Office of the CEO	All

Local Disaster Management Plan in place, reviewed annually and adopted by Council 29 November 2016.

Local Disaster Management Plan

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Local Disaster Management coordination, awareness raising, planning, service provision and recovery activities	5.4.2	Commence communications phase of the North South Solution investigation to give the community, results of the feasibility study	Engineering Services	All

Approval to undertake public notification has been approved on 25 May 2017. Public notification commences on 24 July for a period of 32 days until 5 September.

5.5 SHIRE WIDE BRANDING

Shire Wide Branding Project

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Develop and finalise shire wide branding project	5.5.1	Implementation of the plan to commence by September 2015	Development and Planning	External Agencies

- 116 businesses, community organisations and community facilities listed on the Hinchinbrook Way directory
- Significant upgrade of Hinchinbrook Way website to include interactive homepage map, interactive video gallery upgraded locality based business directory and cross marketing
- 5,000 followers of the Hinchinbrook Way Facebook page
- Nine new Hinchinbrook Way films produced in conjunction with marine media group
- Principle sponsor of the International Fishing Series, broadcast to an audience exceeding 400 million across Asia-Pacific
- Published and distributed 10,000 copies of A5 destination brochure

Shire Flag

Proposed Actions Over 2014-2019	2016/2017 Action Measure		Lead	Associated
Development of the new shire flag based on the shire wide branding project	5.5.2	Flag design and implementation finalised by December 2016	Development and Planning	Nil

Council decided not to proceed with this project.



LEGISLATIVE INFORMATION

The *Local Government Regulation 2012* formally requires Council to produce an Annual Report. Council must adopt the Annual Report within one month after the day the Auditor-General gives the Auditor-General's Audit Report about the local government's financial statements for the financial year to the local government.

In addition, Council is required to comply with specific requirements in numerous other pieces of legislation.

Council has complied with this section of the *Local Government Regulation 2012* with the Annual Report being adopted by Council at its General Meeting held on 17 November 2016.

Significant Business Activities and Commercial Business

Council had the following business activities in 2016/2017, none of which are deemed "significant":

- Water supply
- Sewerage
- Waste management
- Building certification

These business activities operated under the Code of Competitive Conduct during 2016/2017.

Executive Remuneration

Section 201 of the *Local Government Act 2009*, requires Council to state the total remuneration packages, in bands, payable during the financial year to senior employment.

During 2016/2017, the following annual remuneration packages were payable to senior staff as follows:

ANNUAL REMUNERATION PACKAGE RANGE	NUMBER OF PACKAGES
\$200,000 to \$300,000	1
\$100,000 to \$200,000	4

Public Interest Disclosure

Council has not received any public interest disclosures for the financial year.

Elected Members' Remuneration and Councillor Expenses Reimbursement Policy

Council, pursuant to sections 247 and 250 of the *Local Government Regulation 2012* adopted the following resolution on 26 April 2016 at its General Meeting. A copy of this Policy can be viewed on Council's website (Policies) or inspected at the Council Office.

2.5.7 Councillor Remuneration 2016/2017

Consideration of Report to Council from Chief Executive Officer dated 11 April 2016 regarding adoption of the Councillor Expenses Reimbursement Policy.

Moved Councillor Lancini

Seconded Councillor Brown

That Council adopt the Remuneration, Expenses Reimbursement, Provision of Facilities Policy for Hinchinbrook Shire Councillors as presented. Carried – 260416-30

Elected Representatives

Remuneration Paid to Elected Members

REMUNERATION PAID TO COUNCILLORS JULY 2016/2017					
Councillor	Meetings and Other Representations			Councillor Allowance	Employer Super Contribution
	Council Meetings Special Meetings Deputations	Member Meetings	Conferences Professional Development Training		
Jayo	45	103	21	\$99,638.00	\$11,956.56
Brown	43	137	23	\$57,483.00	\$7,245.86
Bosworth	39	42	6	\$49,819	\$6,326.20
Lancini	44	63	9	\$49,819	\$6,326.20
Milton	40	47	6	\$49,819	\$6,326.20
Skinner	43	54	9	\$49,819	\$6,326.20
Tack	38	64	9	\$49,819	\$6,326.20

During the year expenses were booked to/paid to Councillors in accordance with the Expenses Reimbursement Policy as follows:

Councillor	Accommodation/ Travel	Meals	Conference/ Professional Development Registration	Communication Allowance	Mileage	Computer Consumables Allowance	Corporate Uniform Allowance
Mayor Ramon Jayo	\$4,307.20	\$711.57	\$6,092.88	-	-	-	\$225.00
Mary Brown	\$1,748.64	\$335.04	\$5,293.01	\$2,500	-	\$400.00	\$225.00
Maria Bosworth	\$421.20	\$13.73	\$1,413.08	\$2,500	\$2,403.06	\$400.00	\$225.00
Andrew Lancini	\$1,231.51	\$198.27	\$1,746.38	\$2,500	\$3,342.24	\$400.00	\$225.00
Kate Milton	\$860.27	\$258.10	\$3,592.08	\$2,500	\$1,822.26	\$400.00	\$225.00
Wally Skinner	\$1,046.10	\$242.04	\$4,102.18	\$2,500	\$1,699.50	\$400.00	\$225.00
Marc Tack	\$960.35	\$49.59	\$2,639.90	\$2,500	\$154.44	\$400.00	\$225.00

Councillor Conduct

In accordance with section 186 of the *Local Government Regulation 2012*, the following occurred in 2016/2017 relating to Councillor Conduct:

SECTION	LEGISLATION	COMMENT
186 (d) and 186 (e)	Local Government Regulation 2012	One Order made under Section 181 of the <i>Local Government Act 2009</i> Councillor Maria Bosworth was counselled for inappropriate conduct relating to the interaction between the Councillor and staff members.
	Local Government Regulation 2012	Nil
186 (f)	Local Government Regulation 2012	One complaint as above referred by CEO to Mayor.

Administrative Action Complaints

Hinchinbrook Shire Council is committed to upholding excellent standards. Accordingly we have an Administrative Action Complaints Policy and related Procedures that ensures client complaints are managed in a fair, effective and efficient manner. Our Administrative Action Complaints Policy and Procedures are reviewed every year, during which time our performance in addressing these complaints is assessed. The assessment for 2016/2017 identified that the process is performing satisfactorily.

The following report for the 2016/2017 financial year is in accordance with the provisions of the general complaints process as outlined in the *Local Government Act 2009*:

ADMINISTRATIVE ACTION COMPLAINTS	
made to Council during 2016/2017	2
resolved under the complaints management process	2
not resolved under the complaints management process	0
included in the 'not resolved' category above which were made in a previous financial year	0

Overseas Travel

There was no overseas travel.

Supporting Our Community

Section 190(1)(g) of the *Local Government Regulation 2012* states that Council must include a summary of all concessions for rates and charges granted.

RATE CONCESSIONS		
	2015-2016	2016-2017
Pensioner Remission	\$234,227	\$228,107
Not for Profit/Charitable Organisation Remission	\$70,953	\$71,686
Financial Hardship Remission	\$0	\$0

Grants to Community Organisations

Section 189 of the *Local Government Regulation 2012* requires Council to report a summary of grants provided to community organisations.

DONATIONS/SPONSORSHIPS - SUPPORT FOR EVENTS AND GRANTS TO COMMUNITY ORGANISATIONS	2016/2017 approved \$
Alzheimers Australia (QLD) - Café Connect - Community Grant	\$150
Blue Care - Donation 2016/2017	\$4,330
Cancer Council Queensland - Relay for Life 2016	\$545
Australasia Pacific Extension Network - GFRAS/APEN International Conference - Sponsorship 2017	\$10,000
Herbert River Cricket Assoc - Over 40T20 Tournament	\$5,000
Herbert River Men's Shed - Community Grant 2017	\$330
Herbert River Museum Gallery Inc - Annual Financial Assistance 2016/2017	\$3,853
Herbert River Quilters - Quilting Workshops 2017	\$1,743
Hinchinbrook Chamber of Commerce - Annual Financial Assistance 2016/2017	\$13,636
Hinchinbrook Community Support Centre Inc - Annual Financial Assistance 2016/2017	\$39,564
Hinchinbrook Community Support Centre Inc - Out & About Community Transport 2016/2017	\$3,000
Hinchinbrook Sportsfishing Club - Community Grant Funding 2016	\$600
Hinchinbrook Sportsfishing Club - NQ Sport Fishing Championships 2017	\$1,000
Hinchinbrook Community Support Centre Inc - Community Grants Officer 2016/2017	\$20,000
Hitch-n- Ride Horse Sports Club Inc - 2016/2017 Horse Sports Events	\$2,000
Ingham Arts Festival Assoc Inc - Community Grant 2016	\$1,500
Ingham & District Seniors Inc - Super Seniors - Community Grant	\$1,000
Ingham Bowls Club Inc - 2016 Invitation 4's Competition	\$200
Ingham Dirt and Bike Club 2016/2017 - Community Grant	\$500
Ingham Community Kindergarten - Kindy Quiz Night	\$455
Ingham Junior Golf Club - Community Grant 2016	\$150
Ingham Ladies Bowls Club Inc - Allamanda Fours Bowling Competition 2017	\$250
Ingham Meals on Wheels - Annual Financial Assistance 2016/2017	\$3,296
Ingham Palliative Care Committee	\$100
Ingham Tennis Assoc - Ingham Open Tennis Championships 2016	\$1,000
Lions Club of Ingham Inc - District Convention 2016	\$2,000
Macknade Bowls Club Inc - Mixed Fours Carnival 2016	\$200

Mount Fox Rural Fire Brigade 2016/2017 - Community Grant	\$745
Noorla Bowls Club - Community Grant Funding 2016	\$250
RSLA (Qld Branch) Herbert River Sub-Branch Inc - Donation ANZAC Cenotaph	\$10,000
Rec Cycling Inc - WTF Challenge 2017	\$5,980
Special Children's Christmas Party - 2017 Special Children's Christmas Party	\$455
St Teresa's Agricultural College - NAIDOC Day - 2016/2017	\$1,000
Townsville to Cairns Bike Ride - Community Grant	\$200
FESTIVAL CASH SPONSORSHIP	
Australian Italian Festival Assoc Inc - Sponsorship of the 2016 Australian Italian Festival	\$37,000
Herbert River Pastoral Association - Ingham Show July 2017	\$24,000
Bent Rods Car Club - Show and Shine Swap Meet 2017	\$1,500
Fishnet Pty Ltd - International Fishing Series 2016 - Sponsorship	\$50,000
Herbert River Jockey Club - 2016 Annual Races	\$4,000
Ingham Sugar City Rodeo - Sponsorship 2016 Rodeo	\$2,500
Lions Club of Ingham - 2016 Family Fishing Classic	\$4,000
Rotary Ingham Maraka Festival -2016	\$11,000
OTHER ORGANISATIONS	
Lower Herbert Water Management Authority - 2016/2017	\$40,453
Queensland Museum - Agreement for Community Pass Programme 2016/2017	\$7,800
REGIONAL ARTS DEVELOPMENT FUND	
Robyn Barrie - The Big Picture Workshop	\$1,530
Mungalla Aboriginal Corporation - NAIDOC Day Celebrations - Basket Weaving Workshop	\$963
Hinchinbrook Community Support Centre - Fabric Design Workshop	\$1,257
Victoria Plantation State School P&C - Undercover Area Cultural Mural	\$3,396
Hinchinbrook Community Support Centre Inc - Conservation & Exhibition of Important Hinchinbrook Art	\$4,199
HSC - Screen Printing & Regional Art Workshops	\$2,049
HSC - Artist in Residence Workshop	87.36

Mayor's Discretionary Fund

The Mayor spent \$2,722 out of his discretionary fund (budget was \$4,000). This expenditure was related to the Turning of Screws activity at the "Bent Rods Show and Shine" event (\$1,739) and airfares to bring delegates from Brisbane and Sydney to Ingham to discuss the *Rural Relocation Project* (\$983).

Land and Roads

Hinchinbrook Shire Council controls 418.019km of sealed roads and 275.358km of unsealed roads. 181km of roads (Transport and Main Roads) is not controlled by Council. Furthermore there is approximately 500km of additional gazetted road not maintained by Council some of which is formed and or paved.

Hinchinbrook Shire Council controls 4,361ha of reserve land that is a reserve under the *Land Act 1994*.

Changes to Council Tenders

In accordance with section 190(e) of the *Local Government Regulation 2012*, Council is required to

report the number of invitations to change tenders during the financial year.

Tenderers were invited to change the following tenders to take into account a change in tender specifications during 2016/2017:

Nil for the 2016/2017 financial year.

Council Registers

Council is required to include in its Annual Report a list of Registers kept by Council and open to public inspection. Council's response to section 190(f) of the *Local Government Regulation 2012*, is detailed below.

- >> Register of Assets
- >> Register of Asbestos in Buildings
- >> Register of Burials
- >> Register of Complaints
- >> Register of Conflicts of Interest
- >> Register of Contracts
- >> Register of Corporate Risks
- >> Register of Councillor Electoral Gifts
- >> Register of Councillors' Gifts and Hospitality Benefits
- >> Register of Councillors' Interests
- >> Register of Councillors' Membership of Organisations
- >> Register of Delegations by Chief Executive Officer
- >> Register of Delegations by Local Government
- >> Register of Development Applications
- >> Register of Dogs
- >> Register of Fees and Charges
- >> Register of Impounded Animals
- >> Register of Local and Subordinate Local Laws
- >> Register of Material Personal Interests
- >> Register of Mobile Food Vans
- >> Register of Roads

Joint Local Government Activity

The *Local Government Regulation 2012*, requires Council to report details of action taken in relation to, 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.

Council had no details to report for the year under this section.

Internal Audit

Pacifica Chartered Accountants ("Pacifica") have provided internal audit services to Council since 2011.

During 2016/2017 Pacifica provided a Strategic Internal Audit Plan and completed internal audit reviews on the following areas:

- Fuel Management Practices
- Payroll Processes and Human Resources Review
- Facilities Maintenance Management Review (started, but incomplete as at 30 June 2017)

Audit Committee

Under section 105(2) of the *Local Government Act 2009* a large Local Government is required to establish an Audit Committee. Subdivision 2 of the *Local Government Regulation 2012* provides more legislation regarding the Audit Committee. Hinchinbrook Shire Council is within the definition of a large Local Government.

Audit Committee was established during 2011/2012 with Mr Keith Parsons, Townsville City Council appointed as the independent Chairperson. Mr Parsons continued in this role through to 30 June 2017. Mayor Jayo and Councillor Tack were Councillor representatives of the Audit Committee. Council's Chief Executive Officer and Executive Manager Corporate Services are both also active in Audit Committee meetings. Each Audit Committee meeting includes an update from Council's internal auditor. Accordingly, the Audit Committee provides an effective and independent risk management structure that adds value to Council through the collaboration of Council representatives, independent specialists and management.

Commitment to Public Sector Ethics

Public Sector entities must adhere to the Public Sector Ethics Act 1994 and must implement a Code of Conduct and conduct training at least every 12 months. The Code details the ethics, principles and obligations required of government employees.

New employees continue to receive Code of Conduct training as part of their corporate orientation. A number of new employees attend an Ordinary Meeting of Council as part of the induction process to fully demonstrate aspects spoken to at the Code of Conduct training.

Competitive Neutrality

No Complaints were received in 2016/2017.

COMMUNITY FINANCIAL REPORT

Community Financial Report

The Community Financial Report is a brief summary of the information contained in Council's 2016/2017 Financial Statements and is intended to provide an overview of Council's financial position and performance for 2016/2017. These figures exclude the large amounts of NDRRA related income and expenditure that have impacted Council over recent years.

For more detail on Council's financial results and financial position please see the detailed Financial Statements in the next section of this Annual Report.

SIMPLIFIED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE	2016/17 \$000	2015/16 \$000
Operating Revenue	30,870	29,524
Less Operating Cash Expenses	(22,003)	(22,017)
Cash Surplus from Operations*	8,867	7,507
Less Depreciation	(8,374)	(9,462)
Add Capital Grants and Subsidies	3,497	3,671
Adjust for Asset Disposals and Sundry Minor Items **	(230)	(733)
Net Result for the Period	3,760	983

* Cash surplus from operations is cash generated during the year, adjusted for various accruals, that, combined with capital grants, is available for asset replacement and/or asset acquisition.

** Amounts that relate to prior years are not included in these figures

SIMPLIFIED BALANCE SHEET	AS AT 30 JUNE 2017 \$MILLION	AS AT 30 JUNE 2016 \$MILLION
What we have in the bank (a)	29.2	24.7
Other Assets (b)	299.5	300.9
Our Total Assets (a) + (b)	328.7	325.6
What we owe our suppliers and employees	4.5	4.2
Other Liabilities	3.6	3.7
Our Total Liabilities	8.1	7.9
Net Community Assets (Wealth)	320.6	317.8

How Council Earned our Core Operating Revenue

SOURCES	%
General Rates	52.5%
Water Rates	11.2%
Sewerage Rates	7.9%
Cleansing	4.2%
Waste Management	3.2%
Fees and Charges	3.2%
Interest	2.5%
Subsidies, Grants and Donations	11.0%
Recoverable Works and Other	4.3%

Operating Revenue

Council endeavours to maximise revenue from sources other than rates by actively pursuing grants and subsidies from the State and Federal Government.

Fees and charges are reviewed each year and are generally applied on a full cost recovery basis to ensure as much as possible the user pays.

A full cost pricing model is used to ensure Utility Charges are based on user pays.

These strategies assist in minimising reliance on the General Rate to fund Council's operations.

Council Operating Expenses

SOURCES	%
Employee Costs	46.5%
Materials and Services	26.0%
Depreciation	27.5%

Operating Expenses

Council continues to actively work to reduce operating expenditure.

Depreciation expense is a major component of Council's operating expenses. The depreciation charge is determined by applying the requirements of an Accounting Standard to Council's asset base. As such, Council's ability to manage this figure is limited.

The Community Infrastructure Council Manages

Community Infrastructure as at 30 June 2017

Total \$296 Million

Council owns and manages \$296 Million worth of infrastructure providing benefits to the community. The accounting standards require Council to ensure that infrastructure assets are recorded at fair value.

INFRASTRUCTURE	\$ MILLIONS
Land and Land Improvements	9
Buildings and Structures	35
Fleet Assets	4
Road and Drainage Network	204
Water	23
Sewerage	13
Computer Network	3
Plant and Equipment	1
Work in Progress	4

How Council Funded Investment in Community Infrastructure

(\$7.6 Million total funds invested)

COMMUNITY INFRASTRUCTURE	%
Government Grants and Subsidies	45%
Funded by Council	55%

Financial Sustainability Indicators

AS AT 30 JUNE 2017	TARGET RATIO AS DETERMINED BY THE STATE	ACTUAL 2016/2017	ORIGINAL BUD- GET 2016/2017
<p>Asset Sustainability Ratio</p> <p>Capital expenditure on Replacement Assets/Depreciation</p> <p>The extent to which depreciation is matched by current year asset replacements</p>	>90%	61%	137%
<p>Interest Coverage Ratio</p> <p>Net interest expense on debt service/ Total Operating Revenue</p> <p>Indicates the extent to which Council's operating revenues are committed to net interest expense</p>	0%-5%	NA	NA
<p>Net Financial Liabilities Ratio</p> <p>Total liabilities - current assets/ Operating Revenue</p> <p>Measures the extent to which the net financial liabilities of Council can be serviced by operating revenues</p>	<60%	-80%	-51%
<p>Operating Surplus Ratio</p> <p>Operating Surplus/ Total Operating Revenue</p> <p>Measures the operating surplus each year as a percentage of total operating revenue</p>	0%-10%	2%	1%
<p>Working Capital Ratio</p> <p>Current Assets/ Current Liabilities</p> <p>Measures the extent to which Council has liquid assets available to meet short term financial obligations</p>	1:1-4:1	8:1	8:1

Note - several of these ratios, and their respective budgets, can be heavily influenced by the volume and the timing of various income and expenditure streams that are outside the control of Council.

Key Statistics - 12 Years at a Glance

	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Total Number of Rate able Properties	6,423	6,363	6,444	6,521	6,533	6,580
Total Rate Revenue (net of discount and remission)	12.830M	13.621M	14.510M	15.921M	17.952M	19,180M
*General Rate Revenue (excluding pre-paid rates)	10.031M	10.856M	11.564M	12.529M	13.706M	14.789M
% Change in General Rate	4.37%	8.22%	6.52%	8.34%	9.40%	7.90%
*Water Base Charge for 20 mm Service	\$230.40	\$237.35	\$251.59	\$270.46	\$292.10	\$335.92
Water Consumption per kl Rate	46 cents	48 cents	51 cents	55 cents	59 cents	68 cents
*Sewerage Utility Charge for Dwelling	\$435.75	\$457.59	\$485.03	\$533.54	\$576.24	\$662.69
*Garbage Collection Utility Charge	\$113.75 Increase service	\$125.15	\$132.66	\$145.93	\$157.60	\$169.34
*Waste and Environment Levy	\$124.00	\$136.40	\$144.58	\$159.04	\$171.76	\$184.56
Rate Arrears Balance	0.215M	0.204M	\$0.342M	\$0.983M**	\$0.838M	\$1.461M
Fees and Charges Received	0.849M	1.121M	1.285M	1.233M	1.403M	\$1.345M
Operating Revenue	17.056M	18.779M	21.060M	25.206M	34.458M	51.341M
Operating Grants, Subsidies and Contributions	1.611M	1.760M	2.243M	5.902M	13.058M	26.703M
Recoverable Works	0.807M	1.191M	1.776M	1.285M	1.108M	2.700M
Total Property, Plant and Equipment WDV	143.957M	172.997M	179.200M	191.085M	194.835M	249.061M
Net Community Assets	155.153M	183.315M	189.578M	203.44	209.936M	266.938M
Capital Expenditure (Excluding debt repayment but including contributed assets)	6.691M	6.556M	8.168M	14.122M	15.518M	9.929M
Debt Repayment (Principal and Interest)	0.369M	Nil	Nil	Nil	Nil	Nil
Loan Balance	Nil	Nil	Nil	Nil	Nil (\$6M redraw facility QTC)	Nil
Remaining Term of Debt	Nil	Nil	Nil	Nil	Nil	Nil

* The reduction in various rates and charges in the table above are the result of Council electing for 2014/2015 to give the 15% early payment discount to all ratepayers and therefore automatically reduce invoiced amounts accordingly. Overall net rates and charges have increased from \$22.344 Million to \$22.929 Million in 2014/2015 equal to a \$552,000 increase (2.4%).

2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	
6,608	6,634	6,661	6639	6643	6648	Total Number of Rate able Properties
20.116M	21.171M	22.377M	22.929M	24.140M	24.390M	Total Rate Revenue (net of discount and remission)
15.908M	16.559M	17.634M	15.526M*	16.154M	16.473M	*General Rate Revenue (excluding pre-paid rates)
7.57%	4.09%	5.17%	-11.95*	4.04%	1.97%	Change in General Rate
\$346.00	\$356.40	\$374.20	\$334.00	\$354.10	\$362.90	*Water Base Charge for 20 mm Service
78 cents	84 cents	88 cents	92 cents	97 cents	99 cents	Water Consumption per l/l Rate
\$695.80	\$730.80	\$767.20	\$684.60*	\$725.90	\$744.10	*Sewerage Utility Charge for Dwelling
\$220.00	\$231.00	\$242.55	\$216.50*	\$229.50	\$233.00	*Garbage Collection Utility Charge
\$140.00	\$147.00	\$154.35	\$137.75*	\$146.00	\$148.20	*Waste and Environment Levy
\$0.580M	\$0.771M	\$0.945M	\$1.118M	1.375M	\$1.765M	Rate Arrears Balances
\$1.882M	1.093M	1.120M	0.829M#	0.814M	0.983M	Fees and Charges Received
38.367M	60.660M	51.812M	45.306M	36.736M	30.920M	Operating Revenue
11.211M	34.111M	26.134M	19.455M	9.691M	3.438M	Operating Grants, Subsidies and Contributions
3.645M	3.459M	1.331M	1.117M	1.033M	0.983M	Recoverable Works
289.232M	242.353M	239.149M	275.067M	298.132M	296.058M	Total Property, Plant and Equipment WDV
309.219M	254.650M	248.590M	284.616M	317.771M	320.646M	Net Community Assets
40.857M	17.867M	13.715M	13.330M	11.603M	7.686M	Capital Expenditure (Excluding debt repayment but including contributed assets)
Nil	Nil	Nil	Nil	Nil	Nil	Debt Repayment (Principal and Interest)
Nil	Nil	Nil	Nil	Nil	Nil	Loan Balance
Nil	Nil	Nil	Nil	Nil	Nil	Remaining Term of Debt



Financial Statements 2016-2017



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Hinchinbrook Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
Income			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3	24,390	24,140
Fees and charges		983	814
Rental income		137	180
Interest received		772	748
Sales revenue		983	1,033
Other income		217	130
Grants, subsidies, contributions and donations	4(a)	3,438	9,691
		30,920	36,736
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	3,497	7,580
Total Income		34,417	44,316
Expenses			
Recurrent Expenses			
Employee benefits	5	(14,111)	(13,342)
Materials and services	6	(7,892)	(9,375)
Depreciation and amortisation	7	(8,374)	(9,462)
		(30,377)	(32,179)
Capital Expenses	8	(230)	(2,746)
Total Expenses		(30,607)	(34,924)
Net Result		3,810	9,391
Other Comprehensive Income			
Items That Will Not Be Reclassified To Net Result			
Increase/(decrease) in Asset Revaluation Surplus	14	(935)	1,248
Total Other Comprehensive Income For The Year		(935)	1,248
Total comprehensive income for the year		2,875	10,639

Rounding differences may apply.

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

Hinchinbrook Shire Council
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$000	2016 \$000
Current Assets			
Cash and cash equivalents	9	29,186	24,676
Trade and other receivables	10	3,127	2,415
Inventory		377	422
Total Current Assets		32,690	27,512
Non-current Assets			
Property, Plant and Equipment	11	296,058	298,132
Total Non-current Assets		296,058	298,132
Total Assets		328,748	325,644
Current Liabilities			
Trade and other payables	12	3,581	3,346
Provisions	13	359	376
Total Current Liabilities		3,940	3,722
Non-current Liabilities			
Trade and other payables	12	553	490
Provisions	13	3,609	3,662
Total Non-current Liabilities		4,162	4,151
Total Liabilities		8,102	7,873
Net Community Assets		320,646	317,771
Community Equity			
Asset Revaluation Surplus	14	157,407	158,342
Retained Surplus		163,239	159,429
Total Community Equity		320,646	317,771

Rounding differences may apply.

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

Hinchinbrook Shire Council
Statement of Changes in Equity
For the year ended 30 June 2017

	Retained Surplus \$000	Asset Revaluation Surplus Note 14 '\$000	Total \$000
Balance at 1 July 2016	159,429	158,342	317,771
Net result	3,810	-	3,810
Other comprehensive income for the year			
Impairment loss Property, Plant & Equipment	-	(971)	(971)
Change in value of rehabilitation of land	-	36	36
Total Comprehensive Income For The Year	3,810	(935)	2,875
Balance at 30 June 2017	163,239	157,407	320,646
Balance at 1 July 2015	150,705	157,094	307,799
Net result	9,391	-	9,391
Other comprehensive income for the year			
Revaluations of Property, Plant & Equipment	-	1,200	1,200
Change in value of rehabilitation of land	-	48	48
Total Comprehensive Income For The Year	9,391	1,248	10,639
Correction to Accum Depreciation Opening Balance	(667)	-	(667)
Balance at 30 June 2016	159,429	158,342	317,771

Rounding differences may apply.

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

Hinchinbrook Shire Council
Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
Cash Flows From Operating Activities:			
Receipts from customers		32,933	43,525
Payments to suppliers and employees		(21,618)	(25,455)
Interest received		772	748
Net Cash Inflow (Outflow) From Operating Activities	20	12,087	18,819
Cash Flows From Investing Activities:			
Payments for property, plant and equipment		(7,686)	(11,291)
Proceeds from sale of property plant and equipment	8	109	181
Net Cash Inflow (Outflow) From Investing Activities		(7,577)	(11,110)
Net Increase (Decrease) In Cash And Cash Equivalent Held		4,510	7,708
Cash And Cash Equivalents At Beginning Of The Financial Year		24,676	16,967
Cash And Cash Equivalents At End Of The Financial Year	9	29,186	24,676

Rounding differences may apply.

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

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

1. Significant Accounting Policies

1(a) Basis of Preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment which are measured at fair value.

Recurrent/capital classification

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

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes any non-cash contributions (usually infrastructure assets) which may have been received from developers.

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

- disposal of non-current assets
- discount rate adjustments to restoration provisions

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

1(b) Statement of Compliance

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

1(c) Constitution

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

1(d) 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(e) Currency

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

Hinchinbrook Shire Council

Notes to the Financial Statements

For the year ended 30 June 2017

1(f) Adoption of new and revised Accounting Standards

This year Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in note 22.

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. The standards that are expected to have a material impact upon council's future financial statements are:

Standard and impact	Date council will apply the standard
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	01 July 2019
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 still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.	

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

1(g) Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

Valuation and depreciation of property, plant and equipment - Note 11

Provisions - Note 13

Contingent liabilities - Note 16

1(h) Capital and operating expenditure

Direct labour and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

1(i) National Competition Policy

Council has reviewed its business activities and elected not to apply the Code of Competitive Conduct to those activities during the year ended 30 June 2017.

1(j) Comparative Figures and Rounding

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

Any minor differences between calculated balances in the financial statements and the related notes are due to rounding.

The financial statements have been rounded to the nearest \$1,000.

1(k) Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

Hinchinbrook Shire Council

Notes to the Financial Statements

For the year ended 30 June 2017

2. Analysis of results by function

(a) Income and expenses defined between recurring and capital, and assets at written down value are attributed to the following functions:

Functions	Gross Program Income			Elimination of inter function transactions		Total Income		Gross Program Expenses		Elimination of inter function transactions		Total Expenses		Net result from recurrent operations		Assets	
	Recurrent 2017 \$000	Grants	Other	Capital 2017 \$000	Other	2017 \$000	2017 \$000	Recurring 2017 \$000	Capital 2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
Corporate Services	3,012		17,400			(14,548)	5,864	5,364		301		5,665		15,048		199	35,569
Development & Planning Services	88		278	(6)		2,163	2,523	2,936		(293)		2,643		(2,570)		(120)	10,024
Community Services	43		71	387		1,586	2,087	1,997		(94)		1,903		(1,883)		184	26,271
Health & Environment Services	133		75	48	4	3,264	3,524	4,085	12	(427)		3,670		(3,877)		(146)	2,418
Waste Management	-		2,579	72		-	2,651	1,944	(76)	(319)		1,549		635		1,102	2,157
Engineering Services	144		939	2,972	6	7,535	11,596	10,033	222	970		11,225		(8,950)		371	215,002
Building Certification	-		114			-	114	85		-		85		29		29	-
Water	3		3,569	-	9	-	3,581	2,184	2	25		2,211		1,388		1,370	23,738
Sewerage	15		2,457	-	5	-	2,477	1,749	70	(163)		1,656		723		821	13,569
Total	3,438	27,482	3,473	24	-	34,417	30,377	230	-	-	-	30,607	543	3,810	328,748		

Functions	Gross Program Income			Elimination of inter function transactions		Total Income		Gross Program Expenses		Elimination of inter function transactions		Total Expenses		Net result from recurrent operations		Assets	
	Recurrent 2016 \$000	Grants	Other	Capital 2016 \$000	Other	2016 \$000	2016 \$000	Recurring 2016 \$000	Capital 2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
Corporate Services	2,023		17,025	-	-	(14,583)	4,465	4,807	-	359		5,165		14,241		(701)	30,843
Development & Planning Services	61		329	143		2,217	2,750	2,831	-	(323)		2,508		(2,442)		241	9,828
Community Services	15		8	-	-	1,331	1,354	929		(60)		869		(906)		485	25,755
Health & Environment Services	247		120	25	44	2,549	2,986	5,351	168	(520)		4,999		(4,983)		(2,012)	2,371
Waste Management	-		2,511	-		-	2,511	1,809	134	(233)		1,710		702		801	2,041
Engineering Services	7,317		854	5,922	267	8,486	22,846	12,409	2,375	827		15,611		(4,238)		7,234	217,993
Building Certification	-		89	-		-	89	88	-	-		88		2		2	-
Water	13		3,718	1,176	-	-	4,907	2,046	57	(50)		2,054		1,684		2,852	23,270
Sewerage	15		2,391	1	1	-	2,408	1,909	11			1,920		497		488	13,543
Total	9,691	27,045	7,267	312	-	44,316	32,179	2,746	-	-	-	34,924	4,557	9,391	325,644		

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

(b) **Components of Council Functions**

The activities relating to the Council's components reported on in Note 2 (a) are as follows

Corporate Services

The goal of this program is to facilitate the business of Council in a timely and professional manner and to ensure that the financial resources of Council are effectively and efficiently utilised. The program includes activities related to rating, financial control and reporting, information technology services and records management.

Development and Planning Services

The goal of this program is to encourage the development of a sound and diverse economic base for the Shire and to facilitate the creation of, and access to, business and tourism opportunities. The program includes activities related to economic development and tourism, library services, planning and development, support for festivals and events and art and cultural services.

Community Services

The goal of this program is to promote and market the utilisation of Council and community facilities which contribute to lifestyle choices and the fulfilment of community, social and cultural needs. The program includes activities related to community support, facility hire and cemeteries.

Health and Environment Services

The goal of this program is to enhance and maintain public health standards in the community and adopt sustainable environmental management practices. The program includes activities related to natural resource and environmental management, public amenities, public open space maintenance and management and public health.

Waste Management

The goal of this program is to develop, maintain and promote an environmentally sustainable waste management system. The program includes activities that relate to recycling and waste management.

Engineering Services

The goal of this program is to enhance and maintain the quality of life of people in the shire by the provision of engineering services and appropriate infrastructure maintenance and development. The program includes activities related to asset management, civil construction and maintenance and marine infrastructure management.

Building Certification Service

The goal of this program is to provide a Building Certification Service.

Water

The goal of this program is to ensure sustainable management of the Shire's water resources to provide safe and reliable water services. The program includes activities related to asset management, and to water connections, reticulation, storage and treatment.

Sewerage

The goal of this program is to provide and ensure safe and reliable environmentally sustainable sewerage systems. The program includes activities related to asset management, sewerage treatment.

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017 \$000	2016 \$000
3. Revenue		
Rates, levies and charges		
General Rates	16,473	16,154
Rural Fire Brigade Special Charge	16	16
Forrest Beach Water Special Charge	-	76
Waste Management Levy - Separate Rate	997	982
Water Base Charge	2,218	2,155
Water Consumption Charge	1,246	1,407
Sewerage	2,446	2,385
Cleansing Charge	1,294	1,269
	24,690	24,445
Less: Concessions	(300)	(305)
Net Rates and Utility Charges	24,390	24,140
Revenue is recognised on an accrual basis on issue of invoice or notice. Rate revenue received in advance is recognised on receipt.		
4. Grants, subsidies, contributions and donations		
(a) Recurrent		
Contributions	117	136
Sundry Grants and Subsidies	294	370
NDRRA Subsidy	50	7,212
General Purpose Grants	2,977	1,973
	3,438	9,691
(b) Capital		
Contributions	24	318
NDRRA Subsidy	-	3,909
Other State Government Subsidy	2,396	1,414
Roads to Recovery Subsidy	573	1,434
TIDS Subsidy	504	504
	3,497	7,580
Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.		
(c) Conditions over Contributions		
Contributions and grants which were recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:		
Grants & contributions for expenditure on infrastructure	2,293	-
Grants & contributions for operating purposes	91	30
	2,384	30
Contributions and grants which were recognised as income during a previous reporting period and were expended during the current reporting period in accordance with the Council's obligations.		
Grants & contributions expended on infrastructure		15
Grants & contributions for operating purposes	30	43
	30	58
Net increase (decrease) in restricted asset (cash) at period end	2,354	(28)

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017 \$000	2016 \$000
5 Employee Benefits		
Total wages and salaries	10,138	10,099
Councillors' remuneration	433	390
Annual, sick and long service leave entitlements	1,859	1,654
Superannuation	2,078	2,028
	14,508	14,170
Other employee related expenses	790	746
	15,298	14,916
Less : Capitalised employee costs	(1,187)	(1,574)
	14,111	13,342
Total Council Employees at the reporting date:	2017	2016
Elected members	7	7
Administration, Depot and outdoors staff	177	175
Total full time equivalent employees	184	182

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 18.

6 Materials and services		
Internal Audit Fees	51	25
External Audit Fees	74	70
Communications and IT	638	567
Consultancies & Professional Services	556	586
Contractors & Hire Expenses	2,582	4,320
Donations & Contributions	360	278
Electricity	1,200	1,081
Precept Payments	269	264
Insurance	402	479
Memberships, Licenses, Subscriptions	268	221
Minor Equipment & Consumables	239	239
Other Materials & Services	446	277
Raw Materials	740	922
Testing	67	46
	7,892	9,375

No expenditure was incurred in 2017 in relation to natural disaster events. \$0.7 million 2016 related to natural disaster events, was included in employee costs and materials and services costs.

7 Depreciation and amortisation		
Depreciation and amortisation was charged in respect of:		
Land & Land Improvements	219	210
Buildings & Structures	866	814
Fleet Assets	541	522
Road & Drainage Network	4,494	6,146
Water	874	832
Sewerage	507	492
Computer Network	701	277
Plant & Equipment	173	167
	8,374	9,462

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017 \$000	2016 \$000
8 Capital Expenses		
Gain (loss) on the disposal of non-current assets		
Proceeds from the sale of property, plant and equipment	109	181
Less: Book value of property, plant and equipment sold	(415)	(779)
Less: Write off of prior year work in progress	-	(2,013)
	(306)	(2,611)
Discount rate adjustment to refuse restoration provision	76	(134)
	(230)	(2,746)

9 Cash and cash equivalents

Cash at bank and on hand	486	188
Deposits at call	-	2,288
QTC - Cash Fund	28,700	22,200
Balance per cash flow statement	29,186	24,676

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

Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

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

Unspent government grants and subsidies - Operating purposes	91	30
Unspent government grants and subsidies - Capital purposes	2,293	-
Amount held for SES funding purposes	31	29
Total unspent restricted funds	2,415	59

10 Trade and other receivables

Current

Rates and utility charges	1,765	1,375
Government grants and subsidies	201	156
GST	264	289
Other debtors	690	393
Prepayments	207	201
	3,127	2,415

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Hinchinbrook Shire Council

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2017
\$000

2016
\$000

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's freehold property to recover outstanding rate debts, Council does not impair any rate receivables for freehold properties. Council does impair rate receivables where outstanding rates debts apply to leasehold land.

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is a geographical concentration of credit risk in the Council's area as well as a concentration in the sugar cane sector for rates and utility charges, fees and other debtors receivable.

Hinchinbrook Shire Council
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11(a) Property, Plant and Equipment

Capitalisation Thresholds

Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Acquisition of Assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight, architect's fees, engineering design fees and all other establishment costs.

All asset acquisitions are accounted to work in progress and when completed are transferred from work in progress to the relevant asset class.

Valuation

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years with interim valuations using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index. Ongoing monitoring of asset conditions through work programs, maintenance schedules and onsite observations allows any material change in asset conditions to be recognised. In a year of formal revaluation the valuer physically sites a representative sample of the asset class being revalued and makes assessments of the condition of the assets at the date of inspection.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on 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 for all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

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

Land Under Roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where Council holds title or a financial lease over the asset.

Land under the road network within the Council area that has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

Impairment of Non-current Assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

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.

Hinchinbrook Shire Council
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Property, Plant and Equipment

11(b)

	Land & Land Improvements	Buildings & Structures	Fleet Assets	Road & Drainage Network	Water	Sewerage	Computer Network	Plant and Equipment	Work in Progress	Total
	2017 Fair Value \$000	2017 Fair Value \$000	2017 Cost \$000	2017 Fair Value \$000	2017 Fair Value \$000	2017 Fair Value \$000	2017 Cost \$000	2017 Cost \$000	2017 Cost \$000	2017 \$000
Basis of measurement										
Asset Values										
Opening gross value as at 1 July 2016	11,605	49,661	7,387	280,439	39,841	26,954	5,173	2,206	3,886	427,154
Additions									7,686	7,686
Completed Asset transferred from Work in Progress	28	901	691	3,584	1,531	563	130	168	(7,595)	-
Disposals	-	(191)	(389)	(2,904)	(257)	(23)	(25)			(3,788)
Impairment adjustment					(971)					(971)
Closing gross value as at 30 June 2017	11,633	50,371	7,690	281,119	40,144	27,495	5,278	2,374	3,977	430,081
Accumulated Depreciation										
Opening balance as at 1 July 2016	(2,876)	(14,996)	(3,023)	(75,147)	(16,691)	(13,440)	(1,722)	(1,127)	-	(129,022)
Depreciation provided in period	(219)	(866)	(541)	(4,494)	(874)	(507)	(701)	(173)		(8,374)
Depreciation on disposals		179	233	2,728	187	20	25	-		3,373
Accumulated depreciation as at 30 June 2017	(3,095)	(15,683)	(3,331)	(76,912)	(17,378)	(13,926)	(2,398)	(1,299)	-	(134,023)
Total written down value as at 30 June 2017	8,538	34,688	4,358	204,207	22,766	13,569	2,880	1,075	3,977	296,058
Land: Not depreciated.										
Improvements:										
15 - 50		10 - 100	4 - 15	12 - 100	5 - 75	5 - 70	3 - 17	5 - 100		
Range of estimated useful life in years										
Additions by asset class comprise:										
Renewals	-	257	382	2,147	1,049	652	111	13		4,610
Other Additions	24	403	487	1,797	196	1	-	168		3,076
Total Additions	24	660	868	3,944	1,245	653	111	181		7,686

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11(c)

	Land & Land Improvements	Buildings & Structures	Fleet Assets	Road & Drainage Network	Water	Sewerage	Computer Network	Plant and Equipment	Work in Progress	Total
	2016 Fair Value \$000	2016 Fair Value \$000	2016 Cost \$000	2016 Fair Value \$000	2016 Fair Value \$000	2016 Fair Value \$000	2016 Cost \$000	2016 Cost \$000	2016 Cost \$000	2016 \$000
Basis of measurement										
Asset Values										
Opening gross value as at 1 July 2015	11,561	47,382	6,754	275,868	36,959	26,586	2,769	2,198	7,514	417,591
Work in Progress disposal	-	-	-	-	-	-	-	-	(2,013)	(2,013)
Additions	44	-	-	267	-	-	-	-	11,291	11,603
Completed Asset transferred from Work in Progress	-	526	1,288	4,896	3,015	451	2,720	9	(12,905)	-
Disposals	-	(230)	(655)	(592)	(133)	(83)	(317)	-	-	(2,009)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	-	1,983	-	-	-	-	-	-	-	1,983
Closing gross value as at 30 June 2016	11,605	49,661	7,387	280,439	39,841	26,954	5,173	2,206	3,886	427,154
Accumulated Depreciation										
Opening balance as at 1 July 2015	(2,665)	(13,459)	(2,952)	(68,595)	(15,934)	(13,020)	(1,755)	(960)	-	(119,340)
Correction to Accumulated Depreciation Opening Balance	-	-	-	(667)	-	-	-	-	-	(667)
Depreciation provided in period	(210)	(814)	(522)	(6,146)	(832)	(492)	(277)	(167)	-	(9,462)
Depreciation on disposals	-	61	450	261	75	72	310	-	-	1,230
Revaluation adjustment to asset revaluation surplus	-	(783)	-	-	-	-	-	-	-	(783)
Accumulated depreciation as at 30 June 2016	(2,876)	(14,996)	(3,023)	(75,147)	(16,691)	(13,440)	(1,722)	(1,127)	-	(129,022)
Total written down value as at 30 June 2016	8,730	34,665	4,364	205,292	23,150	13,514	3,451	1,080	3,886	298,132

Land: Not depreciated.
Improvements:

Range of estimated useful life in years

15 - 50 10 - 100 4 - 15 12 - 100 5 - 75 5 - 70 3 - 17 5 - 100

Hinchinbrook Shire Council
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11(d) Fair Value Measurements

(i) Recognised fair value measurements

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

- Property, plant and equipment
- Land and land improvements
- Buildings & structures
- Road & drainage network
- Water Infrastructure
- Sewerage Infrastructure

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

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

The following table lists Council's assets with fair value measurements of level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1 or level 2.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents the Council's assets measured and recognised at fair value at 30 June 2017.

At 30 June 2017	Note	Level 1 (Directly observable inputs based on quoted prices for identical assets)	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)
Recurring fair value measurements				
Land and land improvements	11		3,647	4,891
Buildings & structures	11			34,688
Road and drainage network	11			204,207
Water Infrastructure	11			22,766
Sewerage Infrastructure	11			13,569
			3,647	280,121

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At 30 June 2016	Note	Level 1 (Directly observable inputs based on quoted prices for identical assets)	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)
		\$'000	\$'000	\$'000
Recurring fair value measurements				
Land and land improvements	11		3,603	5,127
Buildings & structures	11			34,665
Road and drainage network	11			205,292
Water Infrastructure	11			23,150
Sewerage Infrastructure	11			13,514
			3,603	281,748

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.
Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Specific valuation techniques used to value Council assets comprise:

Land & land improvements (level 2 and 3)

Land and land improvements fair values were determined by independent valuer, APV Valuers and Asset Management effective 30 June 2015. Land held in freehold title has been assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence land has been classified as Level 2. Land improvements were valued using the Cost (depreciated) methodology. The valuer determined a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions and the pattern of consumption of the future economic benefit. This valuation methodology included a range of observable inputs, such as the design, construction and condition of the asset and unobservable inputs, such as professional judgments to derive estimates of the pattern of consumption of the asset and the relationship to the assessed level of remaining service potential of the depreciable amount.

Buildings & structures (level 3)

The fair values of buildings were determined by independent valuer, APV Valuers and Asset Management (APV) effective 30 June 2014. At 30 June 2016 APV completed a desktop update to the same assets valued during the 2014 comprehensive valuations. Where there is a market for Council building assets, fair value has been derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre. The level of evidence used to support the critical assumptions of some commercial buildings was considered to be highly variable due to high levels of variability in the market for rental yields and future demand. As such the level of valuation input for these properties was considered level 3.

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Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. These include the average cost of construction and consumption score for each component. As these are supported by observable market evidence they have been classified as Level 2 inputs. The unobservable inputs (such as estimates of useful life, pattern of consumption and asset condition and its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation were as follows:

Consumption Score	Description	% Remaining service potential of depreciable amount					High	Extreme
		Straight -Line	Low	Mod				
0	New or very good condition - very high level of remaining service potential.	100%	100%	100%		100%		100%
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	85%	92%	94%		98%		100%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	65%	75%		85%		99%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	25%	40%	54%		70%		90%
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by including in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.	10%	20%	34%		45%		70%
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%	0%	0%		0%		0%
6	Theoretical end of life.	Fully written off						

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Infrastructure assets (level 3)

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on 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. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

1(a) Road and drainage network - calculation of written down current replacement cost

Roads

Current replacement cost

Council engaged independent consulting engineers Infrastructure Management Group Pty Ltd to physically review and report on the dimensions and condition of all council roads effective 01 July 2014. Council restated the road asset register at 01 July 2014 where required to reflect the results of the Infrastructure Management Group Pty Ltd report. Road segments are componentised into formation, pavement, footpaths, kerb and channel and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard using quantities according to recently completed similar projects. Council categorises its road infrastructure into urban and rural roads and further sub-categorises these into sealed and unsealed roads. All roads are broken into segments based on manageable lengths and attribute similarities.

Following the Infrastructure Management Group Pty Ltd condition and dimensions review effective at 01 July 2014 Current Replacement Cost (CRC) was calculated by reference to the revised asset linear and area specifications, applying unit rates derived from Council's own costs of construction where sufficient representative samples have been available and adjusted by the Australian Bureau of Statistics Road and Bridge Construction Index in intervening years where the effect is material.

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were calculated based on condition assessments. The condition profiles were provided by independent consultants Infrastructure Management Group Pty Ltd after onsite inspections of the Hinchinbrook Shire Council road network.

Infrastructure Management Group Pty Ltd used the following Pavement Condition indicators and Index calculations to calculate the average condition of the pavement and surface components of each road segment.

Pavement Condition Index Calculation – PCI

$\text{Pavement Defects Score} \times \text{Weighting} + \text{Crocodile Cracking Score} \times \text{Weighting} + \text{Roughness Score} \times \text{Weighting} + \text{Rutting Score} \times \text{Weighting} / \text{Sum of Weightings}$

Surface Condition Index Calculation - SCI

$\text{Surface Texture Score} \times \text{Weighting} + \text{Linear Cracking Score} \times \text{Weighting} / \text{Sum of Weightings}$

Condition Defect	Weightings
Pavement Indicators	
Pavement Defects	6
Crocodile Cracking	5
Roughness	4
Rutting	6

Hinchinbrook Shire Council

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Surface Indicators	
Surface Texture	6
Linear Cracking (Includes both Longitudinal and Transverse Cracking)	1

During the 2016_17 financial year Council commissioned Nat Kent Consulting Pty Ltd to provide an independent review of infrastructure depreciation rates relative to a range of comparative Councils. Subsequently Council's engineering section analysed the actual lives being attained from these 2 asset types and found support for the depreciation rates suggested by the independent consultant. As at 1 July 2016 the useful life on Sealed Pavement has been adjusted from 40 years to 50 years. Seal has been split into 2 components reflecting the first coat which in effect forms part of the pavement and therefore has the same useful life as the pavement and the second coat (surface seal) useful life has been adjusted from 15 years to 18 years. The condition assessment matrix below, first prepared by Council engineering staff following a road condition assessment provided by Infrastructure Management Group Pty Ltd effective 1 July 2014, has been adjusted accordingly.

Council road assets Useful Life matrix 2017

Calculated condition indicator	Extrapolated remaining useful life percent of expected total useful life	Surface Seal Useful Life	Pavement Seal Useful Life	Sealed Pavement Useful Life	Unsealed Pavement Useful Life	Concrete Useful Life	Kerb and Channel Useful life	Footpath Useful Life
		18 Years	50 Years	50 Years	12 Years	100 Years	70 Years	50 Years
1	95%	17	48	48	11	95	67	48
1.5	85%	16	43	43	10	85	60	43
2	75%	13	38	38	9	75	53	38
2.5	62%	11	31	31	7	62	43	31
3	50%	10	25	25	6	50	35	25
3.5	38%	7	19	19	5	38	27	19
4	25%	5	13	13	3	25	18	13
4.5	15%	2	8	8	2	15	11	8
5	5%	1	3	3	1	5	4	3

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Council road assets Useful Life matrix 2016

Calculated condition indicator	Extrapolated remaining useful life percent of expected total useful life	Seal Useful Life	Sealed Pavement Useful Life	Unsealed Pavement Useful Life	Concrete Useful Life	Kerb and Channel Useful life	Footpath Useful Life
		15 Years	40 Years	12 Years	100 Years	70 Years	50 Years
1	95%	14	38	11	95	67	48
1.5	85%	13	34	10	85	60	43
2	75%	11	30	9	75	53	38
2.5	62%	9	25	7	62	43	31
3	50%	8	20	6	50	35	25
3.5	38%	6	15	5	38	27	19
4	25%	4	10	3	25	18	13
4.5	15%	2	6	2	15	11	8
5	5%	1	2	1	5	4	3

Bridges

An internal review of Council's bridge assets is undertaken by Council's qualified engineering staff annually with the calculation and application, in the event of a material change in value, of unit rates obtained from the average unit rate for bridgeworks completed during the year and after consideration of the road and bridge construction index.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each bridge and that a bridge is designed and constructed to the same standard and uses a consistent amount of labour and materials. Construction estimates were determined on a similar basis to roads.

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Condition rating	Assessment
0H/ 0M	Very high level of remaining service potential
1H/ 1M	High level of remaining service potential
2H/ 2M	Adequate level of remaining service potential
3H/ 3M	Adequate level of remaining service potential, but with some issues indicating the need for action in the short to medium term
4H/ 4M	Barely adequate level of remaining service potential requiring action to be taken in the short term
5H/ 5M	Asset is now unacceptable and must be closed or renewed
6H/ 6M	End of life

Estimated useful lives are disclosed in note 11 (b).

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Drainage infrastructure

Current replacement cost

In the course of preparing the financial statements it was noticed that the value of rural pipes and culverts had been removed from the statements in a previous year through the revaluation reserve in error. To correct this error the rural pipes and culverts have been reinstated as assets through the revaluation reserve as a prior period adjustment.

The dimensions and locations of the rural pipes and culverts were collected by Council engineering staff and the value of the reinstated assets was determined by independent consultant Langtree Consulting Pty Ltd. The acquisition date for the rural pipes and culverts was established with reference to the related road pavement to determine the written down value.

An internal review of Council's drainage infrastructure is undertaken by Council's qualified engineering staff annually with the calculation and application, in the event of a material change in value, of unit rates obtained from the average unit rate for drainage works completed during the year and after consideration of the road and bridge construction index.

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

Accumulated depreciation

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

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

Estimated useful lives are disclosed in note 11.

2(a) Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost

Water and Sewerage

Current replacement cost

An internal review of Council's Water and sewerage infrastructure fair values is undertaken by Council's qualified engineering staff annually. Where a material change in cost driver values is assessed the assets are revalued using unit rates obtained from the average unit rate for water and sewerage construction works completed during the year and after consideration of the non-residential building construction index. The assets are disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated life. Where water and sewerage infrastructure assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date.

Council engineering cost models were derived from the following sources:	
•	Schedule rates for construction of asset or similar assets
•	Building Price Index tables
•	Recent contract and tender data
•	Rawlinson's Rates for building and construction, and
•	Suppliers' quotations

Factors taken into account in determining replacement costs included:	
•	Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation)

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Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets above ground), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below.

Condition rating	Condition description	Description explanation	Remaining useful life %
1	As new/ excellent	Asset "as new"	95% of useful life
2	Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75% of useful life
3	Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% of useful life
4	Poor	Asset still operates, but does not meet intended duty or does not appear sound.	25% of useful life
5	Unserviceable	Asset is not functioning/ needs immediate attention.	5% of useful life

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

- For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.
- Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.
- The relining of pipes was valued at reline rates and depreciated over the reline life . The reline fair value was based on age.

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017 \$000	2016 \$000
12 Trade and other payables		
Current		
Trade creditors and accruals	2,421	2,236
Annual leave	1,055	1,006
Rostered days off	62	46
Time in lieu	43	58
	3,581	3,346
Non-current		
Annual leave	553	490

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. For annual leave where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability calculated on current wage and salary levels and includes related employee on-costs. Otherwise the liability is treated as non-current calculated on projected future wage and salary levels and related employee on-costs discounted to present values.

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

13 Provisions		
Current		
Long Service Leave	359	376
	359	376
Non-Current		
Ingham Landfill Site Restoration	721	708
Taylors Beach Landfill Site Restoration	233	229
Forrest Beach Landfill Site Restoration	149	146
Lucinda Landfill Site Restoration	111	109
Warrens Hill Landfill Site Restoration	640	714
Long Service Leave	1,755	1,755
	3,609	3,662
Ingham Landfill Site Restoration		
Balance at beginning of financial year	708	694
Increase in provision due to revised estimate of works	13	13
Balance at end of financial year	721	708

This is based on an estimate to undertake remediation works at this closed landfill site. Council is continuing monitoring and testing of the site. The remediation works are not planned to be commenced within the next 10 years and Council is continuing to investigate options for remediation works.

Taylors Beach Landfill Site Restoration		
Balance at beginning of financial year	229	225
Increase in provision due to revised estimate of works	4	4
Balance at end of financial year	233	229

This is based on an estimate to undertake remediation works at this closed landfill site. Council is continuing monitoring and testing of the site. The remediation works are not planned to be commenced within the next 10 years.

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

Forrest Beach Landfill Site Restoration

Balance at beginning of financial year	146	144
Increase in provision due to revised estimate of works	3	3
Balance at end of financial year	149	146

2017 \$000	2016 \$000
146	144
3	3
149	146

This is based on an estimate to undertake remediation works at this closed landfill site. Council is continuing monitoring and testing of the site. The remediation works are not planned to be commenced within the next 10 years.

Lucinda Landfill Site Restoration

Balance at beginning of financial year	109	107
Increase in provision due to revised estimate of works	2	2
Balance at end of financial year	111	109

109	107
2	2
111	109

This is based on an estimate to undertake remediation works at this closed landfill site. Council is continuing monitoring and testing of the site. The remediation works are not planned to be commenced within the next 10 years.

Warrens Hill Landfill Site Restoration

Balance at beginning of financial year	714	606
Increase in provision due to unwinding of discount	38	22
Increase (decrease) in provision due to change in discount rate	(76)	134
Increase (decrease) in provision adjusted to Asset Revaluation Surplus	(36)	(48)
Balance at end of financial year	640	714

714	606
38	22
(76)	134
(36)	(48)
640	714

This is the present value of the estimated cost of restoring the landfill site to a useable state at the end of its useful life. The projected cost is \$1.3m and this cost is expected to be incurred in 2037 after closing the site that year.

Long service leave

Balance at beginning of financial year	2,131	2,060
Long service leave entitlement arising	129	319
Long Service entitlement extinguished	(9)	(39)
Long Service entitlement paid	(137)	(209)
Balance at end of financial year	2,114	2,131

2,131	2,060
129	319
(9)	(39)
(137)	(209)
2,114	2,131

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

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility. This liability is provided in respect of landfill sites.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current Queensland Treasury Corporation (QTC) lending rate is considered an appropriate rate. The calculation of the provision requires assumptions such as the application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

2017
\$000

2016
\$000

Landfill sites may be located on State reserves which the council does not control. The cost of the provisions for restoration of these is therefore treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the passing of time are treated as an expense or income.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

14 Asset Revaluation Surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year	158,342	157,094
Net adjustment to capital non-current assets at end of period to reflect a change in fair value:		
Buildings and structures	-	1,200
Road and drainage network	-	-
Water	(971)	-
Sewerage	-	-
Land and Land Improvements	-	-
Change in value of rehabilitation of land	36	48
Balance at end of financial year	157,407	158,342

Asset revaluation surplus analysis

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

Land and improvements	4,424	4,388
Buildings	12,594	12,594
Road, drainage and bridge network	127,135	127,135
Water	7,101	8,072
Sewerage	6,153	6,153
	157,407	158,342

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount in the surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

15 Commitments for Expenditure

Contractual commitments at balance date but not recognised in the financial statements are payable as follows:

Contract for refuse disposal in place until 30 June 2020. Payment per annum subject to various indices. Value of contract presented is based on payment for 2017/18.

One Council Implementation Project - Time & Materials

2,183

2,842

-

7

2,183

2,849

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

2017 \$000	2016 \$000
---------------	---------------

16 Contingent Liabilities

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

Local Government Workcare

The Hinchinbrook 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 circumstance arise.

The Council's maximum exposure to the bank guarantee is:

205	194
------------	------------

Local Government Mutual

The Hinchinbrook 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 being 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 of any year that a deficit arises.

As at 30 June 2016 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

17 Superannuation

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

The amount of superannuation contributions paid by the Council to the scheme in this period for the benefit of employees and Councillors was:

2,078	2,028
--------------	--------------

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

The scheme has three elements referred to as:

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

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

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

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017 \$000	2016 \$000
The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.		
The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.		

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

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

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

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

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

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

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

18 Joint Venture

Hinchinbrook Community Wetlands

The Council has a 50% share joint venture interest in the Hinchinbrook Community Wetland, the principal activity of which is to develop and maintain a wetland to treat waste water.

Ordinary revenues	15	15
Ordinary expenses	(38)	(39)
Net result	(23)	(24)
Sewerage Infrastructure Assets 50% only	579	593

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

	2017 \$000	2016 \$000
19 Trust Funds		
Trust funds held for outside parties		
Monies collected or held on behalf of another entity yet to be paid out to or on behalf of that entity	176	187
	176	187

The Hinchinbrook Shire Council performs only a custodial role in respect of these monies as Trustee. As these funds cannot be used by Council, they are not brought to account in these financial statements.

20 Reconciliation of net result for the year to Net Cash Inflow (Outflow) from Operating Activities		
Net Result	3,810	9,391
Non-cash operating items :		
Depreciation and amortisation	8,374	9,462
Contributed Assets	-	(311)
Increase (decrease) in provision to Asset Revaluation Surplus	36	48
	12,220	18,590
Investing and development activities :		
Net (profit) loss on disposal of non current assets	230	2,746
Discount rate adjustment to refuse restoration provision reflected in provisions	76	(134)
	306	2,611
Changes in operating assets and liabilities :		
(Increase) decrease in receivables	(712)	269
(Increase) decrease in inventories	46	33
Increase (decrease) in creditors and accruals	298	(2,849)
Increase (decrease) in provisions	(71)	202
Increase (decrease) in other liabilities	-	(36)
	(439)	(2,382)
Net cash inflow from operating activities	12,087	18,819

Hinchinbrook Shire Council

Notes to the Financial Statements

For the year ended 30 June 2017

21 Financial Instruments

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate to their carrying amounts and are not disclosed separately.

The fair value of trade receivables approximates to the amortised cost less any impairment. The fair value of payables approximates to the amortised cost.

Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

Hinchinbrook Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

Financial risk management

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

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

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

Hinchinbrook Shire Council does not enter into derivatives.

Credit Risk

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

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 Hinchinbrook Shire Council.

The following table represents the maximum exposure to credit risk based on the carrying amounts of the financial assets at the end of the reporting period:

Financial Asset		30/06/2017 \$000	30/06/2016 \$000
Cash and Cash equivalents - QTC		28,700	22,200
Cash and Cash equivalents - Bank		485	2,476
Cash and Cash equivalents - Other		1	0
Receivables - Rates		1,765	1,375
Receivables - Other		1,155	838
Total		32,106	26,888
Other Credit Exposures			
Guarantee		205	194

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Other Financial Assets

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

	2017	2016
	\$000	\$000
Not past due	1,791	820
Past due 31-60 days	4	165
Past due 61-90 days	9	26
More than 90 days	1,163	1,251
Impaired	(47)	(49)
Total	2,920	2,212

Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Hinchinbrook Shire Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities to cater for unexpected volatility in cash flows. Unrestricted access was available at balance date to the lines of credit listed below:-

	2017	2016
	\$000	\$000
Bank overdraft facility	150	150

The following table sets out the liquidity risk of financial liabilities held by the Council. It represents the remaining contractual cashflows of financial liabilities at the end of the reporting period:

Financial Liabilities	0-1 Year	1-5 Years	Over 5 years	Total
	\$000	\$000	\$000	\$000
2017				-
Trade and Other Payables	2,257	-	-	2,257
2016				-
Trade and Other Payables	2,096	-	-	2,096

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

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

Hinchinbrook Shire Council is exposed to interest rate risk through investments with QTC and other financial institutions.

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities on the carrying amount at reporting date.

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

	Net Carrying Amount \$000	Profit \$000	Equity \$000
2017			
Financial Assets	29,186	292	292
2016			
Financial Assets	24,676	247	247

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction less any allowance for impairment.

Hinchinbrook Shire Council
Notes to the Financial Statements
For the year ended 30 June 2017

2017
 \$000

22 Transactions with related parties

Hinchinbrook Shire Council is not a member of a reporting group.

(a) Transactions with key management personnel (KMP)

KMP includes the Mayor, Councillors, Council's Chief Executive Officer and other Executive Managers.

Compensation paid to KMP

Short-term employee benefits

Post-employment benefits

Long-term benefits

1,240

134

13

Total Key Management Personnel Compensation

1,387

Further detail in relation to KMP remuneration is included in the annual report.

(b) Transactions with other related parties

Payment of precept to Associate

239

Employee expenses for close family members of key management personnel

360

Fees and charges charged to entities controlled by key management personnel

3

Purchase of materials and services from entities controlled by key management personnel

82

Total Transactions with other related parties

684

All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The council employs 177 full time equivalent staff of which 4 are close family members of key management personnel at reporting date.

The Council purchased the following material and services from entities that are controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of council operations:

Unleaded petrol and diesel fuel

Motor vehicle tyres and tyre repairs

Maintenance materials and labour

GPS cameras

Gravel

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Employee expenses for close family members of key management personnel

13

Entities controlled by key management personnel

-

Total Outstanding balances

13

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed to related parties.

(d) Loans and guarantees to/from related parties

-

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

(e) Commitments to/from other related parties

-

Council has no outstanding commitments to/from other related parties.

It has been determined that the aggregate of any related party transactions which occurred on no different terms to that of the general public is not material for disclosure in these general purpose financial statements.

23 Prior year adjustments

In the course of preparing the financial statements it was noticed that the value of rural pipes and culverts had been removed from the statements in a previous year through the revaluation surplus in error. To correct this error the rural pipes and culverts have been reinstated as assets through the revaluation surplus as a prior period adjustment.

The error has been corrected by adjusting the opening balances at 1 July 2015 and comparative amounts for 2015-16. As a result of the error, the asset revaluation surplus and property, plant and equipment balances at 1 July 2015 have been increased by \$23.183M. The adjusted comparative balances are as follows:

	Balance At 1 July 2015 Restated \$000	2016 Prior To Restatement (Profit & Loss Items Only) \$000	2016 Adjusted Movement \$000	30 June 2016 Restated Balance \$000
Statement of comprehensive income (Extract)				
Depreciation and amortisation		9,284	178	9,462
Net result		9,569	(178)	9,391
Note 20 (Extract)				
Reconciliation of net result for the year to Net Cash Inflow				
Depreciation and amortisation		9,284	178	9,462
Statement of Changes in equity				
Total comprehensive income for the year		8,901	(177)	8,724
Retained surplus	150,705		8,724	159,429
Asset revaluation surplus	157,094		1,248	158,342
Total equity	307,799		9,972	317,771
Statement of financial position (Extract)				
Property Plant and Equipment	298,251		(119)	298,132
Asset revaluation surplus	157,094		1,248	158,342
Retained surplus/ (deficiency)	150,705		8,724	159,429
Asset revaluation surplus by class				
Road and drainage network	127,135		-	127,135

HINCHINBROOK SHIRE COUNCIL
MANAGEMENT CERTIFICATE
For the year ended 30 June 2017

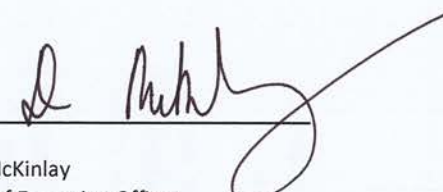
These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 37, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



R Jayo
Mayor
Date: 11/10/2017



D McKinlay
Chief Executive Officer
Date: 11/10/2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Hinchinbrook Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Hinchinbrook Shire Council.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information in the council's annual report

Other information comprises the information included in Hinchinbrook Shire Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and 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 audit 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 or 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 other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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

C. C. Strickland



CG STRICKLAND
as Delegate of the Auditor-General

Queensland Audit Office
Brisbane

HINCHINBROOK SHIRE COUNCIL

Current Year Financial Sustainability Statement

For the year ended 30 June 2017

Measures of Financial Sustainability

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

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net operating result divided by total operating revenue	2%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	61%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	-80%	Not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

HINCHINBROOK SHIRE COUNCIL
Current-year Financial Sustainability Statement
For the year ended 30 June 2017

Certificate of Accuracy
For the year ended 30 June 2017

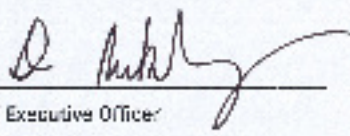
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

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



Mayor
R. Jayo

Date: 11 / 10 / 2017



Chief Executive Officer
D. McKinlay

Date: 11 / 10 / 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Hinchinbrook Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Hinchinbrook Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other information

Other information comprises the information included in the Hinchinbrook Shire Council's annual report for the year ended 30 June 2017, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and 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 audit opinion on the general purpose financial report.

In connection with my audit of the statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statement or 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 other 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.



CG STRICKLAND
as Delegate of the Auditor-General

Queensland Audit Office
Brisbane

HINCHINBROOK SHIRE COUNCIL
Long-Term Financial Sustainability Statement
For the year ended 30 June 2017

Measures of Financial Sustainability		Actuals at 30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Measure	Target										
Operating surplus ratio	Between 0% and 10%	2%	-11%	-5%	-4%	-2%	-1%	0%	1%	2%	3%
Asset sustainability ratio	Greater than 90% divided by depreciation expense.	61%	80%	87%	87%	87%	87%	87%	87%	87%	87%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue than 60%	-80%	-46%	-36%	-34%	-34%	-35%	-36%	-37%	-39%	-39%

Hinchinbrook Shire Council's 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.

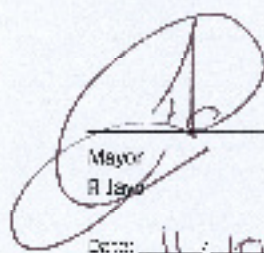
HINCHINBROOK SHIRE COUNCIL
Long-Term Financial Sustainability Statement
For the year ended 30 June 2017

Certificate of Accuracy

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

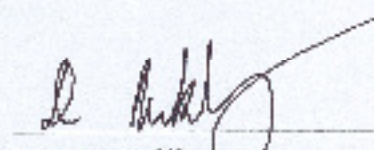
This long-term financial sustainability statement has been prepared pursuant to Section 17B of the Local Government Regulation 2012 (the regulation).

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



Mayor
R Jaro

Date: 11/10/2017



Chief Executive Officer
D McKinlay

Date: 11/10/2017




HINCHINBROOK SHIRE COUNCIL

CONTACT COUNCIL

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 www.hinchinbrook.qld.gov.au

 [HinchinbrookShireCouncil](#)

 [HinchinbrookDisasterInformation](#)

Privacy Information

Personal Information provided by a customer to Council is protected in accordance with the requirements of the *Personal Information Protection Act 2004* and the *Right to Information Act 2009*.



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